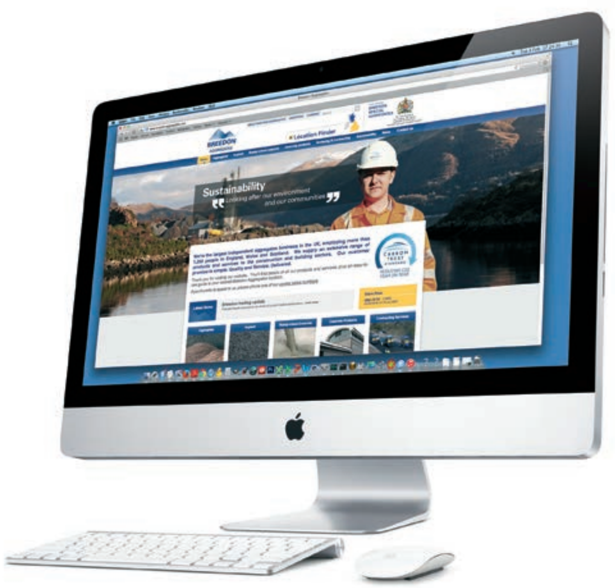
BREEDON
AGGREGATES

SUSTAINABLE VALUE

Breedon Aggregates
Interim Report 2015

WE ARE THE UK'S LEADING INDEPENDENT AGGREGATES BUSINESS. OUR OPERATIONS ARE FULLY INTEGRATED – PROCESSING STONE FROM OUR QUARRIES INTO HIGH-QUALITY CONSTRUCTION MATERIALS AND RESTORING THE LAND WE USE. WE AIM TO MAXIMISE OUR RETURNS AT EACH STAGE OF OUR OPERATIONS, IN THE KNOWLEDGE THAT OUR RESOURCES ARE BOTH SCARCE AND VALUABLE. WE ACHIEVE THIS BY WORKING AS EFFICIENTLY AND COMPETITIVELY AS POSSIBLE, WHILST RESPECTING OUR CUSTOMERS, EMPLOYEES, SUPPLIERS AND LOCAL COMMUNITIES.

CONTENTS



For more information visit
www.breedonaggregates.com

Front cover: Ollie Hunt, Plant Operator, Cloud Hill quarry.

HIGHLIGHTS

Revenue
£160.5m
30 June 2014: £125.2 million **+28%**

Underlying EBITDA†
£27.3m
30 June 2014: £17.8 million **+54%**

Underlying EBITDA margin†
17.0%
30 June 2014: 14.2% **+2.8ppt**

Profit before tax
£17.5m
30 June 2014: £9.1 million **+92%**

Underlying basic EPS†
1.29p
30 June 2014: 0.73 pence **+77%**

Net debt
£58.3m
30 June 2014: £63.0 million

† Underlying results are stated before acquisition related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items. References to an underlying profit measure throughout this Interim Report are defined on this basis.

- 4.5 million tonnes of aggregates sold (30 June 2014: 3.6 million tonnes)
- 0.9 million tonnes of asphalt sold (30 June 2014: 0.7 million tonnes)
- 0.4 million cubic metres of ready-mixed concrete sold (30 June 2014: 0.3 million cubic metres)

Operational Highlights

- Strong trading performance
- Underlying business well ahead of prior year
- Underlying EBITDA margin up to 17.0%
- Huntsmans and former Barr business performing well
- Step-up in capital investment on track
- Mineral reserves & resources replenished
- Several acquisition opportunities under review

HOW WE ARE ORGANISED

We operate two fully-integrated autonomous businesses in England and Scotland, reflecting the localised nature of our markets and enabling us to provide high levels of customer service.

BREEDON AGGREGATES ENGLAND

Breedon Aggregates England

Headquarters: Breedon-on-the-Hill (Derbyshire)
Employees: 530
Operational assets:
- 15 quarries
- 9 asphalt plants
- 23 ready-mixed concrete and mortar plants
- 1 concrete block plant
- 2 regional contract surfacing operations

15 quarries

9 asphalt plants

23 ready-mixed concrete and mortar plants

1 concrete block plant

2 regional contract surfacing operations

Revenue

52% of Group revenue

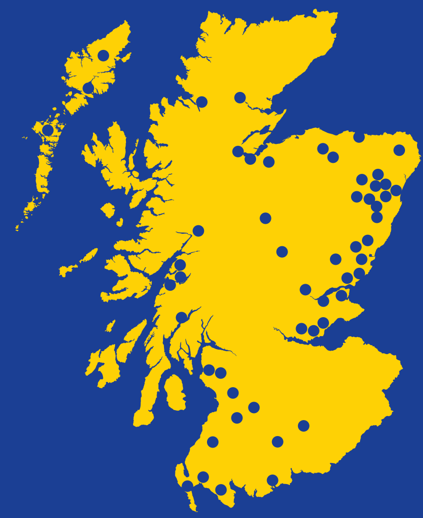
EBITDA

56% of Group EBITDA

BREEDON AGGREGATES SCOTLAND

Breedon Aggregates Scotland

Headquarters: Ethiebeaton (near Dundee)
Employees: 705
Operational assets:
- 38 quarries
- 17 asphalt plants
- 36 ready-mixed concrete plants
- 2 concrete block plants
- 5 regional contract surfacing operations
- Traffic management services company (majority share of Alba Traffic Management Limited)



We also have a minority shareholding in BEAR Scotland Limited, a road network management company.

38 quarries

17 asphalt plants

36 ready-mixed concrete and mortar plants

2 concrete block plant

5 regional contract surfacing operations

1 traffic management services company

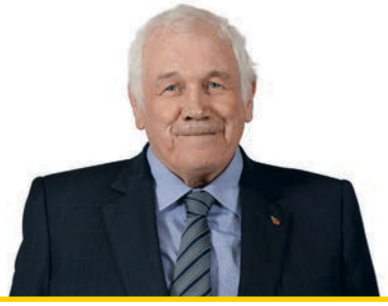
Revenue

48% of Group revenue

EBITDA

44% of Group EBITDA

BUSINESS REVIEW



Peter Tom CBE
Executive Chairman

Group results

Breedon Aggregates Limited, the UK's largest independent aggregates business, today announces its results for the six months to 30 June 2015.

Group results include a full six months' benefit from the acquisitions of Huntsman's Quarries (Huntsmans), which was acquired on 1 June 2014 and Barr Quarries (Barr), which was acquired on 31 October 2014.

We are very pleased with the performance of both the underlying business and last year's acquisitions.

Group revenue for the half-year of £160.5 million was 28 per cent ahead of the comparable period. Underlying earnings before our share of associate and joint venture, interest, tax, depreciation and amortisation (EBITDA) increased by 54 per cent to £27.3 million (30 June 2014: £17.8 million). The EBITDA margin improved to 17.0 per cent (30 June 2014: 14.2 per cent).

When we formed Breedon Aggregates in 2010, we set ourselves a medium-term underlying EBITDA margin target of 15 per cent. We are pleased to have broken through that goal this year, helped by the unusually low oil price, and we think it appropriate to set a new target. We are therefore now aiming for an underlying EBIT margin of 15 per cent by 2020 (representing an underlying EBITDA margin of approximately 20 per cent), which is consistent with that being achieved by the industry prior to the recession.

Operating performance

Trading during the first half was strong, with both the underlying business and recent acquisitions performing ahead of our expectations. March was a record month for the Group, with exceptional performances from both England and Scotland. The result of the general election in May removed potential political uncertainty and the economic situation in the UK has continued to improve. First-half underlying EBITDA of £27.3 million was significantly ahead of the comparable period in 2014, driven by: a strong start to the year in England, on the back of buoyant demand and good weather; the additional contribution from last year's acquisitions; and the benefit of the fall in oil prices in the final quarter of last year.

There has been some confusion surrounding the recent performance of UK construction. Provisional figures from the ONS in May indicated a decline of 1.1 per cent in the first quarter of this year. This was however challenged by the Construction Products Association (CPA), based on evidence from its members, following which the ONS revised its figures and now estimates that output was flat quarter-on-quarter and increased by 4.4 per cent compared to the same quarter last year. In their latest trade survey, CPA members report strong demand and improving prices in the first four months of 2015.

The Mineral Products Association (MPA) figures for the first quarter of 2015 certainly indicate continued growth, with approximate volume increases of 11 per cent in aggregates, 14 per cent in asphalt and 8 per cent in concrete, compared to the same quarter last year.

A number of key contracts were supplied in the period. We commenced off-site supplies to the £750 million Aberdeen Ring Road (AWPR) and continued to supply both the new Jaguar Land Rover plant in the West Midlands and the Nottingham Tram project.

Our step-up in capital investment continued and we committed nearly £3 million to the former Barr business to catch up on significant under-investment identified at the time of acquisition. In addition, new asphalt plants were ordered to replace a 40-year-old plant near Inverness and the recently sold plant at Tom's Forest quarry near Aberdeen.

Financial Highlights

	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m	Variance
Revenue			
England	**84.1**	64.8	+30%
Scotland	**76.4**	60.4	+26%
Total	**160.5**	125.2	+28%
Underlying EBITDA			
England	**16.9**	10.6	+59%
Scotland	**13.4**	9.4	+43%
Head Office	**(3.0)**	(2.2)	
Total	**27.3**	17.8	+54%
Underlying EBITDA Margin	**17.0%**	14.2%	

Simon Vivian
Group Chief Executive

In England, we approved a major upgrade to the crushing equipment at our largest quarry, Cloud Hill near Breedon on the Hill in the East Midlands, and also invested in additional equipment at Huntsmans to increase capacity and enable the production of dense concrete blocks at the quarry. The two asphalt plants which we bought from Hope Construction Materials last year were refurbished and are making a useful contribution to profits. We submitted a major planning application for additional reserves at our Clearwell quarry in Gloucestershire, acquired from Marshalls in 2013, and a new sand and gravel quarry is also expected to come on stream at Earls Barton near Northampton in the second half of the year.

Safety performance during the first six months was somewhat disappointing, with four lost-time injuries reported compared to two in the same period last year. The annualised frequency rate (LTIFR), our key measure of performance, remained flat but, encouragingly, the severity rate continued to fall and we are working hard to achieve an improved performance in the remainder of the year.

Balance sheet and cash flow

Net assets at 30 June 2015 were £181.7 million, compared to £167.2 million at 31 December 2014 and £156.7 million at 30 June 2014.

Cash generated from operating activities was £17.5 million, after an increase in working capital of £9.7 million as a result of the increased trading performance and seasonal requirements of the business. Group capital expenditure totalled £7.1 million of which £2.5 million was spent in cash with the balance being funded by way of finance leases. The Group received £1.3 million from asset disposals and it repaid £3.8 million of finance leases. The net cash outflow for the period was £6.1 million and net debt at 30 June 2015 was £58.3 million, compared to £66.3 million at 31 December 2014 and £63.0 million at 30 June 2014.

The ratio of net debt to EBITDA reduced to 1.2x at 30 June 2015, compared to 1.7x at 31 December 2014 and 1.9x at June 2014.

Outlook

Underlying trading conditions continue to look robust with economic indicators pointing to further growth in GDP and construction output in 2015. The macroeconomic background is favourable, with low unemployment and the long-awaited improvement in real wages starting to come through.

The outlook in England continues to be positive, with a number of target contracts identified for the second half of 2015. In Scotland, underlying demand is not as strong and in particular there is no sign of increased maintenance spending by Transport Scotland following the significant declines between 2009 and 2011. Several large contracts are however about to start in Scotland, including the A9 dualling, surfacing of the new Forth Crossing and a number of large wind farms.

The MPA forecasts volume growth of around 5 per cent over the next few years which, if achieved, would mean that national consumption of aggregates will return to pre-recession levels by about 2020. The recent Budget has confirmed that the Government remains committed to infrastructure investment, particularly on road related projects, and we expect the overall economic environment to remain favourable in the medium term.

Hydrocarbon prices appear to have bottomed in the final quarter of last year and nudged upward through the first half of this year. The industry is expecting this trend to continue in the coming months, with some potential impact on margins. However, assuming that current trading conditions continue through the second half of 2015, we believe that market expectations for the year will be exceeded.

We continue to pursue our stated acquisition strategy and have several acquisition opportunities under review.

Finally, we would like to thank all our colleagues for their contribution to the success of the business in the first half of the year and we look forward to working with them to achieve another good result for the full year.

Peter Tom CBE,
Executive Chairman

Simon Vivian,
Group Chief Executive

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2015

	Underlying £000	Non-underlying* (note 5) £000	Six months ended 30 June 2015 Total £000	Underlying £000	Non-underlying* (note 5) £000	Six months ended 30 June 2014 Total £000	Underlying £000	Non-underlying* (note 5) £000	Year ended 31 December 2014 Total £000
Revenue	**160,529**	**–**	**160,529**	125,235	–	125,235	269,657	–	269,657
Cost of sales	**(108,107)**	**–**	**(108,107)**	(89,813)	–	(89,813)	(189,098)	–	(189,098)
Gross profit	**52,422**	**–**	**52,422**	35,422	–	35,422	80,559	–	80,559
Distribution expenses	**(21,610)**	**–**	**(21,610)**	(16,235)	–	(16,235)	(35,584)	–	(35,584)
Administrative expenses	**(12,260)**	**44**	**(12,216)**	(8,747)	(355)	(9,102)	(21,827)	347	(21,480)
Group operating profit	**18,552**	**44**	**18,596**	10,440	(355)	10,085	23,148	347	23,495
Share of profit of associate and joint venture (net of tax)	**329**	**–**	**329**	701	–	701	1,147	–	1,147
Profit from operations	**18,881**	**44**	**18,925**	11,141	(355)	10,786	24,295	347	24,642
Financial income	**9**	**–**	**9**	26	–	26	39	–	39
Financial expense	**(1,467)**	**–**	**(1,467)**	(1,734)	–	(1,734)	(3,319)	–	(3,319)
Profit before taxation	**17,423**	**44**	**17,467**	9,433	(355)	9,078	21,015	347	21,362
Taxation	**(3,744)**	**(63)**	**(3,807)**	(2,069)	26	(2,043)	(4,312)	100	(4,212)
Profit for the period	**13,679**	**(19)**	**13,660**	7,364	(329)	7,035	16,703	447	17,150
Attributable to:									
Equity holders of the parent	**13,645**	**(19)**	**13,626**	7,328	(329)	6,999	16,622	447	17,069
Non-controlling interests	**34**	**–**	**34**	36	–	36	81	–	81
Profit for the period	**13,679**	**(19)**	**13,660**	7,364	(329)	7,035	16,703	447	17,150
Basic earnings per ordinary share	**1.29p**		**1.28p**	0.73p		0.69p	1.64p		1.68p
Diluted earnings per ordinary share	**1.25p**		**1.24p**	0.67p		0.64p	1.52p		1.56p

* Non-underlying items represent acquisition related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2015

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Profit for the period	**13,660**	7,035	17,150
Other comprehensive income			
Items which may be reclassified subsequently to profit and loss:			
Effective portion of changes in fair value of cash flow hedges	**48**	69	135
Taxation on items taken directly to other comprehensive income	**(10)**	(5)	(14)
Other comprehensive income for the period	**38**	64	121
Total comprehensive income for the period	**13,698**	7,099	17,271
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	**13,664**	7,063	17,190
Non-controlling interests	**34**	36	81
	13,698	7,099	17,271

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
Non-current assets			
Property, plant and equipment	**205,589**	194,262	207,604
Intangible assets	**22,566**	21,492	22,583
Trade and other receivables	**2,750**	–	2,750
Investment in associate and joint venture	**5,053**	1,284	4,825
Total non-current assets	**235,958**	217,038	237,762
Current assets			
Inventories	**12,858**	11,347	13,027
Trade and other receivables	**74,096**	58,067	62,907
Cash and cash equivalents	**9,722**	9,427	15,785
Total current assets	**96,676**	78,841	91,719
Total assets	**332,634**	295,879	329,481
Current liabilities			
Interest-bearing loans and borrowings	**(6,074)**	(5,194)	(5,317)
Trade and other payables	**(60,113)**	(48,635)	(59,066)
Current tax payable	**(3,942)**	(1,917)	(2,636)
Provisions	**(113)**	(436)	(210)
Total current liabilities	**(70,242)**	(56,182)	(67,229)
Non-current liabilities			
Interest-bearing loans and borrowings	**(61,981)**	(67,207)	(76,814)
Provisions	**(11,512)**	(9,303)	(11,050)
Deferred tax liabilities	**(7,226)**	(6,528)	(7,216)
Total non-current liabilities	**(80,719)**	(83,038)	(95,080)
Total liabilities	**(150,961)**	(139,220)	(162,309)
Net assets	**181,673**	156,659	167,172
Equity attributable to equity holders of the parent			
Stated capital	**139,338**	139,131	139,139
Cash flow hedging reserve	**(13)**	(108)	(51)
Capital reserve	**1,516**	1,516	1,516
Retained earnings	**40,686**	16,003	26,406
Total equity attributable to equity holders of the parent	**181,527**	156,542	167,010
Non-controlling interests	**146**	117	162
Total equity	**181,673**	156,659	167,172

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2015

	Stated capital £000	Cash flow hedging reserve £000	Capital reserve £000	Retained earnings £000	Attributable to equity holders of parent £000	Non-controlling interests £000	Total equity £000
Balance at 31 December 2014	**139,139**	**(51)**	**1,516**	**26,406**	**167,010**	**162**	**167,172**
Shares issued	**199**	**–**	**–**	**(78)**	**121**	**–**	**121**
Dividend to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(50)**	**(50)**
Total comprehensive income for the period	**–**	**38**	**–**	**13,626**	**13,664**	**34**	**13,698**
Credit to equity of share based payments	**–**	**–**	**–**	**732**	**732**	**–**	**732**
Balance at 30 June 2015	**139,338**	**(13)**	**1,516**	**40,686**	**181,527**	**146**	**181,673**

for the six months ended 30 June 2014

	Stated capital £000	Cash flow hedging reserve £000	Capital reserve £000	Retained earnings £000	Attributable to equity holders of parent £000	Non-controlling interests £000	Total equity £000
Balance at 31 December 2013	138,005	(172)	1,516	9,513	148,862	131	148,993
Shares issued	1,126	–	–	(796)	330	–	330
Dividend to non-controlling interests	–	–	–	–	–	(50)	(50)
Total comprehensive income for the period	–	64	–	6,999	7,063	36	7,099
Credit to equity of share based payments	–	–	–	287	287	–	287
Balance at 30 June 2014	139,131	(108)	1,516	16,003	156,542	117	156,659

for the year ended 31 December 2014

	Stated capital £000	Cash flow hedging reserve £000	Capital reserve £000	Retained earnings £000	Attributable to equity holders of parent £000	Non-controlling interests £000	Total equity £000
Balance at 31 December 2013	138,005	(172)	1,516	9,513	148,862	131	148,993
Shares issued	1,134	–	–	(803)	331	–	331
Dividend to non-controlling interests	–	–	–	–	–	(50)	(50)
Total comprehensive income for the year	–	121	–	17,069	17,190	81	17,271
Credit to equity of share based payments	–	–	–	627	627	–	627
Balance at 31 December 2014	139,139	(51)	1,516	26,406	167,010	162	167,172

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2015

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Cash flows from operating activities			
Profit for the period	**13,660**	7,035	17,150
Adjustments for:			
Depreciation and amortisation	**8,786**	7,336	15,395
Financial income	**(9)**	(26)	(39)
Financial expense	**1,467**	1,734	3,319
Share of profit of associate and joint venture (net of tax)	**(329)**	(701)	(1,147)
Net gain on sale of property, plant and equipment	**(945)**	(647)	(2,779)
Equity settled share based payment expenses	**732**	287	627
Taxation	**3,807**	2,043	4,212
Operating cash flow before changes in working capital and provisions	**27,169**	17,061	36,738
Increase in trade and other receivables	**(11,130)**	(7,485)	(4,708)
Decrease in inventories	**169**	3	71
Increase in trade and other payables	**973**	3,808	9,031
Increase/(decrease) in provisions	**318**	(402)	(537)
Cash generated from operating activities	**17,499**	12,985	40,595
Interest paid	**(839)**	(1,244)	(1,688)
Interest element of finance lease payments	**(331)**	(334)	(694)
Dividend paid to non-controlling interest	**(50)**	(50)	(50)
Income taxes (paid)/received	**(2,501)**	304	(1,171)
Net cash from operating activities	**13,778**	11,661	36,992
Cash flows used in investing activities			
Acquisition of businesses	**–**	(14,293)	(33,429)
Purchase of interest in joint venture	**–**	–	(3,471)
Purchase of property, plant and equipment	**(2,459)**	(4,204)	(11,851)
Loan repayment by joint venture	**100**	–	–
Proceeds from sale of property, plant and equipment	**1,267**	1,129	6,027
Interest received	**9**	26	39
Dividend from associate	**–**	749	1,125
Net cash used in investing activities	**(1,083)**	(16,593)	(41,560)
Cash flows from financing activities			
Proceeds from the issue of shares (net)	**121**	330	331
Proceeds from new loans raised	**–**	–	79,675
Repayment of loans	**(15,000)**	(624)	(71,024)
Repayment of finance lease obligations	**(3,820)**	(2,797)	(6,079)
Purchase of financial instrument – derivative	**(59)**	–	–
Net cash (used in)/from financing activities	**(18,758)**	(3,091)	2,903
Net decrease in cash and cash equivalents	**(6,063)**	(8,023)	(1,665)
Cash and cash equivalents at beginning of period	**15,785**	17,450	17,450
Cash and cash equivalents at end of period	**9,722**	9,427	15,785
Cash and cash equivalents	**9,722**	9,427	15,785
Bank overdraft	**–**	–	–
Cash and cash equivalents at end of period	**9,722**	9,427	15,785

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 Consolidated Financial Statements for the year ended 31 December 2014.

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 2014.

The comparative figures for the financial year ended 31 December 2014 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 (i) was 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.

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, which expires in July 2018.

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 2014 as set out in note 27 of the Annual Report and Accounts for that year.

The principal risks and uncertainties the Group faces are in respect of the following:

- Market conditions
- Competition and margins
- Acquisitions
- Liquidity
- Legal and regulatory
- Health & safety and environment
- People
- IT

Further details of the main risks are set out on pages 20 to 21 of the Group's Annual Report and Accounts for the year ended 31 December 2014. 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 CONDENSED CONSOLIDATED 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.

Income statement	Revenue £000	Six months ended 30 June 2015 EBITDA* £000	Revenue £000	Six months ended 30 June 2014 EBITDA* £000	Revenue £000	Year ended 31 December 2014 EBITDA* £000
England	**84,153**	**16,894**	64,792	10,623	144,949	23,714
Scotland	**76,376**	**13,402**	60,443	9,382	124,708	19,213
Central administration and Group properties	**–**	**(2,976)**	–	(2,248)	–	(4,422)
Group	**160,529**	**27,320**	125,235	17,757	269,657	38,505

*EBITDA represents underlying EBITDA before share of profit from associate and joint venture.

	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Reconciliation to reported profit			
Group profit as above	**27,320**	17,757	38,505
Depreciation	**(8,768)**	(7,317)	(15,357)
Underlying operating profit			
England	**12,581**	7,024	16,022
Scotland	**8,955**	5,664	11,552
Central administration and Group properties	**(2,984)**	(2,248)	(4,426)
	18,552	10,440	23,148
Non-underlying items	**44**	(355)	347
Group operating profit	**18,596**	10,085	23,495
Share of profit of associate and joint venture	**329**	701	1,147
Net financial expense	**(1,458)**	(1,708)	(3,280)
Profit before taxation	**17,467**	9,078	21,362
Taxation	**(3,807)**	(2,043)	(4,212)
Profit for the period	**13,660**	7,035	17,150

5 Non-underlying items

As required by IFRS 3 – Business Combinations, acquisition related 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, the amortisation of acquisition intangible assets and related tax items.

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Included in administrative expenses:			
Redundancy costs	**(115)**	(147)	(455)
Acquisition related costs	**(249)**	(213)	(1,271)
Gain on property disposals	**426**	24	2,085
Net refinancing costs	**–**	–	26
Amortisation of acquisition intangible assets	**(18)**	(19)	(38)
Total non-underlying items (pre-tax)	**44**	(355)	347
Non-underlying taxation	**(63)**	26	100
Total non-underlying items (after-tax)	**(19)**	(329)	447

6 Financial income and expense

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Interest income – bank deposits	**9**	26	39
Financial income	**9**	26	39
Interest expense – bank loans and overdrafts	**(864)**	(1,197)	(2,112)
Amortisation of prepaid bank arrangement fee	**(128)**	(65)	(203)
Interest expense – finance leases	**(331)**	(334)	(694)
Unwinding of discount on provisions	**(144)**	(138)	(310)
Financial expense	**(1,467)**	(1,734)	(3,319)

7 Taxation

The Company is resident in Jersey which has a zero per cent tax rate. The tax charge for the six months ended 30 June 2015 has been based on the estimated effective blended rate applicable for existing operations for the full year. This is based on an effective rate of 20.25 per cent on profits arising in the Group's UK subsidiary undertakings with no tax deduction for expenses arising in Jersey.

Reductions in the UK corporation tax rate from 23 per cent to 21 per cent (effective from 1 April 2014) and 20 per cent (effective from 1 April 2015) were substantially enacted on 2 July 2013. In the Summer Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18 per cent by 2020. This will reduce the Group's future tax change accordingly.

NOTES TO THE CONDENSED CONSOLIDATED 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 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Non-current liabilities			
Secured bank loans	**54,231**	59,583	69,103
Finance lease liabilities	**7,750**	7,624	7,711
	61,981	67,207	76,814
Current liabilities			
Secured overdrafts	**–**	–	–
Current portion of finance lease liabilities	**6,074**	5,194	5,317
	6,074	5,194	5,317

The Group refinanced its bank loans and overdrafts in July 2014. The bank loans and overdrafts carried a rate of interest of 3.0 per cent above LIBOR prior to refinancing. Since July 2014 they have carried a rate of interest of 1.7 per cent above LIBOR and are secured by a floating charge over the assets of the Company and its subsidiary undertakings and have a final repayment date of 11 July 2018.

Net debt

Net debt comprises the following items:

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Cash and cash equivalents	**9,722**	9,427	15,785
Current borrowings	**(6,074)**	(5,194)	(5,317)
Non-current borrowings	**(61,981)**	(67,207)	(76,814)
	(58,333)	(62,974)	(66,346)

9 Earnings per share

The calculation of earnings per share is based on the profit for the period attributable to ordinary shareholders of £13,626,000 (30 June 2014: £6,999,000, 31 December 2014: £17,069,000) and on the weighted average number of ordinary shares in issue during the period of 1,060,836,750 (30 June 2014: 1,008,465,099, 31 December 2014: 1,013,408,839).

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 £13,645,000 (30 June 2014: £7,328,000, 31 December 2014: £16,622,000) and on the weighted average number of ordinary shares in issue during the period as above.

Diluted earnings per ordinary share is based on 1,094,464,951 (30 June 2014: 1,092,019,925, 31 December 2014: 1,090,713,882) shares and reflects the effect of all dilutive potential ordinary shares.

10 Acquisitions

There have been no acquisitions in the period.

Prior year acquisitions

On 1 June 2014, the Group acquired the entire issued share capital of Huntsman's Quarries Limited and on 31 October 2014, the Group acquired the entire issued share capital of Barr Quarries Limited. These transactions have been accounted for as business combinations. Details of the fair value of consideration paid and the net assets acquired, together with the goodwill arising in respect of these business combinations of £7,545,000, are given in note 26 on pages 75 to 77 of the Group's Annual Report and Accounts for the year ended 31 December 2014. There have been no changes in the provisional fair value adjustments in the six months to 30 June 2015.

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 2014. All related party transactions are on an arm's length basis.

12 Stated capital

	Number of Ordinary Shares		
	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Issued ordinary shares at the beginning of the period	**1,022,540,561**	1,006,766,588	1,006,766,588
Issued in connection with:			
Exercise of savings related share options	**723,494**	2,010,804	2,027,313
Vesting of Performance Share Plan awards	**–**	6,979,451	6,979,451
Purchase of Participation Shares	**46,936,068**	–	6,767,209
	1,070,200,123	1,015,756,843	1,022,540,561

During the period, the Company issued 89,478 ordinary shares of no par value at 15.0 pence per share, 619,176 ordinary shares of no par value at 16.62 pence per share, 14,550 ordinary shares of no par value at 37.8 pence per share and 290 ordinary shares of no par value at 41.35 pence per share in connection with the exercise of certain savings related share options.

During the period, the Company issued 46,936,068 ordinary shares of no par value in connection with the purchase of all the remaining Marwyn Participation Shares, details of which are given in note 19 on page 66 of the Group's Annual Report and Accounts for the year ended 31 December 2014.

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.

SHAREHOLDER INFORMATION

REGISTRAR AND TRANSFER OFFICE

The Company's Registrar is Capita Registrars (Jersey) Limited. The address of the Company's Registrar, to which all enquires concerning shareholdings should be addressed, is Capita Asset Services, 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. Lines are open 8.30am to 5.30pm, Mondays to Fridays.

Enquiries from outside the UK should be made to +44 203 728 5000.

Email: ssd@capitaregistrars.com

Website: www.capitaassetservices.com

CONTACT

If you require information regarding Breedon Aggregates, please contact:

BREEDON AGGREGATES

Breedon Quarry
Breedon-on-the-Hill
Derby DE73 8AP
Tel: 01332 694010
Fax: 01332 694445
E-mail: info@breedonaggregates.com
Website: www.breedonaggregates.com

COMPANY SECRETARY

JTC (Jersey) Limited
Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT

REGISTERED OFFICE

Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT

REGISTERED IN JERSEY

Company number 98465

INDEPENDENT AUDITOR

KPMG Channel Islands Limited
PO Box 453
St Helier
Jersey
JE4 8WQ

NOMINATED ADVISER

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

LEGAL ADVISER

Carey Olsen
47 Esplanade
St Helier
Jersey
JE1 0BD

BREEDON AGGREGATES

Breedon Aggregates Limited

Elizabeth House,
9 Castle Street,
St Helier, Jersey JE2 3RT

Email: info@breedonaggregates.com

www.breedonaggregates.com