Keller Group plc

Restatement of financial information for 2004 under International Financial Reporting Standards ("IFRS")

Keller Group plc ("Keller" or "the Group") is today presenting its financial statements prepared in accordance with IFRS for the year ended 31 December 2004 and the six months ended 30 June 2004.

The impact of the transition on key performance measures is as follows:

	31 December 2004 UK GAAP	31 December 2004 IFRS	30 June 2004 UK GAAP	30 June 2004 IFRS
Operating profit (before goodwill amortisation)	£33.7m*	£33.9m	£13.3m	£13.2m
Profit before tax (before goodwill amortisation)	£29.5m*	£29.7m	£11.2m	£11.2m
Profit before tax (after goodwill amortisation)	£26.6m	£29.7m	£9.8m	£11.2m
Basic earnings per share (after goodwill amortisation)	20.5p	24.2p	7.0p	8.6p
Adjusted earnings per share (before goodwill amortisation)	25.1p	24.2p	9.2p	8.6p
Net assets	£101.4m	£91.0m	£97.0m	£85.2m

* stated after £0.1m of amortisation of other intangibles

The decrease in the adjusted earnings per share is entirely due to a deferred tax charge arising under IFRS as a result of not amortising goodwill which is deductible for tax purposes. Were the Group not obtaining this tax cash benefit, the 2004 adjusted earnings per share under IFRS would be marginally higher than as reported under UK GAAP. This deferred tax charge is an accounting adjustment only and will not change the cash tax paid by the Group.

The transition to IFRS will leave:

- Cash flows unaffected
- Dividend policy and ability to pay dividends unchanged
- Banking arrangements unaffected
- Keller's underlying financial and operating performance unaffected

The changes in accounting policies which have the most significant effects on the restated numbers for the year ended 31 December 2004 are:

- The cessation of goodwill amortisation and the related deferred tax charge
- The retranslation of goodwill at closing exchange rates
- The recognition of pension scheme deficits and the related deferred tax assets on the balance sheet
- The recognition of dividends only once declared or paid

Keller will be publishing a half year trading update in advance of its Annual General Meeting on 23 June 2005, and intends to announce its 2005 interim results, reported under IFRS, on 22 August 2005.

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Restatement of financial information for 2004 under International Financial Reporting Standards

Introduction

For all accounting periods up to and including the year ended 31 December 2004 Keller has prepared its consolidated financial statements under UK Generally Accepted Accounting Principles (UK GAAP). For accounting periods from 1 January 2005, the Group is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Keller's first results under this basis will be its interim results for the six months ending 30 June 2005. The Group's first annual report under IFRS will be for the year ending 31 December 2005. As comparative figures are provided, the effective date for transition to IFRS is 1 January 2004.

This summary provides an analysis of the effects of the change from UK GAAP to IFRS on Keller's financial statements, including:

- Summary of the basis of preparation of the IFRS information
- Summary of the impact of IFRS adoption on Keller
- Significant changes in accounting policies
- Accounting policies revised under IFRS (Appendix 1)
- Restated primary statements for the 6 months ended 30 June 2004 and the year ended 31 December 2004 (Appendix 2)
- Reconciliations of profit and equity for those periods (Appendix 3)

The transition to IFRS will leave:

- Cash flows unaffected
- Dividend policy and ability to pay dividends unchanged
- Banking arrangements unaffected
- Keller's underlying financial and operating performance unaffected

Summary of the basis of preparation of the IFRS information

This financial information has been prepared on the basis of the accounting policies that are expected to be followed when the Group produces its first IFRS compliant financial statements for the year ended 31 December 2005. These accounting policies are in accordance with IFRS published by 31 December 2004 as endorsed by the EU, with the exception of IAS 19, and applying to periods beginning on or after 1 January 2005. The Group has adopted early the amendments to IAS 19 (Employee Benefits) published in December 2004. These amendments, if endorsed by the EU, will be effective for accounting periods commencing on or after 1 January 2006, with earlier adoption encouraged by the IASB.

A summary of the Group's revised accounting policies is detailed in Appendix 1.

Transitional arrangements

The rules for first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. In general a company is required to define its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. The standard allows a number of exceptions to this general principle to assist companies as they transition to reporting under IFRS. Where the Group has taken advantage of these exemptions they are noted within the accounting policies section.

No adjustments have been made for any changes in estimates made at the time of approval of the UK GAAP financial statements on which the preliminary IFRS financial statements are based, as required by IFRS 1.

Subject to EU endorsement of IAS 19 (revised) and no further changes from the IASB or changes in the interpretation of IFRS, this information is expected to form the basis for comparatives when reporting financial results for 2005, and for subsequent reporting periods.

Summary of the impact of IFRS adoption on Keller

Based on the accounting policies detailed in Appendix 1, the impact of the transition on the key performance indicators is as follows:

	31 December 2004 UK GAAP	31 December 2004 IFRS	30 June 2004 UK GAAP	30 June 2004 IFRS
Operating profit (before goodwill amortisation)	£33.7m*	£33.9m	£13.3m	£13.2m
Profit before tax (before goodwill amortisation)	£29.5m*	£29.7m	£11.2m	£11.2m
Profit before tax (after goodwill amortisation)	£26.6m	£29.7m	£9.8m	£11.2m
Basic earnings per share (after goodwill amortisation)	20.5p	24.2p	7.0p	8.6p
Adjusted earnings per share (before goodwill amortisation)	25.1p	24.2p	9.2p	8.6p
Net assets	£101.4m	£91.0m	£97.0m	£85.2m

* stated after £0.1m of amortisation of other intangibles

The decrease in the adjusted earnings per share is entirely due to a deferred tax charge arising under IFRS as a result of not amortising goodwill which is deductible for tax purposes. This is an accounting adjustment only and will not change the cash tax paid by the Group.

The detailed reconciliations of the movements for the income statements and balance sheets are given in Appendix 3.

Key changes in accounting policy for Keller will be:

- Goodwill frozen and subject to an annual impairment review (IFRS 3)
- Goodwill retranslated each period end at closing exchange rates (IAS 21)
- Pension scheme deficit included on balance sheet (IAS 19)
- Recognition of deferred tax asset on pension scheme deficit and assets/liabilities disclosed gross (IAS 12)
- Recognition of deferred tax liabilities on revalued fixed assets (IAS 12)
- Recognition of fair value of financial instruments relating to interest rate and currency swaps (IAS 39)
- Change in basis of recognition of the charge for share based payment (IFRS 2)

- Dividends not recognised until declared or paid (IAS 10)

The transition to IFRS will also require some enhanced disclosure requirements. These disclosures will be included in the financial statements for the year ending 31 December 2005.

Significant changes in accounting policies and impact on the financial statements for the year ended 31 December 2004

The following narrative covers the results for the year to 31 December 2004 and the consolidated balance sheet as at that date, illustrating the nature and magnitude of the changes as a result of restating to IFRS. The appendices give full and detailed reconciliations for the six months to 30 June 2004 and the year ended 31 December 2004.

Business Combinations - IFRS 3

IFRS 3 requires that goodwill be capitalised at cost and then be subject to an annual impairment review. Amortisation of goodwill is prohibited.

Keller has chosen the option to apply IFRS 3 prospectively from the transition date, rather than restate previous business combinations. Goodwill has therefore been frozen at net book value on 1 January 2004, and goodwill which was amortised in 2004 under UK GAAP has been written back.

The operating profit impact for 2004 is the elimination of the goodwill amortisation charge of £2.9m. There is an associated deferred tax charge of £0.7m as much of the goodwill continues to be written down for tax purposes. As noted above, this deferred tax charge does not change the Group's cash tax payments.

There is no goodwill impairment charge for 2004.

The Effects of Changes in Foreign Exchange Rates – IAS 21

Under UK GAAP, Keller chose to fix acquired overseas goodwill in sterling at the rate of exchange ruling on the dates of the relevant acquisitions. IAS 21 requires goodwill to be denominated in local currencies and retranslated into sterling at each reporting date at closing exchange rates. The impact of this change is to reduce the carrying value of goodwill on the Group's consolidated balance sheet as at 31 December 2004 by £10.6m.

Employee Benefits - IAS 19

IAS 19 (as Keller has chosen to apply it – see below) is broadly similar to UK Financial Reporting Standard 17. However, it has a number of fundamental differences from SSAP 24, the UK accounting standard on pensions which was applied in drawing up Keller's 2004 financial statements. The most significant for Keller is that it requires surpluses or deficits on defined benefit pension arrangements to be recognised on the balance sheet. The accounting for defined contribution schemes is unaffected by IAS 19.

The standard permits a number of options for the recognition of actuarial gains and losses. Keller has chosen to recognise any variations in full, via the statement of recognised income and expense, as would have been required under FRS 17. The option to account for actuarial gains and losses in this way is part of an amendment to IAS 19 which, as noted above, has yet to be endorsed by the EU. The amendment is effective from 1 January 2006, with earlier adoption encouraged by the IASB. Assuming the EU endorses the proposals, Keller's policy will be to apply the revised standard voluntarily from the date of transition.

The impact on the Group balance sheet is to recognise a gross pensions deficit of £9.5m and a related deferred tax asset of £3.1m. In addition, a £0.6m prepayment previously recognised under UK GAAP is released. The impact on the 2004 operating profit of applying IAS 19 is an increase of £0.1m. Actuarial losses in the year totalling £1.8m net of tax are taken directly to reserves.

Income Taxes - IAS 12

IAS 12 requires that full provision be made for temporary differences between the carrying amount and tax bases of assets and liabilities. In addition deferred tax assets and liabilities must be disclosed separately on the balance sheet.

The IFRS balance sheet as at 31 December 2004 includes an additional £3.1m deferred tax asset relating to the pension fund deficits. It also includes additional liabilities of £1.5m in respect of fixed assets revalued on acquisition where, as permitted under UK GAAP, no deferred tax had previously been provided on the uplift, and £0.7m relating to tax deductible goodwill amortisation not now being charged to the profit and loss account.

Financial instruments: Recognition and Measurement - IAS 39

IAS 39 addresses the accounting for financial instruments. The Group has retrospectively adopted the standard. As at 1 January 2004 there was no material difference between the book value and fair value of the financial instruments held by the Group. In October 2004, the Group issued US$100 million of loan notes in a US Private Placement (USPP). The USPP was entered into to provide long term finance to the Group and to provide a partial hedge against the Group's net investment in the dollar denominated assets. To eliminate the US interest rate risk in relation to the loan fair values, all USPP dollar fixed interest payments were swapped into floating on issue. In addition, $25m were swapped into euros to provide a partial hedge against the Group's net investment in euro denominated net assets.

The USPP loans are accounted for on an amortised cost basis, adjusted for the impact of hedge accounting, and retranslated at the spot exchange rate at each period end.

IAS 39 has no impact on the net profit of the Group for the year ended 31 December 2004. The fair value of the USPP as at 31 December 2004 results in a reduction in the loan liabilities of £1.3m. The fair value of the hedges is included on the balance sheet as a liability of £1.3m.

Share-based Payment - IFRS 2

In accordance with IFRS 2, Keller Group has recognised a charge for employee share options granted after 7 November 2002. The fair value has been calculated using a stochastic model with the resulting charge being spread over the performance period and adjusted to reflect the actual and expected level of vesting.

The impact on the 2004 operating profit of applying IFRS 2 is a credit of £0.1m.

Events After the Balance Sheet Date - IAS 10

Under IAS 10 only dividends declared before the balance sheet date can be shown as a liability. Keller’s final dividend is declared at the Annual General Meeting. Consequently, there is a requirement to remove the liability for the final dividend for the year ended 31 December 2004. The impact therefore is to increase the net assets as at 31 December 2004 by £4.8m.

Conclusion

The transition to IFRS has not had a significant effect on Keller’s consolidated financial profit before tax. Adjusted earnings per share have decreased by 4% to 24.2p entirely as a result of a non-cash deferred tax charge.

There is no impact on Keller Group's cash flows (including tax payments) and ability to pay dividends. Keller's banking arrangements are also unaffected, as is its underlying financial and operating performance.

Appendix 1

Appendix 1 provides a summary of Keller's new accounting policies under IFRS.

Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union, with the exception of IAS 19, and applying to periods beginning on or after 1 January 2005. A summary of the Group's accounting policies is set out below.

Changes in accounting policy

On 1 January 2005 the Company adopted International Financial Reporting Standards (IFRS). These accounts have been prepared on a consistent basis under applicable IFRS and the effects of this transition reported in accordance with IFRS 1 (First-time Adoption of IFRSs).

Basis of consolidation

The Group accounts consolidate the accounts of the parent company and its subsidiary undertakings made up to 31 December each year. Where subsidiary undertakings are acquired or sold during the year, the accounts include the results for the part of the year for which they were subsidiary undertakings using the acquisition method of accounting.

Revenue

Revenue represents the fair value of work done on contracts performed during the year on behalf of customers or the value of goods and services delivered to customers.

These fair values are based upon estimates of the final expected outcome of contracts and the proportion of work which has been completed.

Contract results

In the nature of the Group's business, the results for the year include adjustments to the outcome of contracts, including jointly controlled operations, completed in prior years arising from claims from customers or third parties and claims on customers or third parties for variations to the original contract.

Prudent provision against claims from customers or third parties are made in the year in which the Group becomes aware that a claim may arise. Income from claims on customers or third parties is not recognised until the outcome is reasonably certain.

Where it is reasonably foreseen that a loss will arise on a contract, full provision for this loss is made in the year in which the Group becomes aware that a loss may arise.

Jointly controlled operations

From time to time the Group undertakes contracts jointly with other parties. These fall under the category of jointly controlled operations as defined by IAS 31. The Group accounts for its own share of sales, profits, assets, liabilities and cash flows measured according to the terms of the agreements covering the jointly controlled operations.

Depreciation

Depreciation is not provided on freehold land.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by reference to their estimated useful lives using the straight line method. The rates of depreciation used are:

Buildings - 2%
Long life plant and equipment – 8.33%
Short life plant and equipment – 12.5%
Motor vehicles – 25%
Computers – 33.33%

The cost of leased properties is depreciated by equal instalments over the period of the lease or 50 years, whichever is the shorter.

Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction. Transfers are made to other property, plant and equipment categories when the assets are available for use.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolete or slow moving items.

Leases

Amounts payable under operating leases are charged to contract work in progress or net operating costs on a straight line basis over the lease term.

Property, plant and equipment acquired under finance leases are capitalised in the balance sheet at fair value and depreciated in accordance with the Group's accounting policy. The capital element of the leasing commitment is included as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to the income statement, and capital, which reduces the outstanding obligation.

Taxation

Provision is made for current tax on taxable profits for the year.

Full provision is made for deferred tax on temporary differences in line with IAS 12 (Income Taxes).

Retirement benefit costs

The Group operates a number of defined benefit pension arrangements, and also makes payments into defined contribution schemes for employees.

The liability in respect of defined benefit schemes is the present value of the defined benefit obligations at the balance sheet date, calculated using the projected unit credit method, less the fair value of the schemes' assets.

In accordance with IFRS 1, the Group has recognised the pension liability in full as at 1 January 2004.

The Group has applied the requirements of IAS 19 (revised) for the year ended 31 December 2004 recognising the current service cost and interest on scheme liabilities in the income statement, and actuarial gains and losses in equity. This policy is subject to the endorsement of IAS 19 (revised) by the EU.

Payments to defined contribution schemes are accounted for on an accruals basis.

Share-based Payment

Charges for employee services received in exchange for share-based payment have been made for all options granted after 7 November 2002 in accordance with IFRS 2.

Options granted under the Group's employee share schemes are equity settled. The fair value of such options has been calculated using a stochastic model, based upon publicly available market data, and is charged to the income statement over the performance period.

Goodwill and intangible assets

Goodwill arising on consolidation, representing the difference between the fair value of the purchase consideration and the fair value of the net assets of the subsidiary undertaking at the date of acquisition, is capitalised as an intangible asset.

In accordance with IFRS 3, goodwill has been frozen at its net book value as at 1 January 2004 and will not be amortised. Instead, it will be subject to an annual impairment review, with any impairment losses being recognised immediately in the income statement. Goodwill arising prior to 1 January 1998 was taken directly to reserves in the year in which it arose. Such goodwill has not been reinstated on the balance sheet.

The fair value of net assets in excess of the fair value of purchase consideration it is credited to the income statement.

Intangible assets, other than goodwill, which are purchased, such as licences, patents and trademarks are capitalised and charged to the income statement over their useful economic lives.

Foreign currencies

Balance sheet items in foreign currencies are translated into sterling at closing rates of exchange at the balance sheet date. Income statements and cash flows of overseas subsidiary undertakings are translated into sterling at average rates of exchange for the year.

Exchange differences arising from the retranslation of opening net assets and income statements at closing rates of exchange are dealt with as movements in equity. All other exchange differences are charged to the income statement.

The Group has taken advantage of the option made available in IFRS 1 to set cumulative translation differences taken to the translation reserve to zero at the date of transition to IFRS.

Financial instruments

The Group uses currency swaps and interest rate swaps to manage financial risk. Interest charges and financial liabilities are stated after taking account of these swaps.

The Group has also entered into hedges to mitigate exposures to both foreign currency and interest rates. Hedging instruments are held at fair value in the balance sheet.

Hedges are accounted for in accordance with IAS 39 as follows:

Fair value hedges: changes in fair value of the hedged item and hedging instrument are taken to the income statement.

Cash flow hedges and *net investment hedges*: the effective portion of changes in the fair value of the hedging instrument is taken to equity, with the ineffective portion of changes in fair value being taken to the income statement.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are declared or paid.

Appendix 2

Consolidated Income Statement

	Six months to 30 June 2004 (restated) £000	Year to 31 December 2004 (restated) £000
Revenue	294,124	595,856
Operating costs	(280,892)	(561,961)
Operating profit	13,232	33,895
Interest receivable	122	340
Finance costs	(2,156)	(4,487)
Profit before tax	11,198	29,748
Tax	(4,718)	(11,874)
Profit for the period	6,480	17,874
Attributable to:		
Equity holders of the parent	5,590	15,743
Minority interests	890	2,131
	6,480	17,874
Basic earnings per share	8.6p	24.2p
Diluted earnings per share	8.6p	24.1p

Consolidated Statement of Recognised Income and Expense

	Six months to 30 June 2004 (restated) £000	Year to 31 December 2004 (restated) £000
Exchange differences on translation of foreign operations	(3,173)	(5,676)
Actuarial losses on defined benefit pensions	(1,833)	(2,668)
Tax on items taken directly to or transferred from equity	554	856
Net expense recognised directly in equity	(4,452)	(7,488)
Profit for the period	6,480	17,874
Total recognised income and expense	2,028	10,386
Attributable to:		
Equity holders of the parent	1,138	8,255
Minority interests	890	2,131
	2,028	10,386

Consolidated Balance Sheet

	30 June 2004 (restated) £000	31 December 2004 (restated) £000
ASSETS		
Non-current assets		
Intangible assets	52,161	51,761
Property, plant and equipment	79,298	80,937
Deferred tax assets	2,862	3,146
	134,321	135,844
Current assets		
Inventories	21,850	24,319
Trade and other receivables	161,321	143,926
Cash and cash equivalents	10,436	16,416
	193,607	184,661
Total assets	327,928	320,505
LIABILITIES		
Current liabilities		
Loans and borrowings	(31,223)	(9,787)
Current tax liabilities	(5,690)	(5,538)
Trade and other payables	(129,984)	(120,701)
	(166,897)	(136,026)
Non-current liabilities		
Loans and borrowings	(51,043)	(65,286)
Employee benefits	(15,782)	(17,211)
Deferred tax liabilities	(6,644)	(8,138)
Other liabilities	(2,329)	(2,875)
	(75,798)	(93,510)
Total liabilities	(242,695)	(229,536)
NET ASSETS	85,233	90,969
EQUITY		
Issued share capital	6,535	6,536
Share premium account	36,014	36,027
Capital redemption reserve	7,629	7,629
Translation reserve	(3,191)	(5,666)
Retained earnings	33,486	40,832
Equity attributable to equity holders of the parent	80,473	85,358
Minority interests	4,760	5,611
Total equity	85,233	90,969

Consolidated Cash Flow Statement

	Six months to 30 June 2004 (restated) £000	Year to 31 December 2004 (restated) £000
Cash flows from operating activities		
Cash generated from operations	6,325	33,577
Interest paid	(2,264)	(4,368)
Income taxes paid	(1,358)	(7,339)
Net cash from operating activities	2,703	21,870
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	333	2,063
Interest received	122	339
Acquisition of subsidiary, net of cash acquired	(2,835)	(3,422)
Acquisition of property, plant & equipment	(5,847)	(13,887)
Acquisition of intangible fixed assets	-	(15)
Net cash from investing activities	(8,227)	(14,922)
Cash flows from financing activities		
Proceeds from the issue of share capital	15	15
New borrowings	16,815	55,982
Repayment of borrowings	(7,970)	(52,498)
Payment of finance lease liabilities	(84)	(373)
Dividends paid	(6,225)	(9,345)
Net cash from financing activities	2,551	(6,219)
Net (decrease)/increase in cash and cash equivalents	(2,973)	729
Cash and cash equivalents at beginning of period	10,812	10,812
Effect of exchange rate fluctuations	(807)	(432)
Cash and cash equivalents at end of period	7,032	11,109

Appendix 3

Reconciliation of Profit
12 months to 31 December 2004

	Previously reported under UK GAAP £000	IAS19 Employee benefits £000	IFRS3 Business combin-ations £000	IFRS2 Share based payment £000	IAS12 Taxation £000	Effect of transition to IFRS £000	Restated under IFRS £000
Revenue	595,856						595,856
Operating costs	(565,071)	136	2,877	97		3,110	(561,961)
Operating profit	30,785	136	2,877	97		3,110	33,895
Interest receivable	340						340
Finance costs	(4,487)						(4,487)
Profit before tax	26,638	136	2,877	97		3,110	29,748
Tax	(11,130)	(34)	(709)	(29)	28	(744)	(11,874)
Profit for the period	15,508	102	2,168	68	28	2,366	17,874
Attributable to:							
Equity holders of the parent	13,377	102	2,168	68	28	2,366	15,743
Minority interests	2,131						2,131
	15,508	102	2,168	68	28	2,366	17,874
Basic earnings per share	20.5p						24.2p
Diluted earnings per share	20.5p						24.1p

Reconciliation of Profit
6 months to 30 June 2004

	Previously reported under UK GAAP £000	IAS19 Employee benefits £000	IFRS3 Business combin-ations £000	IFRS2 Share based payment £000	IAS12 Taxation £000	Effect of transition to IFRS £000	Restated under IFRS £000
Revenue	294,124						294,124
Operating costs	(282,299)	54	1,411	(58)		1,407	(280,892)
Operating profit	11,825	54	1,411	(58)		1,407	13,232
Interest receivable	122						122
Finance costs	(2,156)						(2,156)
Profit before tax	9,791	54	1,411	(58)		1,407	11,198
Tax	(4,378)	(17)	(356)	17	16	(340)	(4,718)
Profit for the period	5,413	37	1,055	(41)	16	1,067	6,480
Attributable to:							
Equity holders of the parent	4,523	37	1,055	(41)	16	1,067	5,590
Minority interests	890						890
	5,413	37	1,055	(41)	16	1,067	6,480
Basic earnings per share	7.0p						8.6p
Diluted earnings per share	6.9p						8.6p

Reconciliation of Equity
As at 31 December 2004

	Previously reported under UK GAAP £000	IAS19 Employee benefits £000	IAS39 Financial instrum-ents £000	IFRS3 Business combin-ations £000	IAS21 Foreign exchange £000	IAS10 Dividend adjustment £000	IAS12 Taxation £000	Effect of transition to IFRS £000	Restated under IFRS £000
ASSETS									
Non-current assets									
Goodwill	57,679			3,012	(10,642)		1,501	(6,129)	51,550
Other intangible assets	211								211
Intangible assets	57,890			3,012	(10,642)		1,501	(6,129)	51,761
Property, plant and equipment	80,937								80,937
Deferred tax assets		3,146						3,146	3,146
	138,827	3,146		3,012	(10,642)		1,501	(2,983)	135,844
Current assets									
Inventories	24,319								24,319
Trade and other receivables	144,518	(592)						(592)	143,926
Cash and cash equivalents	16,416								16,416
	185,253	(592)						(592)	184,661
Total assets	324,080	2,554		3,012	(10,642)		1,501	(3,575)	320,505
LIABILITIES									
Current liabilities									
Loans and borrowings	(9,787)								(9,787)
Current tax liabilities	(5,538)								(5,538)
Trade and other payables	(125,523)	51				4,771		4,822	(120,701)
	(140,848)	51				4,771		4,822	(136,026)
Non-current liabilities									
Loans and borrowings	(66,588)		1,302					1,302	(65,286)
Employee benefits	(7,687)	(9,524)						(9,524)	(17,211)
Deferred tax liabilities	(5,957)			(709)			(1,472)	(2,181)	(8,138)
Other liabilities	(1,573)		(1,302)					(1,302)	(2,875)
	(81,805)	(9,524)		(709)			(1,472)	(11,705)	(93,510)
Total liabilities	(222,653)	(9,473)		(709)		4,771	(1,472)	(6,883)	(229,536)
NET ASSETS	101,427	(6,919)		2,303	(10,642)	4,771	29	(10,458)	90,969
EQUITY									
Issued share capital	6,536								6,536
Share premium account	36,027								36,027
Capital redemption reserve	7,629								7,629
Translation reserve		(16)			(5,651)		1	(5,666)	(5,666)
Retained earnings	45,624	(6,903)		2,303	(4,991)	4,771	28	(4,792)	40,832
Equity attributable to equity holders of the parent	95,816	(6,919)		2,303	(10,642)	4,771	29	(10,458)	85,358
Minority interests	5,611								5,611
Total equity	101,427	(6,919)		2,303	(10,642)	4,771	29	(10,458)	90,969

Reconciliation of Equity
As at 30 June 2004

	Previously reported under UK GAAP £000	IAS19 Employee benefits £000	IFRS3 Business combin-ations £000	IAS21 Foreign exchange £000	IAS10 Dividend adjustment £000	IAS12 Taxation £000	Effect of transition to IFRS £000	Restated under IFRS £000
ASSETS								
Non-current assets								
Goodwill	57,868		1,546	(8,913)		1,427	(5,940)	51,928
Other intangible assets	233							233
Intangible assets	58,101		1,546	(8,913)		1,427	(5,940)	52,161
Property, plant and equipment	79,298							79,298
Deferred tax assets		2,862					2,862	2,862
	137,399	2,862	1,546	(8,913)		1,427	(3,078)	134,321
Current assets								
Inventories	21,850							21,850
Trade and other receivables	161,940	(619)					(619)	161,321
Cash and cash equivalents	10,436							10,436
	194,226	(619)					(619)	193,607
Total assets	331,625	2,243	1,546	(8,913)		1,427	(3,697)	327,928
LIABILITIES								
Current liabilities								
Loans and borrowings	(31,223)							(31,223)
Current tax liabilities	(5,690)							(5,690)
Trade and other payables	(132,348)	11			2,353		2,364	(129,984)
	(169,261)	11			2,353		2,364	(166,897)
Non-current liabilities								
Loans and borrowings	(51,043)							(51,043)
Employee benefits	(7,150)	(8,632)					(8,632)	(15,782)
Deferred tax liabilities	(4,877)		(356)			(1,411)	(1,767)	(6,644)
Other liabilities	(2,329)							(2,329)
	(65,399)	(8,632)	(356)			(1,411)	(10,399)	(75,798)
Total liabilities	(234,660)	(8,621)	(356)		2,353	(1,411)	(8,035)	(242,695)
NET ASSETS	96,965	(6,378)	1,190	(8,913)	2,353	16	(11,732)	85,233
EQUITY								
Issued share capital	6,535							6,535
Share premium account	36,014							36,014
Capital redemption reserve	7,629							7,629
Translation reserve		28		(3,219)			(3,191)	(3,191)
Retained earnings	42,027	(6,406)	1,190	(5,694)	2,353	16	(8,541)	33,486
Equity attributable to equity holders of the parent	92,205	(6,378)	1,190	(8,913)	2,353	16	(11,732)	80,473
Minority interests	4,760							4,760
Total equity	96,965	(6,378)	1,190	(8,913)	2,353	16	(11,732)	85,233

Reconciliation of Equity
As at 1 January 2004

	Previously reported under UK GAAP £000	IAS19 Employee benefits £000	IFRS 3 Business combin-ations £000	IAS21 Foreign exchange £000	IAS10 Dividend adjustment £000	IAS 12 Taxation £000	Effect of transition to IFRS £000	Restated under IFRS £000
ASSETS								
Non-current assets								
Goodwill	56,759		135	(7,685)		1,495	(6,055)	50,704
Other intangible assets	287							287
Intangible assets	57,046		135	(7,685)		1,495	(6,055)	50,991
Property, plant and equipment	82,169							82,169
Deferred tax assets		2,324					2,324	2,324
	139,215	2,324	135	(7,685)		1,495	(3,731)	135,484
Current assets								
Inventories	16,885							16,885
Trade and other receivables	137,855	(646)					(646)	137,209
Cash and cash equivalents	21,511							21,511
	176,251	(646)					(646)	175,605
Total assets	315,466	1,678	135	(7,685)		1,495	(4,377)	311,089
LIABILITIES								
Current liabilities								
Loans and borrowings	(26,679)							(26,679)
Current tax liabilities	(2,509)							(2,509)
Trade and other payables	(117,859)				4,522		4,522	(113,337)
	(147,047)				4,522		4,522	(142,525)
Non-current liabilities								
Loans and borrowings	(55,496)							(55,496)
Employee benefits	(7,486)	(6,860)					(6,860)	(14,346)
Deferred tax liabilities	(4,872)					(1,495)	(1,495)	(6,367)
Other liabilities	(2,942)							(2,942)
	(70,796)	(6,860)				(1,495)	(8,355)	(79,151)
Total liabilities	(217,843)	(6,860)			4,522	(1,495)	(3,833)	(221,676)
NET ASSETS	97,623	(5,182)	135	(7,685)	4,522		(8,210)	89,413
EQUITY								
Issued share capital	6,507							6,507
Share capital to be issued	680							680
Share premium account	35,374							35,374
Capital redemption reserve	7,629							7,629
Retained earnings	41,849	(5,182)	135	(7,685)	4,522		(8,210)	33,639
Equity attributable to equity holders of the parent	92,039	(5,182)	135	(7,685)	4,522		(8,210)	83,829
Minority interests	5,584							5,584
Total equity	97,623	(5,182)	135	(7,685)	4,522		(8,210)	89,413