HILL & SMITH HOLDINGS PLC

Annual Report 2002

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Contents

Results at a glance

	2002	2001
	12 months	15 months
Turnover	**£212.7m**	£241.8m
Operating profit*	**£14.0m**	£15.7m
Profit before taxation*	**£10.0m**	£10.1m
Earnings per share*	**11.79p**	12.01p
Dividend per share	**4.5p**	5.45p

* Before exceptional items and goodwill amortisation.

Financial calendar

Annual General Meeting 2003	20 May 2003
Payment of final dividend for the year to 31 December 2002 (ex dividend date 4 June 2003)	8 July 2003
Announcement of results for period to 30 June 2003	September 2003
Payment of interim dividend	January 2004
Preliminary Announcement of results to 31 December 2003	March 2004

Directors, Advisers and Committees

Directors

D.S. Winterbottom FCA, FCT

Chairman (Non-Executive)

David, aged 66, joined the Board in October 1997. He is Chairman of CPL Industries Limited and Wightlink Shipping Limited. He is also Non-Executive Director of Electrocomponents PLC.

D.L. Grove BA, FCA

Deputy Chairman and Chief Executive

David, aged 54, joined the Board in March 1998. He is a Non-Executive Director of a number of private manufacturing, distribution and investment companies. He is Vice-President of the Birmingham Chamber of Commerce and Industry, a Director of Midlands Excellence and a Board Member of the West Midlands Industrial Development Board.

C.J. Burr FCA

Finance Director

Chris, aged 53, joined the Board in November 2000. He was previously Group Finance Director of Ash & Lacy Plc, whom he joined in 1990 from European Home Products plc having previously held a variety of positions with Singer Company Inc in the UK and Continental Europe.

H.C. Everett BSc, CA

Executive Director and Company Secretary

Howard, previously Group Finance Director, is 58 and joined the Group from Rapid Metal Developments Limited, an RM Douglas PLC subsidiary, in 1990.

H.C. Marshall MSc, BSc

Non-Executive Director

Howard, aged 59, joined the Board in November 2000. He was previously Chief Executive of Ash & Lacy Plc. He is currently Chairman of West Midlands CBI, Chairman of Bullough plc, Board Member of West Midlands Industrial Development Board, and a Member of West Midlands Chamber of Commerce Council.

R.E. Richardson FCMI

Non-Executive Director

Dick, aged 63, joined the Board in May 1997. He is Chairman of Richardson Oseland Limited. He was Chairman and Chief Executive of Graystone PLC from 1992 to 1997, Deputy Chairman and Managing Director of Goring Kerr PLC and Managing Director of Tace PLC.

Audit Committee
Messrs Winterbottom, Marshall and Richardson (Chairman)

Remuneration Committee
Messrs Winterbottom, Marshall (Chairman) and
Richardson

Registered Office
2 Highlands Court, Cranmore Avenue,
Shirley, Solihull, B90 4LE

Company Number 671474

Advisers

Registrars
Computershare Investor Services PLC
PO Box 82, The Pavilions, Bristol, BS99 7NH

Auditors
KPMG Audit Plc
2 Cornwall Street, Birmingham, B3 2DL

Bankers
Barclays Bank PLC
Colmore Row, Birmingham, B3 2WN

Solicitors
Silks, Oldbury, West Midlands
Wragge & Co, Birmingham
Shakespeares, Birmingham

Stockbrokers
Arbuthnot, Birmingham

. . . another year of solid progress . . .

Chairman's Statement

General

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

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

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

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

Dividends

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

Progress

Since the Board changes in 1998 substantial progress has been made in terms of shareholder value. Adjusted earnings per share have increased by 240.8% to 11.79p (1998: 3.46p). Dividends,

which were held at 4.2p between 1997 and 2000 because of the lack of dividend cover, were increased by 3.8% in 2001 and 3.2% in 2002. Dividend cover has improved each year since 1998 when it was uncovered by earnings, so that in 2002 the dividend is covered 2.6 times.

Employees

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

Outlook

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

Pictures from top to bottom:

Brifen barrier in Scotland

Lighting Columns on M8 in Scotland treated with Abcite® coating by Mallatite.

DAVID WINTERBOTTOM

Chairman

18 March 2003

. . . your Group is in good shape to make further progress in the future . . .

Operational Review

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

Building and Construction Products

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

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

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

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

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

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

facilities across the UK in order to enhance our reputation for delivery, service and quality.

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

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

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

Pictures from top to bottom:
Bridge parapet from Varley & Gulliver.
Car park furniture from Berry.
Varioguard being placed on roadway.

Express Reinforcements had a difficult year with a fall in selling prices early in 2002 and the demise of its major UK supplier in the middle of the year. Also, delays in some larger contracts were a challenging experience for our major production facility at Neath where the capital expenditure programme was completed during the year. The modern and updated facility can now accommodate our future product expansion plans, particularly into areas of more added value. Following further investment in plant, our new Rollmat product was launched in late 2002 and has been well received

Steel Sculpture galvanised by Birtley.

Access products provided by Redman.

Operational Review continued

in the market. During the year we formed a new joint arrangement company with Laing O'Rourke for the purpose of supplying the total reinforcing bar requirements on the Terminal 5 project at Heathrow, which is due to be completed in 2008. We have a 50% share in the profits of this business, which started to make a contribution in the last quarter of 2002.

Industrial Products

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

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

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

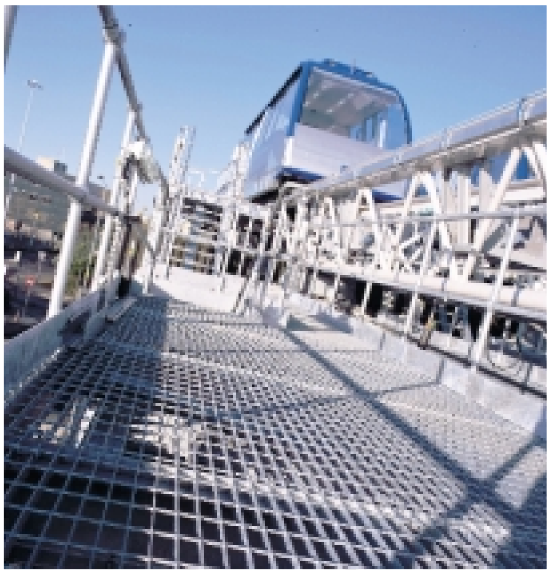
Ash & Lacy Pressings had a difficult year against a very competitive background in the subcontract pressings market. Profits were down on the previous year but some new business was confirmed during the second half which should help an improvement in 2003.

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

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

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

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



were exchanged for the sale of this business for a sum in excess of £3m, which is well above the asset value.

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

Conclusion

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

DAVID GROVE
Chief Executive
18 March 2003

Pictures from top to bottom:

Weholite water storage from Asset.

Playground fencing from Barkers.

Access products on Birmingham Airport link provided by Redman.

Ceiling provided by Ash & Lacy Perforators.

MASS traffic segregation provided by Asset.

Fascia and roofing for supermarket by Ash & Lacy Building Systems.

Financial Review

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

Summary of results

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

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

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

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

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

Interest

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

Taxation

The effective tax rate on profits before exceptional items and goodwill amortisation at 28.0% was lower than the standard rate primarily as a result of adjustments in respect of prior years. The effective tax rate on the exceptional items was only 12.3% because

. . . a further reduction in our year end net borrowings . . .

Pictures from top to bottom:

Sign Manufactured for NCP by Ash & Lacy Perforators.

Insulated pipe supports from Pipe Supports.

we are unable to obtain relief on the losses arising from the closure of Pipe Supports USA Inc. Further details are given in note 7 to the Financial Statements.

Earnings per share

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

Dividends

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

Cash flow and borrowings

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

Net operating cash flow amounted to £26.1m. Stocks and creditors increased significantly as several of our businesses bought in steel stock towards the year end ahead of announced price rises. We also benefited from some one-off factors including £3.9m of advance payments received in connection with our new Terminal 5 Joint Venture and special extended supplier payment terms.

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

Further details are given in note 25 to the Financial Statements.

Pensions

Mainly as a result of the major falls in equity stock markets, our funding position on an FRS 17 basis deteriorated during the year although the impact was mitigated by our relatively high proportion of bond and bond-like investments, which sheltered us from some of the decrease in capital values. At 31 December 2002 there was a gross deficit of £3.7m. Further information is given in note 23 to the Financial Statements.

CHRIS BURR
Finance Director
18 March 2003

Directors' Report

The Directors present their forty-second annual report together with the financial statements for the twelve month period ended 31 December 2002.

Trading review

The Chairman's Statement on pages 4 and 5 and the Operational and Financial Reviews on pages 6 to 11 contain a review of the trading for the period, a statement as to the current trading position and an indication of the outlook for the future.

Principal activities

The principal activities of the Group companies are:

Building and Construction Products
Industrial Products

Dividends

The Directors recommend a final dividend of 2.4p per share to be paid on 8 July 2003 (period to 31 December 2001: 1.25p), which, together with the interim dividend of 2.10p paid on 8 January 2003, makes a total distribution for the year of 4.5p (15 month period to 31 December 2001: 5.45p).

Employees

The Group aims to give a high level of autonomy to its subsidiary undertakings and to make its employees aware of the financial and economic factors affecting the performance of the employing company. This is achieved by consultative policies such as the issue of newsletters and management briefings.

The Group has a consistent policy which ensures equal consideration to applications for employment from any persons including disabled persons. The same equal consideration for training and career development is maintained within the Group.

Directors and Directors' interests

The names and biographical details of the Directors holding office at the date of this report are shown on page 2.

The Directors retiring by rotation are Mr Everett and Mr Richardson who, being eligible, offer themselves for re-election.

The interests of the Directors in office at the year end and their families in the ordinary shares of the Company according to the register required to be kept by the Companies Act 1985, and their options, are disclosed on pages 18 and 19.

Except as disclosed on page 49, no Director had any interest in any material contract or arrangement in relation to the business of the Company or any of its subsidiaries during the year.

Donations

Charitable donations amounting to £3,000 were made in the year. There were no political contributions.

Supplier payment policy

Individual operating companies within the Group are responsible for establishing and adhering to appropriate policies with regard to the payment of their suppliers. The companies agree terms and conditions under which business transactions with suppliers are conducted. The Group does not follow any code or standard on payment practice but it is the Group's policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is Group policy to ensure that suppliers know the terms on which payment will take place when business is agreed. The average credit period was 92 days (2001: 82 days). The Company's average credit period was 39 days (2001: 40 days).

Research and Development

During the year the Group spent a total of £133,000 on research and development.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Capital gains tax

For capital gains tax purposes the price of the Company's ordinary shares of 25p each at 31 March 1982 was 12p.

Special business of the annual general meeting

The Annual General Meeting will be held on Tuesday 20 May 2003 at 10.30 am in the Bracebridge Suite, at The National Motorcycle Museum, Solihull. Notice is sent to Shareholders separately with this Report together with an explanation of special business to be considered at the meeting.

Substantial shareholders

The Company has been notified of the following substantial shareholdings of 3% or more of the following issued share capital on 18 March 2003.

	Ordinary Shares	% of issued share capital
G Hampson Silk	4,125,168	6.70
P J Hampson Silk	4,125,169	6.70
Funds managed by:		
Close Securities Limited	7,176,733	11.66
Caledonia Investments plc	5,155,738	8.37
ISIS Asset Management	4,195,409	6.81
Framlington Investment Management Limited	3,901,866	6.34

Close Securities Limited has granted an option to D L Grove (see page 19).

Of G Hampson Silk's ordinary shares, 3,340,959 are either registered in his own name or his wife's name. Of the remaining ordinary shares, 730,876 are registered in the name of a private limited company of which he is a director and in which he has control of more than one-third of the voting power at general meetings of that company and 53,333 are held in a discretionary trust of which he is a trustee.

Of P J Hampson Silk's ordinary shares, 3,340,960 are either registered in his own name or his wife's name. Of the remaining ordinary shares, 730,876 are registered in the name of a private limited company of which he is a director and in which he has control of more than one-third of the voting power at general meetings of that company and 53,333 are held in a discretionary trust of which he is a trustee.

The Directors have not received notification of other shareholdings according to the Company's share register on 18 March 2003.

By order of the Board

HOWARD EVERETT
Company Secretary
18 March 2003

Corporate Governance

The Board is pleased to report that the Company complies, except where stated otherwise, with Section 1 of The Combined Code ("the Code") issued by the UK Listing Authority and has done so in all material respects throughout the year.

Higgs and Smith Reports

A report on the role and effectiveness of non-executive directors was issued in January 2003 by Mr Derek Higgs. On the same date, Sir Robert Smith published his report on audit committees. The Board will consider and respond to the matters raised in these reports in due course.

The Board and Board committees

The Board

The Board of Directors meets at least nine times a year and has a list of matters specifically reserved for its decision.

All Directors are required to stand for re-election at the first Annual General Meeting following their appointment and at least every three years by rotation thereafter.

The Company has experienced Non-Executive Directors who represent a source of strong independent advice and judgement. Their remuneration is set by the Board in line with market levels. Non-Executive Directors are not appointed for specified terms as required by the Code.

The senior independent Non-Executive Director is Mr R.E. Richardson.

A procedure is in place to allow Directors to take independent professional advice if necessary at the Company's expense. All Directors have free access to the advice and services of the Company Secretary.

Nomination Committee

Owing to the small size of the Board a Nomination Committee, as required by the Code, is not deemed appropriate.

Audit Committee

The Audit Committee meets at least three times a year and comprises the Chairman and the Non-Executive Directors, with written terms of reference. The Executive Directors may also be invited to attend meetings. The Company's auditors are invited to attend at least two meetings during the year.

Remuneration Committee

The Remuneration Committee comprises the Chairman and the Non-Executive Directors and meets as and when required. It is responsible for determining the remuneration packages of the Executive Directors and for advising on remuneration policy for senior executives. In addition, it also administers the Company's 1995 and 1999 executive share option schemes.

Remuneration policy

Details of the Company's remuneration policy is provided in the Directors' Remuneration Report on pages 16 to 20.

Relations with shareholders

Members of the Board meet regularly with institutional shareholders, mainly in the periods following the announcement of the interim and final results, but also at other times during the year. The Board also encourages the attendance of all shareholders at its Annual General Meeting, which is held at a convenient location and time.

The Company arranges for the notices of the Annual General Meeting and related papers to be sent to shareholders and gives at least twenty working days' notice in advance of the meeting. At general meetings, the Company counts all proxy votes and, except where a poll is called, indicates the level of proxies lodged on each resolution giving the balance for and against the resolution, after it has been dealt with on a show of hands.

Internal control

The Board has overall responsibility for the Group's system of internal control, which is designed to manage rather than eliminate risk and can provide only reasonable assurance against material misstatement or loss. The Board confirms that the system of internal control accords with the guidance issued in September 1999 by the Institute of Chartered Accountants in England and Wales (the

“Turnbull Committee Guidance”). There is an ongoing process for identifying, evaluating and managing risks.

In order to discharge its responsibility in a manner which ensures compliance with laws and regulations and promotes effective and efficient operations, the Board of Directors has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

In particular, there are clear procedures for:

— capital investments, with detailed appraisal and authorisation

— financial reporting, within a comprehensive financial planning and accounting framework

— monitoring of business risks, with key risks identified and reported to the Board and Audit Committee

In addition, the Executive Directors maintain close and frequent contact with the management of each operating company, including regular performance review meetings.

The Chairman of the Audit Committee reports the outcome of its meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

During the period the Board undertook a formal risk review to address the wider non-financial issues facing the Group. This was based on each operation producing or updating a register identifying their key risks, the probability of those risks occurring, their impact if they do occur and the actions being taken to manage those risks to the desired level. This information was then passed up on a filter basis culminating in the production of a Group risk register. This identifies the key risks facing the Group across all its businesses under a number of generic risk areas. These risks are discussed at executive meetings and a reporting routine has been established for regular reviews and reporting to the Audit Committee.

The Board reviews the Group risk register and receives regular reports from the Executive Directors on any major problems that have occurred and how the risks have changed since their initial identification.

The Directors report that they have undertaken during the year a formal review of the effectiveness of the Group’s system of internal controls, including strategic, operational, legal and compliance, risk management and financial controls. The review revealed nothing which, in the opinion of the Board, indicated that the system was inappropriate or unsatisfactory.

Responsibility for monitoring the system of internal financial control is delegated by the Board to the Audit Committee which has the following processes to discharge its responsibility:

— whilst there is no formal internal audit function, reports covering financial control weaknesses at specific operations are produced on an ad hoc basis and are reviewed by the Audit Committee

— recommendations made by the external auditors as a result of the annual audit process are reviewed by the Audit Committee

— issues identified internally and by the external audit process are discussed with management and action plans put in place to address the issues

The Board has considered the need for a formal internal audit function. It is of the opinion that, given the size and nature of the Group’s operations and the other controls in force, it would not be appropriate at the present time. The matter will be reviewed again next year.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Remuneration Report

The Remuneration Committee

The Remuneration Committee comprises the Chairman, Mr D.S. Winterbottom, and the two Non-Executive Directors, Mr H.C. Marshall, who chairs the Committee, and Mr R.E. Richardson. It is responsible for determining all aspects of the remuneration packages of Executive Directors and key senior executives and consults with the Chief Executive on its proposals. The Committee used the services of Buck Consultants who were appointed by the Committee to advise whether remuneration paid is appropriate. Buck Consultants provide no other services to the Company. The members of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business.

Remuneration policy

The remuneration policy is set by the Board as a whole with the Remuneration Committee then working within the policy to set individual executive remuneration.

The basic object of the policy is to ensure that the remuneration packages offered are designed to attract and retain Executive Directors and key senior executives of the right calibre and motivate them to make the maximum possible contribution to the Group and to increase shareholder value. The remuneration packages consist of a basic salary and certain benefits in kind; performance related cash bonuses, share options and pension benefits. In framing its remuneration policies, full consideration has been given to Schedule A of the Combined Code.

The main elements of the remuneration package for Executive Directors are:

Basic salaries and benefits in kind

Basic salaries are determined by the Remuneration Committee, taking into account the performance of each individual and the rates of salary for similar positions in comparable companies. The salaries are reviewed annually as at 1 January or when a change of responsibilities occurs. Benefits in kind provided are in the main a company car and fuel and private health care insurance.

Performance related cash bonuses

Under his service agreement David Grove receives an annual performance related cash bonus dependent upon the increase in the Group Operating Profit (as therein defined) in accordance with the formula set out in that agreement. This bonus is capped at 60% of basic annual salary.

Bonuses for Mr Burr are awarded on the basis of the Group's achievement of internal cash and profit targets and, where deemed appropriate by the Committee, supplementary discretionary bonuses. Bonuses for Mr Everett are awarded on a discretionary basis. Both bonuses are capped at 40% of basic annual salary.

Share options

The Company has three share option schemes under which options can be granted to Executive Directors and senior executives. Two of those schemes are executive share option schemes ("the 1995 Executive Share Option Scheme" and "the 1999 Non-Approved Executive Share Option Scheme") which are administered by the Remuneration Committee, and the other scheme is a savings related share option scheme ("the 1995 Savings Related Share Option Scheme").

Options granted under the two executive share option schemes cannot be granted at less than market value and, subject to limited exceptions, can only be exercised if specified performance criteria are met. The performance criterion currently set by the Remuneration Committee under both executive share option schemes is that options may only be exercised if the growth in earnings per share of the Group before exceptional items and goodwill amortisation over a 3 year period is not less than the increase in the Retail Price Index plus 6 per cent over the same period. The criterion was set to ensure that earnings attributable to the shareholders increased at a rate in excess of inflation prior to any exercise of options.

Options granted under the 1995 Executive Share Option Scheme must be exercised between 3 and 10 years after the date of grant and options granted under the 1999 Non-Approved Executive Share Option Scheme must be exercised between 3 and 7 years after the date of grant.

In granting options under the two executive share option schemes, the Remuneration Committee takes into account the salary grade of that individual.

The 1995 Savings Related Share Option Scheme is open to all employees, including Executive Directors, who have completed 6 months' continuous service. Under this scheme the Company can, if it thinks fit, grant options at a price up to 20 per cent below the market price.

Directors' pension entitlement

Mr Burr and Mr Everett participate in the Hill & Smith Executive Pension Scheme which provides pensions and other benefits within Inland Revenue limits. The scheme provides, at normal retirement age, a maximum pension of two-thirds of the final pensionable salary, subject to completion of a sufficient number of years' service. In accordance with a policy formulated many years ago for Mr Everett, his pensionable salary applying to benefits earned up to April 2001 includes the annual performance related bonus. For benefits earned after that date, bonus is excluded from his pensionable salary. Bonus is excluded from pensionable salary for Mr Burr for all service.

There are no pension arrangements in place for other directors.

Remuneration of Chairman and Non-Executive Directors

The remuneration of the Chairman is determined by the Board after recommendations made by the other members of the Remuneration Committee.

The remuneration of the two other Non-Executive Directors is determined by the Board following recommendations made by the Chairman.

Service agreements

The Chairman and the three Executive Directors have service agreements with the Company.

The Company policy on contracts is that twelve months' notice is payable if terminated by the Company except after a Change in Control when the period is eighteen months.

The Chairman's service agreement is terminable by either party on twelve months' notice but if a Change in Control (as that expression is defined in the service agreement) of the Company takes place the Chairman may at any time within the twelve month period immediately following such Change in Control terminate the agreement by ninety days' notice instead of twelve months' notice. In the event of the service agreement being terminated by either party within the twelve month period immediately following such Change in Control the terms of the contract are payable in full without mitigation.

Mr Burr and Mr Everett may terminate their service agreements with the Company by giving six months' notice. The Company may terminate these service agreements by giving twelve months' notice but if the notice is given within the period of twelve months immediately following a Change in Control the Notice to be given by the Company must not be less than eighteen months. On termination of the service agreement by the Company without proper notice the Director is under a duty to mitigate any loss unless such termination is effected within the period of twelve months following a Change in Control.

Mr D.L. Grove's service agreement is terminable by either party on twelve months' notice but during the period of ninety days following a Change in Control the period of notice required to be given by the Company to Mr Grove is increased from twelve months to eighteen months and the period of notice required to be given by Mr Grove to the Company is reduced from twelve months to ninety days.

If, during the period of ninety days immediately following a Change in Control, the service agreement is terminated by Mr Grove or is terminated by the Company without proper notice, Mr Grove is entitled to a sum equal to eighteen months' salary.

The dates of the contracts are as follow:

Mr D.S. Winterbottom	4 March 1999
Mr D.L. Grove	9 July 1999
Mr C.J. Burr	20 June 2001
Mr H.C. Everett	22 February 1995
	as amended 22 October 1998

Directors' interests

Directors' shareholdings at the end of the financial period were as follows:

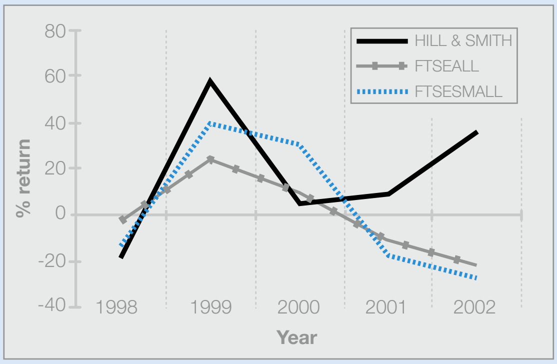
	31 December 2002	31 December 2001
D.S. Winterbottom	15,690	15,690
D.L. Grove	540,945	520,945
H.C. Everett	85,806	79,625
R.E. Richardson	—	—
C.J. Burr	62,628	62,628
H.C. Marshall	68,601	68,601

There have been no changes in the above figures between the period end and the present date.

Total shareholder returns

Under Statutory Instrument 2002 Number 1986, we are now required to show the shareholder return over 5 years in graphical form against a broad equity index; the graph is shown below. The indices selected are the FTSE All Shares Index and the FTSE Small Capitalisation Index, which are broadly based indices of shareholder return.

Shareholder return



The graph shows that the Company has beaten both comparator indices in three of the last five years, including the last two. Although not readily apparent from the graph, our total shareholder return over the last five years has been 100.9% compared to -13.0% for the FTSE All Share Index and -10.7% for the FTSE Small Cap Index.

The individual aspects of remuneration for each Director

The auditors are required to report on the information contained in this section of the report.

Directors' remuneration

The remuneration in respect of each Director for the year ended 31 December 2002 was as follows:

	Fees/ Salary £000	Benefits £000	Performance related bonus £000	Total for Year to 31/12/02 £000	Total for 15 months to 31/12/01 £000
Chairman (non-executive):					
D.S. Winterbottom	50	—	—	50	58
Executive:					
D.L. Grove	275	—	165	440	241
C.J. Burr	131	15	33	179	169
H.C. Everett	83	11	—	94	120
Non-executive:					
S.H.J.A. Knott	—	—	—	—	20
H.C. Marshall	22	—	—	22	42
R.E. Richardson	22	—	—	22	25
Subtotal	583	26	198	807	675
Grove Industries Limited	—	—	—	—	248
Total	583	26	198	807	923

Directors' share options

	31 Dec 2001	Granted in period	Exercised in period	31 Dec 2002	Exercise price (pence)	Date first exercisable	Expiry date
C.J. Burr	42,000*	—	—	42,000*	70.3	02/07/04	02/07/11
	158,000†	—	—	158,000†	70.3	02/07/04	02/07/08
H.C. Everett	6,181#	—	6,181#	—	66.0	01/04/02	01/10/02
	16,259#	—	—	16,259#	41.3	01/03/04	01/09/04
	17,600*	—	—	17,600*	113.6	20/02/99	20/02/06
	10,000*	—	—	10,000*	68.5	04/08/02	04/08/09
	20,000†	—	—	20,000†	68.5	04/08/02	04/08/06
D.L. Grove	500,000†	—	—	500,000†	67.1	09/07/02	09/07/06

* 1995 Executive Share Option Scheme

† 1999 Non-Approved Executive Share Option Scheme

1995 Savings Related Share Option Scheme

The share price on the date of exercise by Mr Everett was 78p and resulted in an aggregate gain of £742.

D.L. Grove also holds options granted by Close Securities Limited in respect of 2,294,183 shares at prices between 40p and 55p per share exercisable on or before 6 March 2005 and 25 August 2008 (2001: 2,294,183 shares).

At 31 December 2002 the mid-market price of the Company's shares was 84p. During the period the Company's mid-market share price ranged between a low of 63p and a high of 92.5p.

Directors’ Remuneration Report continued

Directors’ pensions

Pension benefits earned by the Directors

	C.J. Burr	H.C. Everett
Age at period end	53	58
Accrued benefit at 31 December 2002	39,420	31,817
Increase in accrued benefits excluding inflation	3,306	3,002
Increase in accrued benefits including inflation	3,910	3,484
Director’s contributions	3,509	3,997
Transfer value of accrued benefits at 1 January 2002	437,659	320,807
Transfer value of accrued benefits at 31 December 2002	418,649	329,542

1 The pension entitlement is that which would be paid annually on retirement based on service to the period end.

2 Members of the scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.

3 The following is additional information relating to Directors’ pensions:

(a) Normal Retirement Age: C.J. Burr 60, H.C. Everett 65.

(b) Spouse’s pensions: 2/3 pension on death after retirement.

(c) Early retirement rights: C.J. Burr: None.
H.C. Everett: Benefits may be taken from age 60 without requiring consent. The benefits earned after April 2001 would be payable without reduction, whilst prior benefits would be reduced.

(d) Pension increases: C.J. Burr: Pensions increase in line with RPI, limited to 5% per annum on all pensions, subject to a minimum of 3% per annum.
H.C. Everett: Pension accrued prior to April 1997 increases at 3% per annum; pension accrued post-April 1997 increases in line with RPI, limited to 5% per annum, subject to a minimum of 3% per annum.

(e) Other discretionary benefits: None.

Howard Marshall
Chairman, Remuneration Committee
18 March 2003

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Hill & Smith Holdings PLC

We have audited the financial statements on pages 23 to 49. We have also audited the information in the Directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and, the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report and the Directors' remuneration report. As described on page 21, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 14 and 15 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the Directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2002 and of the profit of the Group for the year then ended; and
- the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants	2 Cornwall Street
Registered Auditor	Birmingham
18 March 2003	B3 2DL

Group Profit and Loss Account

for the year ended 31 December 2002

	Notes	**Year ended 31 December 2002** Before exceptional items and goodwill amortisation £000	Exceptional items £000	Goodwill amortisation £000	Total £000	15 months ended 31 December 2001 Before exceptional items and goodwill amortisation £000	Exceptional items £000	Goodwill amortisation £000	Total £000
Turnover	1,2								
Continuing operations:									
Existing operations		**208,400**	**—**	**—**	**208,400**	241,849	—	—	241,849
Acquisitions		**4,340**	**—**	**—**	**4,340**	—	—	—	—
Total turnover		**212,740**	**—**	**—**	**212,740**	241,849	—	—	241,849
Operating profit	1,2,3								
Continuing operations:									
Existing operations		**13,704**	**(528)**	**(1,521)**	**11,655**	15,696	(6,387)	(1,786)	7,523
Acquisitions		**304**	**(388)**	**(223)**	**(307)**	—	—	—	—
Total operating profit		**14,008**	**(916)**	**(1,744)**	**11,348**	15,696	(6,387)	(1,786)	7,523
Loss on sale of business		**—**	**—**	**—**	**—**	—	(1,106)	—	(1,106)
Profit on sale of fixed assets	3	**—**	**223**	**—**	**223**	—	1,179	—	1,179
Provision for loss on termination of operation	3	**—**	**(1,098)**	**—**	**(1,098)**	—	—	—	—
Profit on ordinary activities before interest	1	**14,008**	**(1,791)**	**(1,744)**	**10,473**	15,696	(6,314)	(1,786)	7,596
Net interest payable	5	**(3,989)**	**—**	**—**	**(3,989)**	(5,611)	—	—	(5,611)
Profit on ordinary activities before taxation	6	**10,019**	**(1,791)**	**(1,744)**	**6,484**	10,085	(6,314)	(1,786)	1,985
Tax on profit	7	**(2,809)**	**221**	**45**	**(2,543)**	(2,933)	1,997	—	(936)
Profit on ordinary activities after taxation		**7,210**	**(1,570)**	**(1,699)**	**3,941**	7,152	(4,317)	(1,786)	1,049
Minority interests		**3**	**—**	**—**	**3**	(11)	—	—	(11)
Profit for the period		**7,213**	**(1,570)**	**(1,699)**	**3,944**	7,141	(4,317)	(1,786)	1,038
Dividends	8				**(2,760)**				(3,792)
Retained profit/(loss) for the period	21				**1,184**				(2,754)
Earnings per share	9	**11.79p**	**(2.57p)**	**(2.77p)**	**6.45p***	12.01p	(7.26p)	(3.00p)	1.75p*
Diluted earnings per share	9	**11.75p**	**(2.56p)**	**(2.77p)**	**6.42p***	11.98p	(7.24p)	(3.00p)	1.74p*

* FRS 3

Group Balance Sheet

at 31 December 2002

	Notes	**31 December 2002 £000**	31 December 2001 £000
Fixed assets			
Intangible assets	10	**30,350**	28,248
Tangible assets	11	**42,748**	44,399
Investments	12	**125**	225
		73,223	72,872
Current assets			
Properties held for resale		**1,365**	—
Stocks	13	**23,410**	16,785
Debtors: due after one year	14	**6,183**	5,526
Debtors: due within one year	14	**49,562**	48,997
		55,745	54,523
Cash and deposits		**12,811**	4,664
		93,331	75,972
Creditors: amounts falling due within one year			
Borrowings and finance leases	15	**(10,377)**	(15,744)
Other creditors	15	**(65,774)**	(49,990)
		(76,151)	(65,734)
Net current assets		**17,180**	10,238
Total assets less current liabilities		**90,403**	83,110
Creditors: amounts falling due after one year			
Borrowings and finance leases	16	**(47,304)**	(41,056)
Provisions for liabilities and charges	18,19	**(7,208)**	(7,660)
Net assets		**35,891**	34,394
Share capital and reserves			
Called up share capital	20	**15,391**	15,245
Share premium	21	**3,367**	3,338
Capital redemption reserve	21	**238**	238
Revaluation reserve	21	**733**	733
Other reserves	21	**4,313**	4,088
Profit and loss account	21	**11,806**	10,706
Equity shareholders' funds		**35,848**	34,348
Equity minority interests		**43**	46
		35,891	34,394

Approved by the Board of Directors on 18 March 2003 and signed on its behalf by:

D.L. GROVE
Director
C.J. BURR
Director

Company Balance Sheet

at 31 December 2002

	Notes	**31 December 2002 £000**	31 December 2001 £000
Fixed assets			
Tangible assets	11	**68**	85
Investments	12	**97,315**	98,285
		97,383	98,370
Current assets			
Debtors: due after one year	14	**1,644**	1,015
Debtors: due within one year	14	**22,846**	7,366
		24,490	8,381
Cash and deposits		**30**	1,857
		24,520	10,238
Creditors: amounts falling due within one year			
Borrowings and finance leases	15	**(23,360)**	(33,953)
Other creditors	15	**(6,689)**	(5,349)
		(30,049)	(39,302)
Net current liabilities		**(5,529)**	(29,064)
Total assets less current liabilities		**91,854**	69,306
Creditors: amounts falling due after one year			
Borrowings and finance leases	16	**(46,476)**	(39,840)
Provisions for liabilities and charges	18,19	**(473)**	(318)
Net assets		**44,905**	29,148
Share capital and reserves			
Called up share capital	20	**15,391**	15,245
Share premium	21	**3,367**	3,338
Capital redemption reserve	21	**238**	238
Profit and loss account	21	**25,909**	10,327
Equity shareholders' funds		**44,905**	29,148

Approved by the Board of Directors on 18 March 2003 and signed on its behalf by:

D.L. GROVE
Director
C.J. BURR
Director

Group Cash Flow Statement

for the year ended 31 December 2002

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

Other Primary Statements

Statement of Group Total Recognised Gains and Losses
for the year ended 31 December 2002

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

Note of Group Historical Cost Profits and Losses
for the year ended 31 December 2002

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

Reconciliation of movement in Shareholders' Funds
for the year ended 31 December 2002

	Group		Company	
	Year ended 31 December 2002 £000	15 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	15 months ended 31 December 2001 £000
Profit for the period	**3,944**	1,038	**18,342**	9,648
Dividends	**(2,760)**	(3,792)	**(2,760)**	(3,792)
	1,184	(2,754)	**15,582**	5,856
Goodwill previously written off to reserves	**—**	387	**—**	—
Other recognised net gains and losses relating to the period	**(84)**	(146)	**—**	—
New ordinary share capital issued	**400**	12,882	**175**	8,794
Net increase in shareholders' funds	**1,500**	10,369	**15,757**	14,650
Opening shareholders' funds	**34,348**	23,979	**29,148**	14,498
Shareholders' funds at the end of the period	**35,848**	34,348	**44,905**	29,148

Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2002. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Where a Group company is party to a joint arrangement that is not an entity, the Group accounts directly for its part of the income and expenditure, assets, liabilities and cash flows on consolidation. Such joint arrangements are effectively an extension of the Group's activities and do not carry on a trade or business of their own.

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 October 1998, when FRS 10, Goodwill and Intangible Assets, was adopted, was written off to reserves in the year of acquisition. In accordance with the transitional rules of FRS 10, this treatment has continued to be applied to such acquisitions. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 October 1998 is capitalised. Goodwill is amortised by equal annual instalments over its estimated useful life. The Directors consider each acquisition separately for the purpose of determining the amortisation period for any goodwill that arises.

The net assets of businesses acquired are incorporated into the consolidated financial statements at their fair value to the Group. Fair value adjustments are always considered to be provisional at the first balance sheet date after acquisition to allow the maximum time to elapse for management to make a reliable estimate.

Investments

In the Company's financial statements, investments in subsidiary undertakings and associates are stated at cost, less amounts written off for impairment.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Any gain or loss on translation arising from a movement in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Profit and loss accounts of such undertakings are consolidated at the average exchange rate during the year and the adjustment to year end rates is taken directly to reserves. Exchange differences arising on the retranslation of the opening net assets of foreign subsidiaries, foreign currency loans used for overseas investment, and transactions executed solely for the purpose of hedging foreign currency asset exposure are taken directly to reserves.

Turnover

Except for work completed under long term contracts (see below), turnover represents the amount (excluding value added tax) invoiced to third party customers following the delivery of goods or provision of services.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Leasehold land and buildings	life of lease
Plant, machinery and vehicles	4 to 20 years

No depreciation is provided on freehold land.

The Group has followed the transitional provisions of FRS 15 to retain the book value of freehold land and buildings certain of which had been revalued from their historic cost.

Investment properties are revalued annually. Any surplus or deficit arising is transferred to a revaluation reserve, except for any impairment in value which is charged against the profit for the year. Depreciation is not provided in respect of such properties. This is not in accordance with the requirements of the Companies Act 1985. However, these properties are not held for consumption but for investment and the Directors consider that their systematic annual depreciation would be inappropriate. The policy adopted is therefore considered to be necessary for the accounts to give a true and fair view.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The expected costs of pensions in respect of the Group's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of providing pensions over the period during which the Group benefits from employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme. Contributions in respect of defined contribution schemes are charged to the profit and loss account in the period to which they relate. The Group has adopted the transitional disclosure requirements of FRS 17.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the FIFO method is used. Cost for work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of attributable overheads.

Long term contracts

The profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated as cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Deferred taxation

Deferred tax is provided, without discounting, on timing differences between the treatment of items for taxation and accounting purposes except as otherwise required by FRS 19.

Notes to the Financial Statements

1 Segmental information

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

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

2 Operating profit

	Year ended 31 December 2002			15 months ended 31 December 2001
	Existing operations £000	**Acquisitions £000**	**Total £000**	Total £000
Turnover	**208,400**	**4,340**	**212,740**	241,849
Cost of sales	**(156,229)**	**(3,511)**	**(159,740)**	(181,963)
Gross profit	**52,171**	**829**	**53,000**	59,886
Distribution costs	**(16,875)**	**(170)**	**(17,045)**	(20,665)
Administrative expenses	**(21,872)**	**(355)**	**(22,227)**	(24,353)
Other operating income	**280**	**—**	**280**	828
Operating profit before exceptional items and goodwill amortisation	**13,704**	**304**	**14,008**	15,696
Exceptional items	**(528)**	**(388)**	**(916)**	(6,387)
Goodwill amortisation	**(1,521)**	**(223)**	**(1,744)**	(1,786)
Operating profit	**11,655**	**(307)**	**11,348**	7,523

3 Exceptional items

The exceptional items from existing operations relate primarily to a charge of £2.2m in respect of the impairment provision against the fixed assets at Wombwell Foundry Limited less a credit of £1.7m in respect of the write back of provisions for environmental and dilapidations exposures, which are considered to be no longer required. The exceptional items from acquisitions represent the costs of reorganising the acquired businesses. The profit on sale of fixed assets represents the net gain on disposal of surplus properties. The provision for loss on termination of operation represents the estimated cost of closure of Pipe Supports USA Inc.

All operating exceptional items relate to continuing operations as defined by FRS 3.

Operating profit before exceptional items and goodwill amortisation has been shown because the Directors consider that this gives a more meaningful indication of the underlying performance of the Group.

4 Employees

	Year ended 31 December 2002	15 months ended 31 December 2001
The average number of people employed by the Group during the period was:		
Building and Construction Products	**1,612**	1,521
Industrial Products	**711**	763
	2,323	2,284
The aggregate employment cost for the period was:	**£000**	£000
Wages and salaries	**46,327**	54,063
Social security costs	**4,345**	4,980
Pension credit	**(462)**	(692)
	50,210	58,351

Details of the Directors' remuneration and share interests are given in the Directors' Remuneration Report on pages 16 to 20.

Notes to the Financial Statements

5 Net interest payable

	Year ended 31 December 2002 £000	15 months ended 31 December 2001 £000
Interest payable:		
Bank loans and overdrafts	**4,045**	5,631
Interest on finance leases and hire purchase contracts	**85**	86
Other loans	**70**	87
	4,200	5,804
Interest receivable	**(211)**	(193)
	3,989	5,611

6 Profit on ordinary activities before taxation

	Year ended 31 December 2002 £000	15 months ended 31 December 2001 £000
The profit on ordinary activities is stated after charging:		
Depreciation of tangible fixed assets:		
Owned	**5,831**	7,031
Leased	**162**	194
Amortisation of goodwill	**1,744**	1,786
Operating lease rentals:		
Plant and machinery	**839**	636
Other	**3,237**	2,020
Research and development expenditure	**133**	315
Auditors' remuneration (including Company £25,750 (2001: £19,000))	**205**	196
Non-audit fees paid to the auditors and their associates:		
In connection with the acquisition of Ash & Lacy Plc	**—**	183
Other fees	**72**	171
Foreign exchange loss	**114**	21
After crediting:		
Profit on disposal of fixed assets	**64**	175
Grants receivable	**6**	9
Rental income	**1,563**	1,728

7 Taxation

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

Factors affecting tax charge for the period

The current tax charge for the period is higher (2001: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2002 £000	15 months ended 31 December 2001 £000
Profit on ordinary activities before taxation	**6,484**	1,985
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	**1,945**	596
Effect of goodwill amortisation	**478**	536
Profit on ordinary activities before goodwill amortisation multiplied by the standard rates of corporation tax in the UK of 30%	**2,423**	1,132
Expenses not deductible for tax purposes	**185**	154
Depreciation for period in excess of capital allowances	**186**	—
Capital allowances for period in excess of depreciation	**—**	(29)
Income and expenditure timing differences	**(700)**	(678)
Capital profits less losses and write downs not subject to tax	**(73)**	(155)
Overseas losses not relieved	**342**	—
Adjustments in respect of previous periods	**(250)**	(195)
Current tax charge	**2,113**	229

The net benefit of income and expenditure timing differences less depreciation in excess of capital allowances is offset by the current period deferred tax charge. There is no tax effect arising from non-operating exceptional items.

8 Dividends

	Year ended 31 December 2002	15 months ended 31 December 2001	**Year ended 31 December 2002**	15 months ended 31 December 2001
	Pence per share		**£000**	£000
Equity shares:				
Additional dividend	**—**	—	**—**	469
1st interim paid	**2.10**	2.10	**1,282**	1,280
2nd interim payable	**—**	2.10	**—**	1,280
Final proposed	**2.40**	1.25	**1,478**	763
Total	**4.50**	5.45	**2,760**	3,792

The additional dividend represents the additional final dividend for the year ended 30 September 2000 which was paid on the additional shares issued to Ash & Lacy shareholders as part of the acquisition of Ash & Lacy Plc.

Notes to the Financial Statements

9 Earnings per share

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

10 Intangible fixed assets

Group

		Goodwill	
	Gross £000	Amortisation £000	Net £000
At 31 December 2001	30,305	(2,057)	28,248
Acquisitions in the period	3,846	—	3,846
Amortisation charge for the period	—	(1,744)	(1,744)
At 31 December 2002	**34,151**	**(3,801)**	**30,350**

All acquisitions are being amortised over a period of twenty years.

11 Tangible fixed assets

	Group						Company		
		Land and buildings							
	Investment properties £000	Freehold £000	Long leasehold £000	Short leasehold £000	Plant and machinery £000	Total £000	Short leasehold £000	Plant and machinery £000	Total £000
Cost or valuation									
At 31 December 2001	888	16,424	250	758	79,106	97,426	9	134	143
Exchange adjustments	—	—	—	—	(49)	(49)	—	—	—
Acquisitions	—	1,086	—	—	2,061	3,147	—	—	—
Additions	—	1,204	—	54	5,891	7,149	—	18	18
Disposals	(468)	(540)	—	(34)	(2,017)	(3,059)	—	(50)	(50)
Transfers to current assets	(420)	(665)	(250)	58	(108)	(1,385)	—	—	—
At 31 December 2002	**—**	**17,509**	**—**	**836**	**84,884**	**103,229**	**9**	**102**	**111**
Depreciation									
At 31 December 2001	—	1,075	1	18	51,933	53,027	—	58	58
Exchange adjustments	—	—	—	—	(12)	(12)	—	—	—
Acquisitions	—	133	—	—	1,113	1,246	—	—	—
Disposals	—	(40)	—	(11)	(1,794)	(1,845)	—	(36)	(36)
Transfers to current assets	—	(19)	(1)	9	(9)	(20)	—	—	—
Charge for the period	—	207	—	31	5,755	5,993	1	20	21
Impairment provision	—	—	—	—	2,092	2,092	—	—	—
At 31 December 2002	**—**	**1,356**	**—**	**47**	**59,078**	**60,481**	**1**	**42**	**43**
Net book value									
At 31 December 2002	**—**	**16,153**	**—**	**789**	**25,806**	**42,748**	**8**	**60**	**68**
At 31 December 2001	888	15,349	249	740	27,173	44,399	9	76	85

11 Tangible fixed assets continued

Particulars relating to revalued assets are given below:

	2002 £000	2001 £000
Land & buildings		
At 1997 open market value for existing use	**2,850**	2,850
At 1998 open market value for existing use	**547**	814
At 1999 open market value for existing use	**2,005**	2,005
At 2001 open market value for existing use	**—**	250
At 2001 open market value for resale	**—**	888
At historic cost	**12,943**	11,513
Cost/valuation	**18,345**	18,320
Historical cost of revalued assets	**6,315**	7,470
Aggregate depreciation based on historical cost	**(1,567)**	(1,392)
Historical cost net book value	**4,748**	6,078

Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost.

The gross book value of land and buildings includes freehold land of £8,280,000 (2001: £8,500,000).

Included in the net book value of plant and machinery is £1,985,000 (2001: £2,264,000) in respect of assets held under finance lease and similar hire purchase contracts.

Included within plant and machinery are assets held for hire with a cost of £2,589,000 (2001: £1,662,000) and accumulated depreciation of £420,000 (2001: £209,000).

12 Fixed asset investments

Group	Trade investments £000	Loans £000	Total £000
Cost			
At 31 December 2001	1,015	250	1,265
Repayments	(100)	—	(100)
At 31 December 2002	**915**	**250**	**1,165**
Provisions			
At 31 December 2001 and 31 December 2002	**790**	**250**	**1,040**
Net book value			
At 31 December 2002	**125**	**—**	**125**
At 31 December 2001	225	—	225

As part of the arrangements for the disposal of certain subsidiary undertakings, the Company acquired certain trade investments and made loans to those companies. The Company holds 100% of the issued 'A' ordinary share capital of Brockhouse Forgings Limited, acquired at a cost of £750,000 and a loan amounting to £250,000 which carries interest at 2% above the bank rate and is repayable at any time with the permission of that company's bankers. The investment is accounted for as a trade investment because the Group, which has only 19.5% of the voting rights, is unable to exercise any significant influence over the company.

The Company also holds 100% of the 8% cumulative redeemable preference shares issued by Tipton Steel Stockholders Limited, acquired at a cost of £100,000. The preference shares are repayable on 1 May 2003, or earlier at that company's request.

Notes to the Financial Statements

12 **Fixed asset investments** continued

Company	Share in Group undertakings £000	Loans to Group undertakings £000	Trade investments £000	Other Loans £000	Total £000
Cost					
At 31 December 2001	79,596	21,736	950	250	102,532
Additions	3,055	—	—	—	3,055
Disposals	—	(3,946)	(100)	—	(4,046)
At 31 December 2002	**82,651**	**17,790**	**850**	**250**	**101,541**
Provisions					
At 31 December 2001	1,910	1,337	750	250	4,247
Charge for the period	—	(21)	—	—	(21)
At 31 December 2002	**1,910**	**1,316**	**750**	**250**	**4,226**
Net book value					
At 31 December 2002	**80,741**	**16,474**	**100**	**—**	**97,315**
At 31 December 2001	77,686	20,399	200	—	98,285

A list of the principal Group businesses is given on pages 52 and 53. All of the Group's subsidiaries are wholly owned except for Pipe Supports (Asia) Limited, a company incorporated in Thailand, in which the Group has an equity interest of 87%. Asset International (Ireland) Limited and Redman Fisher (Ireland) Limited are incorporated in the Republic of Ireland and Pipe Supports USA, Inc. is incorporated in the United States of America.

During the period the company's subsidiary, Express Reinforcements Limited, entered into a joint arrangement through Express O'Rourke JV Limited, a company in which it holds 50% of the issued share capital. Express O'Rourke JV Limited manufactures and supplies steel reinforcement products for the construction of Terminal 5, Heathrow Airport.

13 **Stocks**

	Group	
	31 December 2002 £000	31 December 2001 £000
Raw materials and consumables	**12,623**	7,972
Work in progress	**2,810**	2,327
Finished goods and goods for resale	**7,977**	6,486
	23,410	16,785

The replacement value of stocks is not materially different from book value.

14 Debtors

	Group		Company	
	31 December 2002 £000	31 December 2001 £000	**31 December 2002 £000**	31 December 2001 £000
Due after one year:				
Trade debtors	**28**	—	**—**	—
Pension fund prepayment	**6,155**	5,526	**1,644**	1,015
	6,183	5,526	**1,644**	1,015
Due within one year:				
Trade debtors	**45,423**	42,371	**2**	—
Amounts owed by subsidiary undertakings	**—**	—	**18,791**	75
Corporation tax	**—**	467	**1,635**	2,882
Other debtors	**349**	4,106	**2,346**	4,209
Prepayments and accrued income	**3,790**	2,053	**72**	200
	49,562	48,997	**22,846**	7,366
Total debtors	**55,745**	54,523	**24,490**	8,381

15 Creditors: amounts falling due within one year

	Group		Company	
	31 December 2002 £000	31 December 2001 £000	**31 December 2002 £000**	31 December 2001 £000
Borrowings and finance leases				
Bank loans and overdrafts	**—**	—	**13,352**	18,536
Current portion of long term bank loans	**7,504**	13,686	**7,504**	13,686
Finance lease and hire purchase obligations	**594**	327	**225**	—
Loan notes	**2,279**	1,731	**2,279**	1,731
	10,377	15,744	**23,360**	33,953
Other creditors				
Trade creditors	**46,329**	34,429	**2,488**	2,445
Bills of exchange	**2,202**	543	**—**	—
Corporation tax	**2,416**	1,202	**—**	—
Other taxation and social security	**3,533**	2,426	**—**	44
Accruals and deferred income	**4,921**	6,677	**1,025**	559
Proposed dividend	**2,759**	2,043	**2,759**	2,043
Other creditors	**3,614**	2,670	**417**	243
Amounts owed to subsidiary undertakings	**—**	—	**—**	15
	65,774	49,990	**6,689**	5,349

Notes to the Financial Statements

16 Creditors: amounts falling due after one year

	Group		Company	
	31 December 2002 £000	31 December 2001 £000	**31 December 2002 £000**	31 December 2001 £000
Borrowings and finance leases				
Long term bank loans	**45,575**	39,840	**45,575**	39,840
Finance lease and hire purchase obligations	**1,729**	1,216	**901**	—
	47,304	41,056	**46,476**	39,840

The maturity of financial liabilities entered into by the Group and the Company is as follows:

	Group		Company	
	31 December 2002 £000	31 December 2001 £000	**31 December 2002 £000**	31 December 2001 £000
Bank loans and overdraft				
Amounts due within one year	**7,504**	13,686	**20,856**	32,222
Amounts due after more than one year:				
Between one and two years	**7,504**	7,549	**7,504**	7,549
Between two and five years	**38,071**	32,291	**38,071**	32,291
	45,575	39,840	**45,575**	39,840
	53,079	53,526	**66,431**	72,062
Loan notes				
Amounts due within one year	**2,279**	1,731	**2,279**	1,731
Finance leases and hire purchase obligations				
Amounts due within one year	**594**	327	**225**	—
Amounts due after more than one year:				
Between one and two years	**522**	325	**225**	—
Between two and five years	**1,207**	891	**676**	—
	1,729	1,216	**901**	—
	2,323	1,543	**1,126**	—

The bank loans carry a rate of interest of up to 1.5% above LIBOR and are secured by a first fixed and floating charge over substantially all of the Group's assets. Obligations under finance leases and hire purchase obligations are secured on the relevant assets.

Included within bank loans due in between two and five years is £13,476,064 in respect of a revolving credit facility over which refinancing is permitted, the earliest date at which the lender can require repayment being 31 December 2005. In the absence of the refinancing facility, this amount would have been repayable on 31 January 2003.

17 Financial instruments

(a) Management of financial risks

The Group's major financial risks relate to movements of interest and exchange rates. Management continually review the Group's exposure to these issues and will, if required, make appropriate use of derivative financial instruments to mitigate this exposure.

Interest rate risk

The Group has used an interest swap to fix approximately 48% of its year end gross borrowings at a base rate of 6.11%.

Currency exposure

The Group is subject to fluctuations in exchange rate on its net investments overseas and on transactional monetary assets and liabilities not denominated in the operating (or 'functional') currency of the operating unit concerned. The Group's policy is to hedge, where practical, the net asset value of its overseas investments. This hedging is achieved through borrowings in the respective currencies.

The Group is predominantly UK based and undertakes the majority of its transactions in sterling. Consequently, it has no material transactional monetary assets or liabilities denominated in currencies other than the functional currencies of its respective geographical areas of operation. The Group uses forward exchange contracts to hedge the majority of exposures that do exist.

(b) Financial assets

The Group's financial assets, excluding short term debtors, consist mainly of a cash surplus held at bank in the current account and fixed asset investments as detailed in Note 12.

Where cash surpluses arise in the short term, interest is earned based on a floating rate related to bank base rates or LIBOR. Where the Group's funding requirements allow longer term investment of surplus cash, management will review available options to obtain the best possible return whilst maintaining an appropriate degree of access to the funds.

(c) Financial liabilities

The Group's financial liabilities, excluding short term creditors which are all sterling denominated, are set out below. Fixed rate financial liabilities comprise sterling denominated finance leases and hire purchase agreements and bank loans. Floating rate financial liabilities comprise sterling denominated bank loans and overdrafts. The floating rate financial liabilities bear interest at rates related to bank base rates or LIBOR.

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Total £000
Sterling at 31 December 2002	**28,984**	**28,697**	**57,681**
Sterling at 31 December 2001	20,382	36,418	56,800

	Fixed rate financial liabilities	
	Weighted average interest rate %	Weighted average period for which rate is fixed years
Sterling at 31 December 2002	**7.3**	**1.8**
Sterling at 31 December 2001	6.9	2.7

17 **Financial instruments** continued

(d) Maturity profile

The maturity profile of the Group's and Company's financial liabilities, other than short term creditors such as trade creditors and accruals, is shown in note 16 to the financial statements.

At 31 December 2002 the Group had the following undrawn committed facilities, in respect of which all conditions precedent had been met:

	2002	2001
	£000	£000
Undrawn committed borrowing facilities		
Expiring after more than two years	**12,524**	18,500

(e) Fair values

At 31 December 2002 the fair value of the Group's financial instruments was not materially different to the book value of the instruments. The fair value was calculated using market rates where available, otherwise cash flows were discounted at prevailing rates.

18 **Provisions for liabilities and charges**

	Group			**Company**	
	Deferred taxation	Other	Total	Deferred taxation	Total
	£000	£000	£000	£000	£000
At 31 December 2001	3,225	4,435	7,660	318	318
Acquisitions	109	—	109	—	—
Utilised during the period	430	(991)	(561)	155	155
At 31 December 2002	**3,764**	**3,444**	**7,208**	**473**	**473**

Other provisions relate to the estimated closure costs of Pipe Supports USA Inc. and to potential liabilities for environmental costs and dilapidations on leasehold properties. It is considered that these will not result in any material cash outflows in the near future.

19 Deferred taxation

Details of amounts provided for deferred taxation and movements in the period are set out below:

	Group		Company	
	2002	2001	**2002**	2001
	£000	£000	**£000**	£000
Difference between accumulated depreciation, amortisation and capital allowances	**2,531**	2,669	**(3)**	(11)
Other timing differences	**1,233**	556	**476**	329
	3,764	3,225	**473**	318
At beginning of period	**3,225**	897	**318**	(54)
Transferred in relation to acquisitions during the period	**109**	1,621	**—**	54
Charge for the period	**430**	707	**155**	318
	3,764	3,225	**473**	318

20 Called up share capital

	31 December 2002 £000	31 December 2001 £000
Authorised		
80,000,000 Ordinary shares of 25p each (2001: 80,000,000)	**20,000**	20,000
Allotted,called up and fully paid		
61,564,955 Ordinary shares of 25p each (2001: 60,979,110)	**15,391**	15,245

On 27 August 2002 the Company issued 504,859 new shares in connection with the acquisition of Mallatite Limited, receiving non-cash consideration of £347,127 (2001: £5,871,000). During the year 80,986 shares were issued under its various share option schemes (2001: 9,692), realising £52,298 (2001: £4,000).

Options over the Company's shares outstanding at 31 December 2002 were:

	Number of shares	Option price (p)	Date exercisable	Expiry date
1985 Executive Share Option Scheme	68,053	113	23 Jan 1998	23 Jan 2005
1995 Executive Share Option Scheme	107,732	114	20 Feb 1999	20 Feb 2006
	255,000	69	4 Aug 2002	4 Aug 2009
	52,000	70	2 July 2004	2 July 2011
	203,000	66	21 Jan 2005	21 Jan 2012
1999 Unapproved Executive Share Option Scheme	500,000	67	9 July 2002	9 July 2006
	108,000	69	4 Aug 2002	4 Aug 2006
	158,000	70	2 Apr 2004	2 July 2008
	177,000	66	21 Jan 2005	21 Jan 2012
1995 Savings Related Share Option Scheme	276,244	41	1 Mar 2004	1 Sept 2004

21 **Share premium and reserves**

	Share premium £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
Group					
At 31 December 2001	3,338	238	733	4,088	10,706
Retained profit for the year	—	—	—	—	1,184
Exchange differences	—	—	—	—	(84)
Shares issued	29	—	—	225	—
At 31 December 2002	**3,367**	**238**	**733**	**4,313**	**11,806**

	Share premium £000	Capital redemption reserve £000	Profit and loss account £000
Company			
At 31 December 2001	3,338	238	10,327
Retained profit for the year	—	—	15,582
Shares issued	29	—	—
At 31 December 2002	**3,367**	**238**	**25,909**

Other reserves represent the premium on shares issued in exchange for shares of subsidiaries acquired. The Group has taken advantage of Section 131 of the Companies Act 1985.

The cumulative amount of positive goodwill resulting from acquisitions in earlier financial years which has been written off is £2,413,000 (2001: £2,413,000), which relates entirely to subsidiary undertakings. The cumulative amount of negative goodwill resulting from acquisitions in earlier financial years which has been written off is £836,000 (2001: £836,000).

In accordance with Section 228 (7) of the Companies Act 1985, the Company has not presented its own profit and loss account. The Group profit for the period includes profit dealt with in the financial statements of the Company of £18,342,000 (2001: £9,648,000).

22 Guarantees and other financial commitments

(a) Guarantees

The Company has guaranteed the bank loans and overdrafts of certain subsidiary undertakings. The amount outstanding at 31 December 2002 was £2,051,000 (2001: £1,502,000).

The Group had guarantees outstanding to a bank in respect of performance bonds of £328,000 (2001: £77,000) and a Customs and Excise counter indemnity of £120,000 (2001: £127,000).

(b) Capital commitments

	Group		Company	
	31 December 2002 £000	31 December 2001 £000	**31 December 2002 £000**	31 December 2001 £000
Contracted for but not provided in the accounts	**897**	764	**—**	—

(c) Operating lease commitments

Annual commitments under non-cancellable operating leases expiring:

	31 December 2002		31 December 2001	
	Land & buildings £000	**Other £000**	Land & buildings £000	Other £000
Group				
Within one year	**468**	**291**	272	184
Between one and two years	**91**	**411**	48	225
Between two and five years	**187**	**1,061**	201	702
After five years	**1,703**	**12**	1,394	5
	2,449	**1,775**	1,915	1,116
Company				
Between two and five years	**—**	**26**	—	—
After five years	**34**	**—**	34	—
	34	**26**	34	—

Notes to the Financial Statements

23 Pensions

With effect from 6 April 2001, the Company reorganised its pension scheme arrangements in the United Kingdom. Benefits under the Hill & Smith Group Pension and Assurance Scheme ceased accruing as at 5 April 2001. As a result of the reorganisation the Company now operates two main Schemes; one providing benefits accruing in the future on a defined benefit basis and a second, and larger, Scheme providing benefits that are on a defined contribution basis. The assets of both Schemes are administered by trustees and are kept entirely separate from those of the Company. Independent actuarial valuations are carried out every three years. Contribution rates are determined on the basis of advice from an independent professionally qualified actuary, with the objective of providing the funds required to meet pension obligations as they fall due. Pension costs are similarly determined and are charged to the profit and loss account so as to spread the cost over the members' working lives with the Company. There is also a separate Group personal pension plan.

The most recent valuations were completed as at 5 April 2000. The valuations assessed the funding level measured on the statutory Minimum Funding Requirement (MFR) basis, but took into account changes made to the MFR basis on 15 June 1998, which followed the removal of tax credits for pension schemes on UK dividends declared after 2 July 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments, including dividend growth, and the rates of increase in salaries. The principal actuarial assumptions used for calculating the funding level and contribution rates were investment growth of 9% per annum on equities and 8% per annum on gilts, dividend growth of 5.6% per annum and salary increases of 6% per annum. For the former Ash & Lacy Group Pension Schemes, the total market value of the schemes' assets as at the valuation date was £33.5 million and comparing this value to the value of the liabilities on the funding basis revealed an overall funding level of 135%. For the former Hill & Smith Group Pension and Assurance Scheme, the total market value of the Scheme's assets as at the valuation date was £27.3 million and comparing this value to the value of the liabilities on the funding basis revealed an overall funding level of 102%.

The profit and loss account for the period includes a net pension credit of £462,000 (2001: £692,000) which is net of £1,253,000 (2001: £1,650,000) in respect of the funding surplus which is being amortised over the average expected future service of the current employees and includes the charge in respect of the contributions to the Group personal pension plan. The balance sheet includes a debtor of £6,155,000 (2001: £5,526,000).

The Group has no significant exposure to any other post-retirement obligations.

FRS 17

Whilst the Group continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under FRS 17 'Retirement benefits' the following transitional disclosures are required:

The latest actuarial valuation of the scheme has been updated by a qualified actuary as at 31 December 2002 on a set of assumptions consistent with those required under FRS 17.

The principal assumptions used by the actuary were:

	31 December 2002	31 December 2001
Discount rate	**6.0%**	6.0%
Rate of increase in pensionable salaries	**3.5%**	4.0%
Inflation assumption	**2.0%**	2.5%
Rate of increase in pensions in payment (where applicable)	**2.0%**	2.25%

23 Pensions continued

The Schemes hold assets and liabilities in respect of defined contribution benefits. The value of these were included in the disclosures as at 31 December 2001, and had a matching value of £2,243,000. As at 31 December 2002, the liabilities and matching assets have a value of £2,617,000 and are excluded from the following figures.

	31 December 2002		31 December 2001	
	Long-term expected rate of return %	**Value £000**	Long-term expected rate of return %	Value £000
Equities	**8.0%**	**24,682**	8.0%	28,864
Bonds	**6.0%**	**6,280**	6.0%	5,884
Gilts	**4.5%**	**1,795**	5.5%	1,659
With Profits policies	**6.25%**	**10,321**	6.75%	11,150
Cash	**4.0%**	**900**	4.0%	2,350
Other	**8.0%**	**897**	8.0%	1,050
Total market value of assets		**44,875**		50,957
Present value of liabilities		**(48,616)**		(49,207)
(Deficit)/surplus in the scheme		**(3,741)**		1,750
Related deferred tax asset/(liability)		**1,122**		(525)
Net pension (liability)/asset		**(2,619)**		1,225

Analysis of the amount which would have been charged to operating profit:

	31 December 2002 £000
Current service cost	**715**
Past service cost	**—**
Total operating charge	**715**

Analysis of the amount which would have been credited to other financing income:

	£000
Expected return on pension scheme assets	**3,647**
Interest on pension scheme liabilities	**(2,902)**
Other financing income	**745**

Analysis of the amount which would have been recognised in the Statement of Total Recognised Gains and Losses:

	£000
Actual return less expected return on pension scheme assets	**(8,694)**
Experience gains and losses arising on pension scheme liabilities	**(1,204)**
Changes in assumptions underlying the present value of the scheme liabilities	**4,378**
Actuarial loss recognised in Statement of Total Recognised Gains and Losses	**(5,520)**

Analysis of the movement in surplus over the period:

	£000
Surplus in the scheme at the beginning of the year	**1,750**
Current service cost	**(715)**
Other financing income	**745**
Actuarial losses	**(5,520)**
Deficit in the scheme at the end of the year	**(3,740)**

23 Pensions continued

History of experience gains and losses over the period:

	31 December 2002 £000
Difference between the expected and actual return on scheme assets:	
Amount	**(8,694)**
Percentage of scheme assets	**(19%)**
Experience gains and losses on scheme liabilities	
Amount	**(1,204)**
Percentage of present value of scheme liabilities	**(2%)**
Total amount recognised in Statement of Total Recognised Gains and Losses:	
Amount	**(5,520)**
Percentage of present value of scheme liabilities	**(11%)**

Had the Group adopted FRS 17 early, net assets and profit and loss reserves would have been stated as follows:

	31 December 2002 £000	31 December 2001 £000
Net assets		
Net assets excluding net pension asset	**31,582**	30,526
Net pension liability	**(2,619)**	1,225
Net assets restated	**28,963**	31,751
Reserves		
Profit and loss reserve excluding net pension asset	**7,497**	6,838
Pensions reserve	**(2,618)**	1,225
Profit and loss reserve restated	**4,879**	8,063

The Company is a member of the Group pension schemes which provide benefits on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the Schemes will be accounted for by the Company when the accounting standard is fully adopted by the Company as if they were defined contribution schemes.

24 Acquisitions

The Group acquired the shares of Mallatite Limited on 23 August 2002 and the business and certain assets of Brifen Limited on 12 July 2002. These transactions have been accounted for under the acquisition method of accounting.

The fair value of the consideration paid (including expenses) and the net assets acquired, together with the goodwill arising in respect of these acquisitions, are as follows:

	Book value £000	Alignment of accounting policies £000	Other fair value adjustments £000	Book and fair value £000
Fixed assets	1,950	(49)	—	1,901
Stock	2,092	—	(163)	1,929
Debtors	1,522	—	(83)	1,439
Creditors	(2,205)	—	(106)	(2,311)
Provisions	(109)	—	—	(109)
Cash balances	(1,674)	—	—	(1,674)
Net assets acquired	**1,576**	**(49)**	**(352)**	**1,175**
Consideration				
Shares			351	
Loan notes			889	
Cash			3,781	
				5,021
Goodwill				**3,846**

Goodwill arising from these acquisitions is being amortised over 20 years. The acquisitions have not contributed any material cash flows to the Group.

The provisional fair value adjustments primarily relate to the valuation of net current assets.

25 Notes to the Cash Flow Statement

	Year ended 31 December 2002 Before exceptional items and goodwill amortisation £000	Year ended 31 December 2002 Exceptional items and goodwill amortisation £000	Year ended 31 December 2002 Total £000	15 months ended 31 December 2001 Total £000
(a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	**14,008**	**(2,660)**	**11,348**	7,523
Income on investment properties	**—**	**—**	**—**	(805)
Depreciation	**6,114**	**1,971**	**8,085**	7,225
Amortisation of goodwill	**—**	**1,744**	**1,744**	1,786
Payments on the termination of business	**—**	**(193)**	**(193)**	—
Profit on sale of fixed assets	**(64)**	**—**	**(64)**	(81)
Change in working capital:				
Stocks	**(4,654)**	**(42)**	**(4,696)**	3,998
Debtors	**(299)**	**—**	**(299)**	7,408
Creditors and provisions	**12,085**	**(1,865)**	**10,220**	(1,865)
	7,132	**(1,907)**	**5,225**	9,541
Net cash inflow from operating activities	**27,190**	**(1,045)**	**26,145**	25,189
(b) Returns on investments and servicing of finance				
Rents received			**—**	779
Interest received			**211**	194
Interest paid			**(4,509)**	(5,916)
Interest element of finance lease rentals			**(85)**	(62)
			(4,383)	(5,005)
(c) Capital expenditure and financial investment				
Purchase of fixed assets			**(7,146)**	(9,063)
Sale of fixed assets			**1,601**	15,580
			(5,545)	6,517
(d) Acquisitions and disposals				
Purchase of subsidiary undertakings and businesses			**(3,781)**	(63,489)
Sale of businesses (net of disposal costs)			**—**	661
Net overdraft acquired			**(1,674)**	(9,527)
			(5,455)	(72,355)

(e) Analysis of net debt

	31 December 2001 £000	Cash flow £000	Other non-cash changes £000	**31 December 2002 £000**
Cash at bank and in hand	4,664	8,147	—	**12,811**
Debt due within one year	(15,417)	(977)	6,611	**(9,783)**
Debt due after one year	(39,840)	1,765	(7,500)	**(45,575)**
Finance leases	(1,543)	(600)	(180)	**(2,323)**
Net debt	(52,136)	8,335	(1,069)	**(44,870)**

25 Notes to the Cash Flow Statement continued

(f) Purchase of subsidiary undertakings and businesses (see note 24)

	£000
Net assets acquired:	
Tangible fixed assets	**1,901**
Stock	**1,929**
Debtors	**1,439**
Creditors	**(2,311)**
Provisions	**(109)**
Net overdraft	**(1,674)**
	1,175
Goodwill	**3,846**
	5,021
Satisfied by:	
Shares	**351**
Loan notes	**889**
Cash	**3,781**
	5,021

26. Post-Balance Sheet Events

On 25 February 2003 the Group entered into an agreement to sell the business and certain assets and liabilities of SI Pressure Instruments Limited. The sale consideration will be £3.0 million plus a further balancing payment which will be dependent on the profit for the period from the date of the agreement until completion. £1.5 million of the sale consideration was paid on the signing of the agreement. A further £1.5 million is payable on 9 May 2003. Completion is currently scheduled for 9 May 2003, with the balancing payment being payable a maximum of 80 days thereafter. This transaction will give rise to a gain on disposal of approximately £0.7 million.

On 7 March 2003 the Group announced the closure of Wombwell Foundry Limited. This will give rise to closure costs of approximately £1.5 million.

The effect of both of these transactions will be treated as exceptional items in the 2003 financial year.

27 Related party interests

During the period the Company paid £nil (2001: £412,500) to Grove Industries Limited, a company of which the Chief Executive Mr D.L. Grove is the chairman and a major shareholder, in respect of services provided by that company and by Mr Grove.

Group operating companies purchased £173,043 of goods from Silkjet Limited, and made sales of £58,274 to XL Timbalex Limited. Silkjet Limited and XL Timbalex Limited are subsidiaries of Webgrove Holdings Limited, a company of which Mr Grove is the chairman and a major shareholder. All of these transactions were undertaken on an arm's length basis.

At 31 December 2002, £nil (2001: £41,667) was owed to Grove Industries Limited (a company of which Mr Grove is the chairman and a major shareholder), £46,337 (2001: £35,186) was owed to Silkjet Limited, and £27,899 (2001: £99,000) was owed by XL Timbalex Limited.

Five year summary

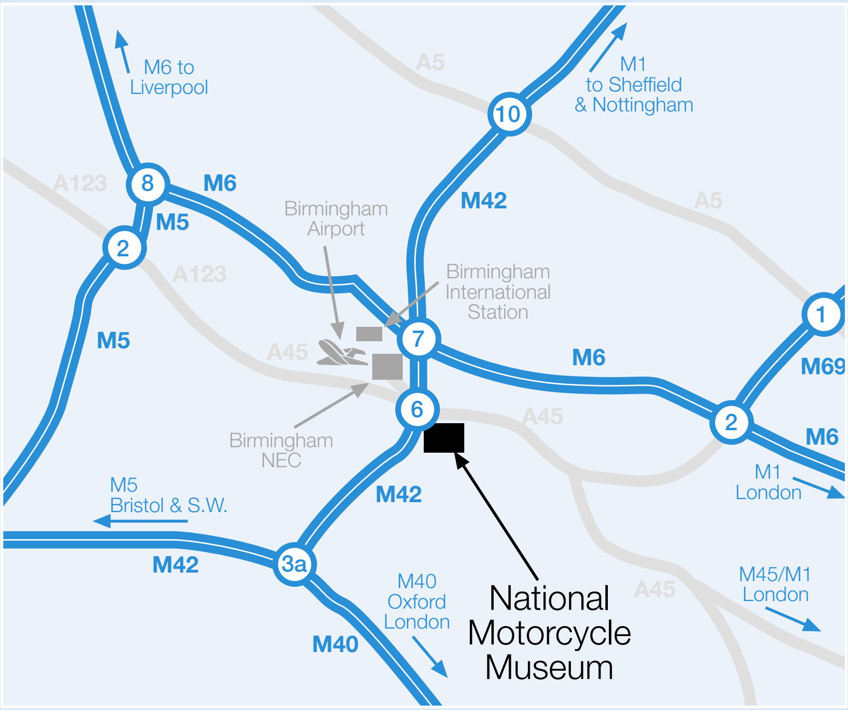
	Year 2002 £000	15 months 2001 £000	Year 2000 As restated £000	Year 1999 £000	Year 1998 £000
Turnover	**212,740**	241,849	58,858	61,940	76,497
Operating profit*	**14,008**	15,696	4,770	4,838	3,848
Profit before taxation*	**10,019**	10,085	4,102	4,161	2,404
Shareholders' funds	**35,848**	34,348	23,979	23,080	23,583
Operating cash flow*	**24,244**	30,244	4,213	8,998	9,358
Earnings per share*	**11.79p**	12.01p	7.63p	7.20p	3.46p
Dividends per share	**4.5p**	5.45p	4.20p	4.20p	4.20p

***** Before exceptional items and goodwill amortisation.

Venue for AGM

The 42nd Annual General Meeting of Hill & Smith Holdings PLC will be held at the **Bracebridge Suite, The National Motorcycle Museum, Coventry Road, Bickenhill, West Midlands, B92 0EJ** on **Tuesday 20 May 2003** at **10.30 am**. The location is indicated below.

The notice for the Annual General Meeting is included in a separate circular to shareholders sent with the report and accounts.



ATTENTION
Please note that the day of the Annual General Meeting is Tuesday 20 May 2003

Principal Group Businesses

Building and Construction Products

INFRASTRUCTURE PRODUCTS GROUP

Asset International Limited
(Large diameter plastic drainage and water pipes)
Stephenson Street, Newport, Gwent, NP9 0XH
Tel: (01633) 273081 Fax: (01633) 281301
Email: postbox@assetint.co.uk
Website: www.assetint.co.uk

Barkers Engineering Limited
(Fencing, galvanising and powder coating)
Etna Works, Duke Street, Fenton,
Stoke-on-Trent, Staffordshire, ST4 3NS
Tel: (01782) 319264 Fax: (01782) 599724
Email: sales@whbarker.co.uk
Website: www.whbarker.co.uk

Hill & Smith Limited
(Safety barriers and multiplate steel structures)
Springvale Business and Industrial Park, Bilston,
Wolverhampton, West Midlands, WV14 0QL
Tel: (01902) 499400 Fax: (01902) 499419
Email: info@hill-smith.co.uk
Website: www.hill-smith.co.uk

Varley & Gulliver Limited
(Parapets, gantries and pedestrian guardrails)
57–70 Alfred Street, Sparkbrook,
Birmingham, B12 8JR
Tel: (0121) 773 2441 Fax: (0121) 766 6875
Email: sales@v-and-g.co.uk
Website: www.v-and-g.co.uk

Mallatite Limited
(Street lighting columns)
Sandford Lane, Levenshulme,
Manchester, M19 3FT
Tel: (0161) 225 3100 Fax: (0161) 257 2625
Email: sales@mallatite.co.uk
Website: www.mallatite.co.uk

Ash & Lacy Building Systems Limited*
(Structural components and specialist fabrication services to the building industry)
Bromford Lane, West Bromwich, West Midlands, B70 7JJ
Tel: (0121) 525 1444 Fax: (0121) 525 3444
Email: enquiries@ashandlacybp.co.uk
Website: www.ashandlacybp.co.uk

Birtley Building Products Limited
(Steel lintels, residential doors and galvanising)
Mary Avenue, Birtley, County Durham, DH3 1JF
Tel: (0191) 410 6631 Fax: (0191) 410 0650
Email: info@birtley-building.co.uk
Website: www.birtley-building.co.uk

Express Reinforcements Limited*
(Reinforcing bar and mesh)
Fordwater Trading Estate, Ford Road,
Chertsey, Surrey, KT16 8HG
Tel: (01932) 579600 Fax: (01932) 579601
Email: sales@expressreinforcements.co.uk
Website: www.expressreinforcements.co.uk

Joseph Ash Limited*
(Galvanising and the manufacture of steel storage tanks)
Charles Henry Street, Birmingham, B12 0SP
Tel: (0121) 622 4661 Fax: (0121) 666 6049
Email: birmingham@josephash.co.uk
Website: www.josephash.co.uk

Redman Fisher Engineering Limited*
(Industrial flooring, handrail systems and structures)
Birmingham New Road, Tipton,
West Midlands, DY4 9AA
Tel: (01902) 880880 Fax: (01902) 880446
Email: flooring@redmanfisher.co.uk
Website: www.redmanfisher.co.uk

Industrial Products

W & S Allely Limited*
(Stockholders of aluminium, brass, copper and stainless steel)
PO Box 58, Alma Street, Smethwick,
West Midlands, B66 2RP
Tel: (0121) 558 3301 Fax: (0121) 555 5194
Email: sales@allely.co.uk
Website: www.allely.co.uk

Ash & Lacy Perforators Limited*
(Perforated and expanded metal)
PO Box 58, Alma Street, Smethwick
West Midlands, B66 2RP
Tel: (0121) 558 8921 Fax: (0121) 565 1354
Email: sales@ashlacyperf.co.uk
Website: www.ashlacyperf.co.uk

Ash & Lacy Pressings Limited*
(General presswork)
Shenstone Works, Lynn Lane, Shenstone,
Lichfield, WS14 0EB
Tel: (01543) 480361 Fax: (01543) 481624
Email: enquiries@alpressings.co.uk
Website: www.alpressings.co.uk

Bromford Iron & Steel Company Limited*
(Hot rolled flats, bars, sections and profiles)
Bromford Lane, West Bromwich, West Midlands, B70 7JJ
Tel: (0121) 553 6121 Fax: (0121) 525 0913
Email: enquiries@bromfordsteels.co.uk
Website: www.bromfordsteels.co.uk

D & J Steels Limited
(Forging and engineering steel stockholders)
Lambert Works, Colliery Road,
Wolverhampton, West Midlands, WV1 2RD
Tel: (01902) 453680 Fax: (01902) 455431
Email: sales@dandjsteels.demon.co.uk

Eden Material Services (UK) Limited*
(Stainless steel hollow bar, tube and pipe stockholders)
Unit 42a, No. 1 Industrial Estate, Medomsley Road.
Consett, County Durham, DH8 6TT
Tel: (01207) 590055 Fax: (01207) 590059
Email: sales@edenmaterials.co.uk
Website: www.edenmaterials.co.uk

Pipe Supports Limited*
(Constant and variable pipe support systems)
Salwarpe Road, Droitwich, Worcestershire, WR9 9BH
Tel: (01905) 795 500 Fax: (01905) 794 126
Email: psl@pipesupports.com
Website: www.pipesupports.com

The companies marked with an asterisk are indirectly held.

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