

LINDUSTRIES LIMITED

DIRECTORS REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 2001



LINDUSTRIES LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
 K J Ludlam
 J R Read

Secretary: P D Tunnacliffe

Registered Office: George House, 50 George Square, Glasgow, G2 1RR

The directors present their report and the audited accounts of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The company is a divisional holding company within the Hanson PLC group of companies. The principal subsidiary undertakings and their activities are listed in note 2 to the accounts.

RESULTS AND DIVIDENDS

The loss for the year amounted to £3,195,297 and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend for the year.

DIRECTORS

The directors shown at the head of this report are currently in office and served throughout the year.

DIRECTORS' INTERESTS

None of the directors had any declarable interest in the share or loan capital of the company during the year under review.

The shareholding and related interest in Hanson PLC of G Dransfield are disclosed in the Hanson PLC accounts for the year ended 31 December 2001. The interest of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 2001.

ANNUAL GENERAL MEETING

Pursuant to the Elective Resolution of the company passed on 7 July 1998, the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with S253 of the Companies Act 1985.

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under S386 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



P D Tunnacliffe
Secretary
28 June 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINDUSTRIES LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

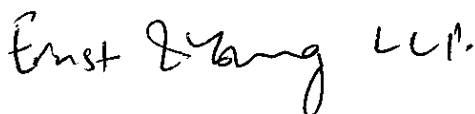
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
28 June 2002

LINDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Write down of inter-company debtors	(3,195,297)	-
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(3,195,297)	-
Taxation	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	<u>(3,195,297)</u>	<u>-</u>

A statement of the movement on reserves is given in note 7.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the loss on ordinary activities after taxation of £3,195,297 in the year ended 31 December 2001 (£nil in the year ended 31 December 2000).

LINDUSTRIES LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	<u>Notes</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
FIXED ASSETS			
Investments	2	1,995,736	1,995,736
CURRENT ASSETS			
Debtors	3	197,392,663	200,587,960
CREDITORS:			
amounts falling due within one year	4	177,111,807	177,111,807
NET CURRENT ASSETS		20,280,856	23,476,153
TOTAL ASSETS LESS CURRENT LIABILITIES		22,276,592	25,471,889
CAPITAL AND RESERVES			
Called up share capital	5	6,951,758	6,951,758
Share premium account		4,673,640	4,673,640
Profit and loss account	6	10,651,194	13,846,491
SHAREHOLDERS' FUNDS (including non-equity interests)	7	22,276,592	25,471,889

Approved by the Board of Directors
28 June 2002



K J Ludlam
Director

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001**1. ACCOUNTING POLICIES*****Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company has taken advantage of the exemption available to it under FRS 1 “Cash Flow Statements” not to prepare a statement of cash flows.

Investments in subsidiary undertakings

The company is a wholly owned subsidiary undertaking of a body registered in England and Wales and advantage has been taken of S228(1) of the Companies Act 1985 in that consolidated accounts have not been prepared. The financial statements present information about the company as an individual undertaking.

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

2. FIXED ASSETS INVESTMENTS

	<u>Subsidiary companies</u> <u>£</u>
Cost:	
At 31 December 2001 and as at 31 December 2000	<u>3,264,589</u>
Provision for permanent diminution in value:	
At 31 December 2001 and at 31 December 2000	<u>1,268,853</u>
Net book amount at 31 December 2001 and 31 December 2000	<u><u>1,995,736</u></u>

In the opinion of the directors, the value of the company’s investments in its subsidiary undertakings is not less than the net book amount at which they stated in the balance sheet.

The principal subsidiary undertakings, all of which are dormant at 31 December 2001 are as follows:

<u>Company</u>	<u>Country of registration and operation</u>	<u>Holding</u>	<u>Proportion of voting rights and shares held</u>
Delmorgal Limited	England	Ordinary shares	100%
Traveller International Limited	England	Ordinary shares	100%
Imperial Seafoods Limited	England	Ordinary shares	100%

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NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

3. DEBTORS

	<u>2001</u> £	<u>2000</u> £
Amounts owed by ultimate parent undertaking	1,079,744	1,079,744
Amount owed by fellow group undertakings	196,312,919	199,508,216
	<u>197,392,663</u>	<u>200,587,960</u>

4. CREDITORS

	<u>2001</u> £	<u>2000</u> £
Amounts owed to fellow group undertakings	<u>177,111,807</u>	<u>177,111,807</u>

There are no formal arrangements for the repayment of inter company balances.

5. CALLED UP SHARE CAPITAL

At 31 December 2001 and 2000 the share capital of the company was:

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
3.5% cumulative preference shares of £1 each	1,100,000	1,100,000
4.2% preferred ordinary shares of £1 each	1,100,000	1,100,000
Ordinary shares of 25p each	10,300,000	4,751,758
	<u>12,500,000</u>	<u>6,951,758</u>

The cumulative preference shares carry a dividend of 3.5% per annum payable out of the profits of the company available for dividends each year. The dividend rights are cumulative. All dividends for current and prior years have been paid or waived.

The preferred ordinary shares carry a dividend of 4.2% per annum payable out of the profits of the company available for dividends each year after payment of the cumulative preference shareholders dividend. The dividend rights are non cumulative. All dividends for current and prior years have been paid or waived.

The cumulative preference shares and preferred ordinary shares carry no votes at meetings unless the audited accounts show that the dividend has not been earned or the meeting includes any resolutions for the sale, reconstruction, reduction in capital or winding up of the company. In such an event each holder will be entitled to four votes per share.

On winding up of the company the cumulative preference shareholders have a right to receive, in preference to the preferred ordinary shareholders and the ordinary shareholders, £1 per share plus all arrears of dividends and accrued dividends. The preferred ordinary shareholders have a right to receive, in preference to the ordinary shareholders, £1 per share.

LINDUSTRIES LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

6. PROFIT AND LOSS ACCOUNT

	£
At January 1, 2001	13,846,491
Loss for the financial year	<u>(3,195,297)</u>
At December 31, 2001	<u>10,651,194</u>

7. SHAREHOLDERS' FUNDS ATTRIBUTABLE TO EQUITY AND NON EQUITY INTERESTS

	<u>Non equity shareholders'</u> <u>funds</u>		<u>Equity</u> <u>shareholders'</u> <u>funds</u>	<u>Total</u>
	<u>3.5%</u> <u>cumulative</u> <u>preference</u> <u>shares</u> <u>£</u>	<u>4.2%</u> <u>preferred</u> <u>ordinary</u> <u>shares</u> <u>£</u>	<u>£</u>	<u>£</u>
At January 1, 2001	1,100,000	1,100,000	23,271,889	25,471,889
Loss for the financial year	<u>-</u>	<u>-</u>	<u>(3,195,297)</u>	<u>(3,195,297)</u>
At December 31, 2001	<u>1,100,000</u>	<u>1,100,000</u>	<u>20,076,592</u>	<u>22,276,592</u>

8. GROUP ACCOUNTS

The immediate parent undertaking of Lindustries Limited is Hanson Overseas Holdings Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest group preparing consolidated group accounts which include Lindustries Limited is Hanson PLC and the smallest group preparing consolidated group accounts is Houserate Limited, a company registered in England and Wales.

Copies of the accounts of Hanson PLC and Houserate Limited can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the Hanson PLC group.