

02 June 2008

CHLORIDE GROUP PLC
ANOTHER YEAR OF OUTSTANDING RESULTS FOR CHLORIDE
Preliminary results for the year ending 31 March 2008

Chloride Group PLC, a leading specialist provider of critical secure power solutions, is delighted to announce record results for the year ended 31 March 2008.

Key financials

	2008	2007	Change
Sales (£million)	267.6	204.4	+31%
Adjusted operating profit* (£million)	36.1	23.5	+54%
Adjusted profit before tax* (£million)	33.3	21.7	+54%
Profit before tax (£million)	31.1	21.0	+48%
Operating margin	13.5%	11.5%	+2pts
Adjusted earnings per share* (pence)	9.51	6.63	+43%
Basic earnings per share (pence)	9.99	6.38	+57%
Dividend (pence)	4.00	3.00	+33%

- Excellent sales growth well ahead of the market with products up 33% and service up 26%
- Adjusted operating profit* up 54% to £36.1 million (2007: £23.5 million)
- 6th successive year of improvement in operating margin**
- Basic EPS up 57% - reflecting the release of exceptional tax provision of £2.9 million
- Operating cash flow strong at £30.0 million – up 24% at 83% of adjusted operating profit
- Continued strong growth in Europe and expansion in the high growth markets of Asia Pacific and the Middle East
- Share in DB Power Electronics, India increased
- Order intake ahead of sales resulting in a year end order book up £21.0 million to £102.4 million

* Profit/earnings per share from continuing operations before amortisation of acquired intangibles. (See note 5 to the financial statements).

** Profit from continuing operations before amortisation of acquired intangibles as a % of sales.

Commenting on these results, Keith Hodgkinson, Chief Executive, said

“By focusing on the consistent execution of our strategy, we have built strong positions in high-growth international markets and continually improved our technology and services to meet the broad scope of our customers’ requirements. These actions place the Company in a leading position to benefit from attractive opportunities in the world’s major and emerging economies.

We entered the new financial year with a record order book and a clear plan to meet our growth objective. This gives us confidence in the outlook for the coming year and beyond. We are well-placed to build further momentum for the benefit of our shareholders, customers and our people in the longer term.”

Enquiries:

Chloride Group PLC
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An analysts' briefing will be held at the offices of Hudson Sandler at 29 Cloth Fair, London EC1A 7NN at 11.00 a.m. on 2 June 2008.

CHAIRMAN'S STATEMENT

OVERVIEW

Chloride has again delivered very strong growth in sales, profits and orders. This momentum was underpinned by our focus on buoyant market sectors including IT services, energy and oil & gas, where we grew well ahead of the market. We continued to grow strongly in our main European market where our total solutions approach is welcomed by our customers and provides real competitive advantage. Good progress was made in Asia Pacific and the Middle East where we continue to invest in these attractive markets.

Our strategic positioning as a provider of secure power solutions reinforces our pace of growth, as blue-chip customers across the globe recognise that power quality is critical to their business continuity.

In December 2007 the Company entered the FTSE 250 index, reflecting the strong growth in its market value.

KEY FINANCIALS

Total sales increased by 31% to £267.6 million (2007: £204.4 million), with product sales up 33% at £182.8 million and service revenue up 26% at £84.8 million. Adjusted operating profit increased by 54% to £36.1 million (2007: £23.5 million), reflecting the strong operational gearing of our business model. The operating margin increased by 2 points to 13.5% - the 6th successive year of increase.

Adjusted profit before tax increased by 54% to £33.3 million (2007: £21.7 million), generating adjusted earnings per share of 9.51p (2007: 6.63p), an increase of 43%. Basic earnings per share was 9.99p (2007: 6.38p).

Operating cash flow was £30.0 million (2007: £24.3 million), representing 83% of adjusted operating profit, after accommodating the increase in working capital to support the strong growth in sales and orders.

Net debt for the year was flat at £21.8 million (2007: £21.3 million) after capital expenditure, payment of dividends, acquisitions, tax, interest and the purchase of own shares by the Employee Benefit Trust, all of which totalled £35.1 million.

Tax provisions of £2.9 million were released during the year. These related to potential taxation risks on businesses divested in 2001 the provisions for which were no longer required.

STRATEGIC INVESTMENTS

We made a number of strategic investments to improve and expand our capabilities, focusing on attractive geographic and market sectors. In Europe, our core market, Masterpower Electronics Limited acquired in March 2007, met expectations and now provides a platform to extend our business in the UK oil & gas and energy sectors. We acquired AST Services Electronique SARL, to expand our multi-vendor service capabilities in France, and towards the end of the year, we took a minority stake in Eltek UPS to introduce the Chloride brand to Scandinavia. In addition, Chloride Rus was formed with our long-standing partners in Russia where we already have a number of blue-chip customers in the financial services and oil & gas sectors.

In Asia Pacific we acquired Ascor Power Systems Pte Limited, Singapore and quickly invested in new facilities in Singapore to establish Chloride South East Asia as our regional centre for sales, technical support and training in the region. We also increased our shareholding in DB Power Electronics, India to 32%. This business is exceeding expectations and provides access to international and domestic customers for Chloride's large systems in the Indian IT services, finance and oil & gas sectors.

We took an important strategic step in the management of our supply chain, with the completion of a manufacturing joint venture with Phoenixtec Power Company, Taiwan. Production of large systems to Chloride specifications has now commenced in a new facility in Shenzhen China, and we expect important benefits to come through towards the end of the current financial year, as the facility approaches full production.

We continue to look for suitable acquisition opportunities which will add long-term shareholder value.

DIVIDEND

The Board is pleased to propose a final dividend of 2.40p per share (2007: 1.70p), reflecting our continued confidence in the Company's future prospects. Together with the interim dividend of 1.60p, this gives a dividend for the year of 4.00p - an increase of 33% on the prior year. Subject to shareholders' approval at the Annual General Meeting the final dividend will be paid on 4 August 2008 to shareholders on the register at close of business on 11 July 2008.

BOARD

In March we announced that Keith Hodgkinson will be retiring from the Board at our Annual General Meeting in July and will continue in an advisory capacity until November 2008.

Since Keith was appointed Chief Executive in 1992, the Company has been transformed into a focused secure power solutions company, with leading positions in high-growth markets worldwide. We have developed a clear strategy for growth and progressively invested in people and resources to support our strategic development. My fellow directors and I are very grateful to Keith for his leadership and clear vision throughout this exciting period.

Keith will be succeeded as Chief Executive by Tim Cobbold, who joined the Board as Chief Operating Officer in June 2007. Tim joined Chloride from Smiths Group, where he held a number of senior appointments notably in the John Crane division. We are confident that under Tim's leadership, and with our proven strategy for growth, Chloride will prosper further.

I am pleased to welcome Paul Lester, who joined the Board as a non-executive director in September. Paul is Chief Executive of VT Group and the Board will benefit from his wealth of industrial experience, particularly in service delivery and facilities management.

Robin Southwell, who has been a non-executive director since 2002, will retire from the Board at the Annual General Meeting in July, and I greatly appreciate his support over the last six years. Gary Bullard will take over chairmanship of the Remuneration Committee on Robin's retirement.

PEOPLE

Our people are crucial to Chloride's success and on behalf of the Board I would like to thank them for another year of exceptional progress. Our commitment to training is demonstrated through the continued investment in the Chloride Academy, and I am pleased to report that in its first year of operation 130 of our employees successfully passed residential and distance-learning courses run by the Academy.

A WELL-POSITIONED BUSINESS

Chloride has established an international reputation for providing market-leading power protection solutions. We continue to make excellent progress in our major European market, and our expansion in Asia Pacific and the Middle East is gathering momentum as we continue to strengthen our infrastructure and market presence.

The high growth characteristics of our main market sectors are underpinned by robust long-term market drivers. In particular, energy shortages and rising oil prices will continue to attract high levels of capital investment into these sectors. We are confident that through the consistent application of our proven strategy and ongoing enhancement of our solutions offering we are well positioned to deliver continued high returns on capital, strong earnings growth and excellent cash generation over the long term.

CURRENT TRADING

We entered the new financial year with a record order book reflecting order intake consistently ahead of sales. This positive trend has continued into the first two months of the current year, with sales, operating profit and operating margin well ahead of last year and in line with management's expectations. Product and service orders have again increased and we ended May with a yet stronger order book, supporting the Board's confidence in the outlook for the year.

CHIEF EXECUTIVE'S REVIEW

A PROVEN STRATEGY

Chloride is uniquely positioned as a focused provider of high-quality secure power solutions. We have a proven strategy to build sustainable competitive advantage and accelerate growth through:

- focusing on geographies and market sectors which exhibit long-term growth characteristics;
- investing in people, technology and services to align our capabilities closely with our chosen geographic markets and sectors;
- continual improvement of our robust and cash-generative business model.

Through the consistent execution of our strategy we are market leaders in our largest market, Western Europe. We were proud to be named European UPS Company of the Year 2007 by the leading independent market research company Frost & Sullivan, in recognition of the exceptional growth in all areas of our European business.

By applying this strategic framework to developing international markets and sectors we are winning business and building platforms for further growth in dynamic markets across the world.

SUSTAINABLE GROWTH MARKETS

In 2007 the world market for UPS products grew for the 5th year in succession. Frost & Sullivan estimated market growth of 13% for 2007, and a compound annual growth rate of 8.6% through to 2011 – an increase in market size of nearly \$3 billion over the period. Chloride's secure power solutions are closely aligned to high-growth sectors of the market, such as IT services including data centres, oil & gas, energy and transportation where capital investment in infrastructure is accelerating.

The market drivers have proved enduring – secure electrical power is an essential requirement for global businesses and public sector organisations as they seek to protect their critical applications from the damaging effects of degrading power quality. The failure to improve power infrastructures to match the rate of growth in many economies underpins the prospects for long-term growth in our industry.

DEVELOPING OUR SOLUTIONS OFFERING

Management structure At the end of the year we streamlined the management structure to combine sales and service and operations for both standard and industrial systems. We also consolidated the R&D, production, sales and service and product marketing functions. This move will more effectively leverage our sales and service network, our technology and operational capability to extend best practice in solutions development throughout the Group. This step will be important in driving sales growth and cost efficiencies as we move forward.

Services Our success is based on our ability to provide industry-leading products and services, tailored to the requirements of our global blue-chip customers. We are continually improving our services offering, expanding our international scope and extending our capabilities in services for multi-vendor UPS and other critical electronic equipment. LIFE.net, our industry-leading remote diagnostic software is an important part of our solutions offering. We again made improvements to LIFE.net, enhancing the system to monitor a range of non-UPS equipment, and introducing secure internet communications between the monitoring stations and the installed base.

Our services are closely aligned to the demands of large system applications, which drive the growth in services, generate recurring high-margin service revenues and give us visibility of future earnings.

Revenue from services was up 26% to £84.8 million, (19% organic), and now accounts for 32% of total sales. Our service order book is £9.3 million ahead of last year.

Products Product sales underpin the growth in services, and our product range is continually refreshed to anticipate market requirements, reduce footprint and improve energy efficiency. Sales were up 33% (28% organic) at £182.8 million. In 2007/08, 73% of product sales came from products introduced in the previous

three years. We have a healthy pipeline of new products and anticipate product innovation continuing to be an important driver of our growth in the current and future years.

We introduced static transfer switches to improve our tier 4 data centre capabilities, 90-NET products for the US market and, in conjunction with DB Power, a new range of Active filters for applications requiring enhanced harmonic reduction.

Improvement in energy efficiency is a key objective in new product designs, such as the range of Power Lan models introduced during the year. Chloride is the only UPS company to participate in the EU Code of Conduct to improve end-use energy efficiency in AC uninterruptible power supplies. We also seek to reduce energy wastage in the testing of large systems, through an innovative process in use at our large systems test facility in Bologna, where the energy used in the test process is recovered and recycled, resulting in minimum energy wastage.

We added to our software development capabilities by setting up an additional R&D centre in Pune, India. Operated by DB Power, this state-of-the-art facility gives us access to over 100 technology and software engineers and is already making a significant contribution to our product development programme, especially the development of the next generation of control modules, which will keep our technology at the forefront for large systems.

We completed a joint venture agreement with Phoenixtec Power Company, Taiwan, to develop a high-quality, low-cost manufacturing facility for large systems in Shenzhen China. The venture is scheduled to reach full production in the first half of 2009, and is expected to give us the benefit of lower transfer prices, as well as a 50% share of the company's profits and a local source of supply for our Asian markets.

We also have access to low-cost, high-quality manufacturing facilities in DB Power, giving further scope to reduce product costs.

Chloride Academy Developing our knowledge base and training our staff to the highest industry standards is fundamental to our solutions approach. The Chloride Academy educates students through a combination of distance learning, practical and residential courses to enhance skills and spread best practice to the highest industry standards throughout the Group. The Academy has dedicated staff to uphold the standard of training, and utilises the wealth of expertise in the Company to develop course programmes aligned to business objectives.

The Academy has recently celebrated its first anniversary and in its first year has increased the number of courses available. Accredited training centres have been established at Group facilities in Germany, Spain, the UK, Australia and in our new facility in Singapore. In the first year of operation 130 employees successfully completed 185 Academy courses, with further expansion planned in the current year.

INTERNATIONAL MARKETS

Western Europe This region now accounts for 63% of Group sales, and we hold market leadership positions in the UK, Italy, Spain and Germany. Overall sales from Western Europe grew by 30% with good performances in:

- the UK, where we are particularly strong in data centres and the IT services sector. We opened a custom-built facility in Bedford with state-of-the-art training facilities for staff and customers, and we extended our ability to address the on and offshore oil & gas and energy sectors with the acquisition of Masterpower Electronics Limited in March 2007. Masterpower which is based in Aberdeen, performed well meeting our expectations for the year;
- Spain, where the acquisition of Cener in 2006 has enhanced our large systems and service capabilities, increased our installed base and enabled us to build on relationships with important customers such as the El Corte Ingles chain of department stores. The integration with Chloride Spain was successfully completed during the year, giving a unified approach to the market. Spain is also an excellent market for Chloride's industrial systems, where we have experienced significant growth in sales for industrial applications during the year;
- Italy, where our sales and service business continues to develop long-standing relationships with its customers in IT services, manufacturing, telecoms, and healthcare;

- Germany where we made good progress, particularly in IT services with prestigious projects from blue-chip customers such as E-Shelter, who selected Chloride to provide the power protection for their data centre in Frankfurt – the largest in Europe;
- France, where our industrial systems business based in Lyon expanded sales in the growing oil & gas and energy sectors in Europe, the Middle East and Asia Pacific. This business had an excellent year, and is well-placed to benefit from developments in this sector, including prospects in renewable and nuclear applications. We also invested in our sales and service network, acquiring AST Services Electronique SARL (ASTE) to improve our multi-vendor service capacity;
- Sweden, where we took a minority stake in Eltek UPS, which allows us to launch the Chloride brand in Scandinavia, with the opportunity for Chloride to acquire the business by 2010.

Eastern Europe and Central Asia Sales in this region increased by 24% with good performance from our businesses in Turkey and Poland. We recently established new businesses in Kazakhstan and Azerbaijan, building up our capabilities to address the significant potential in the oil & gas and energy sectors.

In February we announced the creation of Chloride Rus - a joint venture with our long-standing partners in Russia. This extends our secure power solutions capabilities and improves access to opportunities in the Russian market.

Asia Pacific Sales in Asia Pacific were up 50%. Excellent performance was achieved in Australia, where our business won a number of excellent product and service orders, and in China where we focus our sales approach on large multinational companies. We secured important contracts from blue-chip customers such as Intel and Dow Corning as well as a data centre project for the Beijing Olympics.

The strategic partnership with DB Power Electronics, India continues to prove a major success, giving us access to blue-chip customers in a number of sectors including Microsoft, Dell and IBM in IT services, HSBC, Standard Chartered and Barclays in financial services, Tata and Reliance Industries in energy and oil & gas, and Suzuki Textiles in manufacturing. During the year we increased our stake in DB Power to 32% - a key investment to expand our position in the dynamic Indian marketplace.

We acquired Ascor Power Systems Pte Limited, Singapore early in the year, and immediately created a state-of-the-art service support and training centre there to reinforce our high-quality technical, sales and service capability in the region.

At the year end we opened a Chloride representative office in Vietnam as the foundation for building our presence in this high-potential new market.

Middle East We achieved exceptional growth in the Middle East with sales up 78%, from many projects in energy and oil & gas, IT services and in the transport sector from airport projects including those in Dubai, Abu Dhabi and Jordan.

Americas Overall performance in the Americas was disappointing, with sales up by only 4%, due largely to our small products and power conditioning business in the USA, where sales were down by 4% (up 2% in local currency). Our large systems business in the USA grew by 7% (13% in local currency) and we made good progress in Brazil and Mexico.

MARKET SECTORS

Data centres and other IT infrastructure. In 2007/08 we increased sales by 51%, as the increasing requirement for data processing and storage facilities powered growth in this sector. Chloride is an acknowledged leader in critical power services for data centres in Europe, where the market is forecast to grow by a CAGR of 12.5% through to 2011. Our expertise and reputation in Europe was an important competitive advantage in winning important orders for data centres in Asia Pacific, particularly India and Singapore.

Oil & gas and energy Sales grew by 105%. High energy prices and rising demand are driving investment in upstream and downstream infrastructure projects, especially in the Middle East and Asia Pacific. Chloride's industrial systems are engineered to withstand the most challenging of climatic conditions and hostile electrical environments, making them ideally suited to applications in this high-growth sector. The qualification of our

products for nuclear applications means we are well positioned for the re-emergence of nuclear power generation in Europe and other parts of the world.

The development of renewable energy generation has also presented opportunities for Chloride's technologies and services, and we look to win further business in renewables as the sector gathers momentum.

Other We achieved good growth in a number of other sectors, including leisure – where, for example, we have supplied to the Beijing Olympics, manufacturing – with successes across the world, and medical – particularly with hospitals and with equipment manufacturers.

BUILDING MARKET SHARE

Chloride's pace of growth again outstripped the growth of the market, with sales up 31% (25% organic) at £267.6 million, set against the Frost & Sullivan market growth forecast of 13%.

Product sales were up 33% (28% organic) at £182.8 million and services, which form an important part of our total solutions approach, were up 26% (19% organic) at £84.8 million.

Orders were also strong - well ahead of sales and last year. We finished the year with a record order book for products and services (up £21 million to £102.4 million). This increase was evenly spread across all territories for both products and services, providing a firm foundation for further growth in the current year.

ROBUST BUSINESS MODEL

The operating margin increased by 2 points to 13.5%, the 6th successive year of improvement, as we leveraged the sales and service network to increase revenue, and secured cost reductions from the drive for business efficiencies. This margin improvement was achieved despite the negative impact of commodity cost increases. We anticipate further opportunities to improve the operating margin in the future.

Operating cash conversion was 83%, after the additional working capital required to support the growth of the business, demonstrating the quality of earnings and the cash-generative nature of our business model.

PEOPLE

Chloride has some of the most experienced people in our industry, generating over £170,000 of sales per employee. We place a high priority on nurturing talent and providing career opportunities to enable employees to develop their skills and provide excellent service to customers. I would like to thank my colleagues throughout the Group for their commitment and support during my period as Chief Executive. I hand over to Tim Cobbold confident that we have the right people and leadership for continued success.

OUTSTANDING PROSPECTS

Chloride operates in worldwide markets with long-term underlying growth characteristics, driven by our customers' need for secure electrical power to protect their mission-critical applications from inadequate and unreliable power supplies.

By focusing on the consistent execution of our strategy, we have built strong positions in high-growth international markets and continually improved our technology and services to meet the broad scope of our customers' requirements. These actions place the Company in a leading position to benefit from attractive opportunities in the world's major and emerging economies.

We entered the new financial year with a record order book and a clear plan to meet our growth objective. This gives us confidence in the outlook for the coming year and beyond. We are well-placed to build further momentum for the benefit of our shareholders, customers and our people in the longer term.

**CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 MARCH**

	Notes	2008 £000	2007 £000
Sales	2	267,645	204,438
Cost of sales		(152,866)	(115,439)
Gross profit		114,779	88,999
Distribution costs		(38,012)	(32,004)
Administrative expenses		(41,173)	(33,510)
Share of profits from associates and joint venture		475	-
Operating profit before amortisation of acquired intangibles		36,069	23,485
Other operating costs			
Amortisation of acquired intangibles		(2,201)	(700)
Operating profit	2	33,868	22,785
Finance cost		(5,264)	(4,196)
Investment income		2,513	2,410
Profit before tax	2	31,117	20,999
Income tax expense	3	(9,418)	(5,546)
Income tax exceptional release	3	2,931	-
Total income tax expense	3	(6,487)	(5,546)
Profit for the period attributable to equity holders of the parent		24,630	15,453
Earnings per share			
Basic	5	9.99p	6.38p
Diluted	5	9.90p	6.29p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
YEAR ENDED 31 MARCH

	2008	2007
	£000	£000
Exchange differences arising on translation of foreign operations	10,225	(5,042)
Gains/(losses) on cash flow hedges	345	(594)
Actuarial gains on post-employment employee benefits	48	741
Tax on items recognised in equity	2,006	54
Income and expense for the period recognised in equity	12,624	(4,841)
Transfers		
Transfer to profit or (loss) on cash flow hedges	(192)	362
Profit for the period	24,630	15,453
Total recognised income and expense for the period	37,062	10,974

CONSOLIDATED BALANCE SHEET AT 31 MARCH

	Notes	2008 £000	2007 £000
Assets			
Non-current assets			
Goodwill		57,789	52,859
Other intangible assets		9,566	9,554
Property, plant and equipment		19,809	16,561
Interests in associate and joint venture		3,576	-
Investments		-	638
Deferred tax assets		8,371	6,105
		99,111	85,717
Current assets			
Inventories		35,748	28,560
Trade and other receivables		88,879	73,829
Derivative financial instruments		965	266
Cash and cash equivalents	8	22,770	20,470
		148,362	123,125
Total assets		247,473	208,842
Liabilities			
Current liabilities			
Bank overdrafts and other loans	8	12,605	5,338
Obligations under finance leases	8	41	27
Trade and other payables		82,166	72,013
Derivative financial instruments		686	238
Tax payable		9,245	14,847
Provisions	6	3,283	4,160
		108,026	96,623
Non-current liabilities			
Bank and other loans	8	31,638	36,360
Obligations under finance leases	8	284	19
Other payables		147	31
Post-employment benefits		6,986	6,369
Deferred tax liabilities		2,019	2,247
Tax payable		793	879
Provisions	6	3,052	2,212
		44,919	48,117
Total liabilities		152,945	144,740
Net assets		94,528	64,102
Equity			
Issued capital		64,384	63,090
Share premium	7	5,502	3,882
Own shares	7	(12,019)	(10,408)
Retained earnings	7	29,766	11,021
Foreign exchange reserve	7	6,775	(3,450)
Hedge reserve account	7	120	(33)
Equity attributable to equity holders of the parent		94,528	64,102

**CONSOLIDATED CASHFLOW STATEMENT
YEAR ENDED 31 MARCH**

	2008 £000	2007 £000
Operating activities		
Operating profit	33,868	22,785
Amortisation of intangibles – acquired intangibles	2,201	533
Amortisation of intangibles – computer software	681	700
Depreciation of property, plant and equipment	2,744	2,657
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	39,494	26,675
Book gain on sale of property, plant and equipment	(74)	(8)
Non-cash charge for employee share schemes	1,482	885
Post-employment benefits	(97)	(1,957)
Interest in associates	(475)	-
Restructuring	-	(508)
Operating cash flow before working capital movements	40,330	25,087
Increase in inventories	(3,207)	(2,396)
Increase in trade and other receivables	(8,168)	(9,075)
Increase in trade and other payables	1,538	10,709
(Decrease)/increase in other provisions	(450)	7
Operating cash flow	30,043	24,332
Income taxes paid	(10,115)	(2,228)
Finance costs paid	(4,061)	(2,677)
Investment income	1,100	654
Net cash from operating activities	16,967	20,081
Investing activities		
Purchase of property, plant and equipment	(4,097)	(2,448)
Purchase of software	(1,094)	(704)
Sale of property, plant and equipment	171	65
Purchase of businesses	(3,438)	(15,093)
Purchase of investment in associates	(2,337)	-
Net cash used in investing activities	(10,795)	(18,180)
Financing activities		
Share capital issued	2,913	1,704
Purchase of own shares	(2,907)	(1,258)
Capital element of finance lease repayments	206	(27)
Increase/(decrease) in short-term borrowings	7,086	(7,958)
(Decrease)/increase in long-term borrowings	(4,796)	10,754
Equity dividends paid	(8,125)	(6,181)
Net cash used in financing activities	(5,623)	(2,966)
Net increase/(decrease) in cash and cash equivalents	549	(1,065)
Cash and cash equivalents at beginning of year	19,985	21,969
Net foreign exchange differences	1,758	(919)
Cash and cash equivalents at end of year	22,292	19,985

1 Significant accounting policies

Status of accounts

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Companies Act 1985.

The financial information included in the preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 March 2008 or 2007, but is derived from those accounts. Statutory accounts for 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under s. 237(2) or (3) Companies Act 1985.

While the financial information included in this preliminary announcement is based on the Group's financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in June 2008.

The board of directors approved the preliminary announcement on 2 June 2008.

2 Segmental information

The Company derives its revenue and profits from a single class of business, power protection.

Turnover and profit by source

	2008 £000	2007 £000
Revenue		
Europe	224,343	167,398
Americas	23,889	23,563
Asia and Australasia	19,413	13,477
Total sales	267,645	204,438
	2008 £000	2007 £000
Operating profit		
Europe	33,984	24,177
Americas	1,858	1,768
Asia and Australasia	2,532	988
Corporate	38,374	26,933
Total operating profit	(4,506)	(4,148)
Finance costs	33,868	22,785
Investment income	(5,264)	(4,196)
Profit before tax	2,513	2,410
	31,117	20,999

Third-party turnover by market destination

	2008		2007	
	£000	%	£000	%
Europe	190,297	71	147,069	72
Americas	26,384	10	25,346	12
Asia and Australasia	31,024	12	20,829	10
Africa and Middle East	19,940	7	11,194	6
	267,645	100	204,438	100

3 Taxation and exceptional item

	2008	2007
	£000	£000
Current tax:		
UK corporation tax at statutory rate	-	2
	-	2
Foreign tax	9,951	7,141
Adjustment in respect of prior years	(208)	(102)
Current taxation	9,743	7,041
Deferred taxation		
Origination and reversal of timing differences		
- current year	57	(1,418)
- prior year	(382)	(77)
Total deferred tax	(325)	(1,495)
Total	9,418	5,546
Income tax exceptional item	(2,931)	-
Total tax expense	6,487	5,546

Exceptional tax item

During the year the Company released tax provisions which had previously been set up within the current tax charge of £2.9 million. This release follows the expiry of risks relating to businesses sold in 2001.

The table below reconciles the total tax expense with the UK corporation tax rate:

	2008	2007
	£000	£000
Profit before tax	31,117	20,999
Tax on profit arrived at by applying the standard rate of UK tax (30%)	9,335	6,300
Tax rate differences arising on overseas earnings – trading	1,321	1,024
Expenses not allowable for tax	272	204
Losses not tax relieved	448	75
Benefit of previously unrecognised overseas tax losses	(2,399)	(1,327)
Deferred tax expense relating to changes in tax rates	207	-
Tax overprovided in prior years	(3,405)	(179)
Other differences	708	(551)
Total tax expense	6,487	5,546

The foreign tax charge includes tax withheld from remittances to the UK of £164,000 (2007: £59,000).

4 Dividends

Amounts recognised as distributions to equity holders in the period:

	2008	2007
	£000	£000
Final dividend for year ended 31 March 2007 of 1.70p (2006: 1.25p) per share	4,166	3,014
Interim dividend for the year ended 31 March 2008 of 1.60p (2007: 1.30p) per share	3,959	3,167
	8,125	6,181
Proposed dividend for the year ended 31 March 2008 of 2.40p (2007: 1.70p) per share	6,180	4,161

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The trustees of the Chloride Group Employee Benefit Trust have waived their rights to receive dividends. Accordingly the amounts shown above for 2008 are net of dividends of £264,000 (2007: £204,000).

5 Earnings per share

a) Basic and adjusted EPS

The reconciliation between basic and adjusted EPS, and between the earnings figures used in calculating them, is as follows:

	Profit before taxation £000	Taxation £000	Profit after taxation £000	EPS p
2008				
Basic	31,117	(6,487)	24,630	9.99
Amortisation of acquired intangibles	2,201	(449)	1,752	-
Exceptional tax release	-	(2,931)	(2,931)	-
Adjusted	33,318	(9,867)	23,451	9.51
2007				
Basic	20,999	(5,546)	15,453	6.38
Amortisation of acquired intangibles	700	(86)	614	-
Adjusted	21,699	(5,632)	16,067	6.63

b) Diluted EPS

Diluted EPS has been calculated based on the basic and adjusted earnings amounts above. The diluted and diluted adjusted earnings are set out below:

	2008 P	2007 p
Diluted	9.90	6.29
Diluted adjusted	9.42	6.54

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

	2008 million	2007 million
Average shares used in basic EPS calculation	246.7	242.3
Dilutive share options outstanding	2.2	3.4
Shares used in diluted EPS calculation	248.9	245.7

The directors consider that the adjusted earnings per share figures more accurately reflect the underlying performance of the business.

6 Provisions for liabilities

	Restructuring £000	Other £000	Total £000
At 1 April 2007	598	5,774	6,372
Exchange rate adjustments	62	351	413
Profit and loss account	735	1,219	1,954
Acquisition of subsidiaries	-	46	46
Utilised in the year	(921)	(1,529)	(2,450)
At 31 March 2008	474	5,861	6,335
Current	474	2,809	3,283
Non-current	-	3,052	3,052

Restructuring provisions mainly relate to redundancy payments. Other provisions mainly relate to product warranty, and contractual and other obligations such as vacant property and routine legal matters for continuing and disposed businesses. The majority of non-current property provisions are expected to be utilised within three years.

7 Reserves

	Share premium £000	Own shares £000	Hedging reserve £000	Exchange reserve £000	Retained earnings £000	Total £000
At 1 April 2006	3,014	(9,150)	199	1,592	69	(4,276)
Exchange rate adjustments	-	-	(594)	(5,042)	-	(5,636)
Profit for the year	-	-	362	-	15,453	15,815
Dividends paid	-	-	-	-	(6,181)	(6,181)
Premium on shares issued	868	-	-	-	-	868
Movements in respect of own shares	-	(1,258)	-	-	-	(1,258)
Share-based payments	-	-	-	-	885	885
Actuarial gain	-	-	-	-	741	741
Tax on items recognised in equity	-	-	-	-	54	54
At 1 April 2007	3,882	(10,408)	(33)	(3,450)	11,021	1,012
Exchange rate adjustments	-	-	345	10,225	-	10,570
Profit for the year	-	-	(192)	-	24,630	24,438
Dividends paid	-	-	-	-	(8,125)	(8,125)
Premium on shares issued	1,620	-	-	-	-	1,620
Movements in respect of own shares	-	(1,611)	-	-	(1,296)	(2,907)
Share-based payments	-	-	-	-	1,482	1,482
Actuarial gain	-	-	-	-	48	48
Tax on items recognised in equity	-	-	-	-	2,006	2,006
At 31 March 2008	5,502	(12,019)	120	6,775	29,766	30,144

"Own shares" represent 8,140,994 (2007: 7,477,793) ordinary shares in the Company held by the Chloride Group Employee Benefit Trust having a market value at 31 March 2008 of £15.5 million (2007: £12.2 million). The Trust holds these shares to meet long-term commitments in relation to employee share plans.

The retained profits of foreign subsidiary undertakings, if distributed as dividends, would be liable to UK and/or foreign taxes and subject to double tax relief.

8 Analysis of net debt

	At 1 April 2007 £000	Cash flow £000	Exchange translation difference £000	At 31 March 2008 £000
Cash and cash equivalents	20,470	491	1,809	22,770
Bank overdrafts	(485)	58	(51)	(478)
	19,985	549	1,758	22,292
Debt due within one year	(4,853)	(7,086)	(188)	(12,127)
Debt due after more than one year	(36,360)	4,796	(74)	(31,638)
Finance lease obligations	(46)	(206)	(73)	(325)
Net debt	(21,274)	(1,947)	1,423	(21,798)