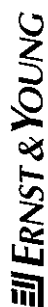


Lindustries Limited

Report and Accounts

30 September 1994

 ERNST & YOUNG



Lindustries Limited

Registered No. 3848

DIRECTORS

C J Thomas (chairman)
P J O'Shea (appointed 24 December 1993)
P J Harper

SECRETARY

P J O'Shea

AUDITORS

Ernst & Young
PO Box 3
Lowgate House
Lowgate
Hull HU1 1JJ

REGISTERED OFFICE

George House
50 George Square
Glasgow G2 1RR

The directors present their report and the audited accounts for the year ended 30 September 1994.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is a divisional holding company within the Hanson PLC group of companies. The principal subsidiary undertaking and its activity is listed in note 10 to the accounts.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

There have been no events subsequent to the end of the financial year which could have a material effect on the accounts.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £572,751 and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are listed on page 1. Other directors who served during the year were Mr N F Wilkinson, who resigned on 24 December 1993 and Mr L E T Ashford, who was appointed to the board on 1 December 1993 and resigned on 24 December 1993.

None of the directors has any interest in the share capital or loan stock of the company or its subsidiary undertakings.

Mr C J Thomas is a director of Hanson Holdings (1) Limited in whose accounts his interests in the share capital of the ultimate parent company Hanson PLC are shown.

Mr P J Harper is a director of the ultimate parent company, Hanson PLC, in whose accounts his interests in that company are shown.

The only other declarable interests in the share capital of Hanson PLC, the ultimate parent company, are as follows:

Ordinary shares of 25 pence each

	<i>Balance at 30 September 1994</i>	<i>Balance at date of appointment</i>
P J O' Shea	2,200	-

Options to subscribe for ordinary shares

	<i>Balance at date of appointment</i>	<i>Granted</i>	<i>Balance at 30 September 1994</i>
P J O' Shea	96,000	19,000	115,000

Options granted during the year were at a subscription price of 267.5p per share. No options were exercised or lapsed during the year. The weighted average price of outstanding options at 30 September 1994 was 214.1p, exercisable between 1993 and 2004.

Lindustries Limited
DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

The market price of the shares at 30 September 1994 was 228.0p and the range during the financial year was 228.0p to 299.5p.

Full details of directors' shareholdings and options to subscribe for shares are given in the company's Registrar of Directors' Interests, which is open to inspection.

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 period. 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 J O'Shea

P J O'Shea
Secretary

9 June 1995

REPORT OF THE AUDITORS
to the members of Lindustries Limited

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 September 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Hull

9 June 1995

Lindustries Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1994

	Notes	1994 £	1993 £
TURNOVER	2	17,162,900	17,613,550
OPERATING COSTS	3	17,740,973	18,583,888
		(578,073)	(970,338)
Other income	6	-	3,560
Dividends receivable		-	40,285
		(578,073)	(926,493)
Interest receivable		5,322	59
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(572,751)	(926,434)
Taxation	7	-	-
LOSS FOR THE FINANCIAL YEAR		(572,751)	(926,434)

Movements on reserves are set out in note 16.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to ordinary shareholders of £572,751 in the year ended 30 September 1994 (loss of £926,434 in the year ended 30 September 1993).

Lindustries Limited

BALANCE SHEET

at 30 September 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible fixed assets	9	21,171	33,363
Investments	10	2,427,502	2,427,502
		<u>2,448,673</u>	<u>2,460,865</u>
CURRENT ASSETS			
Debtors	11	218,447,785	191,364,259
Cash at bank and in hand		226,406	214,434
		<u>218,674,191</u>	<u>191,578,693</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	12	192,954,944	165,280,820
NET CURRENT ASSETS		<u>25,719,247</u>	<u>26,297,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,167,920</u>	<u>28,758,738</u>
PROVISIONS FOR LIABILITIES AND CHARGES	13	2,427,806	2,445,873
		<u>25,740,114</u>	<u>26,312,865</u>
CAPITAL AND RESERVES			
Called up share capital	15	6,951,758	6,951,758
Share premium account		4,673,640	4,673,640
Profit and loss account	16	14,114,716	14,687,467
SHAREHOLDERS' FUNDS ATTRIBUTABLE TO EQUITY AND NON EQUITY INTERESTS		<u>25,740,114</u>	<u>26,312,865</u>

C J Thomas)


P J O'Shea)

Directors



9 June 1995

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

The cost of tangible fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Motor vehicles	3 years
Fixtures and fittings	4 - 8 years
Computer equipment	2 years

Deferred taxation

Provision is made when required for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liabilities will crystallise.

Consolidated accounts

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

The company is a member of the Hanson Industrial Pension Scheme, a defined benefit plan. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

2. TURNOVER

Turnover comprises the invoice value of services supplied to fellow subsidiary undertakings, exclusive of VAT and is all derived from within the United Kingdom. The turnover derives from the ordinary continuing activity of the company.

NOTES TO THE ACCOUNTS

at 30 September 1994

3. OPERATING COSTS

	1994	1993
	£	£
Employment costs (note 4)	177,733	(138,878)
Depreciation of tangible fixed assets	14,975	16,825
Auditors' remuneration	37,000	39,280
Other operating charges	17,511,265	18,666,661
	<u>17,740,973</u>	<u>18,583,888</u>

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relates to the company.

4. EMPLOYMENT COSTS

	1994	1993
	£	£
Wages and salaries	271,514	164,633
Social security costs	19,719	15,289
Pension credit	(113,500)	(318,800)
	<u>177,733</u>	<u>(138,878)</u>

The average number of persons, including directors, employed during the financial year, all of whom were employed in the UK, amounted to 4 (1993 - 5).

5. EMOLUMENTS OF DIRECTORS

Employment costs include emoluments of directors amounting to £225,772 (1993 - £158,629).

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994	1993
	No.	No.
Not more than £5,000	3	1
£70,001 - £75,000	-	1
£75,501 - £80,000	1	-
£85,001 - £90,000	-	1
£150,001 - £155,000	1	-

The emoluments of the highest paid director, who is also the chairman, were £150,117 (1993 - £88,120). In 1993 the chairman received no emoluments.

NOTES TO THE ACCOUNTS
at 30 September 1994

6. OTHER INCOME

	1994	1993
	£	£
Profit on sale of fixed assets	-	960
Other	-	2,600
	<u>-</u>	<u>3,560</u>

7. TAXATION

There is no credit for taxation based on the loss for the year because the company will surrender its losses by way of group relief, for no consideration, to other members of the group. This was also the case in 1993.

8. DIVIDENDS

Dividends in respect of 3.5% cumulative preference shares and 4.2% preferred ordinary shares for the year to 30 September 1994 have been waived.

9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles, fixture and fittings £</i>
Cost:	
At 30 September 1993	48,936
Additions	9,848
Intra-group transfer	16,327
Disposals	(28,405)
At 30 September 1994	<u>46,706</u>
Depreciation:	
At 30 September 1993	15,573
Charge for the year	14,975
Intra-group transfer	5,780
Disposals	(10,793)
At 30 September 1994	<u>25,535</u>
Net book amounts:	
At 30 September 1994	<u>21,171</u>
At 30 September 1993	<u>33,363</u>

NOTES TO THE ACCOUNTS

at 30 September 1994

10. FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings:

	<i>Cost</i> £	<i>Provisions</i> £	<i>Net book amounts</i> £
At 30 September 1993 and 30 September 1994	<u>3,264,591</u>	<u>(837,089)</u>	<u>2,427,502</u>

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

The principal subsidiary undertaking at 30 September 1994 was as follows:

<i>Company</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>
Industrial Del Fresno SA	Mexico	Products for fishing industry

The company owns 75.9% of the issued share capital of Industrial Del Fresno SA.

11. DEBTORS

	<i>1994</i> £	<i>1993</i> £
Amount owed by parent company	201,914,126	172,077,322
Amounts owed by fellow subsidiary undertakings	16,010,706	18,992,515
Other debtors and prepayments	<u>522,953</u>	<u>294,422</u>
	<u>218,447,785</u>	<u>191,364,259</u>

12. TRADE AND OTHER CREDITORS

	<i>1994</i> £	<i>1993</i> £
Trade creditors	99,567	57,527
Amounts owed to fellow subsidiary undertakings	192,658,278	165,014,269
Accruals	187,054	183,092
Taxation and social security	<u>10,045</u>	<u>25,932</u>
	<u>192,954,944</u>	<u>165,280,820</u>

NOTES TO THE ACCOUNTS

at 30 September 1994

13. PROVISIONS FOR LIABILITIES AND CHARGES

Warranty and other provisions:

	£
At 30 September 1993	2,445,873
Released during the year	(1,745,889)
Utilised during the year	(172,178)
Provided during the year	1,900,000
At 30 September 1994	<u>2,427,806</u>

14. DEFERRED TAXATION

No provision for deferred taxation at 30 September 1994 is required and there are no potential deferred tax liabilities (1993 - £Nil).

15. CALLED UP SHARE CAPITAL

At 30 September 1994 and 30 September 1993 the share capital of the company was:

	<i>Authorised</i> £	<i>Allotted, called up and fully paid</i> £
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 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 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 a 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.

NOTES TO THE ACCOUNTS

at 30 September 1994

16. PROFIT AND LOSS ACCOUNT

	£
At 30 September 1993	14,687,467
Loss for the year	(572,751)
At 30 September 1994	<u>14,114,716</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Total shareholders' funds:

	1994 £	1993 £
Loss attributable to the members of the company	(646,424)	(926,434)
Opening shareholders' funds	26,312,865	27,239,299
Closing shareholders' funds	<u>25,666,441</u>	<u>26,312,865</u>

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

	1994 £	1993 £
Non equity shareholders' funds:		
3.5% cumulative preference shares	1,100,000	1,100,000
4.2% preferred ordinary shares	1,100,000	1,100,000
	<u>2,200,000</u>	<u>2,200,000</u>
Equity shareholders' funds:		
Ordinary shares	23,466,441	24,112,865
	<u>25,666,441</u>	<u>26,312,865</u>

19. CAPITAL COMMITMENTS

Amounts authorised by the directors but not contracted for were £Nil (1993 - £Nil).

20. GROUP ACCOUNTS

The parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member is Hanson PLC, registered in England and Wales. Hanson PLC is also the company's ultimate parent company. Copies of Hanson PLC's accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

NOTES TO THE ACCOUNTS

at 30 September 1994

21. PENSION COMMITMENTS

The company is a member of the Hanson Industrial Pension Scheme, a defined benefit plan which is funded by the payment of contributions to a separately administered trust fund.

The contributions to this scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted as at 6 April 1992 using the following main assumptions:

Rate of return on investments 9.0% per annum

Rate of increase in pensionable earnings 7.5% per annum

At 6 April 1992 the market value of the scheme's assets was £164.8m and the actuarial value of those assets represented 143% of the value of the benefits that had accrued to the members, after allowing for the effect of future increases in their earnings. Accordingly the member companies have suspended their contributions and the difference between the regular cost of providing pension benefits and the amortisation of the surplus, a credit of £113,500, has been recorded in the accounts of the company. It is not practicable to allocate this difference to each individual member company.