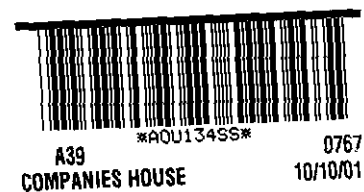


Blue Circle Home Products International Limited

Report and Accounts

31 December 2000

Company No: 2719963



Blue Circle Home Products International Limited

Registered No. [2719963]

DIRECTORS

B J Cannings
P M Philby
G F Franklin

SECRETARY

G F Franklin

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE

84 Eccleston Square
London
SW1V 1PX

Blue Circle Home Products International Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,667,000 (1999 £270,000). An interim dividend of £23,000,000 (1999 : £Nil) was paid, and the directors do not recommend the payment of a final dividend (1999 £Nil). This leaves a retained loss for the year of £19,333,000 (1999: profit £270,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be acting as an intermediary holding company within the Blue Circle Industries group.

On 8 January 2001, it was announced that Blue Circle and Lafarge had agreed the terms on which Lafarge S.A., through its wholly-owned subsidiary Lafarge Minerals Limited, proposes to acquire Blue Circle Industries PLC. Please refer to Note 12 of these accounts for more details

FIXED ASSET INVESTMENTS

Details of the company's fixed assets are in note 6 of the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2000 were as follows:

B J Cannings

P M Philby

G F Franklin

Other than as stated or as disclosed in the report and accounts of the company, no director in office at 31 December 2000 had any beneficial interest in the shares or debentures of the company as it is a wholly owned subsidiary of Blue Circle Industries PLC.

	Ordinary shares of 50p each		Options Ordinary shares of 50p each	
	31 Dec 2000	1 Jan 2000	31 Dec 2000	1 Jan 2000
B J Cannings	2,851	3,138	58,465	34,499
P M Philby	1,080	1,080	70,453	50,276
G F Franklin	1,657	4,471	32,823	23,000

By order of the board


G F Franklin
Secretary

26 JUN 2001

Blue Circle Home Products International Limited

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; and*
- *prepare the accounts 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 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.

Blue Circle Home Products International Limited

REPORT OF THE AUDITORS

to the members of Blue Circle Home Products International Limited.

We have audited the accounts on pages 5 to 10 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 in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

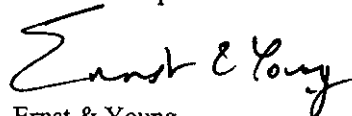
Basis of opinion

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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

26 JUN 2001

Blue Circle Home Products International Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Notes	2000 £000	1999 £000
Net Interest receivable	3	4,032	462
Dividend income		748	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,780	462
Tax on profit on ordinary activities	4	(1,113)	(192)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,667	270
Dividends	5	(23,000)	-
PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR		(19,333)	270

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £000	1999 £000
(Loss) / Profit	(19,333)	270
Exchange gain on borrowings	824	31,565
Unrealised exchange differences on fixed asset investments	(7,549)	(61,963)
Total recognised losses for the year	(26,058)	(30,128)

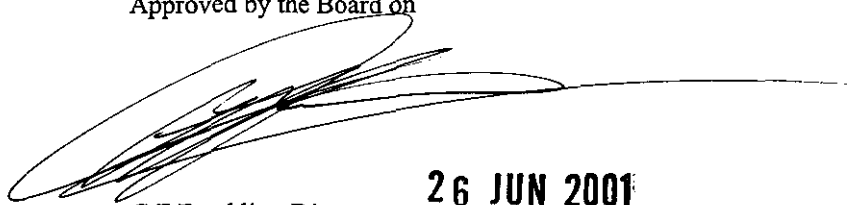
Blue Circle Home Products International Limited

BALANCE SHEET

At 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Investments	6	775,240	454,113
 DEBTORS - Amounts falling due within one year	 7	 29,761	 75,846
		<u>29,761</u>	<u>75,846</u>
 CREDITORS - Amounts falling due within one year	 8	 (448,729)	 (147,629)
 NET CURRENT LIABILITIES		 <u>(418,968)</u>	 <u>(71,783)</u>
		<u>356,272</u>	<u>382,330</u>
 SHARE CAPITAL AND RESERVES			
Called up share capital	9,10	343,330	343,330
Share premium account	10	15,900	15,900
Profit and loss account	10	(2,958)	23,100
 TOTAL SHAREHOLDER FUNDS	 10	 <u>356,272</u>	 <u>382,330</u>

Approved by the Board on



G F Franklin - Director

26 JUN 2001

Blue Circle Home Products International Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the appropriate accounting standards. As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No1, a cash flow statement is not presented in these accounts.

Fixed Asset Investment

Fixed asset investments in subsidiary companies are carried at foreign currency cost.

Foreign currency

Amounts denominated in foreign currency have been translated at rates ruling at the year end. Differences arising on the re-translation of the opening net assets of fixed asset investments in subsidiary companies are taken to reserves. Differences on re-translation of foreign currency borrowings used to finance or provide a hedge against these investments are treated as a reserve movement.

Group accounts

The ultimate parent undertaking is Blue Circle Industries PLC incorporated in England. As a wholly owned subsidiary undertaking of a company incorporated in England, the company is not required, under section 228 of the Companies Act 1985, to submit group accounts.

Related Party Transactions

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the BCI group or investees of the group.

2. ADMINISTRATION EXPENSES

The company had no employees during the year (1999 – Nil).

None of the directors received any remuneration from the company. They are regarded as group employees and paid by the ultimate parent undertaking.

The company's audit fees are paid by the ultimate parent undertaking.

3. INTEREST RECEIVABLE

	2000 £000	1999 £000
Interest payable to group companies	-	(15,683)
Interest receivable from group companies	4,032	16,114
Corporation Tax refund	-	31
Net interest (payable) / receivable	4,032	462

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Based on the profit for the year:		
Current Year Corporation tax at 30% (1999: 30.25%)	1,434	81
Prior Year Corporation Tax	-	111
Double Tax Relief	(321)	-
	1,113	192

Blue Circle Home Products International Limited

NOTES TO THE ACCOUNTS at 31 December 2000

5. DIVIDENDS	2000 £000	1999 £000
Ordinary – Interim paid	23,000	-
proposed final	-	-
	<u>23,000</u>	<u>-</u>

6. INVESTMENTS	<i>Subsidiary undertakings</i> £000
Cost:	454,113
At 1 January 2000	
Additions:	
The Netherlands	328,676
Exchange Differences	(7,549)
At 31 December 2000	<u>775,240</u>

The subsidiary undertakings are:

COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE HOLDING
Blue Circle International Investments BV Holding Company		The Netherlands	100%

In the Directors' opinion the value of the company's investments in its subsidiary undertakings are not less than the amount at which it is stated in the accounts.

7. DEBTORS – Amounts falling due within one year.	2000 £000	1999 £000
Amounts due from ultimate parent undertaking	4,177	75,846
Amounts due from subsidiary undertaking	25,584	-
	<u>29,761</u>	<u>75,486</u>

8. CREDITORS – Amounts falling due within one year.	2000	1999
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Blue Circle Home Products International Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

	£000	£000
Amounts due to ultimate parent undertaking	445,923	147,548
Amounts due to subsidiary undertaking	1,694	-
Taxation	1,113	81
	<u>448,730</u>	<u>147,629</u>

9. SHARE CAPITAL

	2000	Authorised 1999	Allotted, and called up 2000	1999
	No.	No.	£000	£000
Ordinary shares of £1 each	600,000,000	600,000,000	343,330	343,330

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £000	Share premium £000	Profit and loss account £000	Total
At 1 January 2000	343,330	15,900	23,100	382,330
Loss for the year	-	-	(19,333)	(19,333)
Currency adjustments				
Fixed asset investments			(7,549)	(7,549)
Borrowings	-	-	824	824
At 31 December 2000	<u>343,330</u>	<u>15,900</u>	<u>(2,958)</u>	<u>356,272</u>

11. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Blue Circle Industries PLC, a company incorporated in England. Copies of the group accounts can be obtained from 84 Eccleston Square, London SW1V 1PX.

Blue Circle Home Products International Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

12. POST-BALANCE SHEET EVENTS

On 8 January 2001, it was announced that Blue Circle Industries PLC, the company's ultimate holding company, and Lafarge had agreed terms on which Lafarge S.A., through its wholly-owned subsidiary, Lafarge Minerals Limited, proposes to acquire Blue Circle Industries PLC. A circular setting out details of the proposed acquisition was sent to shareholders on 24 January 2001 and the acquisition was approved at shareholders meetings on 19 February 2001. Shareholders will receive 495 pence for each Blue Circle share. Final regulatory clearance was received from the US on 18 June 2001, it is now expected that the acquisition will complete in July 2001.