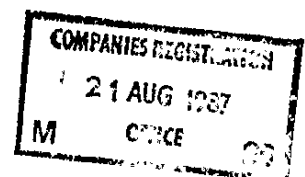


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TARMAC ROADSTONE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1986



TARMAC ROADSTONE LIMITEDDIRECTORS' REPORT

The directors submit herewith their annual report to the members, together with the accounts, for the year ended 31st December 1986.

Business review

The company acts as a manager in respect of certain of the activities of its parent company, Tarmac Roadstone Holdings Limited. The company has neither received income nor incurred expenditure in respect of its management activities during the year ended 31st December 1986.

In addition the company is the United Kingdom holding company of Tarmac Roadstone Australia (Pty.) Limited.

Directors

The directors serving during the year were:

D.T. Carr
 J. Mawdsley
 B.D. Andrews
 G.F. Cliffe
 J. Cook
 L.C. Faulkner
 E.R. Kendall
 C. Novotny
 P.B. Rothwell
 A.J. Rush
 J.D. Sims
 A. Rahilly (Appointed 6th May 1986)
 J.J.T.H. Graves (Appointed 2nd February 1987)
 A. Kirk (Resigned 30th April 1986)
 R.H.R. Kettle (Resigned 29th May 1986)
 C. Robinson (Resigned 31st December 1986)
 T.H. Mason (Resigned 2nd February 1987)

Directors' interests

The directors, (other than those whose interests are disclosed in the accounts of the parent or holding companies), had the following interests in the share and loan capital, including share options, of Tarmac PLC:

	<u>Ordinary shares of 50p each</u>			
	<u>1st January 1986</u>		<u>31st December 1986</u>	
	<u>or date of appointment</u>			
	<u>Interest</u>	<u>Share options</u>	<u>Interest</u>	<u>Share options</u>
B.D. Andrews	-	32,600	8,000	34,600
J. Cook	4,400	34,416	4,400	41,416
L.C. Faulkner	-	22,000	-	29,000
E.R. Kendall	-	32,600	-	34,600
G.F. Cliffe	-	26,600	-	28,600
A.J. Rush	200	31,696	200	33,696
J.D. Sims	-	20,000	-	36,724
A. Rahilly	-	23,654	-	34,343

TARMAC ROADSTONE LIMITEDDIRECTORS' REPORT
(continued)Directors' interests (continued)

No director has any beneficial interest in the share or loan capital of any subsidiary of Tarmac PLC.

Auditors

In accordance with Section 384(1) of the Companies Act 1985, a resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

9th February 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF

TARMAC ROADSTONE LIMITED

We have audited the accounts on pages 4 to 6 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1986 and of the result for the year to that date and comply with the Companies Act 1985.

Paul Marshall Mitchell

Chartered Accountants

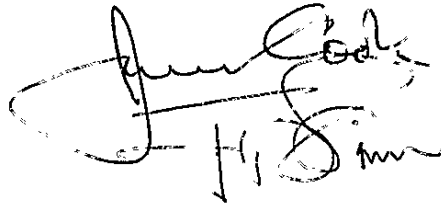
Birmingham

9th February 1987

TARMAC ROADSTONE LIMITEDBALANCE SHEETAT 31st DECEMBER 1986

	<u>Note</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
FIXED ASSETS			
Investments	2	61,047	61,047
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	3	(23,051)	(23,051)
NET ASSETS		<u>37,996</u>	<u>37,996</u>
CAPITAL AND RESERVES			
Called up share capital	4	2,002	2,002
Profit and loss account		35,994	35,994
		<u>37,996</u>	<u>37,996</u>

These accounts were approved by the board of directors on 9th February 1987.



)
) DIRECTORS
)

TARMAC ROADSTONE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 19861. Profit on ordinary activities before taxation

The company acts as a manager in respect of certain of the activities of its parent company, Tarmac Roadstone Holdings Limited. The company has neither received income nor incurred expenditure in respect of its management activities during the year ended 31st December 1986.

In addition the company is the United Kingdom holding company of Tarmac Roadstone Australia (Pty.) Limited.

2. Investments

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Shares at cost in subsidiary company	<u>61,047</u>	<u>61,047</u>

The company owns the whole of the allotted ordinary share capital of Tarmac Roadstone Australia (Pty.) Limited, a company incorporated in Australia.

In the opinion of the directors the value of the investment in the subsidiary company at 31st December 1986 is not less than the amount at which it is stated in the balance sheet.

Tarmac Roadstone Limited is a wholly owned subsidiary of Tarmac Roadstone Holdings Limited, a company incorporated in Great Britain, and accordingly consolidated accounts have not been prepared.

3. Creditors: Amounts falling due after more than one year

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Amount due to parent company	<u>23,051</u>	<u>23,051</u>

4. Share capital

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Authorised: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid: 2,002 ordinary shares of £1 each	<u>2,002</u>	<u>2,002</u>

TARMAC ROADSTONE LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1986
(continued)

5. Charges

A first floating charge has been created on the assets and undertaking of the company as collateral security for the issue of the following debenture stocks by Tarmac PLC:

£1,823,777	7½% 1987/92
£1,131,543	6½% 1989/94
£ 563,465	6½% 1989/94
£1,450,018	7½% 1992/97

6. Ultimate holding company

The company's ultimate holding company is Tarmac PLC, incorporated in Great Britain.