

3 June 2009

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2009; UNDERLYING PBT* UP 121%

Hampson Industries PLC (“Hampson” or “the Group”), the international aerospace and specialist engineering group, announces preliminary results for the year ended 31 March 2009:

Corporate highlights

- Significant growth as a result of further expansion into high margin composites
- Hampson becomes global leader in aerospace tooling systems
- Odyssey Industries, Inc. (“Odyssey”) and Global Tooling Systems, Inc. (“GTS”) successfully integrated; results well ahead of pre-acquisition expectations
- Major tooling contract wins and first tooling shipments on Airbus A350 programme
- Multi-year contract wins by Texstars and Composites Horizons Inc. totalling US\$56 million on high volume, US military fighter programmes
- Capacity being expanded in tooling and high temperature composites

Financial highlights

	2009	2008	Change %
Revenue	£256.6m	£157.9m	+62
Trading Profit*	£47.4m	£22.4m	+112
Operating (Loss)/Profit	£(3.1m)	£18.2m	-117
Underlying Profit Before Tax*	£37.6m	£17.0m	+121
(Loss)/Profit Before Tax – statutory basis	£(15.4m)	£9.2m	-267
Underlying Earnings per Share*	18.50p	12.96p	+43
Earnings per Share – statutory basis	(7.47)p	7.18p	-204
Dividend per Share – total (interim & proposed final)	2.40p	2.00p	+20
Cash generated from operations	£23.8m	£20.6m	+15
Net Debt	£145.4m	£60.6m	+140

**Trading profit, underlying profit before tax and underlying earnings per share are all adjusted to reflect the continuing operations of the Group before restructuring and rationalisation charges, impairment charges, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition.*

The preliminary results have been translated in sterling using the following rates of exchange:

	2009	2008
Sterling to US Dollar (GBP 1 = USD):		
Average for period	1.72	2.01
Period end	1.42	2.00

Commenting on the year, Chairman Chris Geoghegan, said:

“Over the last five years, Hampson has been executing a clearly focussed strategy to build a stronger, better diversified group, with attractive positions in certain long term growth sectors within the global aerospace industry. It is therefore pleasing for me to report that at a time when the global economy has experienced profound weakness, the strategy we have been pursuing has yielded another year of record growth in revenue and trading profit.

“We anticipate a challenging year ahead for all our businesses but are confident that we are well-placed to weather the shorter term headwinds and to continue to grow as soon as market conditions permit.”

An analyst meeting will be held at 9.30 am on Wednesday 3 June, at the offices of Investec, 2 Gresham Street, London EC2V 7QP.

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Chairman's Statement

Delivering our strategy

Over the last five years, Hampson has been executing a clearly focussed strategy to build a stronger, better diversified group, with attractive positions in certain high growth sectors within the global aerospace industry.

From relatively diverse engineering origins, Hampson has now been transformed through a series of six high quality US-based acquisitions over the last four years into an international aerospace group of substantial scale and technical capability.

We now have operations spanning three continents, many of which are playing a critical on-going role in some of the world's most important and prestigious commercial and military aerospace programmes.

It is therefore pleasing for me to report that at a time when the global economy has experienced systemic weakness, the strategy we have been pursuing has yielded another year of record growth in revenue and trading profit.

Our Aerospace Composites & Transparencies division – which is the growth engine of the Group - was responsible for 59% of the Group's revenue generation in 2008/09, up from 29% in the previous year. We anticipate this percentage will continue to rise going forward and this sector will continue to represent the focus of our investment.

Strong contributions from Odyssey and GTS, which exceeded our pre-acquisition expectations, helped us achieve total revenue growth of 62% this year. Both Odyssey and GTS have been successfully integrated into the Group, and with an additional 150,000 square feet of capacity now available, we look forward with confidence to the value our combined tooling businesses will deliver over the longer term as new generations of composite-rich aircraft are developed.

Results

Underlying profit before tax (i.e. before restructuring and rationalisation charges, impairment charges, amortisation of intangible assets on acquisition and changes in the net fair value of financial instruments) was £37.6 million, an increase of £20.6 million (121%) compared to 2007/08.

The statutory results for the year ended 31 March 2009 include asset impairment charges totalling approximately £28 million as a result of the bankruptcy of Eclipse Aviation Corporation (£21 million) and lower activity levels in our automotive business (£7 million). The statutory results for the year also include charges of £14.5 million resulting from adverse movements in the fair value of financial instruments, largely due to the significant strengthening of the US dollar.

Underlying EPS increased by 5.5p (43%) to 18.50p. EPS from continuing operations on a statutory basis decreased by 14.65p (204%) to (7.47p), primarily due to the impairment charges and changes in the net fair value of financial instruments referred to above.

The Board

The year has seen a further strengthening of the Board with Paul Gismondi and Peter Barlow joining us as Non-Executive Directors, both of whom we were delighted to welcome in the summer. The Board now benefits from an excellent and very well balanced blend of relevant industry and financial skills and experience.

Dividend

The Board expects to recommend that a final dividend of 1.6p per share be paid on 9 October 2009 to shareholders on the register at 11 September 2009. This will bring the full year payout to 2.4p per share (2007/08: 2.0p), an increase of 20%.

The Future

The current global economic environment continues to impact all sectors of the commercial aerospace industry and relevant indicators signal demand will progressively soften. Hampson is not immune to these effects and we anticipate a challenging year ahead for all our businesses. However, having successfully transitioned the group in recent years into higher than average growth markets where we now hold a number of key positions, we see ourselves well placed to deal with the fragility and inherent uncertainty of the prevailing conditions and to continue to grow when market conditions permit.

We have confidence that we have both high quality businesses and a management team capable of withstanding the shorter term industry headwinds and continuing to build long term value for our shareholders.

Chris Geoghegan

Chairman

3 June 2009

**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, 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 underlying performance of the Group's continuing business to be more easily identified and understood. Reference is made throughout to the terms "trading profit", "underlying profit before tax" and "underlying 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

Record Results & Strategic Repositioning

Against a backdrop of global economic uncertainty, Hampson has continued to make excellent overall progress in 2008/09.

We have delivered another set of record results, and more importantly have repositioned the Group into an attractive niche where we are global leaders and where long term growth is anticipated, driven by increasing use of composite materials in both commercial and military aerospace.

Our revenue has, for the first time, exceeded £250 million, a growth rate of 62% for the year and over the last three years, a compound average annual rate of growth of 35%. At over £47 million, trading profit has more than doubled in the year ended 31 March 2009.

Our acquisitions of Odyssey and GTS, completed in June 2008, have performed well ahead of our expectations, and together with our existing tooling business, Coast Composites, have propelled us into being the largest aerospace precision tooling manufacturing business in the world. As a result, we now have a better balanced portfolio and more resilient business base on which to build.

In addition to our global leadership position in tooling, we are expanding further into niche, difficult-to-replicate technologies in high temperature carbon composites. These technologies are now opening the door to new sources of growth, particularly in US military aerospace, with a number of important new multi-year contracts secured during the second half of 2008/09 for composite engine components worth approximately US\$17 million. With an on-going programme to expand our manufacturing capacity and capability, we see scope for further wins in this area going forward.

Aerospace

The very strong overall performance in aerospace in 2008/09 was driven primarily by the contributions of Odyssey & GTS from the date of their acquisition, assisted by the relative strength of the US dollar. Aerospace Composites & Transparencies revenue as a whole increased as a result by 228% to £151 million and trading profit by 333% to just over £43 million.

The integration of Odyssey & GTS has proceeded well and best practices are now being shared across all of our tooling businesses. Capacity has been expanded at both GTS and Coast Composites, with the latter having gained significant orders for the Airbus A350 programme and having delivered the first pre-production composite wing curing tools to schedule during the period.

Aerospace Components & Structures saw a very modest decline in revenue and reduced profitability in 2008/09 after several strong years of growth. Compared with 2007/08, trading profit declined by £1.6 million (13%). This was a result mainly of the Eclipse 500 programme termination and lower volumes in our UK airframe component business following customer supply chain rationalisation which impacted the final quarter and which will impact 2009/10. Impairment provisions of approximately £21 million have been charged against the carrying value of tangible and intangible assets previously dedicated to the Eclipse 500 programme.

During the year we reorganised our aerospace businesses under a new umbrella entity and branding, Hampson Aerospace Services. This change is intended to harness together the diverse capabilities of our individual businesses for the benefit of the customers that are now seeking end-to-end, fully-integrated solutions. Typically these are to supply larger structural assemblies and sub-assemblies - for example comprising fabricated or machined metallic details as well as carbon composite and thermo-plastic parts - that deliver both cost and efficiency savings as well as support more collaborative ways of working with our customers' engineering, procurement and operations teams. In short, Hampson Aerospace Services now offers the synergy of Hampson's entire aerospace portfolio so that customers can simply deal with one experienced team providing an innovative, truly integrated solution to their sourcing requirement, from initial tooling requirements to fully designed components and finished assemblies.

Automotive

Following a much improved first half performance, our turbocharger component business suffered from a steep decline in volumes from the third quarter onwards as global automotive demand plummeted. A number of customers reduced orders substantially or took machining work back in-house to better utilise productive assets and labour resources during the year. As a result revenues fell from £23 million to £18 million.

These factors have led us to charge impairment provisions against the carrying values of certain under-utilised assets as at 31 March 2009, amounting to approximately £7 million.

Despite rapid action to adjust the cost base through a number of measures, the Automotive Turbocharger business remains loss-making at current activity levels and is likely to see an operating loss of the order of £3 million in 2009/10 before any further management action. With no significant improvement in demand in immediate prospect, the Board is currently reviewing options to mitigate the economic impact on the Group, which include further rationalisation, divestment or closure.

People

The successes we have achieved in the year are due to the collective and unstinting efforts of our people, spread across three continents. It is our people that set us apart and I would like once again to thank each and every one of them for their immense personal contribution and commitment to helping us achieve our objectives.

Despite the unfortunate need for headcount reductions in some of our businesses during the year, we remain committed to fostering new talent and entrepreneurship by investing in training to improve the knowledge base and vocational skills of our key employees and to provide new opportunities for their continued development.

Indebtedness

Cash continues to be managed very tightly as a key operational priority and our principal bank facilities are committed until April 2013. Net debt at 31 March 2009 was slightly better than expected at £145.4 million, compared with committed borrowing facilities, excluding undrawn leasing, of £206.9 million. Net debt/EBITDA on a bank measurement basis was 2.56 times, compared with a maximum covenanted level of 3.50 times at 31 March 2009. EBITA/net interest on a bank measurement basis was 5.34 times, compared with a minimum covenanted level of 3.50 times at 31 March 2009.

Markets

We expect military aerospace demand to remain stable overall during the next two years.

In commercial aerospace, we expect to see some reduction in production rates by Airbus and Boeing later in the year as new orders continue to fall and many airlines continue to defer or cancel previously scheduled deliveries.

Demand for regional, business and general aviation programmes has already seen significant reduction with some programmes likely to see further downward movement in the year ahead.

Visibility is limited in the global automotive industry and it is difficult to predict when to expect substantive recovery in this sector.

Outlook

The prospects for tooling, which represents over half of the Group's business going forward, remains one of attractive growth over the long term. This is due primarily to the use of new materials and significant technological changes in commercial and military aircraft design and manufacture compared to previous generations. The large primary carbon composite structures from which these new generation aircraft and their derivative versions will be assembled (i.e. wing, nose, fuselage and tail) will require a significant amount of high value tooling to produce, and with our investments for increased capacity and our global leadership position, we are ideally placed to capitalise on this demand as and when orders are placed.

Delays in releasing orders on several new aircraft programmes are likely to impact tooling sales during the first quarter of 2009/10. However, near term requirements indicated by our customers for the A350, B787 and F-35 programmes which are presently in the quotation stage, suggest the tooling outlook for the year as a whole will be resilient.

Aerospace Components & Structures, which generated 34% of total revenue this year, is expected to see lower revenue based on reduced volumes in the year ahead.

If sterling were to remain at current levels, there would be a further translational foreign exchange benefit to the Group's results in the coming financial year.

Whilst it is clear that 2009/10 will be a challenging year for the Group, we face it as a much better balanced business with stronger positions in markets with long term growth prospects.

We will continue to act decisively and swiftly to protect the interests of our shareholders wherever necessary and ensure we are positioned to continue to grow as soon as market conditions allow.

Kim Ward
Chief Executive
3 June 2009

Group Performance

Aerospace Composites & Transparencies

Activities of this division comprise the design and fabrication of large very close tolerance tooling systems for composite aero structures and satellite applications and the manufacture of high performance 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 the acquisitions of Odyssey Industries, Inc. and Global Tooling Systems, Inc. which were completed in June 2008, Aerospace Composites & Transparencies is now the largest of the Group's three divisions, employing almost 1,000 people. The division is based entirely in North America with three facilities in California, one in Grand Prairie, Texas, and two facilities near Detroit, Michigan.

As a result of these acquisitions, the year ended 31 March 2009 saw a significant increase in both revenue and trading profit, climbing to £150.8 million and £43.2 million, respectively. These represented increases of £104.8 million (228%) and £33.2 million (333%).

Hampson is now the world's largest and most vertically integrated 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.

Almost all recently launched aircraft programmes, including commercial, military, helicopter and business and regional jets, contain significant percentages of composite parts and structures. The application of composite materials has spread from mainly secondary structures in existing generation aircraft, to primary structures such as wing surfaces, fuselage sections and empennages in latest generation aircraft. This evolution requires much larger, tighter toleranced tooling systems that are capable of forming these much larger, precisely dimensioned parts and structures. These systems include not only precision-machined moulds and mandrels from which critically-dimensioned carbon fibre sections can be formed, but also full suites of complementary and fully-integrated tooling systems designed to facilitate techniques and automated processes necessary to assemble the new generation airframes with shorter cycle times.

Since their acquisition, both Odyssey and GTS have traded very strongly and have, along with the Group's existing tooling business, Coast Composites Inc., benefitted from a period of exceptional demand for tooling. This demand has been spread across a wide variety of major aerospace programmes, but most particularly the A350, F-35 and the B747-8.

Both GTS and Coast have added additional manufacturing capacity in the period. Shortly after the year end, GTS successfully completed a move to a new, world-class, 215,000 square feet facility in Macomb Township, near Detroit, Michigan. Underpinning the strategic importance of this move, GTS secured a two year contract worth approximately US\$16 million at the end of 2008/09 to provide assembly tools for a major US military aircraft programme, and remains confident of securing further orders later in the year to support derivative and increasing production rate requirements. Shortly after its acquisition by Hampson, Odyssey secured a US\$17 million contract to integrate and supply a package comprising over 4,000 tools for the B787-8 programme which was largely delivered in the year.

The year ended 31 March 2009 saw Coast commission a new high-speed, long bed vertical milling machine as well as what is now the largest heat treatment oven in North America. With facilitation of the recently leased facility in Santa Ana completed, Coast is now the most vertically integrated aerospace tooling business in the world, able to offer complete packages for large tooling moulds and mandrels from the original design stage, right through to final heat treatment, machining and finishing of the tool.

To accommodate Coast's growing order book, finishing and assembly floor space at the Santa Ana facility has now been increased by an additional 50,000 square feet. Further additional machining capacity will be added late in 2009/10 as part of a US\$8.5 million investment project.

Best practices are being actively transferred across all three tooling businesses to ensure operational efficiencies and maximise other synergy benefits. Several significant projects have already achieved savings in key raw material purchases. Further initiatives are targeting potential energy savings and benefits from shared software applications.

As a result of a number of new contract wins, the Group's high temperature composite business, Composites Horizons, Inc. saw its order book more than double in size although actual revenue in the year was slightly lower than in 2007/8. This reflected an engine programme cancellation by one customer as well as some slow down in deliveries for the GE90-115 engine programme for the B777-ER aircraft as a result of the mid-year Boeing strike.

With both commercial and military aerospace platforms looking to maximise fuel efficiencies and achieve higher performance targets, gas turbine engine components previously designed in high temperature metals, are now being replaced by high temperature composites at an increasing rate. As a result, significant growth in the use of these materials is anticipated over the next decade, leaving Composites Horizons, Inc. very well positioned.

In order to accommodate the increased order book, manufacturing capacity at Composites Horizons' West Covina, Los Angeles-based plant is being expanded via a new co-located leasehold facility which will add an additional 41,000 square feet of manufacturing floor space, a near doubling of the current foot print. The expansion is part of a US\$3.0 million project that will also see investment in new manufacturing technologies which will increase production efficiency, as well as accommodating in-house machining and assembly activities to secure additional sources of revenue and added value.

Texas-based Texstars, Inc. saw a reduction in revenue during the year as a result of the termination of the Eclipse 500 programme, for which it manufactured and assembled the composite nacelles. However, during the first half of 2008/09, its position as a technology leader in the manufacture of high performance military aerospace transparencies was underscored with the securing of an exclusive, five year contract to supply canopies to the US Air Force for the multi-role F-16 aircraft. The F-16 is the largest military fighter programme in the western world, with over 4,400 aircraft built since 1976, serving the air forces of 25 nations worldwide. This programme supports a strong domestic US and overseas aftermarket demand and together with anticipated further composite contracts, it is anticipated to help drive Texstars' return to growth in 2009/10.

Aerospace Components & Structures

The Aerospace Components & Structures businesses supply highly engineered, performance-critical metallic components, sub-assemblies and fully assembled structures to many of the world's leading airframe manufacturers and gas turbine engine producers including their tier one suppliers.

The division operates from eight facilities across the UK and North America and employs approximately 800 people. Principal operations comprise the manufacture of a broad range of metallic components for airframe and aero-engine applications.

In airframe, products manufactured include small sheet metal and laminated shim parts to large, stretch-formed aluminium components for aircraft wings, nacelles, fuselages, empennages and other structures. The division also supplies highly engineered, fully assembled aircraft structural sub-assemblies leveraging the full breadth of its manufacturing capability and assembly expertise.

High precision turbine engine components are manufactured for land-based industrial, naval and commercial and military aerospace applications from three facilities within the UK. These are complex to produce components machined out of titanium, super alloys and other exotic materials for use in performance-critical applications, particularly in arduous and high temperature environments.

Major customers for this division include BAE Systems, Boeing, Bombardier, Goodrich, Lockheed Martin, Messier Dowty, MTU, Rolls-Royce and Siemens. Hampson's products can be found on a variety of platforms on land, at sea or in the air within the commercial and military sectors.

The year ended 31 March 2009 saw a small (£1.0 million) net reduction in revenue, to £88.0 million and a £1.6 million decline in trading profit. The lower revenue was due primarily to the termination of the Eclipse 500 programme, in respect of which Hampson's Aerospace Components & Structures division manufactured and assembled the empennage structural sub-assembly. Following the bankruptcy of Eclipse Aviation Corporation under Chapter 7 of the United States Code, an impairment charge of £21.2 million has been taken to write down assets specific to that programme to their estimated net realisable values.

Development work on the HondaJet programme has proceeded well in the year and leveraging its expertise on advanced, light jet programmes, Hampson was the first supplier to deliver a complete and fully conforming structural assembly to the programme based in Greensborough, North Carolina.

Supply chain rationalisation of one of the division's customers following acquisition by a third party will see a reduction in ongoing revenue at the BHW Components facility near Wigan in 2009/10. Activity is ongoing to realign the site cost base to expected lower activity levels and a number of additional management improvement initiatives have already commenced to partially mitigate the effect of lower volumes.

The division's three Midlands, UK, gas turbine component machining businesses continued to perform well in 2008/09. As part of the strategy of diversifying the revenue and market sector base, the year saw the successful production launch of a number of complex machined components for several new customers in the aerospace landing gear and industrial gas turbine power generation markets. Operational performance scorecard measures also improved to record levels for the division.

Hampson is world leader in the manufacture of laminated and solid shim components used in airframe assembly and the Group's shim businesses also continued to perform well in 2008/09. Despite the impact of the Boeing machinists' strike half way through the year, modest overall revenue growth was achieved in constant currency terms, with Attewell in particular achieving a number of important performance milestones.

Lamsco West continued to add to their customer base during the period, shipping over 28,000 orders and 4,500,000 individual components and continuing an exemplary performance in quality and on time delivery of over 99.7%. Qualification as a source to supply carbon and glass composite shims for the B787 was a further key achievement for the business in the period and deliveries to this important new programme have already begun.

Automotive Turbocharger

Activities of the Automotive Turbocharger division comprise the manufacture 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.

Hampson's precision manufacturing technology, which offers machining to tolerances measured in microns, is at the heart of the automotive industry's move into smaller, leaner-burning, more fuel efficient engines for highway use. Turbocharging is becoming increasingly necessary as a means to meet the ever more stringent demands for environmental-related engine exhaust emission restrictions, without sacrificing vehicle performance. With already high rates of fitment on diesel-engined vehicles, turbochargers are now being increasingly fitted to latest generation gasoline direct injection passenger vehicles, particularly for use in European and Asian markets.

The division operates from two sites, one based in Skelmersdale, UK and the other at our greenfield, purpose-built facility in Bangalore, India. Over 200 people are employed across these two sites.

After an improved first half performance with revenue 6% higher than in the equivalent period in 2007/08, the year as whole saw a decline of £5.1 million (22%) as global automotive demand plummeted across all market sectors, notably from the end of the third quarter onwards. This followed six straight years of previous revenue growth.

As with other automotive businesses across the world, the Group's Automotive Turbocharger division has experienced a steep reduction in orders to unprecedented low levels as a result of the current global recession.

Performance in the year ended 31 March 2009 reflected some of the most difficult trading conditions the division has ever seen and despite the rapid action taken to reduce the cost base, the reduction in sales volumes means that the division is now loss-making. For the year ended 31 March 2009, a net trading loss of £1.4 million was incurred, compared with a profit of £1.2 million in the previous year.

Total headcount within the division was reduced by 41% over the year, with further labour force reductions in prospect during 2009/10. Despite these and other initiatives to readjust the cost base of the business, trading conditions for the foreseeable future are extremely challenging and with no sign of any substantive change in the global outlook for automotive demand, are likely to remain so throughout 2009/10.

Group Financial Review

Revenue - £256.6 million (2007/08: £157.9 million)

At average actual rates of exchange, revenue from continuing operations of the Group, at £256.6 million, increased by £98.7 million (62%) in the year ended 31 March 2009. £100.8 million was due to the ten month impact of Odyssey & GTS which were acquired in June 2008. The increase in revenue was also a result of the strengthening of the US dollar against sterling, which contributed £10.0 million prior to the effect of acquisitions. Excluding the impact of acquisitions and currency, revenues from existing businesses fell by 8%. This primarily reflects the downturn in global automotive markets and lower revenues in the Aerospace Components and Structures division. The latter is due to the Eclipse 500 programme termination and loss of business following the restructuring by a customer at one of our UK facilities of its supply chain, arising from a change of ownership.

Total aerospace revenue, at £238.8 million on a combined basis, was £103.8 million (77%) higher than in the previous year, primarily due to the inclusion of Odyssey & GTS for a ten month period, and the strengthening of the US dollar against sterling. The largest increase in revenue was in the Aerospace Composites and Transparencies division, with an increase of £104.8 million (228%), to £150.8 million.

Automotive Turbocharger revenue, at £17.8 million, decreased by £5.1 million (22%) compared to the prior year. This reduction was due to the unprecedented downturn in the automotive industry.

Trading Profit* - £47.4 million (2007/08: £22.4 million)

At £47.4 million, trading profit from continuing operations for the year ended 31 March 2009 marked a record level for the Group, representing an increase of 112% compared with the prior year. Profits earned in US dollars were translated into sterling at an average rate of GBP1 = 1.72 for the year ended 31 March 2009, compared with a rate of GBP1 = USD2.01 in 2007/08. In constant currency terms, trading profit would have been £6.2 million lower, at £41.2 million, an increase of £18.8 million (84%) compared with the prior year.

The Group's aerospace operations benefited from a strong contribution from Odyssey & GTS in the post acquisition period, the impact being £31.3 million. Due to unprecedented reductions in demand in the automotive industry, a trading loss of £1.4 million was made by Automotive Turbocharger division.

**Trading Profit is defined as Operating Profit before restructuring and rationalisation charges, impairment charges, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition. The Board considers that this additional measure of profit provides the best view of the underlying trading performance of the Group and that it is therefore helpful to highlight it accordingly.*

Restructuring and rationalisation charges - £(3.5) million (2007/08: £(2.3) million)

Restructuring and rationalisation charges of £3.5 million were incurred during the year. £1.6 million of charges were incurred by the Aerospace Components and Structures division due to readjustment of the cost base of a UK facility following volume reductions. £1.3 million of charges were incurred by the Automotive Turbocharger division due to headcount reductions following the major global downturn in demand. Also included is an amount of £0.6 million in relation to the expensing of previously unamortised debt issuance costs in relation to old banking facilities that were refinanced on the acquisition of Odyssey Industries Inc. and Global Tooling Systems Inc. in June 2008.

Impairment charges - £(28.3) million (2007/08: £(0.4) million)

During the year ended 31 March 2009, the Group recognised total impairment charges of £28.3 million. This relates to the impairment of assets from the Eclipse 500 programme of £21.2 million, and the impairment of underutilised assets within the Automotive Turbocharger businesses, of £7.1 million.

Amortisation of intangible assets on acquisition - £(6.8) million (2007/08: £(0.7) million)

£6.8 million of amortisation was charged in 2008/09 against separable intangible assets recognised in respect of acquisitions made during the year and in previous periods.

Changes in the net fair value of financial instruments - £(14.5) million (2007/08: £(4.4) 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. At 31 March 2009, the net fair value of such instruments was a liability of £19.9 million compared with a liability of £5.4 million in the prior year. The movement relates to a combination of changes in hedging instruments during the year and movements in market rates of interest and other data used to value such instruments between balance sheet dates.

The Group has not applied hedge accounting in the year ended 31 March 2009 and hence the movement on the net fair values between the two balance sheet dates has been taken to the Income Statement. This has been shown as a separate component of operating profit and net financing costs for the year.

Operating (loss)/profit - £(3.1) million (2007/08: £18.2 million)

Operating loss for the year ended 31 March 2009 was £3.1 million, a £21.3 million decrease compared with the previous year. The principal underlying movements were an increase in trading profit of £25.0 million, increase in restructuring and rationalisation charges of £0.6 million, increase in impairment charges of £27.9 million, higher charge in relation to the net fair value of non-interest financial instruments of £11.8 million and an increase in amortisation of intangible assets on acquisition of £6.1 million.

Other net financing costs - £(9.7) million (2007/08: £(5.3) million)

Excluding charges in relation to the net fair value of fixed-income financial instruments and the expensing of previously unamortised debt issuance costs in relation to refinanced banking facilities, other net interest payable increased by £4.4 million due primarily to increased debt taken on by the Group as part of acquisitions in the year ended 31 March 2009.

(Loss)/profit before taxation - £(15.4) million (2007/08: £9.2 million)

Profit before tax excluding exceptional items, the amortisation of non-operating intangible assets and changes in the net fair value of financial instruments increased by £20.6 million (121%) for the year ended 31 March 2009. After taking account of these items, profit before tax decreased by £24.6 million.

Taxation - £4.4 million (2007/08: £(2.3) million)

The total tax credit for the year of £4.4 million represented an effective rate of 29% on loss before tax (2007/08: 26% on profit 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 2009, the tax rate benefited from the lower state tax rate in Michigan, the location of Odyssey Industries Inc. and Global Tooling Systems Inc., compared to other states in the US, and improved overall 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 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 (7.47p) (2007/08: 7.18p). Before exceptional items, the amortisation of non-operating intangible assets and changes in the net fair value of financial instruments, the equivalent figure was 18.50p, an increase of 5.54p (43%) compared with the prior year.

Proposed Dividend

The Board expects to recommend that a final dividend of 1.6p per share be paid to shareholders on 9 October 2009.

Cash flow

Cash flow from operations increased by £3.2 million, reflecting the growth in trading profit in the year after taking account of increased working capital requirements primarily within the Aerospace Composites and Transparencies businesses. Continued capital investment in our business resulted in £11.2 million being invested in continuing activities. Over the year there was a £3.0 million reduction in cash to £18.8 million.

Net Borrowings

Net borrowings of the Group increased by £84.8 million to £145.4 million as at 31 March 2009. The ratio of borrowings to shareholders' equity decreased by 13 percentage points to 62%.

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 arrangement 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 one to 140 during the year ended 31 March 2009. The aggregate gross deficit increased by £1.2 million resulting in a deficit of £1.0 million. The primary reason for the increase in the deficit relates to the lower levels of actual returns on scheme assets. There was no movement in the year in the actuarially-assessed obligation under the Group's single US post retirement healthcare scheme in US dollars, although due to exchange rate movements year on year, resulted in the sterling translated deficit increasing from £0.4 million to £0.5 million before taking account of deferred tax.

Shareholders' equity

Equity attributable to shareholders of the parent company increased overall by £154.6 million during the year, standing at £235.5 million at 31 March 2009. The main elements of the movement during the year were additional share capital/premium of £82.8 million, the loss for the financial year of £(11.2) million, payment of dividends of £3.6 million, favourable foreign exchange differences on retranslation of the Group's US dollar denominated net assets of £87.9 million and a net actuarial loss on the Group's post employment defined benefit scheme of £1.5 million.

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

	2009 Before exceptional items, re-measurements and amortisation of intangibles* £'000	2009 Exceptional items, re-measurements and amortisation of intangibles* £'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)
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)
Unamortised debt issuance costs	-	(1,913)	(1,913)
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)
- Minority interests			-
			(11,230)
Dividends per 25p ordinary share			
Interim dividend per share			0.80p
Final dividend per share			1.60p
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)

* Exceptional items relate to restructuring and rationalisation charges and impairment charges. Re-measurements relate to changes in net fair value of derivative financial instruments required under IAS 39. Amortisation of intangibles relate to amortisation of intangible assets on acquisition required under IFRS 3.

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

	2008 Before exceptional items, re-measurements and amortisation of intangibles* £'000	2008 Exceptional items, re-measurements and amortisation of intangibles* £'000	2008 Total £'000
Continuing operations			
Revenue	157,946	-	157,946
Operating profit	22,366	(4,194)	18,172
<i>Analysed as:</i>			
Trading profit	22,366	-	22,366
Restructuring and rationalisation charges	-	(2,309)	(2,309)
Impairment charges	-	(392)	(392)
Changes in net fair value of derivative financial instruments – non interest instruments	-	(775)	(775)
Amortisation of intangible assets on acquisition	-	(718)	(718)
Net financing costs	(5,319)	(3,670)	(8,989)
<i>Analysed as:</i>			
Financial income	1,960	-	1,960
Financial expense	(7,279)	-	(7,279)
Restructuring and rationalisation charges – Unamortised debt issuance costs	-	-	-
Changes in net fair value of derivative financial instruments – interest instruments	-	(3,670)	(3,670)
Profit before taxation	17,047	(7,864)	9,183
Taxation			(2,349)
Profit after taxation			6,834
Discontinued operations			
Post tax results from discontinued operations			(1,542)
Profit for the financial year			5,292
Attributable to:			
- Equity shareholders of the parent company			5,292
- Minority interests			-
			5,292
Dividends per 25p ordinary share			
Interim dividend per share			0.50p
Final dividend per share			1.50p
Earnings per 25p ordinary share			
<i>Continuing Operations:</i>			
Basic			7.18p
Diluted			7.14p
<i>Discontinued Operations:</i>			
Basic			(1.62p)
Diluted			(1.61p)
<i>Total Operations:</i>			
Basic			5.56p
Diluted			5.53p

*Exceptional items relate to restructuring and rationalisation charges and impairment charges. Re-measurements relate to changes in net fair value of derivative financial instruments required under IAS 39. Amortisation of intangibles relate to amortisation of intangible assets on acquisition required under IFRS 3.

**Consolidated Balance Sheet
As at 31 March**

	2009 £'000	2008 £'000
Assets		
Non-current assets		
Goodwill	301,926	61,448
Intangible assets	25,392	21,901
Property, plant and equipment	48,817	40,790
Deferred tax assets	6,242	-
	382,377	124,139
Current assets		
Inventories	37,826	26,762
Trade and other receivables - due within one year	63,608	36,089
Financial assets - derivatives	978	-
Current tax assets	4,702	2,249
Cash and cash equivalents	18,782	21,774
	125,896	86,874
Total assets	508,273	211,013
Liabilities		
Current liabilities		
Trade and other payables	(61,866)	(34,950)
Financial liabilities - derivatives	(20,830)	(5,382)
Provisions	(24,789)	(3,048)
	(107,485)	(43,380)
Non-current liabilities		
Financial liabilities - borrowings	(159,782)	(81,055)
Deferred tax liabilities	(4,018)	(5,086)
Provisions	-	(162)
Retirement benefit liabilities	(1,507)	(351)
	(165,307)	(86,654)
Total liabilities	(272,792)	(130,034)
Net assets	235,481	80,979
Equity		
Called up share capital	39,659	23,806
Reserves	195,822	57,094
Equity attributable to shareholders of the parent	235,481	80,900
Minority interest	-	79
Total equity	235,481	80,979

The financial statements were approved by the Board of Directors on 3 June 2009 and were signed on its behalf by:

C V Geoghegan
Chairman

H F Kimberley
Finance Director

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

	2009 £'000	2008 £'000
Cash flows from operating activities		
Cash generated from operations	23,806	20,633
Interest received	949	1,603
Interest paid	(10,240)	(6,582)
Tax paid	(4,079)	(2,749)
Net cash from operating activities	10,436	12,905
Cash flows from investing activities		
Acquisitions – net of cash acquired	(135,461)	(985)
Disposals – net of cash disposed	240	2,776
Purchase of property, plant and equipment	(9,544)	(4,020)
Purchase of intangible assets	(1,327)	(1,170)
Proceeds on sale of property, plant and equipment	97	722
Development costs	(299)	(594)
Net cash used in investing activities	(146,294)	(3,271)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	62,581	-
New borrowings	153,825	5,000
Issuance costs of new borrowings	(1,651)	-
Dividends paid	(3,648)	(1,333)
Finance lease principal payments	(1,176)	(1,522)
Finance lease interest payments	(147)	(175)
Repayments of loans	(80,070)	(58)
Net cash flow used in financing activities	129,714	1,912
Currency variations on cash and cash equivalents	3,152	(13)
(Decrease)/increase in cash and cash equivalents	(2,992)	11,533
Cash and cash equivalents at 1 April	21,774	10,241
Cash and cash equivalents at 31 March	18,782	21,774

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

	2009 £'000	2008 £'000
Continuing operations		
(Loss)/profit before tax	(15,372)	9,183
Add back: financial expense	12,224	8,989
Operating (loss)/profit	(3,148)	18,172
Deprecation of property, plant and equipment	6,083	4,338
Amortisation of intangible assets	8,135	2,026
Amortisation of government grants	(110)	(115)
Impairment charges	28,299	392
Results of discontinued operations	(251)	(394)
Loss on sale of property, plant and equipment	22	41
Share based payments	371	213
Increase in inventories	(2,543)	(2,183)
Increase in trade and other receivables	(16,244)	(2,931)
(Decrease)/increase in trade and other payables	(10,228)	434
Increase in provisions	939	370
Contribution to defined benefit pension schemes	(76)	(505)
Movement in derivative financial instruments	12,557	775
Cash generated from operations	23,806	20,633

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

	2009 £'000	2008 £'000
Cash and cash equivalents within current assets	18,782	21,774
Bank overdrafts included within current liabilities	-	-
Cash and cash equivalents at 31 March	18,782	21,774
Short term and secured loans within current liabilities	(3,824)	(71)
Finance lease and hire purchase obligations within current liabilities	(565)	(1,224)
Finance lease and hire purchase obligations within non-current liabilities	(1,189)	(1,508)
Long term secured loans within non-current liabilities	(159,945)	(80,151)
Unamortised debt issuance costs within non-current liabilities	1,352	604
Net debt at 31 March	(145,389)	(60,576)

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**

	2009 £'000	2008 £'000
Movement in cash and cash equivalents	(2,992)	11,533
Net proceeds of borrowings	(73,755)	(4,942)
Currency variations on borrowings	(9,764)	-
Finance lease payments	1,176	1,522
New finance leases	(226)	(1,654)
Other movements in net debt	748	(241)
Movement in period	(84,813)	6,218
Net debt at 1 April	(60,576)	(66,794)
Net debt at 31 March	(145,389)	(60,576)

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

**Statement of Recognised Income and Expense
For the years ended 31 March**

	2009 £'000	2008 £'000
Foreign exchange translation differences	87,878	(805)
Unrecoverable surplus on retirement benefit scheme	160	(160)
Actuarial losses on retirement benefit scheme – gross	(1,292)	(203)
Deferred taxation related thereto	(320)	102
Net gains/(losses) recognised directly in equity	86,426	(1,066)
(Loss)/profit for the financial year	(11,230)	5,292
Total recognised income for the year	75,196	4,226
Attributable to:		
- Equity shareholders of the parent company	75,196	4,226
- Minority interests	-	-
	75,196	4,226

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information set out within these preliminary results does not constitute the company's statutory accounts for the years ended 31 March 2009 or 2008, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered in due course. On 3 June 2009 the audited results were approved by the Board and the auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Segmental analysis

By primary segment – business group

For the year ended 31 March 2009	Aerospace Components and Structures £'000	Aerospace Composites and Transparencies £'000	Automotive Turbocharger £'000	Industrial £'000	Corporate and Unallocated £'000	Total £'000
Continuing operations:						
Segment revenue	88,020	150,798	17,830	-	-	256,648
Segment trading profit/(loss)	11,052	43,172	(1,426)	-	(5,424)	47,374
Restructuring and rationalisation charges	(1,586)	(5)	(1,276)	-	(11)	(2,878)
Impairment charges	(19,913)	(1,299)	(7,087)	-	-	(28,299)
Changes in fair value of derivative financial instruments	-	-	-	-	(12,557)	(12,557)
Amortisation of intangible assets on acquisition	(191)	(6,597)	-	-	-	(6,788)
Segment operating (loss)/profit	(10,638)	35,271	(9,789)	-	(17,992)	(3,148)
Net financing costs	-	-	-	-	(12,224)	(12,224)
(Loss)/profit before taxation	(10,638)	35,271	(9,789)	-	(30,216)	(15,372)
Taxation	-	-	-	-	4,393	4,393
(Loss)/profit for the year after taxation	(10,638)	35,271	(9,789)	-	(25,823)	(10,979)
Discontinued operations:						
Post tax results from discontinued operations	-	-	-	-	(251)	(251)
Profit attributable to minority interests	-	-	-	-	-	-
Net (loss)/profit attributable to equity shareholders	(10,638)	35,271	(9,789)	-	(26,074)	(11,230)
Other information:						
Segment assets	67,152	414,945	5,540	-	9,692	497,329
Unallocated assets:						
- Current taxation assets	-	-	-	-	4,702	4,702
- Deferred taxation assets	-	-	-	-	6,242	6,242
Total assets	67,152	414,945	5,540	-	20,636	508,273
Segment liabilities	(36,240)	(60,755)	(12,453)	-	(159,326)	(268,774)
Unallocated liabilities:						
- Deferred taxation liabilities	-	-	-	-	(4,018)	(4,018)
Total liabilities	(36,240)	(60,755)	(12,453)	-	(163,344)	(272,792)
Other segment items						
Capital expenditure on intangible assets	323	254	-	-	1,055	1,632
Capital expenditure on property, plant and equipment	1,014	6,219	897	-	1,640	9,770
Depreciation	2,047	2,286	1,666	-	84	6,083
Amortisation	667	6,879	315	-	274	8,135

By primary segment – business group

For the year ended 31 March 2008	Aerospace Components and Structures £'000	Aerospace Composites and Transparencies £'000	Automotive Turbocharger £'000	Industrial £'000	Corporate and Unallocated £'000	Total £'000
Continuing operations:						
Segment revenue	89,058	45,982	22,906	-	-	157,946
Segment trading profit/(loss)	12,658	9,978	1,225	-	(1,495)	22,366
Restructuring and rationalisation charges	(2,002)	-	(237)	-	(70)	(2,309)
Impairment charges	-	-	-	-	(392)	(392)
Changes in fair value of derivative financial instruments	-	-	-	-	(775)	(775)
Amortisation of intangible assets on acquisition	(163)	(555)	-	-	-	(718)
Segment operating profit/(loss)	10,493	9,423	988	-	(2,732)	18,172
Net financing costs	-	-	-	-	(8,989)	(8,989)
Profit/(loss) before taxation	10,493	9,423	988	-	(11,721)	9,183
Taxation	-	-	-	-	(2,349)	(2,349)
Profit/(loss) for the year after taxation	10,493	9,423	988	-	(14,070)	6,834
Discontinued operations:						
Post tax results from discontinued operations	-	-	-	(1,194)	(348)	(1,542)
Profit attributable to minority interests	-	-	-	-	-	-
Net profit/(loss) attributable to equity shareholders	10,493	9,423	988	(1,194)	(14,418)	5,292
Other information:						
Segment assets	79,904	84,215	18,308	-	26,337	208,764
Unallocated assets:						
- Current taxation assets	-	-	-	-	2,249	2,249
- Deferred taxation assets	-	-	-	-	-	-
Total assets	79,904	84,215	18,308	-	28,586	211,013
Segment liabilities	(68,007)	(14,209)	(19,236)	-	(23,496)	(124,948)
Unallocated liabilities:						
- Deferred taxation liabilities	-	-	-	-	(5,086)	(5,086)
Total liabilities	(68,007)	(14,209)	(19,236)	-	(28,582)	(130,034)
Other segment items						
Capital expenditure on intangible assets	258	1,050	191	-	1,017	2,516
Capital expenditure on property, plant and equipment	1,779	2,804	1,070	-	21	5,674
Depreciation	1,951	943	1,361	-	83	4,338
Amortisation	916	699	251	-	160	2,026

By secondary segment – geographical region

	2009	2009	2009	2008	2008	2008
	Revenue	Segment	Capital	Revenue	Segment	Capital
	£'000	assets	expenditure	£'000	assets	expenditure
		£'000	£'000		£'000	£'000
Continuing operations:						
UK	66,083	31,584	1,783	71,836	68,240	2,836
Europe	16,554	-	-	14,409	-	-
North America	169,797	454,827	6,841	64,949	107,046	4,223
Rest of World	4,214	1,226	83	6,752	2,579	93
Corporate and unallocated	-	20,636	2,695	-	33,148	1,038
	256,648	508,273	11,402	157,946	211,013	8,190

Secondary segment revenue is disclosed by geographical location of the Group's customers. Secondary segment assets and capital expenditure 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. Segment liabilities include all non-current and current liabilities but exclude current and deferred tax liabilities. 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. Segment capital expenditure on intangible assets comprise additions to intangible assets, but excludes assets on acquisition of subsidiary undertakings and intangible assets resulting from acquisitions through business combinations. Segment capital expenditure on property, plant and equipment comprises additions to tangible assets, but excludes assets on acquisition of subsidiary undertakings. Depreciation represents the charge for the year. Amortisation represents the charge for the year.

3. Exceptional items, re-measurements and amortisation of intangibles

Restructuring and rationalisation charges

Charges of £2,878,000 (2008: £2,309,000) included within operating profit relate primarily to employment termination and legal costs. Charges of £586,000 (2008: £nil) included within net financing costs 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 £28,299,000 (2008: £392,000) of impairment charges were incurred, as follows:

	2009	2008
	£'000	£'000
Impairment of intangible assets	7,757	-
Impairment of property, plant & equipment	5,481	-
Impairment of inventory	10,172	-
Impairment of receivables	4,889	392
Total impairment charges	28,299	392

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, management have

decided to impair the full carrying value of the following assets:

	2009 £'000	2008 £'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 Turbocharger division

With the recent downturn in automotive markets, and the resulting reduced orders and visibility within the market, management have undertaken a review of assets held within the Automotive Turbocharger division and assessed their carrying value. As a result, management have decided to impair certain fixed assets where these assets are underutilised, and inventory balances where reductions in customer order levels have left the division with inventory that cannot be used on any other projects. The allocation of the impairment charges are:

	2009 £'000	2008 £'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 Turbocharger division	7,087	-

Other impairment charges

The impairment of receivables in the prior year related to an external sub-tenant at a property leased by the Group that went into liquidation.

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:

	2009 £'000	2008 £'000
Charges included within operating profit relating to non interest instruments	12,557	775
Charges included within net financing costs relating to interest instruments	1,913	3,670
	14,470	4,445

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 - £6,788,000 (2008: £718,000).

Exceptional items are included within cost of sales £37,799,000 (2008: £2,470,000) and administrative expenses £12,723,000 (2008: £1,724,000).

The net cash outflow from exceptional items charged during the year amounted to £2,878,000 (2008: £2,309,000).

4. Net financing costs

	2009 £'000	2008 £'000
Financial income:		
Bank interest	949	1,603
Expected return on pension scheme assets	359	357
	1,308	1,960
Financial expense:		
Short term bank loans and overdrafts	(1,055)	(987)
Long term bank loans	(9,502)	(5,835)
Finance lease and hire purchase	(147)	(175)
Interest charge on pension scheme liabilities	(329)	(282)
	(11,033)	(7,279)
Restructuring and rationalisation charges:		
Unamortised debt issuance costs	(586)	-
	(586)	-
Changes in net fair values of financial instruments – interest instruments:		
Interest rate swaps	(1,913)	(3,670)
	(1,913)	(3,670)
Total net financing costs	(12,224)	(8,989)

5. Taxation

	2009 £'000	2008 £'000
Analysis of (credit)/charge in period		
Current tax		
- Current year	2,299	2,521
- Adjustments in respect of prior years	401	(1,092)
	2,700	1,429
Deferred tax		
- Current year	(5,642)	1,117
- Adjustment in respect of prior years	(1,451)	(197)
	(7,093)	920
Total tax (credit)/charge	(4,393)	2,349

6. Dividends

	2009 £'000	2008 £'000
Equity dividends paid in the year:		
Previous year final: 1.50p (2008: 0.90p) per 25p ordinary share	2,379	857
Current year interim: 0.80p (2008: 0.50p) per 25p ordinary share	1,269	476
	3,648	1,333

In addition, the Directors propose that a final dividend in respect of the financial year ended 31 March 2009 of 1.60p per 25p ordinary share be paid, at a cost of approximately £2,538,000.

7. 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. The calculation is performed for share options 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.

	2009 Earnings £'000	2009 Weighted average number of shares Number	2009 Earnings per 25 pence share pence	2008 Earnings £'000	2008 Weighted average number of shares Number	2008 Earnings per 25 pence share pence
Continuing Operations:						
Basic EPS	(10,979)	147,010,329	(7.47)	6,834	95,227,416	7.18
Dilutive potential ordinary shares	-	-	-	-	482,578	(0.04)
Diluted EPS	(10,979)	147,010,329	(7.47)	6,834	95,709,994	7.14
Discontinued Operations:						
Basic EPS	(251)	147,010,329	(0.17)	(1,542)	95,227,416	(1.62)
Dilutive potential ordinary shares	-	-	-	-	482,578	0.01
Diluted EPS	(251)	147,010,329	(0.17)	(1,542)	95,709,994	(1.61)
Total Operations:						
Basic EPS	(11,230)	147,010,329	(7.64)	5,292	95,227,416	5.56
Dilutive potential ordinary shares	-	-	-	-	482,578	(0.03)
Diluted EPS	(11,230)	147,010,329	(7.64)	5,292	95,709,994	5.53

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, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition, which the directors consider gives a useful additional indication of the underlying performance of the Group, is calculated on the earnings of the year adjusted as follows:

	2009 Earnings £'000	2009 Earnings per 25 pence share pence	2008 Earnings £'000	2008 Earnings per 25 pence share pence
Continuing operations:				
(Loss)/profit attributable to equity shareholders	(10,979)	(7.47)	6,834	7.18
Restructuring and rationalisation charges, impairment charges, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition	53,021	36.07	7,864	8.26
Taxation on restructuring and rationalisation charges, impairment charges, changes in the net fair value of financial instruments and amortisation of intangible assets on acquisition	(14,846)	(10.10)	(2,359)	(2.48)
Adjusted earnings per share attributable to equity shareholders	27,196	18.50	12,339	12.96
Diluted adjusted earnings per share attributable to equity shareholders	27,196	18.29	12,339	12.89

8. Other information

The Group's financial statements for the year ended 31 March 2009 will be sent to shareholders during the week commencing 20 July 2009.

The Annual General Meeting will be held on 8 September 2009.

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