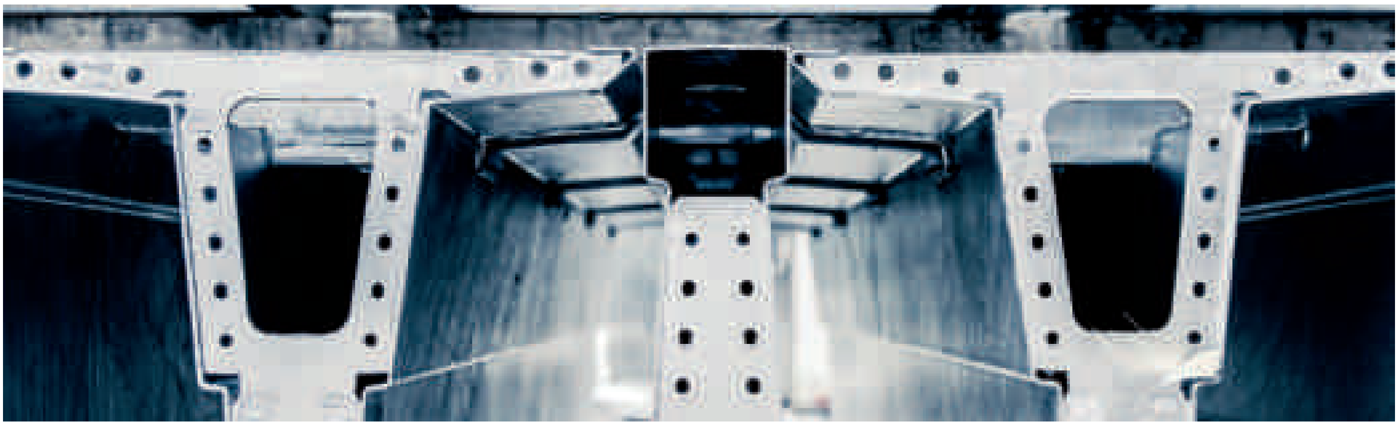
Hill & Smith Holdings PLC

2014

Infrastructure and Galvanizing

Half year results for the six months ended 30 June 2014



Hill & Smith Holdings PLC

We are an international group with leading positions in the supply of infrastructure products and galvanizing services to global markets, operating from facilities in Australia, France, India, Sweden, Thailand, the UK and the USA.

With strong positions in niche markets we aim to consistently deliver value to our shareholders through:

- Dividends and total shareholder return being central to our strategy
- Strong cash generation
- Organic and acquisitive growth
- Product and international diversification

See further information online: hsholdings.com

Front Cover

Top : ABC P4 Terminal connected to Flexbeam on the A46 Newark to Winderpool.

Middle : V&S Utilities - galvanized substation structure in Colorado, USA.

Bottom : Zoneguard barrier manufactured and galvanized at our site in Telford, UK.

Contents

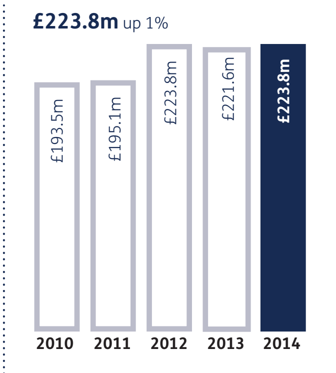
Zoneguard barrier installation on the A14, Kettering.

Group Highlights

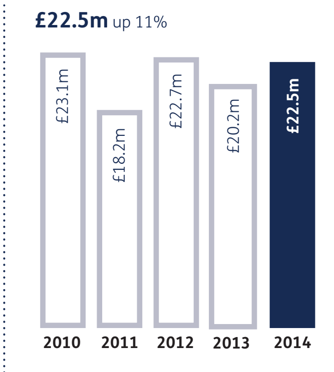
- Strong profit growth with momentum continuing into the second half
- Trading conditions in UK and international infrastructure markets continue to improve
- Infrastructure Products underlying profit up 27%, with improved contribution from Utilities
- Galvanizing delivered robust performance, with improved profitability in USA and UK
- Strategic initiatives to improve returns and increased capital investment for organic growth
- Interim dividend of 6.4p per share, up 7%
- Net debt at £98.5m (31 December 2013: £87.2m)

			Change	
	30 June 2014	30 June 2013	Reported %	Constant Currency %
Revenue	**£223.8m**	£221.6m	+1	+5
Underlying operating profit*	**£22.5m**	£20.2m	+11	+17
Underlying profit before tax*	**£20.8m**	£18.5m	+12	+18
Underlying earnings per share*	**20.3p**	17.7p	+15	+20
Profit before tax	**£16.0m**	£15.7m	+2	
Basic earnings per share	**14.6p**	15.0p	-3	
Dividend per share	**6.4p**	6.0p	+7	

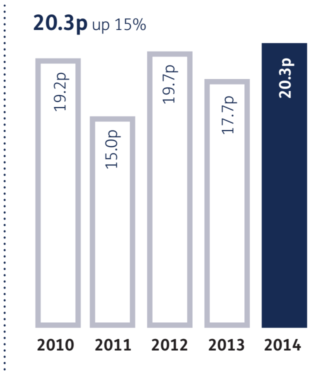
Revenue



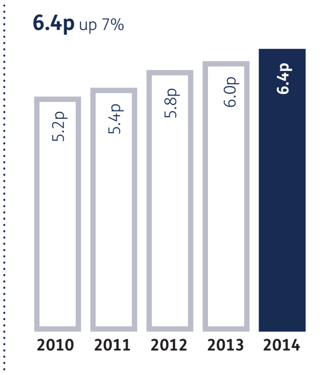
Underlying operating profit



Underlying earnings per share



Dividend per share



* All underlying profit measures exclude certain non-operational items, which are as defined in note 6 on page 18. References to an underlying profit measure throughout this report are made on this basis.

Group at a Glance

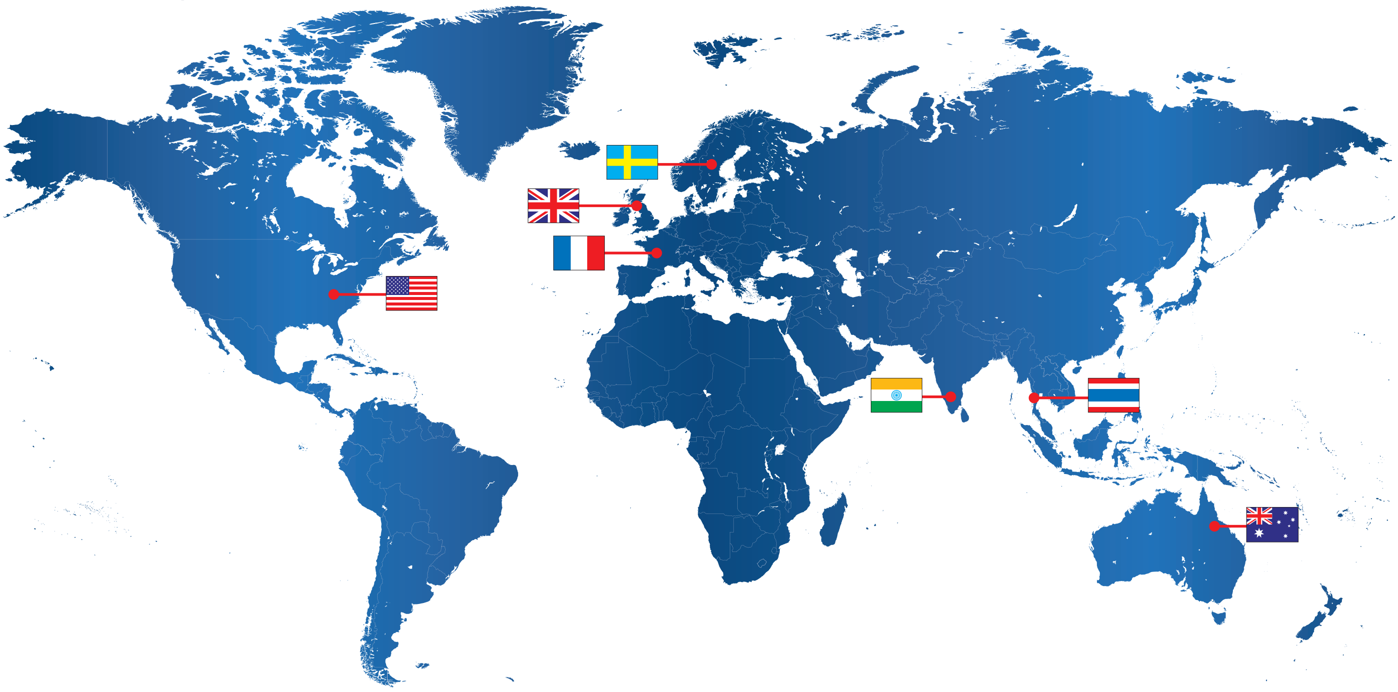
Percentage of £223.8m revenue shown by end market geography

- UK - 49%
- Europe - 22%
- N America - 24%
- Asia and M East - 4%
- ROW - 1%

Percentage of £22.5m underlying operating profit shown by location of the operating site

- UK - 43%
- Europe - 17%
- N America - 40%
- ROW - nil

Where we operate



Australia – office in Queensland for the development of our wire rope and safety barrier products (I).

France – the base of France Galva and Conimast where we have ten galvanizing plants and a lighting column business (I&G).

India – manufacturing facility for pipe supports and offices for development of our Hill & Smith infrastructure products business (I).

Sweden – location of ATA, the road safety barrier and signage business (I).

Thailand – location of the major part of our pipe supports manufacturing capability, where we have plants near Bangkok (I).

UK – head office and various group site locations covering our main infrastructure products businesses and network of UK galvanizing plants (I&G).

USA – our V&S galvanizing and utilities plants are situated on the east coast along with the Bergen and Carpenter & Paterson pipe supports businesses and the glass reinforced composite profiles business, Creative Pultrusions (I&G).

I = Infrastructure
I&G = Infrastructure & Galvanizing

Divisional Overview

Infrastructure Products

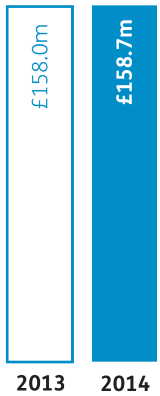
For the core markets of Road and Utilities, supplying products and services such as permanent and temporary road safety barriers, street lighting columns, bridge parapets, gantries, temporary car parks, 'GRP' railway platforms, variable road messaging solutions, traffic data collection systems, plastic drainage pipes, pipe supports for the power and liquid natural gas markets, energy grid components, industrial flooring, handrails, access covers and security fencing.

Operating from subsidiaries in Australia, France, India, Sweden, Thailand, the UK and the USA.

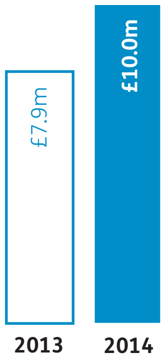
- Operating in international territories with the prospect of sustained long term investment in infrastructure.
- Focused on engineered products for the Roads and Utilities markets.

Performance

Revenue
£158.7m
-



Underlying operating profit
£10.0m
up 27%



Galvanizing Services

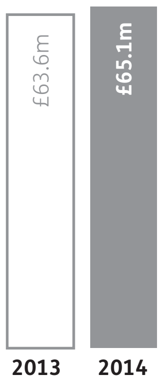
Providing zinc and other coatings for a wide range of products including fencing, lighting columns, structural steel work, bridges, agricultural and other products for the infrastructure and construction markets.

Services are delivered from a network of galvanizing operations in the UK, France and the USA.

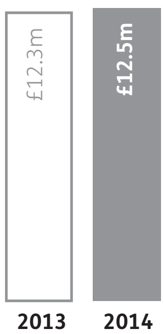
- Geographical diversity - France 10 plants; UK 9 plants; USA 6 plants.
- Strong market positions in the chosen territories and with a reputation for service and quality.

Performance

Revenue
£65.1m
up 2%



Underlying operating profit
£12.5m
up 2%



Business Review

Bill Whiteley
Chairman

Derek Muir
Group Chief Executive

Introduction

As expected, Hill & Smith has performed well in the six months to 30 June 2014 with the momentum we experienced in the second half of 2013 continuing into 2014.

Trading conditions in our end markets have continued to improve and together with the implementation of strategic initiatives to increase returns we have seen strong year on year profit growth in spite of sterling's strength. Infrastructure Products grew strongly, due to a much improved performance from the Utilities business, whilst Roads traded at similar levels to the prior year. Despite the expected lower returns from France, Galvanizing Services continued to deliver a robust performance with increased profitability in the USA and UK.

The diversity and strength of our international businesses within their respective markets continue to underpin our performance. Despite significant improvements in profitability of the UK operations, our US operations remain the largest geographical profit generator, representing 40% of underlying group operating profit (2013: 47%). In the first half of 2014 some 57% of group underlying operating profit was delivered from operations outside of the UK (2013: 68%).

Results

Revenue increased by 1% to £223.8m (2013: £221.6m) despite negative currency translation of £7.4m. At constant currency, revenue growth was 5%. Adjusting for revenue of £3.2m arising from prior year acquisitions, organic revenue growth was £6.4m or 3%. Underlying operating margin was 10.1% (2013: 9.1%) with an underlying operating profit of £22.5m (2013: £20.2m), including negative currency translation of £0.9m and £0.6m in respect of prior year acquisitions.

Underlying profit before taxation at £20.8m was 12% higher than the previous year (2013: £18.5m). Profit before taxation was £16.0m (2013: £15.7m).

Underlying earnings per share at 20.3p was up 15% compared to the previous year (2013: 17.7p). Basic earnings per share was 14.6p (2013: 15.0p).

Net debt increased to £98.5m (31 December 2013: £87.2m; 30 June 2013: £102.5m) including a beneficial currency translation impact of £1.5m, as we invested significant capital expenditure to drive future organic growth in line with our strategic plan.

Dividend

The board has declared an interim dividend of 6.4p per share (2013: 6.0p), representing a 7% increase on the corresponding period last year. The interim dividend is covered 3.2 times (2013: 3.0 times) by underlying earnings per share. The interim dividend will be paid on 6 January 2015 to shareholders on the register on 21 November 2014.

Outlook

The group benefits from the industrial and geographical spread of its markets and businesses, which afford not only a resilient base, but also opportunities for growth. Conditions in many of our end markets are generally encouraging and therefore provide a solid platform for the remainder of 2014 and beyond. Implementation of strategic initiatives to improve returns from the group's portfolio and increased capital expenditure for organic growth provide momentum to our drive for increased shareholder value. We do however, remain mindful of the high level of comparatives from our record second half underlying earnings per share performance in 2013, the continued weakness of the French economy and the strengthening foreign exchange headwinds currently being experienced.

Overall, our performance to date has been in line with expectations and with a continued marginal bias to the second half we expect 2014 to be a year of good progress for the group.

> The group's product and geographical diversification provides resilience and opportunities for future growth

Business Review continued

Operational Review

Infrastructure Products

	£m		+/- %	Constant Currency %
	2014	2013		
Revenue	**158.7**	158.0	-	+4
Underlying operating profit	**10.0**	7.9	+27	+30
Underlying operating margin %	**6.3**	5.0		

Overall revenues increased slightly to £158.7m (2013: £158.0m) despite a £4.7m negative impact from exchange movements. Organic revenue growth was £5.4m, or 4% at constant currency.

Underlying operating profit was £10.0m (2013: £7.9m), an increase of £2.1m, despite an adverse currency translation impact of £0.2m. Operating margin improved to 6.3% (2013: 5.0%).

Roads

	£m		+/- %	Constant Currency %
	2014	2013		
Revenue	**59.3**	56.5	+5	+7
Underlying operating profit	**5.4**	5.4	-	-
Underlying operating margin %	**9.1**	9.6		

Revenues of £59.3m were £2.8m higher than the prior year (2013: £56.5m), with organic revenue growth of £4.0m offset by a negative currency translation of £1.2m. Underlying operating profit of £5.4m was similar to the prior year (2013: £5.4m), resulting in an operating margin of 9.1% (2013: 9.6%).

In the UK, demand for permanent and temporary barriers has been strong as the Highways Agency implements the UK Government sponsored roads investment plan. Significant increased spend is expected over the medium term, presently documented to 2020, to upgrade the nation's road transport infrastructure - specifically, conversion of existing highways to the Managed Motorways scheme. Given the anticipated demand to fulfil the documented programme, we have committed a further £7.5m capital investment to increase our temporary barrier fleet by 45 kilometres, bringing our total temporary barrier fleet to circa 265 kilometres.

The improved contribution from our barrier business has been tempered in the UK by a reduced performance from Techspan, our variable message sign business. An absence of the large contracts experienced in 2013, along with the lower current demand due to the natural phasing of the road infrastructure programme, depressed results. In view of the planned investment in UK roads, we remain confident of the longer term prospects for Techspan given the signage requirements of the Managed Motorways programme. To further our strategy in this key area we acquired the trade and assets of Variable Message Signs Limited ("VMS") on 11 July 2014 for £0.3m. VMS, an established operator in this field, faced financial constraints due to the current hiatus in demand. The acquisition of VMS, and its subsequent integration with Techspan, will allow the group to support the Highways Agency with its signage requirements in its roll-out of Managed Motorways over the next 5 to 10 years.

Outside of the UK, we continue to pursue growth opportunities in niche markets where safety and quality are key specifications. In Scandinavia, ATA has performed well, offering the wider suite of group products and is trading ahead of the prior year. Our businesses in France and India were temporarily held back by local mayoral and national elections respectively and are expected to improve in the second half of the year. We have strengthened our management team in the Zoneguard business in the USA, and have been successful in gaining approval for the product in the key state of Texas. We have also appointed more distributors throughout the states where Zoneguard already has approval.

Utilities

	£m		+/- %	Constant Currency %
	2014	2013		
Revenue	**99.4**	101.5	-2	+1
Underlying operating profit	**4.6**	2.5	+84	+100
Underlying operating margin %	**4.6**	2.5		

Revenues were slightly below the prior year at £99.4m (2013: £101.5m) although 1% higher at constant currency with underlying operating profit increasing to £4.6m from £2.5m. Operating margins improved to 4.6% (2013: 2.5%).

Creative Pultrusions, our composites company in the USA, entered the year with a strong backlog in orders across all product sectors including our OEM customers. Projects for fender piles and sheet piling are encouraging for the second half as our composite products gain greater acceptance in the waterway market.

A number of rail platforms have been supplied both in the USA and UK. These platforms are lightweight and allow construction alongside the railway without the need for mechanical plant and equipment. The performance in the first half delivered profitability well ahead of the same period in 2013. The improved profitability has been offset by a lower contribution in our USA based transmission structures and substation business. A late start in the construction season, following the poor weather experienced in the first quarter, disrupted customer requirements and delayed shipments. Projects are now being delivered and we expect a stronger second half performance.

The investment in the US power grid and renewables sector is expected to continue throughout the decade as new gas fired power stations are connected to the grid. However the increased manufacturing capacity introduced in the last two years has led to the utility companies only placing orders closer to construction time and we are therefore currently experiencing a lower level of order intake in line with competitors.

Our pipe supports business in the USA also experienced a slower start to the year with the weather delayed construction season impacting demand patterns and local pricing. Trading was stronger in the second quarter and we enter the second half with an improving backlog to deliver in the period.

Pipe supports in the rest of the world has seen a marked improvement in service and quality since the strengthening of the operational management teams in Thailand and the UK. The power generation market enquiries remain at a steady level and our backlog is similar to the end of 2013 at £13m. India has a good order backlog from both large Indian and International EPC contractors. As we are experiencing longer lead times for the supply of products to these projects, it has therefore been a slower start to the year than we originally envisaged.

In the early part of the year, the business of Access Design was successfully integrated into, and relocated to, the Lionweld Kennedy site in Middlesbrough. Benefits of a single site operation have been realised with a strong improvement in the profitability of the Industrial Flooring group. Current projects include products to be used in offshore wind platforms, Crossrail train depots and staircases and platforms for the main shaft in the Lee Valley Outfall in London, where our Weholite pipe was also supplied at the end of 2013.

The supply of products to AMP5 water treatment plants was completed in the early part of the year. Enquiries for storm attenuation tanks for the housing market and the AMP5 flood alleviation market remain at record levels, giving us further encouragement for a strong second half. Current moves to bring forward the AMP6 programmes, which should create a more efficient and stable demand environment, are welcome.

As part of our continuous product application development programme, we have been seeking out new markets for the use of Weholite large diameter pipe. In the renewable energy sector Anaerobic Digestion, for the food and agricultural markets, has been identified as a suitable opportunity, again demonstrating the entrepreneurial strength within the group.

The UK security fencing market supplying products to power stations, industrial plants and sites of critical infrastructure has seen over-capacity over the last few years. In May, one of the largest manufacturers of palisade fencing entered administration and we were able to purchase the plant, stock and equipment from the receiver, with the plant being relocated to Barkers, our fencing facility based in Stoke. Profitability of our fencing business has been improved in the first half, endorsing our strategy of consolidating the local market to improve return on invested capital and sales.

The housing market for Birtley and Expamet continues to perform ahead of expectations and the synergistic benefits from the businesses working together are being realised.

Galvanizing Services

	£m		+/-	Constant Currency
	2014	2013	%	%
Revenue	**65.1**	63.6	+2	+7
Underlying operating profit	**12.5**	12.3	+2	+8
Underlying operating margin %	**19.2**	19.3		

Revenue increased by 2% to £65.1m (2013: £63.6m), despite negative currency movements of £2.7m but including a £3.2m contribution from the Medway acquisition made in 2013. Underlying operating profit increased by 2% to £12.5m (2013: £12.3m) including £0.7m currency impact and £0.6m from the acquisition. Overall volumes were 8% ahead of the same period in the prior year primarily due to strong output in the UK. Operating margins remained strong at 19.2% (2013: 19.3%) with zinc prices having remained relatively stable throughout the period.

USA

Volumes were 3% higher than the same period in 2013 and although volumes were skewed towards lower margin solar and transmission pole work in the first quarter, the business finished the half strongly with a more normal mix of product. Improved operational efficiencies, along with the higher volumes, led to increased profitability year on year against strong comparatives in the prior year.

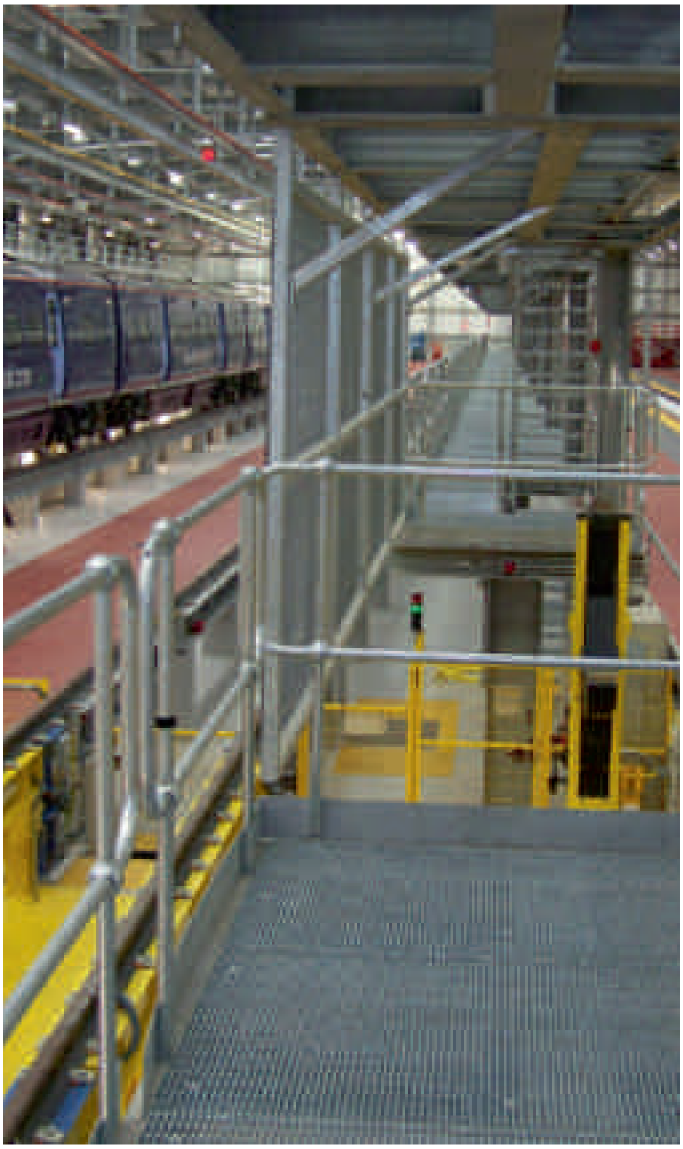
Construction of a new greenfield galvanizing facility in Memphis, Tennessee is progressing well and is expected to be fully operational by the end of the year. The Memphis plant is a replica of the very efficient Columbus facility completed in 2013 and its location enables it to service over a two hundred mile radius. Initial market feedback from this latest strategic investment has been positive.

France

Volumes were 3% higher as sales to smaller customers were strong, although the absence of larger projects in the wider market has created pricing tension, which has impacted overall margins. The French economy remains difficult and volumes, short term in nature, remain unpredictable.

UK

Volumes improved by 17%, including 6% from the impact of the Medway acquisition, and improved levels of demand from our own manufactured products. Profitability was significantly ahead of the prior year. The structural steel market remains subdued but there remain a number of opportunities for the second half.



Access Design's rail project, utilising steel flooring, handrail, treads and galvanizing process.

Business Review continued

Mark Pegler
Group Finance Director

Financial Review

Cash generation and financing

Cash generated from operations during the period was £15.2m (2013: £19.1m), which was lower than last year as a result of a £10.5m (2013: £6.0m) outflow arising from working capital requirements reflecting normal seasonal trading patterns along with higher trading volumes in the second quarter of 2014 compared with the final quarter in 2013. Overall working capital as a percentage of annualised sales was 15.0% at 30 June 2014 (2013: 15.7%) with a marginal reduction in debtor days to 60 days (30 June 2013: 62 days; 31 December 2013: 61 days). There were no material impacts from movements in zinc and commodity prices during the period. Cash spend of £3.6m was incurred in respect of the costs of closure of one of the group's operating sites announced in December 2013, including a one-off additional payment of £0.9m to the defined benefit pension scheme.

Capital expenditure of £16.8m (2013: £10.2m) represents a multiple of depreciation and amortisation of 2.3 times (2013: 1.4 times) and includes spend of £5.7m on construction of Zoneguard temporary road barrier in the UK and £3.3m in relation to the ongoing construction of the group's new galvanizing facility in Memphis, Tennessee.

Group net debt at 30 June 2014 was £98.5m, an increase of £11.3m since 31 December 2013 (£87.2m) despite a favourable exchange impact of £1.5m resulting from the appreciation of Sterling against both the Euro and US Dollar during the period.

Change in net debt

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Operating profit	**18.1**	17.8	34.5
Non-cash items	**12.3**	8.8	17.4
Operating cash flow before movement in working capital	**30.4**	26.6	51.9
Net movement in working capital	**(10.5)**	(6.0)	1.9
Change in provisions and employee benefits	**(4.7)**	(1.5)	0.4
Operating cash flow	**15.2**	19.1	54.2
Tax paid	**(4.3)**	(11.0)	(15.3)
Net financing costs paid	**(1.7)**	(1.7)	(3.4)
Capital expenditure	**(16.8)**	(10.2)	(22.1)
Proceeds on disposal of non-current assets	**0.2**	0.2	3.0
Free cash flow	**(7.4)**	(3.6)	16.4
Dividends paid	**(4.7)**	(4.5)	(11.6)
Acquisitions	**-**	(6.4)	(6.6)
Disposals	**0.1**	-	-
Issue of new shares	**0.2**	1.7	2.0
Purchase of shares for employee benefit trust	**(1.0)**	-	-
Net debt (increase)/decrease	**(12.8)**	(12.8)	0.2
Effect of exchange rate fluctuations	**1.5**	(2.9)	(0.6)
Net debt at the beginning of the period	**(87.2)**	(86.8)	(86.8)
Net debt at the end of the period	**(98.5)**	(102.5)	(87.2)

The net debt to EBITDA ratio under the group's principal banking facility increased to 1.6 times at 30 June 2014 (31 December 2013: 1.5 times), driven by the impact of the increased working capital and capital expenditure undertaken in the first half. Interest cover was 18.5 times (31 December 2013: 16.4 times).

In May 2014 the group extended the term of its principal £210m revolving credit facility from April 2016 to April 2019, providing the group with significant headroom against its expected funding requirements for an additional three years, whilst also taking advantage of favourable market conditions to reduce costs and amend certain key terms. Costs incurred of £1.4m have been deducted from the carrying value of the loans, as required by accounting standards.

Tax

The underlying effective tax rate for the period was 24.0% (year ended 31 December 2013: 24.0%) and is the estimated effective rate for the full year. The tax charge for the period was £4.6m (2013: £4.1m). As anticipated, the income statement tax charge is broadly in line with cash tax paid of £4.3m (2013: £11.0m).

Finance costs

Net financing costs for the period were £2.1m (2013: £2.1m) with an underlying element of £1.7m (2013: £1.7m). Underlying operating profit covered net underlying finance costs 13.2 times (2013: 11.9 times). The non-underlying element of finance costs of £0.4m (2013: £0.4m) represents the net cost of pension fund financing.

Assets held for sale

The group is in advanced discussion regarding the sale of the non-core businesses of Bromford Iron & Steel, a producer of rolled steel and JA Envirotanks, a small niche market supplier of storage tanks for industrial applications, in a single disposal transaction. As required under accounting standards, the businesses have been classified as held for sale at 30 June 2014 and valued at their expected realisable value. Accordingly, an impairment of £3.5m has been recorded and recognised as a non-underlying item.

The group also holds a number of properties that are currently being actively marketed for disposal and which have therefore been classified as assets held for sale at 30 June 2014, at a value of £2.3m. No loss on classification as held for sale was recognised in respect of these properties.

Pensions

Following the triennial valuation of the group's UK defined benefit pension arrangements at April 2012, the group has agreed deficit reduction plans in place that require cash contributions amounting to £2.5m for the three years to April 2016, followed by payments of £2.3m for a further seven years. The next triennial valuation review date is 5 April 2015.

Principal Risks and Uncertainties

The group has a process for identifying, evaluating and managing the principal risks and uncertainties it faces. Details of these principal risks and uncertainties are contained on pages 16 to 19 of the group's annual report and accounts for the year ended 31 December 2013. It is the director's opinion that these are the risks and uncertainties that could impact the performance of the group and that they remain applicable to the current financial year.

Whilst for the six months ended 30 June 2014 there has been no significant change in the overall scope of the principal risks and uncertainties referred to above, the board has reviewed and implemented additional risk management initiatives designed to: optimise supply chain management; strengthen the group's contractual management processes, to minimise liabilities; automate certain compliance processes; and reinforce compliance controls and training. The directors do not envisage that any of these additional measures will have a material impact upon the expected performance of the group for the remainder of the financial year.

Going Concern

The group continues to meet its day to day working capital and other funding requirements through a combination of long term funding and short term overdraft borrowings. The group's principal financing facility is a £210m multi currency revolving credit agreement which expires in April 2019 following the extension effective at the beginning of June this year.

The group actively manages its strategic, commercial and day to day operational risks and through its Treasury function operates board approved financial policies, including hedging policies, that are designed to ensure that the group maintains an adequate level of funding headroom and effectively mitigates foreign exchange and other financial risks.

After making due enquiry, the directors have reasonable expectation that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern principle.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the EU;
- The interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period including any changes in the related party transactions described in the last annual report that could do so.

This report was approved by the board of directors on 5 August 2014 and is available on the company's website (www.hsholdings.com) under the "Latest News" or "Press Release" sections.

W H Whiteley	**D W Muir**	**M Pegler**
Chairman	Group Chief Executive	Group Finance Director

5 August 2014

Financial Statements and Notes

Bergen Pipe Supports range of hangers and cryogenic pipe supports used at a major LNG liquefaction plant in South America.

Six months ended 30 June 2014

Condensed Consolidated Income Statement

		6 months ended 30 June 2014			6 months ended 30 June 2013			Year ended 31 December 2013		
	Notes	Underlying £m	Non-underlying* £m	Total £m	Underlying £m	Non-underlying* £m	Total £m	Underlying £m	Non-underlying* £m	Total £m
Revenue	4, 5	**223.8**	**-**	**223.8**	221.6	-	221.6	444.5	-	444.5
Trading profit		**22.5**	**-**	**22.5**	20.2	-	20.2	44.5	-	44.5
Amortisation of acquisition intangibles	6	**-**	**(1.0)**	**(1.0)**	-	(1.2)	(1.2)	-	(2.2)	(2.2)
Business reorganisation costs	6	**-**	**-**	**-**	-	(0.9)	(0.9)	-	(9.2)	(9.2)
Acquisition costs	6	**-**	**-**	**-**	-	(0.3)	(0.3)	-	(0.4)	(0.4)
Profit on sale of properties	6	**-**	**-**	**-**	-	-	-	-	1.8	1.8
Impairment loss on initial classification as held for sale	6	**-**	**(3.5)**	**(3.5)**	-	-	-	-	-	-
Profit on disposal of subsidiary	6	**-**	**0.1**	**0.1**	-	-	-	-	-	-
Operating profit	4, 5	**22.5**	**(4.4)**	**18.1**	20.2	(2.4)	17.8	44.5	(10.0)	34.5
Financial income	7	**0.2**	**-**	**0.2**	0.3	-	0.3	0.7	-	0.7
Financial expense	7	**(1.9)**	**(0.4)**	**(2.3)**	(2.0)	(0.4)	(2.4)	(4.0)	(0.6)	(4.6)
Profit before taxation		**20.8**	**(4.8)**	**16.0**	18.5	(2.8)	15.7	41.2	(10.6)	30.6
Taxation		**(5.0)**	**0.4**	**(4.6)**	(4.8)	0.7	(4.1)	(9.9)	2.3	(7.6)
Profit for the period attributable to owners of the parent		**15.8**	**(4.4)**	**11.4**	13.7	(2.1)	11.6	31.3	(8.3)	23.0
Basic earnings per share	9	**20.3p**		**14.6p**	17.7p		15.0p	40.4p		29.6p
Diluted earnings per share	9	**20.1p**		**14.4p**	17.5p		14.8p	39.8p		29.2p
Dividend per share – Interim	10			**6.4p**			6.0p			6.0p

*The group's definition of non-underlying items is included in note 6 on page 18.

Six months ended 30 June 2014

Condensed Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Profit for the period	**11.4**	11.6	23.0
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas operations	**(7.1)**	10.7	(1.6)
Exchange differences on foreign currency borrowings denominated as net investment hedges	**1.6**	(3.8)	(0.7)
Effective portion of changes in fair value of cash flow hedges	**(0.1)**	0.1	-
Transfers to the income statement on cash flow hedges	**0.2**	0.2	0.4
Taxation on items that may be reclassified to profit or loss	**-**	(0.1)	(0.1)
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension schemes	**-**	-	(5.8)
Taxation on items that will not be reclassified to profit or loss	**-**	-	0.4
Other comprehensive income for the period	**(5.4)**	7.1	(7.4)
Total comprehensive income for the period attributable to owners of the parent	**6.0**	18.7	15.6

As at 30 June 2014

Condensed Consolidated Balance Sheet

	Notes	**30 June 2014 £m**	30 June 2013 £m	31 December 2013 £m
Non-current assets				
Intangible assets		**122.3**	132.7	126.7
Property, plant and equipment		**115.0**	113.4	111.9
		237.3	246.1	238.6
Current assets				
Assets held for sale	6	**5.6**	-	-
Inventories		**55.1**	59.8	55.1
Trade and other receivables		**99.1**	104.5	91.2
Cash and cash equivalents	11	**3.6**	5.9	10.0
		163.4	170.2	156.3
Total assets		**400.7**	416.3	394.9
Current liabilities				
Liabilities held for sale	6	**(1.8)**	-	-
Trade and other liabilities		**(87.8)**	(91.0)	(85.0)
Current tax liabilities		**(8.5)**	(8.1)	(7.5)
Provisions for liabilities and charges		**(1.1)**	(0.2)	(3.5)
Interest bearing borrowings	11	**(0.4)**	(1.3)	(0.8)
		(99.6)	(100.6)	(96.8)
Net current assets		**63.8**	69.6	59.5
Non-current liabilities				
Other liabilities		**(0.1)**	(0.2)	(0.1)
Provisions for liabilities and charges		**(2.5)**	(2.8)	(2.8)
Deferred tax liability		**(8.2)**	(11.3)	(9.5)
Retirement benefit obligation		**(18.5)**	(15.7)	(20.2)
Interest bearing borrowings	11	**(101.7)**	(107.1)	(96.4)
		(131.0)	(137.1)	(129.0)
Total liabilities		**(230.6)**	(237.7)	(225.8)
Net assets		**170.1**	178.6	169.1
Equity				
Share capital		**19.4**	19.4	19.4
Share premium		**31.7**	31.2	31.5
Other reserves		**4.5**	4.5	4.5
Translation reserve		**(5.7)**	9.0	(0.2)
Hedge reserve		**(0.5)**	(0.7)	(0.6)
Retained earnings		**120.7**	115.2	114.5
Total equity		**170.1**	178.6	169.1

Six months ended 30 June 2014

Condensed Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Other reserves† £m	Translation reserves £m	Hedge reserves £m	Retained earnings £m	Total equity £m
Opening balance	**19.4**	**31.5**	**4.5**	**(0.2)**	**(0.6)**	**114.5**	**169.1**
Comprehensive income							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**11.4**	**11.4**
Other comprehensive income for the period	**-**	**-**	**-**	**(5.5)**	**0.1**	**-**	**(5.4)**
Transactions with owners recognised directly in equity							
Dividends	**-**	**-**	**-**	**-**	**-**	**(4.7)**	**(4.7)**
Credit to equity of share-based payments	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Satisfaction of long term incentive plan	**-**	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Shares issued	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Closing balance	**19.4**	**31.7**	**4.5**	**(5.7)**	**(0.5)**	**120.7**	**170.1**

Six months ended 30 June 2013

	Share capital £m	Share premium £m	Other reserves† £m	Translation reserves £m	Hedge reserves £m	Retained earnings £m	Total equity £m
Opening balance	19.3	29.6	4.5	2.1	(0.9)	107.8	162.4
Comprehensive income							
Profit for the period	-	-	-	-	-	11.6	11.6
Other comprehensive income for the period	-	-	-	6.9	0.2	-	7.1
Transactions with owners recognised directly in equity							
Dividends	-	-	-	-	-	(4.5)	(4.5)
Credit to equity of share-based payments	-	-	-	-	-	0.3	0.3
Shares issued	0.1	1.6	-	-	-	-	1.7
Closing balance	19.4	31.2	4.5	9.0	(0.7)	115.2	178.6

Year ended 31 December 2013

	Share capital £m	Share premium £m	Other reserves† £m	Translation reserves £m	Hedge reserves £m	Retained earnings £m	Total equity £m
Opening balance	19.3	29.6	4.5	2.1	(0.9)	107.8	162.4
Comprehensive income							
Profit for the year	-	-	-	-	-	23.0	23.0
Other comprehensive income for the period	-	-	-	(2.3)	0.3	(5.4)	(7.4)
Transactions with owners recognised directly in equity							
Dividends	-	-	-	-	-	(11.6)	(11.6)
Credit to equity of share-based payments	-	-	-	-	-	0.4	0.4
Tax taken directly to the consolidated statement of changes in equity	-	-	-	-	-	0.3	0.3
Shares issued	0.1	1.9	-	-	-	-	2.0
Closing balance	19.4	31.5	4.5	(0.2)	(0.6)	114.5	169.1

† Other reserves represents the premium on shares issued in exchange for shares of subsidiaries acquired and £0.2m capital redemption reserve.

Six months ended 30 June 2014

Condensed Consolidated Statement of Cash Flows

	Notes	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Profit before tax		**16.0**	15.7	30.6
Add back net financing costs		**2.1**	2.1	3.9
Operating profit		**18.1**	17.8	34.5
Adjusted for non-cash items:				
Share-based payments		**0.5**	0.3	0.5
Impairment loss on initial classification as held for sale		**3.5**	-	-
Gain on disposal of non-current assets		**-**	(0.1)	(1.8)
Profit on disposal of subsidiaries		**(0.1)**	-	-
Depreciation		**7.0**	6.9	13.6
Amortisation of intangible assets		**1.4**	1.7	3.3
Impairment of non-current assets		**-**	-	1.8
		12.3	8.8	17.4
Operating cash flow before movement in working capital		**30.4**	26.6	51.9
(Increase)/decrease in inventories		**(3.8)**	0.1	2.7
Increase in receivables		**(12.0)**	(12.3)	(1.3)
Increase in payables		**5.3**	6.2	0.5
(Decrease)/increase in provisions and employee benefits		**(4.7)**	(1.5)	0.4
Net movement in working capital		**(15.2)**	(7.5)	2.3
Cash generated by operations		**15.2**	19.1	54.2
Income taxes paid		**(4.3)**	(11.0)	(15.3)
Interest paid		**(1.9)**	(2.0)	(4.1)
Net cash from operating activities		**9.0**	6.1	34.8
Interest received		**0.2**	0.3	0.7
Proceeds on disposal of non-current assets		**0.2**	0.2	3.0
Purchase of property, plant and equipment		**(16.3)**	(9.8)	(21.0)
Purchase of intangible assets		**(0.5)**	(0.4)	(1.1)
Acquisitions of subsidiaries		**-**	(6.2)	(6.6)
Disposal of subsidiary		**0.1**	-	-
Net cash used in investing activities		**(16.3)**	(15.9)	(25.0)
Issue of new shares		**0.2**	1.7	2.0
Purchase of shares for Employee Benefit Trust		**(1.0)**	-	-
Dividends paid	10	**(4.7)**	(4.5)	(11.6)
Costs associated with refinancing		**(1.4)**	-	-
New loans and borrowings		**21.9**	22.2	34.2
Repayment of loans and borrowings		**(13.6)**	(12.4)	(31.7)
Repayment of obligations under finance leases		**(0.2)**	(1.0)	(1.5)
Net cash raised/(used) in financing activities		**1.2**	6.0	(8.6)
Net (decrease)/increase in cash		**(6.1)**	(3.8)	1.2
Cash at the beginning of the period		**10.0**	8.9	8.9
Effect of exchange rate fluctuations		**(0.3)**	0.8	(0.1)
Cash at the end of the period	11	**3.6**	5.9	10.0

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation

Hill & Smith Holdings PLC is incorporated in the UK. The condensed consolidated interim financial statements of the company have been prepared on the basis of International Financial Reporting Standards, as adopted by the EU ('Adopted IFRSs') that are effective at 5 August 2014 and in accordance with IAS34: Interim Financial Reporting, comprising the company, its subsidiaries and its interests in jointly controlled entities (together referred to as the 'group').

As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed consolidated interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2013 (these statements do not include all of the information required for full annual financial statements and should be read in conjunction with the full annual report for the year ended 31 December 2013), except for the following which became effective and were adopted by the group:

- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014)
- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IAS 28 (2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)

The adoption of the standards and amendments has not had a material impact on the group's financial statements.

The comparative figures for the financial year ended 31 December 2013 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors (i) was 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 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board's Guidance on Financial Information.

The financial statements are prepared on the going concern basis. This is considered appropriate given that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future.

2. Financial risks, estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3. Exchange rates

The principal exchange rates used were as follows:

	6 months ended 30 June 2014		6 months ended 30 June 2013		Year ended 31 December 2013	
	Average	**Closing**	Average	Closing	Average	Closing
Sterling to Euro (£1 = EUR)	**1.22**	**1.25**	1.17	1.17	1.18	1.20
Sterling to US Dollar (£1 = USD)	**1.67**	**1.71**	1.54	1.52	1.56	1.65
Sterling to Thai Bhat (£1 = THB)	**54.32**	**55.47**	46.07	46.18	48.09	54.13
Sterling to Swedish Krona (£1 = SEK)	**10.90**	**11.43**	10.03	10.24	10.19	10.59

4. Segmental information

The group has three reportable segments which are Infrastructure Products – Roads, Infrastructure Products – Utilities and Galvanizing Services. Several operating segments that have similar economic characteristics have been aggregated into these reporting segments.

Income Statement

	6 months ended 30 June 2014			6 months ended 30 June 2013		
	Revenue £m	Result £m	Underlying result* £m	Revenue £m	Result £m	Underlying result* £m
Infrastructure Products - Utilities	**99.4**	**0.5**	**4.6**	101.5	0.7	2.5
Infrastructure Products - Roads	**59.3**	**5.2**	**5.4**	56.5	5.2	5.4
Infrastructure Products - Total	**158.7**	**5.7**	**10.0**	158.0	5.9	7.9
Galvanizing Services	**65.1**	**12.4**	**12.5**	63.6	11.9	12.3
Total group	**223.8**	**18.1**	**22.5**	221.6	17.8	20.2
Net financing costs		**(2.1)**	**(1.7)**		(2.1)	(1.7)
Profit before taxation		**16.0**	**20.8**		15.7	18.5
Taxation		**(4.6)**	**(5.0)**		(4.1)	(4.8)
Profit after taxation		**11.4**	**15.8**		11.6	13.7

	Year ended 31 December 2013		
	Revenue £m	Result £m	Underlying result* £m
Infrastructure Products - Utilities	202.9	(2.0)	7.4
Infrastructure Products - Roads	114.0	11.2	11.7
Infrastructure Products - Total	316.9	9.2	19.1
Galvanizing Services	127.6	25.3	25.4
Total group	444.5	34.5	44.5
Net financing costs		(3.9)	(3.3)
Profit before taxation		30.6	41.2
Taxation		(7.6)	(9.9)
Profit after taxation		23.0	31.3

*Underlying result is stated before Non-Underlying items as defined in note 6 on page 18, and is the measure of segment profit used by the Chief Operating Decision Maker, who is the Chief Executive. The Result columns are included as additional information.

Galvanizing Services provided £3.1m revenues to Infrastructure Products – Roads (six months ended 30 June 2013: £2.3m, the year ended 31 December 2013: £5.0m) and £0.9m revenues to Infrastructure Products – Utilities (six months ended 30 June 2013: £0.8m, the year ended 31 December 2013: £1.6m). Infrastructure Products – Utilities provided £0.7m revenues to Infrastructure Products – Roads (six months ended 30 June 2013: £0.3m, the year ended 31 December 2013: £2.2m). These internal revenues, along within revenues generated within each segment, have been eliminated on consolidation.

The group presents the analysis of continuing operations revenue by geographical market, irrespective of origin:

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
UK	**109.7**	99.1	205.9
Rest of Europe	**49.9**	51.3	101.2
North America	**53.7**	57.4	113.2
Asia and the Middle East	**9.0**	12.4	20.9
Rest of World	**1.5**	1.4	3.3
Total	**223.8**	221.6	444.5

Notes to the Condensed Consolidated Interim Financial Statements continued

5. Operating profit

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Revenue	**223.8**	221.6	444.5
Cost of sales	**(145.9)**	(146.2)	(297.7)
Gross profit	**77.9**	75.4	146.8
Distribution costs	**(11.0)**	(10.5)	(22.3)
Administrative expenses	**(45.9)**	(47.7)	(91.1)
Profit on disposal of non-current assets	**-**	0.1	-
Impairment loss on initial classification as held for sale	**(3.5)**	-	-
Profit on disposal of subsidiary	**0.1**	-	-
Other operating income	**0.5**	0.5	1.1
Operating profit	**18.1**	17.8	34.5

6. Non-underlying items

Non-underlying items are disclosed separately in the consolidated income statement where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the group. The following are included by the group in its assessment of non-underlying items:

- Gains or losses arising on disposal, closure, restructuring or reorganisation of businesses that do not meet the definition of discontinued operations
- Amortisation of intangible fixed assets arising on acquisitions
- Expenses associated with acquisitions
- Impairment charges in respect of tangible or intangible fixed assets
- Changes in the fair value of derivative financial instruments
- Significant past service items or curtailments and settlements relating to defined benefit pension obligations resulting from material changes in the terms of the schemes
- Net financing costs or returns on defined benefit pension obligations
- Costs incurred as part of significant refinancing activities.

The tax effect of the above is also included.

Details in respect of the non-underlying items recognised in the current and prior year are set out below.

Six months ended 30 June 2014

At the period end, the group was in advanced discussions for the disposal of two of its non-core operations, Bromford Iron & Steel and JA Envirotanks, in a single transaction. Consequently, the assets and liabilities of those businesses have been classified as assets and liabilities held for sale at 30 June 2014, and valued at the lower of their carrying amount and their estimated fair value. This classification has resulted in an impairment as follows:

	£m
Property, plant and equipment	**1.8**
Inventories	**2.5**
Current assets	**2.5**
Current liabilities	**(1.8)**
Net assets	**5.0**
Fair value less cost to sell	**1.5**
Impairment loss on initial classification as held for sale	**(3.5)**

The fair value of the assets and liabilities of the disposal group is shown below:

	£m
Assets held for sale	**3.3**
Liabilities held for sale	**(1.8)**
Net assets held for sale	**1.5**

The group also holds a number of properties that are currently being actively marketed for disposal and which have therefore been classified as assets held for sale at 30 June 2014, at a value of £2.3m. No loss on classification as held for sale was recognised in respect of these properties. Assets held for sale therefore total £5.6m at the period end.

Non-underlying items included in operating profit also include the following:

- A profit of £0.1m arising on the disposal of Staco Redman Limited, a small non-core operation, on 23 April 2014. Consideration for the disposal was £0.3m and net assets disposed were £0.2m, including £0.2m of cash.
- Amortisation of acquired intangible fixed assets of £1.0m.

Non-underlying items included in financial income and expense represent the net financing cost on pension obligations of £0.4m.

Year ended 31 December 2013
Non-underlying items included in operating profit comprise the following:

- Business reorganisation costs of £9.2m, principally relating to redundancies and other costs associated with site closures, including the Access Design site at Telford and the Pipe Supports facility in China. The net costs included asset impairment charges of £1.8m.
- Amortisation of acquired intangible fixed assets of £2.2m.
- Acquisition expenses of £0.4m in respect of the acquisitions made by the group.
- Profits on disposal of properties of £1.8m.

Non-underlying items included in financial income and expense represent the net financing cost on pension obligations of £0.6m.

7. Net financing costs

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Interest on bank deposits	**0.2**	0.3	0.7
Financial income	**0.2**	0.3	0.7
Interest on bank loans and overdrafts	**1.9**	1.9	3.9
Interest on finance leases and hire purchase contracts	**-**	0.1	0.1
Total interest expense	**1.9**	2.0	4.0
Interest cost on net pension scheme deficit	**0.4**	0.4	0.6
Financial expense	**2.3**	2.4	4.6
Net financing costs	**2.1**	2.1	3.9

8. Taxation

Tax has been provided on the underlying profit at the estimated effective rate of 24.0% (2013: 26.0%) for existing operations for the full year.

9. Earnings per share

The weighted average number of ordinary shares in issue during the period was 77.8m, diluted for the effect of outstanding share options 78.8m (six months ended 30 June 2013: 77.4m and 78.4m diluted, the year ended 31 December 2013: 77.6m and 78.6m diluted).

Underlying earnings per share are shown below as the directors consider that this measurement of earnings gives valuable information on the underlying performance of the group:

	6 months ended 30 June 2014		6 months ended 30 June 2013		Year ended 31 December 2013	
	Pence per share	£m	Pence per share	£m	Pence per share	£m
Basic earnings	**14.6**	**11.4**	15.0	11.6	29.6	23.0
Non-underlying items*	**5.7**	**4.4**	2.7	2.1	10.8	8.3
Underlying earnings	**20.3**	**15.8**	17.7	13.7	40.4	31.3
Diluted earnings	**14.4**	**11.4**	14.8	11.6	29.2	23.0
Non-underlying items*	**5.7**	**4.4**	2.7	2.1	10.6	8.3
Underlying diluted earnings	**20.1**	**15.8**	17.5	13.7	39.8	31.3

* Non-underlying items as detailed in note 6.

10. Dividends

Dividends paid in the period were the prior year's interim dividend of £4.7m (2013: £4.5m). The final dividend for 2013 of £7.8m (2013: £7.1m) was paid on 4 July 2014. Dividends declared after the balance sheet date are not recognised as a liability, in accordance with IAS10. The directors have proposed an interim dividend for the current year of £5.0m, 6.4p per share (2013: £4.7m, 6.0p per share).

11. Analysis of net debt

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Cash and cash equivalents	**3.6**	5.9	10.0
Interest bearing loans and borrowings due within one year	**(0.4)**	(1.3)	(0.8)
Interest bearing loans and borrowings due after more than one year	**(101.7)**	(107.1)	(96.4)
Net debt	**(98.5)**	(102.5)	(87.2)

	6 months ended 30 June 2014 £m	6 months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Change in net debt			
Operating profit	**18.1**	17.8	34.5
Non-cash items	**12.3**	8.8	17.4
Operating cash flow before movement in working capital	**30.4**	26.6	51.9
Net movement in working capital	**(10.5)**	(6.0)	1.9
Change in provisions and employee benefits	**(4.7)**	(1.5)	0.4
Operating cash flow	**15.2**	19.1	54.2
Tax paid	**(4.3)**	(11.0)	(15.3)
Net financing costs paid	**(1.7)**	(1.7)	(3.4)
Capital expenditure	**(16.8)**	(10.2)	(22.1)
Proceeds on disposal of non-current assets	**0.2**	0.2	3.0
Free cash flow	**(7.4)**	(3.6)	16.4
Dividends paid (note 10)	**(4.7)**	(4.5)	(11.6)
Acquisitions	**-**	(6.4)	(6.6)
Disposals	**0.1**	-	-
Issue of new shares	**0.2**	1.7	2.0
Purchase of shares for employee benefit trust	**(1.0)**	-	-
Net debt (increase)/decrease	**(12.8)**	(12.8)	0.2
Effect of exchange rate fluctuations	**1.5**	(2.9)	(0.6)
Net debt at the beginning of the period	**(87.2)**	(86.8)	(86.8)
Net debt at the end of the period	**(98.5)**	(102.5)	(87.2)

Notes to the Condensed Consolidated Interim Financial Statements continued

12. Financial instruments

The table below sets out the group's accounting classification of its financial assets and liabilities and their fair values as at 30 June. The fair values of all financial assets and liabilities are not materially different to the carrying values.

	Designated at fair value £m	Amortised cost £m	Total carrying value £m	Fair value £m
Cash and cash equivalents	-	3.6	3.6	3.6
Interest bearing loans due within one year	-	(0.4)	(0.4)	(0.4)
Interest bearing loans due after more than one year	-	(101.7)	(101.7)	(101.7)
Derivative assets	0.2	-	0.2	0.2
Derivative liabilities	(0.8)	-	(0.8)	(0.8)
Other assets	-	92.6	92.6	92.6
Other liabilities	-	(73.8)	(73.8)	(73.8)
Total at 30 June 2014	(0.6)	(79.7)	(80.3)	(80.3)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3 : inputs for the asset or liability that are not based on observable market data.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial assets	-	0.2	-	0.2
Derivative financial liabilities	-	(0.8)	-	(0.8)
At 30 June 2014	-	(0.6)	-	(0.6)

At 30 June 2014 the group did not have any liabilities classified at Level 1 or Level 3 in the fair value hierarchy. There have been no transfers in any direction in the period.

The group determines Level 2 fair values for its financial instruments based on broker quotes, tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date.

13. Subsequent events

On 11 July 2014 the group acquired the trade and assets of Variable Message Signs Limited ("VMS") for a consideration of £0.3m including the assumption of outstanding debt.

VMS is a producer of variable message signs for the UK roads market and will fall into the Infrastructure Products - Roads segment.

Financial Calendar

Ex-dividend date	20 November 2014
Record date	21 November 2014
Payment of interim dividend for 2014	6 January 2015
Preliminary results announcement for 2014	March 2015
Annual General Meeting 2015	13 May 2015

Dividend Reinvestment Plan

Hill & Smith offers a Dividend Reinvestment Plan ("Plan"). The Plan, administered by the company's Registrars, Computershare Investor Services, allows shareholders to reinvest their cash dividends in Hill & Smith ordinary shares. Shareholders who have not already joined the Plan, and who wish to participate in the Plan in respect of the interim dividend to be paid on 6 January 2015, need to elect to do so by 11 December 2014. In order to make an election, shareholders should contact Computershare Investor Services either by telephoning 0870 707 1058 or by visiting its website www.computershare.com/investor/UK.

Directors, Contacts & Advisers

Directors

W H Whiteley BSc, FCMA
(chairman and non-executive)

D W Muir BSc, CEng, MICE
(group chief executive)

M Pegler BCom, FCA
(group finance director)

J F Lennox CA
(non-executive)

C J Snowdon BA, FCA
(non-executive)

Contacts

Hill & Smith Holdings PLC
Registered Office
Westhaven House
Arleston Way
Shirley, Solihull
West Midlands
B90 4LH

Tel: +44 (0) 121 704 7430
Fax: +44 (0) 121 704 7439

Registration Details
Registered in England and Wales
Company Number: 671474

Company Website
www.hsholdings.com

Company Secretary
John Humphreys FCIS

Professional Advisers

Auditors
KPMG LLP
1 Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Brokers and Financial Advisers
Investec Investment Banking
2 Gresham Street
London
EC2V 7QP

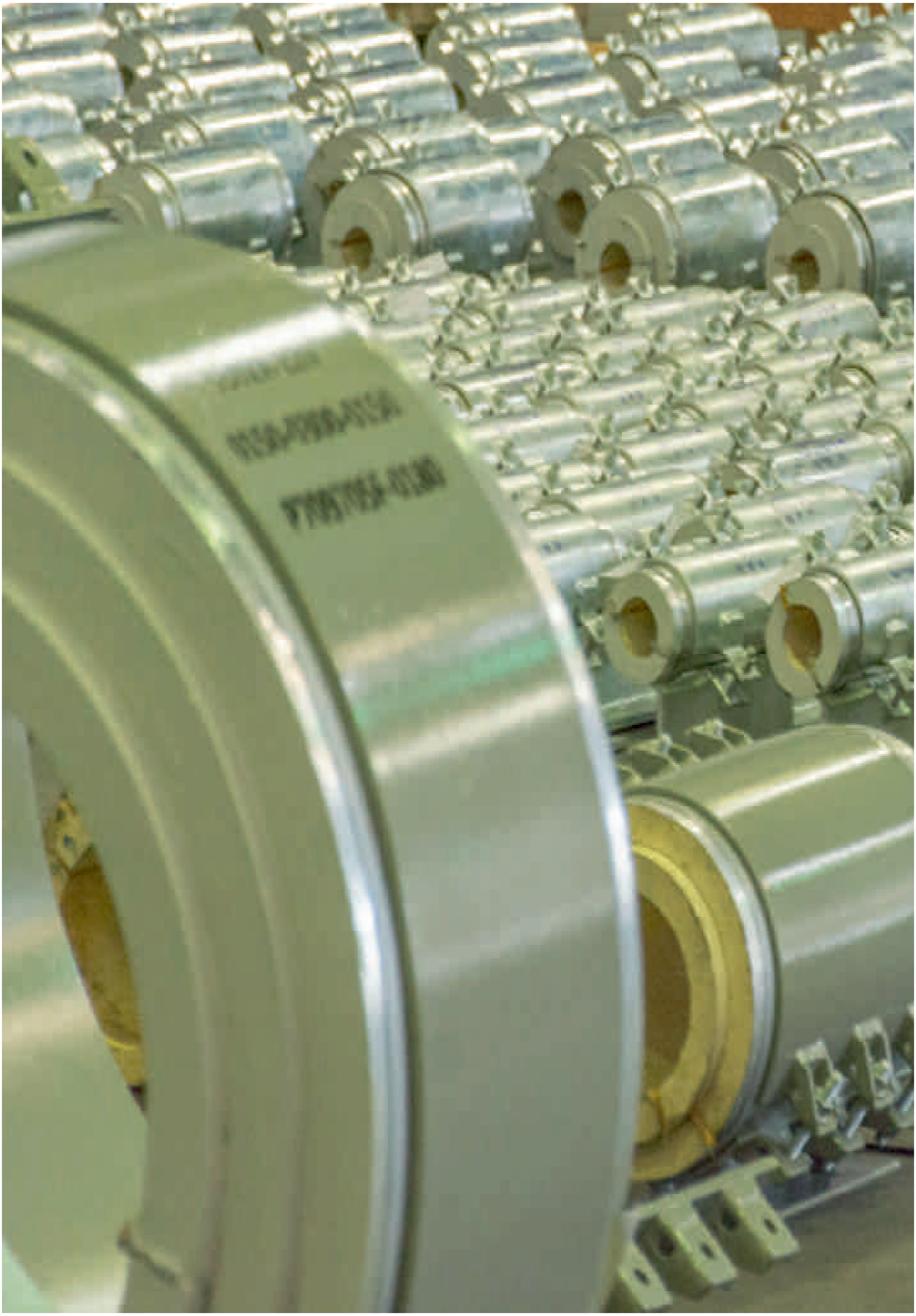
Principal Bankers
Barclays Bank PLC
Midlands Corporate Banking Centre
PO Box 3333
1 Snowhill
Snow Hill Queensway
Birmingham
B4 6GB

Lawyers
Wragge & Co
55 Colmore Row
Birmingham
B3 2QD

Silks Solicitors
Barclays Bank Chambers
Birmingham Street
Oldbury
B69 4EZ

Financial Public Relations
MHP Communications
60 Great Portland Street
London
W1W 7RT

Shareholder Notes



Large diameter pipe supports manufactured at Bergen Pipe Supports, Asia.

Hill & Smith Holdings PLC
Westhaven House
Arleston Way
Shirley, Solihull
B90 4LH
United Kingdom

Tel: +44 (0) 121 704 7430
Fax: +44 (0) 121 704 7439

www.hsholdings.com