

Company Number: 2454133

Blue Circle Overseas Finance Limited

**Annual Report and Financial Statements
Year ended 31 December 2006**

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Blue Circle Overseas Finance Limited

Registered No. 2454133

Annual report and financial statements 2006

Officers and professional advisers

Directors

D R Taylor
D Grimason

Secretary

D Grimason

Independent Auditors

Deloitte & Touche LLP
Chartered Accountants
Crawley

Registered Office

Granite House
Granite Way
Syston
Leicester
Leicestershire
LE7 1PL

Blue Circle Overseas Finance Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2006

This directors report has been prepared in accordance with the special provisions relating to small companies under s247A(1A) of the Companies Act 1985

Principal activity

The Company continues to operate as an investment holding company

Directors and their interests

The directors who held office during the year are as follows

| | |
|-------------|---------------------------|
| R A Elliott | (resigned 13 April 2007) |
| D R Taylor | |
| D Grimason | (appointed 13 April 2007) |

Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that

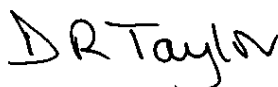
(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(2) the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Pursuant to s386 of the Companies Act 1985, an elective resolution was passed on 1 November 2005 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors

By order of the board



D R Taylor
Director

19 June 2007

Blue Circle Overseas Finance Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss 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 estimates that are reasonable and prudent, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

Blue Circle Overseas Finance Limited

Independent auditors' report to the members of Blue Circle Overseas Finance Limited

We have audited the financial statements of Blue Circle Overseas Finance Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Crawley, United Kingdom

Deloitte & Touche LLP

22 June 2007

Blue Circle Overseas Finance Limited

Profit and loss account Year ended 31 December 2006

| | Note | 2006 £ | 2005 £ |
|--|------|------------|------------|
| Administrative expenses | | - | (5) |
| Operating result/(loss) | 2 | - | (5) |
| Net finance gains | 3 | 44,215,538 | 47,257,968 |
| Income from shares in related companies | | 120,261 | - |
| Profit on ordinary activities before taxation | | 44,335,799 | 47,257,963 |
| Tax on profit on ordinary activities | 4 | - | (5,058) |
| Profit for the financial year | 8 | 44,335,799 | 47,252,905 |

All transactions derive from continuing activities

There are no recognised gains or losses other than the profit for the year and previous year as shown above
Accordingly, no statement of total recognised gains and losses is presented

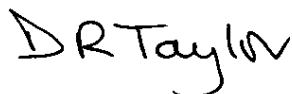
Blue Circle Overseas Finance Limited

Balance sheet

As at 31 December 2006

| | Note | 2006 £ | 2005 £ |
|--|------|-------------|-------------|
| Fixed assets | | | |
| Investments | 5 | - | 580,000 |
| Current assets | | | |
| Debtors | 6 | 966,123,467 | 921,207,668 |
| Net current assets | | 966,123,467 | 921,207,668 |
| Total assets less current liabilities | | 966,123,467 | 921,787,668 |
| Capital and reserves | | | |
| Called up share capital | 7,8 | 25,721 | 25,721 |
| Share premium account | 8 | 848,643,068 | 848,643,068 |
| Profit and loss account | 8 | 117,454,678 | 73,118,879 |
| Total shareholders' funds | 8 | 966,123,467 | 921,787,668 |

Approved by the board on 19 June 2007 Signed on behalf of the Board of Directors



D R Taylor
Director

Blue Circle Overseas Finance Limited

Notes to the accounts

For the year ended 31 December 2006

1. Accounting policies

The accounting policies adopted are described below and have been applied consistently in the current and previous financial year

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Cash flow statement

The Company is a subsidiary undertaking of Lafarge S A and is consolidated within its published financial statements. Consequently, the Company has taken advantage of the exemption given in Financial Reporting Standard 1 (revised) from preparing a cash flow statement

Investments

Investments in group companies are stated at cost, less amounts provided in respect of any impairment in value

The directors are of the opinion that the market value of the fixed asset investments is not less than the book value shown in the balance sheet

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 or, where appropriate, at contracted forward rates

All differences are taken to the profit and loss account

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with fellow group undertakings

2. Operating result/(loss)

Other than the directors, the Company had no employees during the year (2005 - nil)

None of the directors received any remuneration from the Company (2005 - £nil). They are regarded as group employees and paid by a fellow group undertaking in both financial years

The Company's audit fees are paid by a fellow group undertaking for both financial years

Blue Circle Overseas Finance Limited

Notes to the accounts

For the year ended 31 December 2006

3. Net finance gains

| | 2006 £ | 2005 £ |
|---|-------------------|-------------------|
| Interest receivable and similar income | | |
| - on loans from fellow group undertakings | 47,101,596 | 44,580,875 |
| - on loans to related undertakings | - | 29,948 |
| Exchange (loss)/gain on foreign exchange | (2,886,058) | 2,647,145 |
| | <u>47,215,538</u> | <u>47,257,968</u> |

4. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

| | 2006 £ | 2005 £ |
|--|--------------|--------------|
| Current tax | | |
| United Kingdom corporation tax at 30% (2005 – 30%) based on the profit for the year | 13,265,511 | 14,182,570 |
| Group relief not paid for | (13,265,511) | (14,182,570) |
| Foreign tax | - | 5,058 |
| | <u>-</u> | <u>5,058</u> |
| Total current tax charge | <u>-</u> | <u>5,058</u> |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is different to that resulting from applying the standard rate of corporation tax in the UK of 30% (2005 – 30%) The differences are explained below

| | 2006 £ | 2005 £ |
|---|-------------------|-------------------|
| Profit on ordinary activities before taxation | <u>44,335,799</u> | <u>47,257,963</u> |
| Tax on profit on ordinary activities at standard rate | 13,300,739 | 14,177,389 |
| Effects of | | |
| Share of partnership profits | 850 | 10,239 |
| Non taxable income | (36,078) | - |
| Withholding tax expensed | - | (5,058) |
| Foreign tax | - | 5,058 |
| Group relief not paid for | (13,265,511) | (14,182,570) |
| | <u>-</u> | <u>5,058</u> |
| Total actual amount of current tax | <u>-</u> | <u>5,058</u> |

Blue Circle Overseas Finance Limited

Notes to the accounts

For the year ended 31 December 2006

5. Investments held as fixed assets

| | £ |
|-----------------------|----------------|
| Cost | |
| At 1 January 2006 | 580,000 |
| Disposal in year | (580,000) |
| | <u>-</u> |
| At 31 December 2006 | <u>-</u> |
| Net book value | |
| At 31 December 2006 | <u>-</u> |
| At 31 December 2005 | <u>580,000</u> |

The investment comprised of 1% interest in Blue Circle Limited Partnership, a limited partnership registered in the United Kingdom. The company was dissolved during the year.

6. Debtors

| | 2006 £ | 2005 £ |
|---|--------------------|--------------------|
| Amounts owed by fellow group undertakings | <u>966,123,467</u> | <u>921,207,668</u> |

7. Called up share capital

| | 2006 | 2005 |
|---|-----------------|-----------------|
| Authorised | | |
| 100,000 (2005 – 100,000) ordinary shares of £1 each | <u>£100,000</u> | <u>£100,000</u> |
| 3,500 (2005 – 3,500) ordinary 'B' shares of €2 each | <u>€7,000</u> | <u>€7,000</u> |
| | £ | £ |
| Issued and fully paid | | |
| 21,565 (2005 – 21,565) ordinary 'A' shares of £1 each | 21,565 | 21,565 |
| 3,346 (2005 – 3,346) ordinary 'B' shares of €2 each | 4,156 | 4,156 |
| | <u>25,721</u> | <u>25,721</u> |

On a dividend or other distribution of profits of the Company, the holders of the 'B' ordinary shares will be entitled to receive an amount equal to the proportion of the nominal amount of the 'B' ordinary shares held by them and any premium paid or credited as paid on allotment compared with the total capital (including share premium) invested by all the shareholders in the Company.

In all other respects, the holders of the 'B' ordinary shares rank pari passu with the holders of the Ordinary shares.

Blue Circle Overseas Finance Limited

Notes to the accounts

For the year ended 31 December 2006

8. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

| | Called up share capital 2006 £ | Share premium account 2006 £ | Profit and loss account 2006 £ | Total 2006 £ | Total 2005 £ |
|-------------------------------|--|--|---|--------------------|--------------------|
| At 1 January | 25,721 | 848,643,068 | 73,118,879 | 921,787,668 | 874,534,763 |
| Profit for the financial year | - | - | 44,335,799 | 44,335,799 | 47,252,905 |
| At 31 December | <u>25,721</u> | <u>848,643,068</u> | <u>117,454,678</u> | <u>966,123,467</u> | <u>921,787,668</u> |

9. Ultimate parent undertaking and controlling entity

Lafarge S A , a company registered in France, is the largest undertaking to consolidate the accounts of the Company. Lafarge S A is regarded by the directors as being the Company's ultimate parent company and controlling entity.

Copies of the accounts of Lafarge S A may be obtained from the Stockholder Relations Department, 61, rue des Belles Feuilles, 75116 Paris, France.

Blue Circle Industries PLC, a company registered in England and Wales and incorporated in Great Britain, is the smallest parent undertaking to consolidate the accounts of the Company.

Copies of the Group accounts of Blue Circle Industries PLC may be obtained from the Company Secretary, Granite House, Granite Way, Syston, Leicester, Leicestershire LE7 1PL.