For immediate release *Monday, 6 March 2006*

Keller Group plc
Preliminary results for the year ended 31 December 2005

Keller Group plc ("Keller" or "the Group"), the international ground engineering specialist, is pleased to announce its preliminary results for the year ended 31 December 2005.

Highlights include:

- Sales of £731.0m (2004: £595.9m) up 23%, representing excellent organic growth across our international markets
- Profit before tax up 64% to £48.8m (2004: £29.7m)
- Earnings per share up 73% to 41.8p (2004: 24.2p)
- Excellent cash generation – year end debt reduced to £40.9m (2004: £58.7m)
- Total dividend per share increased by 10% to 12.0p (2004: 10.9p)
- Record order book now stands at over five months' sales

Justin Atkinson, Keller Chief Executive said:

"2005 was an outstanding year for the Group, in which we delivered excellent organic growth across our international markets and a substantial increase in profits. These results reflect an exceptional performance in the US, where all four of our businesses took full advantage of a strong market.

"We do not expect US demand to abate in the first half of 2006 and nor do we expect major changes in our other principal markets. This, together with a record current order book of over five months' sales, creates a positive outlook for the first half.

"Whilst the exceptional 2005 result may not be repeated this year, the Board is confident that 2006 will be another good year for Keller."

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A presentation for analysts will be held at 9.15 for 9.30am at the offices of Smithfield, 10 Aldersgate Street, London EC1A 4HJ

Print resolution images are available for the media to download from www.vismedia.co.uk

Chairman's Statement

Results

2005 has been a landmark year for Keller, in which we have delivered excellent organic growth across our international markets and a substantial increase in profits. These results reflect an exceptional performance in the US, where all four of our businesses took full advantage of a strong market, and amply demonstrate the strength of our business model.

Group sales rose by 23% to £731.0m (2004: £595.9m), being almost entirely organic growth. Profit before tax was up 64% to £48.8m (2004: £29.7m) and earnings per share grew by 73% to 41.8p (2004: 24.2p). Operating margins increased to 7.3% from 5.7%, reflecting the excellent performance in the US.

Cash flow and net debt

Net cash inflow from operations increased to £73.4m (2004: £33.6m) which compares to EBITDA of £64.9m, underlining the quality of Keller's earnings. Net debt at the end of the year benefited from this excellent operating cash flow and stood at £40.9m (2004: £58.7m). This performance is evidence of the Group's ongoing strong focus on cash and working capital management.

Dividends

In recognition of these outstanding results, the Board is this year recommending a final dividend of 8.2p per share (2004: 7.3p), representing an increase of 12%. This brings the total dividend for the year to 12.0p (2004: 10.9p), a 10% increase, which is covered 3.5 times by earnings per share. The final dividend will be paid on 29 June 2006 to shareholders on the register at 2 June 2006. This increase reflects our policy of reinvesting our cash flow in the growth of the Group, whilst maintaining a healthy dividend cover and seeking to reward shareholders with above inflation increases.

Pensions

The UK defined benefit pension scheme had its triennial actuarial valuation at 5 April 2005, which showed a deficit of £11.3m on an ongoing basis. Since the year end, the Group has announced that it will close the scheme for future benefit accrual with effect from 31 March 2006. Active members will be transferred to a new defined contribution arrangement. To help reduce the deficit, the Group is to make a one-off cash contribution of £4.0m in April 2006 and has doubled its ongoing contributions to £0.1m a month.

Strategy

Our strategy, which continues to deliver value for shareholders, remains unchanged. Our goal is the further consolidation of our global leadership in specialist ground engineering services, through a combination of organic growth and targeted acquisitions.

In 2005 we made significant progress against this objective, with the introduction of several new products into our existing markets and a continued advance into new geographic regions. In September, we completed the acquisition of G. Donaldson Construction in the US for an initial consideration of $10.6m (£5.8m), preparing the ground for future growth by extending our reach and our product offering in the New England market.

The Group has a proven track record in sourcing, integrating and growing its acquisitions. For example, in the US, Suncoast has doubled in size and profitability since it was acquired by the Group in 2001 and in Europe, Keller-Terra has doubled its sales in the three years under Keller's ownership, whilst remaining one of the Group's highest margin businesses.

In 2006, we will focus on making further strategic advances, together with delivering improved performance from our UK businesses.

People

The outstanding performance in 2005 is a tribute to the skills, commitment and drive of our employees. On behalf of the Board and shareholders, I thank them for their support and professionalism. Keller has long been fortunate in being able to attract and maintain some of the best talent in our industry. The Board remains committed to recognising and rewarding their achievements and to maintaining an environment in which they can continue to develop and to make a difference.

2005 was Keller's first full year under the direction of Justin Atkinson as Chief Executive. Whilst the executive team is still relatively new, its maturity, cohesion and collective experience is second to none and I am confident that it will continue to drive the Group forward.

Outlook

Whilst remaining cautious about the sustainability of recent levels of US construction output, we do not expect demand to abate in the first half of 2006 and nor do we expect major changes in our other principal markets. This, together with a record current order book of over five months' sales, creates a positive outlook for the first half. Whilst the exceptional 2005 result may not be repeated this year, the Board is confident that 2006 will be another good year for Keller.

Operating Review

2005 was an outstanding year for the Group, in which we produced an excellent overall margin and continued to build on our strong track record of growth. This underlines Keller's inherent strengths: our global spread, coupled with local knowledge and presence, our balanced contract portfolio, our broad range of industry-leading technologies, our focus on what we do well, our deep industry knowledge and our good growth prospects.

Conditions in our major markets

In North America, the three main construction sectors – residential, commercial and public infrastructure – all surged ahead, with total expenditure on construction in 2005 increasing by 9% on the previous year[1]. In Europe, German annual construction output fell somewhat, whilst activity in Austria picked up in the second half of the year. Of our other main European markets, Spain, France and Poland remained buoyant, whilst the UK was more subdued. There were good opportunities in the Middle East and demand in our Far East markets improved as the year progressed.

Against this generally good trading background, it is pleasing to note that in most of our principal territories we grew sales by more than market growth rates, thus gaining market share and outperforming the competition.

Operations

North America

2005 was an exceptionally good year for our North American operations which produced record sales, profit and cash. Sales of £399.9m (2004: £280.2m) were 43% ahead and operating profit of £42.1m (2004: £21.0m) doubled. Our US businesses benefited from both favourable market conditions and an outstanding performance on a number of contracts.

Suncoast
Suncoast increased its sales in the year by 28%. Both sales and profit have doubled in the four years under Keller's ownership. Its results were boosted by an excellent performance from the commercial high-rise division, which benefited from a very strong condominium market.

Further growth was achieved in slab-on-grade sales in California and Arizona, where product substitution in favour of post-tension foundations, as an alternative to traditional foundation methods, continues. Sales outside Texas have grown to more than three times their level in 2002, the first full year under Keller's ownership. This has reduced the reliance of the business on its traditional Texan market, which represented around half of all sales in 2005, compared to three quarters in 2002.

The combination of high volumes, stable raw material costs and operating cost efficiencies sustained healthy margins, which further benefited from a shift in product mix from rebar to steel strand.

Despite a general expectation that the housing market will eventually cool, this is certainly not yet apparent, as evidenced by the strong housing starts reported for January 2006.[2]

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[1] Data published by the US Census Bureau of the Department of Commerce on 1 March 2006
[2] Monthly housing starts published by the National Association of Home Builders in February 2006.

Hayward Baker

Hayward Baker had an excellent year, with record results generated from over 1,800 contracts, with values ranging from a few thousands to several millions of dollars. This indicates the strength of Hayward Baker's devolved, regional structure, which enables it to win, and to make a success of, small local jobs and multi-million-dollar projects alike. The wide range of projects on which it was engaged during 2005 - from swimming pools to sky-scrapers, fast-food outlets to freeways and power plants to places of worship - illustrates the diversity of Hayward Baker's customer base.

A soil stabilisation contract for the Florida Department of Transportation involved Hayward Baker in Keller's first application in the US of its dry soil mixing technology, acquired by the Group through the acquisition of LCM in Sweden. The technology was used to stabilise extremely soft and wet soils next to the existing US Route 1 in South Florida, allowing the only road serving the Florida Keys to be widened. This project illustrates one of Keller's key strengths - the ability to transfer technology between Group companies and between countries in this way.

In September, Hayward Baker acquired the business and assets of Donaldson, a specialist in deep foundation and earth support services, serving the New England construction market. Hayward Baker's Boston office has now been integrated with the Donaldson operation, which is being managed as a division of Hayward Baker. The benefits of combining Donaldson's strong local reputation and field resources with Hayward Baker's technical resources and Keller's financial strength are already beginning to show through and the ability to offer extended capacity and a comprehensive range of solutions is expected to create good opportunities in the future.

Case

Case, which has a higher average contract size than other Group companies, reported a very solid performance in 2005, which included the successful completion of the \$15.3m (£8.4m) Trump Tower project in Chicago, where Case provided foundations and excavation support for the new, 92-storey Trump International Hotel and Tower.

Several diaphragm wall projects were completed during the year, as was the first phase of a two-year \$20m (£11.0m) contract to install four shafts to provide intake water for the Elm Road Generating Station near Milwaukee, Wisconsin. The intrinsic operational and technical risks around a project of this nature were well controlled and we look forward to the successful completion of the second phase in 2006.

Case has recently extended its offering with the addition of augercast piles - a product which is gaining increasing recognition in the US and one in which the Group has extensive experience elsewhere in the world: the business successfully undertook several such projects in 2005.

McKinney

McKinney, which is increasingly prospering under the Group's ownership, also had a record year. Of some 2,000 contracts successfully completed during the year from 14 offices across the southern and eastern states, it is notable that a number were in joint venture with other Keller businesses, illustrating one of the synergies that Keller has been able to deliver from its acquisitions.

A seamless transition of McKinney's senior management was achieved during the year and the business is in good shape to take full advantage of continuing strong market conditions.

Continental Europe & Overseas

Our Continental Europe & Overseas business reported a good overall performance, with sales of £204.7m (2004: £175.0m) up some 17% on the previous year. Operating profit was £12.7m (2004: £11.9m), 7% ahead of last year.

Keller-Terra had another good year, in which it was involved in several high profile infrastructure projects. These included the development of the Metro systems in Barcelona and Madrid and, in preparation for the America's Cup in 2007, the refurbishment of Valencia Harbour. All major product lines performed well and it is particularly pleasing to note that Keller-Terra doubled its sales from ground improvement products which, in the three years since the business was formed, have grown from a standing start to around 20% of sales. In addition, two additional techniques – compaction grouting and large diameter jet grouting – were introduced into the Spanish market during the year.

Our French business performed well, increasing its share of a growing ground improvement sector and, in particular, undertaking a significant amount of work for housebuilders. The development in 2004 of specialist equipment for composite columns, which comprise a lower part in concrete and a traditional stone column on top, led to a significant increase in the use of these solutions, in which Keller France is the market leader. Whilst activity levels in North Africa were disappointing, reflecting delays in a number of planned infrastructure projects, completion of vibro compaction works at the Oued Ziatine Dam firmly established Keller's credentials in Tunisia.

In Central and Eastern Europe, our operations in Austria had a much-improved second half of the year after a slow start and despite strong competition. Work was completed on Kops Cavern, where permanent rock anchors were installed to support one of the largest underground excavations in Europe for a new water power plant. Further progress was made in Eastern Europe, particularly Poland, where what was a start-up business some 10 years ago is now the market leader, offering a range of ground engineering solutions to both the public and private sectors from five regional offices across the country. From this established position in Poland, we are now seeking to extend our footprint into Ukraine.

Sales in Germany fell slightly, reflecting the state of the market. However, measures taken in 2004 and the start of 2005 to reduce costs and improve efficiencies lifted the profitability of the German operations in the second half. This success was also reflected in improvements in other key indicators, such as equipment utilisation ratios and site-level margins. Whilst many competitors continue to suffer from the harsh market conditions, improvements in our German organisation make it better positioned to take advantage of an eventual upturn.

Within the Overseas division, the Middle East reported a good result, with a particularly strong contribution from Bahrain, where we completed a number of prestigious contracts including a design and build contract for the foundations of a new power station at Al Ezzel and piling works for the King Hamad General Hospital at Muharraq. Our operations in the Far East had a slow start but an improved second half of the year, when we successfully completed ground improvement work on Penang Island, Malaysia, at the site for a new sewerage treatment plant.

UK

Sales in the year were 18% down on the previous year at £89.2m (2004: £108.3m), with an operating loss of £0.3m (2004: profit of £1.9m).

Makers

As previously reported, Makers had a disappointing year, with delays in getting social housing work onto site continuing throughout the second half of the year. Nevertheless, the business continued to be awarded, and to successfully discharge, multi-million-pound social housing contracts for various London Boroughs. In addition, it undertook a major internal and external refurbishment contract for two tower blocks for Leicester Housing Association. At the close of the year, Makers' order book was significantly higher than at the start of 2005, which should lead to a better result in 2006.

KGE

Keller Ground Engineering (KGE) had a satisfactory year overall. A very good trading result from the foundation support division was partly masked by a weaker performance from the geotechnical division, which suffered from a shortage of major infrastructure projects.

The decision to retain a piling capability, when the business withdrew from large diameter piling in 2003, means that KGE is able to offer overall solutions comprising several different techniques, including augercast and cast-in-situ piling. A 'packaged solution' was provided at London's Millennium Dome, where a range of techniques, including driven piles, continuous flight auger piles and minipiles, was chosen to take account of the uniqueness of the site and the different structures to be constructed within the shell of the Dome. Another such contract in 2005 for a regional housebuilder, including earthworks, remediation, dynamic compaction, piling and vibro techniques, is a further example of the competitive advantage this gives the business. Few competitors can offer the same breadth of packaged solutions.

Earth retaining solutions - for retaining walls, slope retention and reinforced soil - made a good contribution, in a segment that is small, but has good growth potential. Projects worked on during 2005 included Essex Road Bridge in Hoddesdon, Hertfordshire, where a new bridge was being constructed over a busy electrified railway. KGE designed and installed vertical concrete panel walling and steeply sloping, grass faced 'Textomur' which, in combination, gave the most cost-effective solution for retaining the side of the bridge approach ramps. KGE also designed and installed vibro concrete columns to limit settlement behind the bridge abutments.

Australia

Sales of £37.1m (2004: £32.4m) were some 15% above the previous year, whilst operating profit of £1.8m (2004: £1.7m) was up by 6%.

Our northern branch - covering Queensland and Western Australia - had a busy year, particularly on the Gold Coast which is seeing a surge in housing, retail and leisure schemes to satisfy the demands created by internal migration to this area. Also, in Western Australia two of our Australian businesses joined forces to provide a combined lateral support and piling package for the site of the new Perth Law Courts.

The new ground engineering business, which commenced operations in January 2004 to promote the full range of ground improvement and specialty grouting solutions, moved into profitability in 2005. It successfully undertook several high profile contracts during the year, including compensation grouting works for new twin rail tunnels under construction beneath the centre of Perth. The development of this business exemplifies one of our approaches to delivering organic growth, through the introduction of 'new' techniques from elsewhere in the Group to territories where we have an established presence. As ground engineering solutions continue to gain acceptance in Australia, we anticipate further growth for this business in 2006.

People and processes

The quality and professionalism of our people are elements which distinguish the Keller Group. It is the willingness of individuals and teams across the business to constantly challenge themselves to beat their best results which enables us to improve our productivity and capability. As a result, we are continually achieving new records and 'first time evers'. A selection of these from 2005 gives a flavour of some of our recent achievements:

- For the first time in the US, Hayward Baker used new Japanese technology for trench cutting and installation of barrier walls of up to 30 metres depth. The 'TRD' method utilises a large base machine resembling a vertical chain saw to cut a continuous slot in the soil, whilst simultaneously adding cement slurry to create a soil-cement area.
- Vibro-pile drilled the largest ever ventilation shaft in Australia - with a depth of 84 metres and a seven metre diameter.
- Suncoast worked on its tallest ever and its largest ever buildings - a 74-storey commercial structure and a 4.5 million sq. ft. condominium building, respectively.
- Keller Grundbau developed a prototype 'minicat' – a smaller, lighter and more versatile version of Keller's proprietary 'vibrocat' equipment – for use in Europe.
- Hayward Baker carried out its first ever mass dry soil mixing contract in the US. This technique has particular application in soft, organic clays and was used by Hayward Baker in a difficult mangrove swamp area.
- Keller Algeria undertook its first dry method, bottom feed stone column contract for an industrial plant near Algiers.
- Keller established a ground engineering presence in South Korea.
- In Austria, Keller installed 40 metre long, vertical rock anchors in the ceiling of the largest underground excavation in Europe, for a new underground power station.
- LCM and Keller Grundbau jointly undertook the first ever stone column project in Sweden, for a new road by-pass scheme.

We are confident that these and other advances in our equipment, techniques and capabilities mean that we will continue to find the best solutions to our customers' needs and maintain our competitive positions around the world.

Financial Review

Preparation of financial statements

The Group's 2005 financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) and the 2004 results and year end balance sheet have been restated accordingly.

This restatement has had no significant impact on the reported 2004 profit before tax. The 2004 reported earnings per share, however, have decreased by 3.6% as a result of a different deferred tax treatment, although this change in accounting treatment does not impact on the Group's cash tax payments. Reported net assets as at 31 December 2004 have been reduced by £10.4m. Full details of the changes in accounting policies and the restatement of the 2004 numbers are set out in the Group's IFRS announcement dated 17 June 2005, which is available on the Group's web-site.

Trading results

Group sales increased by 23% in the year to £731.0m, reflecting very strong organic growth in many of the Group's main markets, especially the US. For once, movements in reported sales and profits were not significantly influenced either by acquisitions or by fluctuations in foreign currency exchange rates. The average US dollar exchange rate against sterling was US$1.82, compared to US$1.83 in 2004, while the average euro exchange rate was €1.46, versus €1.47 in 2004. Stripping out the effects of acquisitions and currency movements, the Group's 2005 sales were still 21% up on 2004.

Operating profit was £53.1m, up from £33.9m in 2004, and the operating margins increased to 7.3% from 5.7%. This substantial improvement mainly reflects an excellent performance in the US, where all four of our businesses significantly outperformed a strong market, and the business benefited from excellent returns on an unusually high number of large contracts. This contribution from large contracts is unlikely to be repeated in 2006. Results in Continental Europe & Overseas, and in Australia, were also up on last year. The UK result, however, was disappointing, reflecting low volumes at Makers.

The Group's trading performance is discussed in more detail in the Operating Review.

Interest

The net interest charge changed little from £4.1m in 2004 to £4.2m in 2005, with the benefit of lower average borrowings being offset by higher interest rates on US dollar denominated debt. The majority of the Group's borrowings are US dollar denominated, in order to provide a hedge against the Group's US dollar denominated net assets, and bear interest at floating rates. The average interest rate paid on US dollar borrowings increased from 2.9% to 4.3%. Interest cover is very comfortable at over 15 times EBITDA.

Tax

The Group's effective tax rate was 41%, up from 40% in 2004. The increase is largely due to higher taxable losses in the UK, after central costs and interest.

The Group's effective rate is high compared to most UK domiciled businesses, reflecting the fact that the vast majority of the Group's profits are earned in relatively high tax jurisdictions, in particular the US where the effective federal and state tax rates total nearly 40%. The Group's tax charge in both 2004 and 2005 also includes an annual IFRS deferred tax charge of £0.7m, arising as a result of goodwill amortisation which is deductible for tax purposes but is not, under IFRS, charged in the Group profit and loss account. This amount is not payable in cash.

Earnings and dividends

Earnings per share increased by 73% to 41.8p. Following the recommendation of an increased final dividend of 8.2p per share, the total dividend paid out of 2005 profits will be 12.0p, an increase of 10% on 2004. This is covered 3.5 times by earnings per share.

Cash flow

In 2005, the Group continued its excellent record of converting profits into cash. Net cash inflow from operations was £73.4m, representing 113% of the Group's EBITDA. Year-end working capital, at £50.5m, was £3.0m higher than the previous year's level. However, if adjusted for acquisitions and adverse year-end exchange rates, working capital would have been £5.5m or 12% below the previous year, despite the like-for-like organic sales growth of 21%.

This outstanding performance is evidence of the Group's ongoing strong focus on cash and working capital management and reflects considerable hard work and achievement throughout the organisation.

Capital expenditure, principally on plant and equipment, increased by 14% to £15.8m, reflecting the increase in the scale of the Group's activities. After proceeds from the sale of fixed assets, net capital expenditure in the year, representing 1.2 times depreciation, was £13.9m, up from £11.8m in 2004.

Financing

Year-end net debt decreased to £40.9m at the end of 2005 from £58.7m at 31 December 2004. Net debt at the year-end was less than 0.6 times EBITDA. Based on net assets of £117.2m, gearing was 35%, down from 65% at the beginning of the year.

The Group's debt and committed facilities mainly comprise a US$100m private placement, repayable $30m in 2011 and $70m in 2014, and an £80m syndicated revolving credit facility expiring in 2009. At the year-end, the Group also had other committed and uncommitted borrowing facilities totalling £31m. We therefore have more than sufficient available financing to support our strategy of growth both through organic means and targeted, bolt-on acquisitions.

Pensions

The Group has defined benefit pension arrangements in the UK, Germany and Austria. The last actuarial valuation of the UK scheme, which has been closed to new members since 1999, was as at 5 April 2005. At this date, the market value of the scheme's assets was £17.3m and the valuation concluded that the scheme was 61% funded on an ongoing basis. The year-end 2005 IAS 19 valuation showed assets of £19.8m, liabilities of £31.7m and a pre-tax deficit of £11.9m.

In January 2006, the Group announced that the UK defined benefit scheme would close for future benefit accrual with effect from 31 March 2006 and that the existing active members would be transferred to a new defined contribution arrangement. To help reduce the deficit in the scheme, the Group has agreed to make a one-off cash contribution of £4.0m in April 2006 and to double its regular contributions to £0.1m a month with effect from January 2006. The level of monthly contributions will be reviewed at the time of the next actuarial valuation, currently scheduled for April 2008.

In Germany and Austria, the defined benefit arrangements only apply to certain employees who joined the Group prior to 1998. There are no segregated funds to cover these defined benefit obligations and the respective liabilities are included on the Group balance sheet.

All other pension arrangements in the Group are of a defined contribution nature.

Consolidated income statement
for the year ended 31 December 2005

	Note	2005 £000	2004 £000
Revenue	3	**731,039**	595,856
Operating costs		**(677,960)**	(561,961)
Operating profit	3	**53,079**	33,895
Finance income		**1,544**	1,393
Finance costs		**(5,775)**	(5,540)
Profit before taxation		**48,848**	29,748
Taxation	4	**(19,888)**	(11,874)
Profit for the period		**28,960**	17,874
Attributable to:			
Equity holders of the parent		**27,286**	15,743
Minority interests		**1,674**	2,131
		28,960	17,874
Basic earnings per share	6	**41.8p**	24.2p
Diluted earnings per share	6	**41.6p**	24.1p

Consolidated statement of recognised income and expense
for the year ended 31 December 2005

	2005 £000	2004 £000
Exchange differences on translation of foreign operations	**8,642**	(5,626)
Actuarial losses on defined benefit pension schemes	**(5,894)**	(2,668)
Tax on items taken directly to equity	**1,777**	856
Net income/(expense) recognised directly in equity	**4,525**	(7,438)
Profit for the period	**28,960**	17,874
Total recognised income and expense for the period	**33,485**	10,436
Attributable to:		
Equity holders of the parent	**32,091**	8,255
Minority interests	**1,394**	2,181
	33,485	10,436

Consolidated balance sheet

As at 31 December 2005

	Note	2005 £000	2004 £000
ASSETS			
Non-current assets			
Intangible assets		**55,693**	51,761
Property, plant and equipment		**90,375**	80,937
Deferred tax assets		**5,706**	3,146
		151,774	135,844
Current assets			
Inventories		**24,437**	24,319
Trade and other receivables		**194,574**	143,926
Cash and cash equivalents		**25,910**	16,416
		244,921	184,661
Total assets		**396,695**	320,505
LIABILITIES			
Current liabilities			
Loans and borrowings		**(7,183)**	(9,787)
Current tax liabilities		**(11,046)**	(5,538)
Trade and other payables		**(168,499)**	(120,701)
		(186,728)	(136,026)
Non-current liabilities			
Loans and borrowings		**(59,578)**	(65,286)
Employee benefits		**(21,158)**	(17,211)
Deferred tax liabilities		**(5,524)**	(8,138)
Other liabilities		**(6,520)**	(2,875)
		(92,780)	(93,510)
Total liabilities		**(279,508)**	(229,536)
NET ASSETS		**117,187**	90,969
EQUITY			
Share capital		**6,552**	6,536
Share premium account		**36,370**	36,027
Capital redemption reserve		**7,629**	7,629
Translation reserve		**3,259**	(5,666)
Retained earnings		**57,248**	40,832
Equity attributable to equity holders of the parent	7	**111,058**	85,358
Minority interests		**6,129**	5,611
Total equity		**117,187**	90,969

Consolidated cash flow statement
for the year ended 31 December 2005

	2005 £000	2004 £000
Cash flows from operating activities		
Operating profit	**53,079**	33,895
Depreciation charge	**11,775**	10,992
Amortisation of intangibles	**83**	87
Profit on sale of property, plant and equipment	**(120)**	(727)
Other non-cash movements	**539**	117
Foreign exchange losses	**144**	501
Operating cash flows before movements in working capital	**65,500**	44,865
Movement in long-term provisions	**(2,202)**	206
Decrease/(increase) in stocks	**1,692**	(8,559)
Increase in debtors	**(32,416)**	(11,483)
Increase in creditors	**40,874**	8,548
Cash generated from operations	**73,448**	33,577
Interest paid	**(5,058)**	(4,368)
Income tax paid	**(18,769)**	(7,339)
Net cash inflow from operating activities	**49,621**	21,870
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	**1,907**	2,063
Interest received	**1,239**	339
Acquisition of subsidiaries, net of cash acquired	**(7,807)**	(3,422)
Acquisition of property, plant & equipment	**(15,750)**	(13,887)
Acquisition of intangible fixed assets	**-**	(15)
Net cash outflow from investing activities	**(20,411)**	(14,922)
Cash flows from financing activities		
Proceeds from the issue of share capital	**359**	15
New borrowings	**1,045**	55,982
Repayment of borrowings	**(10,998)**	(52,498)
Payment of finance lease liabilities	**(138)**	(373)
Dividends paid	**(8,133)**	(9,345)
Net cash outflow from financing activities	**(17,865)**	(6,219)
Net increase in cash and cash equivalents	**11,345**	729
Cash and cash equivalents at beginning of period	**11,109**	10,812
Effect of exchange rate fluctuations	**853**	(432)
Cash and cash equivalents at end of period	**23,307**	11,109

	2005 £000	2004 £000
Analysis of closing net debt		
Cash in hand	**25,906**	15,907
Short term deposits	**4**	509
Bank overdrafts	**(2,603)**	(5,307)
Net cash	**23,307**	11,109
Bank and other loans	**(58,978)**	(65,114)
Loan notes due within one year	**(2,804)**	(3,036)
Finance leases	**(2,376)**	(1,616)
Closing net debt	**(40,851)**	(58,657)

1. Basis of preparation

The Group's 2005 results have for the first time been prepared in accordance with International Financial Reporting Standards ("IFRS"). The 2004 comparative numbers have been restated to comply with IFRS.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2005 or 2004 but is derived from the 2005 accounts. Statutory accounts for 2004, which were prepared under UK GAAP, have been delivered to the registrar of companies, and those for 2005, prepared under IFRS as adopted by the EU, will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	2005	**2004**
US dollar: average for year	**1.82**	1.83
US dollar: year end	**1.72**	1.93
Australian dollar: average for year	**2.39**	2.49
Australian dollar: year end	**2.36**	2.47
Euro: average for year	**1.46**	1.47
Euro: year end	**1.45**	1.41

3. Segmental analysis

Turnover, operating profit and capital employed may be analysed as follows:

	2005 Revenue £000	**2005 Operating profit £000**	**2005 Capital employed £000**	**2004 Revenue £000**	**2004 Operating profit £000**	**2004 Capital employed £000**
United Kingdom	**89,221**	**(332)**	**(7,080)**	108,263	1,901	(1,006)
North America	**399,943**	**42,125**	**116,913**	280,212	20,981	105,530
Continental Europe and Overseas	**204,736**	**12,742**	**51,689**	175,024	11,867	48,692
Australia	**37,139**	**1,764**	**7,380**	32,357	1,671	6,940
	731,039	**56,299**	**168,902**	595,856	36,420	160,156
Central items and eliminations	**-**	**(3,220)**	**(51,715)**	-	(2,525)	(69,187)
	731,039	**53,079**	**117,187**	595,856	33,895	90,969

In the opinion of the directors the Group operates only one class of business.

4. Taxation

The taxation charge comprises:

	2005 £000	**2004 £000**
Current tax expense		
Current year	**23,787**	10,480
Prior years	**119**	(850)
Total current tax	**23,906**	9,630
Deferred tax expense		
Current year	**(3,528)**	1,465
Prior years	**(490)**	779
Total deferred tax	**(4,018)**	2,244
	19,888	11,874

5. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2005 £000	2004 £000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2005 of 3.8p (2004: 3.6p) per share	**2,486**	2,350
Final dividend for the year ended 31 December 2004 of 7.3p (2003: 6.95p) per share	**4,771**	4,522
	7,257	6,872

The Directors have proposed a final dividend for the year ended 31 December 2005 of £5.4million, representing 8.2p (2004:7.3p) per share. The proposed dividend is subject to approval by shareholders at the Annual General Meeting on 22 June 2006 and has not been included as a liability in these financial statements.

6. Earnings per share

Basic and diluted earnings per share are calculated as follows:

	2005 Basic £000	2005 Diluted £000	2004 Basic £000	2004 Diluted £000
Earnings (after tax and minority interests) being net profits attributable to equity holders of the parent	**27,286**	**27,286**	15,743	15,743
	No. of shares 000s	**No. of shares 000s**	**No. of shares 000s**	**No. of shares 000s**
Weighted average of ordinary shares in issue during the year	**65,328**	**65,328**	65,129	65,129
Add: Weighted average of shares under option during year	**-**	**1,471**	-	1,678
Add: Weighted average of own shares held	**-**	**74**	-	83
Less: no. of shares assumed issued at fair value during year	**-**	**(1,339)**	-	(1,509)
Adjusted weighted average ordinary shares in issue	**65,328**	**65,534**	65,129	65,381
	Pence	**Pence**	**Pence**	**Pence**
Earnings per share	**41.8p**	**41.6p**	24.2p	24.1p

7. Reconciliation of movements in equity attributable to equity holders of the parent

	2005 £000	2004 £000
Equity at start of period	**85,358**	83,829
Total recognised income and expense	**32,091**	8,255
Dividends to shareholders	**(7,257)**	(6,872)
Shares issued*	**359**	29
Share based payments	**507**	144
Share capital to be issued	**-**	(27)
Equity at end of period	**111,058**	85,358

* Includes share premium.