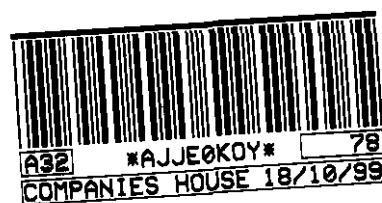


Registered in England
No 2298572

BARDON INVESTMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1998



BARDON INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited accounts for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is an investment company. The results for the year are shown in the profit and loss account on page 4. During the year, the company acquired the whole of the share capital of another group company, Ronez Limited, for £70 million.

DIVIDEND

An interim ordinary dividend of £2,000,000 was paid.

DIRECTORS AND DIRECTORS' INTERESTS IN SHARES

The directors who served during the year were as follows:

G Thompson	
T N Grimes	(resigned 19.3.98)
R H Collins	(appointed 19.3.98, resigned 3.7.98)
Alpha Directors Limited	(appointed 3.7.98)

None of the directors has any interest in the share capital of the Company.

At 31 December 1998 the interests of the directors in the share capital of the holding company Aggregate Industries plc were:

	Ordinary 25p Shares		Options to subscribe for ordinary Shares	
	31/12/1998	31/12/1997	31/12/1998	31/12/1997
G Thompson	-	-	319,803	396,175

By order of the Board



A Nash
Secretary

9 March 1999

BARDON INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors confirm that they have:

- i) selected accounting policies which they consider to be suitable and have applied them consistently;
- ii) made judgements and estimates that are reasonable and prudent;
- iii) followed applicable accounting standards; and
- iv) prepared the accounts on the going concern basis.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Company Act 1985. They have general responsibility for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BARDON INVESTMENTS LIMITED

REPORT OF THE AUDITORS

To The Members Of Bardon Investments Limited

We have audited the accounts on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
BIRMINGHAM
9 March 1999

BARDON INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £000	1997 £000
Amounts written off investments		-	(1,442)
Other operating income	3	16	27
Group dividend income		14,979	-
External interest receivable		6	-
Group interest receivable		15,161	11,413
Group interest payable		(6,142)	(4,030)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,020	5,968
Taxation	4	(4,764)	(2,350)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7	19,256	3,618
Ordinary dividend		(2,000)	(3,000)
RETAINED PROFIT FOR THE YEAR		17,256	618

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company amounting to £19,256,000 in the year ended 31 December 1998 (1997: £3,618,000).

HISTORICAL COST PROFITS AND LOSSES

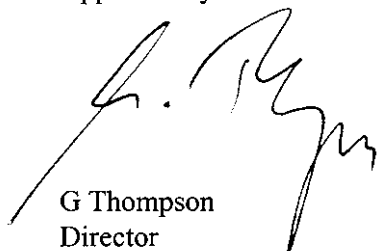
There is no difference between the results as disclosed and the results calculated on an unmodified historical cost basis.

BARDON INVESTMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Investments	5	70,000	-
CURRENT ASSETS			
Prepayments and accrued income		2,381	2,863
Amounts due from parent company		72,678	9,100
Amounts due from fellow subsidiary undertakings		84,525	58,669
Cash at bank		1,133	139
		<u>160,717</u>	<u>70,771</u>
CREDITORS – amounts falling due within one year			
Amounts due to fellow subsidiary undertakings		(70,000)	-
Taxation		(5,160)	(2,470)
NET CURRENT ASSETS		<u>85,557</u>	<u>68,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>155,557</u>	<u>68,301</u>
CAPITAL AND RESERVES			
Called up share capital	6	102,643	67,643
Share premium account	7	35,000	-
Profit and loss account	7	17,914	658
	7	<u>155,557</u>	<u>68,301</u>

Approved by the Board on 9 March 1999


 G Thompson
 Director

BARDON INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 1998

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and comply with all applicable UK accounting standards.

In accordance with section 228(2) of the Companies Act 1985 consolidated accounts have not been prepared as the company is itself a wholly owned subsidiary undertaking of another body corporate. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

(b) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the time. Assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

(c) Deferred Taxation

Deferred taxation is provided in respect of liabilities expected to arise in the foreseeable future.

2. DIRECTORS AND EMPLOYEES

The directors have received no emoluments during the year and no staff are employed by the company.

3. OTHER OPERATING INCOME

	1998 £000	1997 £000
Foreign exchange gain	16	27

The company has a number of exchange rate swap agreements with its parent company for a total notional liability of US\$75,000,000. The agreements mature over a 4 year period which began in September 1998.

Exchange gains or losses on these agreements are offset against exchange gains or losses on the company's intra group loans denominated in US dollars.

4. TAXATION

	1998 £000	1997 £000
Corporation tax on profits for the year	4,770	2,350
Prior year adjustments	(6)	-
	4,764	2,350

BARDON INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. FIXED ASSET INVESTMENTS

	Unlisted investment £000	Subsidiary undertakings £000
Cost		
At 1 January 1998	13,867	-
Additions	-	70,000
At 31 December 1998	13,867	70,000
Provision for diminution in value:		
At 1 January 1998 and 31 December 1998	13,867	-
Net book value:		
At 1 January 1998	-	-
At 31 December 1998	-	70,000

The unlisted investment represents 32.5% of the issued share capital of EIP Group plc (in liquidation).

The subsidiary undertaking, which is wholly owned, is Ronez Limited which is registered in Jersey. The principal activities of Ronez Limited are quarrying, manufacture of coated stone and ready mixed concrete.

In the opinion of the Directors, the value of the investments in subsidiary and related undertakings is not less than the amount at which they are included in the company's balance sheet.

6. SHARE CAPITAL

	Authorised number	Issued and fully paid £000
Ordinary Shares of £1 each		
At 1 January 1998	70,000,000	67,643
Authorised and issued during the year	70,000,000	35,000
At 31 December 1998	140,000,000	102,643

BARDON INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

7. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Share Capital £000	Share Premium £000	Profit and Loss Account £000	1998 Total Share- holders Funds £000	1997 Total Share- holders Funds £000
At 1 January	67,643	-	658	68,301	67,683
Issue of shares	35,000	35,000	-	70,000	-
Profit for the year	-	-	19,256	19,256	3,618
Dividend Paid	-	-	(2,000)	(2,000)	(3,000)
At 31 December	<u>102,643</u>	<u>35,000</u>	<u>17,914</u>	<u>155,557</u>	<u>68,301</u>

8. ULTIMATE PARENT COMPANY

The ultimate parent company is Aggregate Industries plc, which is incorporated in Great Britain. Copies of the accounts of Aggregate Industries plc are available from the Company Secretary, Aggregate Industries plc, Bardon Hall, Copt Oak Road, Markfield, Leicestershire LE67 9PJ.