

9 June 2010

Hampson Industries PLC
Preliminary results for the year ended 31 March 2010

Hampson Industries PLC (“Hampson” or “the Group”) the international aerospace group announces preliminary results for the year ended 31 March 2010.

Corporate highlights

- Results impacted, as expected, by delays on major aerospace programme developments, reduced revenues in Aerospace Components & Structures and the global decline in Automotive
- Group order book up 7% since September 2009, at £140m. Tooling quotation pipeline remains strong at £255m (US\$ 382m)
- Successful capital raising of £55m (net of expenses) to strengthen the balance sheet, improve financial flexibility and enable Hampson to take advantage of the opportunities in core markets as they arise
- Streamlined portfolio following the successful disposal of legacy machining business in August 2009 for £24m
- Improved cash generation and continuing strategic focus on operational improvements

Financial highlights

	Year ended 31 March 2010	Year ended 31 March 2009	Change
Continuing operations:			
Revenue	£178.3m	£256.6m	-31%
Trading profit*	£32.4m	£47.4m	-32%
Operating profit/(loss)	£33.2m	£(3.1m)	+1155%
Profit/(loss) before tax – statutory basis	£22.9m	£(15.4m)	+249%
Adjusted profit before tax*	£24.9m	£37.6m	-34%
Earnings per share – statutory basis	9.80p	(7.47p)	+231%
Adjusted earnings per share*	10.61p	18.50p	-43%
Dividend per share – total (interim & proposed final)	1.70p	2.40p	-29%
Cash generated from operations	£24.6m	£23.8m	+3%
Net debt	£82.3m	£145.4m	-43%
Exchange rates (GBP 1 = USD):			
Average for period	1.60	1.72	
Period end	1.51	1.42	

** Trading profit, profit before tax and earnings per share are all stated to reflect the continuing operations of the Group before restructuring and rationalisation charges, impairment charges, gains and losses on disposal or closure of businesses, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition. The Directors believe that exclusion of these items allows trends in the performance of the Group’s continuing business to be more easily identified and understood.*

Commenting on the year, Chairman Chris Geoghegan said:

“We have continued to win new work and have delivered a creditable set of results despite the many challenges faced during the year.

“Our orderbook and quotation pipeline have both increased since the year end which we see as a positive indicator. However, the overall rate of recovery during the first two months of the current year has been slower than we had anticipated. For this reason it is appropriate to continue to remain cautious about our out-turn expectation for 2010/11 and in particular our results for the six months to September 2010, whilst we assess the rate at which orders are secured that are available for near term production.

“Over the medium to longer term, the Board believes that with the combined strength of our business portfolio, the management actions in hand, and the opportunities emerging in our markets, Hampson is well positioned to return to sustainable growth.”

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Chairman's Statement

Our expectations of a difficult year in 2009/10 were realised, with significant delays on the large new composite airframe programmes compounded by the global economic crisis. Both of these factors created uncertainty in our core market sector and caused our aerospace customers to defer spending on large tooling programmes, leading to a significant impact on our revenue and results for the year.

In order to confront these major challenges head on, we have successfully cut costs and implemented a range of actions across the Group to protect and improve our businesses and to focus on cash generation as a key priority.

In 2009/10 we continued to reshape and improve the Group's focus by divesting our legacy engine components business for £23.8 million in August 2009. Throughout the year, efforts to improve the performance in our non-core automotive business have continued to show beneficial results and the Board has made good progress in determining its plans to realise value for this business.

Despite the many challenges faced during the year, we have continued to win new work, have delivered a creditable set of results and we end the year with a stronger balance sheet and confidence in the medium to long term future of the Group.

Performance

With lower revenue, adjusted profit before tax for the year ended 31 March 2010 (before restructuring and rationalisation charges, impairment charges, gains and losses on disposal or closure of businesses, amortisation of intangible assets on acquisition and changes in the net fair value of financial instruments) was £24.9 million, a reduction of £12.8 million (34%) compared with 2008/09.

The statutory results of the Group in 2009/10 improved to a profit before tax of £22.9 million, from a loss in 2008/09 of £15.4 million. Statutory earnings per share were 9.8 pence, compared with a loss per share of 7.5 pence in 2008/09. The benefit to trading profit* in the year to 31 March 2010 from translational foreign exchange gains as a result of the stronger dollar was £2.0 million, compared with a benefit of £6.2 million in 2008/09.

Financing

The placing and open offer which was completed on 18 February 2010, was strongly supported by shareholders, for which the Board wishes to record its thanks. The capital raising, which was oversubscribed, raised approximately £55.5 million of new funds, after deducting expenses of the issue. The Group now has a significantly stronger balance sheet, improved financial flexibility and the ability to take advantage of the opportunities we anticipate will arise in our core markets.

Dividend

The Board recommends that a final dividend of 0.9 pence per share be paid on 8 October 2010 to shareholders on the register on 10 September 2010. This will bring the full year pay-out to 1.7 pence per share, representing an unchanged total distribution, adjusting for the effect of the increased number of ordinary shares in issue following the recent equity raising. It remains the policy of the Board to maintain a progressive dividend policy going forward, subject to the Group's future financial performance and prevailing market conditions.

Board Composition

As previously announced, Kim Ward has advised the Board of his intention to step down and leave the Group with effect from 31 July 2010, after nearly ten years' service as Chief Executive. During his tenure, Kim has overseen a transformation of Hampson from a fledging, largely UK-based, diversified engineer, to a focussed international aerospace business. Kim leaves the Group with the Board's best wishes. A further announcement concerning Kim's successor will be made by the Board in due course.

The Future

The Group has weathered difficult conditions in 2009/10 but thanks to the actions taken by management has emerged a fitter, leaner and stronger business. As ever, we remain grateful to our employees and shareholders for their loyal support during this challenging period.

Our orderbook and quotation pipeline have both increased since the year end which we see as a positive indicator. However, the overall rate of recovery during the first two months of the current year has been slower than we had anticipated. For this reason it is appropriate to continue to remain cautious about our out-turn expectation for 2010/11 and in particular our results for the six months to September 2010, whilst we assess the rate at which orders are secured that are available for near term production.

Over the medium to longer term, the Board believes that with the combined strength of our business portfolio, the management actions in hand, and the opportunities emerging in our markets, Hampson is well positioned to return to sustainable growth.

Chris Geoghegan
Chairman
9 June 2010

**In addition to the “statutory” measures of profit, reference is made throughout this announcement to the impact on the continuing Group’s profit before tax and earnings per share of excluding the following items; restructuring and rationalisation charges, impairment charges, gains and losses on disposal or closure of businesses, amortisation of intangible assets arising on acquisition, changes in the net fair value of financial instruments and the results of discontinued operations. The Directors believe that exclusion of these items allows trends in the performance of the Group’s continuing business to be more easily identified and understood. Reference is made throughout to the terms “trading profit”, “adjusted profit before tax” and “adjusted earnings per share”, which are defined, respectively, as operating profit, profit before tax and earnings per share adjusted to exclude all of the fore-going items.*

Chief Executive's Statement

Facing Up to a Challenging Year

During 2009/10, we faced the combined impact of both the global financial crisis and the well-chronicled development delays in several major new aerospace programmes that are pioneering the use of new composite technology.

As a result of these factors, tooling demand shrank back sharply from the previous year's levels and our revenue saw an inevitable decline after the record performance achieved in 2008/09. This was amplified by the mid-year disposal of our non-core metal aero engine component business, which contributed £18.9 million of net additional revenue in the previous year.

We were also impacted by the global collapse of the business jet market. Volumes on two key programmes reduced by 30% and 50% respectively and one new programme for which we had won contracts to supply tooling and aero structures, was cancelled during the first quarter of 2009/10.

Whilst it is disappointing not to be able to report another year of growth for Hampson, the impact on our business of testing market conditions has been minimised by the rapid action we have taken to adjust our cost base. We have made good progress on a number of important commercial and operational improvement initiatives in spite of the challenging environment and this will leave us better placed going forward.

In total, our workforce in respect of continuing businesses has been reduced by 19% during the year. Although we have been decisive in taking the tough actions that have been necessary, we have also been careful to preserve the core skills and flexibility in our plants to enable us to benefit from market recovery when conditions improve.

Strong Foundations for Growth

Hampson has a strong portfolio of aerospace businesses, two of which have global leadership positions in their respective market sectors. Regardless of the market headwinds we have seen in 2009/10, these provide us with foundations of strength on which we can continue to build for the long term and regain our positive momentum.

We are global leaders in the still relatively nascent market for large tooling for light-weight, high strength carbon composite aero structures. We are proud to have some of the best and fastest equipment, the largest facilities and most skilled engineers and tooling fabricators in the world. Whilst we have already seen some of the benefits of this strong position in terms of best practice sharing, cost and market-related synergy, there remains great potential ahead of us and we are taking steps to accelerate the realisation of this benefit to provide enhanced value for our customers and secure our leading position into the future.

We are also global leaders in the supply of small, laminated shim products used in airframe construction. With R&D efforts focussing on new glass fibre and other composite materials in support of the major new airframe programmes, we have seen another year of strong performance in this area in 2009/10.

Our composite components businesses also had a successful year growing revenue and generating improved results. We have undertaken a number of actions in 2009/10 that will help catalyse further growth going forward with these businesses working on advanced new technology that underlines their strong technical positions in complex geometry, hot temperature composite components and in high performance, low observable transparencies, respectively.

The disposal of Hampson Aerospace Machining Limited ("HAML") in August 2009 for £23.8 million marked an important step in streamlining our business portfolio and exiting a legacy business with weaker strategic positioning, including a very high single customer dependency. This move has enabled us to focus squarely on developing our advanced composites businesses in components and tooling systems, building our businesses in sectors where we have size and scale in markets that are growing faster.

The year ahead will see a further phase of restructuring and improvement activity in our legacy UK aero structures business, BHW. These actions, led by a strengthened management team, are expected to enable the business to return to breakeven during the second half of the year.

Across the Group, our focus on improving processes and developing and strengthening human talent to improve productivity and competitiveness will continue as a primary management objective over the next twelve months and beyond.

A Clearly Focussed Strategy

Our strategy going forward will deliver increased focus on strengthening the business platforms we have built in aerospace. We will do this in two ways: firstly, through further developing our relationships with existing customers and increasing our global market share through targeting new international opportunities. We have started to build positive momentum and are already starting to see the early signs of benefit, including our first tooling orders into the local Indian and Chinese markets.

Secondly, we will continue to focus hard on operational improvement activity, based around world-class systems and processes that will help us drive waste out of our businesses and improve efficiency. We will also continue to strengthen our management teams with individuals of the highest calibre. During the year, all of our businesses have successfully reduced costs and generated efficiency gains and it is pleasing to note that our efforts have been recognised by the receipt of a number of prestigious customer accolades, including Boeing Gold and Silver Excellence awards received by two of our seven US businesses. These endorsements confirm that those operations now rank amongst the very best in the world in the global aerospace industry.

Going forward, our investment in SAP, which we have already deployed with successful results in three of our businesses, will be key in our ongoing operational improvement process. We expect to roll-out deployment in two more of our larger businesses in 2010/11 using our experienced internal team of business process experts. We also expect to see growth in our low cost manufacturing facility in India which has successfully added two new local customers during the year.

Talented People

In common with many businesses, 2009/10 has been a very challenging year, rooted in an economic recession of extreme severity. Yet despite the difficult challenges and distractions we have faced, we have generated creditable results and maintained dividend payments to shareholders. For these, and of course the many outstanding operational achievements that underlie them, I would like to pay personal tribute to the many dedicated, conscientious and highly talented employees of Hampson with whom I have had the absolute pleasure and privilege to be associated.

Reduced Indebtedness

The Group's balance sheet is now significantly stronger following the recent placing and open offer with net debt at 31 March 2010 reduced by £63.1 million than at 31 March 2009 to £82.3 million. We have continued to focus hard on cash generation during the year and it is pleasing to note that £13.8 million of the total reduction in indebtedness is a result of free cash generation, after financing capital investment of £9.4 million. After considerable investment in our tooling and composite component businesses over the last eighteen months capital expenditure requirements are expected to reduce over the coming year. Continuing focus on maximising cash flow and debt reduction will also remain one of management's priorities as part of our operational improvement strategy going forward. We have no major refinancing requirement under our committed debt facilities until April 2013.

Our Markets

Both the Boeing 787 and the Airbus A350 are pioneering the use of brand new materials and new construction and assembly techniques for volume manufacture in the global aerospace industry.

After two and a half years of much publicised delays and technical challenges, the first successful flight of the Dreamliner in December 2009 has confirmed that commercial aircraft made from large carbon structures represent the future reality of aviation. With both this programme and the A350 now reaching greater maturity, we expect that global demand for close tolerance tooling will increase over the next several years. Improving economic conditions and access to credit will also relieve pressure on our customers' development budgets. In overall terms, this market is forecast by Roland Berger Strategy Consultants to increase to around USD2.2 billion by 2012, an estimated compound annual average growth rate of 11%.

The principal sources of tooling growth are spread across many programmes, but will include further manufacturing and assembly tooling requirements throughout the Boeing 787 supply chain, further pre-production tooling for the A350, tooling for the B747-8 programme, rate and derivative tooling for the Lockheed Martin F-35 and new programmes from Embraer and Bombardier. In addition, new regional jet market entrants in Japan, China and Russia are expected to contribute to increased demand for fuselage, wing, empennage and assembly tooling. We also expect to see re-engineing programmes for in-service aircraft giving rise to new nacelle tooling and upgrades to existing fixed and rotary wing aircraft to allow the fitment of winglets, new composite blades and other aerodynamic and weight saving modifications that will all require precision tooling, as well as tooling to support increasing automation of assembly lines.

With respect to our aerospace component businesses, Boeing and Airbus continue to indicate there will be no material reductions in aircraft build rates during the current calendar year, and demand for the military aerospace platforms served by the Group is expected to remain at similar levels throughout 2010/11.

Outlook

The longer term market outlook for tooling points to many attractive opportunities that Hampson is well positioned to benefit from as market leader. In the shorter term, whilst both our order book and quotation pipelines are now rising progressively, the overall rate of recovery during the first two months of the current year has been slower than we had anticipated, particularly at Odyssey, our largest site. For this reason it is appropriate to continue to remain cautious about our out-turn expectation for 2010/11 whilst we assess the rate at which orders with fully matured design data continue to be released to the market over the next several months.

After nearly ten years, I have informed the Board of my intention to step down with effect from 31 July 2010. I will, however, make that step confident in the belief that Hampson's strategy is properly focussed, its execution on track and that the Group has the management talent and commitment to achieve the demanding objectives we have set. I wish to take this opportunity to personally thank all those I have worked with during my ten years at Hampson and wish them every success in driving the business forward.

I remain confident that with the world class operations we now have and the synergy potential of our aerospace businesses, the Group remains well placed to resume delivery of growth as conditions in our core markets continue to recover. This will yield improved results and attractive returns for shareholders over the longer term.

Kim Ward
Chief Executive
9 June 2010

Business Review

Aerospace Composites & Transparencies

Employing over 900 people across five facilities in North America, Hampson's know-how and technological expertise in advanced materials and tooling is continuing to play a key role in the development and production of some of the world's most advanced and evolutionary aerospace programmes. Hampson is now the world's largest supplier of highly engineered, close tolerance tooling systems for the fabrication and assembly of both metal and composite structures for commercial and military aircraft and space applications.

From design to manufacture, activities of Hampson's Aerospace Composites & Transparencies division extend from the engineering and fabrication of large very close tolerance tooling systems for composite wing and fuselage structures, to the manufacture of high performance components and structures in advanced, lightweight materials for a range of applications. These include latest generation military aircraft and anti-ballistic transparencies, moulded thermo-plastic assemblies, composite components for internal and external airframe structural applications, and complex, high temperature composite components for high performance aero-engine applications.

Following several years of strong growth, the Group's aerospace tooling businesses faced extremely challenging market conditions in 2009/10. Demand for large aero structure tools fell sharply during the year ended 31 March 2010 due to a combination of unforeseen and lengthy overlapping development delays on a number of major new aerospace programmes. This was compounded by the global economic environment which saw budgets for tooling sharply cut-back and expenditures deferred as customers sought to preserve liquidity in the face of increased market and economic uncertainty.

As a result of these factors, the year ended 31 March 2010 saw a significant reduction in both divisional revenue and trading profit, falling to £121.4 million and £29.2 million, respectively. These represented reductions of £29.4 million (20%) and £13.9 million (32%).

Odyssey, being a major supplier to Boeing and several of its supply chain partners suffered the greatest impact from the B787 delay. This also had a knock-on impact to the B747-8 programme, the development and first flight of which was also consequently delayed. Large volumes of tooling supporting this programme were not repeated in 2009/10. Whilst we are seeing some recent signs of improvement, the recovery of order intake at Odyssey, our largest site, has been slower than we had anticipated and its results continue to be impacted by delays in receiving fully matured engineering data from customers for certain programmes for which Odyssey has secured orders.

During the year, as part of its deeper integration into Hampson, a major business improvement programme was initiated at Odyssey with the aim of supplementing its deep pool of engineering and fabrication skills with the planned deployment of world class business systems. Overhead costs were reduced and the cost base realigned to activity levels to ensure competitiveness.

Global Tooling Systems ("GTS") saw sales decline in 2009/10 in line with the broader market trends described above. In addition, the unexpected cancellation of the new Cessna Columbus business jet programme resulted in the loss of a further US\$5 million of planned revenue in the year.

The business now has a number of large potential opportunities under development including several projects for overseas customers that have resulted from the Group's international marketing strategy and that will deploy new technology. New machining capacity using high speed 5-axis equipment transferred in the year from Hampson's UK facilities will also enable GTS to extend its product offering into providing rapid-turnaround, small-batch manufacture of precision components in addition to tooling, addressing a gap in the current market.

GTS was one of only 128 suppliers globally to receive Boeing's 2009 Performance Excellence (Gold Composite) Award in January 2010 for meeting quality, delivery and price competitive expectations. This credential provides a solid foundation for the expectation of future growth when demand returns.

Coast Composites saw less impact as a result of the Dreamliner delays but did suffer disruption from unplanned customer design changes on a large Airbus development programme. This was partially

mitigated by the acceleration of shop floor cost reduction plans saving over US\$1 million per annum without loss of productive capacity. Despite the disruption encountered in the year, Coast continued to improve on-time delivery performance, turning in a respectable 93% for the year and receiving several customer accolades for speed of response on turning around new development tools.

Significant new wins during the year included the wing tool package for Bombardier's new *C Series* airplane, wing tools for the F-35 Lightning II from several tier one customers, stringer mandrels for the A350 and new wing and nacelle tools for the B787 programme.

During the year, Coast completed phase 2 of the Santa Ana plant expansion, including fitting out an additional 50,000 sq ft of space to increase capacity in finishing operations. Two new long bed, high speed 5-axis milling machines were installed in the Irvine plant and completed. These are the fastest machines in the world for their size dedicated to tooling. Both projects were completed on budget and ahead of schedule.

In spite of the challenging business environment, Composites Horizons ("CHI") grew its revenue in the year, broadening the number of programme platforms served as high temperature composite components continue to gain ground in the latest generation gas turbine engines. New wins included the GeNX programme and two high volume military fighter powerplants. The impact of these wins has been to boost the backlog of the Aerospace Composites and Transparencies businesses and further progress is expected in 2010/11.

To enable CHI to support these and additional future programmes, the existing Los Angeles-based facility has been expanded, resulting in a doubling of floor capacity. This process has also seen the commissioning of new equipment to accommodate very close tolerance machining of large composite structures and other ancillary equipment that will result in lower sub-contract costs and improved efficiency going forward. Installation of a new large high temperature autoclave and other facility enhancements will complete the project in the first quarter of 2010/11.

CHI invested in continuing development of a number of new materials and processes in the year. In particular, R&D efforts in the area of reinforced high temperature thermoplastic laminates have positioned the business to compete in large potential opportunities on new commercial aircraft programmes and CHI has remained at the forefront of application development of the newest high temperature polyimide materials. This will position CHI to incorporate this material into new commercial and military high temperature applications. Concurrent with the facility and equipment expansion projects, CHI successfully established a niche during the year in the fabrication, machining, and assembly of large high temperature engine ducts for military aircraft applications. This now proven expertise will be leveraged to pursue multiple future large opportunities and establishes a solid basis for the future growth of the business.

Texstars benefitted from an increase in revenue from high performance transparencies, with sales of both F-16 canopies and transparent armour for land-based US troop protection vehicles both showing healthy improvement compared with 2008/09. These factors more than offset the loss of revenue generated from the Eclipse 500 programme in the previous year. In addition, new work was secured on the G650 and A10 re-wing programmes, the latter to supply lightweight composite wing panels. Initial revenue from these programmes began in 2009/10 and will ramp into production in 2010/11.

Successful R&D programmes have led to the development of the latest generation of transparent composite armour that will exceed ballistic threat levels for ground based systems together with stealth coating technology in support of fifth generation fighter transparency systems. The latter has helped Texstars become pre-qualified to bid for the supply of canopies to one of the largest military aerospace programmes in the world. The appropriate site security clearance was obtained from the US Defense Security Service in the last quarter of 2009/10, paving the way for submission of contract tenders in 2010/11. If successful, this will lead to a significant strengthening of Texstars' future business.

Aerospace Components & Structures

Hampson's Aerospace Components & Structures businesses supply shims and highly engineered, performance-critical metallic components, sub-assemblies and fully assembled structures to many of the world's leading airframe manufacturers, prime contractors and tier one suppliers.

The division operates from six facilities across the UK, North America and India and employs approximately 450 people in the production of a broad range of largely metallic components for commercial and military airframe structural applications. Products manufactured range from small solid and laminated shim parts to large, stretch-formed aluminium components and highly engineered sub-assemblies for aircraft wing, nacelle, fuselage, empennage, door and nose-cone structures.

On 17 August 2009, the Group completed the divestment of Hampson Aerospace Machining Ltd (“HAML”), its UK-based metallic aero-engine component manufacturing business for a total consideration of £23.8 million. Since HAML formed part of the Aerospace Components & Structures division, its results have been included as part of the continuing operations of the Group in the financial statements for the year ended 31 March 2010. For the period to the date of disposal, HAML contributed revenue of £9.4 million and operating profit of £0.5 million within these financial statements.

As indicated at the half year stage, divisional revenue for the year ended 31 March 2010 saw a significant reduction compared with 2009/10. Revenue was £40.3 million (46%) lower, with trading profit reduced by £7.2 million (68%). In addition to the loss of revenue resulting from the mid year disposal of HAML, this was due to the loss of business at the Group’s UK aero structures facility, BHW, and the non-recurrence of revenues earned in the previous year from the Eclipse 500 programme.

In addition to the loss of Airbus work following the divestment of its Filton facility and subsequent supply chain rationalisation, revenue was further impacted in 2009/10 by the sharp decline in the business jet market. Compared with the previous year, order volumes fell to between 30% and 50% across the main programmes served. This was partly countered by increased revenues from modification and spares and repair work for Tornado and Typhoon programmes.

Significant strides have been made on customer service levels following the introduction of a new management team early in the year and the beginning of a major business transformation programme. Improvements have been seen in all key operational performance metrics, with the On Time in Full (OTIF) delivery measure increasing to consistently above 90% over the final two quarters of 2009/10. The business concluded the roll out of a 5S programme across all cells and completed 14 individual lean improvement workshops, many working in co-operation with relevant customers.

As part of its improvement initiatives, BHW also engaged with the North West Aerospace Alliance, Aerospace Supply Chain Excellence Programme in the period. This programme aligns with a recognised global industry initiative and the business is targeting attainment of silver standard in 2010/11.

In light of the revenue reduction at BHW, the initial phase of a programme of major restructuring was successfully undertaken during the first half of the year to 31 March 2010. This saw headcount reduced by 31%, as well as the implementation of short time working. In addition to the lean manufacturing and supply chain programmes noted above, further operational improvement activities have been ongoing during the second half of the year including preparation of the business for a major, new, class-leading enterprise resource planning system which was successfully implemented in April 2010. The final phase of the planned restructuring, which will see a further reduction in BHW’s operating break-even point, will be implemented during the first half of 2010/11.

Development work on the HondaJet programme has continued to proceed well in the year with BHW successfully delivering the first fully conforming pre-production empennage structures to Honda Aircraft Company in July 2009. Pre-production deliveries will continue until June 2010. The production phase of the HondaJet programme is now expected to commence in the first half of 2011/12, hitting a peak rate of up to 100 aircraft per annum by 2014. BHW’s major participation on this prestigious new aircraft programme, together with the re-engineering with BAE Systems of a major sub-assembly for the Tornado modification programme, are indicative of the depth of engineering expertise and capability in aero structures, which forms a key foundation for the future growth of BHW.

Following a period of reduced revenue in the first half due largely to customer destocking activity, the Group's niche shim businesses generated improved returns in the second half and undertook a number of steps to strengthen their position as global leader in scale, performance and technology.

Despite a slower first half, the Group's largest shim business, California-based Lamsco, delivered another truly outstanding performance. This was mainly thanks to strong second half demand from Boeing, for whom Lamsco remains amongst the top performing suppliers globally. This was recognised in 2009 by the receipt of a Boeing Silver Excellence Award.

In the UK, Attewell saw revenue reduce by 20% compared to the record level achieved in 2008/09 due in the main to several large, one-off orders for laminated sheet material by a European customer unrepeated in 2009/10.

With 325 live customers spread across 19 countries, Attewell has taken active steps in the period to strengthen its leading position in the European market with a number of technological advancements in non-metallic shim development. With the purchase in the year of the site's first water jet machine to support shimming requirements on the Airbus A350 program, Attewell is moving for the first time into the machining of laminated fibre glass and has embarked on an R&D programme targeted at developing a peelable fibre glass shim for use with the latest generation of composite airframe structures. New work has been secured over the last 12 months on all the major new aircraft builds including the B787, B747-8, A350 and *C Series*, providing a firm basis for future growth.

The Group's Worthing-based specialist seals and gaskets supplier, PSG, continued to grow its UK market share in difficult market conditions over the first nine months of the year. It also made further progress in diversifying its revenue base and broadening its product range. PSG now manages the stocking and distribution of "C" class parts for overseas customers in North America, India, Central Europe, China and Korea and received Gold Star Status in recognition of its sustained high performance levels by a major multinational customer.

Automotive Turbocharger

Hampson's Automotive Turbocharger division is a specialist supplier of small, highly-engineered precision components and rotating assemblies in medium-to-high volume for automotive turbocharger, fuel delivery and other very close tolerance applications.

Whilst the division remains non-core to the Group, it continues to operate in a highly specialist segment of the automotive market and remains one of the only high volume manufacturers of shaft and turbine wheel assemblies in the world outside of the major turbocharger manufacturers. Notwithstanding the unprecedented conditions recently faced by the global automotive industry, demand for turbochargers is expected to grow progressively over the medium term as a result of the environmental, performance and economic benefits of turbocharging passenger road vehicles.

In recent years, "dieselisation" has been one of the primary drivers of this increased demand - especially in Western Europe, the largest current market for automotive turbochargers - driven by steadily rising fuel costs. Whilst this trend is anticipated to remain a major driver of future growth in the Americas and Asia, increasing fitment of turbochargers to next generation direct injection gasoline powered vehicles continues to drive long term demand in the European passenger vehicle market. Penetration is now spreading from premium and sub-compact vehicles to the high volume small and mid-size segments.

Trading conditions during the first half of the year remained very difficult as global automotive demand remained depressed. However, pre-buying by certain customers ahead of new emission standards taking effect for large commercial diesel engines and rising demand for new high volume passenger car engine programmes resulted in better than expected second half revenue, particularly in the final quarter. For the year as a whole, revenue declined by £8.6 million (48%), but with efficiency gains arising from a new business system and the restructuring actions carried out in 2008/09 starting to bear fruit, prior period losses were reduced by £1.0 million and the business generated modest positive cash flow in 2009/10.

Although, as with most automotive businesses, visibility is limited to the following quarter, the order book has continued to strengthen over the last five months as automotive markets are recovering. New work has also been secured from an existing customer with shaft and wheel assemblies for potential new customers now advancing through prototype stages. The longer term market outlook remains encouraging, with continuing growth in the use of turbochargers being widely predicted by the automotive industry due to trends in engine down-sizing, combining forced induction with gasoline direct injection technologies to deliver lower emissions without sacrificing vehicle performance.

In the meantime, with Hampson's strategic focus remaining on the global aerospace market, the Automotive Turbocharger business remains non-core to the Group and the Board has made good progress in determining a strategy to realise best value for stakeholders in the business.

Group Performance

Revenue - £178.3 million (2008/09: £256.6 million)

At average actual rates of exchange, revenue from continuing operations of the Group, at £178.3 million, decreased by £78.3 million (31%) in the year ended 31 March 2010. On a constant currency basis, revenue from continuing operations fell by £88.0 million (34%), of which £18.9 million was due to the disposal of Hampson Aerospace Machining Limited "HAML" in August 2009. Since HAML formed part of the Group's Aerospace Components & Structures division which is a continuing operation, the disposal has not been separately disclosed as a discontinued activity in these financial statements.

Compared with 2008/09, revenue in Aerospace Composites & Transparencies fell by £29.4 million (20%). The principal reason for the reduction was the fall in demand for aerospace tooling. This was the result of considerable development delays on several major new composite-rich airframe programmes and the deferral of tooling expenditures by customers in the face of a difficult economic environment.

In addition to the impact of the mid year disposal of HAML, revenue in Aerospace Components & Structures reduced year-on-year as a result of several principal factors. Non-repeating revenues generated in 2008/09 from the terminated Eclipse 500 programme accounted for £7.7 million of the annual reduction. Additionally, revenue at the Group's UK aero structures facility was impacted by the sharp decline in the business jet market and the final run-down of business from Airbus, which was resourced following divestment of its Filton, UK facility.

Automotive Turbocharger revenue, at £9.2 million, decreased by £8.6 million (48%) compared to the prior year reflecting the very difficult trading conditions during the first half of 2009/10 as global automotive demand remained depressed.

Trading Profit* - £32.4 million (2008/09: £47.4 million)

At £32.4 million, trading profit from continuing operations for the year ended 31 March 2010 represented a decrease of 32% compared with the prior year. Profits earned in US dollars were translated into sterling at an average rate of GBP1 = USD1.60 for the year ended 31 March 2010, compared with a rate of GBP1 = USD1.72 in 2008/09. In constant currency terms, trading profit would have been £17.0 million lower, at £30.4 million, a reduction of 36% compared with 2008/09.

The reduced level of profitability largely reflected the factors described above. Excluding the impact of the disposal of HAML, the year-on-year reduction in profitability in like-for-like constant currency terms was £14.2 million (32%). Trading profit in 2009/10 benefitted from a number of non-recurring items including releases of excess accruals less non-recurring costs, the net benefit of which was approximately £5.0 million.

**Trading Profit is defined as Operating Profit before restructuring and rationalisation charges, impairment charges, gains and losses on disposal or closure of businesses, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition. The Directors believe that exclusion of these items allows trends in the performance of the Group's continuing business to be more easily identified and understood.*

Restructuring and rationalisation charges - £(3.7) million (2008/09: £(2.9) million)

Total restructuring and rationalisation charges of £3.7 million were incurred during the year, of which the principal element was in respect of a provision for the committed future costs of the final phase of the planned restructuring at the Group's loss-making UK aero structures facility. This restructuring is expected to be largely completed in 2010/11, absorbing non-recurring cash costs of approximately £0.8 million in that year. The provision includes an amount of £1.1 million in respect of future rental obligations in respect of onerous lease arrangements.

Restructuring and rationalisation charges: Net financing costs - £(3.3) million (2008/09: £(0.6) million)

During 2009/10, the Group incurred exceptional debt servicing costs of £3.3 million associated with amendments to existing senior bank and loan note facilities completed in November 2009.

Impairment charges - £(2.9) million (2008/09: £(28.3) million)

During the year ended 31 March 2010, the Group recognised total asset impairment charges of £2.9 million in relation to certain assets to reduce their carrying value to the lower of cost and net realisable value.

Profits and losses on sale or closures of businesses - £6.1 million (2008/09: £nil)

During the year ended 31 March 2010 a net gain arose on the disposal of HAML of £6.1 million after transaction-related expenses.

Amortisation of intangible assets on acquisition - £(3.0) million (2008/09: £(6.8) million)

Amortisation of £3.0 million was charged in 2009/10 to reduce the carrying values of certain separable intangible assets recognised in respect of acquisitions made during the year and in previous periods on a systematic basis over the remaining estimated economic lives.

Changes in the net fair value of financial instruments - £4.8 million (2008/09: £(14.5) million)

The Group enters into forward foreign exchange contracts, interest rate swaps and other derivative financial instruments to hedge its transactional and strategic exposures to interest rate and foreign exchange fluctuations. The Group has not applied hedge accounting for these instruments in the year ended 31 March 2010 and hence movements in the net fair values between balance sheet dates are dealt with within the Income Statement. The net credit in the year has arisen from a combination of adjustments to the Group's portfolio of financial instruments and changes in market interest and currency exchange rates.

Operating profit/(loss) - £33.2 million (2008/09: £(3.1) million)

Operating profit for the year ended 31 March 2010 was £33.2 million, a £36.3 million increase compared with the previous year. The principal underlying movements were a decrease in trading profit of £15.0 million, increase in net restructuring and rationalisation charges of £0.8 million, decrease in impairment charges of £25.4 million, gain on disposal of HAML of £6.1 million, positive movement in relation to the net fair value of non-interest financial instruments of £16.8 million and a decrease in the charge for amortisation of intangible assets on acquisition of £3.8 million.

Other net financing costs - £(7.5) million (2008/09: £(9.7) million)

Excluding charges in relation to the net fair value of fixed-income financial instruments and the expensing of costs in relation to amended borrowing facilities, other net interest payable decreased by £2.2 million due primarily to reduced average levels of indebtedness and lower prevailing rates of interest.

Profit/(loss) before taxation - £22.9 million (2008/09: £(15.4) million)

Profit before tax excluding management adjustments decreased by £12.8 million (34%) for the year ended 31 March 2010. Statutory profit before tax increased by £38.3 million in the same period.

Taxation - £6.1 million charge (2008/09: £4.4 million credit)

The total tax charge for the year of £6.1 million represented an effective rate of 27% on profit before tax (2008/09: 29% on loss before tax). The effective rate is influenced by the relative geographic mix of the Group's profits as between the UK, with a headline corporation tax rate of 28%, and North America, with an average federal and state tax rate of approximately 40% and the capacity of the Group to recognise future losses as deferred tax assets. For the year ended 31 March 2010, the effective tax rate benefited from the Substantial Shareholdings Exemption from tax of the capital gain arising from the disposal of HAML and the continued tax efficiency of the US group. Deductions which will be available to be made against future taxation liabilities of the US group over a fifteen year period, resulting from a tax election made during the year ended 31 March 2009 jointly by the Group and the vendors of Odyssey & GTS amounting to \$115.7 million, have not been recognised as an asset in these financial statements in line with current accounting rules. They therefore remain a source of unrecognised significant future economic benefits.

Earnings per share

Basic earnings per share from continuing operations were 9.80p (2008/09: (7.47p)). Before management adjustments, the equivalent figure was 10.61p, a decrease of 7.89p (43%) compared with the prior year.

Proposed Dividend

The Board expects to recommend that a final dividend of 0.9p per share be paid to shareholders on the register at 10 September 2010 on 8 October 2010.

Cash flow

At £24.6 million, cash flow from operations increased by £0.8 million compared with the prior year despite the reduction in trading profit in 2009/10. Continued capital investment in our business resulted in £9.4 million being invested in continuing operations from internal cash flows.

Net Borrowings

Net borrowings of the Group decreased by £63.1 million to £82.3 million as at 31 March 2010. The ratio of net borrowings to shareholders' equity decreased by 33 percentage points to 29%. The ratio of net borrowings to EBITDA on a lender-measurement basis reduced from 2.56 times to 2.25 times as at 31 March 2010.

Pensions and post employment obligations

The Group has been carefully and prudently managing its exposure to liabilities arising under defined benefit arrangements for a number of years. The single defined benefit pension scheme now in existence has been closed to further accrual since before May 2000 and represents a consolidation of a number of separate previous schemes with effect from 1 April 2007. The total number of members in the combined scheme fell by 2 to 153 during the year ended 31 March 2010. The aggregate gross deficit remained unchanged at £1.0 million as the result of an increase in the present value of funded obligations being offset by a compensating increase in the market value of the scheme's assets. There was no underlying movement during the year in the actuarially-assessed obligation under the Group's single US post retirement healthcare scheme although exchange rate differences resulted in a reduction in the deficit from £0.5 million to £0.4 million on translation into sterling and before taking account of deferred tax.

Shareholders' equity

Equity attributable to shareholders of the parent company increased overall by £47.8 million during the year, standing at £283.3 million at 31 March 2010. The main elements of the movement during the year were additional share capital/premium of £55.5 million, the profit for the financial year of £16.5 million, payment of dividends of £3.8 million and unfavourable foreign exchange differences on retranslation of the Group's US dollar denominated net assets of £20.5 million.

**Consolidated Income Statement
For the year ended 31 March**

	2010 Before adjustments* £'000	2010 Adjustments* £'000	2010 Total £'000
Continuing operations			
Revenue	178,316	-	178,316
Operating profit	32,373	825	33,198
<i>Analysed as:</i>			
Trading profit	32,373	-	32,373
Restructuring and rationalisation charges	-	(3,712)	(3,712)
Impairment charges	-	(2,854)	(2,854)
Gains and losses on disposal or closure of businesses	-	6,147	6,147
Changes in net fair value of derivative financial instruments – non interest instruments	-	4,282	4,282
Amortisation of intangible assets on acquisition	-	(3,038)	(3,038)
Net financing costs	(7,499)	(2,764)	(10,263)
<i>Analysed as:</i>			
Financial income	891	-	891
Financial expense	(8,390)	-	(8,390)
Restructuring and rationalisation charges	-	(3,253)	(3,253)
Changes in net fair value of derivative financial instruments – interest instruments	-	489	489
Profit before taxation	24,874	(1,939)	22,935
Taxation			(6,106)
Profit after taxation			16,829
Discontinued operations			
Post tax results from discontinued operations			(316)
Profit for the financial year			16,513
Attributable to:			
- Equity shareholders of the parent company			16,513
- Non-controlling interests			-
			16,513
Earnings per 25p ordinary share			
<i>Continuing Operations:</i>			
Basic			9.80p
Diluted			9.75p
<i>Discontinued Operations:</i>			
Basic			(0.18p)
Diluted			(0.18p)
<i>Total Operations:</i>			
Basic			9.62p
Diluted			9.57p

* Adjustments relate to restructuring and rationalisation charges, impairment charges, gains and losses arising from the disposal or closure of businesses that do not meet the criteria to be classified as discontinued operations under IFRS 5, changes in net fair value of derivative financial instruments required under IAS 39 and amortisation of intangible assets on acquisition required under IFRS 3.

**Consolidated Income Statement
For the year ended 31 March**

	2009 Before adjustments* £'000	2009 Adjustments* £'000	2009 Total £'000
Continuing operations			
Revenue	256,648	-	256,648
Operating profit/(loss)	47,374	(50,522)	(3,148)
<i>Analysed as:</i>			
Trading profit	47,374	-	47,374
Restructuring and rationalisation charges	-	(2,878)	(2,878)
Impairment charges	-	(28,299)	(28,299)
Gains and losses on disposal or closure of businesses	-	-	-
Changes in net fair value of derivative financial instruments – non interest instruments	-	(12,557)	(12,557)
Amortisation of intangible assets on acquisition	-	(6,788)	(6,788)
Net financing costs	(9,725)	(2,499)	(12,224)
<i>Analysed as:</i>			
Financial income	1,308	-	1,308
Financial expense	(11,033)	-	(11,033)
Restructuring and rationalisation charges	-	(586)	(586)
Changes in net fair value of derivative financial instruments – interest instruments	-	(1,913)	(1,913)
Profit/(loss) before taxation	37,649	(53,021)	(15,372)
Taxation			4,393
Loss after taxation			(10,979)
Discontinued operations			
Post tax results from discontinued operations			(251)
Loss for the financial year			(11,230)
Attributable to:			
- Equity shareholders of the parent company			(11,230)
- Non-controlling interests			-
			(11,230)
Earnings per 25p ordinary share			
<i>Continuing Operations:</i>			
Basic			(7.47p)
Diluted			(7.47p)
<i>Discontinued Operations:</i>			
Basic			(0.17p)
Diluted			(0.17p)
<i>Total Operations:</i>			
Basic			(7.64p)
Diluted			(7.64p)

* Adjustments relate to restructuring and rationalisation charges, impairment charges, gains and losses arising from the disposal or closure of businesses that do not meet the criteria to be classified as discontinued operations under IFRS 5, changes in net fair value of derivative financial instruments required under IAS 39 and amortisation of intangible assets on acquisition required under IFRS 3.

Consolidated Statement of Comprehensive Income
For the years ended 31 March

	2010	2009
	£'000	£'000
Profit/(loss) for the financial period	16,513	(11,230)
Other comprehensive income:		
- Foreign exchange translation differences	(20,542)	87,878
- Unrecoverable surplus on retirement benefit scheme	-	160
- Actuarial gains/(losses) on retirement benefit scheme – gross	13	(1,292)
- Deferred taxation related thereto	(4)	(320)
Total comprehensive (expense)/income for the period	(4,020)	75,196
Attributable to:		
- Equity shareholders of the parent company	(4,020)	75,196
- Non-controlling interests	-	-
	(4,020)	75,196

Consolidated Balance Sheet
As at 31 March

	2010	2009
	£'000	£'000
Assets		
Non-current assets		
Goodwill	283,133	301,926
Intangible assets	22,362	25,392
Property, plant and equipment	48,416	48,817
Deferred tax assets	3,086	6,242
	356,997	382,377
Current assets		
Inventories	36,426	37,826
Trade and other receivables - due within one year	33,488	63,608
Financial assets - derivatives	-	978
Current tax assets	-	4,702
Cash and cash equivalents	16,878	18,782
	86,792	125,896
Total assets	443,789	508,273
Liabilities		
Current liabilities		
Trade and other payables	(45,791)	(61,866)
Financial liabilities - derivatives	(8,277)	(20,830)
Current tax liabilities	(1,411)	-
Provisions	(3,057)	(24,789)
	(58,536)	(107,485)
Non-current liabilities		
Financial liabilities - borrowings	(91,380)	(159,782)
Deferred tax liabilities	(6,999)	(4,018)
Provisions	(2,120)	-
Retirement benefit liabilities	(1,463)	(1,507)
	(101,962)	(165,307)
Total liabilities	(160,498)	(272,792)
Net assets	283,291	235,481
Equity		
Called up share capital	69,432	39,659
Reserves	213,859	195,822
Equity attributable to shareholders of the parent	283,291	235,481
Non-controlling interest	-	-
Total equity	283,291	235,481

The financial statements were approved by the Board of Directors on 9 June 2010 and were signed on its behalf by:

C V Geoghegan
Chairman

H F Kimberley
Finance Director

Consolidated Statement of Changes in Equity

Group	Attributable to equity shareholders of the parent company						Total equity shareholders funds	Non-controlling interest	Total equity
	Share capital	Share premium	Share based payment reserve	Reserves					
				Exchange reserve	Other reserves	Retained earnings			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 April 2008	23,806	56,337	534	(8,411)	2,062	6,572	80,900	79	80,979
Total comprehensive income/(expense) for the year	-	-	-	87,878	-	(12,682)	75,196	-	75,196
Issue of ordinary share capital	15,853	66,900	-	-	-	-	82,753	-	82,753
Dividends	-	-	-	-	-	(3,648)	(3,648)	-	(3,648)
Transfers	-	-	-	-	(2,062)	2,062	-	-	-
Share based payments	-	-	271	-	-	9	280	-	280
Changes in non-controlling interests	-	-	-	-	-	-	-	(79)	(79)
At 1 April 2009	39,659	123,237	805	79,467	-	(7,687)	235,481	-	235,481
Total comprehensive (expense)/income for the year	-	-	-	(20,542)	-	16,522	(4,020)	-	(4,020)
Issue of ordinary share capital	29,773	25,756	-	-	-	-	55,529	-	55,529
Dividends	-	-	-	-	-	(3,808)	(3,808)	-	(3,808)
Transfers	-	-	-	-	-	-	-	-	-
Share based payments charge	-	-	372	-	-	-	372	-	372
Issue of share options	-	-	(263)	-	-	-	(263)	-	(263)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-
At 31 March 2010	69,432	148,993	914	58,925	-	5,027	283,291	-	283,291

The share based payment reserve results from the best available estimate of the number of equity-settled share based incentive arrangements expected to vest, as per IFRS 2 'Share-based payments'.

The exchange reserve represents the accumulated net currency variations on overseas net assets.

Other reserves relate to the accumulated adjustments in respect of historical piecemeal acquisitions and have restricted distribution due to legal or fiscal requirements.

Retained earnings include the accumulated profits and losses arising from the consolidated Income Statement and certain items from the Statement of Comprehensive Income attributable to equity Shareholders, less distributions to Shareholders.

**Consolidated Cash Flow Statement
For the years ended 31 March**

	2010	2009
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations	24,615	23,806
Interest received	631	949
Interest paid	(7,483)	(10,240)
Tax received/(paid)	5,364	(4,079)
Net cash from operating activities	23,127	10,436
Cash flows from investing activities		
Acquisitions – net of cash acquired	(22,930)	(135,461)
Disposals – net of cash disposed	23,980	240
Purchase of property, plant and equipment	(7,153)	(9,544)
Purchase of intangible assets	(1,443)	(1,327)
Proceeds on sale of property, plant and equipment	67	97
Development costs	(787)	(299)
Net cash used in investing activities	(8,266)	(146,294)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	55,464	62,581
New borrowings	23,000	153,825
Costs of refinancing	(3,253)	(1,651)
Dividends paid	(3,745)	(3,648)
Finance lease principal payments	(1,039)	(1,176)
Finance lease interest payments	(250)	(147)
Repayments of loans	(87,767)	(80,070)
Net cash flow used in financing activities	(17,590)	129,714
Currency variations on cash and cash equivalents	825	3,152
Decrease in cash and cash equivalents	(1,904)	(2,992)
Cash and cash equivalents at 1 April	18,782	21,774
Cash and cash equivalents at 31 March	16,878	18,782

**Cash flows from operating activities
For the years ended 31 March**

	2010	2009
	£'000	£'000
Continuing operations		
Profit/(loss) before tax	22,935	(15,372)
Add back: financial expense	10,263	12,224
Operating profit/(loss)	33,198	(3,148)
Depreciation of property, plant and equipment	4,782	6,083
Amortisation of intangible assets	3,823	8,135
Amortisation of government grants	(1,081)	(110)
Impairment charges	2,854	28,299
Results of discontinued operations	(316)	(251)
(Gain)/loss on sale of property, plant and equipment	(46)	22
Gain on sale of business	(6,147)	-
Share based payments	372	371
Increase in inventories	(7,414)	(2,543)
Decrease/(increase) in trade and other receivables	16,397	(16,244)
Decrease in trade and other payables	(12,771)	(10,228)
Increase in provisions	2,114	939
Contribution to defined benefit pension schemes	(64)	(76)
Movement in derivative financial instruments	(11,086)	12,557
Cash generated from operations	24,615	23,806

**Reconciliation of cash and cash equivalents and net debt
For the years ended 31 March**

	2010	2009
	£'000	£'000
Cash and cash equivalents within current assets	16,878	18,782
Bank overdrafts included within current liabilities	-	-
Cash and cash equivalents at 31 March	16,878	18,782
Short term and secured loans within current liabilities	(6,826)	(3,824)
Finance lease and hire purchase obligations within current liabilities	(977)	(565)
Finance lease and hire purchase obligations within non-current liabilities	(2,515)	(1,189)
Long term secured loans within non-current liabilities	(89,890)	(159,945)
Unamortised debt issuance costs within non-current liabilities	1,025	1,352
Net debt at 31 March	(82,305)	(145,389)

Cash and cash equivalents comprise cash on hand and demand deposits and overdrafts together with highly liquid investments of less than three months maturity. Unless an enforceable right of set-off exists, the components of cash and cash equivalents are reflected on a gross basis in the balance sheet.

Net debt is defined as the Group's borrowings (net of unamortised issuance costs) and finance leases, less cash and cash equivalents.

**Reconciliation of movement in cash and cash equivalents to movement in net debt
For the years ended 31 March**

	2010	2009
	£'000	£'000
Movement in cash and cash equivalents	(1,904)	(2,992)
Net repayments/(proceeds) of borrowings	64,767	(73,755)
Currency variations on borrowings	2,286	(9,764)
Finance lease payments	1,039	1,176
New finance leases	(2,777)	(226)
Other movements in net debt	(327)	748
Movement in period	63,084	(84,813)
Net debt at 1 April	(145,389)	(60,576)
Net debt at 31 March	(82,305)	(145,389)

Other movements in net debt represent movements in the unamortised issuance costs in relation to borrowings within the Group.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information set out in this announcement, which was approved by the Board on 9 June 2010, does not constitute the Company's statutory accounts for the years to 31 March 2010 and 31 March 2009 but is derived from the 2010 statutory accounts. The statutory accounts for the year to 31 March 2009 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The statutory accounts for the year to 31 March 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on the statutory accounts for the years to 31 March 2010 and 31 March 2009, their reports were unqualified, did not include references to any matter which the auditors drew attention to by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006 (in respect of the statutory accounts for the year to 31 March 2010) or a statement under section 237 (2) or (3) of the Companies Act 1985 (in respect of the statutory accounts for the year to 31 March 2009).

2. Segmental analysis

Segment information for revenue and profit:

For the year ended 31 March 2010	Aerospace Components & Structures £'000	Aerospace Composites & Transparencies £'000	Automotive Turbocharger £'000	Segment Total £'000	Corporate & Unallocated £'000	Group Total £'000
Continuing operations:						
Revenue	47,739	121,351	9,226	178,316	-	178,316
Trading profit/(loss)	3,479	29,246	(104)	32,621	(248)	32,373
Restructuring and rationalisation charges	(3,529)	(183)	-	(3,712)	-	(3,712)
Impairment charges	(1,818)	(1,036)	-	(2,854)	-	(2,854)
Gains and losses on disposal or closure of businesses	6,147	-	-	6,147	-	6,147
Changes in fair value of derivative financial instruments	-	-	-	-	4,282	4,282
Amortisation of intangible assets on acquisition	(205)	(2,833)	-	(3,038)	-	(3,038)
Operating profit/(loss)	4,074	25,194	(104)	29,164	4,034	33,198
Net financing costs	-	-	-	-	(10,263)	(10,263)
Profit/(loss) before taxation	4,074	25,194	(104)	29,164	(6,229)	22,935
Taxation	-	-	-	-	(6,106)	(6,106)
Profit/(loss) for the year after taxation	4,074	25,194	(104)	29,164	(12,335)	16,829
Discontinued operations:						
Post tax results from discontinued operations	-	-	-	-	(316)	(316)
Profit attributable to non-controlling interests	-	-	-	-	-	-
Net profit/(loss) attributable to equity shareholders	4,074	25,194	(104)	29,164	(12,651)	16,513

For the year ended 31 March 2009	Aerospace Components & Structures £'000	Aerospace Composites & Transparencies £'000	Automotive Turbocharger £'000	Segment Total £'000	Corporate & Unallocated £'000	Group Total £'000
Continuing operations:						
Revenue	88,028	150,798	17,822	256,648	-	256,648
Trading profit/(loss)	10,725	43,172	(1,099)	52,798	(5,424)	47,374
Restructuring and rationalisation charges	(1,586)	(5)	(1,276)	(2,867)	(11)	(2,878)
Impairment charges	(21,521)	(1,299)	(5,479)	(28,299)	-	(28,299)
Gains and losses on disposal or closure of businesses	-	-	-	-	-	-
Changes in fair value of derivative financial instruments	-	-	-	-	(12,557)	(12,557)
Amortisation of intangible assets on acquisition	(191)	(6,597)	-	(6,788)	-	(6,788)
Operating (loss)/profit	(12,573)	35,271	(7,854)	14,844	(17,992)	(3,148)
Net financing costs	-	-	-	-	(12,224)	(12,224)
(Loss)/profit before taxation	(12,573)	35,271	(7,854)	14,844	(30,216)	(15,372)
Taxation	-	-	-	-	4,393	4,393
(Loss)/profit for the year after taxation	(12,573)	35,271	(7,854)	14,844	(25,823)	(10,979)
Discontinued operations:						
Post tax results from discontinued operations	-	-	-	-	(251)	(251)
Profit attributable to non-controlling interests	-	-	-	-	-	-
Net (loss)/profit attributable to equity shareholders	(12,573)	35,271	(7,854)	14,844	(26,074)	(11,230)

Segment information for assets:

For the year ended 31 March 2010	Aerospace Components & Structures £'000	Aerospace Composites & Transparencies £'000	Automotive Turbocharger £'000	Segment Total £'000	Corporate & Unallocated £'000	Group Total £'000
Segment assets	43,131	387,591	3,713	434,435	6,268	440,703
Unallocated assets:						
- Current taxation assets	-	-	-	-	-	-
- Deferred taxation assets	-	-	-	-	3,086	3,086
Total assets	43,131	387,591	3,713	434,435	9,354	443,789

For the year ended 31 March 2009	Aerospace Components & Structures £'000	Aerospace Composites & Transparencies £'000	Automotive Turbocharger £'000	Segment Total £'000	Corporate & Unallocated £'000	Group Total £'000
Segment assets	69,207	414,945	3,485	487,637	9,692	497,329
Unallocated assets:						
- Current taxation assets	-	-	-	-	4,702	4,702
- Deferred taxation assets	-	-	-	-	6,242	6,242
Total assets	69,207	414,945	3,485	487,637	20,636	508,273

Segment information by geographical region:

	2010	2010	2009	2009
	Revenue	Assets	Revenue	Assets
	£'000	£'000	£'000	£'000
Continuing operations:				
UK	33,762	8,845	66,083	31,584
Europe	17,267	-	16,554	-
North America	123,157	422,513	169,797	454,827
Rest of World	4,130	3,077	4,214	1,226
Corporate and unallocated	-	9,354	-	20,636
	178,316	443,789	256,648	508,273

Segment revenue is disclosed by geographical location of the Group's customers. Segment assets are disclosed by geographical location of the Group's assets.

Intra group sales are priced on an 'arms length' basis and are not significant between either regions or segments. Corporate and unallocated costs represent corporate costs. Segment assets comprise all non-current and current assets (as per the balance sheet presentation) but exclude current and deferred tax assets. Balances relating to taxation are not allocated to specific segments as these resources are managed centrally and no segments have sufficient autonomy to manage these resources.

IFRS 8 "Operating Segments"

IFRS 8 has been adopted during the year. Under IFRS 8, the Group is required to identify its operating segments on the basis of internal reports about segments of the Group that are regularly reviewed by the chief operating decision maker to allocate resources and assess their performance. The chief operating decision maker has been identified as the Board of Hampson Industries PLC, led by the Chairman.

The adoption of this standard has not resulted in any change to the operating segments previously disclosed by the Group, although management have transferred the results of its Indian operations from the Automotive Turbocharger segment to the Aerospace Components & Structures segment. The rationale for this transfer was that with the downturn in automotive markets since the second half of 2008, the Indian operations have increasingly moved away from the automotive sector and is now part of the Group's wider strategy to offer lower blended cost manufacturing within the aerospace industry. As a result, the only business within the Automotive Turbocharger segment is now Hampson Precision Automotive Limited.

3. Operating profit/(loss)

Reconciliation of revenue to total operating profit/(loss):

	2010	2009
	£'000	£'000
Revenue	178,316	256,648
Cost of sales	(130,391)	(212,891)
Gross profit	47,925	43,757
Other income	1,545	583
Distribution costs	(2,121)	(3,181)
Administrative expenses	(14,151)	(44,307)
Operating profit/(loss)	33,198	(3,148)

All revenue in both the current and prior year relates to the sale of goods.

Operating profit/(loss) is stated after charging/(crediting):

	2010	2009
	£'000	£'000
Employee costs	70,131	88,783
Cost of inventories expensed	58,172	88,361
Depreciation:		
- Owned assets	3,813	4,179
- Assets held under finance leases and hire purchase agreements	969	1,904
(Gain)/loss on disposal of property, plant and equipment	(46)	22
Amortisation of intangibles (excluding amortisation of intangible assets on acquisition)	785	1,347
Amortisation of government grants	(1,081)	(110)
Net exchange differences on foreign currency transactions	(2,387)	(1,180)
Other adjustments (note 4)	(825)	50,522
Operating lease rentals and short term hire:		
- Plant, machinery and vehicles	1,279	1,565
- Others	4,775	3,924

Trading profit for the year ended 31 March 2010 includes £11,635,000 arising from the release of excess accruals and £6,619,000 arising from non-recurring trading costs, resulting in a net benefit to trading and operating profit in the year of £5,016,000. The non-recurring costs relate to temporary excess and unproductive labour costs, which, following subsequent restructuring action to realign pay rates, working practices and employee numbers will not recur.

Trading profit for the year ended 31 March 2010 includes a credit of £3,172,000 arising from termination of foreign exchange contracts and a debit of £1,330,000 arising from loss making foreign exchange contracts.

4. Adjustments

Restructuring and rationalisation charges

Charges of £3,712,000 (2009: £2,878,000) included within operating profit relate primarily to costs of employment termination, legal services and onerous leases.

Charges of £3,253,000 included within net financing costs for the year ended 31 March 2010 relate to fees paid to the Group's senior lenders and legal costs in relation to amendments to certain borrowing covenants in November 2009. Charges of £586,000 included within net financing costs for the year ended 31 March 2009 relate to the write off of unamortised debt issuance costs in relation to old banking facilities that were renegotiated as part of the acquisition of Odyssey Industries Inc. and Global Tooling Systems Inc. in June 2008.

Impairment charges

During the year the Group undertook a review of the utilisation and carrying values of certain assets. As a result of this £2,854,000 (2009: £28,299,000) of impairment charges were incurred, as follows:

	2010	2009
	£'000	£'000
Impairment of intangible assets	-	7,757
Impairment of property, plant & equipment	-	5,481
Impairment of inventory	2,114	10,172
Impairment of receivables	740	4,889
Total impairment charges	2,854	28,299

a) Impairment charges in 2009/10

Due to reductions in customer order levels during the year certain subsidiaries of the Group recognised impairment charges against the carrying values of certain inventory items. As a result impairment charges of £2,114,000 were incurred.

During the year a subsidiary of the Group negotiated a commercial settlement with a customer to liquidate a number of significantly overdue receivables. As part of this settlement impairment charges of £740,000 were incurred.

b) Impairment charges in 2008/09

Impairment of assets in relation to the Eclipse 500 programme

On 25 November 2008 Eclipse Aviation Corporation filed for Chapter 11 bankruptcy protection under the US Bankruptcy Code, and also announced an agreement for the sale of its assets for a combination of cash, debt and equity to an affiliate of ETIRC Aviation S.a.r.l., the largest shareholder of Eclipse Aviation Corporation, subject to higher and better offers. After funding could not be secured on a timely basis, on 24 February 2009 a group of creditors filed a motion to convert the Chapter 11 proceedings into a Chapter 7 liquidation under the US Bankruptcy Code.

Due to these circumstances, and the unlikely recoverability of assets by the Group, the full carrying value of the following assets was impaired:

	2010	2009
	£'000	£'000
Impairment of intangible assets – development costs	-	5,922
Impairment of intangible assets – software costs	-	804
Impairment of property, plant & equipment	-	1,531
Impairment of inventory	-	8,066
Impairment of receivables – receivables and other debts due	-	4,889
Total impairment charges in relation to the Eclipse 500 programme	-	21,212

Impairment of assets in relation to the automotive business

Due to the downturn in automotive markets, and the resulting reduced orders and visibility within the market, a review of assets held in relation to the Group's automotive business was undertaken resulting in the impairment of certain assets. The allocation of the impairment charges was as follows:

	2010	2009
	£'000	£'000
Impairment of intangible assets – development costs	-	1,031
Impairment of property, plant & equipment	-	3,950
Impairment of inventory	-	2,106
Total impairment charges in relation to the automotive business	-	7,087

Gains and losses on disposal or closure of businesses

During the year ended 31 March 2010 gains of £6,147,000 (2009: £nil) were made in relation to the disposal of Hampson Aerospace Machining Limited. For further details see note 10.

Changes in net fair value of derivative financial instruments

IAS 39 requires derivative financial instruments to be valued at the balance sheet date and any difference between that value and the intrinsic value of the instrument to be reflected in the balance sheet as an asset or liability. Any subsequent change in value is reflected in the Income Statement unless hedge accounting is achieved. Such movements do not affect cash flow or the economic substance of the underlying transaction, and thus to aid in year-on-year comparability, the change in value has been identified separately. As a result the changes in net fair value of derivative financial instruments were:

	2010	2009
	£'000	£'000
(Credits)/charges included within operating profit relating to non interest instruments	(4,282)	12,557
(Credits)/charges included within net financing costs relating to interest instruments	(489)	1,913
	(4,771)	14,470

Amortisation of intangible assets on acquisition

As required under IFRS 3 'Business Combinations' and IAS 38 'Intangible Assets', intangible assets identified on acquisition have been amortised during the year - £3,038,000 (2009: £6,788,000).

The above adjustments are included within cost of sales £9,356,000 debit (2009: £37,799,000 debit) and administrative expenses £10,181,000 credit (2009: £12,723,000 debit).

The net cash inflow from the above adjustments during the year amounted to £23,677,000 (2009: outflow £2,878,000).

5. Net financing costs

	2010 £'000	2009 £'000
Financial income:		
Bank interest	631	949
Expected return on pension scheme assets	260	359
	891	1,308
Financial expense:		
Short term bank loans and overdrafts	(726)	(1,055)
Long term bank loans	(7,083)	(9,502)
Finance lease and hire purchase	(250)	(147)
Interest charge on pension scheme liabilities	(331)	(329)
	(8,390)	(11,033)
Restructuring and rationalisation charges:		
Charges in relation to borrowing facility amendments	(3,253)	-
Unamortised debt issuance costs	-	(586)
	(3,253)	(586)
Changes in net fair values of financial instruments – interest instruments:		
Interest rate swaps	489	(1,913)
	489	(1,913)
Total net financing costs	(10,263)	(12,224)

6. Taxation

	2010 £'000	2009 £'000
Analysis of charge/(credit) in period		
Current tax		
- Current year	(2,227)	2,299
- Adjustments in respect of prior years	2,673	401
	446	2,700
Deferred tax		
- Current year	4,962	(5,642)
- Adjustment in respect of prior years	698	(1,451)
	5,660	(7,093)
Total tax charge/(credit)	6,106	(4,393)
	2010 £'000	2009 £'000
Overseas tax included above	2,276	3,564
	2010 £'000	2009 £'000
Tax on items charged to equity		
Deferred tax on retirement benefit liabilities	4	320

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 28% (2009: 28%). The actual effective tax charge/(credit) for the year ended 31 March 2010 was lower (2009: higher) than the standard rate. The principal reconciling items are illustrated below:

	2010	2009
	£'000	£'000
Profit/(loss) on ordinary activities before tax	22,935	(15,372)
Tax on ordinary activities at standard rate	6,421	(4,304)
Factors affecting the charge/(credit) for the year:		
- Permanent differences	(1,053)	(400)
- Chargeable gains not taxable	(2,938)	-
- Differences in overseas tax rates	305	1,361
- Adjustments to tax charge in respect of prior period	3,371	(1,050)
Total tax charge/(credit)	6,106	(4,393)

7. Discontinued operations

	2010	2009
	£'000	£'000
Discharge of liabilities associated with previously discontinued operations	(316)	(251)
Post tax results from discontinued operations	(316)	(251)

Discharge of liabilities associated with previously discontinued operations

Costs incurred in the discharge of liabilities in relation to companies previously classified as discontinued operations relate to legal and property costs. During the year ended 31 March 2010 these costs related to dilapidation rectification and professional fees for a property that had been vacated by the Group in 1991 as part of a disposal of a subsidiary. A provision of £100,000 (2009: £161,000) remains as at the balance sheet date in relation to outstanding costs in relation to dilapidation work and professional fees.

8. Dividends

	2010	2009
	£'000	£'000
Equity dividends paid in the year:		
Previous year final: 1.60p (2009: 1.50p) per 25p ordinary share	2,538	2,379
Current year interim: 0.80p (2009: 0.80p) per 25p ordinary share	1,270	1,269
	3,808	3,648

In addition, the Directors propose that a final dividend in respect of the financial year ended 31 March 2010 of 0.90p per 25p ordinary share be paid, at a cost of approximately £2,500,000.

9. Earnings per share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted Earnings per Share

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year, adjusted for any dilutive potential ordinary shares, primarily share options. For share options issued under the Executive Share Options Schemes, the calculation is performed by determining the number of shares that could have been acquired at fair value and compared with the number of shares that would have been issued assuming the exercise of the share options. For share options issued under the Performance Share Plans and Co-Investment Plans, the calculation is performed by assessing what percentage of the terms and conditions of vesting had been achieved as at the balance sheet date to determine the number of shares that could have been issued.

	2010 Earnings	2010 Weighted average number of shares	2010 Earnings per 25 pence share	2009 Earnings	2009 Weighted average number of shares	2009 Earnings per 25 pence share
	£'000	Number	pence	£'000	Number	pence
Continuing Operations:						
Basic EPS	16,829	171,703,937	9.80	(10,979)	147,010,329	(7.47)
Dilutive potential ordinary shares	-	833,289	(0.05)	-	-	-
Diluted EPS	16,829	172,537,226	9.75	(10,979)	147,010,329	(7.47)
Discontinued Operations:						
Basic EPS	(316)	171,703,937	(0.18)	(251)	147,010,329	(0.17)
Dilutive potential ordinary shares	-	833,289	-	-	-	-
Diluted EPS	(316)	172,537,226	(0.18)	(251)	147,010,329	(0.17)
Total Operations:						
Basic EPS	16,513	171,703,937	9.62	(11,230)	147,010,329	(7.64)
Dilutive potential ordinary shares	-	833,289	(0.05)	-	-	-
Diluted EPS	16,513	172,537,226	9.57	(11,230)	147,010,329	(7.64)

For the year ended 31 March 2009, no potential ordinary shares have been included with the statutory diluted earnings per share calculations, due to these being anti-dilutive. The weighted average number of potential ordinary shares would have been 1,687,096. The potential ordinary shares have been included within the diluted adjusted earnings per share noted below, due to these having a dilutive effect.

Adjusted Earnings per Share

Earnings per share based on continuing activities before restructuring and rationalisation charges, impairment charges, gains and losses on the sale or closure of businesses, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition, which the directors consider allows trends in the performance of the Group to be more easily identified and understood, is calculated on the earnings of the year adjusted as follows:

	2010 Earnings	2010 Earnings per 25 pence share	2009 Earnings	2009 Earnings per 25 pence share
	£'000	pence	£'000	pence
Continuing operations:				
Profit/(loss) attributable to equity shareholders	16,829	9.80	(10,979)	(7.47)
Adjustments for:				
- Restructuring and rationalisation charges	6,965	4.06	3,464	2.36
- Impairment charges	2,854	1.66	28,299	19.25
- Gains and losses on disposal or closure of businesses	(6,147)	(3.58)	-	0.00
- Changes in net fair value of derivative financial instruments	(4,771)	(2.78)	14,470	9.84
- Amortisation of intangible assets on acquisition	3,038	1.77	6,788	4.62
Taxation on adjustments	(543)	(0.32)	(14,846)	(10.10)
Adjusted earnings per share attributable to equity shareholders	18,225	10.61	27,196	18.50
Diluted adjusted earnings per share attributable to equity shareholders	18,225	10.56	27,196	18.29

10. Disposals

a) Disposals in 2009/10

Disposal of Hampson Aerospace Machining Limited

On 17 August 2009 the Group disposed of its entire 100% shareholding in Hampson Aerospace Machining Limited to Darwin Private Equity LLP. Due to the Group continuing to operate within the aerospace components and structures market, in accordance with IFRS 5 the results of this business have not been reclassified as discontinued operations.

The results of Hampson Aerospace Machining Limited, that are included within continuing operations, were as follows:

	Year to 31 March 2010	Year to 31 March 2009
	Total	Total
	£'000	£'000
Revenue	9,412	28,319
Operating profit	511	3,246
Analysed as:		
Trading profit	511	3,318
Restructuring and rationalisation charges	-	(72)
Net financing costs	(28)	(660)
Analysed as:		
Financial income	2	29
Financial expense	(30)	(689)
Profit before taxation	483	2,586
Taxation	(127)	(729)
Profit after taxation	356	1,857

The net cash flows in relation to Hampson Aerospace Machining Limited were £3,610,000 inflow from operating activities (2009: inflow £5,702,000), £146,000 inflow from investing activities (2009: outflow £211,000) and £297,000 outflow from financing activities (2009: outflow £660,000).

The Group's profit on disposal of Hampson Aerospace Machining Limited was as follows:

	£'000
Consideration – satisfied by cash	22,227
Consideration – total	22,227
Goodwill	1,793
Intangible fixed assets	161
Property, plant and equipment	4,062
Inventories	5,394
Trade and other receivables	10,166
Taxation	477
Cash and cash equivalents	(2,944)
Trade and other payables	(4,300)
Net assets disposed	14,809
Profit on disposal before directly attributable costs	7,418
Directly attributable costs in relation to disposal	(1,271)
Profit on disposal of Hampson Aerospace Machining Limited	6,147

Directly attributable costs relate to legal and other professional costs associated with the disposal.

As part of the disposal of Hampson Aerospace Machining Limited, Hampson Industries PLC disposed of the freehold interest in the properties in Leicester, UK and Alcester, UK occupied by the business to Darwin Private Equity LLP. The carrying value of the properties as at the date of disposal was

£1,677,000. The properties were sold for £1,510,000, creating a loss on disposal of £167,000, which is included within the above disposal calculation.

An analysis of the net inflow of cash in respect of disposals is as follows:

	£'000
Deferred cash consideration – Lattimer Limited & I.S. Parts International Inc.	80
Cash consideration – Hampson Aerospace Machining Limited	22,227
Directly attributable costs in relation to the disposal of Hampson Aerospace Machining Limited	(1,271)
	21,036
Add: net bank overdraft transferred in relation to the disposal of Hampson Aerospace Machining Limited	2,944
Net inflow of cash and cash equivalents for disposals	23,980

b) Disposals in 2008/09

No disposals were made by the Group during the year ended 31 March 2009.

11. Other information

The Group's financial statements for the year ended 31 March 2010 will be sent to shareholders during the week commencing 19 July 2010.

The Annual General Meeting will be held on 7 September 2010.

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