Fenner

Half yearly financial report 2009

Growing Partnerships Worldwide

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Fenner is a world leader in reinforced polymer technology.

Our strategy is to increase market share and target new value added product areas.

We will continue to concentrate on growing those businesses where we already demonstrate leadership through our skills in applications, design, materials technology and dedication to customer service as well as by carefully planned acquisitions.

Financial Highlights

Half year ended 28 February 2009	**2009** **£m**	2008 £m
Revenue	**257.6**	201.1
Underlying operating profit [1]	**17.4**	19.2
Exceptional items	**7.8**	1.7
Operating profit	**6.5**	17.0
Underlying profit before taxation [2]	**12.1**	16.2
Profit before taxation	**0.6**	13.9
Underlying earnings per share [2]	**5.0p**	7.1p
Basic earnings per share	**0.2p**	6.1p
Dividend per share	**2.2p**	2.2p

1 Underlying operating profit is before amortisation of intangible assets acquired and exceptional items

2 Underlying profit before taxation and underlying earnings per share are before amortisation of intangible assets acquired, exceptional items and notional interest

Resilience in the global economic downturn

Our Conveyor Belting Division, representing 70% of Group revenue, has demonstrated resilience over the period. Its primary business driver, thermal coal mining, being less susceptible to the downturn in the global economy, maintained demand through the period for both our belting products and enlarged service businesses. In our Advanced Engineered Products Division, our niche businesses, supplying into the oil and gas and medical sectors, performed well whilst those parts of the Group with exposure to general industrial applications inevitably experienced softening. Whilst in the short to medium term we anticipate demand in the industrial businesses remaining suppressed, the softening is due in part to the temporary impact of downstream de-stocking in the supply chain.

REVENUE AND PROFITS

Revenue for the period increased by 28% to £257.6m (2008 £201.1m). This growth included £26.8m from the net effect of the acquisition and disposal of businesses and £35.0m due to favourable currency translation. Underlying operating profit reduced by 9% to £17.4m (2008 £19.2m). Before a non-cash charge of £1.2m (2008 £0.5m) for the marking to market of forward contracts, the result reduced by 6%. This included the effects of favourable currency translation which improved the result by 14%.

Operating profit amounted to £6.5m (2008 £17.0m) after charging exceptional items of £7.8m (2008 £1.7m), principally relating to restructuring and development projects incurred during the period, and amortisation of intangible assets acquired of £3.1m (2008 £0.5m).

Net finance costs were £5.9m (2008 £3.1m) which reflect the planned higher level of borrowings from the investment programmes, unfavourable exchange rate movements of £0.6m and the non-cash notional charge, relating to the unwinding of discount on provisions, of £0.6m (2008 £0.1m). Underlying profit before taxation was £12.1m (2008 £16.2m) and profit before taxation was £0.6m (2008 £13.9m).

Underlying earnings per share was 5.0p per share (2008 7.1p) and basic earnings per share amounted to 0.2p per share (2008 6.1p).

CASH RESOURCES

A cash outflow of £52.8m was incurred on capital expenditure and acquired businesses during the period. Of this amount, £34.6m was spent on acquisitions, principally on acquiring the operating assets and liabilities of the Conveyor Services Corporation group of companies, including Loadout Services (Conveyor Services) and the entire share capital of Solid Systems Engineering, LLC (Solid Systems). Our capital expenditure amounted to £18.2m of which £11.9m relates to our major investment projects in the conveyor belting businesses. In North America, these projects have been completed and successfully commissioned whilst in Australia, the project remains on plan with commissioning scheduled for later this financial year. When combined with the seasonal outflow of cash, the increase in net debt resulting from cash flows was £62.7m (2008 £69.1m).

The weakening of sterling against the US dollar since our financial year end gave rise to significant adverse exchange rate movements which amounted to an increase in the Group's net borrowings of £27.8m (2008 £3.7m). The effect of sterling weakening since mid 2008, particularly against the US dollar, has increased the Group's net borrowings by approximately £40m.

Net borrowings at 28 February 2009 were £188.1m (2008 £109.1m) and are in accordance with our forecasts and comply with financial covenant measurements.

None of the Group's major committed debt facilities are due for re-negotiation until 2012. In addition, the Group has access to shorter term lines of approximately £50m.

The Group's net assets increased by £12.4m in the period to £218.3m (2008 year end £205.9m).

DIVIDENDS

As a result of our confidence in the business and its prospects, an interim dividend of 2.2p per share (2008 2.2p) is declared and will be paid on 7 September 2009 to shareholders on the register on 31 July 2009.

OPERATIONS

In our Conveyor Belting Division, revenue increased to £181.2m (2008 £136.3m). This is principally due to strong sales from the thermal coal mining industry, the acquisition of the service businesses in the Americas (£21.2m) and favourable exchange rate movements (£23.4m) less the divestment of a PVC lightweight business in the prior year (£6.0m). Underlying operating profit was £11.7m (2008 £12.9m). Margin pressure was evident in North America and in global industrial markets while raw material costs, after a period of rapid increases, showed some easing in latter months.

Our businesses in Asia Pacific performed strongly with robust belting volumes across the region underpinned by a resilient demand for thermal coal. The Australian service businesses continued to perform well, gaining significant market share in a competitive market. In China, demand for our products continued to grow with a further broadening of the customer base and a healthy order inflow.

In North America, demand levels from the coal mining industry held up well while industrial sectors were slow due to weak economic conditions and customers de-stocking. The commissioning of our new weaving facility in Georgia was successfully completed while installation delays with our belting investment in Ohio were resolved satisfactorily and the commissioning is now completed. These investments provide an excellent platform for both greater production flexibility and range while anticipated quality improvements will benefit customer service levels.

Our successful Australian service business model was extended further in North America when Conveyor Services and Solid Systems were acquired early in the period. When combined with our service business acquisitions in the prior year, our enlarged business now has the critical mass and geographical coverage required to become the leading conveyor belting service provider in North America. The initial trading has been encouraging, however, in the Loadout Services business, geological mining issues have temporarily stalled demand patterns.

Our Continental European businesses, which have a greater exposure to industrial markets, have experienced a decline in volumes, particularly in the second quarter as the economic downturn was exacerbated by customers de-stocking. Conversely, our UK business, where the primary driver of demand is coal markets, has benefitted from a healthy order intake with a growing acceptance in Eastern European markets for its premium product offering.

In the Advanced Engineered Products Division, revenue increased to £76.4m (2008 £64.8m), with growth principally resulting from the prior year's acquisitions (£11.6m) and currency movements (£11.6m) which has been partially offset by weaker trading conditions. Underlying operating profit was £9.8m (2008 £9.7m).

Our technical weaving business performed strongly in medical markets although a slow down in the demand for textiles dampened volumes in the industrial business. Our Advanced Seals and Precision Polymer businesses were adversely affected by weaker market conditions and de-stocking, nevertheless, we have outperformed the general industrial markets. Demand from the oil and gas and coal sectors was reasonably good for much of the period. Some resilience was demonstrated in our Drives business by differentiating on service levels. Our Hose business encountered a significant fall in volumes as a result of the current low activity levels in the construction, truck and bus sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group remain those set out in the 2008 Annual Report. Those which are most likely to impact the performance of the Group in the remaining months of the financial year are as set out below.

Due to the global nature of the Group, a large proportion of its revenue is derived from overseas, of which a significant amount is generated in the US. As a consequence, the Group could be affected by movements in exchange rates and changes in global and country specific economic or business conditions, particularly in the US.

OUTLOOK

Our coal mining, service and medical businesses have continued to perform well. The last six months has seen an unprecedented decline in our industrial volumes. There now appear to be more signs of stability with the effects of customer de-stocking coming to an end in some of the industrial businesses. This has not yet given rise to a significant increase in volumes but action has been taken to adjust our costs appropriately in each business.

Our trading expectations have remained unchanged for the last two months and we remain confident in the business and its prospects.

FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. As these statements include risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

In this Interim Management Report, financial performance measures described as "underlying" are before amortisation of intangible assets acquired and exceptional items and, where applicable, notional interest.

Consolidated income statement

for the half year ended 28 February 2009 (unaudited)

	Notes	**Half year ended 28 February 2009 £m**	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Revenue	3	**257.6**	201.1	437.8
Cost of sales		**(192.7)**	(141.2)	(307.2)
Gross profit		**64.9**	59.9	130.6
Distribution costs		**(24.1)**	(20.2)	(42.5)
Administrative expenses		**(34.3)**	(22.7)	(44.3)
Operating profit before amortisation of intangible assets acquired and exceptional items	3	**17.4**	19.2	49.3
Amortisation of intangible assets acquired		**(3.1)**	(0.5)	(2.1)
Exceptional items	4	**(7.8)**	(1.7)	(3.4)
Operating profit	3	**6.5**	17.0	43.8
Finance income		**0.8**	0.8	1.8
Finance costs		**(6.1)**	(3.8)	(9.0)
Notional interest on the unwinding of discount on provisions		**(0.6)**	(0.1)	(0.3)
Profit before taxation		**0.6**	13.9	36.3
Taxation	5	**(0.2)**	(4.2)	(10.4)
Profit for the period		**0.4**	9.7	25.9
Attributable to:				
Equity holders of the parent		**0.4**	9.6	25.7
Minority interests		**-**	0.1	0.2
		0.4	9.7	25.9
Earnings per share				
Adjusted - before amortisation of intangible assets acquired, exceptional items and notional interest	7	**5.0p**	7.1p*	17.7p*
Basic	7	**0.2p**	6.1p	15.5p
Diluted	7	**0.2p**	6.0p	15.4p

The result for the period derives from continuing operations.

* 2008 comparatives restated (see note 7)

Consolidated balance sheet

at 28 February 2009 (unaudited)

	Notes	**28 February 2009 £m**	29 February 2008 £m	31 August 2008 £m
Non-current assets				
Property, plant and equipment	8	**198.5**	128.9	159.1
Intangible assets	9	**183.1**	99.3	116.8
Other investments		**0.3**	0.6	0.5
Deferred tax assets		**24.4**	14.1	17.9
		406.3	242.9	294.3
Current assets				
Inventories		**89.3**	63.7	74.8
Trade and other receivables		**94.7**	75.6	84.7
Current tax assets		**3.4**	2.0	1.6
Cash and cash equivalents	12	**21.9**	32.7	43.6
		209.3	174.0	204.7
Total assets		**615.6**	416.9	499.0
Current liabilities				
Borrowings	12	**(25.0)**	(12.1)	(13.7)
Trade and other payables		**(96.1)**	(86.9)	(99.8)
Current tax liabilities		**(4.9)**	(3.4)	(6.4)
Derivative financial liabilities		**(3.3)**	(3.1)	(2.6)
Provisions	11	**(20.5)**	(2.6)	(4.9)
		(149.8)	(108.1)	(127.4)
Non-current liabilities				
Borrowings	12	**(185.0)**	(129.7)	(127.5)
Trade and other payables		**(0.5)**	-	(0.5)
Retirement benefit obligations	10	**(35.4)**	(14.9)	(19.1)
Provisions	11	**(19.9)**	(12.0)	(11.1)
Deferred tax liabilities		**(6.7)**	(6.3)	(7.5)
		(247.5)	(162.9)	(165.7)
Total liabilities		**(397.3)**	(271.0)	(293.1)
Net assets		**218.3**	145.9	205.9
Equity				
Share capital		**43.7**	39.7	43.7
Share premium		**83.9**	51.9	83.9
Retained earnings		**40.6**	52.9	64.0
Exchange reserve		**49.8**	1.4	14.0
Hedging reserve		**(2.1)**	(2.0)	(1.8)
Other reserve		**1.1**	1.1	1.1
Shareholders' equity	13	**217.0**	145.0	204.9
Minority interests		**1.3**	0.9	1.0
Total equity		**218.3**	145.9	205.9

Consolidated cash flow statement

for the half year ended 28 February 2009 (unaudited)

	Notes	**Half year ended 28 February 2009 £m**	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Profit before taxation		**0.6**	13.9	36.3
Adjustments for:				
Depreciation of property, plant and equipment and amortisation of intangible assets		**10.3**	5.2	12.2
Impairment loss on property, plant and equipment		**-**	0.8	0.8
Movement in retirement benefit obligations		**(0.9)**	(0.4)	(2.7)
Movement in provisions		**(1.4)**	(0.1)	(0.2)
Finance income		**(0.8)**	(0.8)	(1.8)
Finance costs		**6.1**	3.8	9.0
Notional interest on the unwinding of discount on provisions		**0.6**	0.1	0.3
Profit on disposal of businesses		**-**	-	(0.7)
Other non-cash movements		**1.5**	0.4	0.7
Operating cash flow before movement in working capital		**16.0**	22.9	53.9
Movement in working capital		**(4.6)**	(10.8)	(8.2)
Net cash from operations		**11.4**	12.1	45.7
Interest received		**0.8**	0.8	1.8
Interest paid		**(5.9)**	(3.5)	(8.1)
Taxation paid		**(4.9)**	(7.2)	(11.2)
Net cash from operating activities		**1.4**	2.2	28.2
Investing activities:				
Purchase of property, plant and equipment	8	**(17.8)**	(32.0)	(63.4)
Disposal of property, plant and equipment		**-**	0.5	0.5
Purchase of intangible assets		**(0.4)**	-	(0.3)
Disposal of investments		**0.3**	-	0.1
Acquisition of businesses	14	**(34.6)**	(30.0)	(45.9)
Disposal of businesses		**-**	-	4.8
Net cash used in investing activities		**(52.5)**	(61.5)	(104.2)
Financing activities:				
Equity dividends paid	6	**(11.5)**	(9.9)	(9.9)
Dividends paid to minority shareholders		**(0.1)**	-	(0.1)
Issue of ordinary share capital		**-**	0.1	35.6
Repayment of borrowings		**(8.0)**	(2.8)	(47.0)
New borrowings		**49.1**	35.3	70.9
Net cash from financing activities		**29.5**	22.7	49.5
Net decrease in cash and cash equivalents		**(21.6)**	(36.6)	(26.5)
Cash and cash equivalents at start of period		**43.6**	66.0	66.0
Exchange movements		**(1.2)**	2.0	4.1
Cash and cash equivalents at end of period		**20.8**	31.4	43.6
Cash and cash equivalents comprises:				
Cash and cash equivalents		**21.9**	32.7	43.6
Bank overdrafts		**(1.1)**	(1.3)	-
		20.8	31.4	43.6

Consolidated statement of recognised income and expense

for the half year ended 28 February 2009 (unaudited)

	Notes	**Half year ended 28 February 2009 £m**	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Profit for the period		**0.4**	9.7	25.9
Items recognised directly in equity:				
Currency translation differences		**36.1**	6.3	19.0
Hedge of net investments in foreign currencies		**(0.6)**	(0.9)	(1.4)
Interest rate and currency swaps		**0.4**	(2.1)	(1.1)
Actuarial losses on defined benefit pension schemes	10	**(16.8)**	(1.2)	(7.4)
Taxation on items taken directly to equity		**4.1**	0.9	1.8
Net income recognised directly in equity		**23.2**	3.0	10.9
Total recognised income and expense for the period		**23.6**	12.7	36.8
Attributable to:				
Equity holders of the parent		**23.3**	12.6	36.5
Minority interests		**0.3**	0.1	0.3
		23.6	12.7	36.8

Notes to the half yearly financial statements

1. Basis of preparation

These condensed half yearly financial statements for the half year ended 28 February 2009 have been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Services Authority ('FSA') and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They should be read in conjunction with the Group's financial statements for the year ended 31 August 2008.

The comparative financial information for the year ended 31 August 2008 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. It has been extracted from the Group's financial statements for 2008 which have been filed with the Registrar of Companies. They contained an unqualified audit report and did not contain a statement under Section 498 of the Companies Act 2006.

2. Accounting policies

The accounting policies adopted are consistent with those applied in the preparation of the Group's financial statements for the year ended 31 August 2008 except for the following standards or interpretations to existing standards which have been adopted for the first time for the year ending 31 August 2009:

- IFRIC 12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

None of these standards or interpretations have had a significant impact on the condensed half yearly financial statements.

3. Segment information

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Revenue			
Conveyor Belting	**181.2**	136.3	292.2
Advanced Engineered Products	**76.4**	64.8	145.6
	257.6	201.1	437.8
Operating profit before amortisation of intangible assets acquired and exceptional items			
Conveyor Belting	**11.7**	12.9	29.1
Advanced Engineered Products	**9.8**	9.7	26.1
Unallocated	**(4.1)**	(3.4)	(5.9)
	17.4	19.2	49.3
Operating profit			
Conveyor Belting	**3.2**	11.5	26.0
Advanced Engineered Products	**7.4**	8.9	23.7
Unallocated	**(4.1)**	(3.4)	(5.9)
	6.5	17.0	43.8

4. Exceptional items

Exceptional items comprise £2.8m (2008: £1.4m) of restructuring costs associated with the major investment projects in the conveyor belting business in North America, £2.5m (2008: £nil) in respect of a new product replacement and £2.5m (2008: £nil) of global restructuring costs to align the Group's cost base in the current economic climate. The 2008 comparative also included £0.3m of integration costs following the acquisitions of EGC and B-LOC.

5. Taxation

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
UK taxation	**0.1**	0.1	1.3
Overseas taxation	**0.1**	4.1	9.1
	0.2	4.2	10.4

The tax charge is calculated based on the estimated effective tax rate for the full year.

6. Dividends

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Dividends paid or approved in the period			
Interim dividend for the year ended 31 August 2008 of 2.2p (2007: 2.075p) per share	**3.8**	3.3	3.3
Final dividend for the year ended 31 August 2008 of 4.4p (2007: 4.15p) per share	**7.7**	6.6	6.6
	11.5	9.9	9.9
Dividends neither paid nor approved in the period			
Interim dividend for the year ended 31 August 2009 of 2.2p (2008: 2.2p) per share	**3.8**	3.8	3.8

The interim dividend for the year ending 31 August 2009 is due for payment on 7 September 2009 and so has not been recognised as a liability at 28 February 2009. It will be paid to shareholders on the register on 31 July 2009.

7. Earnings per share

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 (restated) £m	Year ended 31 August 2008 (restated) £m
Earnings			
Profit for the period attributable to equity holders of the parent	**0.4**	9.6	25.7
Amortisation of intangible assets acquired and exceptional items	**10.9**	2.2	5.5
Notional interest	**0.6**	0.1	0.3
Taxation attributable to amortisation of intangible assets acquired, exceptional items and notional interest	**(3.1)**	(0.7)	(2.2)
Profit for the period before amortisation of intangible assets acquired, exceptional items and notional interest	**8.8**	11.2	29.3
	number	number	number
Average number of shares			
Weighted average number of shares in issue	**174,770,029**	158,551,798	166,091,438
Weighted average number of shares held by the Employee Share Ownership Plan Trust	**(114,177)**	(128,603)	(112,767)
Weighted average number of shares in issue - basic	**174,655,852**	158,423,195	165,978,671
Effect of share options and contingent long term incentive plans	**-**	1,317,247	888,357
Weighted average number of shares in issue - diluted	**174,655,852**	159,740,442	166,867,028
	pence	pence	pence
Earnings per share			
Adjusted - before amortisation of intangible assets acquired, exceptional items and notional interest	**5.0**	7.1	17.7
Basic	**0.2**	6.1	15.5
Diluted	**0.2**	6.0	15.4

The 2008 comparatives have been restated to remove the notional interest on the unwinding of discount on provisions from adjusted earnings per share. This was changed in 2009 to provide a clearer understanding of the underlying performance of the Group.

8. Property, plant and equipment

The increase in property, plant and equipment in the period of £39.4m principally comprises additions of £16.0m and exchange movements of £27.5m less depreciation of £7.0m. The cash spend on additions was £17.8m and included £11.9m relating to the major investment projects in the conveyor belting businesses.

9. Intangible assets

The increase in intangible assets in the period of £66.3m principally comprises acquisition of businesses of £42.9m and exchange movements of £28.3m.

10. Post-retirement benefits

The Group operates a number of defined benefit post-retirement schemes for qualifying employees in operations around the world. The assets of the schemes are held in separate trustee administered funds. The cost of the schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

The principal scheme is the Fenner Pension Scheme which is based in the UK. The most recent triennial valuation of the Fenner Pension Scheme was on 31 March 2008.

The retirement benefit obligations increased by £16.3m in the period, predominantly due to £16.8m of actuarial losses following an actuarial update of the Fenner Pension Scheme at the half year end date. This was largely as a result of a reduction in the fair value of assets due to the decline in equity markets although this was partially offset by a reduction in the present value of liabilities due to a lower rate of inflation.

11. Provisions

Provisions comprise current provisions of £20.5m (2008 year end: £4.9m) and non-current provisions of £19.9m (2008 year end: £11.1m). The overall increase in the period of £24.4m principally comprises contingent deferred consideration on acquisitions of £20.0m and exchange movements of £7.5m.

12. Reconciliation of net cash flow to movement in net debt

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Net decrease in cash and cash equivalents	**(21.6)**	(36.6)	(26.5)
Increase in borrowings and finance leases resulting from cash flows	**(41.1)**	(32.5)	(23.9)
Movement in net debt resulting from cash flows	**(62.7)**	(69.1)	(50.4)
Exchange movements	**(27.8)**	(3.7)	(10.9)
Movement in net debt in the period	**(90.5)**	(72.8)	(61.3)
Net debt at start of period	**(97.6)**	(36.3)	(36.3)
Net debt at end of period	**(188.1)**	(109.1)	(97.6)

Net debt is analysed as follows:

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Cash and cash equivalents	**21.9**	32.7	43.6
Current borrowings	**(25.0)**	(12.1)	(13.7)
Non-current borrowings	**(185.0)**	(129.7)	(127.5)
	(188.1)	(109.1)	(97.6)

13. Reconciliation of movement in shareholders' equity

	Half year ended 28 February 2009 £m	Half year ended 29 February 2008 £m	Year ended 31 August 2008 £m
Total recognised income and expense for the period	**23.3**	12.6	36.5
Equity dividends paid	**(11.5)**	(9.9)	(9.9)
Shares issued in the period	**-**	0.1	36.1
Share-based payments	**0.3**	0.3	0.3
Movement in shareholders' equity in the period	**12.1**	3.1	63.0
Shareholders' equity at start of period	**204.9**	141.9	141.9
Shareholders' equity at end of period	**217.0**	145.0	204.9

14. Acquisitions

On 1 October 2008, the Group completed the acquisition of substantially all of the operating assets and liabilities of the Conveyor Services Corporation group of companies, including Classic Conveyor Components Corporation and Loadout Services, together with a majority interest in the share capital of Conveyor Services, SA, registered in Chile. The initial cash consideration was £29.1m with subsequent contingent deferred consideration estimated at £18.7m, based on exchange rates at the date of completion. At exchange rates at the half year end date, the deferred amount is £23.2m.

On 31 October 2008, the Group completed the acquisition of the entire share capital of Solid Systems Engineering, LLC. The initial cash consideration was £5.4m with subsequent contingent deferred consideration estimated at £1.3m, based on exchange rates at the date of completion. At exchange rates at the half year end date, the deferred amount is £1.5m.

From the respective dates of acquisition, these businesses contributed £16.8m to Group revenue and £0.8m to Group operating profit before amortisation of intangible assets acquired and exceptional items. After deducting amortisation of intangible assets acquired and exceptional items of £1.3m, the contribution to Group operating profit was a loss of £0.5m.

If the acquisitions had occurred on 1 September 2008, it is estimated that Group revenue would have been £262.1m and Group operating profit before amortisation of intangible assets acquired and exceptional items would have been £18.1m. After deducting amortisation of intangible assets acquired and exceptional items of £11.2m, Group operating profit would have been £6.9m. These amounts have been calculated by adjusting the results of the acquired businesses to reflect the effect of the Group's accounting policies as if they had been in effect from 1 September 2008.

14. Acquisitions continued

Details of the provisional aggregate assets and liabilities acquired, based on exchange rates at the dates of completion, are given below.

	Book value £m	Accounting policy alignment £m	Other items £m	Provisional fair value £m
Property, plant and equipment	3.1	(0.1)	-	3.0
Inventories	2.6	(0.3)	-	2.3
Cash and cash equivalents	0.2	-	-	0.2
Trade and other receivables	11.0	-	-	11.0
Trade and other payables	(4.9)	-	-	(4.9)
Deferred taxation	-	-	0.1	0.1
Total net assets acquired	12.0	(0.4)	0.1	11.7
Intangible assets acquired				27.5
Goodwill on acquisition				15.4
Minority interest on acquisition				(0.1)
Total consideration				54.5
Contingent deferred consideration held as provisions				(20.0)
Contingent deferred consideration paid				0.1
Cash consideration paid				34.6
Cash and cash equivalents acquired				(0.2)
Net cash consideration paid				34.4
Contingent deferred consideration paid on acquisitions in previous periods				0.2
Total cash paid per cash flow statement				34.6

This information has been presented in aggregate because the individual acquisitions are not material.

Cash consideration paid includes acquisition expenses of £0.7m.

The fair value adjustments for accounting policy alignment reflect the provisional restatement of assets and liabilities in accordance with the Group's accounting policies.

Goodwill arising on acquisition principally represents the speed to market, workforce and anticipated synergies gained through the acquisitions.

15. Contingencies

In the normal course of business the Group has given guarantees and counter indemnities in respect of commercial transactions.

The Group is involved as defendant in a number of potential and actual litigation cases in connection with its business, primarily in North America. The directors believe that the likelihood of a material liability arising from these cases is remote.

16. Related party transactions

Other than the remuneration of executive and non-executive directors, there were no related party transactions during the period.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed half yearly financial statements contained in this document have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union;
- the Interim Management Report contained in this document includes a fair review of the information required by the FSA's directive DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- this document includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The directors of Fenner PLC and their respective responsibilities are listed in the Annual Report for 2008. There have been no changes in the period.

By order of the Board

Colin Cooke
Chairman
29 April 2009

Richard Perry
Group Finance Director
29 April 2009

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