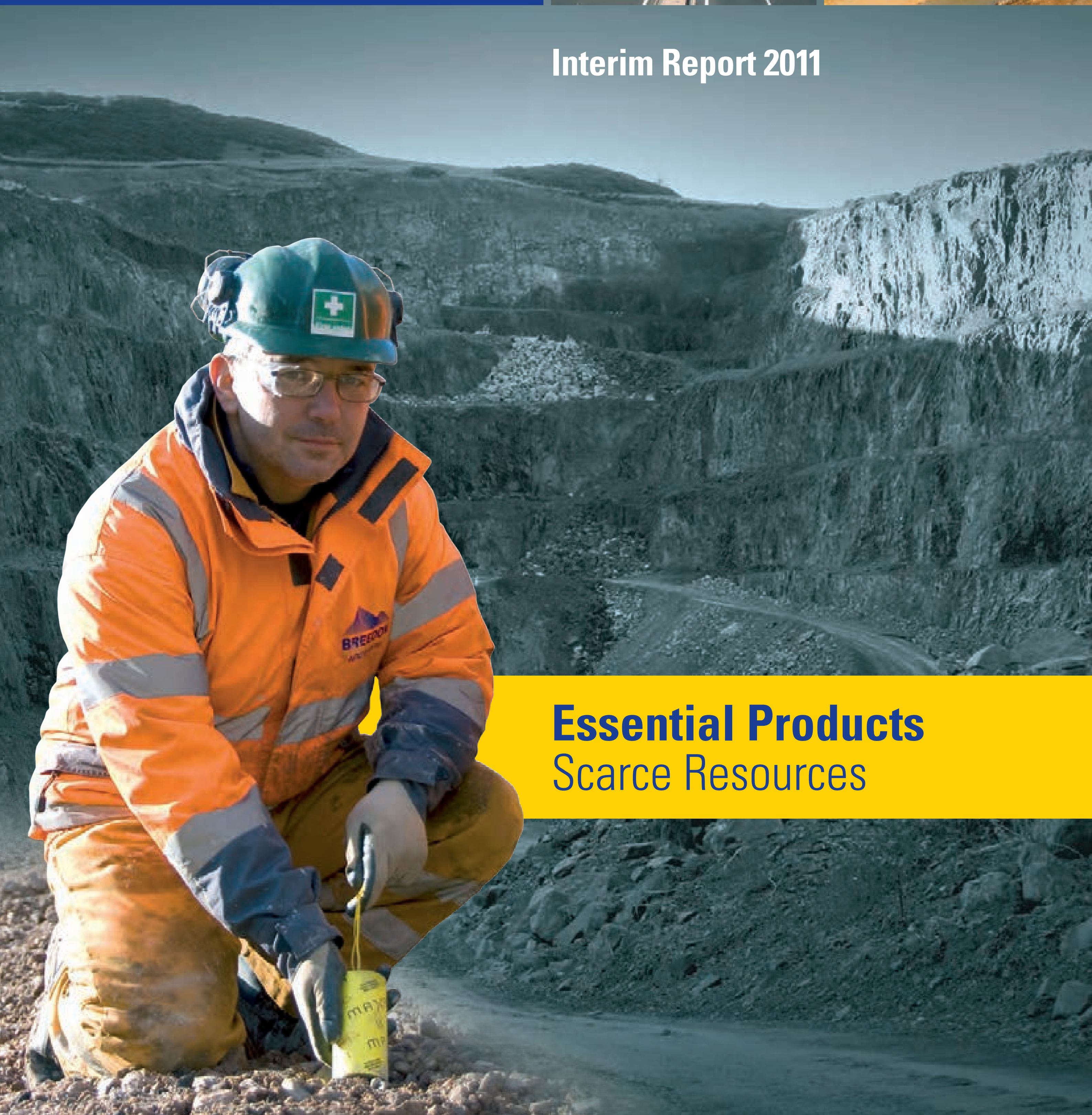
BREEDON
AGGREGATES

Interim Report 2011



Essential Products
Scarce Resources

Breedon Aggregates Limited is the largest independent aggregates business in the UK after the five global majors. At 30 June 2011 we operated 23 quarries, 18 asphalt plants and 27 concrete plants in England and Scotland, employing approximately 700 people. The Group has strong asset backing, with more than 170 million tonnes of mineral reserves and resources in the UK at the end of the period under review. Our strategy is to grow through consolidation of the UK heavyside building materials sector.

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BREEDON AGGREGATES

Highlights

	30 June 2011	Change*
Revenue	£84.7 million	+17.5%
Underlying EBITDA†	£8.4 million	+31.3%
Underlying operating profit†	£2.9 million	
Retained profit	£0.5 million	
Total non-current assets	£150.8 million	

Operational highlights

- Higher revenues in both England and Scotland
- Strong turnaround in English business, contracting returned to profitability. Continued strong performance from Scotland
- Planning consent secured on an additional 12 million tonnes of reserves at Leaton Quarry
- EBITDA margin up by 1% despite higher input costs
- Aggregates volumes up 8%, asphalt volumes up 12% and concrete volumes up 28%
- Net debt maintained at £92 million despite higher working capital
- First bolt-on acquisition; C&G Concrete acquired for £10.15 million; excellent fit with existing operations

* % change based on the pro forma results for the 6 months ended 30 June 2010.

† Underlying results are stated before acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles and changes in the fair value of financial instruments.

References to % change or an underlying profit measure throughout this Interim Report are defined on these bases.

Business Review

Group Results

Breedon Aggregates Limited, which was created in September 2010 following a reverse takeover of Breedon Holdings Limited by Marwyn Materials Limited, today announces its results for the six months to 30 June 2011.

Group revenue for the half-year increased by 17.5 per cent to £84.7 million. Underlying Group EBITDA before our share of associated undertakings increased by 31.3 per cent to £8.4 million. The underlying EBITDA margin improved by one percentage point to 9.9 per cent, despite significant increases in energy and raw material costs during the period.

Net debt at the end of June 2011 was £92 million, the same level as December 2010, despite increased working capital requirements due to the stronger trading performance and seasonal requirements.

In order to aid understanding of the business performance, we have included below a comparison of the results for the period against pro forma figures for the same period last year.

	Six months 30 June 2011 £'m	Pro forma six months 30 June 2010 £'m	Variance
Revenue:			
England	38.3	32.8	16.8%
Scotland	46.4	39.3	18.1%
Total	84.7	72.1	17.5%
Underlying EBITDA:			
England	4.1	2.2	86.4%
Scotland	5.8	5.4	7.4%
Head Office	(1.5)	(1.2)	25.0%
Total	8.4	6.4	31.3%
Margin	9.9%	8.9%	

Operating Performance

The improved trading performance was driven by a strong first quarter, assisted by work carried over from the disruption caused by the weather at the end of 2010. April and May were quieter months due to the public holidays, but activity levels picked up to more normal levels in June. Both our English and Scottish businesses reported higher revenues in the period.

An important feature of the first half performance was the substantial increase in energy costs, driven by higher oil prices; this resulted in higher bitumen, gas oil and transport costs. Selling prices were increased to recover these costs, allowing a modest improvement in margins. Some further price recovery should be possible over time as fixed price contracts are worked out and replaced with new orders.

Good progress has been made in turning around the business in England. The contracting business has been returned to profitability following significant losses last year; the commercial team has been reorganised, securing a number of key business relationships; and operational improvements have been delivered as part of our Breedon "GoodQuarry" initiative, which rewards excellence in critical areas of operational management. We gained planning permission at our Leaton quarry last week which secures the long term future of this site, promoting 12 million tonnes of resources into reserves.

Our Scottish business continues to perform well, although market conditions have been more difficult as maintenance work for Transport Scotland has reduced due to budget reductions. Major successes included winning a four year framework contract with Argyll & Bute Council and a major resurfacing contract at Dundee Airport.

Acquisition

Over the last ten months we have evaluated a number of opportunities with the potential to strengthen our business and add value for our shareholders and we are delighted to announce that we have today completed our first bolt-on acquisition with the purchase, from the administrator, of the trade and assets of C&G Concrete Limited for £10.15 million.

C&G Concrete is an integrated aggregates and ready-mixed concrete producer based in Lincolnshire, with nearly 25 million tonnes of mineral reserves and resources. It operates three sand and gravel quarries and 13 ready-mixed concrete plants extending from Peterborough in the south to Grimsby in the north, dovetailing neatly with our existing operations in the Midlands and East Anglia and giving us genuine scale and potential supply synergies in our English ready-mixed concrete business.

The purchase has been funded from our existing facilities. We continue to review a number of other potential acquisitions which offer similar opportunities for profitable growth.

Balance sheet and cash flow

Net assets at 30 June 2011 were £58.0 million compared to £56.8 million at December 2010. During the first half of the year the Company issued 7,002,287 ordinary shares as a result of AIB Venture Capital Limited exercising their warrants in the Company. Directors took up 3,510,160 shares as part of this placing.

Cash generated from operations was £0.3 million. The Group spent £0.7 million on acquisitions and capital expenditure and received £1.8 million from asset disposals. It also raised £0.8 million through the issue of shares and repaid £3.3 million of finance leases. The net cash outflow for the period was £3.9 million.

Net debt at 30 June 2011 was £92.0 million compared to £92.3 million at December 2010.

Board change

James Corsellis has served us as a non-executive director and adviser (in his capacity as a partner in Marwyn Capital) since the formation of Marwyn Materials in 2008. He has decided to step down from the board with immediate effect.

We would like to thank James for his support and wise counsel over the last three years. He has made a significant contribution to the early development of Breedon Aggregates.

Marwyn Investment Management remains a major investor in Breedon Aggregates Limited and has confirmed that it is a long-term shareholder in the company.

Outlook

The outlook for the second half of the year is positive in England, but more difficult in Scotland where our exposure to public sector markets is higher. We expect a continuing gradual recovery in private sector construction to partially offset continuing pressures on local authority and other public sector budgets. Our assumption is that energy prices will remain broadly stable for the rest of the year.

While the year on year improvements in the first six months will not be sustained at the same level in the second half of 2011, we are confident of delivering a strong performance for the year, comfortably in line with market expectations.

Peter Tom CBE
Executive Chairman
22 July 2011

Simon Vivian
Group Chief Executive

Condensed Consolidated Income Statement

for the six months ended 30 June 2011

	Underlying	Non-underlying* (note 5)	Six months ended 30 June 2011 Total	Six months ended 30 June 2010 Total	Underlying†	Non-underlying* (note 5)	Year ended 31 December 2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**84,714**	**-**	**84,714**	-	42,679	-	42,679
Cost of sales	**(63,958)**	**-**	**(63,958)**	-	(25,069)	-	(25,069)
Gross profit	**20,756**	**-**	**20,756**	-	17,610	-	17,610
Distribution expenses	**(11,935)**	**-**	**(11,935)**	-	(8,332)	-	(8,332)
Administrative expenses	**(5,917)**	**(237)**	**(6,154)**	(415)	(9,545)	(4,456)	(14,001)
Group operating profit/(loss)	**2,904**	**(237)**	**2,667**	(415)	(267)	(4,456)	(4,723)
Share of profit/(loss) of associated undertaking (net of tax)	**254**	**-**	**254**	-	(22)	-	(22)
Profit/(loss) from operations	**3,158**	**(237)**	**2,921**	(415)	(289)	(4,456)	(4,745)
Financial income	**2**	**-**	**2**	28	42	-	42
Financial expense	**(2,392)**	**-**	**(2,392)**	-	(1,601)	-	(1,601)
Profit/(loss) before taxation	**768**	**(237)**	**531**	(387)	(1,848)	(4,456)	(6,304)
Taxation	**(112)**	**63**	**(49)**	-	287	144	431
Profit/(loss) for the period	**656**	**(174)**	**482**	(387)	(1,561)	(4,312)	(5,873)
Attributable to:							
Equity holders of the parent	**641**	**(174)**	**467**	(387)	(1,571)	(4,312)	(5,883)
Non-controlling interests	**15**	**-**	**15**	-	10	-	10
Profit/(loss) for the period	**656**	**(174)**	**482**	(387)	(1,561)	(4,312)	(5,873)
Basic earnings/(loss) per ordinary share	**0.12p**		**0.08p**	(0.28p)	(0.58p)		(2.19p)
Diluted earnings/(loss) per ordinary share	**0.11p**		**0.08p**	(0.28p)	(0.58p)		(2.16p)

* Non-underlying items represent acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles and changes in the fair value of financial instruments. There were no non-underlying items in the six months ended 30 June 2010.

† The Group made its first acquisition on 6 September 2010. Accordingly, with the exception of £649,000 of administrative expenses, all underlying revenues and profits from operations in respect of the year ended 31 December 2010 set out above are for the period from 6 September 2010 to 31 December 2010.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Profit/(loss) for the period	**482**	(387)	(5,873)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges	**(207)**	-	74
Taxation on items taken directly to other comprehensive income	**54**	-	(20)
Other comprehensive income for the period	**(153)**	-	54
Total comprehensive income for the period	**329**	(387)	(5,819)
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	**314**	(387)	(5,829)
Non-controlling interests	**15**	-	10
	329	(387)	(5,819)

Condensed Consolidated Statement of Financial Position

at 30 June 2011

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Non-current assets			
Property, plant and equipment	**145,856**	-	150,207
Intangible assets	**3,998**	-	4,079
Investment in associated undertaking	**949**	-	1,070
Total non-current assets	**150,803**	-	155,356
Current assets			
Inventories	**7,706**	-	6,774
Trade and other receivables	**37,536**	22	26,522
Cash and cash equivalents	**1,204**	11,484	3,294
Non-current assets held for resale	**-**	-	400
Total current assets	**46,446**	11,506	36,990
Total assets	**197,249**	11,506	192,346
Current liabilities			
Interest-bearing loans and borrowings	**(8,473)**	-	(7,095)
Trade and other payables	**(34,000)**	(199)	(28,372)
Current tax payable	**(5)**	-	(5)
Provisions	**(180)**		(160)
Total current liabilities	**(42,658)**	(199)	(35,632)
Non-current liabilities			
Interest-bearing loans and borrowings	**(84,761)**	-	(88,457)
Provisions	**(7,008)**	-	(6,638)
Deferred tax liabilities	**(4,783)**	-	(4,788)
Total non-current liabilities	**(96,552)**	-	(99,883)
Total liabilities	**(139,210)**	(199)	(135,515)
Net assets	**58,039**	11,307	56,831
Equity attributable to equity holders of the parent			
Stated capital	**62,415**	13,262	61,575
Cash flow hedging reserve	**(99)**	-	54
Capital reserve	**2,369**	-	2,369
Retained earnings	**(6,745)**	(1,955)	(7,261)
Total equity attributable to equity holders of the parent	**57,940**	11,307	56,737
Non-controlling interests	**99**	-	94
Total equity	**58,039**	11,307	56,831

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

Six months ended 30 June 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 31 December 2010	**61,575**	**54**	**2,369**	**(7,261)**	**56,737**	**94**	**56,831**
Shares issued	**840**	**-**	**-**	**-**	**840**	**-**	**840**
Total comprehensive income for the period	**-**	**(153)**	**-**	**467**	**314**	**15**	**329**
Credit to equity of share based payment	**-**	**-**	**-**	**49**	**49**	**-**	**49**
Disposal of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**50**	**50**
Dividend to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(60)**	**(60)**
Balance at 30 June 2011	**62,415**	**(99)**	**2,369**	**(6,745)**	**57,940**	**99**	**58,039**

Six months ended 30 June 2010	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 31 December 2009	13,262	-	-	(1,569)	11,693	-	11,693
Total comprehensive income for the period	-	-	-	(387)	(387)	-	(387)
Credit to equity of share based payment	-	-	-	1	1	-	1
Balance at 30 June 2010	13,262	-	-	(1,955)	11,307	-	11,307

Year ended 31 December 2010	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 31 December 2009	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 payment	-	-	-	191	191	-	191
Balance at 31 December 2010	61,575	54	2,369	(7,261)	56,737	94	56,831

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2011

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Cash flows from operating activities			
Profit/(loss) for the period	**482**	(387)	(5,873)
Adjustments for:			
Depreciation, amortisation and impairments	**5,534**	-	3,652
Financial income	**(2)**	(28)	(42)
Financial expense	**2,392**	-	1,601
Share of profit of associated undertaking (net of tax)	**(254)**	-	22
Gain on sale of property, plant and equipment	**(534)**	-	(260)
Equity settled share based payment expenses	**49**	1	191
Change in the fair value of financial instruments	**-**	-	(259)
Taxation	**49**	-	(431)
Operating cash flow before changes in working capital and provisions	**7,716**	(414)	(1,399)
(Increase)/decrease in trade and other receivables	**(11,480)**	(11)	4,176
(Increase)/decrease in inventories	**(932)**	-	1,203
Increase/(decrease) in trade and other payables	**5,302**	19	(1,145)
Decrease in provisions	**(337)**	-	(60)
Cash generated from operating activities	**269**	(406)	2,775
Interest paid	**(1,366)**	-	(1,459)
Interest element of finance lease payments	**(891)**	-	(462)
Income taxes received/(paid)	**-**	(4)	31
Net cash from operating activities	**(1,988)**	(410)	885
Cash flows used in investing activities			
Acquisition of businesses	**1,027**	-	(11,410)
Purchase of property, plant and equipment	**(1,745)**	-	(1,232)
Proceeds from sale of asset for resale	**296**	-	50
Proceeds from sale of property, plant and equipment	**1,366**	-	317
Proceeds from sale of non-controlling interest	**165**	-	-
Interest received	**2**	28	42
Dividend from associated undertaking	**375**	-	563
Net cash used in investing activities	**1,486**	28	(11,670)
Cash flows from financing activities			
Proceeds from the issue of shares (net)	**840**	-	48,313
Proceeds from new loans raised	**-**	-	4,500
Repayment of loans	**(900)**	-	(49,982)
Repayment of finance lease obligations	**(3,260)**	-	(1,973)
Purchase of financial instrument – derivative	**-**	-	(243)
Dividends paid to non-controlling interests	**(60)**	-	-
Net cash from financing activities	**(3,380)**	-	615
Net decrease in cash and cash equivalents	**(3,882)**	(382)	(10,170)
Cash and cash equivalents at beginning of period	**1,696**	11,866	11,866
Cash and cash equivalents at end of period	**(2,186)**	11,484	1,696
Cash and cash equivalents	**1,204**	11,484	3,294
Bank overdraft	**(3,390)**	-	(1,598)
Cash and cash equivalents at end of period	**(2,186)**	11,484	1,696

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of preparation

Breedon Aggregates Limited is a company domiciled in Jersey.

These Condensed Consolidated Interim Financial Statements (the "Interim Financial Statements") consolidate the results of the Company and its subsidiary undertakings, collectively the "Group".

These Interim Financial Statements have been prepared in accordance with IAS 34: Interim Financial Reporting, as adopted by the EU. The Interim Financial Statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required.

The Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the presentation of the Company's published financial statements for the year ended 31 December 2010 except for the following which became effective and were adopted by the Group:

- IAS 24 (Revised) – Related Party Transactions (effective for periods beginning on or after 1 January 2011)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Insurers (effective for periods beginning on or after 1 July 2010).

The adoption of the these standards and interpretations has not had a material effect on the result for the period.

These Interim Financial Statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board's guidance on the review of interim financial information. These statements do not include all of the information required for full annual financial statements and should be read in conjunction with the full annual report for the year ended 31 December 2010.

The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor. The report of the auditor was (i) unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

The comparative figures for the financial year ended 31 December 2010 consolidate the results of the Company and its two subsidiary undertakings, Marwyn Materials Investments Limited and Marwyn Materials (UK) Limited, for the entire financial year, together with the results of Breedon Holdings Limited and its subsidiary undertakings with effect from acquisition on 6 September 2010. The comparative figures for the six months ended 30 June 2010 consolidate the results of the Company and its two subsidiary undertakings, Marwyn Materials Investments Limited and Marwyn Materials (UK) Limited only.

2 Going concern

The Group meets its day-to-day working capital and other funding requirements through its banking facility, which includes an overdraft facility, and which expires in September 2015.

The Group actively manages its financial risks and operates Board approved polices, including interest rate hedging policies, that are designed to ensure that the Group maintains an adequate level of headroom and effectively mitigates financial risks.

On the basis of current financial projections and facilities available, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these Interim Financial Statements.

3 Financial risks, estimates, assumptions and judgements

In preparing these Interim Financial Statements, management have been required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expense. Actual results may differ from estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2010 as set out in note 28 of the Annual Report and Accounts for that year.

Details of the main risks the Group faces are set out on pages 14 and 15 of the Group's Annual Report and Accounts for the year ended 31 December 2010. The Directors consider that these are the risks that could impact the performance of the Group in the remaining six months of the current financial year. As in the previous year, these risks are being managed and their anticipated impact mitigated.

Notes to the Interim Financial Statements
(continued)

4 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", views 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.

		Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010
Income statement	**Revenue £'000**	**EBITDA* £'000**	Revenue £'000	EBITDA* £'000	Revenue £'000	EBITDA* £'000
England	**46,393**	**4,119**	-	-	21,072	1,699
Scotland	**38,321**	**5,803**	-	-	21,607	2,977
Central administration	**-**	**(1,565)**	-	(415)	-	(1,369)
Group	**84,714**	**8,357**	-	(415)	42,679	3,307

*EBITDA represents underlying EBITDA before share of profit from associated undertaking.

Reconciliation to reported profit			
Segmental profit/(loss) as above	**8,357**	(415)	3,307
Depreciation	**(5,453)**	-	(3,574)
Non-underlying items	**(237)**	-	(4,456)
Reported operating profit/(loss)	**2,667**	(415)	(4,723)
Share of profit/(loss) of associated undertaking	**254**	-	(22)
Net financial (expense)/income	**(2,390)**	28	(1,559)
Profit/(loss) before taxation	**531**	(387)	(6,304)
Taxation	**(49)**	-	431
Profit/(loss) for the period	**482**	(387)	(5,873)

5 Non-underlying items

Non-underlying items include acquisition related expenses, redundancy and reorganisation costs, property items, impairments, amortisation of acquisition intangibles and changes in the fair value of financial instruments. In the prior year, the Group acquired the entire issued share capital of Breedon Holdings Limited and, as required by IFRS 3 (Revised), acquisition costs were expensed as incurred.

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Included in administrative expenses:			
Redundancy costs	**(317)**	-	(843)
Property items	**46**	-	-
Gain on disposal of non-controlling interests	**115**	-	-
Acquisition costs	**-**	-	(3,794)
Gain in the fair value of financial instrument	**-**	-	259
Amortisation of other intangible assets	**(81)**	-	(78)
	(237)	-	(4,456)

6 Financial income and expense

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Interest income – bank deposits	**2**	28	42
Financial income	**2**	28	42
Interest expense – bank loans and overdrafts	**(1,384)**	-	(1,031)
Amortisation of prepaid bank arrangement fee	**(50)**	-	(33)
Interest expense – other	**(2)**	-	(26)
Interest expense – finance leases	**(891)**	-	(462)
Unwinding of discount on provisions	**(65)**	-	(49)
Financial expense	**(2,392)**	-	(1,601)

7 Taxation

The Company is resident in Jersey and has a zero per cent tax rate. The tax charge for the six months ended 30 June 2011 has been estimated based on the estimated effective blended rate applicable for existing operations for the full year. This is based on a zero per cent tax rate on profits arising in Jersey and an effective rate of 26.5% on profits arising in the Group's UK subsidiary undertakings.

The UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011 and was effective from 1 April 2011. A further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. This will reduce the Group's future current tax charge accordingly.

Notes to the Interim Financial Statements
(continued)

8 Interest-bearing loans and borrowings

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

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Non-current liabilities			
Secured bank loans	**66,183**	-	67,033
Finance lease liabilities	**18,578**	-	21,424
	84,761	-	88,457
Current liabilities			
Secured overdrafts	**3,390**	-	1,598
Current portion of finance lease liabilities	**5,083**	-	5,497
	8,473	-	7,095

As part of the acquisition of Breedon Holdings Limited on 6 September 2010, the Group renegotiated certain of the terms of the bank loans and overdrafts acquired with the business, principally to extend the final repayment date to September 2015, and repaid £49,982,000 of bank loans. 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.

Net debt

Net debt comprises the following items:

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Cash and cash equivalents	**1,204**	11,484	3,294
Current borrowings	**(8,473)**	-	(7,095)
Non-current borrowings	**(84,761)**	-	(88,457)
	(92,030)	11,484	(92,258)

9 Earnings per share

The calculation of earnings per share is based on the profit for the period attributable to ordinary shareholders of £467,000 *(30 June 2010: loss £387,000, 31 December 2010: loss £5,883,000)* and on the weighted average number of ordinary shares in issue during the period.

The calculation of underlying earnings per share is based on the profit for the period attributable to ordinary shareholders, adjusted to add back the non-underlying items, of £641,000 *(30 June 2010: loss £387,000, 31 December 2010 loss £1,571,000)* and on the weighted average number of ordinary shares in issue during the period.

Diluted earnings per ordinary share reflects the effect of outstanding dilutive warrant and share options.

Reconciliations of the weighted average number of shares used in the calculations are shown below:

		Number of shares	
	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
Equity shares			
For basic earnings per share	**554,815,587**	136,000,000	268,785,839
Share warrants	**14,824,856**	-	3,456,409
SAYE share option scheme	**260,666**	-	-
For diluted earnings per share	**569,901,109**	136,000,000	272,242,248

10 Acquisitions

At 31 December 2010, a call option was exercisable over the shares in Enneurope Holdings Limited with a gain in the fair value of the option of £259,000 being recognised. Enneurope Holdings Limited is the holding company of Enneurope Limited, which sold its interests in its Polish operations in November 2010. On 11 February 2011, the Group exercised this option acquiring the entire issued share capital of Enneurope Holdings Limited for a consideration of £1. This transaction has been accounted for as a business combination.

The fair value of the consideration paid and the 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**
Cash	1,027	-	1,027
Other payables	(6)	(762)	(768)
Total	**1,021**	**(762)**	**259**
Consideration:			
Cash		-	
Fair value of option		259	
			259
Goodwill			**-**

The provisional fair value adjustments comprise adjustments to reflect contractual liabilities.

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. Details of the fair value of consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition of £3,738,000, are given in note 27 on pages 59 to 61 of the Group's Annual Report and Accounts for the year ended 31 December 2010. There have been no changes in the provisional fair value adjustments in the six months to 30 June 2011.

Notes to the Interim Financial Statements
(continued)

11 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2010. All related party transactions are on an arms length basis.

There have been no related party transactions in the first six months of the current financial year which have materially affected the financial position or performance of the Group

12 Stated capital

		Ordinary Shares	
	Six months ended 30 June 2011 Number	Six months ended 30 June 2010 Number	Year ended 31 December 2010 Number
Issued ordinary shares at the beginning of the year	**554,003,167**	136,000,000	136,000,000
Issued in connection with acquisition	**-**	-	417,666,667
Issued in connection with exercise of warrants	**7,002,287**	-	-
Issued in connection with employee bonus issue	**-**	-	336,500
	561,005,454	136,000,000	554,003,167

On 9 June 2011, the Company issued 7,002,287 ordinary shares of no par value at 12.0 pence per share in settlement of the exercise of certain warrants issued in August 2010 as part of the reverse acquisition of Breedon Holdings Limited.

13 Subsequent events

On 22 July 2011, the Group acquired the trade and assets, from the administrators, of C&G Concrete Limited for a consideration of £10.15 million. This acquisition will be accounted for as a business combination.

Cautionary Statement
This Interim Report 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.

Shareholder Information

Registrar and Transfer office

The address of the Company's Registrar, to which all enquires concerning shareholdings should be addressed, is Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Shareholder enquiries can also be made to 0871 664 0300. Calls cost 10p per minute plus network extras. Enquiries from outside the UK should be made to +44 208 639 3399.

Contact

If you require information regarding Breedon Aggregates, please contact:

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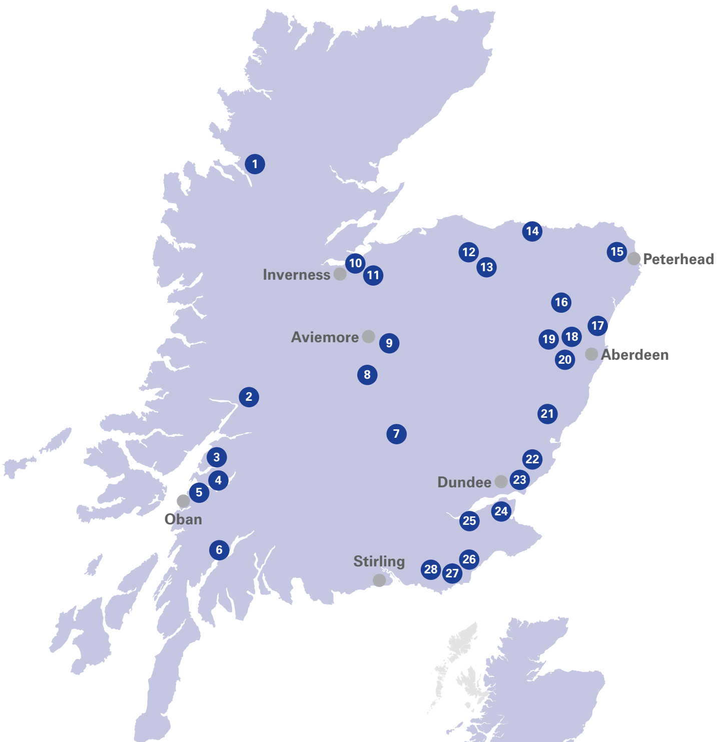
Breedon on the Hill
Derby DE73 8AP

Tel: 01332 694010
Fax: 01332 694445
E-mail: info@breedonaggregates.com

Website

www.breedonaggregates.com

Our Areas of Operation†



Key

- Agricultural Lime
- Asphalt
- Concrete
- Contracting
- Crushed Rock
- Decorative Aggregates
- Sand & Gravel

†As at 30 June 2011

Scotland

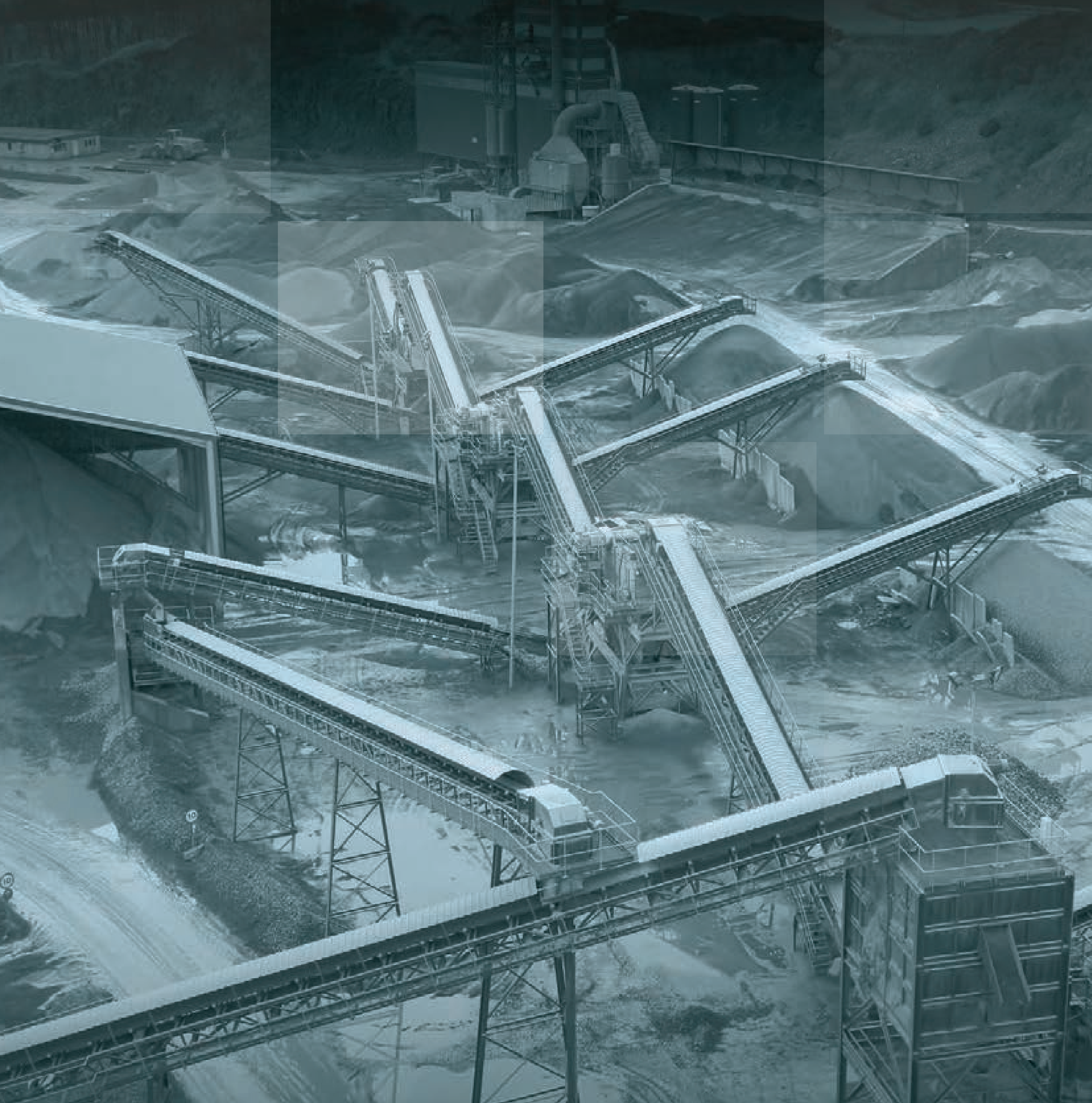
1	Morefields Quarry	Agricultural Lime, Concrete, Crushed Rock
2	Banavie Quarry	Asphalt, Concrete, Crushed Rock, Decorative Aggregates
3	Benderloch Quarry	Concrete, Sand & Gravel
4	Bonawe Quarry	Asphalt, Crushed Rock
5	West Area Contracting	Contracting
6	Furnace Quarry	Concrete, Asphalt, Crushed Rock
7	Shierglas Quarry	Agricultural Lime, Asphalt, Concrete, Crushed Rock
8	Meadowside Quarry	Crushed Rock
9	Aviemore Concrete Plant	Concrete
10	Inverness Concrete Plant	Concrete
11	Daviot Asphalt Plant	Asphalt
12	Netherglen Quarry	Asphalt, Concrete, Contracting, Crushed Rock
13	Rothes Glen Concrete Plant	Concrete
14	Boyne Bay Quarry	Agricultural Lime, Concrete, Crushed Rock
15	Stirlinghill Quarry	Asphalt, Concrete, Crushed Rock
16	Inverurie Concrete Plant	Concrete
17	Bridge of Don Concrete Plant	Concrete
18	Craigenlow Quarry	Agricultural Lime, Asphalt, Concrete, Contracting, Crushed Rock
19	Westhill Concrete Plant	Concrete
20	Deeside Concrete Plant	Concrete
21	Capo Quarry	Agricultural Lime, Concrete, Sand & Gravel
22	Cunmont Quarry	Crushed Rock
23	Ethiebeaton Quarry	Asphalt, Concrete, Crushed Rock
24	Balmullo Quarry	Decorative Aggregates, Crushed Rock
25	Clatchard Craig Quarry	Agricultural Lime, Asphalt, Concrete, Contracting, Crushed Rock
26	Kirkcaldy Concrete Plant	Concrete
27	Orrock Quarry	Asphalt, Concrete, Crushed Rock
28	Dunfermline Concrete Plant	Concrete

England

29	Mansfield Asphalt Plant	Asphalt
30	Leaton Quarry	Asphalt, Concrete, Crushed Rock
31	Leinthall Quarry	Asphalt, Concrete, Crushed Rock
32	Breedon Quarry*	Decorative Aggregates
33	Cloud Hill Quarry	Agricultural Lime, Asphalt, Concrete, Contracting, Crushed Rock
34	Ling Hall Asphalt & Concrete Plant	Asphalt, Concrete
35	South Witham Quarry	Agricultural Lime, Crushed Rock
36	Corby Asphalt & Concrete Plant	Asphalt, Concrete
37	Shropham Quarry**	Sand & Gravel, Crushed Rock
38	Longwater Asphalt Plant	Asphalt, Contracting

*Decorative Aggregates are also available bagged **Recycled Aggregates only


AGGREGATES
WU52 XWA



BREEDON
AGGREGATES

Quality and Service. Delivered.

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