4 March 2014

Breedon Aggregates Limited

("Breedon Aggregates" or "the Group")

Annual Results 2013

Breedon Aggregates, the UK's largest independent aggregates business, today announces its audited annual results for the year ended 31 December 2013.

	2013	2012	Change
Revenue	**£224.5 million**	£173.5 million	+29.5%
Underlying EBITDA†	**£28.3 million**	£20.2 million	+40.1%
Underlying operating profit†	**£14.6 million**	£8.8 million	+65.4%
Underlying profit before tax†	**£12.4 million**	£5.6 million	+121.4%
Underlying basic EPS†	**1.12 pence**	0.67 pence	+67.2%

† 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 Announcement are defined on this basis.

6.1 million tonnes of aggregates sold (2012: 4.3 million tonnes)

1.4 million tonnes of asphalt sold (2012: 1.2 million tonnes)

620,000 cubic metres of ready-mixed concrete sold (2012: 490,000 cubic metres)

Highlights

- EBITDA margin up full percentage point to 12.6%
- Strong performances in both England and Scotland
- Sales volumes in all products significantly ahead of prior year
- Capital expenditure substantially increased to £13.3m (2012: £8.5m)
- Two transformational acquisitions completed, funded by £61m placing
- Very strong balance sheet: gearing more than halved to 37%
- New Group Finance Director appointed and assumed role on 3 March 2014
- Business positioned for organic and acquisitive growth

Peter Tom, Executive Chairman, commented:

"It is pleasing after several very difficult years to report that our markets at last showed encouraging signs of life in 2013 as the long-awaited economic recovery began to take hold. This helped us to produce a very encouraging financial performance and to make significant progress in developing the business and positioning ourselves to deliver further value for our shareholders in the years ahead.

"We are proud to be the only publicly-quoted British aggregates business in the UK. We have established ourselves in a relatively short period of time as a successful player in a highly competitive market, achieving scale and profitability with a strong balance sheet, whilst delivering sound value for our shareholders.

"Looking ahead, we intend to do more of the same. The year has begun well and the outlook is more encouraging than for some time. We plan to take full advantage of the opportunities ahead and remain confident of making further progress in 2014."

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Note to Editors

Breedon Aggregates is the largest independent aggregates business in the UK after the four global majors. It operates 38 quarries, 22 asphalt plants, 50 ready-mixed concrete plants and two concrete block plants in England and Scotland and employs more than 1,000 people. The Group has strong asset backing, with around 400 million tonnes of mineral reserves and resources in the UK. Breedon Aggregates' strategy is to grow through consolidation of the UK heavyside building materials sector.

Breedon Aggregates Limited
Annual results for the year ended 31 December 2013

Chairman's Statement

It is pleasing after several very difficult years to report that our markets at last showed encouraging signs of life in 2013 as the long-awaited economic recovery began to take hold.

After battling severe headwinds for three years, we finally had the wind behind us for the first time since Breedon Aggregates was formed. This helped us to produce a very encouraging financial performance and to make significant progress in developing the business and positioning ourselves to deliver further value for our shareholders in the years ahead.

Following a bout of severe weather in the first quarter, activity levels picked up in the second quarter and this momentum continued into the second half of the year. Group revenues for the 12 months grew by 29.5% to £224.5 million. Our EBITDA margin improved by a further 1.0 percentage point to 12.6% and we improved underlying profit before tax by 121.4% to £12.4 million. Net debt was cut from more than £74 million to £54 million.

We are often asked by investors and commentators what makes our business so distinctive. The answer is simple: we put our customers first in everything we do. For us, it is personal: whether they are a householder ordering a couple of metres of concrete or a contractor ordering tens of thousands of tonnes of asphalt, we work hard to ensure that our service standards are exactly the same – everywhere; day in, day out.

We aim always to be a trusted and reliable partner. We treat our suppliers with respect and try to put a smile on the faces of all the people we do business with. Our flat structure and collaborative culture ensure that there is minimal distance between the people who run our business and the people who buy our products. Needless to say, we believe the 1,000 or so people who work for Breedon are among the very best in our industry.

Our first and most important obligation to those people is to keep them safe, which is why our health and safety performance is the number one item on every Board meeting agenda. Our record in this area continues to improve and in 2013 we reduced Breedon's Lost Time Incident Frequency Rate by a further 40%, on top of the 50% achieved in the prior year. This was, however, disappointingly short of our target, and we will be working hard towards another 50% improvement in 2014.

Last year we completed our two largest acquisitions to date, Marshalls' quarries in England and Aggregate Industries' operations in northern Scotland, for a total cash consideration of £54 million. This was funded by a £61 million share placing, which testifies to the strong support we receive from our shareholders as we pursue our strategy of consolidating the smaller end of the UK heavyside building materials industry.

Both acquisitions performed well and have added appreciably to the strength of our business both north and south of the border. We expect to finalise agreement with the Competition Commission by the end of April on the remedies required to satisfy their competition concerns in relation to the Scottish acquisition (covered in detail in the Group Chief Executive's Review). I am pleased to say that we anticipate proceeding with the full integration of these operations into our existing business in the second quarter and we expect it to prove an excellent acquisition for us.

We continue to seek out further acquisition opportunities and are routinely in discussion with several parties at any given time, but we reiterate our determination only to purchase assets from which we can extract meaningful value for our shareholders.

In addition to our substantial investment in acquisitions over the last three years, we have also committed significant capital expenditure to increasing and upgrading our capacity, in the form of new plant and equipment, vehicles and facilities across the Group. This means we are now well placed to benefit from the accelerating demand for our products and ensure that we can continue to meet our customers' expectations in what will hopefully continue to be an improving market.

In November, we announced that our Group Finance Director, Ian Peters, had decided to step down from the Board to pursue other interests. We are delighted that he has been succeeded by Rob Wood, who took up his new role on 3 March. Rob, a Chartered Accountant, was formerly Group Financial Controller of Drax Group plc, which owns and operates the Drax Power Station in North Yorkshire. Before that he was Chief Financial Officer, Australia & Asia Pacific, at Hanson PLC.

On behalf of shareholders, I would like to welcome Rob to the Group and thank Ian for the significant contribution he has made to the development of Breedon Aggregates over the past five years.

We are proud to be the only publicly-quoted British aggregates business in the UK. We have established ourselves in a relatively short period of time as a successful player in a highly competitive market, achieving scale and profitability with a strong balance sheet, whilst delivering sound value for our shareholders.

Looking ahead, we intend to do more of the same. The year has begun well and the outlook is more encouraging than for some time. We plan to take full advantage of the opportunities ahead and remain confident of making further progress in 2014.

Peter Tom CBE
Executive Chairman
4 March 2014

Breedon Aggregates Limited
Annual results for the year ended 31 December 2013

Chief Executive's Review

I am delighted to report another successful year for Breedon Aggregates, with further solid progress being made across the business. Undoubtedly the highlight of the year was the acquisition of four of Marshalls' quarries in England and Aggregate Industries' operations in northern Scotland. Following lengthy discussions, these two deals were completed at the end of April and represent a major step forward for the Group. We see significant opportunity to improve both businesses.

The underlying business also performed extremely well during the year and I am particularly pleased that both England and Scotland were ahead of 2012 despite a difficult first quarter. This would not have been possible without the efforts of all our hard-working employees and once again I extend my thanks for their contribution to the Group's success.

Trading Summary
2013 started inauspiciously with cold, wet weather in January and February resulting in sluggish demand from customers and business activity levels at the end of the first quarter were below the previous year. However, from April things started to improve steadily and a strong performance in the second quarter enabled us to make up the lost ground and deliver an improved result at the half-year. Thereafter we saw a continuing increase in confidence and demand, particularly in England.

Breedon's performance in both England and Scotland was extremely pleasing. The recent acquisitions performed in line with expectations and made a meaningful contribution during the year. Headline sales revenue was £224.5 million, 29.5% higher than in 2012 and Group EBITDA of £28.3 million was 40.1% ahead. Our EBITDA margin improved from 11.6% to 12.6%, reflecting the benefit of the acquisitions and continuing control of costs. Excluding acquisitions, sales revenue increased by 15.4% and EBITDA by 13.9% -– a very solid performance. We continued to reduce net debt and at the year-end this stood at £54 million or 1.9x underlying EBITDA. We continue to identify opportunities to improve productivity and reduce costs through selective capital investment.

Sales volumes in all products were significantly ahead of 2012 supported by the acquisitions: aggregates by 43%, asphalt by 15% and concrete by 27%. However, on a like-for-like basis, volumes excluding acquisitions were also ahead: aggregates by 12%, asphalt by 11% and concrete by 11%. These increases are ahead of MPA market figures, where volumes in the main products increased by 4-11% in 2013, reflecting strong demand in our regional areas of operation.

A number of large contracts were supplied during the year, including over 30,000 cubic metres of concrete to Balfour Beatty for the construction of new power lines between Inverness and Perth that are needed to transport electricity from recently-built wind farms in the north of Scotland.

In England, we supplied 170,000 tonnes of aggregates and 11,000 cubic metres of concrete to Laing O'Rourke on the new A453 upgrade connecting junction 24 of the M1 to Nottingham. Housebuilding recovered strongly and a number of developments were supplied in England and Scotland. However, as we have always said, while these jobs are important to us, the vast bulk of our sales go to small local customers with whom we have traded for many years and have close working relationships. Our commercial strategy will always be to supply our core customers first, with larger one-off contracts being supplied only when we have the capacity to do so.

The Chancellor's Autumn Statement in early December confirmed that the recovery in the UK economy is gathering pace and contained some welcome news for our industry. The National Infrastructure Plan ("NIP") announced ahead of the Statement provides a framework for infrastructure investment up to 2030 and beyond. Planned investment is set to increase from £309 billion to over £375 billion over the next few years, with transport and energy the principal beneficiaries. The recovery in the housing market is already well underway and, with underlying demand strong, should continue to improve in 2014/15.

With nationwide demand for our products having fallen by some 35-40% since 2008, it now seems certain that 2012 will turn out to be the low point in the cycle and I believe that we can now look forward to modest increases in volumes over the next few years.

Operating Review

During the year we continued to improve the infrastructure of our business. While we have made great progress over the past few years, our objective is to be the best company in our sector and we still see many areas where we could be better and these will be targeted in 2014.

One of our proudest achievements since creating Breedon three years ago has been the significant progress we have made in reducing accidents and improving safety performance. The key measure of our performance in this area is the Lost Time Incidence Frequency Rate ("LTIFR"), which measures the number of accidents which result in at least one day off work, divided by 200,000 hours. Over the last two years we have managed to reduce our LTIFR by 50% each year and we targeted to do the same in 2013. Having been on track to deliver this up to October, it is disappointing to report that we had a number of accidents in the last two months which meant that we only achieved a reduction of 40%. Despite this, the trend continues in the right direction and we plan to get back on track in the current year with a target of a further 50% reduction.

Following the acquisition of Aggregate Industries' northern Scottish operations at the end of April, the Office of Fair Trading ("OFT") conducted a lengthy review of the transaction and subsequently referred the acquisition to the Competition Commission ("CC"). After publication of the CC's Notice of Provisional Findings and Notice of Final Remedies on 6 February this year, we entered into discussions with them regarding the required remedies which should be agreed by the end of April.

The overall impact of the anticipated remedies is not significant to the value of the acquisition to Breedon and we will seek to expedite any sale process of the assets concerned in order to minimise disruption and secure the future of the small number of employees affected.

Following agreement of final remedies, we will be free to pursue the full integration of the remaining operations with our existing business in Scotland and expect to deliver appreciable synergy benefits in the year to December 2014.

The whole review process took the best part of a year, absorbing a considerable amount of time for our small Head Office team, as well as incurring significant legal costs. This was exacerbated by the significant duplication of effort involved in providing much the same information to the CC as we had already provided to the OFT. Whilst we appreciate the need for the authorities to look carefully at regional and local competition issues, we cannot help feeling that the process is unnecessarily cumbersome, particularly for smaller, acquisitive companies like ours. It is to be hoped that the forthcoming combination of the OFT and CC into the new Competition and Markets Authority will lead to a significant streamlining of the review process.

The review necessitated a pause in our business development programme, but we continue to see plenty of opportunities and expect to make further progress in 2014.

Capital expenditure increased to £13.3 million in 2013 as we approved replacement capital for the new acquisitions and continued to invest in our core business. Both acquisitions had been capital-constrained over the past few years with some mobile and fixed plant requiring immediate attention and some plant being hired as an alternative to replacement.

In Scotland, we approved a new washing plant at Beauly quarry which will enable higher quality products to be produced. We also replaced a mobile crushing plant and authorised the purchase of a mobile asphalt plant. In England, we acquired two new dumpers for Clearwell quarry in Gloucestershire and a dredger for the Astley Moss sand and gravel pit near Manchester. Most of these and other projects will deliver a payback through reduced hire costs or improved productivity. In the core business, we undertook substantial refurbishment projects at Leaton and Cloud Hill quarries and approved a major upgrade at Craigenlow quarry near Aberdeen.

Our previous acquisitions are all performing ahead of expectations. We recently approved a significant investment at Norton Bottoms quarry, which we acquired in 2011, which will increase capacity, allowing us to meet additional demand from customers. This project should be completed during the first quarter of 2014.

We continue to release cash from the sale of surplus assets, with £4.6 million generated during the year. Our largest planned asset disposal is a site at Doseley near Telford, where we have an agreement with Barratt Developments to sell around 30 acres of land for housing on a phased basis. The planning application was approved in July 2013 and the related planning agreements were signed in February 2014; we expect the first tranche of land to be sold to Barratts in 2014.

Ian Peters, who has been Breedon's Finance Director since the business was established in 2008, notified the Board in November of his intention to leave the company to pursue other opportunities. Ian has made an outstanding contribution to Breedon's success and we wish him all the best for the future. Rob Wood was appointed Finance Director with effect from 3 March 2014 and we are delighted to welcome him to Breedon. Rob was formerly Group Financial Controller at Drax Group plc and previously worked at Hanson, where he was known by both Ian and myself. I am sure he will make a great addition to our team.

Business Outlook

For the first time since Breedon was formed we are not starting the year with construction output in the UK forecast to decline. The outlook has improved steadily since the end of the first quarter in 2013, with business confidence increasing and the economic indicators more positive than for some years. We therefore have genuine reasons to be optimistic about the prospects for 2014 and 2015. The year finished very strongly with good weather allowing customers to work through to the final week before Christmas, resulting in our best December for many years. Wet and windy weather in early January delayed the return to work in some areas, but underlying demand is strong and we expect volumes to pick up quickly once the weather improves.

The macroeconomic background for our industry looks better than it has for some years: UK GDP is forecast to grow by 2.7% in 2014 compared to 1.2% in the Eurozone. CPI and RPI are expected to continue to fall, as is unemployment. Recent surveys suggest that business confidence is at its highest level since the start of the recession. The NIP signals an intention by Government to fund improvements in the transport and energy sectors that will have a direct benefit to our industry.

The outlook in England appears to be somewhat better than in Scotland, particularly in the East and West Midlands where manufacturing investment is increasing, supported by local government investment and a buoyant housing market. We expect the improved market conditions to allow some cost recovery through increased pricing, which will make up some of the ground lost during the recession. In Scotland, there are several large projects on the horizon, including the Aberdeen relief road which is currently out for tender and should start towards the end of 2014. However, Government expenditure has not been increased and therefore we are not seeing the same improvement in transport, energy and infrastructure as in England. The independence referendum in September is undoubtedly causing some uncertainty and could be delaying investment decisions.

Following completion of the Lafarge Tarmac merger and the creation of Hope Construction Materials in January last year, the industry in the UK looks more stable than it has for some years and this can only be good for Breedon. The acquisitions made last year have increased the scale of our business and will deliver ongoing benefits. We have an experienced management team and a dedicated workforce. With market conditions looking favourable, we are confident of delivering an improved performance in 2014.

Simon Vivian
Group Chief Executive
4 March 2014

Breedon Aggregates Limited
Annual results for the year ended 31 December 2013

Financial Review

I am pleased to report on the results and financial statements of Breedon Aggregates Limited for the year ended 31 December 2013. During the year we completed two acquisitions: firstly the trade and assets of Aggregate Industries' north of Scotland operations, comprising six quarries, seven ready-mixed concrete plants, four asphalt plants and two concrete products sites; and secondly the trade and assets of four quarries and an option over a further site from Marshalls. The Consolidated Financial Statements therefore incorporate the results from these operations. Total consideration for these two acquisitions was £54.0 million in cash, funded from a £61.0 million equity placing.

Revenue for the year was £224.5 million (2012: £173.5 million). Excluding revenue from acquisitions acquired during the year, revenue would have been £200.2 million (2012: £173.5 million).

Underlying earnings before our share of associated undertakings, interest, tax, depreciation and amortisation ("EBITDA") were £28.3 million (2012: £20.2 million). Of this, EBITDA of £5.3 million was generated by acquisitions. Underlying Group operating profit was £14.6 million (2012: £8.8 million). Underlying results are stated before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items.

Profit after tax for the year was £9.4 million (2012: £5.3 million).

Divisional Performances

The market environment showed a general improvement compared to the previous year, which was adversely affected by very wet weather in April and June. This improvement was more noticeable in England than Scotland.

The size of the business in Scotland has increased significantly with the addition of the acquired operations and the referral of this acquisition to the competition authorities has only allowed for partial integration of these assets; greater benefits from the acquisition are anticipated when the full integration process is completed during 2014.

For the 12 months as a whole, aggregates volumes were up 42.7% at 6.1 million tonnes, with both England and Scotland ahead year-on-year. Excluding acquisitions, the volume of aggregates would have been ahead 11.6%. Asphalt volumes were 14.7% ahead at 1.4 million tonnes, with asphalt volumes ahead in both England (by 14.8%) and Scotland (by 14.5%). Excluding the acquisition, asphalt volumes in Scotland would have been ahead by 3.2%. Ready-mixed concrete volumes grew by 26.5% in the year to 0.6 million cubic metres, assisted by the inclusion of the former Aggregate Industries sites. Excluding the volume from the acquired sites, ready-mixed concrete volumes were ahead 10.8%.

The full-year revenue of £224.5 million represented a 29.5% increase on 2012. Excluding revenue from the acquisitions of £24.3 million, Group revenue would have been 15.4% ahead of the prior year. The underlying EBITDA of £28.3 million was up £8.1 million, or 40.1%, year-on-year. Excluding the contribution from acquisitions, EBITDA was ahead by £2.8 million, or 13.9%, year-on-year.

As a consequence of the partial recovery in the market, careful selection of work, and the higher margins associated with acquired assets, EBITDA margins across the business in England and Scotland were improved year-on-year.

Non-underlying Items

Non-underlying items in the year were a net pre-tax cost of £1.4 million (2012: credit £0.2 million) and comprised acquisition-related costs of £1.3 million and competition authority related costs of £1.1 million; a gain on the sale of property of £0.5 million and the release of a provision for environmental and planning of £0.8 million; and £0.3 million of redundancy costs. In addition, non-underlying items include a tax credit of £1.1 million (2012: £0.9 million) in respect of the agreement of prior year items.

Interest and Tax
Net finance costs in the year totalled £3.6 million (2012: £4.3 million) and included interest on the Group's bank facilities, amortisation of bank arrangement fees and interest on finance leases. The reduction in the levels of borrowings and finance leases had the effect of reducing interest costs in the year.

An underlying tax charge of £2.7 million (2012: £1.4 million) was recorded in the year, resulting in an underlying effective tax rate for the full year of 21.8%, influenced by the effects of the beneficial impact of the reducing UK corporation tax rate, 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 1.08 pence (2012: 0.85 pence), struck after the non-underlying items mentioned above. Underlying basic EPS for the year totalled 1.12 pence (2012: 0.67 pence).

Statement of Financial Position
Net assets at 31 December 2013 were £149.0 million (2012: £79.3 million). The Company issued 290 million ordinary shares during the year in the form of an equity placing in April at 21 pence per share. A further 59 million ordinary shares were issued in exchange for Management and Marwyn Participation shares. The balance of the increase in shares in issue was accounted for by the exercise of share options and the exercise by KBC Bank and Bank of Ireland of the remainder of their holding of warrants at a price of 12 pence per share.

Assets acquired in the year have been valued at fair value as at the date of acquisitionby the Directors, guided by third party valuations where appropriate.

The net assets are underpinned by the mineral, land and building assets of the Group, which at the end of December 2013 had a book value of £122.1 million (2012: £93.8 million).

Cash Flow
Cash generated from operating activities was £24.9 million (2012: £14.5 million).

In addition to delivering short-term earnings growth, we are positioning the Group for the longer term and, as part of that, we are investing in the business, adding acquisitions where these make sense both strategically and financially and investing in plant and equipment. During 2013 we purchased replacement crushing and screening equipment for our mobile crushing train in the west of Scotland, replacement crushing equipment for our Orrock quarry in Fife and a second-hand mobile asphalt plant for our business in Scotland. We also upgraded our asphalt plant at Leaton in Shropshire, acquired a new mineral reserve deposit from Cemex in Fife, acquired five replacement paving machines for our contract surfacing operations and invested in plant and equipment at the newly-acquired sites to bring these operations up to a good standard. During 2013 the Group spent £54.0 million on acquisitions, and recorded a cash spend on capital expenditure projects of £12.5 million.

We raised a net £59.9 million through the issue of shares, which was utilised to fund the acquisitions. A further £4.6 million was raised from the disposal of surplus assets in the Group, which was utilised to reduce the Group's bank debt. The reduction of finance leases totalled £5.0 million, resulting in a net cash inflow for the year of £12.4 million (2012: inflow £7.2 million).

Net debt at 31 December 2013 was £54.4 million (2012: £74.1 million). The ratio of net debt to EBITDA reduced to 1.9x, down from 3.7x at the end of 2012.

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 margin. At 31 December 2013, total undrawn facilities available to the Group amounted to £29.6 million.

The Group's bank facility is subject to covenants which are tested quarterly. These covenants are: Group interest cover, minimum underlying EBITDA and Group cash flow cover. At 31 December 2013, 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 interest rate hedges which mitigate the risk of interest rate rises on the Group's bank loans.

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, for now the main focus of the Group will be on delivering capital growth for shareholders.

Ian Peters
Director
4 March 2014

Breedon Aggregates Limited
Annual results for the year ended 31 December 2013

Consolidated Income Statement
for the year ended 31 December 2013

	2013 Underlying £000	2013 Non-underlying* (note 3) £000	2013 Total £000	2012 Underlying £000	2012 Non-underlying* (note 3) £000	2012 Total £000
Revenue	**224,546**	**-**	**224,546**	173,457	-	173,457
Cost of sales	**(163,808)**	**-**	**(163,808)**	(126,426)	-	(126,426)
Gross profit	**60,738**	**-**	**60,738**	47,031	-	47,031
Distribution expenses	**(30,234)**	**-**	**(30,234)**	(24,031)	-	(24,031)
Administrative expenses	**(15,883)**	**(1,386)**	**(17,269)**	(14,160)	195	(13,965)
Group operating profit	**14,621**	**(1,386)**	**13,235**	8,840	195	9,035
Share of profit of associated undertaking (net of tax)	**1,383**	**-**	**1,383**	1,033	-	1,033
Profit from operations	**16,004**	**(1,386)**	**14,618**	9,873	195	10,068
Financial income	**43**	**-**	**43**	5	-	5
Financial expense	**(3,649)**	**-**	**(3,649)**	(4,279)	-	(4,279)
Profit before taxation	**12,398**	**(1,386)**	**11,012**	5,599	195	5,794
Taxation	**(2,705)**	**1,083**	**(1,622)**	(1,392)	885	(507)
Profit for the year	**9,693**	**(303)**	**9,390**	4,207	1,080	5,287
Attributable to:						
Equity holders of the parent	**9,651**	**(303)**	**9,348**	4,176	1,080	5,256
Non-controlling interests	**42**	**-**	**42**	31	-	31
Profit for the year	**9,693**	**(303)**	**9,390**	4,207	1,080	5,287
Basic earnings per ordinary share	**1.12p**		**1.08p**	0.67p		0.85p
Diluted earnings per ordinary share	**1.02p**		**0.99p**	0.59p		0.75p

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

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

	2013 £000	2012 £000
Profit for the year	**9,390**	5,287
Other comprehensive Income		
Items which may be reclassified subsequently to profit and loss:		
Effective portion of changes in fair value of cash flow hedges	**(1)**	(107)
Taxation on items taken directly to other comprehensive income	**-**	31
Other comprehensive income for the year	**(1)**	(76)
Total comprehensive income for the year	**9,389**	5,211
Total comprehensive income for the year is attributable to:		
Equity holders of the parent	**9,347**	5,180
Non-controlling interests	**42**	31
	9,389	5,211

Consolidated Statement of Financial Position
at 31 December 2013

	2013 £000	2012 £000
Non-current assets		
Property, plant and equipment	**183,542**	144,895
Intangible assets	**15,076**	2,295
Investment in associated undertakings	**1,332**	887
Total non-current assets	**199,950**	148,077
Current assets		
Inventories	**11,231**	8,048
Trade and other receivables	**49,233**	36,451
Cash and cash equivalents	**17,450**	5,048
Total current assets	**77,914**	49,547
Total assets	**277,864**	197,624
Current liabilities		
Interest-bearing loans and borrowings	**(4,330)**	(4,816)
Trade and other payables	**(43,400)**	(31,035)
Current tax payable	**(215)**	-
Provisions	**(103)**	(123)
Total current liabilities	**(48,048)**	(35,974)
Non-current liabilities		
Interest-bearing loans and borrowings	**(67,534)**	(74,290)
Provisions	**(9,316)**	(6,471)
Deferred tax liabilities	**(3,973)**	(1,540)
Total non-current liabilities	**(80,823)**	(82,301)
Total liabilities	**(128,871)**	(118,275)
Net assets	**148,993**	79,349
Equity attributable to equity holders of the parent		
Stated Capital	**138,005**	77,586
Cash flow hedging reserve	**(172)**	(171)
Capital reserve	**1,516**	1,945
Retained earnings	**9,513**	(150)
Total equity attributable to equity holders of the parent	**148,862**	79,210
Non-controlling interests	**131**	139
Total equity	**148,993**	79,349

Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

	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 2012	62,715	(95)	2,069	(5,765)	58,924	108	59,032
Shares issued	15,477	-	(124)	-	15,353	-	15,353
Expenses of share issue	(606)	-	-	-	(606)	-	(606)
Total comprehensive income for the year	-	(76)	-	5,256	5,180	31	5,211
Credit to equity of share based payments	-	-	-	359	359	-	359
Balance at 31 December 2012	77,586	(171)	1,945	(150)	79,210	139	79,349
Shares issued	62,699	-	(429)	(63)	62,207	-	62,207
Expenses of share issue	(2,280)			-	(2,280)		(2,280)
Dividend to non-controlling interest	-	-	-	-	-	(50)	(50)
Total comprehensive income for the year	-	(1)	-	9,348	9,347	42	9,389
Credit to equity of share based payments	-	-	-	378	378	-	378
Balance at 31 December 2013	**138,005**	**(172)**	**1,516**	**9,513**	**148,862**	**131**	**148,993**

Consolidated Cash Flow Statement
for the year ended 31 December 2013

	2013 £000	2012 £000
Cash flows from operating activities		
Profit for the year	**9,390**	5,287
Adjustments for:		
Depreciation and amortisation	**13,679**	11,390
Financial income	**(43)**	(5)
Financial expense	**3,649**	4,279
Share of profit of associated undertaking (net of tax)	**(1,383)**	(1,033)
Net gain on sale of property, plant and equipment	**(1,647)**	(1,084)
Equity settled share based payment expenses	**378**	359
Taxation	**1,622**	507
Operating cash flow before changes in working capital and provisions	**25,645**	19,700
Increase in trade and other receivables	**(12,478)**	(1,421)
Decrease in inventories	**309**	111
Increase/(decrease) in trade and other payables	**12,479**	(2,982)
Decrease in provisions	**(1,020)**	(910)
Cash generated from operating activities	**24,935**	14,498
Interest paid	**(2,476)**	(2,668)
Interest element of finance lease payments	**(939)**	(1,207)
Dividend paid to non-controlling interest	**(50)**	-
Income taxes paid	**-**	-
Net cash from operating activities	**21,470**	10,623
Cash flows used in investing activities		
Acquisition of businesses	**(53,990)**	(1,546)
Purchase of property, plant and equipment	**(12,542)**	(7,323)
Proceeds on sale of property, plant and equipment	**4,644**	6,204
Interest received	**43**	5
Dividend from associated undertaking	**938**	938
Net cash used in investing activities	**(60,907)**	(1,722)
Cash flows from financing activities		
Proceeds from the issue of shares (net)	**59,927**	14,747
Proceeds from new loans raised	**-**	1,900
Repayment of loans	**(3,089)**	(11,789)
Repayment of finance lease obligations	**(4,999)**	(6,285)
Purchase of financial instrument - derivative	**-**	(232)
Net cash from/(used in) financing activities	**51,839**	(1,659)
Net increase in cash and cash equivalents	**12,402**	7,242
Cash and cash equivalents at 1 January	**5,048**	(2,194)
Cash and cash equivalents at 31 December	**17,450**	5,048
Cash and cash equivalents	**17,450**	5,048
Bank overdraft	**-**	-
Cash and cash equivalents at 31 December	**17,450**	5,048

Notes to the financial statements

1 Basis of preparation

Breedon Aggregates Limited is a company domiciled in Jersey.

This financial information (see note 9) consolidates the results of the Company and its subsidiary undertakings and equity accounts for the Group's interest in associated undertakings (collectively the "Group").

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

New IFRS standards and interpretations adopted during 2013

In 2013, the following standards and amendments have been endorsed by the EU, became effective and therefore were adopted by the Group:

- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 – Fair Value Measurement
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

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 additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the Group:

Effective date 1 January 2014
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IAS 36 – Impairments of Assets
- Amendments to IFRS 2 – Share Based Payments
- Amendments to IFRS 3 – Business Combinations

The Group does not anticipate that the adoption of the above standards and amendments 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", 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.

2 Segmental analysis *(continued)*

	2013		2012	
Income statement	**Revenue £000**	**EBITDA* £000**	Revenue £000	EBITDA* £000
England	**114,886**	**15,760**	91,278	11,562
Scotland	**109,660**	**15,868**	82,179	11,345
Central administration and Group properties	**-**	**(3,361)**	-	(2,724)
Group	**224,546**	**28,267**	173,457	20,183

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

	£000	£000
Reconciliation to reported profit		
Group profit as above	**28,267**	20,183
Depreciation	**(13,646)**	(11,343)
Underlying Operating Profit		
England	**8,969**	6,021
Scotland	**9,013**	5,548
Central administration and Group properties	**(3,361)**	(2,729)
	14,621	8,840
Non-underlying items (note 3)	**(1,386)**	195
Group operating profit	**13,235**	9,035
Share of profit of associated undertaking	**1,383**	1,033
Net financial expense	**(3,606)**	(4,274)
Profit before taxation	**11,012**	5,794
Taxation	**(1,622)**	(507)
Profit for the year	**9,390**	5,287

	2013		2012	
Statement of Financial Position	**Total assets £000**	**Total liabilities £000**	Total assets £000	Total liabilities £000
England	**124,482**	**(24,150)**	101,788	(17,707)
Scotland	**127,850**	**(23,322)**	82,837	(15,570)
Central administration and Group properties	**7,777**	**(5,347)**	7,951	(4,352)
Total operations	**260,109**	**(52,819)**	192,576	(37,629)
Current tax	**305**	**(215)**		
Deferred tax	**-**	**(3,973)**	-	(1,540)
Net debt	**17,450**	**(71,864)**	5,048	(79,106)
Total Group	**277,864**	**(128,871)**	197,624	(118,275)
Net assets		**148,993**		79,349

Scotland total assets include £1,332,000 (2012: £887,000) in respect of investments in associated undertakings.

2 Segmental analysis *(continued)*

Analysis of depletion, depreciation, amortisation and capital expenditure

	Mineral depletion	Depreciation	Amortisation of intangible assets	Additions to property, plant and equipment
	£000	£000	£000	£000
2013				
England	**2,375**	**4,416**	**2**	**5,865**
Scotland	**891**	**5,964**	**31**	**7,423**
Central administration and Group properties	**-**	**-**	**-**	**-**
Total	**3,266**	**10,380**	**33**	**13,288**
2012				
England	1,350	4,191	2	5,861
Scotland	802	4,995	45	2,618
Central administration and Group properties	-	5	-	-
Total	2,152	9,191	47	8,479

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, the amortisation of acquisition intangible assets and related tax items.

	2013	2012
	£000	£000
Included in administrative expenses:		
Redundancy costs	**(275)**	(382)
Acquisition costs	**(1,251)**	(168)
Competition authority referral	**(1,148)**	-
Gain on property disposals	**524**	153
Release of provision for environmental and planning	**797**	639
Amortisation of other intangible assets	**(33)**	(47)
Total non-underlying items (pre-tax)	**(1,386)**	195
Non-underlying taxation	**1,083**	885
Total non-underlying items (after tax)	**(303)**	1,080

The 2013 and 2012 credit in respect of non-underlying taxation principally comprises adjustments in respect of the agreement of prior year items.

4 Financial income and expense

	2013	2012
	£000	£000
Interest income – bank deposits	**22**	5
Interest income – other	**21**	-
Financial income	**43**	5
Interest expense – bank loans and overdrafts	**(2,315)**	(2,778)
Amortisation of prepaid bank arrangement fee	**(129)**	(128)
Interest expense – other	**(18)**	-
Interest expense – finance leases	**(939)**	(1,207)
Unwinding of discount on provisions	**(248)**	(166)
Financial expense	**(3,649)**	(4,279)

Notes to the financial statements *(continued)*

5 Taxation

Recognised in the Consolidated Income Statement

	2013 £000	2012 £000
Current tax expense	**215**	-
Adjustment in respect of prior years	**(305)**	-
Total current tax	**(90)**	-
Deferred tax expense		
Origination and reversal of temporary differences		
Current year	**2,579**	1,435
Prior year	**(867)**	(928)
Total deferred tax	**1,712**	507
Total tax charge in the Consolidated Income Statement	**1,622**	507

Taxation on items taken directly to Other Comprehensive Income

	2013 £000	2012 £000
Deferred tax expense		
Relating to cash flow hedges	**-**	(31)

Reconciliation of effective tax rate

	2013 £000	2012 £000
Profit before taxation	**11,012**	5,794
Tax at the Company's domestic rate of 0%*	**-**	-
Effect of tax in UK at UK rate*	**2,814**	1,664
Expenses not deductible for tax purposes	**814**	122
Income from associate already taxed	**(321)**	(253)
Effect of change in rate	**(513)**	(98)
Adjustment in respect of prior years	**(1,172)**	(928)
Tax charge	**1,622**	507

* 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 23.25% (2012: 24.5%).

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

6 Interest-bearing loans and borrowings

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

	2013 £000	2012 £000
Non-current liabilities		
Secured bank loans	**59,833**	62,822
Finance lease liabilities	**7,701**	11,468
	67,534	74,290
Current liabilities		
Secured overdrafts	**-**	-
Current portion of finance lease liabilities	**4,330**	4,816
	4,330	4,816

Notes to the financial statements *(continued)*

6 Interest-bearing loans and borrowings (continued)

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 5 September 2015.

Net debt

Net debt comprises the following items:

	2013 **£000**	2012 £000
Cash and cash equivalents	**17,450**	5,048
Current borrowings	**(4,330)**	(4,816)
Non-current borrowings	**(67,534)**	(74,290)
	(54,414)	(74,058)

7 Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to ordinary shareholders of £9,348,000 (2012: £5,256,000) and on the weighted average number of ordinary shares in issue during the year of 865,119,988 (2012: 619,801,185)

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 £9,651,000 (2012: £4,176,000) and on the weighted average number of ordinary shares in issue during the year as above.

Diluted earnings per ordinary share is based on 944,453,198 (2012: 704,182,150) shares and reflects the effect of all dilutive potential ordinary shares.

8 Acquisitions

Marshalls quarrying assets

On 30 April 2013, the Group acquired certain trade and quarrying assets from Marshalls Mono Limited. 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 business combination, are as follows:

	Book Value £'000	Fair Value adjustments £'000	Fair value on acquisition £'000
Mineral reserves and resources	10,147	(117)	10,030
Land and buildings	289	100	389
Plant and equipment	2,810	1,282	4,092
Inventories	1,534	(771)	763
Provisions – Restoration	(2,088)	-	(2,088)
Deferred tax liabilities	-	(253)	(253)
Total	12,692	241	12,933
Consideration - Cash			19,392
Goodwill arising			6,459

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;
- deferred tax balances.

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

8 Acquisitions *(continued)*

The Group incurred acquisition related costs of £171,000 relating principally to external professional fees and due diligence costs which have been included as non-underlying administrative costs.

During the year, this business has contributed revenues of £7,696,000 and underlying EBITDA of £1,681,000 to the Group's results.

Scottish trade and assets

On 30 April 2013, the Group acquired certain Scottish trade and assets from Aggregate Industries UK Limited. 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 business combination, are as follows:

	Book Value £'000	Fair Value adjustments £'000	Fair value on acquisition £'000
Mineral reserves and resources	15,925	(425)	15,500
Land and buildings	4,810	2,054	6,864
Plant and equipment	5,300	(173)	5,127
Intangibles	-	305	305
Inventories	3,333	(604)	2,729
Provisions – Restoration	(1,509)	-	(1,509)
Deferred tax liabilities	-	(468)	(468)
Total	27,859	689	28,548
Consideration - Cash			34,598
Goodwill arising			6,050

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;
- intangibles to reflect fair value;
- inventories to reflect fair/net realisable value;
- 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 £319,000 relating principally to external professional fees and due diligence costs which have been included as non-underlying administrative costs.

During the year, this business has contributed revenues of £16,585,000 and underlying EBITDA of £3,660,000 to the Group's results.

If both this acquisition and the acquisition of Marshalls quarrying assets had occurred on 1 January 2013, the results of the Group would have shown revenue of £234,780,000, underlying EBITDA, before share of associated undertaking, of £30,442,000 and underlying operating profit for the year of £15,636,000.

Cash flow effect

The cash flow effect of the above two acquisitions, excluding acquisition costs, can be summarised as follows:

	£'000
Marshalls quarrying assets	19,392
Scottish trade and assets	34,598
	53,990

8 Acquisitions *(continued)*

Prior year acquisitions

On 16 January 2012, the Group acquired the entire issued share capital of Nottingham Ready Mix Limited and on 16 July 2012, the Group acquired the trade and assets of Speyside Sand & Gravel Quarries Limited (comprising Rothes Glen quarry). These transactions have been accounted for as acquisitions.

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

	Book value £000	Fair value adjustments £000	Fair value on acquisition £000
Mineral reserves and resources	500	(21)	479
Land and building	12	-	12
Plant and equipment	260	144	404
Inventories	136	22	158
Trade and other receivables	465	(7)	458
Cash	19	-	19
Trade and other current payables	(577)	(48)	(625)
Other interest bearing loans – current liabilities	(29)	-	(29)
Deferred tax liabilities	-	(5)	(5)
Total	786	85	871
Consideration - Cash			1,565
Goodwill arising			694

The 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 receivables to reflect recoverable amounts;
- trade and other current payables to reflect contractual liabilities;

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 £64,000 relating principally to external professional fees and due diligence costs which have been included as non-underlying administrative expenses.

During the prior year, these businesses have contributed revenues of £3,067,000 and underlying EBITDA of £322,000 to the Group's results. If these acquisitions had occurred on 1 January 2012, the prior year results of the Group would have shown revenue of £173,727,000, underlying EBITDA, before share of profit of associated undertaking, of £20,211,000 and underlying operating profit for the year of £8,863,000.

Cash flow effect

The net consideration shown in the prior year Consolidated Statement of Cash Flows of £1,546,000 in respect of these acquisitions comprises the cash consideration paid of £1,565,000 net of the cash acquired of £19,000.

Notes to the financial statements *(continued)*

9 Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012 but is derived from those accounts. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 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 19 March 2014 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 Announcement of results for the year ended 31 December 2013 was approved by the Directors on 4 March 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.