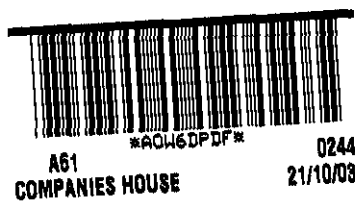


HANSON CGF (NO. 1) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 2002



HANSON CGF (NO. 1) LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
A C Bolter
N Swift

Secretary: P D Tunnacliffe

Registered Office: 1 Grosvenor Place, London SW1X 7JH

The directors present their report and the audited accounts of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a group investment holding company.

FIXED ASSETS

On 8 May 2002, the company invested £9,885,225 in Hanson CGF (No. 2) Limited, which was acquired from Signgrid Limited, a fellow subsidiary undertaking.

RESULTS AND DIVIDENDS

The company did not trade during the year. 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. K J Ludlam and J R Read resigned as directors on 28 May 2003 having served throughout the year. A C Bolter and N Swift were appointed as directors on 28 May 2003. G Dransfield served throughout the year.

DIRECTORS' INTERESTS

The directors have no 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 is disclosed in the Hanson PLC accounts for the year ended 31 December 2002. The interest of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Limited for the period ended 30 December 2002.

ANNUAL GENERAL MEETING

Pursuant to the Elective Resolution of the company passed on 19 July 1991, 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

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

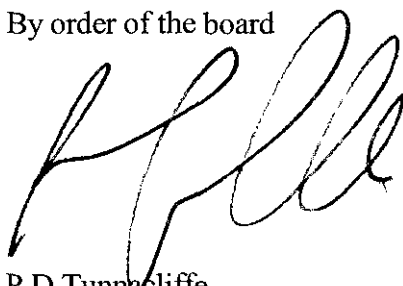
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- 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
16 October 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON CGF (NO. 1) LIMITED

We have audited the company's accounts for the year ended 31 December 2002 which comprise the balance sheet and the related notes 1 to 6. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with S235 of the Companies Act 1985. 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 auditors' 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.

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 accounts in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HANSON CGF (NO. 1) LIMITED (continued)**

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP.

Ernst & Young LLP
Registered Auditor
London
16 October 2003

HANSON CGF (NO. 1) LIMITED
BALANCE SHEET AT 31 DECEMBER 2002

	<u>Note</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
FIXED ASSETS			
Investments	2	2,470,811,534	2,460,926,309
Debtors: amounts falling due within one year	3	373,871,884	373,871,884
Creditors: amounts falling due within one year	4	(9,885,225)	-
NET CURRENT ASSETS		<u>363,986,659</u>	<u>373,871,884</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,834,798,193</u></u>	<u><u>2,834,798,193</u></u>
CAPITAL AND RESERVES			
Called up share capital	5	1,013,737	1,013,737
Share premium		3,039,986,263	3,039,986,263
Profit and loss account		(206,201,807)	(206,201,807)
Equity shareholders' funds		<u><u>2,834,798,193</u></u>	<u><u>2,834,798,193</u></u>

Approved by the board of directors
16 October 2003



A C Bolter
Director

HANSON CGF (NO. 1) LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2002

1 ACCOUNTING POLICY

(a) Accounting convention

The accounts are 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.

(b) Fixed asset investment

Investments in subsidiary undertakings are included at cost less any provisions required to reflect a permanent diminution in value.

2 FIXED ASSET INVESTMENTS

	<u>Subsidiary companies</u> <u>£</u>
COST AND NET BOOK VALUE:	
At 31 December 2001	2,460,926,309
Addition	9,885,225
At 31 December 2002	<u>2,470,811,534</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 are stated in the balance sheet.

The principle subsidiary undertaking at 31 December 2002 is as follows:

<u>Company</u>	<u>Principle activity</u>	<u>Proportion of voting rights and shares held</u>
Hanson CGF (No 2) Limited	Holding company	65.4%

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 accounts present information about the company as an individual undertaking.

3 DEBTORS

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Amount owed by fellow subsidiary undertaking	<u>373,871,884</u>	<u>373,871,884</u>

There are no formal agreements for the repayment of amounts due to or from group undertakings.

HANSON CGF (NO. 1) LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2002

4 CREDITORS

	<u>2002</u> £	<u>2001</u> £
Amount owed to fellow subsidiary undertaking	<u>9,885,225</u>	<u>-</u>

5 SHARE CAPITAL

	<u>Authorised, allotted, called up and paid</u> £
At 31 December 2001 and 2002 £1 ordinary shares	<u>1,013,737</u>

6 GROUP ACCOUNTS

The immediate parent undertaking of Hanson (CGF) (No. 1) Limited is Hanson (CGF) 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 and smallest group preparing consolidated group accounts which include Hanson (CGF) (No. 1) Limited is Hanson PLC for the year ended 31 December 2002 and Houserate Limited for the period ended 30 December 2002 respectively.

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.