6 March 2012

Breedon Aggregates Limited

("Breedon Aggregates" or "the Group")

Annual Results 2011

Breedon Aggregates, the UK's largest independent aggregates business, today announces its audited annual results for the year ended 31 December 2011.

	2011	**Change***
Revenue	£168.9 million	+17.5%
Underlying EBITDA†	£17.1million	+24.8%
Underlying operating profit†	£5.7 million	
Underlying profit before tax†	£1.5 million	
Total non-current assets	£154.4 million	

* Based on unaudited pro forma results for the full 12 months ended 31 December 2010.

† Underlying results are stated before acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles, changes in the fair value of financial instruments and gains on bargain purchase. References to an underlying profit measure throughout this Announcement are defined on this basis.

4.1 million tonnes of aggregates sold

1.4 million tonnes of asphalt sold

400,000 cubic metres of ready-mixed concrete sold

Highlights

- **Group EBITDA margin improved to 10.1%, despite high cost inflation**
- **Strong turnaround in English business**
- **First bolt-on acquisition: C&G Concrete**
- **24 million tonnes of additional mineral reserves & resources acquired**
- ***GoodQuarry* initiative launched to raise operational standards**
- **Improved health & safety focus, further improvements identified**
- **Post year end, Nottingham Readymix acquired**

Peter Tom, Executive Chairman, commented:

"In our first full year as Breedon Aggregates we have been clearly focused on adding strength to our business. We have significantly increased our mineral reserves, extended our geographical reach, secured critical mass in our English ready-mixed concrete business and returned our English contracting operation to profit. We can draw considerable satisfaction from these achievements, whilst recognising that the market remains challenging and we must continue to drive the business hard to deliver the returns our shareholders expect from us.

"We believe there is significant scope to further expand the Group and we remain committed to securing additional bolt-on acquisitions of earnings-enhancing aggregates related businesses. The current market conditions are definitely creating opportunities to purchase assets at realistic prices and several acquisition opportunities remain under review. We have every expectation of making further progress in the year ahead."

Enquiries:

Breedon Aggregates Limited	Tel: 01332 694010
Peter Tom, Executive Chairman	
Simon Vivian, Group Chief Executive	
Ian Peters, Group Finance Director	
Stephen Jacobs, Head of Communications	Tel: 07831 764592
Cenkos Securities plc	Tel: 020 7397 8900
Nicholas Wells/Max Hartley	

Breedon Aggregates Limited
Preliminary results for the year ended 31 December 2011

Chairman's Statement

In our first full year as Breedon Aggregates we have been clearly focused on adding strength to our business. We have significantly increased our mineral reserves, extended our geographical reach, secured critical mass in our English ready-mixed concrete business and returned our English contracting operation to profit. We can draw considerable satisfaction from these achievements, whilst recognising that the market remains challenging and we must continue to drive the business hard to deliver the returns our shareholders expect from us.

The highlight of the year was undoubtedly our acquisition in July of the C&G Concrete business, the leading ready-mixed concrete producer in Lincolnshire, which also has some of the most substantial and highest-quality sand and gravel reserves to be found anywhere in the UK. This was an excellent purchase, which has already made a positive contribution in the year under review, and we are well on the way to exploiting the significant synergies it offers with our operations in the East Midlands.

C&G's extensive sand and gravel reserves added some 24 million tonnes to the Group's total reserves and resources in 2011, which now stand at nearly 200 million tonnes, enough to last some 48 years at current rates of extraction. In addition, we secured planning consent for 12 million tonnes of aggregates at one of our key English quarries.

Despite very competitive trading conditions, sales volumes held up well, with growth across all product groups in both England and Scotland. We are pleased to report a very satisfactory EBITDA of £17.1 million on revenues of £168.9 million, with a return to underlying profit before tax of £1.5 million. Year-end borrowings at £96.2 million mask a steady reduction in our underlying debt, with the reported increase reflecting the £10.8 million outlay on our acquisition of C&G.

You will find a detailed review of Breedon Aggregates' progress during the year in your Group Chief Executive's review. I will confine myself here to highlighting the considerable achievements of the management team in reducing costs, eliminating losses across the business, improving procurement and credit terms, and recovering all major raw material cost increases over the year.

I would also like to highlight the encouraging progress made in all areas of health and safety. Much has been achieved, but there is still much to do. This remains the number-one item on our board agenda and there will be no relaxation in our efforts to achieve 'Zero Harm' in all our operations.

Looking ahead, our objective remains the same: to be the safest, most profitable and best run aggregates business in the UK. The operational improvements we have made in the last year have set us on the right trajectory.

The outlook for 2012 presents a mixed picture following the reversal of GDP growth in the final quarter of 2011. The Construction Products Association anticipates a 3.6 per cent fall in construction output over the year as a whole and the full impact of public sector spending cuts is now beginning to be felt, particularly in Scotland. However, the increases in English housing and infrastructure spending announced by the Government in its autumn statement are very welcome and, provided reality matches expectation, should have a positive impact on demand for our products in the medium term.

More importantly, we believe that our proven ability to be flexible and nimble, providing a high-value local service to a wide range of private and public sector customers, will enable us to continue to win new business even in a highly competitive market.

Furthermore, we believe there is significant scope to further expand the Group and we remain committed to securing additional bolt-on acquisitions of earnings-enhancing aggregates related businesses. The current market conditions are definitely creating opportunities to purchase assets at realistic prices and several acquisition opportunities remain under review, and we were pleased to announce the acquisition of Nottingham Readymix in January 2012.

The decision by the OFT to refer Britain's aggregates, cement and ready-mixed concrete markets to the Competition Commission for investigation will inevitably create some uncertainty in the industry pending publication of the Commission's report, due at the latest by January 2014. We have submitted a summary of our views to the Commission and continue to believe that any conclusions it might reach are more likely than not to create opportunities for us in the longer term.

In closing, I would like to acknowledge that none of our achievements over the past year would have been possible without the unstinting dedication and hard work of our 800 employees. I am particularly delighted that our financial performance in 2011 enabled us to show our appreciation in a more tangible form with the payment of a modest Christmas bonus, the first in many years. On behalf of the Board, I would like to thank you for all your outstanding efforts over the past year.

We have every expectation of making further progress in the year ahead.

Peter Tom **CBE**
Executive Chairman
6 March 2012

Breedon Aggregates Limited
Preliminary results for the year ended 31 December 2011

Chief Executive's Review

I am very pleased to report that we have made substantial progress on a number of fronts in our first full year of trading following the creation of Breedon Aggregates in September 2010. The business has been stabilised following a difficult period under bank ownership and we have returned the English business to profit while maintaining a robust performance in Scotland where market conditions have been particularly difficult. I am especially pleased that our improved trading performance allowed us to pay a modest bonus to all employees in December in recognition of their hard work during the year.

Operational highlights

At the beginning of the year, we identified a number of key priorities that needed to be addressed if the business was to perform to our expectations in 2011 and beyond. First amongst these was the reorganisation of the management team in England under the direction of the new Chief Executive, Tim Hall. The necessary changes were implemented early in the first quarter of the year and the new team moved quickly to eliminate the significant contracting losses of the previous year, improve customer service and recover market share lost during the disruption of the administration of the previous parent company in 2009. We now have experienced and proven management teams in both England and Scotland, which gives me great confidence in our ability to take the business forward in the years ahead.

In July, we made our first acquisition, buying Lincolnshire-based C&G Concrete from the administrator for £10.8 million, following an insolvency process. This business had been a target for some time and we had been in discussions with the owners prior to its administration. C&G comprises 3 sand and gravel quarries and 12 ready-mixed concrete and mortar plants and has identified mineral reserves and resources of 24 million tonnes. The acquisition is strategically important for us for three reasons: geographically, it links our business in East Anglia with our units in the East Midlands; it gives us critical mass in concrete, more than doubling the number of plants in our English business; and, most importantly, it provides us with an internal source of sand which we previously had to buy in from competitors. The business has already been rebranded, was fully integrated into our systems early in 2012 and we are confident that it will prove to be an excellent acquisition for us.

We achieved another major success by securing planning consent for an additional 12 million tonnes of granite at Leaton near Telford, which is our second-largest quarry. This gives us more than 30 years' life at this important operation and, with the future now secure, we have committed additional investment in a major fixed plant upgrade to expand capacity and improve productivity at the site. The engineering work will be completed in the first quarter of 2012. We are actively pursuing a number of other planning applications across the Group and expect to further strengthen our mineral reserves in the current year.

The poor safety culture of the business was a key area of concern when we took over in September 2010 and we undertook a radical overhaul of health and safety throughout the business during the year. We replaced the safety manager in the English business and introduced a number of initiatives to improve training and increase awareness of safety issues. A key feature of our new approach to safety is our *Visible Felt Leadership* programme, in which senior management, from the Group Chief Executive down, take a direct and proactive involvement in getting out and spreading the message about the standards we expect from everyone in our business. The introduction of *Breedon Basics* has also reinforced minimum acceptable safety standards in key areas across the Group. All executive directors and senior managers now have an allocated number of site safety audits to undertake annually. We have succeeded in reducing our accident frequency rate, but are still above the industry average and this is something we need to improve in the future.

During the year, we managed to normalise procurement credit terms with all our key suppliers. Following the financial difficulties of the former Ennstone group, the business had only been given short credit or cash terms from most suppliers. We are now on normal credit terms with our suppliers of bitumen, cement, aggregates and utilities. This has helped improve our cash flow and reduce working capital. We have also succeeded in reducing insurance costs for the business.

The *Best of Breedon* business improvement scheme, in which employees come up with practical ideas for how to do things better, has gone from strength to strength. The most recent programme produced more than 80 suggestions from a wide range of employees at all levels. There were five winners, including two from the recently-acquired C&G business, who came up with some excellent suggestions to improve productivity, safety and security.

Our *Breedon GoodQuarry* scheme was introduced in March 2011 to raise operational standards across the Group, identify best practice and highlight units that are under performing in a number of key areas including: safety, environment, planning compliance, plant maintenance, operating efficiency and community relations. Base case audits were undertaken during the first half of the year and revealed a wide variation in standards across the Group. Several units were very good and were immediately awarded *GoodQuarry* status, but others scored poorly. Improvement plans have been implemented in preparation for reaudit in 2012.

Trading Summary

The year got off to a very strong start following the snow disruption in December 2010, as contractors tried to make up lost time. Local authorities, the Highways Agency and Transport Scotland were also busy, as they spent the last of their budgets before the start of the new financial year in April and the imposition of Government spending cuts. Consequently, sales volumes of most products were 10 per cent or more above the previous year in the first quarter. Although activity slowed from the second quarter, sales revenue for the year increased by 17.5 per cent over the pro forma sales revenue for 2010 to £168.9 million. Sales volumes in all products were ahead of the previous year. C&G made a useful positive contribution in its initial period of ownership.

The rapidly escalating oil price in the early part of the year represented a major challenge for the business. A significant proportion of our costs is directly linked to hydrocarbons and, in the case of asphalt, represents nearly 60 per cent of the total selling price. Other costs also increased as suppliers sought to recover rises in their own energy costs. In addition, the introduction of the new carbon reduction tax in April cost approximately £500,000 in the year. These factors combined to produce a significant step change in the cost base of the business in the early part of 2011. To recover these costs, we notified three price increases and, despite the difficult market conditions, we were successful in passing these on to customers, although there is always a time lag and full recovery can take several months as fixed price contracts are worked out.

Underlying EBITDA for the year increased by 24.8 per cent over the proforma EBITDA for 2010 to £17.1 million (before associated undertakings) and EBITDA margin improved from 9.5 per cent to 10.1 per cent, which represents a significant achievement in an environment of high cost inflation. The improvement was driven by a strong recovery in the English business, compensating for much tougher conditions in Scotland, where we supply two of the four available term maintenance contracts in a year when maintenance budgets were cut by 40 per cent.

A number of major contracts were supplied during the year including, in England: the supply of over 50,000 cubic metres of concrete to the new East Midlands distribution centre of Marks & Spencer; some 21,000 tonnes of asphalt to the Hethel race circuit and 13,000 tonnes to the Loughborough Eastern Gateway. In addition, we secured a major new annual supply contract for the C&G business to the Marshalls block paving factory at Stainton.

In Scotland, we supplied over 55,000 tonnes of asphalt and over 20,000 cubic metres of lean mix concrete to two major road contracts at Fochabers, near Elgin, and Crubenmore on the A9. Both contracts went well, although margins were lower than expected as they were secured at the end of 2010, before the increase in oil prices. We also supplied almost 12,000 tonnes of asphalt to Dundee Airport and almost 13,000 cubic metres of ready-mixed concrete to a new warehouse for Amazon near Kinross.

Our Strategy

Our objective remains unchanged: to be the safest, most profitable and best-run aggregates business in the UK. We have made huge progress in 2011, but there remains much to do. The levels of service we offer our customers can be improved further and costs need to be rigorously controlled to ensure product margins are maximised. We are looking at a number of new products and internal development opportunities which we believe will improve our product offering and add value to the business.

We now have an excellent platform for future growth and a number of acquisition opportunities and greenfield developments are currently under review. Since the year-end we have completed the acquisition of Nottingham Readymix, the leading independent producer of concrete in the Nottingham area, significantly strengthening our readymix position in the East Midlands. We hope to complete further deals in 2012, but will only invest if we are confident that additional value can be created for shareholders. We are constantly on the lookout for good people who can help us grow the business.

The proposed merger of Tarmac and Lafarge has been referred by the OFT to the Competition Commission, with a decision expected during the first half of this year. The industry is expecting significant disposals to be required if the deal goes ahead and we continue to monitor the situation closely.

Business outlook

The general outlook for the UK continues to be affected by worries about Eurozone debt issues and declining growth in many western European countries. On the positive side, inflation is falling and we do not expect a repeat of the step change in input costs experienced last year. Oil prices however remain volatile amid concerns about the situation in the Middle East and we have been notified of a 15 per cent increase in bitumen prices from 1 March 2012, which will be passed on to our customers.

We expect the first quarter to be quieter than the corresponding period last year, which was exceptionally busy following the backlog of work after the severe winter, the additional pothole funding provided by the government and generally higher levels of public expenditure in advance of the spending cuts implemented in April 2011. Thereafter we anticipate reasonable activity levels, supported by a modest recovery in the housing sector and continuing investment in retail and commercial construction. There are a number of large contracts breaking in our markets, including the expansion of the Nottingham tram network, the Corby ring road, Peterhead Prison and improvements at Inverness Airport. Our Scottish business will continue to be affected by reduced spending by Transport Scotland while, in the medium term, the English business should benefit from the infrastructure spending plans announced in the autumn statement.

Overall we are confident that we will make further progress in 2012. We have a stable, experienced and motivated management team and remain confident in our ability to deliver an improved performance without any significant recovery in our key markets.

Simon Vivian
Group Chief Executive
6 March 2012

Breedon Aggregates Limited
Preliminary results for the year ended 31 December 2011

Financial Review

I am pleased to report on the results and financial statements of Breedon Aggregates Limited for the year ended 31 December 2011. The acquisition of the trade and assets of C&G Concrete was completed on 22 July 2011 and therefore the Consolidated Income Statement and the Consolidated Statement of Financial Position incorporate the results of C&G from that date. C&G was acquired for a total consideration of £10.8 million in cash, funded from our existing bank facilities.

Revenue for the year was £168.9 million (2010: £42.7m), including £7.2 million from C&G. In 2010, we completed the acquisition of Breedon Holdings Limited on 6 September and all of last year's revenue was therefore earned from that date.

Underlying earnings before our share of associated undertakings, interest, tax, depreciation and amortisation (EBITDA) were £17.1 million (2010: £3.3 million). Of this, EBITDA of £0.5 million was generated by C&G. Underlying Group operating profit was £5.7 million (2010: loss £0.3 million). Underlying results are stated before acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles, changes in the fair value of financial instruments and gains on bargain purchase.

Divisional Performance – Unaudited Pro Forma

In order to aid understanding of the business performance and provide a meaningful year-on-year performance comparison, we have included below a comparison of the audited 2011 figures with the unaudited pro forma figures for the full calendar year of 2010.

	2011 12 months Audited £m	2010 12 months Pro forma £m	Variance
Revenue:			
England	86.2	68.8	25.3%
Scotland	82.7	75.0	10.3%
Total	168.9	143.8	17.5%
Underlying EBITDA:			
England	9.1	5.5	65.5%
Scotland	10.3	10.2	1.0%
Head Office	(2.3)	(2.0)	(15.0)%
Total	17.1	13.7	24.8%
Margin	10.1%	9.5%	

The market environment generally remained very competitive following the significant volume declines seen in 2008 and 2009. The year started strongly, assisted by work carried forward from December 2010, which was severely impacted by harsh weather conditions, and we also began to see some benefit from the Government's 'pothole fund' for essential road maintenance. Revenue during the first half was consequently strong, driven by increased volumes – especially in asphalt – and slightly improved pricing. Activity levels in the second half of the year were generally less buoyant, especially in Scotland.

For the 12 months as a whole, aggregates volumes were ahead 13.9 per cent at 4.1 million tonnes, with both England and Scotland ahead year on year. Asphalt volumes were 15.0 per cent up at 1.38 million tonnes with asphalt volumes in England ahead by 18.0 per cent, and in Scotland ahead 9.2 per cent. Ready-mixed concrete volumes grew by 48.1 per cent in the year to 0.4 million cubic metres, assisted by the inclusion of the former C&G plants since the end of July and deliveries to several significant contracts during the year in both England and Scotland.

The higher input costs experienced in the year, particularly bitumen (a key ingredient in the production of asphalt), were a major challenge faced by the business. Despite substantial effort being put in to ensure that these costs were largely passed on to customers, EBITDA margins across the business in Scotland were down year-on-year due to the inevitable time-lag between increased costs and higher selling prices; this was however, countered by improvements in the English business.

The full-year revenue of £168.9 million represented a 17.5 per cent increase on the pro forma figure for the same period in 2010. The underlying EBITDA of £17.1 million was up £3.4 million, 24.8 per cent year-on-year, with our attention now turning to the challenge of continuing to improve the margins generated in the business.

Non-underlying items

Non-underlying items in the year comprised a gain on the bargain purchase of C&G of £0.5 million, net of associated acquisition costs, and £0.6 million of redundancy costs, reorganisation and property disposal profits.

Interest and Tax

Net finance costs in the year totalled £4.8 million and included interest on the Group's bank finance facilities, as well as interest on finance leases and hire purchase agreements.

An underlying tax charge of £0.3 million was recorded in the year, resulting in an underlying effective tax rate for the full year of 21.0 per cent influenced by the effects of income from associates already being taxed and of costs in Jersey for which no tax relief can be obtained.

Earnings Per Share

Basic earnings per share ("EPS") for the year were 0.21 pence (2010: loss 2.19 pence), struck after the non-underlying items mentioned above. Underlying basic EPS for the year totalled 0.21 pence (2010: loss 0.58 pence).

Statement of Financial Position

Net assets at 31 December 2011 were £59.0 million (2010: £56.8 million). The Company issued 7,002,287 ordinary shares during the year as Allied Irish Bank exercised their warrants in June at a price of 12 pence per share.

The net assets are underpinned by the mineral, land and building assets of the Group.

Cash flow

Cash generated from operations was £12.8 million. The Group spent £9.8 million on acquisitions and had a cash spend on capital expenditure projects of £6.7 million. £0.8 million was raised through an issue of shares, which was utilised to reduce the Group's bank debt, and £3.0 million was raised from the disposal of surplus assets in the Group. Repayment of finance leases totalled £6.0 million, resulting in a net cash outflow for the year of £3.9 million.

Net debt at 31 December 2011 was £96.2 million (2010: £92.3 million).

Bank Facilities

The Group's bank loans have a maturity date of 5 September 2015 and are subject to a floating interest rate based on LIBOR plus a margin. At 31 December 2011, total undrawn facilities available to the Group amounted to £17.4 million.

The Group's bank facility is subject to covenants which are tested quarterly. These covenants are: Group interest cover, minimum underlying EBITDA and, with effect from 30 September 2011, Group cash flow cover. At 31 December 2011, the Group comfortably complied with all three covenants.

Based on our current estimates, we expect to comply with all our covenants for the foreseeable future.

The Group has in place an interest rate hedge purchased in September 2010 which mitigates the risk of interest rate rises on £64.5 million of bank loans. The effect of the hedge is to cap the LIBOR element of the interest rate at 2.0 per cent from 30 September 2011 until 28 September 2012 and at 2.5 per cent from 28 September 2012 to 28 March 2013. The net fair value of this instrument at 31 December 2011 was minimal.

Dividends

Subject to availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Group will be on delivering capital growth for shareholders.

Ian Peters
Group Finance Director
6 March 2012

Breedon Aggregates Limited
Preliminary results for the year ended 31 December 2011

Consolidated Income Statement
for the year ended 31 December 2011

	2011 Underlying† £000	**2011** Non-underlying* (note 3) £000	**2011** Total £000	2010 Underlying† £000	2010 Non-underlying* (note 3) £000	2010 Total £000
Revenue	**168,888**	**-**	**168,888**	42,679	-	42,679
Cost of sales	**(130,035)**	**-**	**(130,035)**	(25,069)	-	(25,069)
Gross profit	**38,853**	**-**	**38,853**	17,610	-	17,610
Distribution expenses	**(19,816)**	**-**	**(19,816)**	(8,332)	-	(8,332)
Administrative expenses	**(13,349)**	**(758)**	**(14,107)**	(9,545)	(4,456)	(14,001)
Gain on bargain purchase	**-**	**636**	**636**	-	-	-
Group operating profit/(loss)	**5,688**	**(122)**	**5,566**	(267)	(4,456)	(4,723)
Share of profit/(loss) of associated undertaking (net of tax)	**659**	**-**	**659**	(22)	-	(22)
Profit/(loss) from operations	**6,347**	**(122)**	**6,225**	(289)	(4,456)	(4,745)
Financial income	**2**	**-**	**2**	42	-	42
Financial expense	**(4,842)**	**-**	**(4,842)**	(1,601)	-	(1,601)
Profit/(loss) before taxation	**1,507**	**(122)**	**1,385**	(1,848)	(4,456)	(6,304)
Taxation	**(316)**	**130**	**(186)**	287	144	431
Profit/(loss) for the year	**1,191**	**8**	**1,199**	(1,561)	(4,312)	(5,873)
Attributable to:						
Equity holders of the parent	**1,167**	**8**	**1,175**	(1,571)	(4,312)	(5,883)
Non-controlling interests	**24**	**-**	**24**	10	-	10
Profit/(loss) for the year	**1,191**	**8**	**1,199**	(1,561)	(4,312)	(5,873)
Basic earnings/(loss) per ordinary share	**0.21p**		**0.21p**	(0.58p)		(2.19p)
Diluted earnings/(loss) per ordinary share	**0.20p**		**0.20p**	(0.58p)		(2.16p)

* Non-underlying items represent acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles, changes in the fair value of financial instruments and gains on bargain purchase.

† The Consolidated Income Statement presents the results for the year ended 31 December 2011. In the prior year, the Group made its first acquisition on 6 September 2010. Accordingly, with the exception of £649,000 of administrative expenses, all comparative underlying revenues and profits from operations set out above are for the period from 6 September 2010 to 31 December 2010.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	2011	2010
	£000	£000
Profit/(loss) for the year	**1,199**	(5,873)
Other comprehensive Income		
Effective portion of changes in fair value of cash flow hedges	**(201)**	74
Taxation on items taken directly to other comprehensive income	**52**	(20)
Other comprehensive income for the year	**(149)**	54
Total comprehensive income for the year	**1,050**	(5,819)
Total comprehensive income for the year is attributable to:		
Equity holders of the parent	**1,026**	(5,829)
Non-controlling interests	**24**	10
	1,050	(5,819)

Consolidated Statement of Financial Position
at 31 December 2011

	2011	2010
	£000	£000
Non-current assets		
Property, plant and equipment	**151,984**	146,816
Intangible assets	**1,648**	1,790
Investment in associated undertakings	**792**	1,070
Total non-current assets	**154,424**	149,676
Current assets		
Inventories	**8,001**	6,774
Trade and other receivables	**34,555**	26,410
Cash and cash equivalents	**921**	3,294
Non current assets held for resale	**-**	400
Total current assets	**43,477**	36,878
Total assets	**197,901**	186,554
Current liabilities		
Interest-bearing loans and borrowings	**(8,237)**	(7,095)
Trade and other payables	**(33,366)**	(27,629)
Current tax payable	**-**	(5)
Provisions	**(166)**	(160)
Total current liabilities	**(41,769)**	(34,889)
Non-current liabilities		
Interest-bearing loans and borrowings	**(88,869)**	(88,457)
Provisions	**(7,172)**	(6,076)
Deferred tax liabilities	**(1,059)**	(301)
Total non-current liabilities	**(97,100)**	(94,834)
Total liabilities	**(138,869)**	(129,723)
Net assets	**59,032**	56,831
Equity attributable to equity holders of the parent		
Stated Capital	**62,715**	61,575
Cash flow hedging reserve	**(95)**	54
Capital reserve	**2,069**	2,369
Retained earnings	**(5,765)**	(7,261)
Total equity attributable to equity holders of the parent	**58,924**	56,737
Non-controlling interests	**108**	94
Total equity	**59,032**	56,831

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Stated capital	Cash flow hedging reserve	Capital Reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2010	13,262	-	-	(1,569)	11,693	-	11,693
Shares issued	50,000	-	-	-	50,000	-	50,000
Expenses of share issue	(1,687)	-	-	-	(1,687)	-	(1,687)
Acquisition through business combinations	-	-	2,369	-	2,369	84	2,453
Total comprehensive income for the year	-	54	-	(5,883)	(5,829)	10	(5,819)
Credit to equity of share based payments	-	-	-	191	191	-	191
Balance at 31 December 2010	61,575	54	2,369	(7,261)	56,737	94	56,831
Shares issued	1,140	-	(300)	-	840	-	840
Dividend to non-controlling interest	-	-	-	-	-	(60)	(60)
Disposal of non-controlling interest without a change in control	-	-	-	108	108	50	158
Total comprehensive income for the year	-	(149)	-	1,175	1,026	24	1,050
Credit to equity of share based payments	-	-	-	213	213	-	213
Balance at 31 December 2011	**62,715**	**(95)**	**2,069**	**(5,765)**	**58,924**	**108**	**59,032**

Consolidated Cash Flow Statement
for the year ended 31 December 2011

	2011 £000	2010 £000
Cash flows from operating activities		
Profit/(loss) for the year	**1,199**	(5,873)
Adjustments for:		
Depreciation and amortisation	**11,537**	3,652
Gain on bargain purchase	**(636)**	-
Financial income	**(2)**	(42)
Financial expense	**4,842**	1,601
Share of (profit)/loss of associated undertaking (net of tax)	**(659)**	22
Net gain on sale of property, plant and equipment, and asset for resale	**(853)**	(260)
Equity settled share based payment expenses	**213**	191
Change in the fair value of financial instruments	**-**	(259)
Taxation	**186**	(431)
Operating cash flow before changes in working capital and provisions	**15,827**	(1,399)
(Increase)/decrease in trade and other receivables	**(8,665)**	4,176
(Increase)/decrease in inventories	**(479)**	1,203
Increase/(decrease) in trade and other payables	**6,564**	(1,145)
Decrease in provisions	**(466)**	(60)
Cash generated from operating activities	**12,781**	2,775
Interest paid	**(2,903)**	(1,459)
Interest element of finance lease payments	**(1,687)**	(462)
Dividend paid to non-controlling interest	**(60)**	-
Income taxes (paid)/received	**(2)**	31
Net cash from operating activities	**8,129**	885
Cash flows used in investing activities		
Acquisition of businesses	**(9,770)**	(11,410)
Purchase of property, plant and equipment	**(6,711)**	(1,232)
Proceeds from sale of asset for resale	**391**	50
Proceeds on sale of property, plant and equipment	**2,609**	317
Proceeds from sale of non-controlling interest	**158**	-
Interest received	**2**	42
Dividend from associated undertaking	**937**	563
Net cash used in investing activities	**(12,384)**	(11,670)
Cash flows from financing activities		
Proceeds from the issue of shares (net)	**840**	48,313
Proceeds from new loans raised	**11,000**	4,500
Repayment of loans	**(5,522)**	(49,982)
Repayment of finance lease obligations	**(5,953)**	(1,973)
Purchase of financial instrument - derivative	**-**	(243)
Net cash from financing activities	**365**	615
Net decrease in cash and cash equivalents	**(3,890)**	(10,170)
Cash and cash equivalents at 1 January	**1,696**	11,866
Cash and cash equivalents at 31 December	**(2,194)**	1,696
Cash and cash equivalents	**921**	3,294
Bank overdraft	**(3,115)**	(1,598)
Cash and cash equivalents at 31 December	**(2,194)**	1,696

Notes to the financial statements

1 Basis of preparation

Breedon Aggregates Limited is a company domiciled in Jersey.

These financial statements consolidate the results of the Company and its subsidiary undertakings and equity account for the Group's interest in associated undertakings (collectively the "Group"). In the preceding financial year, the results of Breedon Holdings Limited and its subsidiaries are consolidated with effect from acquisition on 6 September 2010.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS's"). The consolidated financial statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required.

As required by IFRS 3 - Business Combinations, comparative information has been revised for adjustments to the provisional amounts recognised in respect of business combinations to reflect new information obtained about facts and circumstances existing at the acquisition date (note 8)

New IFRS standards and interpretations adopted during 2011

In 2011, the following standards had been endorsed by the EU, became effective and therefore were adopted by the Group:

- IAS 24 (Revised) – Related Party Transactions;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Insurers.

The annual improvement project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's. Amendments to a number of standards have been adopted.

The adoption of the above standards, amendments and interpretations has not had a material impact on the Group's financial statements.

New IFRS standards and interpretations not adopted

The IASB and IFRIC have issued an additional amendment which is effective for periods starting after the date of these financial statements. The following amendment has not yet been adopted by the Group:

- Amendments to IFRS 7 - Disclosures - Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 July 2011).

The Group does not anticipate that the adoption of the above amendment will have a material effect on its financial statements on initial adoption.

2 Segmental analysis

Segmental information is presented in respect of the Group's business segments in line with IFRS 8 Operating Segments which requires segmental information to be presented on the same basis as it is viewed internally. The Group's Board of Directors, considered as the Group's "Chief Operating Decision Maker", view the business on a geographical basis. As such, two operating segments (England and Scotland) have been identified as reportable segments. There are no other operating segments. The majority of revenues are earned from the sale of aggregates, related products and services.

	2011		2010	
Income statement	**Revenue £000**	**EBITDA* £000**	Revenue £000	EBITDA* £000
England	**86,158**	**9,090**	21,072	1,699
Scotland	**82,730**	**10,316**	21,607	2,977
Central administration and Group properties	**-**	**(2,343)**	-	(1,369)
Group	**168,888**	**17,063**	42,679	3,307

*EBITDA represents underlying EBITDA before share of profit/(loss) from associated undertaking.

Reconciliation to reported profit/(loss)	**2011**	2010
Segmental profit/(loss) as above	**17,063**	3,307
Depreciation	**(11,375)**	(3,574)
Non-underlying items (note 3)	**(122)**	(4,456)
Reported operating profit/(loss)	**5,566**	(4,723)
Share of profit/(loss) of associated undertaking	**659**	(22)
Net financial expense	**(4,840)**	(1,559)
Profit/(loss) before taxation	**1,385**	(6,304)
Taxation	**(186)**	431
Profit/(loss) for the year	**1,199**	(5,873)

Notes to the financial statements *(continued)*

2 Segmental analysis *(continued)*

Statement of Financial Position	**2011** Total assets £000	**2011** Total liabilities £000	2010 Total assets £000	2010 Total liabilities £000
England	**103,817**	**(20,154)**	85,659	(14,795)
Scotland	**85,223**	**(15,498)**	87,521	(13,921)
Central administration and Group properties	**7,940**	**(5,052)**	10,080	(5,154)
Total operations	**196,980**	**(40,704)**	183,260	(33,870)
Deferred Tax	**-**	**(1,059)**	-	(301)
Net debt	**921**	**(97,106)**	3,294	(95,552)
Total Group	**197,901**	**(138,869)**	186,554	(129,723)
Net assets		**59,032**		56,831

Scotland total assets include £792,000 (2010: £1,070,000) in respect of investments in associated undertakings. Non-current assets held for resale of £nil (2010: £400,000) are included within the England segment.

Analysis of depletion, depreciation, amortisation and capital expenditure

	Mineral depletion £000	**Depreciation £000**	**Amortisation of intangible assets £000**	**Additions to property, plant and equipment £000**
2011				
England	**1,490**	**3,770**	**1**	**4,804**
Scotland	**860**	**5,243**	**161**	**2,289**
Central administration and Group properties	**-**	**12**	**-**	**-**
Total	**2,350**	**9,025**	**162**	**7,093**
2010				
England	347	1,235	-	408
Scotland	203	1,782	78	824
Central administration and Group properties	-	7	-	-
Total	550	3,024	78	1,232

Additions to property, plant and equipment and other intangible assets exclude additions in respect of business combinations (note 8).

3 Non-underlying items

As required by IFRS 3 - Business Combinations, acquisition costs have been expensed as incurred. Additionally, the Group incurred redundancy costs in respect of the reorganisation of parts of the businesses. Non-underlying items also include property items, impairments, the amortisation of acquisition intangible assets, changes in the fair value of financial instruments and gains on bargain purchase.

	2011 £000	2010 £000
Included in administrative expenses:		
Redundancy costs	**(522)**	(843)
Acquisition costs	**(161)**	(3,794)
Gain on property disposals	**156**	-
Loss on disposal of asset for resale	**(69)**	-
Gain in the fair value of financial instrument	**-**	259
Amortisation of other intangible assets	**(162)**	(78)
	(758)	(4,456)
Gain on bargain purchase (note 8)	**636**	-
Total non-underlying items (pre-tax)	**(122)**	(4,456)

Notes to the financial statements *(continued)*

4 Financial income and expense

	2011 £000	2010 £000
Interest income – bank deposits	**2**	42
Financial income	**2**	42
Interest expense – bank loans and overdrafts	**(2,900)**	(1,031)
Amortisation of prepaid bank arrangement fee	**(123)**	(33)
Interest expense – other	**(5)**	(26)
Interest expense – finance leases	**(1,687)**	(462)
Unwinding of discount on provisions	**(127)**	(49)
Financial expense	**(4,842)**	(1,601)

5 Taxation

Recognised in the Consolidated Income Statement

	2011 £000	2010 £000
Current tax expense	**-**	5
Adjustment in respect of prior years	**(3)**	-
Total current tax	**(3)**	5
Deferred tax expense		
Origination and reversal of temporary differences	**189**	(436)
Total tax charge/(credit) in the Consolidated Income Statement	**186**	(431)

Taxation on items taken directly to Other Comprehensive Income

	2011 £000	2010 £000
Deferred tax expense		
Relating to cash flow hedges	**(52)**	20

Reconciliation of effective tax rate

	2011 £000	2010 £000
Profit/(loss) before taxation	**1,385**	(6,304)
Tax at the Company's domestic rate of 0%	**-**	-
Effect of tax rates in foreign jurisdictions*	**514**	(719)
Expenses not deductible for tax purposes	**103**	279
Gain on bargain purchase not taxable	**(169)**	-
Capital losses utilised	**-**	(13)
Income from associate already taxed	**(175)**	6
Effect of change in rate	**(84)**	16
Adjustment in respect of prior years	**(3)**	-
Tax charge/(credit)	**186**	(431)

* The Company is resident in Jersey and has a zero percent tax rate. The Group has subsidiary operations in the UK which pay tax at a higher rate of 26.5% (2010: 28%).

On 23 March 2011, it was announced that the main rate of corporation tax in the UK would reduce to 26% from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. The legislation to reduce the tax rate to 25% from 1 April 2012 was substantively enacted on 5 July 2011. The deferred tax liability provided at 31 December 2011 has therefore been recalculated at 25% on the basis that it will materially reverse after 1 April 2012.

It has not been possible to quantify the full anticipated effect of the announced further 2% rate reduction to 23% by 1 April 2014, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax liability accordingly.

6 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2011	2010
	£000	£000
Non-current liabilities		
Secured bank loans	**72,607**	67,033
Finance lease liabilities	**16,262**	21,424
	88,869	88,457
Current liabilities		
Secured overdrafts	**3,115**	1,598
Current portion of finance lease liabilities	**5,122**	5,497
	8,237	7,095

The bank loans and overdrafts carry a rate of interest of 3% above LIBOR and are secured on the freehold and leasehold properties and other assets of the Company and its subsidiary undertakings and have a final repayment date of September 2015.

Net debt

Net debt comprises the following items:

	2011	2010
	£000	£000
Cash and cash equivalents	**921**	3,294
Current borrowings	**(8,237)**	(7,095)
Non-current borrowings	**(88,869)**	(88,457)
	(96,185)	(92,258)

7 Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to ordinary shareholders of £1,175,000 (2010: loss £5,883,000) and on the weighted average number of ordinary shares in issue during the year of 557,935,958 (2010: 268,785,839)

The calculation of underlying earnings per share is based on the profit for the year attributable to ordinary shareholders, adjusted to add back the non-underlying items, of £1,167,000 (2010 loss: £1,571,000) and on the weighted average number of ordinary shares in issue during the year as above.

Diluted earnings per ordinary share is based on 574,578,561 (2010: 272,242,248) shares and reflects the effect of all dilutive potential ordinary shares.

8 Acquisitions

Enneurope Holdings Limited

On 11 February 2011, the Group acquired the entire issued share capital of Enneurope Holdings Limited. This transaction has been accounted for as an asset acquisition. Since acquisition, this company has not traded and has had no effect on the trading results of the Group but provided an immediate cash benefit.

The fair value of the consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition, are as follows:

	Book value	**Fair value adjustments**	**Fair value on acquisition**
	£000	**£000**	**£000**
Cash	1,027	-	1,027
Trade and other current payables	(6)	(123)	(129)
Provisions:	-	(639)	(639)
Total	1,021	(762)	259
Consideration:			
Cash		-	
Fair value of option		259	
			259
Goodwill			-

The fair value adjustments comprise adjustments to reflect contractual liabilities and environmental and planning requirements.

8 Acquisitions *(continued)*

C&G Concrete
On 22 July 2011, the Group acquired the trade and certain assets of C&G Concrete Limited. This transaction has been accounted for as a business combination.

Since acquisition, this business has contributed revenues of £7,182,000 and underlying EBITDA of £462,000 to the Group's results If this acquisition had occurred on 1 January 2011, the results of the Group would have shown revenue of £176,580,000, underlying EBITDA, before share of profit of associated undertaking, of £17,464,000 and underlying operating profit for the year of £5,452,000.

The fair value of the consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition, are as follows:

	Book value £000	Fair value adjustments £000	Fair value on acquisition £000
Mineral reserves and resources	4,580	500	5,080
Land and building	3,772	1,623	5,395
Plant and equipment	2,025	211	2,236
Intangibles – other	20	-	20
Inventories	1,157	(409)	748
Trade and other current payables	(140)	(450)	(590)
Other interest bearing loans – current liabilities	(33)	-	(33)
Provisions:			
Restoration	-	(802)	(802)
Deferred tax liabilities	-	(621)	(621)
Total	11,381	52	11,433
Consideration:			
Cash			10,797
Gain on bargain purchase			(636)

The provisional fair value adjustments comprise adjustments to:

- revalue certain minerals, land and buildings, and plant and equipment to reflect fair value at the date of acquisition;
- inventories to reflect fair/net realisable value;
- trade and other current liabilities to reflect contractual liabilities;
- provisions to reflect restoration costs to comply with environmental, planning and other legislation;
- deferred tax balances.

The Group incurred acquisition related costs of £161,000 relating principally to external professional fees and due diligence costs which have been included as non-underlying administrative expenses.

Cash flow effect
The cash flow effect of the above two acquisitions can be summarised as follows:

	£000
Enneurope: Cash acquired	1,027
C&G Concrete: Cash consideration	(10,797)
Net cash consideration shown in the Consolidated Statement of Cash Flows	(9,770)

Prior year acquisitions
On 6 September 2010, the Group acquired the entire issued share capital of Breedon Holdings Limited. This transaction has been accounted for as a business combination.

All of the prior year underlying trading results of the Group are attributable to the above acquisition (with the exception of £978,000 of administrative expenses in respect of the Company); these results are set out in note 2, segmental analysis. If this acquisition had occurred on 1 January 2010, the results of the Group for the year ended 31 December 2010 would have shown revenue of £143,831,000, underlying EBITDA, before share of loss of associated undertaking, of £13,725,000 and underlying operating profit for the year of £1,441,000.

Notes to the financial statements *(continued)*

8 Acquisitions *(continued)*

As required by IFRS 3 - Business Combinations, the provisional amounts recognised in respect of business combinations have been revised during 2011 to reflect new information about facts and circumstances existing at the acquisition date. The adjustments made, and their effect on goodwill arising, are summarised below.

	£000	£000
Goodwill as previously stated		3,738
Adjustment to:		
Mineral reserves and resources	(2,092)	
Land and building	(1,517)	
Plant and equipment	218	
Trade and other receivables	(112)	
Trade and other current payables	743	
Other provisions	562	
Deferred tax liabilities	4,487	
	2,289	
Reduction in goodwill recognised		(2,289)
Revised Goodwill		1,449

These adjustments have had no effect on the reported profit in either the current or prior years.

The fair value of the consideration paid and the revised consolidated net assets acquired, together with the goodwill arising in respect of this acquisition, is as follows:

	Book value £000	Fair value adjustments £000	Fair value on acquisition £000
Mineral reserves and resources	82,882	(14,289)	68,593
Land and building	23,915	(1,762)	22,153
Plant and equipment	63,601	(5,132)	58,469
Intangibles – other	-	419	419
Investment in associates	1,598	57	1,655
Inventories	7,644	333	7,977
Trade and other receivables	29,573	111	29,684
Non-current asset for resale	-	800	800
Cash and bank overdrafts	(9,160)	-	(9,160)
Trade and other current payables	(29,312)	316	(28,996)
Other interest bearing loans – current liabilities	(5,686)	-	(5,686)
Other interest bearing loans – non-current liabilities	(135,507)	(183)	(135,690)
Provisions:			
Restoration	(3,978)	77	(3,901)
Other	(2,381)	35	(2,346)
Deferred tax liabilities	(3,000)	2,283	(717)
Non-controlling interests	(84)	-	(84)
Total	20,105	(16,935)	3,170
Consideration:			
Cash		2,250	
Fair value of warrants issued		2,369	
			4,619
Goodwill			1,449

Cash flow effect:

	£000
Cash consideration	(2,250)
Net cash and bank overdrafts acquired	(9,160)
Net cash consideration shown in the Consolidated Statement of Cash Flows	(11,410)

Notes to the financial statements *(continued)*

8 Acquisitions *(continued)*

The fair value adjustments comprise adjustments to:

- revalue certain minerals and land and buildings to reflect fair value at the date of acquisition based on a valuation by the Directors, taking into account an external third party valuation performed by Gerald Eve LLP, Chartered Surveyors, as at 9 March 2009;
- impair certain minerals, land and buildings and plant and machinery to reflect its fair value at the date of acquisition;
- reflect the fair value of intangibles acquired, all of which have a finite life;
- reflect the fair value of the investment in associates;
- inventories to reflect fair value/net realisable value;
- trade and other receivables to reflect recoverable amounts;
- recognise assets held for resale at the date of acquisition;
- trade and other current liabilities to reflect contractual liabilities;
- provisions to reflect restoration costs to comply with environmental, planning and other legislation and to make provision for lease costs in respect of sites no longer being utilised;
- deferred tax balances.

The goodwill arising represents the geographic location of the assets acquired and the skills of the existing workforce.

The Group incurred acquisition related costs of £3,794,000 relating principally to external professional fees and due diligence costs which have been included as non-underlying administrative expenses.

At acquisition, Breedon Holdings Limited was party to a put and call option with Enneurope Holdings Limited. The Directors consider that the fair value of this option at 6 September 2010 was £nil as, under the terms of the option agreement, neither the put nor the call was exercisable.

9 Subsequent events

On 16 January 2012, the Group acquired the entire issued share capital of Nottingham Ready Mix Limited for a consideration of £867,000. This transaction will be accounted for as a business combination. The provisional fair value of the net assets acquired can be summarised as follows:

	Fair value on acquisition £000
Property, plant and equipment	344
Current assets	495
Current liabilities	(658)
Total	181
Consideration:	
Cash	867
Goodwill	686

10 Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 will be delivered in due course. The Auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Article 113B(3) or Article 113B(6) of the Companies (Jersey) Law 1991

The Annual Report and Accounts will be posted to shareholders on or before 16 March 2012 and will be displayed on the Company's website, www.breedonaggregates.com. Copies of the Annual Report and Accounts will be available from the Company's Registered Office, Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT.

This Preliminary Announcement of results for the year ended 31 December 2011 was approved by the Directors on 6 March 2012.

Cautionary Statement

This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ from those currently anticipated.