

9 March 2010

Hill & Smith Holdings PLC
 (“Hill & Smith” or the “Group”)

ANNUAL RESULTS 2009

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, today announces its annual results for the year ended 31 December 2009.

Financial Results from Continuing Businesses

	Year ended 31 December 2009	Year ended 31 December 2008	Change
Revenue	£389.7m	£419.8m	-7.2%
Underlying operating profit*	£47.0m	£47.4m	-0.8%
Underlying profit before taxation*	£42.2m	£38.9m	+8.5%
Underlying earnings per share*	38.3p	32.2p	+18.9%
Basic earnings per share	36.3p	30.0p	+21.0%
Dividends per share	11.5p	10.0p	+15.0%
Net debt	£87.6m	£146.2m	-£58.6m

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

Financial Highlights:

- Record profit before taxation and earnings per share.
- Underlying earnings per share* up by 18.9%.
- Dividends per share up by 15.0%.
- Net debt substantially reduced by £58.6m.
- Free cash flow increased significantly to £46.6m (2008: £9.4m).

Business Highlights:

- HS Roads benefited from a strong order book and the accelerated Highways Agency maintenance programme.
- Record utilisation in the UK of temporary vehicle restraint system Varioguard.
- HS Security received its largest order for the new Stronguard fencing product.
- PFI lighting columns contract secured – value £8m over 5 years.
- HS Utilities - new pipe supports manufacturing facility in China now fully operational.
- Successful first year for new galvanizing plant in Delaware USA.
- Introduction of temporary vehicle restraint system, Zoneguard, to Canada.

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

“In the context of the difficult macro-economic conditions the Group has continued to demonstrate its resilience and strengths by delivering another strong set of results. Cost and cash management has been strong, the level of net debt substantially reduced and the dividend has again been increased.

“Our infrastructure markets in particular have continued to be productive, providing the Group with opportunities both in the UK and internationally. In the UK we aim to maximise opportunities arising from committed spend on major infrastructure projects such as managed motorway programmes, rail platform extensions, flood alleviation schemes and health & safety on roads. In our overseas markets the increase

in tendering and order placement activity in 2010 for the oil, gas, liquid natural gas and power generation markets, indicates signs of recovery.

“Activity levels in our other markets continue to be impacted by the general economic climate and we do not anticipate any material increase in volumes. Nevertheless, the cost reduction initiatives put into place in 2009, together with continued focus on pricing discipline, will further strengthen the resilience of our margins and earnings.

“Through its strong presence in generally robust markets, improved geographical spread and product diversity, the Group is well positioned for 2010 and beyond.”

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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, gantries, temporary car parks, "GRP" railway platforms, variable road messaging solutions, traffic data collection systems, plastic drainage pipes, pipe supports for the power and liquid natural gas 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 3,000 staff across 53 sites, principally in 5 countries. In the year to 31 December 2009, it generated revenues of £389.7m.

Chairman's Statement

Introduction

Firstly, I am delighted to be joining the Company as your new Chairman, following the retirement of David Grove on 31 December 2009. On behalf of the Board I would like to thank David for his considerable contribution to the development of the Group and the value he has added for shareholders over the last ten years, formerly as Chief Executive and more recently as Chairman. David's achievement in creating a successful international group is much appreciated by his colleagues and shareholders.

Together with my fellow Directors I look forward to continuing the successful development of the Group.

Overview

The achievement of record underlying profit before tax and earnings per share for 2009 has once again demonstrated the strength of the management teams across the Group, the international spread and resilience of its core markets and the leading positions it has in those markets.

During the year we reacted quickly to a number of market opportunities and managed costs in line with changing demand patterns. Overall margins increased and through excellent cash management we achieved a substantial reduction in the level of net debt.

The year has not just been about the strong management of cost, margins and cash. We succeeded in maintaining our market positions, winning major contracts, extended our representation to China with a new operation for the pipe supports business and continued to refine the portfolio of businesses with strategic disposals. In addition we opened a new galvanizing plant in Delaware, USA.

Results from continuing businesses

Group revenue decreased by 7.2% to £389.7m (2008: £419.8m). Profit before taxation in the period increased by 13.1% to £39.7m (2008: £35.1m) and underlying profit before taxation^(*) increased by 8.5% to £42.2m (2008: £38.9m).

Basic earnings per share increased by 21.0% to 36.3p (2008: 30.0p) whereas underlying earnings per share^(*), a more consistent and meaningful measure of performance, was 18.9% ahead of last year at 38.3p (2008: 32.2p). The underlying earnings per share^(*) has now grown by a compound average growth rate in excess of 21% over the past five years.

Dividends

The results for 2009, together with the Board's confidence in the Group's prospects, enable the Directors to recommend to shareholders a final dividend of 6.8p (2008: 5.7p), making a total dividend for the year of 11.5p (2008: 10.0p), an increase of 15.0%. The dividend for the year is covered 3.3 times by underlying earnings per share^(*). Our progressive dividend policy has increased dividend payments by an average of 20% in each of the last three years. The final dividend, if approved, will be paid on 9 July 2010 to those shareholders on the register at close of business on 4 June 2010.

Group strategy

The business climate in 2009 dictated that the main focus was on delivery of earnings, cash generation and cost containment. However, investment continued to be made in developing products and operations for strategic markets in the road and utilities sectors. The development of the Group's interest in overseas markets remains a key priority, and projects in the US, India and China were initiated or enhanced. The pursuit of organic and acquisition growth opportunities are a priority for the current year.

Finance

Cash generated from operations was again strong at £71.0m (2008: £54.2m) reflecting both significantly lower levels of working capital and the culture of cash management now embedded throughout the organisation. Reduced capital expenditure was in line with expectations at £11.7m (2008: £22.5m) which represents a multiple of depreciation and amortisation of 0.8 times (2008: 1.8 times). The Group continues to invest selectively in available opportunities where returns are highest and which exceed internal benchmarks.

The substantial cash generation during the year resulted in Group net debt at 31 December 2009 being £87.6m, a reduction of £58.6m compared to the previous year (£146.2m).

At the year end the Group had total debt facilities available of £203.6m including committed term facilities of £177.0m. The facilities at its disposal provide significant headroom against its expected funding requirements.

Disposals

The Group made two strategic divestments during the year.

In June, the Group disposed of its ultimate minority shareholding in Neholl BV, a Netherlands based company with galvanizing operations across the Benelux region, for a net cash consideration of €5.7m (£4.9m). Although operating in the galvanizing sector this minority interest was not regarded as a long term investment opportunity. The cash proceeds were used to reduce the Group's net debt and the disposal realised a profit on sale of £1.0m.

In December, the Group sold Ash & Lacy Perforators Limited, a UK company operating in the perforated metal sector, for a consideration of £3.1m (including cash balances disposed of £2.1m) resulting in a loss on disposal of £0.6m for this non-core business.

Employees

The Group has some 3,000 employees, all of whom underpin our performance. On behalf of the Board I would like to express our thanks for their hard work and enthusiasm and congratulate them on achieving another record performance.

Board of Directors

During the year Jock Lennox joined the Board, as an independent Non-Executive Director, following the retirement of Dick Richardson at the 2009 Annual General Meeting. In addition to being a former partner at Ernst & Young, Jock has considerable experience across a wide range of industries and in international transactions and expansion. Jock also succeeded Dick Richardson as Chairman of the Audit Committee.

Howard Marshall, having completed over nine years of valuable service to the Board, will not, in line with corporate governance practice, be standing for re-election at the Annual General Meeting to be held on 7 May 2010. During his time as a Non-Executive Director Howard has brought an independent, balanced and experienced view to the Board and has contributed significantly to the development of the Group. Along with his fellow Directors and colleagues I thank Howard for all that he has done for the Company.

The Future

The Board believes that the Group will continue to show resilience in its performance and good progress in the delivery of its strategy.

We have strong positions in our markets, a good geographical spread, cash generative businesses and a balance sheet and financing facility that enable us to pursue further development opportunities that may arise.

Bill Whiteley
Chairman
9 March 2010

(*) Non-Underlying items represent business reorganisation costs, property items, amortisation of acquisition intangibles, impairments, gains on the disposal of available for sale financial assets, change in the value of financial instruments and net financing return on pension obligations.

Chief Executive's Review

Performance

Throughout 2009 we continued to demonstrate our ability to innovate and adapt our product offering and to maximise opportunities in our core product range and geographical markets. We delivered robust trading around the world and our overseas operations now account for over fifty percent of total underlying operating profit^(*).

The year also involved a more intense focus on the management and consolidation of our operations, as we adapted our cost base to the changes in demand and the economic environment.

Net debt was significantly reduced with strong operating cash flows and early action to reduce volume related costs enabled us to deliver good operating results for 2009 in what was a difficult trading environment.

Revenue decreased by 7.2% to £389.7m (2008: £419.8m) due to lower raw material prices and volumes, especially in the Galvanizing Services division. Acquisitions completed in 2008 contributed £8.4m additional revenue and favourable appreciation of the US\$ and the Euro exchange rates added a further £19.4m. Underlying operating profit^(*) was maintained at £47.0m (2008: £47.4m) of which acquisitions made in 2008 accounted for £0.9m. Favourable exchange rate movements contributed a further £3.4m of profit (7.2%), and the underlying operating margin^(*) improved by 0.8% to 12.1%.

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

Group Strategy

The strategic objective is to deliver a consistent growth in earnings, dividend and shareholder value. We aim to continue our track record of delivery of this objective through concentration on our core markets and a clear focus on four key strategic drivers. During 2009 we made the following progress:

Strategic drivers	Progress in 2009
<ul style="list-style-type: none">Organic growth	<ul style="list-style-type: none">Completed major contract for Asia supplying our new Stronguard fencing product.Increased penetration in the energy/power markets.Achieved acceptance of Zoneguard in Canada in addition to the existing eight US States.
<ul style="list-style-type: none">Geographic expansion	<ul style="list-style-type: none">New pipe supports plant in China became fully operational.Undertook groundwork for establishment of new representation in India for Pipe Supports and Hill & Smith infrastructure products.Continued USA galvanizing expansion programme with new plant in Delaware.
<ul style="list-style-type: none">Selective acquisitions	<ul style="list-style-type: none">Continued to assess acquisition of suitable businesses involved in the road and utilities sectors.
<ul style="list-style-type: none">Increasing legislative requirements in our markets	<ul style="list-style-type: none">Maximised opportunities arising from committed Government spend.Undertook further product development for the security sector.

These actions have continued the development of our product offering and representation in generally resilient markets, where we see potential for both domestic and international growth.

Fundamental to the continued delivery of our strategy is the retention and strengthening of our position as a preferred supplier in the chosen market segments. To achieve this we have experienced and entrepreneurial management teams in place, capable of delivering product development and value based solutions.

Infrastructure Products (IP)

The IP division is focused on four main markets – roads, rail, utilities and security and accounted for 52% of total revenue for 2009. We have developed HS Roads, HS Rail, HS Utilities and HS Security to drive each business unit's growth of revenue and profitability in these sectors. The division's extensive range of products include permanent and temporary road safety barriers, fencing, overhead sign gantries, street lighting columns, bridge parapets, demountable car parks, glass reinforced plastic (GRP) railway platforms, variable road messaging solutions, traffic data collection systems, plastic drainage pipes, pipe supports for the power and liquid natural gas (LNG) markets, energy grid components and security fencing.

Revenue increased by 5.6% to £202.5m in 2009 (2008: £191.8m) which included a currency translation benefit of £6.9m. Underlying operating profit^(*) was improved by 5.6% to £24.5m (2008: £23.2m), including a currency translation benefit of £1.1m. In its first full year since acquisition, Creative Pultrusions contributed an additional £8.4m revenue and £0.9m operating profit.

HS Roads

A strong performance was achieved in a number of the key business units supplying the UK roads sector, which benefitted from the UK stimulus spend focused on improving road safety and increasing the capacity of the road network.

In 2009 the Highways Agency accelerated its managed motorway programme to provide hard shoulder running at peak times on congested motorways, resulting in a record year for our variable electronic message signage business. We have a strong order book entering 2010 and the Highways Agency has now announced four contractors for the £2 billion programme, which runs through to 2014. This will create further demand for our temporary and permanent barriers, new lightweight gantries, variable electronic message signage and lighting columns.

During the year rental of our Varioguard temporary barrier reached record utilisation levels and our rental fleet was increased by 25km to 173km to accommodate the deployment of 46km on the M25 widening project, which will remain in place until the 2012 Olympics.

Our permanent vehicle restraint systems, Flexbeam, Brifen and VGAN, produced an excellent performance both in the UK and in the export markets of Scandinavia, USA and the Middle East. Also our Varley & Gulliver parapet was installed on prestigious international projects such as the YAS Island F1 Grand Prix Circuit and the Sheikh Zayed Bridge, both in Abu Dhabi.

In the UK, financing for street lighting PFI's was released for a number of projects. Mallatite, our UK street lighting operation, secured an £8m five year supply contract for 72,000 lighting columns in Surrey and a £10m contract, for the South East Coast PFI, for 100,000 lighting columns; both contracts starting in the early part of 2010. Our lighting column operation in France had a disappointing start to 2009 due to the political and financial impact of the local elections although the order intake improved in the second half, as more funds were released for infrastructure expenditure.

In the year, TopDeck installed a large demountable car park for a supermarket project in Bristol. Although it was otherwise a disappointing period for this new product, as capital projects were impacted by the economic environment, funding for large capital projects has become more readily available and the level of interest in the product has started to improve.

We supplied our Zoneguard temporary vehicle restraint system on twenty five projects covering eight US States. In January 2010 the first Zoneguard project in Canada was completed as part of our strategy to supply into countries where the US Standard NCHRP350 is adopted.

HS Rail

The order intake in the Rail business was below our initial expectations for 2009. We have, however, started 2010 on a positive note and have recently been awarded a contract for our quick build GRP railway platform, with construction due to start in March on the first extension project. The framework of fourteen contractors for the rail platform extension programme is now in place and we expect increased activity over the next three years.

HS Security

Our anti-personnel, high security systems for perimeter fencing were used on a number of strategic homeland security sites such as airports and military bases and also cash collection depots. In the year we completed our largest order for the newly developed Stronguard fencing which was supplied to a goldmining project in the Asia Pacific region. This substantial order demonstrates the strength of our product innovation and ability to penetrate new geographical markets.

HS Utilities

We continued to grow our market share of energy expenditure around the world. Our pipe supports operation in Thailand had an excellent first half in 2009 on the back of a strong order book. The second half order intake was slower due to the lack of funding for new projects but this has since improved and orders are now being placed. We anticipate 2010 to be the reverse of 2009 with a slower start but a stronger finish to the year. The new pipe supports manufacturing facility in China is fully operational and we are encouraged by the level of enquiries received.

The water authorities in the UK are moving from AMP4 (Asset Management Programme) to AMP5 and the focus will be on the improvement of storm water overflows and prevention of flooding. Our Weholite large diameter plastic pipe business had a steady year in 2009 and we are encouraged by the increase in enquiries for new storm water retention tanks from the major house builders as the sector recovers. Our order book is now back to the levels seen in 2008.

In the USA the V&S Utilities operation started the year well. However, the expected boost from the US stimulus package for national grid improvements has not yet materialised with a number of projects being delayed. Enquiry levels have now improved and we anticipate that some benefits from the stimulus will be seen in 2010.

Galvanizing Services

Our galvanizing operations provide 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. For 2009 galvanizing services generated 29% of Group revenue.

Due to the continued difficulties in the global economy, revenues declined by 10.9% to £113.2m (2008: £127.1m) despite a currency translation benefit of £12.3m. Underlying operating profit^(*) of £21.4m, including currency translation benefits of £2.2m, was up 8.6% (2008: £19.7m) and operating margins improved to 18.9% (2008: 15.5%) as a result of the swift action taken during the year to control costs and adapt our working patterns to suit demand.

In the first half of 2009 we saw a 24.9% decline in galvanizing volumes, compared to the first half of 2008. The second half of the year saw a marked improvement in the trend with volume decline year on year for the second half down to 12.1%, producing an overall decline for the full year of 19.1%.

Volumes in both the UK and France were better than expected in the second half of the year, with France Galva in particular producing a strong result for 2009 that was further improved by currency translation benefits.

In the US volumes from the anticipated stimulus spend did not materialise although the new plant in Delaware, had an excellent first year processing 7,200 tonnes and producing revenue of \$4.3m. This continues to give us confidence to invest in the expansion of our US operations in readiness for the beneficial impact of the Government stimulus.

Building and Construction Products

This division supplies roofing systems, safety handrails and flooring, lintels and residential doors in steel and, increasingly, composite material. These building and construction products are for a range of UK construction projects including housing, schools and industrial buildings. Revenue in 2009 for the division represented 19% of Group revenue.

Revenues declined 26.7% to £74.0m (2008: £100.9m) reflecting the severe downturn in the UK construction market. Consequently, despite decisive action to reduce the cost base, underlying operating profit^(*) fell by £3.4m to £1.1m (2008: £4.5m).

Volumes in our lintel and residential door business improved throughout the year, albeit from a low base, and the signs are encouraging for the New Year.

The roofing division which supplies industrial and commercial builds was also affected by the economic climate. We do not anticipate any upturn in volumes until at least the second half of 2010 when the recently announced PFI "Building Schools for the Future" programme will commence.

Industrial flooring volumes for the smaller, high margin projects remain depressed while the larger infrastructure projects, for which we supply product, are only now being released for the construction sector.

Outlook

Our infrastructure markets in particular have continued to be productive, providing the Group with opportunities both in the UK and internationally. In the UK we aim to maximise opportunities arising from committed spend on major infrastructure projects such as managed motorway programmes, rail platform extensions, flood alleviation schemes and health & safety on roads. In our overseas markets the increase in tendering and order placement activity in 2010 for the oil, gas, liquid natural gas and power generation markets, indicates signs of recovery.

Activity levels in our other markets continue to be impacted by the general economic climate and we do not anticipate any material increase in volumes. Nevertheless, the cost reduction initiatives put into place in 2009, together with continued focus on pricing discipline, will further strengthen the resilience of our margins and earnings.

Through its strong presence in generally robust markets, improved geographical spread and product diversity, the Group is well positioned for 2010 and beyond.

Derek Muir
Chief Executive
9 March 2010

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Financial Review

Overview

From our continuing operations, we generated record levels of profitability despite lower revenues. Revenue decreased by 7.2% to £389.7m (2008: £419.8m). Underlying operating profit^(*) of £47.0m was in line with the prior year of £47.4m resulting in underlying operating profit margins^(*) improving to 12.1% (2008: 11.3%). Lower financing costs contributed to underlying profit before taxation^(*) growing by 8.5% to £42.2m (2008: £38.9m) and underlying earnings per share^(*) were 18.9% higher at 38.3p (2008: 32.2p).

Disposals

The Group made two divestments of non-core businesses during the year. In June, the Group disposed of its ultimate minority shareholding in Neholl BV, a Netherlands based company with galvanizing operations across the Benelux region, for a net cash consideration of €5.7m (£4.9m). The cash proceeds were used to reduce the Group's net debt and the disposal realised a profit on sale of £1.0m.

In December, the Group sold Ash & Lacy Perforators Limited, a UK company operating in the perforated metal sector for a consideration of £3.1m (including cash balances disposed of £2.1m) resulting in a loss on disposal of £0.6m.

Exchange rates

In common with other companies with international operations, revenue and underlying operating profit^(*) benefitted during 2009 from favourable average exchange rates used to translate overseas earnings into Sterling compared to those utilised in 2008. Retranslating 2008 revenue and underlying operating profit^(*) using 2009 average exchange rates would have increased the prior year results by £19.4m (5%) and £3.4m (7%) respectively.

The average and year end exchange rates used to translate the Group's overseas operations were as follows:

£ Sterling	Average		Year end	
	2009	2008	2009	2008
Euro	1.12	1.25	1.13	1.03
US \$	1.57	1.84	1.61	1.44
Thai Baht	53.72	60.69	53.87	50.00

Finance costs

Notwithstanding the adverse impact of translation due to exchange rate movements, net financing costs fell by £3.1m to £5.2m, principally reflecting lower levels of average net debt and continued low interest rates. The net cost from pension fund financing under IAS19 was £0.5m (2008: £0.2m income) and given its non-cash nature continues to be treated as 'Non-Underlying' in the Consolidated Income Statement. The cash element of net financing costs is £4.8m (2008: £8.0m). Underlying operating profit^(*) covered net cash interest 9.8 times (2008: 5.9 times).

During the first quarter of 2009 the Group took advantage of the lower interest rate environment by entering into three year interest rate swap agreements covering approximately half of its committed term debt. The interest rate swaps will contribute to protecting the Group against any adverse movements in future rates.

Tax

The Group's tax charge for the year was £12.2m (2008: £15.3m). The underlying effective tax rate^(*) for the continuing businesses was 31.3% compared to 37.5% for 2008 reflecting improvements in the Group's legal structure following the acquisition of the remaining minority interest in Zinkinvent GmbH in 2008. The international nature of our operations does mean that the mix of profits in a particular year can impact the rate of tax that we pay.

Dividend

The Group has a progressive dividend policy of increasing the dividend paid to shareholders broadly in line with earnings growth, after taking into account the investment needs of the business. Consistent with this policy, the Board has recommended a final dividend in respect of 2009 of 6.8 pence, making the full year

dividend 11.5 pence, an increase of 15.0% on the total paid in respect of 2008 (10.0 pence). Underlying dividend^(*) cover was a healthy 3.3 times (2008: 3.2 times).

Cash generation and financing

Cash generated from operations was again strong at £71.0m (2008: £54.2m) reflecting both significantly lower levels of working capital and the culture of cash management now embedded throughout the organisation. Reduced capital expenditure was in line with expectations at £11.7m (2008: £22.5m) which represents a multiple of depreciation and amortisation of 0.8 times (2008: 1.8 times). The Group continues to invest selectively in available opportunities where returns are highest and which exceed internal benchmarks.

The substantial cash generation during the year resulted in Group net debt at 31 December 2009 being £87.6m, a reduction of £58.6m against 31 December 2008 (£146.2m). The Group's net debt remains principally denominated in Euros and US Dollars which act as a hedge against the net asset investments in overseas businesses. Net debt decreased year on year by £11.7m due to exchange rate movements.

Change in Net Debt

	2009 £m	2008 £m
Operating profit	44.9	43.4
Depreciation & amortisation [†]	15.0	12.8
Working capital movement	11.8	(1.7)
Pensions and provisions	(1.2)	(2.3)
Other items	0.5	2.0
Operating cash flow	71.0	54.2
Tax paid	(9.6)	(16.0)
Interest paid (net)	(3.7)	(7.0)
Capital expenditure	(11.7)	(22.5)
Sale of fixed assets	0.6	0.7
Free cash flow	46.6	9.4
Dividends	(7.5)	(6.6)
Acquisitions and disposals	7.1	(4.3)
Shares issued	0.7	0.1
Change in net debt		
- continuing operations	46.9	(1.4)
- discontinued operations	-	5.6
	46.9	4.2
Opening net debt	(146.2)	(117.8)
Exchange	11.7	(32.6)
Closing net debt	(87.6)	(146.2)

[†] includes £0.9m (2008: £0.6m) in respect of acquisition intangibles.

At the year end the Group had committed facilities available of £177.0m and a further £26.6m in overdrafts and other on demand facilities. The Group's principal debt facility is a £150m multi currency facility signed in June 2007 and which runs to June 2012. Funding available under this facility at 31 December 2009 amounted to £146.0m. The facility amortises throughout its existence with £16.9m and £21.5m falling due for repayment in 2010 and 2011 respectively. The principal debt facility is subject to covenants which are tested semi-annually on 30 June and 31 December. The covenants require that the ratio of EBITDA (adjusted profit before interest, tax, depreciation and amortisation as defined in the facility agreement) to net interest costs must exceed four times and require the ratio of net debt to EBITDA to be no more than three times.

The results of the covenant calculations at 31 December 2009 were:

	Actual	Covenant
Interest Cover	12.8 times	4.0 times
Net debt to EBITDA	1.3 times	3.0 times

Appropriate monitoring procedures are in place to ensure continuing compliance with banking covenants and, based on our current estimates, we expect to comply with the covenants in the foreseeable future. The facilities at the Group's disposal provide significant headroom against its expected funding requirements.

Pensions

The Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme (the 'Schemes') remain the largest employee benefit obligations within the Group. In common with many other UK companies, the Schemes are mature having significantly more pensioners and deferred pensioners than active participating members.

Subsequent to the year end the Group agreed the triennial valuation for the two UK defined benefit pension plans as at 5 April 2009. This valuation resulted in a funding deficit of £26.7m. A recovery plan has been agreed with the Trustees that requires deficit funding payments of £1.9m for three years, followed by payments of £2.3m for a further seven years. The current level of deficit funding amounts to £0.6m. The date of the next triennial review will be 5 April 2012.

The IAS19 deficit at 31 December 2009 for the Group's defined benefit plans was £16.7m, up from £11.8m in the prior year. The increase principally reflects lower corporate bond yields together with higher inflation expectations.

Mark Pegler
Finance Director
9 March 2010

^(*) Non-Underlying items represent business reorganisation costs, property items, amortisation of acquisition intangibles, impairments, gains on the disposal of available for sale financial assets, change in the value of financial instruments and net financing return on pension obligations.

Consolidated Income Statement

Year ended 31 December 2009

	Notes	2009			2008		
		Underlying £m	Non- Underlying* £m	Total £m	Underlying £m	Non- Underlying* £m	Total £m
Revenue	2	389.7	–	389.7	419.8	–	419.8
Trading profit		47.0	(0.5)	46.5	47.4	(0.2)	47.2
Amortisation of acquisition intangibles		–	(0.9)	(0.9)	–	(0.6)	(0.6)
Business reorganisation costs	3	–	(1.8)	(1.8)	–	(3.2)	(3.2)
Gain on disposal of available for sale financial assets	3	–	1.0	1.0	–	–	–
Profit on sale of properties	3	–	0.1	0.1	–	–	–
Operating profit	2	47.0	(2.1)	44.9	47.4	(4.0)	43.4
Financial income	4	0.7	3.4	4.1	1.4	4.5	5.9
Financial expense	4	(5.5)	(3.8)	(9.3)	(9.9)	(4.3)	(14.2)
Profit before taxation		42.2	(2.5)	39.7	38.9	(3.8)	35.1
Taxation	5	(13.2)	1.0	(12.2)	(14.6)	(0.7)	(15.3)
Profit for the year from continuing operations		29.0	(1.5)	27.5	24.3	(4.5)	19.8
Discontinued operations				–			2.9
Profit for the year				27.5			22.7
Attributable to:							
Equity holders of the parent				27.5			22.7
Minority interest				–			–
Profit for the year				27.5			22.7
Continuing basic earnings per share	6	38.3p		36.3p	32.2p		26.2p
Basic earnings per share	6			36.3p			30.0p
Continuing diluted earnings per share	6			35.9p			25.9p
Diluted earnings per share	6			35.9p			29.7p
Dividend per share — Interim	7			4.7p			4.3p
Dividend per share — Final proposed	7			6.8p			5.7p
Total	7			11.5p			10.0p

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Notes	2009 £m	2008 £m
Profit for the year		27.5	22.7
Exchange differences on translation of overseas operations		(15.1)	29.0
Exchange differences on foreign currency borrowings denominated as net investment hedges		10.8	(21.6)
Effective portion of changes in fair value of cash flow hedges		(0.6)	–
Net change in fair value of available for sale financial assets		1.0	–
Net change in fair value of available for sale financial assets transferred to profit or loss		(1.0)	–
Actuarial loss on defined benefit pension schemes		(5.7)	(5.7)
Taxation on items taken directly to other comprehensive income	5	1.8	1.2
Other comprehensive income for the year		(8.8)	2.9
Total comprehensive income for the year		18.7	25.6
Attributable to:			
Equity holders of the parent		19.0	25.2
Minority interest		(0.3)	0.4
Total comprehensive income for the year		18.7	25.6

Consolidated Balance Sheet

As at 31 December 2009

	Notes	2009 £m	2008 (Restated) £m
Non-current assets			
Intangible assets		109.8	118.6
Property, plant and equipment		105.1	113.6
Available for sale financial assets		–	6.4
Other receivables		1.1	1.3
		216.0	239.9
Current assets			
Inventories		43.8	57.1
Trade and other receivables		76.8	97.2
Cash and cash equivalents	8	41.1	25.9
		161.7	180.2
Total assets		377.7	420.1
Current liabilities			
Trade and other liabilities		(74.7)	(87.5)
Current tax liabilities		(8.3)	(6.9)
Interest bearing borrowings	8	(31.2)	(16.7)
		(114.2)	(111.1)
Net current assets		47.5	69.1
Non-current liabilities			
Other liabilities		(0.2)	(0.3)
Provisions for liabilities and charges		(5.0)	(6.7)
Deferred tax liability		(12.7)	(14.5)
Retirement benefit obligation		(16.7)	(11.8)
Interest bearing borrowings	8	(97.5)	(155.4)
		(132.1)	(188.7)
Total liabilities		(246.3)	(299.8)
Net assets		131.4	120.3
Equity			
Share capital		19.0	18.9
Share premium		28.5	27.9
Other reserves		4.5	4.5
Translation reserve		5.2	9.2
Hedge reserve		(0.6)	–
Retained earnings		74.8	57.7
Equity attributable to equity holders of the parent		131.4	118.2
Minority interest		–	2.1
Total equity		131.4	120.3

Approved by the Board of Directors on 9 March 2010 and signed on its behalf by:

D W Muir
Director

M Pegler
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

	Share Capital £m	Share premium £m	Hedge reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Minority interest £m	Total equity £m
At 1 January 2008 as previously reported	18.9	27.8	–	4.5	2.2	43.1	1.5	98.0
Restatement (Note 1)	–	–	–	–	–	2.7	–	2.7
At 1 January 2008 (restated)	18.9	27.8	–	4.5	2.2	45.8	1.5	100.7
Total comprehensive income for the year	–	–	–	–	7.0	18.2	0.4	25.6
Dividends (restated)	–	–	–	–	–	(6.6)	–	(6.6)
Change in ownership interest in subsidiaries	–	–	–	–	–	–	0.2	0.2
Credit to equity of share-based payments	–	–	–	–	–	0.3	–	0.3
Shares issued	–	0.1	–	–	–	–	–	0.1
At 31 December 2008 (restated)	18.9	27.9	–	4.5	9.2	57.7	2.1	120.3
Total comprehensive income for the year	–	–	(0.6)	–	(4.0)	23.6	(0.3)	18.7
Dividends (Note 7)	–	–	–	–	–	(7.5)	–	(7.5)
Change in ownership interest in subsidiaries (Note 3)	–	–	–	–	–	–	(1.8)	(1.8)
Credit to equity of share-based payments	–	–	–	–	–	0.5	–	0.5
Tax taken directly to the Consolidated Statement of Changes in Equity (Note 5)	–	–	–	–	–	0.5	–	0.5
Shares issued	0.1	0.6	–	–	–	–	–	0.7
At 31 December 2009	19.0	28.5	(0.6)	4.5	5.2	74.8	–	131.4

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	£m	2009 £m	2008 £m
Profit before tax			39.7	35.1
Add back net financing costs	4		5.2	8.3
Operating profit	2		44.9	43.4
Adjusted for non-cash items:				
Share-based payment		0.5		0.3
Movement in fair value of forward contracts		–		0.2
Loss on disposal of subsidiaries	3	0.6		–
Gain on disposal of available for sale financial assets	3	(1.0)		–
Gain on disposal of property, plant and equipment		(0.1)		(0.4)
Depreciation		13.0		11.4
Amortisation of intangible assets		2.0		1.4
Impairment of non-current assets		0.5		1.9
			15.5	14.8
Operating cash flow before movement in working capital			60.4	58.2
Decrease in inventories		9.4		2.3
Decrease/(increase) in receivables		15.1		(5.2)
(Decrease)/increase in payables		(12.7)		1.2
Decrease in provisions and employee benefits		(1.2)		(2.3)
Net movement in working capital			10.6	(4.0)
Cash generated by operations			71.0	54.2
Income taxes paid			(9.6)	(16.0)
Interest paid			(4.4)	(9.3)
Net cash from operating activities			57.0	28.9
Interest received		0.7		1.3
Loan settlement		–		1.0
Proceeds on disposal of non-current assets		0.6		0.7
Purchase of property, plant and equipment		(9.7)		(16.8)
Purchase of intangible assets		(0.7)		(2.1)
Disposal of available for sale financial assets	3	4.9		–
Disposal of subsidiaries	3	0.7		0.3
Deferred consideration received in respect of disposals		0.8		0.1
Acquisitions of minority interests		–		(21.0)
Refund/(payment) in respect of acquisitions of subsidiaries and associates		0.7		(12.8)
Net cash used in investing activities			(2.0)	(49.3)
Issue of new shares		0.7		0.1
Dividends paid	7	(7.5)		(6.6)
New loans raised		16.2		–
Repayment of loans		(43.2)		(17.9)
Repayment of obligations under finance leases		(4.9)		(2.3)
Net cash used in financing activities			(38.7)	(26.7)
Net increase/(decrease) in cash from continuing operations			16.3	(47.1)
Cash flow from assets and liabilities held exclusively for sale			–	19.1
Cash flow from other discontinued operations			–	8.6
Net increase/(decrease) in cash			16.3	(19.4)
Cash at the beginning of the year			25.9	41.3
Effect of exchange rate fluctuations			(1.1)	4.0
Cash at the end of the year	8		41.1	25.9

Notes to the Condensed Consolidated Annual Financial Statements

1. Basis of Preparation

Hill & Smith Holdings PLC is a company incorporated in the UK.

New IFRS standards and interpretations adopted during 2009

In 2009 the following standards had been endorsed by the EU, became effective and therefore were adopted by the Group:

- IAS1 (Revised) — Presentation of Financial Statements
- IAS23 (Revised) — Borrowing costs
- Amendment to IAS10 — Events after the accounting period
- Amendment to IFRS2 — Share-based payments
- Amendment to IFRS7 — Financial Instruments: Disclosures
- IFRS8 — Operating segments
- IFRIC14 IAS19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

Following the adoption of IFRS8 — Operating segments as at 1 January 2009, the Group now determines and presents operating segments based on the information that is presented internally to the Group's Chief Executive, who is the Group's Chief Operating Decision Maker. However, the Group continues to report the same three operating segments since these form the basis of internal reporting.

The Group previously had a policy of recognising dividends when they were committed, however, subsequent to the amendment of IAS10 - Events after the accounting period, this policy has been aligned so that dividends are now recognised when they are declared. This has resulted in the restatement of the 2008 Consolidated Balance Sheet. The effect of this restatement is reflected in the Consolidated Statement of Changes in Equity and increases the opening retained earnings as at 1 January 2008 by £2.7m, the dividend in 2008 is reduced by £0.5m to £6.6m and the dividend accrual of £3.2m as at 31 December 2008 has been removed. On the grounds of materiality no restated Consolidated Balance Sheet as at 1 January 2008 has been presented.

The adoption of the remaining standards and interpretations has not had a significant impact on the results for the year.

New IFRS standards and interpretations not adopted

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of the Group's Financial Statements. The following standards and interpretations have not yet been adopted by the Group:

- IAS27 (Revised) — Consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009)
- IFRS3 (Revised) — Business Combinations (effective for business combinations taking place in annual periods beginning on or after 1 July 2009)
- IFRIC16 — Hedges of a Net Investment in a Foreign Operation

The Group does not anticipate that the adoption of the above standards and interpretations will have a material effect on its financial information on initial adoption.

The Group presents Underlying financial information as it believes these measures provide helpful additional information about its performance and underlying trends. The term Underlying refers to the relevant measure being reported before Non-Underlying items as defined on the Consolidated Income Statement. These measures are used by the Group for internal performance analysis and as a basis for incentivised remuneration arrangements for employees. The terms Underlying and Non-Underlying items are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies.

2. Segmental Information

Business segment analysis

The Group has three reportable segments which are Infrastructure Products, Galvanizing Services and Building and Construction Products. Several operating segments which have similar economic characteristics have been aggregated into these reporting segments.

	2009			2008		
	Revenue	Result	Underlying result*	Revenue	Result	Underlying result*
	£m	£m	£m	£m	£m	£m
Income Statement — continuing						
Infrastructure Products	202.5	23.5	24.5	191.8	22.5	23.2
Galvanizing Services	113.2	21.2	21.4	127.1	18.8	19.7
Building and Construction Products	74.0	0.2	1.1	100.9	2.1	4.5
Total Group	389.7	44.9	47.0	419.8	43.4	47.4
Net financing costs		(5.2)	(4.8)		(8.3)	(8.5)
Continuing operations profit before taxation		39.7	42.2		35.1	38.9
Taxation		(12.2)	(13.2)		(15.3)	(14.6)
Continuing operations profit after taxation		27.5	29.0		19.8	24.3

* Underlying result is stated before Non-Underlying items as defined on the Consolidated Income Statement, and is the measure of segment profit used by the Chief Operating Decision Maker. The Result columns are included as additional information.

Geographical segment analysis

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

Revenues	2009	Continuing	Discontinued	2008
	£m	£m	£m	£m
UK	207.5	239.0	84.6	323.6
Rest of Europe	93.8	102.5	35.6	138.1
USA	59.0	57.0	—	57.0
The Middle East	12.3	6.5	—	6.5
Asia	9.5	8.6	—	8.6
Rest of World	7.6	6.2	—	6.2
Total	389.7	419.8	120.2	540.0

Below are tables showing total assets by major geographical segment.

Total assets	2009	2008
	£m	£m
UK	189.0	184.5
Rest of Europe	93.3	126.2
USA	87.6	103.2
Asia	7.8	6.2
Total Group	377.7	420.1

3. Non-Underlying items

Non-Underlying items in 2009 include a gain of £1.0m in relation to the disposal of the Group's ultimate minority interest in Neholl BV which was held as an available for sale financial asset:

	2009
	£m
Available for sale financial assets	5.7
Minority interest	(1.8)
Shareholder's equity	3.9
Consideration:	
Cash consideration	5.0
Expenses	(0.1)
Total net proceeds	4.9
Profit on disposal	1.0
Cash flow effect:	
Cash consideration	5.0
Expenses	(0.1)
Net cash consideration shown in the Consolidated Statement of Cash Flows and Note 8	4.9

The Group realised a loss on the disposal of Ash & Lacy Perforators Limited as follows:

	2009
	£m
Property, plant and equipment	1.1
Inventories	0.2
Current assets	1.4
Cash and cash equivalents	2.1
Current liabilities	(1.2)
Net Assets	3.6
Consideration:	
Cash consideration	2.9
Deferred consideration	0.2
Expenses	(0.1)
Total net proceeds	3.0
Loss on disposal	(0.6)
Cash flow effect:	
Cash consideration	2.9
Cash left in the business	(2.1)
Expenses	(0.1)
Net cash consideration shown in the Consolidated Statement of Cash Flows and Note 8	0.7

Also included are a £0.1m gain on the sale of land, reorganisation and redundancy costs of £1.2m (2008: £1.9m) and intangible amortisation and impairment charges of £1.4m (2008: £2.5m 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 £0.5m cost (2008: £0.2m income) and the gain on the fair value of financial instruments of £0.1m (2008: £nil). Tax on Non-Underlying items includes a charge of £0.1m (2008: £1.1m) resulting from a change in the UK tax legislation preventing the recoverability of Industrial Buildings Allowances.

4. Net financing costs

	Underlying	Non-Underlying	2009	Underlying	Non-Underlying	2008
	£m	£m	£m	£m	£m	£m
Interest on bank deposits	0.7	–	0.7	1.2	–	1.2
Interest on other loans	–	–	–	0.2	–	0.2
Total interest income	0.7	–	0.7	1.4	–	1.4
Change in fair value of financial assets and liabilities	–	0.1	0.1	–	0.1	0.1
Expected return on pension scheme assets	–	3.3	3.3	–	4.4	4.4
Total other income	–	3.4	3.4	–	4.5	4.5
Financial income	0.7	3.4	4.1	1.4	4.5	5.9
Interest on bank loans and overdrafts	4.8	–	4.8	8.5	–	8.5
Interest on finance leases and hire purchase contracts	0.5	–	0.5	0.4	–	0.4
Interest on other loans	0.2	–	0.2	0.5	–	0.5
Total interest expense	5.5	–	5.5	9.4	–	9.4
Change in fair value of financial assets and liabilities	–	–	–	–	0.1	0.1
Put option discount unwind	–	–	–	0.5	–	0.5
Expected interest cost on pension scheme obligations	–	3.8	3.8	–	4.2	4.2
Total other expense	–	3.8	3.8	0.5	4.3	4.8
Financial expense	5.5	3.8	9.3	9.9	4.3	14.2
Continuing net financing costs/(income)	4.8	0.4	5.2	8.5	(0.2)	8.3
Discontinued operations	–	–	–	–	–	0.5
Net financing costs	–	–	5.2	–	–	8.8

5. Taxation

	2009	Continuing	Discontinued	2008
	£m	£m	£m	£m
Current tax				
UK corporation tax	5.0	4.3	0.1	4.4
Adjustments in respect of prior periods	(1.8)	–	–	–
Overseas tax at prevailing local rates	7.9	9.8	1.6	11.4
	11.1	14.1	1.7	15.8
Deferred tax				
Current year	(0.2)	1.9	–	1.9
Adjustments in respect of prior periods	0.7	0.2	–	0.2
Overseas tax at prevailing local rates	0.6	(0.9)	–	(0.9)
Tax on profit in the Income Statement	12.2	15.3	1.7	17.0
Current tax				
Relating to foreign exchange	0.1	–	–	–
Relating to share-based payments	(0.1)	–	–	–
	–	–	–	–
Deferred tax				
Relating to defined benefit pension schemes	(1.6)	–	–	(1.5)
Relating to financial instruments	(0.2)	–	–	–
Relating to share-based payments	–	–	–	0.3
Tax on items taken directly to other comprehensive income	(1.8)	–	–	(1.2)
Deferred tax				
Relating to share-based payments	(0.5)	–	–	–
Tax taken directly to the Consolidated Statement of Changes in Equity	(0.5)	–	–	–

The tax charge in the Consolidated Income Statement for the period is higher (2008: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2009	2008
	£m	£m
Profit from continuing operations before tax	39.7	35.1
Profit from discontinued operations before tax	–	4.6
Profit before taxation	39.7	39.7
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	11.1	11.3
Expenses not deductible for tax purposes	0.5	2.7
Impairment of goodwill	–	0.6
Capital profits less losses and write downs not subject to tax	(0.3)	(0.7)
Overseas profits taxed at higher/(lower) rates	1.7	1.5
Overseas losses not relieved	0.1	0.3
Withholding taxes	0.2	–
Impact of change in legislation	–	1.1
Adjustments in respect of previous periods	(1.1)	0.2
Tax charge	12.2	17.0
Tax charge on continuing operations	12.2	15.3
Tax charge on discontinued operations	–	1.7
Tax charge	12.2	17.0

6. Earnings per share

The weighted average number of Ordinary Shares in issue during the year was 75.8m (2008: 75.6m), diluted for the effects of the outstanding dilutive share options 76.5m (2008: 76.5m). Underlying earnings per share have been shown because the Directors consider that this provides valuable additional information about the underlying performance of the Group.

	2009		2008	
	Pence per share	£m	Pence per share	£m
Basic earnings	36.3	27.5	30.0	22.7
Discontinued business	–	–	(3.8)	(2.9)
Continuing basic earning per share	36.3	27.5	26.2	19.8
Non-Underlying items*	2.0	1.5	6.0	4.5
Underlying earnings	38.3	29.0	32.2	24.3
Diluted earnings	35.9	27.5	29.7	22.7
Discontinued business	–	–	(3.8)	(2.9)
Continuing diluted earning per share	35.9	27.5	25.9	19.8
Non-Underlying items*	2.0	1.5	5.9	4.5
Underlying diluted earnings	37.9	29.0	31.8	24.3

* Non-Underlying items as defined on the Consolidated Income Statement.

7. Dividends

Dividends paid in the year were the prior year's interim dividend of £3.2m (2008: £2.7m) and the final dividend of £4.3m (2008: £3.9m). Dividends declared after the Balance Sheet date are not recognised as a liability, in accordance with IAS10. The Directors have proposed the following interim dividend and a final dividend for the current year, subject to shareholder approval, as shown below:

	2009		2008	
	Pence per share	£m	Pence per share	£m
Equity shares				
Interim	4.7	3.6	4.3	3.2
Final	6.8	5.3	5.7	4.3
Total	11.5	8.9	10.0	7.5

8. Cash and borrowings

	2009	2008
	£m	£m
Cash and cash equivalents in the Balance Sheet		
Cash and bank balances	30.1	18.3
Call deposits	11.0	7.6
Cash	41.1	25.9
Interest bearing loans and borrowings		
Amounts due within one year	(31.2)	(16.7)
Amounts due after more than one year	(97.5)	(155.4)
Net debt	(87.6)	(146.2)
Change in net debt		
Operating profit	44.9	43.4
Non-cash items	15.5	14.8
Operating cash flow before movement in working capital	60.4	58.2
Net movement in working capital	11.8	(1.7)
Changes in provisions and employee benefits	(1.2)	(2.3)
Operating cash flow	71.0	54.2
Tax paid	(9.6)	(16.0)
Net financing costs paid (net of investment loan settlement)	(3.7)	(7.0)
Capital expenditure	(11.7)	(22.5)
Sale of fixed assets	0.6	0.7
Free cash flow	46.6	9.4
Dividends paid (Note 7)	(7.5)	(6.6)
Disposals (see below)	6.4	29.5
Acquisitions (see below)	0.7	(33.8)
Issue of new shares	0.7	0.1
Net debt decrease/(increase) from continuing operations	46.9	(1.4)
Net cash inflow from discontinued operations	–	5.6
Net debt decrease	46.9	4.2
Effect of exchange rate fluctuations	11.7	(32.6)
Net debt at the beginning of the year	(146.2)	(117.8)
Net debt at the end of the year	(87.6)	(146.2)
Acquisitions		
Acquisition of minority interests	–	(21.0)
Refund/(payment) in respect of acquisition of subsidiaries and associates	0.7	(12.8)
Total	0.7	(33.8)
Disposals		
Disposal of subsidiaries (Note 3)	0.7	8.3
Disposal of available for sale financial assets (Note 3)	4.9	–
Deferred consideration received in respect of disposals	0.8	0.1
Disposal of assets and liabilities held for sale	–	21.1
Total	6.4	29.5

Notes:

1. The financial information previously set out does not constitute the Company's statutory accounts for the years ended 31 December 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 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 in respect of the accounts for 2008 nor a statement under Section 498(2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.
2. The Annual Report will be posted to shareholders on or before 3 April 2010, 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
 - i. The Annual General Meeting will be held on Friday 7 May 2010 at 11.00a.m. at The Village Hotel, The Green Business Park, Shirley, Solihull, B90 4GW.
 - ii. The proposed final dividend will be paid on 9 July 2010 to shareholders on the register on 4 June 2010 (ex-dividend date 2 June 2010).
 - iii. The last date for receipt of Dividend Reinvestment Plan elections is 18 June 2010.
 - iv. Interim results announcement for the period to 30 June 2010 due August 2010.
 - v. Payment of interim dividend due January 2011.
4. This preliminary announcement of results for the year ended 31 December 2009 was approved by the Directors on 9 March 2010.

Cautionary Statement

This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ from those currently anticipated.