

**Embargoed Until
7.00 am on Tuesday 18 March 2003**

HILL & SMITH HOLDINGS PLC
**PRELIMINARY RESULTS FOR THE YEAR ENDED
31 DECEMBER 2002**

**HIGHER PROFITS AND DIVIDENDS,
REDUCED BORROWINGS**

Hill & Smith Holdings PLC ('Hill & Smith' or 'the Group') has announced substantially increased profits, a higher dividend and a significant reduction in Group borrowings.

The Group has reported that profit before taxation increased to £6.5m compared with the previous year's £1.6m, calculated on an annualised pro rata basis from the prior 15 month period. On a similar basis, Group turnover increased by 10.0 per cent to £212.7m.

Operating profit before exceptional items and goodwill amortisation rose by 11.6 per cent to £14.0m compared with the prior period annualised equivalent of £12.6m.

The Board is recommending a final dividend of 2.4p a share, which means that the total dividends for the year will have effectively risen on an annualised basis by 3.2 per cent to 4.5p.

Earnings per share before exceptional items and goodwill amortisation rose to 11.79p, an increase of 22.7 per cent compared with the previous period's annualised figure.

Highlights

	Year Ended 31 December 2002	Pro rata Year Ended 31 December 2001	15 Months Ended 31 December 2001
* Turnover	£212.7m	£193.5m	£241.8m
* Operating profit+	£14.0m	£12.6m	£15.7m
* Profit before taxation+	£10.0m	£8.1m	£10.1m
* Profit before taxation†	£6.5m	£1.59m	£1.99m
* Earnings per share+	11.79p	9.61p	12.01p
* Dividends	4.50p	4.36p	5.45p
* Net borrowings	£44.9m	£52.1m	£52.1m

+ before exceptional items and goodwill amortisation

† FRS3

The previous accounting period was one of 15 months ended 31 December 2001, as a result of the change during that period to a 31 December financial year end. Comparative figures above are stated both for the 15 month prior period and an annualised pro rata equivalent of 12 months.

Chairman's Statement

General

I am pleased to report another year of solid progress in 2002. Turnover at £212.7m was 10.0% ahead of the previous twelve months (annualised pro rata for the fifteen month accounting period to December 2001). More importantly, operating profit before exceptional items and goodwill amortisation rose to £14.0m representing an annualised year on year improvement of 11.6%. There was also a substantial 24.2% improvement in profit before exceptional items, goodwill amortisation and tax to £10.0m against the annualised figure for the fifteen month period to December 2001. The reduction in debt levels over the last two years resulted in interest charges of £4.0m compared with £4.5m annualised for the twelve month period to December 2001.

Adjusted earnings per share of 11.79p for the year (9.61p annualised for the fifteen months to December 2001) represent an improvement of 22.7% year on year.

Borrowings at December 2002 were £44.9m, representing a £7.2m reduction during the year. This has been achieved against the background of a continued programme of capital investment, mainly targeted at our core growth businesses. Also, two significant acquisitions were made by the Infrastructure Products Group during the year, namely Mallatite Limited and the trade and assets of Brifen Limited.

The Group's stated strategy remains focussed on investing both organically and by selective acquisitions into the building and construction sectors and divesting itself of non-core activities wherever possible, details of which are given in the Operating and Financial Reviews.

Dividends

The Board is recommending an increase in our dividend payments with a final dividend of 2.4p, making a total for the year of 4.5p (2001: 5.45p for fifteen months), compared to an annualised figure of 4.36p in the previous period.

Progress

Since the Board changes in 1998 substantial progress has been made in terms of shareholder value. Adjusted earnings per share have increased by 240.8% to 11.79p (1998: 3.46p). Dividends, which were held at 4.2p between 1997 and 2000 because of the lack of dividend cover, were increased by 3.8% in 2001 and 3.2% in 2002. Dividend cover has improved each year since 1998 when it was uncovered by earnings, so that in 2002 the dividend is covered 2.6 times.

Employees

I would like to thank all our employees for their support and efforts during 2002. As I have said before, they are indeed our most valuable asset.

Outlook

We are continuing to benefit from growing demand in the infrastructure and construction markets, particularly as a result of the increased public expenditure. The current trading period has started in line with our expectations and if market conditions remain stable I look forward to another satisfactory performance this year.

David Winterbottom

Chairman

18 March 2003

Operational Review

The operating management team has delivered a robust financial performance in 2002 by implementing the clearly defined strategy of focussing on construction, building and transport infrastructure products where we continue to identify opportunities for growth and cross-selling on major construction projects, particularly in the United Kingdom.

Building and Construction Products

Substantial progress was made during the year in our core Building and Construction Products activities with sales of £162.7m and operating profits of £13.3m, representing a return on sales of 8.2% compared with 7.2% in 2001. On an annualised basis adjusted operating profits in 2002 were 31.6% ahead of the comparable figure for 2001.

The Infrastructure Products Group (“IPG”) trades individually under various brand names – Hill & Smith (vehicle restraint systems), Berry Systems (off road highway safety barriers), Brifen (wire rope vehicle restraint systems), Varley & Gulliver (bridge parapet railings and gantries), Varioguard (temporary highway safety barriers), Barkers (security fencing), Weholite (flood water storage tanks), Mallatite (street lighting columns). This business is continuing to expand both organically and by acquisition in the safety and security products market supplying the construction industry. Demand for these products was very buoyant in 2002 resulting from increased public expenditure in the transport network in the UK.

A major safety barrier contract was completed on the M2/A2 during the year and a wire rope restraint system was supplied on the new Silverstone by-pass (A43). Further investment was committed to our Varioguard rental fleet in order to supply a major project on the M8 in Scotland and the A12 at Brentford.

Two strategic acquisitions were completed during the year, which further enhance IPG’s product portfolio. In July we acquired the wire rope safety restraint business of Brifen. This patented system is the market leader in the UK and the product is licensed to many countries around the world. Brifen has been relocated into one of our existing manufacturing facilities, thus eliminating duplicated overheads and has been speedily integrated into IPG. We intend to expand the number of overseas licensees and we have recently entered into a new licence agreement in the USA, which further extends the worldwide application for the Brifen system.

Our strategic intention to enter the lighting column market was successfully concluded in August with the acquisition of Mallatite Limited. This business is an excellent fit with the IPG portfolio and is well positioned to take advantage of the increased spending on lighting columns over the next few years.

The Joseph Ash galvanising business performed well during the year despite having to absorb a 70% increase in insurance premiums. A record performance was achieved by the Bilston plant, although a few problems were experienced at two of our smaller locations due to falling demand patterns and competitive pressures. We continue to invest in our facilities across the UK in order to enhance our reputation for delivery, service and quality.

Ash & Lacy Building Systems achieved a much improved performance in 2002 and clearly the rationalisation measures and management changes in 2001 have created a solid base for the future. We have identified a number of products which can be supplied to our current customer portfolio and the management is clearly focussed on organic growth in 2003. The majority of our products supply the commercial roofing market where growth is continuing albeit against the usual competitive pressures.

The industrial flooring, grating and handrail business trading under the Redman Fisher, Eurogrid and Access Design brands had a difficult year with profits below the 2001 performance. Competitive pressures and a lack of large contracts were indeed challenging in 2002 and further cost reduction and rationalisation measures were incurred in the year.

Birtley achieved an excellent improvement in profit albeit from a low base and against a very competitive market. The problems with the new automatic lintel line in 2001 have now been resolved and the production performance was materially improved in 2002. Although galvanised lintels is our major driver at Birtley, the smaller but complementary residential doors activity made further progress in the year.

Express Reinforcements had a difficult year with a fall in selling prices early in 2002 and the demise of its major UK supplier in the middle of the year. Also, delays in some larger contracts were a challenging experience for our major production facility at Neath where the capital expenditure programme was completed during the year. The modern and updated facility can now accommodate our future product expansion plans particularly into areas of more added value. Following further investment in plant our new Rollmat product was launched in late 2002 and has been well received in the market. During the year we formed a new joint arrangement company with Laing O'Rourke for the purpose of supplying the total reinforcing bar requirements on the Terminal 5 project at Heathrow, which is due to be completed in 2008. We have a 50% share in the profits of this business, which started to make a contribution in the last quarter of 2002.

Industrial Products

This portfolio of businesses operates in different markets to the building and construction products companies. There are some cross-selling and sourcing opportunities but these are not significant.

Overall adjusted operating profits of £0.7m were achieved on sales of £50.0m including two loss making businesses, the closures of which have since been announced. Most of the businesses in this division operate in difficult markets and our primary objective is to maximise cash flow and improve the returns on capital employed.

Ash & Lacy Perforators had a satisfactory year but profits were lower than anticipated. The perforating and enclosures markets were very soft in the year and competitive pressures increased as our competitors tried to maintain volumes. Our product portfolio needs to be expanded in the future.

Ash & Lacy Pressings had a difficult year against a very competitive background in the sub contract pressings market. Profits were down on the previous year but some new business was confirmed during the second half which should help an improvement in 2003.

The Bromford re-rolling activity continued to concentrate its target market on specialised and niche products. In the early part of the year the assets and order books were acquired from two small competitors and this helped to improve the 2002 profitability despite significant pressure from increased raw material prices and imports.

The stockholding businesses of Allely, Eden and D & J achieved a profitable outcome for the year and generated further cash from stock reduction initiatives. Trading conditions remain very depressed and there is too much capacity in the market.

Pipe Supports suffered some major losses in the year, mainly in the USA, where the market deteriorated significantly. As a result of these losses and our forward view of future prospects for our US manufacturing operation, we decided in December to close this facility. The costs of closure are shown as an exceptional charge in the Accounts. Following some rationalisation and cost cutting, the UK operation has now returned to profitability.

SI improved profits in 2002 and achieved a near 10% return on sales of £3m. This pressure instrumentation business is non-core and it was decided to market the company for sale. I am pleased to report that after the year end contracts were exchanged for the sale of this business for a sum in excess of £3m, which is well above the asset value.

Wombwell suffered from a further deterioration in the UK iron foundry industry and the decision by a number of buyers to source castings from low cost areas abroad. Significant losses were incurred during the year although the business remained cash generative. Because of the decision by its largest customer early in 2003 to move production to Central Europe, we have since taken the decision to close this business. As explained in the Finance Director's report, this has caused us to make an impairment provision against the fixed assets in these accounts. Further exceptional closure costs will be incurred in 2003.

Conclusion

We believe that 2002 has been a year of solid achievement and that your group is in good shape to make further progress in the future, particularly in our building and construction products businesses. Provided the macro economic conditions of the UK do not deteriorate, we remain cautiously optimistic about prospects for the current year.

David Grove
Chief Executive
18 March 2003

Financial Review

These results are for the period of twelve months to 31 December 2002. Because of the previous year's change in our financial year end the prior year comparative figures cover a fifteen month period. In order to give a more meaningful picture of this year's performance the 2001 comparatives shown below are pro rated from the previous period's figures.

Summary of Results

Despite some variable economic and market conditions and several significant cost increases, particularly in insurance and regulatory expenses, the Group achieved a satisfactory performance in 2002.

Group turnover increased by 10.0% to £212.7m (2001: £193.5m) helped by a contribution from acquisitions of £4.3m. Excluding this effect, sales from existing businesses increased by £14.9m, representing underlying growth of 7.7%. However, there was a marked difference in the performances of our two divisions. Sales by our core Building and Construction Products businesses grew to £162.7m (2001: £139.9m), an increase of 16.4% of which 3.1% was due to acquisitions and 13.3% to underlying like for like growth. In contrast, sales in the Industrial Products division fell by 6.8% to £50.0m.

Operating profits before exceptional items and goodwill amortisation grew overall by 11.6%, of which 2.4% was due to acquisitions. Operating margins in the Building and Construction Products division improved to 8.2% (2001: 7.2%), which more than offset the reduction in margins in the Industrial Products businesses.

Net exceptional charges amounted to £1.8m. We generated £0.2m of gains from the sale of surplus properties and incurred charges of £0.4m in relation to redundancies and other costs arising from the restructuring of business acquired during the year, the major benefits of which will be gained in 2003 and beyond. In addition, we made provision for the costs of two significant restructuring actions representing in the main writedowns in the carrying value of related assets. We provided £1.1m for the costs of closure of our US operation, Pipe Supports USA Inc., and made an impairment provision of £2.2m against the fixed assets of Wombwell Foundry Limited. There were also exceptional credits of £1.7m relating mainly to a write back of provisions for environmental and leasehold dilapidations exposures.

The closure of Pipe Supports USA Inc., our only significant overseas operation, was announced in December and should be completed by the end of April. The closure of Wombwell was announced after the year end and will lead to further one-off costs in the order of £1.5m, which will be provided as an exceptional item in 2003. Although in the short term these two closures will give rise to a moderate outflow of cash, in the long term the overall cash flow effect will be positive.

Interest

Annualised interest costs fell £0.5m mainly as a consequence of the lower average net borrowings, due in part to the effect of the previous year's property transactions but also to our continued strong cash flow generation. Based on operating profits before exceptional items and goodwill amortisation interest cover increased to 3.5 times (2001: 2.8 times).

Taxation

The effective tax rate on profits before exceptional items and goodwill amortisation at 28.0% was lower than the standard rate primarily as a result of adjustments in respect of prior years. The effective tax rate on the exceptional items was only 12.3% because we are unable to obtain relief on the losses arising from the closure of Pipe Supports USA Inc.

Earnings Per Share

Excluding the effects of exceptional items and goodwill amortisation, earnings per share amounted to 11.79p. This represents an increase of 22.7% over the last financial year's annualised equivalent of 9.61p. We believe this adjusted measurement of earnings provides a more meaningful view of the Group's underlying financial performance. When combined with the previous year's comparable increase of 26.0%, adjusted earnings per share have increased by 54.5% over the last two financial periods since the takeover of Ash & Lacy Plc.

Dividends

The proposed dividends for the year amount to 4.5p, a 3.2% increase over last year's annualised figure. Based on earnings before exceptional items and goodwill amortisation dividend cover increased to 2.6 times (2001: 2.2 times).

Cash Flow and Borrowings

Despite significant further capital investment and acquisition activity in the year, we achieved a further reduction in our year end net borrowings from £52.1m to £44.9m. Year end gearing was 125% (2001: 152%).

Net operating cash flow amounted to £26.1m. Stocks and creditors increased significantly as several of our businesses bought in steel stock towards the year end ahead of announced price rises. We also benefited from some one-off factors including £4.5m of advance payments received in connection with our new Terminal 5 Joint Venture and special extended supplier payment terms.

During the year we spent a total of £6.7m on acquisitions (including £1.7m of debt acquired) all but £0.4m of which was financed via our existing borrowing facilities. The most significant acquisition was that of Mallatite Limited, one of the UK's leading manufacturers of street lighting columns. We also acquired the business of Brifen Limited, a manufacturer of wire rope vehicle restraint systems.

Pensions

Mainly as a result of the major falls in equity stock markets, our funding position on an FRS17 basis deteriorated during the year, although the impact was mitigated by our relatively high proportion of bond and bond-like investments, which sheltered us from some of the decrease in capital values. At 31 December 2002 there was a gross deficit of £3.7m.

Chris Burr

Finance Director
18 March 2003

Consolidated Profit and Loss Account
For the year ended 31 December 2002

	Notes	Year ended 31 December 2002			15 months ended 31 December 2001				
		Before exceptional items and goodwill amortisation £000	Exceptional items £000	Goodwill amortisation £000	Total £000	Before exceptional items and goodwill amortisation £000	Exceptional items £000	Goodwill amortisation £000	Total £000
Turnover	1								
Continuing operations:									
Existing operations		208,400	-	-	208,400	241,849	-	-	241,849
Acquisitions		4,340	-	-	4,340	-	-	-	-
Total turnover		212,740	-	-	212,740	241,849	-	-	241,849
Operating profit	1								
Continuing operations:									
Existing operations		13,704	(528)	(1,521)	11,655	15,696	(6,387)	(1,786)	7,523
Acquisitions		304	(388)	(223)	(307)	-	-	-	-
Total operating profit		14,008	(916)	(1,744)	11,348	15,696	(6,387)	(1,786)	7,523
Loss on sale of businesses		-	-	-	-	-	(1,106)	-	(1,106)
Profit on sale of fixed assets		-	223	-	223	-	1,179	-	1,179
Provision for loss on termination of operation		-	(1,098)	-	(1,098)	-	-	-	-
Profit on ordinary activities before interest	1	14,008	(1,791)	(1,744)	10,473	15,696	(6,314)	(1,786)	7,596
Net interest payable		(3,989)	-	-	(3,989)	(5,611)	-	-	(5,611)
Profit on ordinary activities before taxation		10,019	(1,791)	(1,744)	6,484	10,085	(6,314)	(1,786)	1,985
Tax on profit	2	(2,809)	221	45	(2,543)	(2,933)	1,997	-	(936)
Profit on ordinary activities after taxation		7,210	(1,570)	(1,699)	3,941	7,152	(4,317)	(1,786)	1,049
Minority interests	3	-	-	-	3	(11)	-	-	(11)
Profit for the period		7,213	(1,570)	(1,699)	3,944	7,141	(4,317)	(1,786)	1,038
Dividends					(2,760)				(3,792)
Retained profit / (loss) for the period					1,184				(2,754)
Earnings per share	3	11.79p	(2.57p)	(2.77p)	6.45p*	12.01p	(7.26p)	(3.00p)	1.75p*
Diluted earnings per share	3	11.75p	(2.56p)	(2.77p)	6.42p*	11.98p	(7.24p)	(3.00p)	1.74p*

* FRS 3

Consolidated Balance Sheet
As at 31 December 2002

	31 December 2002 £000		31 December 2001 £000
Fixed assets			
Intangible assets	30,350		28,248
Tangible assets	42,748		44,399
Investments	125		225
	-----		-----
	73,223		72,872
Current assets			
Properties held for resale	1,365		-
Stocks	23,410		16,785
Debtors: due after one year	6,183	5,526	
Debtors: due within one year	49,562	48,997	
	-----	-----	
	55,745		54,523
Cash and deposits	12,811		4,664
	-----		-----
	93,331		75,972
Creditors: amounts falling due within one year			
Borrowings and finance leases	(10,377)		(15,744)
Other creditors	(65,774)		(49,990)
	-----		-----
	(76,151)		(65,734)
Net current assets	17,180		10,238
Total assets less current liabilities	90,403		83,110
Creditors: amounts falling due after one year			
Borrowings and finance leases	(47,304)		(41,056)
Provisions for liabilities and charges	(7,208)		(7,660)
	-----		-----
Net assets	35,891		34,394
	=====		=====
Share capital and reserves			
Called up share capital	15,391		15,245
Share premium	3,367		3,338
Capital redemption reserve	238		238
Revaluation reserve	733		733
Other reserves	4,313		4,088
Profit and loss account	11,806		10,706
Equity shareholders' funds	35,848		34,348
	-----		-----
Equity minority interests	43		46
	-----		-----
	35,891		34,394
	=====		=====

Group Cash Flow Statement
For the Year Ended 31 December 2002

		Year ended 31 December 2002 £000	15 Months Ended 31 December 2001 £000
	Notes		
Net cash flow from operating activities	4a	26,145	25,189
Returns on investments and servicing of finance	4b	(4,383)	(5,005)
Taxation		(432)	(1,469)
Capital expenditure and financial investment	4c	(5,545)	6,517
Acquisitions and disposals	4d	(5,455)	(72,355)
Equity dividends paid		(2,044)	(3,370)
		-----	-----
Cash flow before financing		8,286	(50,493)
		-----	-----
Financing			
Issue of new shares	49	5,874	
Loan advances	5,976	67,500	
Loan repayments	(6,423)	(15,349)	
Redemption of loan notes	(341)	(28)	
Proceeds from new finance leases secured on existing assets	1,126	-	
Repayments of capital element of finance leases	(526)	(381)	
		-----	-----
		(139)	57,616
		-----	-----
Increase in cash in the period		8,147	7,123
		=====	=====
Reconciliation of net cash flow to movement in net debt			
Increase in cash		8,147	7,123
Cash (inflow) / outflow from borrowings		188	(51,742)
		-----	-----
Change in net debt resulting from cash flows		8,335	(44,619)
New finance leases		(180)	(1,169)
Loan notes issued as part of acquisition		(889)	(1,759)
		-----	-----
Movement in net debt in the period		7,266	(47,547)
		-----	-----
Net debt at the start of the period	4e	(52,136)	(4,589)
		-----	-----
Net debt at the end of the period	4e	(44,870)	(52,136)
		=====	=====

**Consolidated Statement of Total Recognised Gains and Losses
For the Year Ended 31 December 2002**

	Year ended 31 December 2002 £000	15 Months ended 31 December 2001 £000
Profit for the period	3,944	1,038
Unrealised deficit on revaluation of properties	-	(146)
Currency translation differences on overseas net investments	(84)	-
	-----	-----
Total recognised gains and losses relating to the period	3,860	892
	=====	=====

**Note of Consolidated Historical Cost Profits and Losses
For the Year Ended 31 December 2002**

There is no material difference between the results as shown in the profit and loss account and their historical cost equivalent.

**Reconciliation of Movement in Group Shareholders' Funds
For the Year Ended 31 December 2002**

	Year ended 31 December 2002 £000	15 Months ended 31 December 2001 £000
Profit for the period	3,944	1,038
Dividends	(2,760)	(3,792)
	-----	-----
	1,184	(2,754)
Goodwill previously written off to reserves	-	387
Other recognised net gains and losses relating to the period	(84)	(146)
New ordinary share capital issued	400	12,882
	-----	-----
Net increase in shareholders' funds	1,500	10,369
Opening shareholders' funds	34,348	23,979
	-----	-----
Shareholders' funds at the end of the period	35,848	34,348
	=====	=====

Notes to the Financial Statements

1 Segmental Information

	Year ended 31 December 2002				15 Months ended 31 December 2001			
	Turnover £000	Operating profit* £000	Profit before interest and tax £000	Net assets £000	Turnover £000	Operating profit* £000	Profit before interest and tax £000	Net assets £000
Building and Construction Products								
Continuing operations:								
Existing operations	158,403	13,001	12,324	35,725	174,826	12,640	5,264	40,996
Acquisitions	4,340	304	(149)	2,411	-	-	-	-
Total	162,743	13,305	12,175	38,136	174,826	12,640	5,264	40,996
Industrial Products								
Continuing operations:								
Existing operations	49,997	703	(1,544)	18,475	67,023	3,056	2,332	22,198
Acquisitions	-	-	(158)	-	-	-	-	-
Total	49,997	703	(1,702)	18,475	67,023	3,056	2,332	22,198
Total operations								
Continuing operations:								
Existing operations	208,400	13,704	10,780	54,200	241,849	15,696	7,596	63,194
Acquisitions	4,340	304	(307)	2,411	-	-	-	-
Total	212,740	14,008	10,473	56,611	241,849	15,696	7,596	63,194
Tax and dividends				(8,939)				(6,003)
Long term debtors and other provisions				2,739				1,091
Net borrowings				(44,870)				(52,136)
Goodwill				30,350				28,248
Total Group				35,891				34,394
By geographical origin								
UK	209,230	14,072	10,524	35,203	237,643	15,696	7,602	33,537
Rest of World	3,510	(64)	(51)	688	4,206	-	(6)	857
Total	212,740	14,008	10,473	35,891	241,849	15,696	7,596	34,394
Turnover by geographical destination								
UK	192,428				217,577			
Rest of Europe	10,818				9,907			
Asia	3,008				3,155			
USA	4,243				8,434			
Rest of World	2,243				2,776			
Total	212,740				241,849			

* Operating profit is stated before exceptional items and goodwill amortisation.

2 Taxation on profit on ordinary activities

	Year ended 31 December	15 Months ended 31 December
	2002 £000	2001 £000
UK corporation tax on profits of the period	2,330	424
Adjustments in respect of prior periods	(250)	(195)
Foreign tax	33	-
	-----	-----
	2,113	229
Deferred taxation: origination and reversal of timing differences		
Current period	514	707
Adjustments in respect of prior periods	(84)	-
	-----	-----
	2,543	936
	=====	=====

3 Earnings per share

The weighted average number of shares in issue during the period was 61,157,774 (2001: 59,481,873), diluted for the effects of outstanding share options 61,399,912 (2001: 59,592,569). Earnings per share have been calculated on earnings of £3,944,000 (2001: £1,038,000) and earnings per share before exceptional items and goodwill amortisation on earnings of £7,213,000 (2001: £7,141,000). Earnings per share before exceptional items and goodwill amortisation have been shown because the Directors consider that this gives a more meaningful indication of the underlying performance of the Group.

4 Notes to the Cash Flow Statement

			Year ended 31 December 2002	15 Months ended 31 December 2001
	Before exceptional items and goodwill amortisation £000	Exceptional items and goodwill amortisation £000	Total £000	Total £000
(a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	14,008	(2,660)	11,348	7,523
Income on investment properties	-	-	-	(805)
Depreciation	5,993	2,092	8,085	7,225
Amortisation of goodwill	-	1,744	1,744	1,786
Payments on the termination of business	-	(193)	(193)	-
(Profit) on sale of fixed assets	(64)	-	(64)	(81)
Change in working capital:				
Stocks	(4,654)	(42)	(4,696)	3,998
Debtors	(299)	-	(299)	7,408
Creditors and provisions	9,260	960	10,220	(1,865)
	-----	-----	-----	-----
	4,307	918	5,225	9,541
	-----	-----	-----	-----
Net cash inflow from operating activities	24,244	1,901	26,145	25,189
	=====	=====	=====	=====
(b) Returns on investments and servicing of finance				
Rents received			-	779
Interest received			211	194
Interest paid			(4,509)	(5,916)
Interest element of finance lease rentals			(85)	(62)
			-----	-----
			(4,383)	(5,005)
			=====	=====
(c) Capital expenditure and financial investment				
Purchase of fixed assets			(7,146)	(9,063)
Sale of fixed assets			1,601	15,580
			-----	-----
			(5,545)	6,517
			=====	=====
(d) Acquisitions and disposals				
Purchase of subsidiary undertakings and businesses			(3,781)	(63,489)
Sale of businesses (net of disposal costs)			-	661
Net overdraft acquired			(1,674)	(9,527)
			-----	-----
			(5,455)	(72,355)
			=====	=====
(e) Analysis of net debt				
	31 December 2001	Cash Flow	Other non- cash changes	31 December 2002
	£000	£000	£000	£000
Cash at bank and in hand	4,664	8,147	-	12,811
Debt due within one year	(15,417)	(977)	6,611	(9,783)
Debt due after one year	(39,840)	1,765	(7,500)	(45,575)
Finance leases	(1,543)	(600)	(180)	(2,323)
	-----	-----	-----	-----
Net debt	(52,136)	8,335	(1,069)	(44,870)
	=====	=====	=====	=====

Notes

- 1 The proposed final dividend will be paid on 8 July 2003 to shareholders on the register on 6 June 2003 (ex-dividend date 4 June 2003).
- 2 The financial information set out in this preliminary announcement does not constitute the company's statutory accounts for the year ended 31 December 2002 or the period ended 31 December 2001. Statutory accounts for 2001 have been delivered to the Registrar of Companies and those for 2002 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.
- 3 The annual report will be posted to shareholders on 14 April 2003, and will be available from the registered office at 2 Highlands Court, Cranmore Avenue, Shirley, B90 4LE.
- 4 The Annual General Meeting will be held at The National Motorcycle Museum, Solihull at 10.30 hours on Tuesday 20 May 2003.

Financial calendar:

Annual General Meeting	20 May 2003
Payment of proposed final dividend	8 July 2003
Interim results announcement for the period to 30 June 2003	September 2003
Payment of interim dividend	January 2004

- 6 This preliminary announcement of results for the period ended 31 December 2002 was approved by the Directors on 18 March 2003.