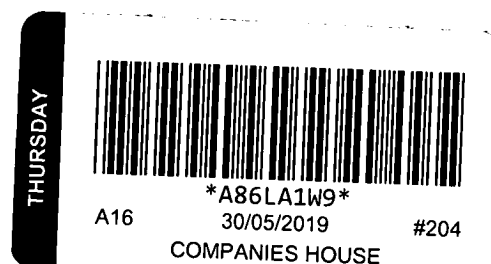


Registered number: 00488067

HANSON BUILDING MATERIALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



HANSON BUILDING MATERIALS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | N Benning-Prince R C Dowley E A Gretton Dr C M Wendt |
| Company secretary | W F Rogers |
| Registered number | 00488067 |
| Registered office | Hanson House 14 Castle Hill Maidenhead SL6 4JJ |
| Independent auditor | Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX |

HANSON BUILDING MATERIALS LIMITED

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HANSON BUILDING MATERIALS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The principal activity of the Company is that of a group investment holding company. It also bears costs relating to the legacy Hanson business, which includes Hanson No 2 and UURBS pension schemes, various legal and insurance claims, and other administrative expenses.

During the year the Company reduced its provision for post employment benefits to former employees.

An impairment was recognised against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

During the year, the Company received income from other group companies in respect of the services provided for legacy companies.

Principal risks and uncertainties

Group undertakings

The Company's results arise mainly from transactions with fellow group undertakings in the group headed by HeidelbergCement AG. The Directors are therefore of the opinion that the Company is not directly exposed to significant risks and uncertainty; however, by the very nature of its activities, the Company is indirectly exposed to similar risks and uncertainties to those faced by other group companies. Details of the proposed risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that company.

Defined benefit pension risk

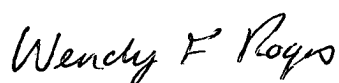
The Company is the principal employer of a defined benefit scheme, which is closed to future accrual. The amounts reported in the accounts for the Scheme is based on advice from independent actuaries.

Results under IAS 19 can change dramatically depending on market conditions, and will lead to volatility in the net pension asset on the Company's Balance Sheet and in Other Comprehensive Income. The actuarial assumptions have been set so that they represent a best estimate of future experience from the Scheme. In practice, the true costs for the Scheme could be different to those shown.

The Scheme exposes the Company to a number of risks, the most significant of which are:

- Asset volatility - the Main Scheme holds a significant proportion of growth assets, which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
- Inflation risk - A significant proportion of the Scheme's benefit obligations are linked to inflation. Meanwhile, the majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy - The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

This report was approved by the board on 17 May 2019 and signed on its behalf.



W F Rogers
Secretary

HANSON BUILDING MATERIALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £1,797,000 (2017 - loss £235,000).

Included within the loss for the current year is a gain of £97,000 (2017 - £1,270,000) relating to an actuarial gain on the healthcare scheme.

During the year, the Company incurred net actuarial losses of £4,414,000 (2017 - £55,000), included within the other comprehensive income.

The Directors do not recommend the payment of a final dividend (2017 - £nil).

Directors

The Directors who served during the year were:

N Benning-Prince
R C Dowley
E A Gretton
Dr C M Wendt

Future developments

The Directors anticipate that the Company will continue as a group investment holding company for the foreseeable future.

Going concern

The Company has limited activity and has limited cash flows outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group.

The Directors, having assessed the responses of the management of HCAG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the HCAG group to continue as a going concern.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' indemnity

A fellow group undertaking has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

The articles of association also provide for the Directors to be indemnified by the Company subject to the provisions of the Companies Act.

HANSON BUILDING MATERIALS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditor

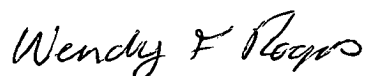
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Ernst & Young LLP, having confirmed their willingness to act, will continue in office as auditor of the Company

This report was approved by the board on 17 May 2019 and signed on its behalf.



W F Rogers
Secretary

HANSON BUILDING MATERIALS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED

Opinion

We have audited the financial statements of Hanson Building Materials Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Paul Mapleston (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

The Paragon
Counterslip
Bristol
BS1 6BX

20 May 2019

HANSON BUILDING MATERIALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 £000 | 2017 £000 |
|---|------|-----------------------|---------------------|
| Administrative expenses | | (1,600) | (65) |
| Exceptional administrative expenses | 9 | (290) | - |
| Other operating income | 4 | 588 | - |
| Operating loss | 5 | <u>(1,302)</u> | <u>(65)</u> |
| Interest receivable and similar income | 10 | 5 | 6 |
| Interest payable and expenses | 11 | (54) | (94) |
| Other finance income | 17 | (446) | (82) |
| Loss on ordinary activities before tax | | <u>(1,797)</u> | <u>(235)</u> |
| Tax on loss on ordinary activities | 12 | - | - |
| Loss for the financial year | | <u><u>(1,797)</u></u> | <u><u>(235)</u></u> |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial gains on defined benefit schemes | 17 | 5,865 | 7,032 |
| Pension surplus not recognised | 17 | (10,279) | (7,087) |
| | | <u>(4,414)</u> | <u>(55)</u> |
| Total comprehensive income for the year | | <u><u>(6,211)</u></u> | <u><u>(290)</u></u> |

All amounts relate to continuing operations.

The notes on pages 11 to 28 form part of these financial statements.

HANSON BUILDING MATERIALS LIMITED
REGISTERED NUMBER:00488067

BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 £000 | 2017 £000 |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 13 | 9,426,190 | 9,426,480 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 8,385,994 | 8,388,816 |
| Cash at bank and in hand | | 532 | 531 |
| | | <u>8,386,526</u> | <u>8,389,347</u> |
| Creditors: amounts falling due within one year | 15 | (14,626,636) | (14,625,920) |
| Net current liabilities | | <u>(6,240,110)</u> | <u>(6,236,573)</u> |
| Total assets less current liabilities | | <u>3,186,080</u> | <u>3,189,907</u> |
| Provisions for liabilities | | | |
| Other provisions | 17 | (1,856) | (2,126) |
| Net assets excluding pension liability | | <u>3,184,224</u> | <u>3,187,781</u> |
| Pension liability | | (5,817) | (3,163) |
| Net assets | | <u><u>3,178,407</u></u> | <u><u>3,184,618</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,473,938 | 1,473,938 |
| Share premium account | 18 | 1,493,072 | 1,493,072 |
| Other reserves | 18 | 281,214 | 281,214 |
| Profit and loss account | 18 | (69,817) | (63,606) |
| Shareholders' funds | | <u><u>3,178,407</u></u> | <u><u>3,184,618</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 May 2019.


N Benning-Prince
 Director

The notes on pages 11 to 28 form part of these financial statements.

HANSON BUILDING MATERIALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital £000 | Share premium account £000 | Other reserves £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|-------------------------------------|---------------------------|------------------------------------|----------------------|
| At 1 January 2017 | 1,473,938 | 1,493,072 | 281,214 | (63,316) | 3,184,908 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (235) | (235) |
| Actuarial losses on pension scheme | - | - | - | (55) | (55) |
| Total comprehensive income for the year | - | - | - | (290) | (290) |
| At 1 January 2018 | 1,473,938 | 1,493,072 | 281,214 | (63,606) | 3,184,618 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (1,797) | (1,797) |
| Actuarial losses on pension scheme | - | - | - | (4,414) | (4,414) |
| Total comprehensive income for the year | - | - | - | (6,211) | (6,211) |
| At 31 December 2018 | 1,473,938 | 1,493,072 | 281,214 | (69,817) | 3,178,407 |

The notes on pages 11 to 28 form part of these financial statements.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Statement of compliance with FRS 101

Hanson Building Materials Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, which indirectly owns the Company's entire share capital, has committed to continue to support the Company for the foreseeable future, in order that it can meet its liabilities as they fall due.

2.4 Impact of new international reporting standards, amendments and interpretations

The Company adopted IFRS 9 and IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held.
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.

If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not significantly changed since its initial recognition.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

IFRS 15

IFRS 15 Revenue from Contracts with Customers supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of transition as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 January 2018.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Investments

Investments in subsidiaries are held at cost less provision for impairment.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.7 Pensions

The Company participates in the Hanson No.2 Pension Scheme and the UURBS Scheme, which are of the funded defined benefit type that share risks between entities which are under common control. Funds are held externally under the supervision of the corporate trustees.

Management has determined that no contractual agreement or stated policy exists for charging to individual group entities the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 'Employee Benefits', as a result, the net defined benefit cost is recognised in these financial statements as the Company bears the risks relating to the plan and is considered the principal sponsoring employer.

2.8 Interest bearing loans and borrowings

All interest bearing loans and borrowings are initially recognised as the net proceeds received. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payment made in respect of the debt in the period.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Financial instruments

Financial assets

Financial assets are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

The Company's financial assets include amounts owed by group undertakings.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The ECL required for other debt instruments is determined using a three stage model.

- At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.
- If the credit risk of that financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recorded. Any interest revenue is calculated on the gross carrying amount of the financial asset. Should the significant increase in credit risk reverse within subsequent reporting periods then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the twelve month expected credit losses.
- If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

Financial liabilities

Financial liabilities are initially measured at fair value and, in the case of loans and borrowing and payables, net of directly attributable transactions costs.

The Company's financial liabilities include amounts owed to group undertakings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures, a deferred tax liability shall be recognised in accordance with IAS 12.39.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

2.12 Exceptional items

The Company presents as Exceptional items those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of investments

The Company reviews investments in subsidiaries for impairment if there are any indications that the carrying values may not be recoverable. The carrying value of the investment is compared to the recoverable amount and where a deficiency exists, an impairment charge is considered by management.

The recoverable amount represents the net assets of the investment at the time of the review or where applicable is represented by an estimate of future cash flows expected to arise from the investment. A suitable discount rate is applied to the future cash flows in order to calculate the present value.

Reversals of impairments are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

Recoverability of amounts owed by group undertakings

The Company reviews the recoverability of amounts owed by group undertakings by reviewing the net assets of the counterparty. If the counterparty has net liabilities a provision is made by management for the amount considered irrecoverable.

4. Other operating income

| | 2018 £000 | 2017 £000 |
|--------------------------------------|--------------|--------------|
| Management fees from group companies | 588 | - |
| | <u>588</u> | <u>-</u> |

5. Operating loss

The operating loss is stated after charging:

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Decrease in other post employment provisions | (97) | (1,270) |
| Defined contribution pension cost | <u>46</u> | <u>-</u> |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Auditor's remuneration

| | 2018 £000 | 2017 £000 |
|------------|--------------|--------------|
| Audit fees | - | 187 |

In the current year, fees for audit and non-audit services have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company. The prior year amount included fees paid to the auditors in respect of the audit of the financial statements of the Company and some of its fellow subsidiaries, and for other services provided to the Company.

7. Staff costs

| | 2018 £000 | 2017 £000 |
|-------------------------------------|--------------|--------------|
| Wages and salaries | 647 | - |
| Social security costs | 61 | - |
| Cost of defined contribution scheme | 46 | - |
| | <u>754</u> | <u>-</u> |

The staff costs in 2017 were recharged in full to another group undertaking.

The average monthly number of employees, including the Directors, during the year was 2 (2017: 0).

8. Directors' remuneration

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £843,000 (2017 - £881,000 (re-stated)), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

9. Exceptional items

| | 2018 £000 | 2017 £000 |
|---------------------------------------|--------------|--------------|
| Impairment of fixed asset investments | <u>290</u> | <u>-</u> |

An impairment was recognised against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Interest receivable

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Interest receivable from group companies | 5 | 6 |
| | <u>5</u> | <u>6</u> |

11. Interest payable and similar expenses

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Unwinding of healthcare scheme liability | 54 | 94 |
| | <u>54</u> | <u>94</u> |

12. Taxation

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Current UK corporation tax on loss/(profit) for the year | - | - |
| | <u>-</u> | <u>-</u> |
| Total current tax | <u>-</u> | <u>-</u> |

Reconciliation of the tax charge for the year

The tax assessed for the year is lower than (2017 -lower than) the standard rate of corporation tax in the UK of 19.00% (2017 -19.25%). The differences are explained below:

| | 2018 £000 | 2017 £000 |
|---|----------------|--------------|
| Loss on ordinary activities before tax | (1,797) | (235) |
| | <u>(1,797)</u> | <u>(235)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 -19.25%) | (341) | (45) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 53 | 10 |
| Deferred tax asset not recognised | (198) | (365) |
| Group relief | 55 | (509) |
| Transfer pricing adjustments | 431 | 909 |
| | <u>-</u> | <u>-</u> |
| Total tax charge for the year | <u>-</u> | <u>-</u> |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Taxation (continued)

Change in corporation tax rate

There is a reduction in the main rate of corporation tax from 19% to 17% on 1 April 2020.

13. Fixed asset investments

| | Investments in subsidiary companies £000 |
|--|--|
| Cost or valuation | |
| At 1 January 2018 and 31 December 2018 | 9,428,058 |
| Impairment | |
| At 1 January 2018 | 1,578 |
| Charge for the period | 290 |
| At 31 December 2018 | 1,868 |
| Net book value | |
| At 31 December 2018 | 9,426,190 |
| At 31 December 2017 | 9,426,480 |

An impairment was made against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments (continued)

Direct subsidiary and associate undertakings

The investments in which the Company directly held any class of share capital are as follows:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|--------------------------|-----------------|---------|----------------------------|
| Hanson (FP) Limited | England and Wales | Ordinary | 100% | Investment holding company |
| Hanson BC Limited* | Bermuda | Ordinary | 100% | Group finance company |
| Hanson Aggregates UK Limited | England and Wales | Ordinary | 100% | Investment holding company |
| National Star Brick and Tile Holdings Limited | England and Wales | Ordinary | 100% | Group finance company |
| City of London Heliport Limited | England and Wales | Preference | 100% | |
| Hanson Trustees Limited | England and Wales | Ordinary | 56% | Dormant |
| Hanson (MR) Limited | England and Wales | Ordinary | 100% | Dormant |
| | | | 0% | Group finance company |

* Registered as a UK establishment.

Direct subsidiary and associate undertaking

The investments in which the Company indirectly held any class of share capital are as follows:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|-------------------------------|--------------------------|-----------------|---------|----------------------------|
| Viewgrove Investments Limited | England and Wales | Ordinary | 100% | Group finance company |
| | | Preference | 100% | |
| St Jude S.a r.l | Luxembourg | Ordinary | 100% | Investment holding company |
| CHB Products Limited | England and Wales | 'A' Ordinary | 100% | Group finance company |
| | | 'B' Ordinary | 100% | |
| Hanson Iceland EHF | Iceland | Ordinary | 100% | Investment holding company |
| Amangani SA | Panama | Ordinary | 100% | Investment holding company |
| Hanson Green Limited* | Bermuda | Ordinary | 100% | Group finance company |

* Registered as a UK establishment.

The registered office of the investments incorporated in England and Wales is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

The registered office of Hanson BC Limited and Hanson Green Limited is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The registered office of St Jude S.a r.l is 43 Avenue J.F. Kennedy, Luxembourg, 1855, Luxembourg.

The registered office of Hanson Iceland EHF is Hofdatorg, 18th Floor, Reykjavik, 105, Iceland.

The registered office of Amangani SA is PH ARIFA, 9th and 10th Floors, West Boulevard, Santa Maria Business District, Panama-City, Republic of Panama.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. Debtors

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Due within one year | | |
| Amounts owed by group undertakings | 8,385,994 | 8,388,816 |

Included within amounts owed by group undertakings is £160,000 (2017 - £1,884,000) which accrues interest at overnight LIBOR. The remaining balance is interest free. All amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

15. Creditors: Amounts falling due within one year

| | 2018 £000 | 2017 £000 |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | 14,625,425 | 14,625,425 |
| Other taxation and social security | 107 | - |
| Accruals and deferred income | 1,104 | 495 |
| | <u>14,626,636</u> | <u>14,625,920</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Deferred taxation

A potential deferred tax asset of £872,000 (2017 - £746,000) in respect of short term timing differences has not been recognised as it is uncertain whether future profits will be sufficient to offset these differences when they reverse.

A potential deferred tax asset of £991,000 (2017 - £539,000) in respect of the pension scheme deficit has not been recognised as it is uncertain whether future profits will be sufficient to offset this difference when it reverses.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17. Provisions

| | Other post employment provisions £000 |
|--|--|
| At 1 January 2018 | 2,126 |
| Discounted adjustments net of payments | (173) |
| Actuarial gain | (97) |
| At 31 December 2018 | 1,856 |

The Company has a liability to provide post retirement healthcare benefits to former employees outside of the funded pension scheme arrangements. During the current year, the Company made payments totalling £231,000 (2017 - £244,000) to meet these obligations. During the year there was an actuarial gain of £97,000 (2017 - gain of £1,270,000).

18. Reserves

Other reserves

Other reserves relate to past capital contributions.

19. Share capital

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 736,968,849 (2017 - 736,968,849) ordinary shares of £2 each | 1,473,938 | 1,473,938 |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Pension commitments

During the year, the Company participated in the Hanson No.2 Pension Scheme (the "Main Scheme") and relevant employees are eligible for benefits under this funded defined benefit scheme, with funds held externally under the supervision of the corporate trustee.

During the year, the Company also participated in the UURBS Scheme (the "Second Scheme", together with the Main Scheme, the "Schemes") and relevant employees are eligible for benefits under this which is of the defined benefit type.

The results of the latest funding valuation at 30 September 2017 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 30 September 2018, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The Schemes were closed to future accruals on 31 December 2011. The Schemes' assets are stated at their market values at the respective balance sheet dates.

The assets and liabilities of the Schemes are recognised in the financial statements of the Company and the balances at 31 December were:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Schemes' assets at fair value | | |
| Cash and cash equivalents | 1,491 | 463 |
| Nominal government bonds | 58,170 | 59,755 |
| Index linked bonds | 91,074 | 92,542 |
| Insurance policies | 66,065 | 77,852 |
| | <hr/> | <hr/> |
| Fair value of the Schemes' assets | 216,800 | 230,612 |
| Present value of the Schemes' liabilities | (196,004) | (217,828) |
| Restriction on the Main Scheme's asset | (26,627) | (15,947) |
| | <hr/> | <hr/> |
| Defined benefit Schemes liabilities | (5,831) | (3,163) |

The majority of these assets have a quoted market price in an active market. The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

The Schemes have not invested directly in any of the Group's own financial instruments nor in properties or other assets used by the Group.

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Pension commitments (continued)

The main actuarial assumptions used in the valuation are set out below:

| | 2018 | 2017 |
|--------------------------|------|------|
| | % | % |
| Discount rate | 2.90 | 2.45 |
| Future pension increases | 3.62 | 3.58 |
| RPI inflation assumption | 3.15 | 3.15 |
| CPI inflation assumption | 2.15 | 2.15 |

The mortality assumptions are based on recent actual mortality experience of members within the Schemes with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 24.2 years if they are male (2017 - 25.1 years) and for a further 25.3 years if they are female (2017 - 26.3 years).

For a member who retires in 2039 (2017 - 2038) at the age of 65 the assumptions are that they will live on average for a further 25.5 years after retirement if they are male (2017 - 26.4 years), and for a further 26.8 years after retirement if they are female (2017 - 27.8 years).

Sensitivity analysis

The sensitivity of the present value of the Schemes' liabilities to changes in the principal assumptions used is set out below.

| | Change in assumption | Impact on Schemes' liabilities |
|--------------------------|----------------------------|--------------------------------|
| Discount rate | Increase / decrease 1% | Decrease 11% / increase 14% |
| Increase in pension rate | Increase / decrease 0.25% | Increase 3% / decrease 3% |
| Life expectancy | Increase / decrease 1 year | Increase 5% / decrease 5% |

The Company expects to contribute £1,689,000 (2017 - £100,000) to the Schemes in 2019.

Included within the Statement of Comprehensive Income

| | 2018 | 2017 |
|--|--------------|--------------|
| | £000 | £000 |
| Expected return on the Schemes' assets | 4,772 | 6,103 |
| Interest on pension liabilities | (5,218) | (6,185) |
| Administration expenses incurred by the Scheme | (72) | (122) |
| | <u>(518)</u> | <u>(204)</u> |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Pension commitments (continued)

Included within other comprehensive income:

| | 2018 £000 | 2017 £000 |
|-----------------------------|----------------------|----------------------|
| Actuarial gains | 5,865 | 7,032 |
| Change in the asset ceiling | (10,279) | (7,087) |
| Net actuarial losses | <u>(4,414)</u> | <u>(55)</u> |

Changes in present value of the defined benefit obligations are analysed as follows:

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| Opening defined benefit obligation | 217,828 | 242,158 |
| Interest cost | 5,218 | 6,186 |
| Actuarial gains on Schemes' liabilities | (17,225) | (12,818) |
| Net benefits paid out | (9,817) | (17,698) |
| Closing present value of the Schemes' liabilities | <u>196,004</u> | <u>217,828</u> |

Changes in the fair value of the Schemes' assets are analysed as follows:

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| Opening fair value of Schemes' assets | 230,612 | 247,680 |
| Expected return on plan assets | 5,163 | 6,332 |
| Administrative expenses paid by the Scheme | (72) | (122) |
| Actuarial loss on the Schemes' assets | (11,360) | (5,786) |
| Contributions paid by the employers | 2,187 | 122 |
| Net benefits paid out | (9,730) | (17,614) |
| Closing fair value of Scheme assets | <u>216,800</u> | <u>230,612</u> |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Pension commitments (continued)

Amounts for the current and previous four years:

| | 2018 £000 | 2017 £000 | 2016 £000 | 2015 £000 | 2014 £000 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Defined benefit obligation | (196,004) | (217,828) | (242,158) | (182,349) | (187,408) |
| Fair value of the Schemes' assets | 216,800 | 230,612 | 247,680 | 213,014 | 218,978 |
| Surplus in the Schemes | 20,796 | 12,784 | 5,522 | 30,665 | 31,570 |
| Experience gains/(losses) on the Schemes' liabilities * | (4,271) | 2,483 | - | (1,178) | (11) |
| Experience gains/(losses) on the Schemes' assets | 13,381 | (5,786) | 35,473 | (5,398) | 29,687 |

* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of Hanson No2 was carried out by a qualified actuary as at 30 September 2017. The valuation showed a deficit of £5,000,000. The Company is paying deficit contributions of £1,500,000 in 2019 and 2020 which, along with a payment of £2,000,000 made in 2018, are expected to make good this shortfall by 30 June 2020. The Company also makes contributions towards the administrative expenses of the Scheme. The actuarial method used in the calculation of the technical provisions underpinning the recovery plan was the projected unit method. The forecast contributions payable for the year ended 31 December 2019 are expected to be £1,689,000.

The Schemes are recognised on the balance sheet of the Company as this entity is considered to bear the risks relating to the plan due to the proportion of current and deferred members employed or previously employed by the company.

21. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG. Balances outstanding at 31 December with related parties, are as follows:

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| Amounts owed by ultimate parent undertaking | 160 | 1,884 |
| Amounts owed by fellow subsidiary undertakings | 8,384,998 | 8,386,932 |
| Amounts owed to subsidiary undertakings | (9,425,691) | (9,425,691) |
| Amounts owed to fellow subsidiary undertakings | (5,199,734) | (5,199,734) |
| | <u>(6,240,267)</u> | <u>(6,236,609)</u> |

HANSON BUILDING MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22. Contingent liabilities

A claim for damages was lodged against the Company in the prior year in relation to land contamination at an alleged former industrial property of a historic group subsidiary. The Company has filed a motion to dismiss the complaint and is defending the action. The financial effect cannot be ascertained at this stage, nor is it known if there will be any liability beyond the legal fees required to defend the claim. Due to this uncertainty, the Directors do not consider that the claim meets the recognition criteria of a provision and have therefore disclosed a contingent liability.

23. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Holdings Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.