

10 March 2009

Hill & Smith Holdings PLC

PRELIMINARY RESULTS 2008

Hill & Smith Holdings PLC, the international group with leading positions in the supply of infrastructure products, galvanizing services and building and construction products to global markets, announces its preliminary results for the year ended 31 December 2008.

Financial Highlights: Record revenue, profit and dividend.

Financial Results from Continuing Businesses

	Year ended 31 December 2008	Year ended 31 December 2007 [†]		Change
Revenue	£419.8m	£329.6m	▲	27.4%
Underlying operating profit*	£47.4m	£36.9m	▲	28.5%
Underlying profit before taxation*	£38.9m	£31.0m	▲	25.5%
Underlying earnings per share*	32.2p	26.1p	▲	23.4%
Dividends per share	10.0p	8.7p	▲	14.9%
Cash generated from operations	£54.2m	£26.9m	▲	£27.3m
Net debt	£146.2m	£117.8m	▲	£28.4m

* excludes the effect of business reorganisation costs, property items, amortisation of acquisition intangibles, impairments, change in the value of financial instruments and net financing return on pension obligations.

[†] restated to exclude the discontinued businesses of Express Reinforcements and its related activities.

Business Highlights

- Excellent organic growth in road infrastructure activity, with major projects including the M1 widening where Hill & Smith's temporary safety barrier and vehicle restraint systems were deployed;
- Increased order flow from Highways Agency contract for variable electronic message signs;
- Introduction of the Group's new innovative temporary or permanent car park structure, with significant contract at Gatwick Airport;
- Galvanizing and fabricating operations in France and US now under 100% ownership, Benelux and German trading operations disposed of;
- Acquisition of Creative Pultrusions Inc. significantly adding to the Group's infrastructure products range;
- Group now well placed to benefit from focus on infrastructure spending within UK and US stimulus packages;
- Disposal of Express Reinforcements to further improve concentration on core higher margin activities;
- Significant headroom against funding facilities in spite of adverse impact of Sterling depreciation.

Commenting on the results Derek Muir, Chief Executive, said:

“During 2008 we continued to develop the Group, with further international investment in attractive long term growth opportunities and concentration on our higher margin core businesses.

“Our core markets are set to benefit from the various government fiscal stimulus packages in the UK and particularly in the US where the recently announced increased spend is the most exciting development in the US highway infrastructure industry in over 50 years. Furthermore, our ability to identify growth opportunities and deliver innovative products in both developed and developing markets is a significant strength.

“There is however continued uncertainty over the scale and impact of the global economic downturn and over the timing of the impact of the stimulus packages and we are therefore adopting a cautious outlook for the current year. Overall, we have inherently resilient markets, strong positions in those markets and an improved geographical balance, all of which help us to deal with the current economic conditions”.

Chairman's Statement

Introduction

This time last year I said that I looked forward to reporting another year of progress in 2008. I am therefore delighted to report that the Group has again produced a set of exceptional results for the year ended 31 December 2008, delivering another year of increased earnings and growth.

During 2008 we continued to develop the Group in line with our strategy of increasing our concentration on our core business areas, of driving growth through product innovation in both existing and new geographic markets, and through selective acquisitions. A major strength of the Group is the ability to identify growth potential in developed and developing markets and this has played a significant part in strengthening our market positions, particularly in the resilient infrastructure sector.

The Group is now of a different scale and composition to what it was five years ago with 35% of revenues and 50% of profits coming from our international operations.

Results from continuing businesses

Group revenue from continuing operations increased by 27.4% to £419.8m (2007: £329.6m). Profit before taxation in the period increased by 14.0% to £35.1m (2007: £30.8m) and underlying profit before taxation^(†) increased by 25.5% to £38.9m (2007: £31.0m). Basic earnings per share increased by 1.7% to 30.0p (2007: 29.5p) whereas underlying earnings per share^(†), a more consistent and meaningful measure of performance, was 23.4% ahead of last year at 32.2p (2007: 26.1p).

The underlying earnings per share^(†) has now grown by a compound average growth rate of 29% over the past 5 years.

Dividends

These results, together with the Board's confidence in the Group's prospects, enable the directors to recommend to shareholders a final dividend of 5.7p (2007: 5.1p), making a total dividend for the year of 10.0p (2007: 8.7p), an increase of 14.9%. Our progressive dividend policy has increased dividend payments by an average of 22% in each of the last three years. The dividend for the year is covered 3.2 times by underlying earnings per share^(†). The final dividend, if approved, will be paid on 10 July 2009 to those shareholders on the register at close of business on 5 June 2009.

Group strategy

Our strategic objective is to deliver a consistent growth in earnings, dividend and shareholder value, through an increasing concentration on our core business areas. We have a strong track record based on continued product development and the redevelopment of the Group through targeted acquisitions and disposal of non-core businesses. In 2009 we will continue the strategy of selectively investing resources to further improve both our market position and geographic spread, and in product innovation to deliver value added solutions to our customers.

The Group is led by an experienced and entrepreneurial management team that has extensive knowledge of our chosen markets. The team's entrepreneurial focus and enthusiasm has been, and will continue to be, an important element of our strategy as it drives the individual businesses to innovate and respond quickly to opportunities they identify.

Finance

Cash generated from operations was strong at £54.2m (2007: £26.9m) reflecting in part the Group's increased focus on day to day cash management. The Group invested £22.5m (2007: £19.6m) in capital expenditure in furtherance of its organic growth objectives and we are confident that this investment will contribute to growth in the coming years.

Group net debt at 31 December 2008 was £146.2m (2007: £117.8m). The Group's net debt is principally denominated in Euros and US\$ which act as a hedge against the net asset investments in overseas businesses. The material depreciation of Sterling towards the end of 2008 significantly increased the Sterling reported amounts of the foreign currency net debt. Net debt increased year on year by £32.6m due to exchange rate movements.

At year end exchange rates, the Group now has a total of over £218m of facilities at its disposal, with the principal facility being a £150m multicurrency facility signed in June 2007 and which runs to June 2012. These facilities afford the Group significant headroom against its expected requirements.

Acquisitions and disposals

During the year we acquired the remaining 31.8% of Zinkinvent GmbH and at the same time divested the galvanizing operations in Benelux and Germany, thereby achieving our long term goal of 100% ownership of the galvanizing and fabrication businesses in France (France Galva SA) and the USA (Voigt & Schweitzer Inc.). We also acquired Creative Pultrusions Inc., a company based in Pennsylvania, USA, manufacturing glass reinforced plastic products for the infrastructure and construction markets. Both of these acquisitions contributed to our 2008 earnings in line with expectations, and significantly strengthen our market positions going forward.

During 2008 we continued the strategic review of our non-core businesses and successfully disposed of Express Reinforcements Limited and D&J (Steels) Limited.

Outlook

The Board are adopting a cautious outlook for the current year in view of the uncertainty over the scale and impact of the global economic downturn and on the timing of the infrastructure spending for the various government fiscal stimulus packages. Overall we are strongly positioned in broadly resilient markets, have strong positions in those markets and improved geographical balance, all of which will help us to deal with the current economic conditions.

ENDS

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Notes to Editors

Hill & Smith Holdings PLC is an international group with leading positions in the design, manufacture and supply of infrastructure products and galvanizing services to global markets. It serves its customers from facilities principally in the UK, France, USA, Thailand and China.

The Group's operations are organised into three business segments:

Infrastructure Products which supplies products and services such as permanent and temporary road safety barriers, street lighting columns, bridge parapets, temporary car parks, "GRP" railway platforms, variable road messaging solutions, traffic data collection systems, plastic drainage pipes and pipe supports for the power and LNG markets, energy grid components and security fencing.

Galvanizing Services which provides zinc and other coatings for a wide range of products including fencing, lighting columns, structural steel work, bridges, agricultural and other products for the infrastructure and construction sectors.

Building and Construction Products which supplies roofing systems, safety handrails and flooring, lintels and doors in steel and, increasingly, composite materials. The range of uses for these products include large infrastructure projects involving schools and other public buildings.

Headquartered in the UK and quoted on the London Stock Exchange (LSE: HILS.L), Hill & Smith Holdings PLC employs some 3,400 staff across 54 sites, principally in 5 countries. In the year to 31 December 2008, it generated revenues of £419.8 million.

Operational Review

Overview

2008 was another year of strong growth, achieved both organically through further product development and increased market penetration, and through selective acquisitions. This strategy has been successful in continuing to transform Hill & Smith into a Group with leading international positions in its chosen markets. Revenue from continuing businesses increased 27.4% to £419.8m (2007: £329.6m) which includes £71.0m from 2007 acquisitions. Organic growth was 2% and exchange rate movements contributed £8.7m helped by the appreciation of both the Euro and US\$ versus Sterling. Underlying operating profit^(†) increased by 28.5% to £47.4m (2007: £36.9m) of which acquisitions contributed £4.1m. Exchange movements accounted for a further £2.1m (6%) year on year improvement and organic growth was again strong at 10%. Excluding the Associate income in 2007, underlying operating margin improved by 1.0% to 11.3%.

The review of each of the Group's three operating divisions of Infrastructure Products Group, Galvanizing Services and Building and Construction Products is given below:

Infrastructure Products Group (IPG)

Our Infrastructure Products Group is focused on four main markets - roads, rail, utilities and security. We have developed HS Roads, HS Rail, HS Utilities and HS Security to drive and focus each operating unit on growing our revenue and profitability in these sectors of the infrastructure market. The extensive range of products include permanent and temporary road safety barriers, fencing, energy grid components, street lighting columns, bridge parapets, temporary car parks, "GRP" railway platforms, variable road messaging solutions, traffic data collection systems, plastic drainage pipes and pipe supports for the power and Liquid Natural Gas (LNG) markets, energy grid components and security fencing.

Revenue increased by 32.1% to £191.8m in 2008 (2007: £145.2m) with organic growth, excluding exchange rate movements, of 12%. Underlying operating profit^(†) improved by 26.8% to £23.2m (2007: £18.3m) driven by strong organic growth of 15%.

During the year we experienced unprecedented increases in raw material prices, the impact of which was managed through the supply chain. This had the effect of increasing revenues without a corresponding increase in profits, resulting in a small operating margin reduction, down by 0.5% to 12.1% (2007: 12.6%).

HS Roads

We continued to strengthen our position in the resilient roads market in addition to introducing new products to provide solutions for our existing and new customer base.

Excellent organic growth was delivered as the Highways Agency spend on improving network capacity continued apace. Major projects throughout the year included the widening of the M1 where our temporary safety barrier "VARIOGUARD" and vehicle restraint system "FLEXBEAM" were deployed. As a result of this project, the VARIOGUARD rental pool increased over the year by 20 kilometres to 148 kilometres.

Another strong performance came from the supply of our new bridge parapet systems for projects in the UK, Eire and the Middle East. Our bridge parapet business enters 2009 with potential for growth from a strong export order book.

The variable electronic message signage business enjoyed a good second half performance giving rise to a substantial increase in profitability, as it delivered the next generation of variable electronic message signs on schemes across the UK under a four year Highways Agency contract. The order book is robust for 2009 with the managed motorways programme being a key area of infrastructure spend for the Highways Agency.

TopDeck, our innovative temporary or permanent car park structure, made its debut in May 2008 with a significant contract for Gatwick Airport. This was followed by a second installation for a BMW dealership in Newcastle. We believe that the TopDeck product has a great future, particularly as a solution for parking congestion at airports, rail stations, shopping centres and hospitals. We do however view 2009 with caution as this product represents a significant capital investment for customers.

We also launched a number of new perimeter barrier systems for new builds and the refurbishment of existing multi-storey car parks, the largest of which was a major project at Heathrow's Terminal 5.

Our UK lighting column operation produced an improved performance in 2008, continuing to benefit from the more efficient production and operating facilities at its new site in Chesterfield. This operation is poised to take advantage of the large anticipated spend on lighting columns by the regenerated PFI initiative, once funding is secured. The lighting column operation based in France continued to develop its strategy for niche markets and traded well, in line with expectations.

HS Rail

We are focused upon extending our product offering in the rail sector and our strategy has positioned us to take further advantage of the opportunities arising in this growing market, either through established businesses or acquisitions. 2008 saw positive evidence of our success with the new "Structured Solutions" product completing its first major project at the Dobwalls ByPass in Liskeard, Cornwall where we installed a "BEBO" concrete rail arch.

The acquisition of Creative Pultrusions Inc. advanced the strategy of increasing our presence in the US and at the same time complementing our Group product offering and expertise to afford us additional growth opportunities.

Creative Pultrusions is an industry leader offering high-strength pultruded products in a glass reinforced plastic (GRP) material. The acquisition has been fully integrated and we are positioning the business to take maximum advantage of expenditure arising from President Obama's economic infrastructure initiatives. In the UK we completed our first GRP railway platform for the new East Midlands Parkway station, using Creative's GRP product, an example of the complementary value of the acquisition.

HS Utilities

All our businesses performed well in the growing utilities market with energy expenditure, particularly LNG, driving demand for our products which include pipe supports, storage tanks and large diameter pipes.

Our pipe supports operation in Thailand increased revenues by 48% following the transfer of further production from the UK. This has enabled us to compete globally on price and service, supplying products to LNG, power and petrochemical projects at lower unit costs whilst retaining a level of production expertise and capacity at our UK plant, which now operates from a smaller more efficient facility. The 2009 order book for pipe supports continues to be at a healthy level.

In the USA, the V&S Utilities operation finished the year well, after a slow start, and we are encouraged by President Obama's stimulus package for national grid improvements and renewable energy projects, particularly for the transmission and substation markets served by V&S Utilities.

At the Glendoe Hydro-Electric Scheme in Scotland we completed the supply of 11,000 metres of large diameter HDPE plastic pipe. This major contract offset the reduction in the storm water attenuation market resulting from the lack of new housing projects. Increased revenues came from supplying water authorities for their AMP4 spend, mainly on upgrades to waste water treatment works and major sewage overflow schemes.

Our specialist Envirotanks operation, which manufactures large industrial storage tanks, had a record year buoyed by the supply of fuel tanks to major clients such as the MoD and Royal Mail.

HS Security

Demand for palisade fencing was lower year on year and the focus has been on the development of new fence systems and growth in overseas markets to counter this.

Bristorm, our anti-terrorist security product had a strong year, increasing the number of sites being protected by its wire rope barrier system.

Galvanizing services

Galvanizing services provides zinc and other coatings for a wide range of products including fencing, lighting columns, structural steel work, bridges, agricultural and other products for the infrastructure and construction sectors.

Revenues increased by 54.4% to £127.1m in 2008 (2007: £82.3m) with the 2007 acquisitions contributing £52.0m to the year on year growth. The reduction in zinc commodity prices together with lower volumes experienced towards the end of the year resulted in organic revenue decline of 9% overall. Underlying operating profit^(†) improved by 28.8% to £19.7m (2007: £15.3m) with acquisitions contributing £2.6m and a benefit from exchange of £1.7m. Excluding these improvements the performance of the division was in line with the prior year.

With the acquisition of the final minority interest in the galvanizing and fabrication businesses of Zinkinvent, we are now able to develop and expand the operations in France and the USA as wholly owned businesses. In France, volumes were down 8.2% but in the context of the market place the business performed well. In the US, volumes were up 4.7% due to high infrastructure activity. We further increased our coverage of the east coast of the US with the construction of a new plant in Delaware which started production in January 2009.

For the first three quarters our UK operations produced excellent tonnages which included 12,000 tonnes of structural steel for an LNG plant in Qatar. However, a weaker final quarter led to a 6.7% decline in UK volumes for the year as a whole.

Building and construction products

Building and construction products supplies such products as roofing systems, safety handrails and flooring, lintels and doors in steel and, increasingly, composite materials. These building and construction products are for a range of construction projects including those for schools and public buildings.

The reported 2007 revenues for this division have been restated to exclude Express Reinforcements Limited which was disposed of in November 2008. On that basis, revenues from continuing operations in 2008 fell by 1.2% to £100.9m (2007: £102.1m). However, the division generated good organic growth of £1.2m resulting in underlying operating profit^(†) increasing by 36.4% to £4.5m (2007: £3.3m). Significant reductions in the cost base in response to falling demand levels and improved efficiencies contributed to this improved performance.

The industrial flooring operations continued to trade well, producing record performances. Their end markets should remain strong as the demand for industrial flooring and safety handrails in infrastructure projects remains robust.

Our Access Engineering and Redman Composites operations successfully completed the manufacture and installation of the GRP railway platform at the new East Midlands Parkway rail station, having been supplied with the material by Creative Pultrusions.

Volumes of lintels and residential doors at Birtley Building Products were down due to the decline in the UK housebuilding market. Early action was taken to reduce costs and the business is well placed to ride out the downturn in projects and respond to any future upturn in the market.

Ash & Lacy Building Systems had a strong first half of 2008. However, as large building projects were completed the order book has not been replenished to the same levels and action has been taken to reduce costs. The current year has started slowly as a number of PFI projects have been delayed due to funding constraints.

Bromford Iron and Steel managed the volatility of the price of steel well and produced very good results. The steel mesh production unit was closed at the time of the sale of Express Reinforcements Limited and we have now exited the commodity reinforcing bar market completely, focusing on specialised higher margin products.

Operational outlook

Government commitments to infrastructure spending during the current global economic volatility will continue to underpin the performance of many of our operations. The IPG division has seen a solid start to the year and both the UK and President Obama's recent economic stimulus plans will assist our infrastructure and galvanizing businesses domestically and in the US. We are however, mindful of the fact that the spending stimulus may not impact significantly until the second half of 2009 and as our profits are normally biased marginally to the first half, this could lead to a more even profit balance in 2009.

Galvanizing in both France and the UK has experienced a material slowdown since our Interim Management Statement in November 2008. Whilst we are encouraged by galvanizing volumes in the US remaining robust and more generally the number of enquiries for major projects, these projects are likely to be skewed towards the second half of 2009 and possibly into 2010. In the meantime actions have been taken to reduce manning and operational costs accordingly.

The volumes in the building and construction sector will continue to be affected by the economic conditions and we are adopting a cautious approach to our expectations for any short term recovery for a number of the products we supply into this sector.

Overall the geographic and end-market diversity of the Group, together with its market leading positions and track record of delivering returns, positions it favourably to deal with the challenges and opportunities arising from the current economic conditions.

Derek Muir
Chief Executive
10 March 2009

Financial Review

Overview

From our continued operations, we generated record levels of revenue and profitability. Revenue increased by 27.4% to £419.8m (2007: £329.6m), underlying profit before taxation^(†) grew by 25.5% to £38.9m (2007: £31.0m) and underlying earnings per share^(†) were 23.4% higher at 32.2p (2007: 26.1p).

Discontinued businesses

Following the acquisition on 2 July 2007 of Zinkinvent GmbH the Group decided that it did not wish to retain the Benelux and German trading operations of that company. Accordingly, these businesses have continued to be accounted for as discontinued operations from the date of acquisition. These operations were disposed of in August 2008 for a consideration of £22.1m, including deferred consideration of £1.0m.

In November 2008, the Group exited the steel bar reinforcing market through the disposal of its interests in Express Reinforcements Limited and the cessation of its related activities. These operations have been treated as discontinued activities in 2008 and the comparatives for 2007 have been restated. Consideration receivable in respect of Express Reinforcements Limited was £13.2m (including cash balances disposed of £3.8m) which resulted in a profit on disposal of £3.1m.

Acquisitions

In July 2008 we completed the acquisition of the remaining 31.8% minority shareholding in Zinkinvent GmbH for £18.8m giving the Group 100% ownership of the galvanizing and fabrication operations in Benelux, Germany, France and the US. This was followed by the divestment of the Benelux and German businesses as reported above under "Discontinued businesses".

In addition to the above we acquired Creative Pultrusions Inc. in September 2008 for a cash consideration of £12.8m.

Exchange rates

The movement in exchange rates between 2007 and 2008 resulted in our reported 2008 revenue and underlying operating profit^(†) being 3% and 6% higher respectively. The Euro and US\$ both strengthened significantly particularly later in the second half of the year. If current exchange rates of €1.12 and US\$1.42 had been applied to our 2008 results, it is estimated that revenue and underlying operating profit^(†) would have been approximately 6% and 9% higher respectively.

Finance costs

Net financing costs rose by £2.7m to £8.3m, principally reflecting the full year interest charge on the debt taken on to acquire Zinkinvent in July 2007 and the impact of translation due to exchange rate movements. The cash element of net financing costs is £8.0m (2007: £5.5m). Underlying operating profit^(†) covered net cash interest 5.9 times (2007: 6.7 times). Historically the Group has not entered into any material fixed interest rate agreements on its principal financing arrangements, although the Group is currently contemplating committing a proportion of its net debt to such instruments. Nevertheless, given the Group's previous policy of utilising floating interest rates, the Group expects to take advantage of recent reductions in UK and other bank base rates and reduce its finance costs in 2009.

Tax

The Group's tax charge for the year was £15.3m (2007: £10.0m). The underlying effective tax rate for the continuing businesses was 37.5% compared to 39.2% (after adjusting for the post tax Associate income) for 2007. Further details are set out in note 6. Following the acquisition of the remaining minority interest in Zinkinvent GmbH in 2008, the Group expects to be able to deliver further reductions in its underlying effective tax rate.

Cash generation and financing

Cash generated from operations was strong at £54.2m (2007: £26.9m) reflecting in part the Group's increased focus on day to day cash management. The Group invested £22.5m (2007: £19.6m) in capital expenditure in furtherance of its organic growth objectives including £5m in constructing a new US galvanizing plant in Delaware. Capital expenditure, as a multiple of depreciation and amortisation, was 1.8 times (2007: 2.2 times). Management continues to maintain strict control on capital expenditure commensurate with growth plans and funding availability. In 2009, capital expenditure is expected to be approximately £13.0m, substantially less than recent years and representing around 1 times depreciation and amortisation. However, the Group will continue in its strategy of investing in selective organic growth initiatives where returns are strong and with a high degree of certainty.

Group net debt at 31 December 2008 was £146.2m (2007: £117.8m). The Group's net debt is principally denominated in Euros and US\$ which act as a hedge against the net asset investments in overseas businesses. The material depreciation of Sterling towards the end of 2008 significantly increased the Sterling reported amount of the foreign currency net debt. Net debt increased year on year by £32.6m due to exchange rate movements.

At the year end the Group had committed facilities available of £169.3m and a further £26.6m in overdrafts and other on demand facilities. Since the year end, at constant exchange rates, the Group has increased its committed net facilities by a further £22.5m. The Group's principal debt facility is a £150m multicurrency facility signed in June 2007 and which runs to June 2012. The facility amortises throughout its existence with £11.4m and £18.4m falling due for repayment in 2009 and 2010 respectively.

At year end exchange rates, the Group now has over £218m of facilities at its disposal which provides significant headroom against its expected requirements. During the year the Group remained well within its banking covenants and expects to remain so throughout 2009.

Pensions

At the year end the obligations for retirement benefits were £11.8m, an increase of £2.1m. In the UK the deficit on the defined benefits scheme increased to £10.4m as a result of a fall in the value of assets, partially offset by a higher corporate bond discount rate and reduced inflation expectations.

Mark Pegler
Finance Director
10 March 2009

Note: † Underlying profit excludes business reorganisation costs, property items, amortisation of acquisition intangibles, impairments, change in the value of financial instruments and net financing return on pension obligations.

Consolidated Income Statement

Year ended 31 December 2008

	Notes	2008			2007 Restated		
		Underlying £m	Non- Underlying* £m	Total £m	Underlying £m	Non- Underlying * £m	Total £m
Revenue	2	419.8	-	419.8	329.6	-	329.6
Trading profit		47.4	(0.2)	47.2	33.8	-	33.8
Share of profits from associate		-	-	-	3.1	-	3.1
Amortisation of acquisition intangibles		-	(0.6)	(0.6)	-	(0.4)	(0.4)
Business reorganisation costs	4	-	(3.2)	(3.2)	-	(3.2)	(3.2)
Profit on sale of properties	4	-	-	-	-	3.1	3.1
Operating profit	2	47.4	(4.0)	43.4	36.9	(0.5)	36.4
Financial income	5	1.4	4.5	5.9	1.7	4.4	6.1
Financial expense	5	(9.9)	(4.3)	(14.2)	(7.6)	(4.1)	(11.7)
Profit before taxation		38.9	(3.8)	35.1	31.0	(0.2)	30.8
Taxation	6	(14.6)	(0.7)	(15.3)	(11.0)	1.0	(10.0)
Profit for the year from continuing operations		24.3	(4.5)	19.8	20.0	0.8	20.8
Discontinued operations	3			2.9			1.8
Profit for the year				22.7			22.6
Attributable to:							
Equity holders of the parent				22.7			22.3
Minority interest				-			0.3
Profit for the year				22.7			22.6
Continuing basic earnings per share	7			26.2p			27.2p
Basic earnings per share	7			30.0p			29.5p
Continuing diluted earnings per share	7			25.9p			26.8p
Diluted earnings per share	7			29.7p			29.1p
Dividend per share - Interim	8			4.3p			3.6p
Dividend per share - Final proposed	8			5.7p			5.1p
Total	8			10.0p			8.7p

* Non-Underlying items represent business reorganisation costs, property items, amortisation of acquisition intangibles, impairments, change in the value of financial instruments and net financing return on pension obligations.

Consolidated Statement of Recognised Income and Expense
Year ended 31 December 2008

	Notes	2008 £m	2007 £m
Exchange differences on translation of overseas operations		29.0	5.6
Exchange differences on foreign currency borrowings denominated as net investment hedges		(21.6)	(3.1)
Share of exchange differences on translation of foreign operations in associate		-	(0.1)
Actuarial (loss)/gain on defined benefit pension schemes		(5.7)	0.5
Taxation on items taken directly to equity	6	1.2	(0.1)
Net income recognised directly in equity		2.9	2.8
Profit for the year		22.7	22.6
Total recognised income and expense for the year		25.6	25.4
Attributable to:			
Equity holders of the parent		25.2	25.1
Minority interest		0.4	0.3
Total recognised income and expense for the year		25.6	25.4

Consolidated Balance Sheet
As at 31 December 2008

	Notes	2008 £m	2007 £m
Non-current assets			
Intangible assets	9	118.6	92.7
Property, plant and equipment		113.6	92.5
Available for sale financial assets	10	6.4	5.7
Other receivables		1.3	-
		239.9	190.9
Current assets			
Assets held for sale	3	-	51.8
Inventories		57.1	55.7
Trade and other receivables		97.2	102.2
Cash and cash equivalents	11	25.9	41.3
		180.2	251.0
Total assets	2	420.1	441.9
Current liabilities			
Liabilities held for sale	3	-	(32.1)
Trade and other liabilities		(90.7)	(104.2)
Current tax liabilities		(6.9)	(8.1)
Interest bearing borrowings	11	(16.7)	(38.5)
		(114.3)	(182.9)
Net current assets		65.9	68.1
Non-current liabilities			
Other liabilities	12	(0.3)	(15.2)
Provisions for liabilities and charges		(6.7)	(4.8)
Deferred tax liability		(14.5)	(10.7)
Retirement benefit obligation		(11.8)	(9.7)
Interest bearing borrowings	11,12	(155.4)	(120.6)
		(188.7)	(161.0)
Total liabilities	2	(303.0)	(343.9)
Net assets	2	117.1	98.0
Equity			
Share capital		18.9	18.9
Share premium		27.9	27.8
Capital redemption reserve		0.2	0.2
Other reserves		4.3	4.3
Translation reserve		9.2	2.2
Retained earnings		54.5	43.1
Equity attributable to equity holders of the parent		115.0	96.5
Minority interest		2.1	1.5
Total equity		117.1	98.0

Consolidated Statement of Cash Flows
Year ended 31 December 2008

		2008		2007	
	Notes	£m	£m	Restated	£m
Profit before tax			35.1		30.8
Add back net financing costs	5		8.3		5.6
Operating profit	2		43.4		36.4
Adjusted for non-cash items					
Income from associated company		-		(3.1)	
Share-based payment		0.3		0.3	
Movement in fair value of forward contracts		0.2		-	
Loss on disposal of subsidiaries		-		0.1	
Loss on remeasurement as held for sale		-		0.3	
Gain on disposal of property, plant and equipment		(0.4)		(3.2)	
Depreciation		11.4		8.1	
Amortisation of intangible assets	9	1.4		1.1	
Impairment of intangible assets	4,9	1.9		-	
			14.8		3.6
Operating cash flow before movement in working capital			58.2		40.0
Decrease in inventories		2.3		1.2	
Increase in receivables		(5.2)		(1.3)	
Increase/(decrease) in payables		1.2		(11.8)	
Decrease in provisions and employee benefits		(2.3)		(1.2)	
Net movement in working capital			(4.0)		(13.1)
Cash generated by operations			54.2		26.9
Income taxes paid			(16.0)		(7.8)
Interest paid			(9.3)		(7.1)
Net cash from operating activities			28.9		12.0
Interest received		1.3		1.6	
Loan settlement		1.0		-	
Proceeds on disposal of non-current assets		0.7		10.4	
Purchase of property, plant and equipment		(16.8)		(14.2)	
Purchase of intangible assets		(2.1)		(1.4)	
Disposal of subsidiaries		0.3		0.4	
Deferred consideration received in respect of disposals		0.1		0.2	
Deferred consideration paid in respect of acquisitions		-		(0.7)	
Acquisitions of minority interests	9	(21.0)		(2.6)	
Acquisitions of subsidiaries and associates	9	(12.8)		(9.4)	
Net cash used in investing activities			(49.3)		(15.7)
Issue of new shares		0.1		-	
Dividends paid		(6.6)		(5.4)	
New loans raised		-		147.4	
Repayments of loans		(17.9)		(113.0)	
Repayment of loan notes		-		(0.1)	
Repayment of obligations under finance leases		(2.3)		(2.5)	
Net cash (used in)/from financing activities			(26.7)		26.4
Net (decrease)/increase in cash from continuing operations			(47.1)		22.7
Cash flow from assets and liabilities held exclusively for sale			19.1		1.2
Cash flow from other discontinued operations	3		8.6		1.8
Net (decrease)/increase in cash			(19.4)		25.7
Cash at the beginning of the year			41.3		14.2
Effect of exchange rate fluctuations			4.0		1.4
Cash at the end of the year	11		25.9		41.3

Notes to the Consolidated Financial Statements

1. Restatement

In November 2008, the Group exited the steel bar reinforcing market through the disposal of its interests in Express Reinforcements Limited and the cessation of its related activities. Accordingly, these operations have been treated as discontinued activities and the comparatives for 2007 have been restated. Further detail is provided in note 3.

In the current year the Group has amended its treatment of Non-Underlying items in the consolidated income statement, to reflect a more representative view of the Group's definition of underlying earnings. In addition to business reorganisation costs, property items and amortisation of acquisition intangibles included for the year ended 31 December 2007, Non-Underlying items now also include impairments, changes in the fair value of financial instruments and financial income and expense on pension obligations. All comparatives including the consolidated income statement have been restated.

2. Segmental information

Business segment analysis

Income Statement – continuing

	2008		Underlying segment result *	Segment revenue £m	2007 Restated Segment result £m	Underlying segment result *
	Segment revenue £m	Segment result £m	£m	£m	£m	£m
Infrastructure Products	191.8	22.5	23.2	145.2	18.3	18.3
Galvanizing Services + Building and Construction Products ~	127.1	18.8	19.7	82.3	15.5	15.3
	100.9	2.1	4.5	102.1	2.6	3.3
Total Group	419.8	43.4	47.4	329.6	36.4	36.9
Net financing costs		(8.3)	(8.5)		(5.6)	(5.9)
Continuing operations profit before taxation		35.1	38.9		30.8	31.0
Taxation		(15.3)	(14.6)		(10.0)	(11.0)
Continuing operations profit after taxation		19.8	24.3		20.8	20.0

* Underlying segment result is stated before Non-Underlying items as defined on the consolidated income statement.

+ Includes £nil (2007: £3.1m) share of profits from associate (net of tax).

~ Includes loss on remeasurement as held for sale £nil (2007: £0.3m).

Balance Sheet	2008		2007	
	Total assets £m	Total liabilities £m	Total assets £m	Total liabilities £m
Infrastructure Products	115.8	(32.7)	85.7	(25.8)
Galvanizing Services	232.6	(31.7)	194.0	(42.4)
Building and Construction Products	45.8	(23.4)	69.1	(48.5)
Total segment assets/(liabilities)	394.2	(87.8)	348.8	(116.7)
Tax and dividends	-	(24.6)	-	(21.5)
Provisions and retirement benefits	-	(18.5)	-	(14.5)
Net debt	25.9	(172.1)	41.3	(159.1)
	420.1	(303.0)	390.1	(311.8)
Assets and liabilities held for sale (note 3)	-	-	51.8	(32.1)
Total Group	420.1	(303.0)	441.9	(343.9)
Net assets		117.1		98.0

Geographical segment analysis

Detailed below is the analysis of continuing operations revenue by geographical market, irrespective of origin.

Revenues	2008	2007
	£m	Restated £m
UK	239.0	230.4
Rest of Europe	102.5	55.4
USA	57.0	24.7
Asia and the Middle East	15.1	15.4
Rest of World	6.2	3.7
Total	419.8	329.6

3. Discontinued operations and assets held for sale

Discontinued operations

Following the acquisition on 2 July 2007 of Zinkinvent GmbH the Group decided that it did not wish to retain the Benelux and German trading operations of that company. Accordingly, these businesses were accounted for as discontinued operations from the date of acquisition. At 31 December 2007, the assets and liabilities of these businesses were separately included in the Balance Sheet at fair value as held exclusively with a view to resale. These operations and a 31.8% minority interest in Vista Investments N.V. valued at £1.7m were disposed in August 2008 for a consideration of £22.1m, including deferred consideration of £1.0m. In November 2008, the Group exited the steel bar reinforcing market through the disposal of its interests in Express Reinforcements Limited and the cessation of its related activities. As a result these operations have been treated as discontinued activities and the comparatives for 2007 have been restated.

The results of the discontinued operations are as follows:

Income Statement	2008	2007
	£m	Restated £m
Operating profit	5.1	3.5
Net financing charges (note 5)	(0.5)	(0.4)
Profit before taxation	4.6	3.1
Taxation (note 6)	(1.7)	(1.3)
Discontinued operations profit for the year	2.9	1.8
Cash flow		
Net cash flow from operating activities	5.6	2.1
Net cash flow from/(used in) investing activities	8.0	(0.3)
Net cash flow used in financing activities	(5.0)	-
Cash flow from other discontinued operations	8.6	1.8

The impact of the disposal of Express Reinforcements Limited on the Group's results is as follows:

Disposal of Express Reinforcements Limited	2008 £m
Intangible assets	4.0
Property, plant and equipment	3.5
Inventories	7.0
Current assets	13.4
Cash and cash equivalents	3.8
Current liabilities	(22.3)
Deferred tax	(0.3)
Net Assets	9.1
Consideration:	
Cash consideration	12.8
Deferred consideration	0.4
Expenses	(1.0)
Total net proceeds	12.2
Profit on disposal	3.1
Cash flow effect:	
Cash consideration	12.8
Cash left in the business	(3.8)
Expenses	(1.0)
Net cash consideration	8.0

Assets held for sale

In addition to the Benelux and German trading operations, the assets and liabilities of D&J (Steels) Limited were also held for sale at 31 December 2007. D&J (Steels) Limited did not meet the criteria of a discontinued operation and therefore its results were included in continuing operations. Both of these businesses were disposed of in 2008. No gain or loss arose on the disposal of the businesses as they had been remeasured to their fair value prior to their disposal.

	2007 £m
Operations held exclusively with a view to resale	50.0
D&J (Steels) Limited held for sale	1.8
Total assets	51.8
Operations held exclusively with a view to resale	(31.0)
D&J (Steels) Limited held for sale	(1.1)
Total liabilities	(32.1)

In February 2008 the sale of D&J (Steels) Limited completed realising £0.3m cash consideration, with £0.4m being deferred to 2009. The loss on remeasurement of £0.3m was realised in 2007 (note 4).

4. Non-Underlying items

2008

Non-Underlying items in 2008 principally comprise reorganisation and redundancy costs of £1.9m and a goodwill impairment charge of £1.9m offset by a net curtailment gain of £0.6m in respect of the Group's retirement obligations. Amounts included within financial income and expense represent the net financing return on pension obligations of £0.2m (2007: £0.6m) and the change in fair value of financial instruments of £nil (2007: £0.3m expense). Tax on Non-Underlying items includes a charge of £1.1m resulting from a change in the UK tax legislation preventing the recoverability of Industrial Buildings Allowances.

2007

The 2007 costs include £1.0m relating to the relocation and factory closures of the production facilities of Ash & Lacy Perforators Limited and the newly acquired H M Doors business. Also included is £0.4m in respect of losses incurred on the disposal of Ash & Lacy Pressings Limited and loss on remeasurement as held for sale on D&J (Steels) Limited (note 3), two non-core Group businesses. A further £0.7m relates to relocation costs of other Group operations. There is also a charge of £1.1m relating to the changes in Directors' contracts.

The profit on sale of properties in 2007 relates to the sale of two properties located in Hayle and Levenshulme and the sale and leaseback of one operating property. No tax liability arose on these sales due to the availability of indexation allowances and capital losses for offset.

5. Net financing costs

	Continuing £m	Discontinued £m	2008 £m	Continuing £m	Discontinued £m	2007 Restated £m
Interest on bank deposits	1.2	-	1.2	0.7	0.1	0.8
Interest on other loans	0.2	-	0.2	1.0	0.5	1.5
Total interest income	1.4	-	1.4	1.7	0.6	2.3
Change in fair value of financial assets and liabilities	0.1	-	0.1	-	-	-
Expected return on pension scheme assets	4.4	-	4.4	4.4	-	4.4
Total other income	4.5	-	4.5	4.4	-	4.4
Financial income	5.9	-	5.9	6.1	0.6	6.7
Interest on bank loans and overdrafts	8.5	0.5	9.0	6.7	0.3	7.0
Interest on finance leases and hire purchase contracts	0.4	-	0.4	0.4	-	0.4
Interest on other loans	0.5	-	0.5	0.1	0.7	0.8
Total interest expense	9.4	0.5	9.9	7.2	1.0	8.2
Change in fair value of financial assets and liabilities	0.1	-	0.1	0.3	-	0.3
Put option discount unwind	0.5	-	0.5	0.4	-	0.4
Expected interest cost on pension scheme obligations	4.2	-	4.2	3.8	-	3.8
Total other expense	4.8	-	4.8	4.5	-	4.5
Financial expense	14.2	0.5	14.7	11.7	1.0	12.7
Net financing costs	8.3	0.5	8.8	5.6	0.4	6.0

6. Taxation

	Continuing £m	Discontinued £m	2008 £m	Continuing £m	Discontinued £m	2007 Restated £m
Current tax						
UK corporation tax	4.3	0.1	4.4	3.9	0.4	4.3
Overseas tax at prevailing local rates	9.8	1.6	11.4	5.0	0.8	5.8
	14.1	1.7	15.8	8.9	1.2	10.1
Deferred tax						
Current year	1.9	-	1.9	0.6	-	0.6
Adjustments in respect of prior periods	0.2	-	0.2	0.1	-	0.1
Overseas tax at prevailing local rates	(0.9)	-	(0.9)	0.4	0.1	0.5
Tax on profit in the Income Statement	15.3	1.7	17.0	10.0	1.3	11.3

	2008 £m	2007 £m
Current tax		
Relating to defined benefit pension schemes	-	(0.4)
	-	(0.4)
Deferred tax		
Relating to defined benefit pension schemes	(1.5)	0.7
Relating to share-based payments	0.3	(0.2)
	(1.2)	0.5
Tax on items taken directly to equity	(1.2)	0.1

The tax charge in the Income Statement for the period is higher (2007: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £m	2007 Restated £m
Profit from continuing operations before tax	35.1	30.8
Profit from discontinued operations before tax	4.6	3.1
Profit before taxation	39.7	33.9
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	11.3	10.2
Expenses not deductible for tax purposes	2.7	0.8
Impairment of goodwill	0.6	-
Share of profit from associate already taxed	-	(0.5)
Capital profits less losses and write downs not subject to tax	(0.7)	(0.8)
Deferred tax benefit arising from asset disposals	-	(0.3)
Overseas profits taxed at higher/(lower) rates	1.5	0.9
Overseas losses not relieved	0.3	1.0
Deferred tax benefit of future reductions in UK corporation tax rates	-	(0.1)
Impact of change in legislation	1.1	-
Adjustments in respect of previous periods	0.2	0.1
Tax charge	17.0	11.3
Tax charge on continuing operations	15.3	10.0
Tax charge on discontinued operations	1.7	1.3
Tax charge	17.0	11.3

7. Earnings per share

The weighted average number of ordinary shares in issue during the year was 75,623,123 (2007: 75,565,565), diluted for the effects of the outstanding dilutive share options 76,498,845 (2007: 76,550,467). Underlying earnings per share have been shown because the Directors consider that this provides valuable additional information about the underlying performance of the Group.

	2008		2007 Restated	
	Pence per share	£m	Pence per share	£m
Basic earnings	30.0	22.7	29.5	22.3
Discontinued business	(3.8)	(2.9)	(2.3)	(1.8)
Continuing basic earnings per share	26.2	19.8	27.2	20.5
Non-Underlying items*	6.0	4.5	(1.1)	(0.8)
Underlying earnings	32.2	24.3	26.1	19.7
Diluted earnings	29.7	22.7	29.1	22.3
Discontinued business	(3.8)	(2.9)	(2.3)	(1.8)
Continuing diluted earnings per share	25.9	19.8	26.8	20.5
Non-Underlying items*	5.9	4.5	(1.0)	(0.8)
Underlying diluted earnings	31.8	24.3	25.8	19.7

* Non-Underlying items as defined on the consolidated income statement.

8. Dividends

Dividends paid in the year were the prior year's interim dividend of £2.7m (2007: £2.2m) and the final dividend of £3.9m (2007: £3.2m). Dividends declared after the Balance Sheet date are not recognised as a liability, in accordance with IAS10. The Directors have proposed a final dividend for the current year, subject to shareholder approval, as shown below:

	2008		2007	
	Pence per share	£m	Pence per share	£m
Equity shares				
Interim	4.3	3.2	3.6	2.7
Final proposed	5.7	4.3	5.1	3.9
Total	10.0	7.5	8.7	6.6

9. Intangible assets

	Goodwill £m	Brands £m	Customer lists £m	Capitalised development costs £m	Licences £m	Total £m
Cost						
At 1 January 2007	36.8	-	0.1	3.5	-	40.4
Exchange adjustments	2.6	0.8	0.2	-	-	3.6
Acquisitions - subsidiaries	37.5	9.0	1.6	-	0.3	48.4
Acquisitions - minority interests	0.7	-	-	-	-	0.7
Additions internal	-	-	-	0.1	-	0.1
Additions external	-	-	-	1.0	0.3	1.3
Disposals	(0.1)	-	-	-	-	(0.1)
At 31 December 2007	77.5	9.8	1.9	4.6	0.6	94.4
Exchange adjustments	15.3	3.1	0.7	-	-	19.1
Acquisitions - subsidiaries	5.9	0.9	0.6	-	-	7.4
Acquisitions - minority interests	5.0	-	-	-	-	5.0
Additions internal	-	-	-	0.3	-	0.3
Additions external	-	-	-	1.7	0.1	1.8
Disposal of subsidiaries	(4.0)	-	-	-	-	(4.0)
Disposals	-	-	-	-	(0.4)	(0.4)
At 31 December 2008	99.7	13.8	3.2	6.6	0.3	123.6
Amortisation and impairment losses						
At 1 January 2007	-	-	-	0.6	-	0.6
Amortisation charge for the year	-	0.2	0.2	0.6	0.1	1.1
At 31 December 2007	-	0.2	0.2	1.2	0.1	1.7
Exchange adjustments	-	-	0.1	-	-	0.1
Disposals	-	-	-	-	(0.1)	(0.1)
Impairment losses	1.9	-	-	-	-	1.9
Amortisation charge for the year	-	0.2	0.4	0.7	0.1	1.4
At 31 December 2008	1.9	0.4	0.7	1.9	0.1	5.0
Carrying values						
At 1 January 2007	36.8	-	0.1	2.9	-	39.8
At 31 December 2007	77.5	9.6	1.7	3.4	0.5	92.7
At 31 December 2008	97.8	13.4	2.5	4.7	0.2	118.6

2008

Goodwill of £5.9m, brands of £0.9m and customer lists of £0.6m, arose on the acquisition of Creative Pultrusions Inc. in September 2008. Goodwill arises on this acquisition due primarily to the assembled workforce, technical expertise, knowhow, market share and geographical advantages afforded to the Group through this acquisition. Details of the acquisition are provided in the table below.

Goodwill of £5.0m arising on the acquisition of minority interests consists of the following:

- £4.3m in respect of the purchase in July 2008 of the 31.8% minority interest in Zinkinvent GmbH. The £4.3m represents the excess of the net consideration of £18.8m over the fair value of the put option recognised on acquisition in respect of the Group's potential obligation to purchase the minorities' shareholdings.
- £0.7m in respect of the purchase in January 2008 of the minority interests in the US fabrication operations of Voigt & Schweitzer Inc. for a consideration of £2.2m.

No intangible assets other than goodwill were recognised upon these acquisitions as the Group had previously recognised the intangible assets upon acquiring a majority shareholding in Zinkinvent GmbH in July 2007.

Table of 2008 subsidiary acquisitions	Creative Pultrusions pre acquisition carrying amount £m	Policy alignment and provisional fair value adjustments £m	Creative Pultrusions Inc £m
Intangible assets	-	1.5	1.5
Property, plant and equipment	2.4	-	2.4
Inventories	2.0	-	2.0
Current assets	2.8	-	2.8
Current liabilities	(2.2)	-	(2.2)
Deferred tax	0.7	-	0.7
Non-current liabilities	-	(0.3)	(0.3)
Shareholder's equity	5.7	1.2	6.9
Consideration			
Cash consideration in the year			12.4
Expenses			0.4
Total cost			12.8
Goodwill			5.9
Cash flow effect			
Cash consideration			12.4
Expenses incurred in the year			0.4
Net cash consideration shown in the Consolidated Statement of Cash Flows			12.8
Post acquisition profit for the year included in the Group's Consolidated Income Statement			0.1

10. Available for sale financial assets

	Total £m
Fair and carrying value	
At 1 January 2007	-
Acquisitions	5.3
Exchange adjustments	0.4
At 31 December 2007	5.7
Exchange adjustments	1.6
Interest receivable on loan	0.1
Loan repayment	(1.0)
At 31 December 2008	6.4

Available for sale financial assets consists of the 33.3% shareholding of Vista Investment NV in Neholl BV, a Dutch holding company. Neholl BV owns 100% of Nedcoat BV, a Dutch company with galvanizing businesses in the Benelux region. The Group neither has representation on the Board of Neholl BV nor is it able to influence commercial or dividend policy. For this reason the Board considers the Group does not exert significant influence over Neholl. Accordingly, the results of Neholl are not equity accounted into the results of the Group and the investment is instead held as an available for sale financial asset. The fair value of this financial asset has been derived by the Directors from their judgement as to its future profitability and cash flows and its ultimate marketability.

The Group holds a 68.2% share in Vista Investment NV, the remaining 31.8% representing the minority interest disclosed in the consolidated balance sheet.

11. Cash and borrowings

	2008 £m	2007 Restated £m
Cash and cash equivalents in the balance sheet		
Cash and bank balances	18.3	35.7
Call deposits	7.6	5.6
Cash	25.9	41.3
Interest bearing loans and borrowings		
Amounts due within one year	(16.7)	(38.5)
Amounts due after more than one year	(155.4)	(120.6)
Net debt	(146.2)	(117.8)
Change in Net Debt		
Operating profit	43.4	36.4
Non-cash items	14.8	3.6
Operating cash flow before movement in working capital	58.2	40.0
Net movement in working capital	(4.0)	(13.1)
Operating cash flow	54.2	26.9
Tax paid	(16.0)	(7.8)
Net financing costs paid (net of Investment loan settlement)	(7.0)	(5.5)
Capital expenditure	(22.5)	(19.6)
Sale of fixed assets	0.7	10.4
	9.4	4.4
Dividends paid	(6.6)	(5.4)
Disposals (see below)	29.5	0.6
Acquisitions (see below)	(33.8)	(71.0)
Issue of new shares	0.1	-
Net debt increase from continuing operations	(1.4)	(71.4)
Net cash inflow from discontinued operations	5.6	3.0
Net debt decrease/(increase)	4.2	(68.4)
Effect of exchange rate fluctuations	(32.6)	(3.3)
Net debt at the beginning of the year	(117.8)	(46.1)
Net debt at the end of the year	(146.2)	(117.8)
Acquisitions		
Deferred consideration paid in respect of acquisitions	-	(0.7)
Acquisitions of minority interests	(21.0)	(2.6)
Acquisitions of subsidiaries and associates (note 9)	(12.8)	(9.4)
Interest bearing liabilities on acquisition of subsidiaries and associates	-	(58.3)
Total	(33.8)	(71.0)
Disposals		
Disposal of subsidiaries	8.3	0.4
Deferred consideration received in respect of disposals	0.1	0.2
Disposal of assets and liabilities held for sale	21.1	-
Total	29.5	0.6

12. Non-current liabilities

	2008 £m	2007 £m
Interest bearing loans and borrowings		
Long term borrowings	150.9	115.8
Finance lease and hire purchase obligations	4.5	4.8
	155.4	120.6
Other non-current liabilities		
Deferred government grants	0.3	0.7
Put option	-	14.5
	0.3	15.2

The Articles of Association of Zinkinvent GmbH, in common with many German holding companies, provide all shareholders the right to require Zinkinvent to buy back their shares. This constitutes a put option under IAS 32, which is recognised as a liability in the 2007 Balance Sheet, without regard to the option actually being exercised. The acquisition of the minority in Zinkinvent GmbH in July 2008 for consideration of £18.8m resulted in £4.3m goodwill (note 9) and removed this liability.

13. Exchange Rates

The principal exchange rates used were as follows:

	2008		2007	
	Average	Closing	Average	Closing
Sterling to Euro (£1 = €)	1.25	1.03	1.44	1.36
Sterling to US Dollar (£1 = \$)	1.84	1.44	2.03	2.00
Sterling to Thai Baht (£1 = Baht)	60.69	50.00	64.61	60.06

Notes:

1. The financial information previously set out does not constitute the Company's statutory accounts for the years ended 31 December 2008 or 2007 but is derived from those accounts. Statutory accounts for 2007 have been delivered to the registrar of companies, and those for 2008 will be delivered in due course. The auditors have reported on those accounts; their report was:
 - (i) unqualified;
 - (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and
 - (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.
2. The Annual Report will be posted to shareholders on 7 April 2009, and will be displayed on the Company's website at www.hsholdings.com. Copies of the Annual Report will also be available from the Registered Office at Westhaven House, Arleston Way, Shirley, Solihull, B90 4LH.
3. Events Calendar
 - a. The Annual General Meeting will be held at The Balcony Suite, The National Motorcycle Museum, Solihull at 11.00 a.m. on Tuesday 12 May 2009.
 - b. The proposed final dividend will be paid on 10 July 2009 to shareholders on the register on 5 June 2009 (ex-dividend date 3 June 2009).
 - c. The last date for receipt of Dividend Reinvestment Plan elections is 19 June 2009.
 - d. Interim results announcement for the period to 30 June 2009 due August 2009.
 - e. Payment of interim dividend due January 2010.
4. This preliminary announcement of results for the year ended 31 December 2008 was approved by the Directors on 10 March 2009.