billington
holdings plc

Report & Financial Statements

Year ended
31st December 2010

Chairman's Statement

Introduction

Against a background of very difficult trading conditions, Billington has achieved robust full year results. As reported previously, the Group completed its restructuring programme with the disposal during the year of the non-core businesses, Dosco Overseas Engineering Limited and Hollybank Engineering Company Limited.

The disposal of our loss making non-core operations allowed us to focus on growing market share in our principal trading subsidiaries: Billington Structures Limited, the award winning Structural Steel business trading from Barnsley and Yate and its related business, easi-edge Limited, the safety solutions business based in Tuxford, Barnsley and Bristol.

Results

The profit after tax for the year from continuing operations amounted to £1.0 million on revenue of £42.3 million, compared with a profit of £3.8 million on revenue of £57.2 million in the previous year. The overall profit for the year attributed to equity shareholders, after adjusting for the net loss on discontinued operations, was £0.8 million, compared with £1.6 million for the previous year.

The overall earnings per share for the year amounted to 7.1p compared with 13.5p, whereas the figures for continuing operations reduced from 32.9p to 8.3p, reflecting the difficult trading conditions during the year.

Pension schemes

As reported last year, the disposal of the Dosco and Hollybank businesses included all the assets and liabilities of the Pension Schemes associated with those businesses, which leaves the Group with just one defined benefit pension scheme, which is included in the Balance Sheet as an asset of £0.4 million before deferred tax at the year end, compared with a liability of £0.2 million at the previous year end, before deferred tax.

Dividend

In the light of the financial results and the trading prospects for 2011 the Board has reluctantly decided not to recommend the payment of a final dividend on this occasion. This will make the total dividend payable in relation to the 2010 trading results 2.75 pence. The Board remain committed to supporting the shareholders with the payment of a dividend when it is prudent to do so, but the uncertain trading environment and the projected cash flow requirements of the business during the forthcoming year make it such that they consider that it would be imprudent to do so on this occasion.

Liquidity and Capital Resources

There has been a negative outflow of cash during the year of £3.6 million, which can be attributed to our continued policy of capital equipment replacement, additional working capital requirements of the ongoing businesses and dividend payments made in the year. The Group had cash balances of £4.9 million at 31st December 2010, which should provide adequate funds to cover the projected working capital requirements of the ongoing businesses.

Prospects

The current workload for the structural steelwork business is at the highest level it has been for some considerable time, albeit this will not generate the level of margin that Billington Structures Limited has enjoyed previously. The results for 2010 have been cushioned by the profits on jobs won at higher margins in 2009, which will not be the case for 2011. The safety solutions business, consisting of both the easi-edge safety barriers and the hoard-it products, is projected to make further progress during 2011.

It is difficult to forecast the results for 2011 with any certainty, as trading conditions remain difficult and there will be further challenges that will arise during the year in terms of managing cost pressures. However the current order book does mean that that there will be high activity levels during the first six months, which will provide a good platform from which to move forward.

Despite the outflow of cash during the period, the Group still has a strong balance sheet, which provides a degree of security in the current difficult market conditions.

Management and workforce

I should like to express my thanks to all the directors and employees for their efforts and assistance over the last twelve months. I would make particular mention of Mike Fewster who is due to retire on 31st March. I would like to thank him for the contribution that he has made over the years and to wish him many happy years of retirement.

Peter Hems
Executive Chairman
14th March 2011

Operational Review

Introduction

2010 was another difficult year for the construction industry and particularly the structural steelwork industry. The continuing economic downturn, rapidly rising raw material prices, change of Government and the associated Comprehensive Spending Review have all added to the difficulties. In the context of this exceptionally difficult trading environment we believe our results remain robust.

We have continually sought to review and control our operating costs, whilst remaining responsive to the needs of our strong and varied customer base, particularly where we operate in a framework environment. Additionally, we have commenced a whole new series of initiatives to diversify and open new business opportunities. We are particularly encouraged by the resurgence of interest in our specialist tubular steelwork contractor 'Tubecon'. Other initiatives include the signing of a co-operation agreement with a similar sized steelwork contractor with a view to offering a joint venture to be known as BS^{2}, thereby providing an alternative major competitor to the UK market place. BS^{2} is intended to focus on the high rise London commercial market, which appears to be an increasing opportunity in 2012 and beyond.

Billington Structures Limited

In excess of 20,000 tonnes (2009: 21,000 tonnes) of structural steel was supplied and erected during 2010 to a wide variety of UK projects including:

- Major civic centres and office accommodation in Rotherham, Bolton and Woolwich.
- A further phase of prestige commercial offices in Liverpool.
- Academies and schools in Hammersmith, Newcastle, Grimsby, Sheffield, Manchester, Liverpool, Barnsley and Newham.
- Projects for The University of Bristol and John Moores University Liverpool.
- The first phase of a significant programme of student accommodation in Luton.
- Numerous supermarket and retail extensions across the UK.
- Various ongoing involvements with Debut's military Single Living Accommodation Modules (SLAM) schemes, now in year eight of a ten year programme, and other defence related installations.
- The first use in the UK of post tensioned steelwork. This was for a dismountable VIP pavilion sponsored by TATA and was used at the World Triathlon championships in Hyde Park London.

Capital expenditure and investment for the future continued and several major new pieces of CNC manufacturing equipment were installed at our Bristol factory during the year. Plans to improve and develop our manufacturing plant at Barnsley, including further land acquisition, have been deferred as a direct result of the difficult trading environment.

easi-edge Limited

easi-edge further consolidated its position as the number one supplier of steel barrier edge protection systems to the UK steel contracting industry. Market share increased and, given the high utilisation levels of the existing assets, a further 18 per cent stock was added during 2010. We successfully continued to develop a complementary system for the timber structure market and we believe it has rapidly become a leading product in the market, being used on a number of high profile projects.

Our complementary products such as core-safe (lift shaft protection gates) and trailarrest (offloading fall protection) similarly sustained high utilisation levels.

hoard-it, our unique site security hoarding system, opened its new warehouse and operations centre in Barnsley. In partnership with our timber board supplier, we exhibited at Ecobuild 2010 and will also be in attendance in 2011. Attendance and demonstrations at a number of client-led seminars and safety days were also an increasing feature of hoard-it's promotional activities. A significant quantity of hoardings has been installed in Central London on Crossrail projects. With no UK codes of practice for temporary hoardings, hoard-it has undertaken a series of loading tests and calculations to provide engineers with information not currently available in the public domain.

In 2011 we intend to open a satellite depot in Bristol and have successfully recruited staff to manage and further promote our products to a wider audience.

Operational Review

Health, Safety, Sustainability, Quality and the Environment

We remain committed to the underpinning ethos of the Group in providing and developing our health, safety, quality and environmental standards. A further reduction in RIDDOR incidents from four to three in the year was encouraging. Zero harm to all remains our goal. The integration and management of our various systems into a full SHEQ system continues to make good progress.

To meet the new requirements for CE marking for structural steel products to BS EN ISO 1090, a significant amount of work has been successfully implemented. The requisite Factory Production Control system at Billington Structures has been designed to meet the requirements of all execution classes 1 – 4 and was launched in January 2011. Billington is now one of a small group of companies having their systems assessed for certification to BS EN ISO 1090.

People

I would like to take the opportunity of thanking all of our employees for dealing so stoically with the necessary financial constraints coupled with an increasing workload, as we process more and smaller orders. Their patience and support is much appreciated. I would also thank all of our stakeholders who remain similarly supportive of the Group and its ambitions.

Numbers employed have reduced during the period primarily due to natural wastage and a significant number of retirees, whom I would also like to thank for their support. I would particularly like to thank Mike Fewster our Operations Director. Mike is retiring at the end of March. His support, direction and counselling over 17 years of employment with Billington will be difficult to replicate. However, I am pleased to confirm that recognising the latter and, as part of our ongoing succession planning process, a number of key promotions and reviews have been successfully implemented.

Conclusion

Our robust financial and operating performance against the background of an exceptionally difficult trading environment has, we believe, confirmed our strong position in the UK structural steelwork sector. Pleasingly, we have succeeded in growing our market share not only in structural steelwork but particularly in the markets served by our innovative safety solutions company, where easi-edge and hoard-it have an ever increasing and strong customer base. The Group forward order book has increased recently and is now as good as we have enjoyed for over three years, although margins remain disappointing.

We have seen a number of major and minor competitors removed from the sector either voluntarily or as a result of financial collapse. Recent and forecast increases in raw material prices will add further pressures and I have no doubt that further consolidation will be inevitable. Unsustainable bids below real cost remain a threat to many. However, I now believe we have reached the bottom of the cycle.

I referred in my opening remarks to the increasingly positive recovery in the London commercial market from late 2011 onwards. We expect our commitment to develop a joint venture to yield real opportunities and positive interest has been expressed from developers and contractors alike in this sector.

I am under no illusion as to the difficulties we face in 2011 but I believe, with the support of a strong and focused management team, an excellent workforce and a robust balance sheet, Billington is in good shape to weather this storm and emerge as an even stronger entity.

Steve Fareham
Chief Executive Officer
14th March 2011

Financial Review

Consolidated Income Statement

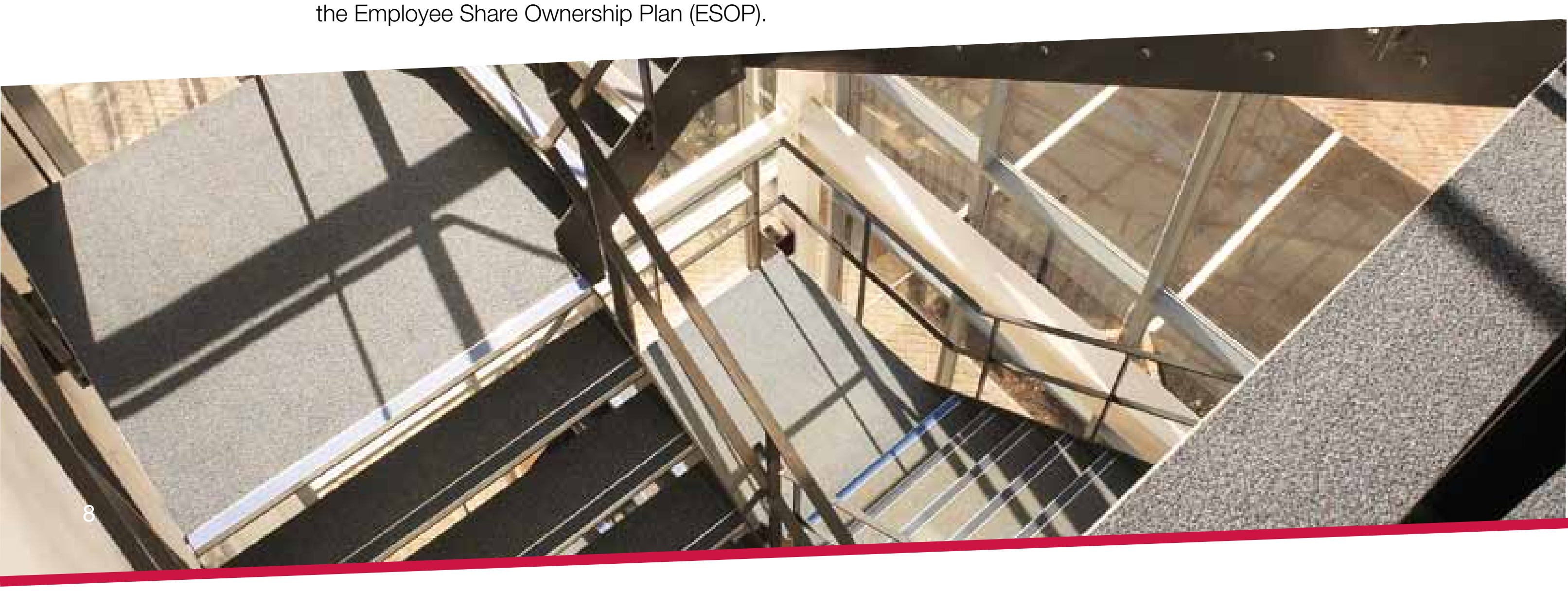
	2010 £000's	2009 £000's
Revenue	42,295	57,177
Operating profit from continuing operations	1,343	5,248
Profit before tax from continuing operations	1,369	5,339
Profit after tax from continuing operations	957	3,815
Overall loss reported from discontinued operations	(135)	(2,251)
Profit for shareholders	822	1,564
EPS from continuing operations	8.3p	32.9p
EPS from all operations	7.1p	13.5p

The results reflect the very difficult trading conditions that were experienced in 2010. Revenue reduced by 26 per cent and operating profit by 74 per cent. Operating margins fell to 3.2 per cent, which was 6.0 per cent lower than in 2009. Most of the revenue reduction was a result of reduced prices. Volume output at Billington Structures, the largest subsidiary, was only 8 per cent lower.

The effective rate of corporation tax on continuing operations was slightly higher, at 30.1 per cent, than in the previous year. The increase over the standard rate of 28 per cent is because of the effect of capital allowances and of adjustments in the tax liability of the Employee Share Ownership Plan (ESOP).

The loss from discontinued operations was incurred in the mining equipment businesses of Dosco Overseas Engineering Limited and Hollybank Engineering Company Limited, the disposal of which was completed on 4th May 2010. The loss against these businesses in the 2010 results is from their trading in the first four months of the year and from adjustments between the actual cost and proceeds of disposal and the estimate of the cost and proceeds built into the 2009 accounts.

Earnings per share from continuing operations fell by 75 per cent and earnings per share from both continuing and discontinued operations fell by 47 per cent.



Consolidated Balance Sheet

	2010 £000's	2009 £000's
Non-current assets	9,403	8,789
Current assets	14,784	17,119
Current liabilities	9,570	12,545
Total equity	14,617	14,774

Within non-current assets property, plant and equipment increased by £630,000, whereas deferred tax assets reduced by £387,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme.

The reduction of £2,335,000 in current assets included increases of £865,000 in inventories, £283,000 in trade receivables and a reduction of £3,634,000 in cash.

The total reduction of £2,975,000 in current liabilities was built up of reductions of £1,776,000 in trade payables and £1,199,000 in tax payable.

Total equity reduced by £157,000 in the year; dividend payments of £1,101,000 exceeding retained profit and the actuarial gain on the pension scheme.

Cash Flow

	2010 £000's	2009 £000's
Profit for shareholders	822	1,564
Depreciation	1,182	1,172
Capital expenditure	(1,817)	(1,719)
Tax paid	(943)	(1,143)
(Increase)/decrease in working capital	(1,620)	3,911
Dividends	(1,101)	(1,274)
Others	(157)	1,998
Net cash (outflow)/inflow	(3,634)	4,509
Cash at beginning of year	8,488	3,979
Cash at end of year – continuing operations	4,854	8,488

The consolidated cash flow statement as presented in the results and as summarised above is abstracted from accounts which include the cash flows from discontinued operations up to the date of the disposal and the net cash flows from the disposal transaction.

Financial Review

The main causes of net cash outflow in the year were our continued policy of capital equipment replacement, increased working capital requirements of the ongoing businesses and dividend payments made in the year. The main reason for the increase in inventories and accounts receivable was customers extending their standard terms of payment. Within accounts payable, the main change was a reduction in advance payments from customers. Working capital in the continuing operations was as shown below:

	2010 £000's	2009 £000's
Inventories	6,533	5,668
Accounts receivable	3,246	2,963
Accounts payable	(9,570)	(11,346)
	209	**(2,715)**

Capital expenditure was at a similar level to 2009. Purchases in 2010 included a new CNC saw/drill for Billington Structures' Yate factory, as well as an increased stock of barriers for the easi-edge hire business.

Cash balances at the year-end totalled £4,854,000 and there was nil gearing.

Pension Scheme

	2010 £000's	2009 £000's
Scheme assets	5,498	4,619
Scheme liabilities	(5,127)	(4,778)
Surplus/(deficit) – continuing operations	371	(159)
Other finance income/(cost) – continuing operations	39	(9)
Contributions to defined benefit scheme(s)	370	1,628

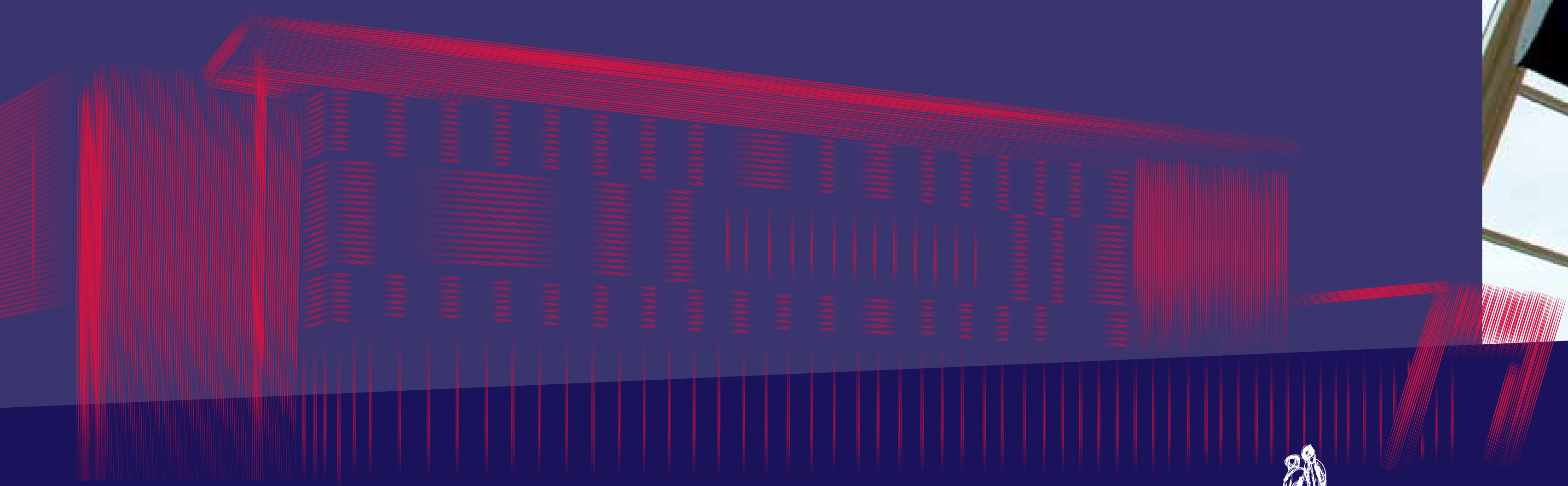
The Billington Final Salary Scheme enjoyed a much better year in 2010. On a IAS19 valuation basis, the value of the scheme's assets increased by 19 per cent, whilst its liabilities only grew by 7 per cent. This was sufficient to switch the scheme into surplus on the same basis.

Similarly, there was a positive contribution of £39,000 to the income statement, compared to a charge of £9,000 in 2009.

Contributions to pension schemes were much reduced in 2010 compared with 2009, which included payments to the pension scheme belonging to the discontinued operations.

A recovery plan for the Billington scheme was agreed with the trustees following an actuarial valuation of the scheme liabilities as at 12th August 2008, in accordance with the requirements of the Pensions Act. Additional contributions are being made in accordance with this agreement.

Peter Hart
Financial Director
14th March 2011



Report & Financial Statements

Year ended
31st December 2010

Financial Statements 2010

billington
holdings plc

Financial Statements

Directors, Secretary and Registered Office

Directors

P.K. Hems
Executive Chairman

S.G.T. Fareham
Chief Executive

P.J. Hart
Financial Director

S.M.C. Fewster
Executive Director

M.R. Speakman
Non Executive Director
(Retired 28th June 2010)

J.S. Gordon
Non Executive Director

Secretary
P.J. Hart

Registered Office

Steel House
Barnsley Road
Wombwell
Barnsley
South Yorkshire
S73 8DS

Registered in England:
Company Number - 2402219

Report of the directors for the year ended 31st December 2010

The directors present their report together with the audited financial statements for the year ended 31st December 2010.

1. Principal activities and business review

The company is principally engaged in the activity of a holding company and the provision of management services to its subsidiaries. The company completed the disposal of non-core activities on 4th May 2010. Following that disposal the Group is engaged as a manufacturer of structural steelwork through its subsidiary Billington Structures Limited, and as a supplier of safety solutions and barrier systems to the construction industry, through its subsidiary easi-edge Limited.

The non-core businesses consisted of the trading companies Dosco Overseas Engineering Company Limited and Hollybank Engineering Company Limited together with a non-trading subsidiary in Russia and the holding company Dosco Holdings Limited. These businesses were sold to SMT Scharf AG, a German manufacturer of rail transport systems for the underground mining industry worldwide.

On a Group basis the business review and future prospects for the business are contained within the Chairman's Statement, Operational Review and Financial Review, including an analysis using financial and non-financial key performance indicators.

Principal Risks and Uncertainties

Contract risk
The principal risk for each of the continuing subsidiaries is contract risk, either agreeing inappropriate contract terms at the beginning of the contract process or failing to deliver contractual obligations. In order to mitigate these risks, significant senior management effort is invested in the agreement of contractual terms and the monitoring of performance against budget.

Health and safety
Health and safety within the Billington Group is of paramount importance. The protection of both our employees and those who may be affected by our business remains a key concern and priority. The ethos throughout the Group is to ensure the welfare of all employees is at the forefront of every decision and not only to meet legal requirements but to go far beyond.

Credit risk
Current economic conditions have impacted on the Group's ability to maintain full credit protection on all customers. This will remain an important issue for the foreseeable future that will be constantly monitored to ensure the Group is not exposed to an unacceptable level of risk.

2. Results and dividends

The income statement is set out on page 18 and shows the profit for the year.

A final dividend in respect of 2009 of 6.75 pence per share was paid on 5th July 2010 to shareholders on the register on 4th June 2010. An interim dividend in respect of 2010 of 2.75 pence was paid on 1st November 2010 to shareholders on the register on 1st October 2010. No final dividend has been proposed in respect of 2010.

3. Directors

All directors appointed at the year end served throughout the year with the exception of Mr M.R. Speakman who retired from office 28th June 2010.

Mr S.M.C. Fewster as announced to the London Stock Exchange (LSE) on 8th October 2010 is due to retire from office on 31st March 2011.

In accordance with the articles of association, which require one third of the directors to retire each year, Mr S.G.T. Fareham and Mr J.S. Gordon retire by rotation and offer themselves for re-election.

3. Directors (continued)

The interests of the directors in shares of the company were as follows:

	Billington Holdings Plc ordinary 10p shares			
	31st December 2010		1st January 2010 (or date of appointment)	
	Shares	Options	Shares	Options
P.K. Hems	15,000	0	15,000	0
S.G.T. Fareham	14,000	0	14,000	0
M.R. Speakman	0	0	0	0
P.J. Hart	10,800	0	10,800	0
S.M.C. Fewster	5,000	0	5,000	0
J.S. Gordon	356,667	0	356,667	0

4. Disabled persons

The Group's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

It is Group policy to disseminate relevant information about Group affairs amongst employees. The Group operates an Employee Share Ownership Plan (see note 11).

6. Charitable donations

During the year the Group made contributions totalling £5,000 (2009 - £7,000) to United Kingdom charitable organisations.

7. Payment policy

The Group's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade payables of the continuing Group at the year end amount to 81 days (2009 - 67 days) of average supplies for the year. The parent company does not trade outside the Group and therefore does not have significant trade creditors.

8. Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent company and the profit or loss of the Group for that period. In preparing these financial statements the directors are required to select suitable accounting policies and then apply them consistently, to make judgements and estimates that are reasonable and prudent, to state whether applicable International Financial Reporting Standards as adopted by the European Union/UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware, there is no relevant audit information of which the Group and parent company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

9. Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The Group finances its operations through a mixture of retained profits and temporary bank borrowings on an individual company account basis. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis through the use of floating facilities on individual company accounts.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through a Group treasury function which is charged with ensuring sufficient liquid funds are available to all companies as and when they are required. Short term flexibility is achieved by overdraft facilities.

Currency risk

Most of the Group's transactions are carried out in Sterling. Exposure to currency exchange rate fluctuations is considered minimal since the disposal of non core operations in 2010.

To mitigate the Group's exposure to foreign currency risk, non-sterling cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed in Note 16.

Credit risk

The Group's principal credit risk arises from trade receivables. In order to manage credit risk the directors set credit limits for customers based on payment history and third party credit references. In addition bad debt insurance is maintained to reduce the risk to an acceptable level (see notes 13 & 16 to the financial statements).

Report of the directors for the year ended 31st December 2010 (continued)

10. Going concern

The consolidated financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its trading performance and cash flows are detailed in the financial review and they demonstrate the overall adequate net cash position of the Group.

In addition note 9 (above) sets out our financial risk management objectives and policies and how short term liquidity is maintained within the Group. The directors are confident that further funding facilities would be available should they be required in the future. As a consequence the directors believe that the parent company and Group are well placed to manage their business risks successfully despite the uncertainties surrounding the current general economic outlook.

The directors have a reasonable expectation that the parent company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

11. Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

12. Approval

The board of directors of Billington Holdings Plc has approved the contents of this report and financial statements for the year ended 31st December 2010.

BY ORDER OF THE BOARD

P.J. Hart
Secretary
Billington Holdings Plc
Company Number - 2402219
14th March 2011

Independent Auditor's Report to the members of BILLINGTON HOLDINGS PLC

We have audited the Group financial statements of Billington Holdings plc for the year ended 31st December 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the statement of accounting policies and notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31st December 2010 and of its profit for the year then ended
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Billington Holdings plc for the year ended 31st December 2010.

Timothy Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

14th March 2011

Financial Statements

Consolidated income statement for the year ended 31st December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Continuing operations					
Revenue	2		42,295		57,177
Increase/(decrease) in work in progress			640		(1,018)
			42,935		56,159
Raw materials and consumables		25,212		33,076	
Other external charges		2,638		1,919	
Staff costs	4	11,712		13,429	
Depreciation	2	1,151		1,124	
Other operating charges		879		1,363	
			(41,592)		(50,911)
Group operating profit			1,343		5,248
Net finance (cost)/income	5		(13)		100
Other finance income/(cost) - pension scheme	20		39		(9)
Profit before tax	2		1,369		5,339
Tax	6		(412)		(1,524)
Profit for the year from continuing operations			957		3,815
Discontinued operations					
Loss for the year from discontinued operations	3		(313)		(684)
Profit on disposal of discontinued operations	3		178		0
Loss on measurement to fair value less costs to sell of discontinued operations	3		0		(1,567)
			(135)		(2,251)
Profit for the year attributable to equity holders of the parent company			822		1,564
Earnings per share (basic and diluted) from continuing operations	8		8.3 p		32.9 p
Loss per share (basic and diluted) from discontinued operations	8		(2.7) p		(5.9) p
Earnings per share (basic and diluted) from continuing and discontinued operations	8		7.1 p		13.5 p

The statement of accounting policies and notes 1 to 20 form part of these Group financial statements.

Consolidated statement of comprehensive income for the year ended 31st December 2010

	Note	2010 £'000	2009 £'000
Profit for the year		822	1,564
Other comprehensive income			
Actuarial gain recognised in the pension schemes - continuing	20	172	59
Actuarial loss recognised in the pension schemes - discontinued	20	0	(1,529)
Movement on deferred tax relating to pension liability - continuing	20	(149)	(107)
Movement on deferred tax relating to pension liability - discontinued	20	0	195
Current tax relating to pension liability - continuing	6	100	91
Current tax relating to pension liability - discontinued	6	0	234
Other comprehensive income, net of tax		123	(1,057)
Total comprehensive income for the year attributable to equity holders of the parent company		945	507

The statement of accounting policies and notes 1 to 20 form part of these Group financial statements.

Consolidated balance sheet as at 31st December 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	9		8,712		8,082
Pension assets	20		371		0
Deferred tax assets	15		320		707
Total non current assets			9,403		8,789
Current assets					
Inventories and work in progress	12	6,533		5,668	
Trade and other receivables	13	3,246		2,963	
Current tax receivable		151		0	
Cash and cash equivalents		4,854		8,488	
Total current assets			14,784		17,119
Assets included in disposal group classified as held for sale	3		0		9,132
Total assets			24,187		35,040
Liabilities					
Current liabilities					
Trade and other payables	14	9,570		11,346	
Current tax payable		0		1,199	
Total current liabilities			9,570		12,545
Liabilities included in disposal group classified as held for sale	3		0		7,562
Non current liabilities					
Pension liabilities	20	0		159	
Total non current liabilities			0		159
Total liabilities			9,570		20,266
Net assets			14,617		14,774
Equity					
Share capital	17		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(902)		(901)
Accumulated profits			12,230		12,386
Total equity			14,617		14,774

The Group financial statements were approved by the Board of Directors on 14th March 2011.

P.K. HEMS Chairman

P.J. HART Financial Director

The statement of accounting policies and notes 1 to 20 form part of these Group financial statements.

Consolidated statement of changes in equity for the year ended 31st December 2010

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1st January 2009	1,293	1,864	132	(899)	13,153	15,543
Dividends (note 7)	0	0	0	0	(1,274)	(1,274)
ESOP movement in year	0	0	0	(2)	0	(2)
Transactions with owners	1,293	1,864	132	(901)	11,879	14,267
Profit for the financial year	0	0	0	0	1,564	1,564
Other comprehensive income						
Actuarial loss recognised in the pension schemes	0	0	0	0	(1,470)	(1,470)
Income tax relating to components of other comprehensive income	0	0	0	0	413	413
Total comprehensive income for the year	0	0	0	0	(1,057)	(1,057)
At 31st December 2009	1,293	1,864	132	(901)	12,386	14,774

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1st January 2010	1,293	1,864	132	(901)	12,386	14,774
Dividends (note 7)	0	0	0	0	(1,101)	(1,101)
ESOP movement in year	0	0	0	(1)	0	(1)
Transactions with owners	1,293	1,864	132	(902)	11,285	13,672
Profit for the financial year	0	0	0	0	822	822
Other comprehensive income						
Actuarial gain recognised in the pension schemes	0	0	0	0	172	172
Income tax relating to components of other comprehensive income	0	0	0	0	(49)	(49)
Total comprehensive income for the year	0	0	0	0	123	123
At 31st December 2010	1,293	1,864	132	(902)	12,230	14,617

The Group profit and loss account reserve includes a surplus of £267,000 (2009 - deficit - £114,000) relating to the net pension surplus.

The statement of accounting policies and notes 1 to 20 form part of these Group financial statements.

Consolidated cash flow statement for the year ended 31st December 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Group profit after tax		822	1,564
Taxation paid		(943)	(1,143)
Interest received		64	100
Depreciation on property, plant and equipment		1,182	1,172
Difference between pension charge and cash contributions		(319)	(1,460)
Loss/(profit) on sale of property, plant and equipment		(7)	9
Taxation expense recognised in income statement		347	1,405
Finance (income)/cost		(26)	201
(Increase)/decrease in inventories and work in progress		(300)	3,375
(Increase)/decrease in trade and other receivables		(631)	6,048
Decrease in trade and other payables		(689)	(5,512)
Profit on disposal of discontinued operations		(178)	0
Loss on measurement to fair value less costs to sell of discontinued operations		0	1,567
Net cash flow from operating activities		(678)	7,326
Cash flows from investing activities			
Interest paid		(77)	(1)
Purchase of property, plant and equipment		(1,817)	(1,719)
Proceeds from sale of property, plant and equipment		36	181
Net cash inflow from disposal of discontinued operations		4	0
Net cash flow from investing activities		(1,854)	(1,539)
Cash flows from financing activities			
Equity dividends paid		(1,101)	(1,274)
Employee Share Ownership Plan share purchases	11	(3)	(2)
Employee Share Ownership Plan share sales	11	2	0
Net cash flow from financing activities		(1,102)	(1,276)
Net (decrease)/increase in cash and cash equivalents		(3,634)	4,511
Cash and cash equivalents at beginning of period		8,488	3,979
Cash and cash equivalents at end of period		4,854	8,490
Cash and cash equivalents of continuing Group		4,854	8,488
Included within the disposal group		0	2
Total cash and cash equivalents		4,854	8,490

The statement of accounting policies and notes 1 to 20 form part of these Group financial statements.

Statement of accounting policies

These consolidated financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below which are based on IFRS in issue as adopted by the European Union (EU) and are effective at 31st December 2010.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

Change in accounting policies

The Group has adopted IFRS 3 Business Combinations (Revised 2008) and IAS 27 Consolidated and Separate Financial Statements (revised 2008) in its 2010 consolidated financial statements. Both standards have been applied from 1st January 2010 and have not been applied retrospectively. There has been no significant impact to the Group's consolidated financial statements for the year ended 31st December 2010.

The Group has also adopted the IASB's Annual Improvement 2009 from 1st January 2010. This has had no significant effect on the Group's consolidated financial statements for the year ended 31st December 2010.

(a) Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Income, expenditure, unrealised gains and intra-group balances arising from transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Amounts in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

(b) Revenue
In the case of contracts with customers for services where the contract is essentially for the provision of labour, materials and plant, revenue represents the value of labour, material and plant supplied in the period based on rates agreed with customers.

In the case of contracts with customers which have the characteristics of construction contracts, revenue is the total amount receivable in respect of work done, including certified amounts recoverable on contracts, and is treated as follows:

- the amount by which recorded revenue is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed within current assets.
- the balance of payments on account in excess of amounts (a) matched with revenue and (b) offset against contract balances are classified as payments on account and separately disclosed within trade and other payables.
- profits on work done are taken at the point the outcome of the contract can be estimated reliably, with the profit and revenue based on the level of completion of the contract at the balance sheet date.
- the level of completion is determined by reference to the work certified against the overall anticipated contract value at a given point in time.
- revenue is recognised when the company is notified of certified works by the contractor. When the outcome of a contract cannot be estimated reliably, revenue is recognised to the extent that it is probable that the costs are recoverable.

In all other cases, revenue represents the fair value of consideration received or receivable for goods supplied in the period, excluding VAT and other discounts. Revenue is recognised when the goods are despatched or the goods are complete and are available for collection by the customer whichever is the earlier, which is when the significant risks and rewards of ownership are considered to be transferred.

In accordance with IAS 11 the Group does not recognise the revenue and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered probable and when the outcome can be estimated reliably.

(c) Property, plant and equipment
Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is calculated to write off the cost of property, plant and equipment (other than freehold land) less estimated residual value by equal annual instalments over their expected useful lives. The expected useful lives and material residual value estimates are updated as required, but at least annually.

The rates applicable are:

Freehold and long leasehold property	2% to 4%
Plant and equipment	5% to 33.3%
Motor vehicles	10% to 40%

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(c) Property, plant and equipment (continued)
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

(d) Inventories and work in progress
Inventories and work in progress are valued at the lower of cost, including applicable overheads, and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

Contract work in progress is included in revenue on the basis of independent certification of value of work done. Unpaid certified work is classified as amounts recoverable on contracts.

Provision is made for probable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

(e) Taxation
Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (ie actuarial gains and losses) in which case the related deferred tax is also recognised in other comprehensive income.

Statement of accounting policies (continued)

(f) Retirement benefits

Defined Contribution pension schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit pension schemes

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately in other comprehensive income. The gross surplus or deficit is presented on the face of the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged against other operating charges. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income/costs.

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(g) Goodwill

Goodwill representing the excess of the cost of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in profit or loss.

(h) Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

All other leases are regarded as operating leases and the payments made under them are charged to the profit or loss on a straight line basis over the period of the lease term. Lease incentives are spread over the term of the lease.

(i) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ("ESOP") is a separately administered trust. The assets of the ESOP comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP have been included in the consolidated financial statements as the Group exercises control over the ESOP in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOP and deducted from equity and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled. No share option charge arises as all share options within the ESOP were issued prior to 1 January 2005.

(j) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All foreign exchange differences are dealt with through the income statement.

(k) Financial assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group only has loans and receivables, which are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group may not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Statement of accounting policies (continued)

(l) Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group only has other financial liabilities, which are recorded initially at fair value, net of direct issue costs.

Other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

(m) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

(n) Dividends
Dividend distributions payable to equity shareholders are included in "trade and other payables" when the dividends are approved in general meeting prior to the balance sheet date, and are debited direct to equity within accumulated profits.

(o) Equity
Equity comprises the following:

"Called up share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

"Capital redemption reserve" represents the purchase cost of shares repurchased by the Group in 1998.

"Other reserves" represents the purchase cost of the shares held within the Employee Share Ownership Plan (ESOP).

"Accumulated profits" represents retained profit and gains and losses due to the revaluation of certain property, plant and equipment prior to the implementation of IFRS.

(p) Segmental reporting
In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its previous financial statements. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the board of Billington Holdings plc. There have been no changes from prior periods in the measurement methods used to determine segment profit or loss.

(q) Discontinued operations
A discontinued operation is a cash-generating unit, or a group of cash-generating units, that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities held for sale include assets and liabilities that the Group intends to sell within one year from the date of classification as held for sale, are available for immediate sale in their present condition and sale within one year is highly probable. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to the classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

(r) Standards and interpretations in issue not yet effective
The following standards and interpretations have been issued, but are not effective and have not been adopted by the Group:

IAS 24 (Revised 2009) Related Party Disclosures (effective 1st January 2011)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1st July 2010)

Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1st January 2011

Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1st July 2011)

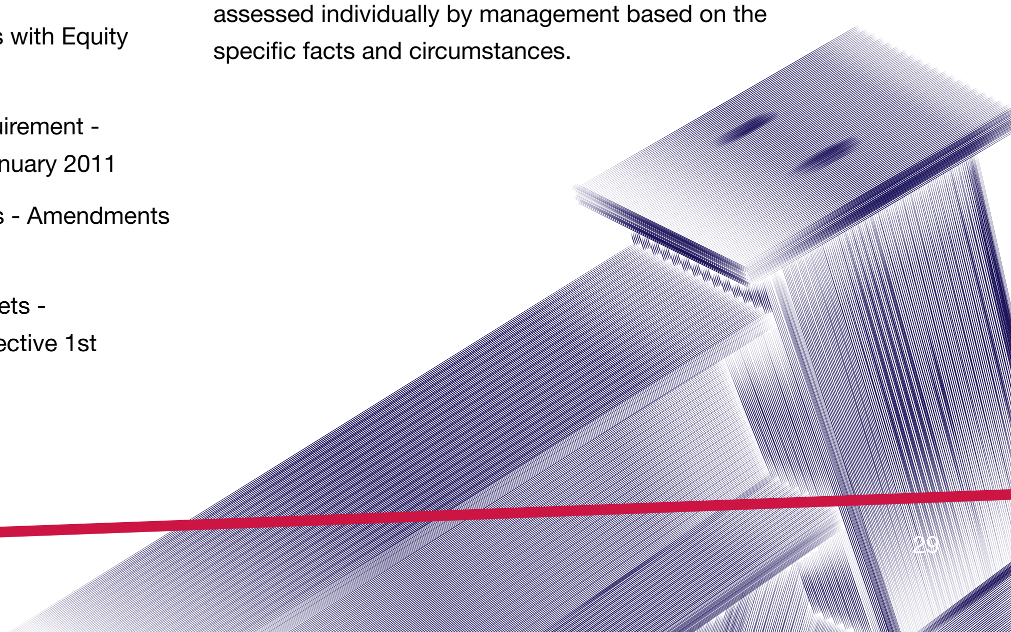
Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1st January 2012)

The Standards and Interpretations are not expected to have any significant impact on the Group's financial statements.

(s) Significant management judgements in applying accounting policies
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described below.

Construction contract revenue
The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the overall contract value. Further information on the Group's accounting policy for construction contracts is provided in note b.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.



Statement of accounting policies (continued)

Estimation uncertainty
When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Impairment
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets
Management reviews the useful lives of depreciable assets at each reporting date. At 31st December 2009 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 9.

Construction contract revenue
The carrying amount of construction contracts and revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group's management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Inventories
Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence of market value available at the times the estimates are made.

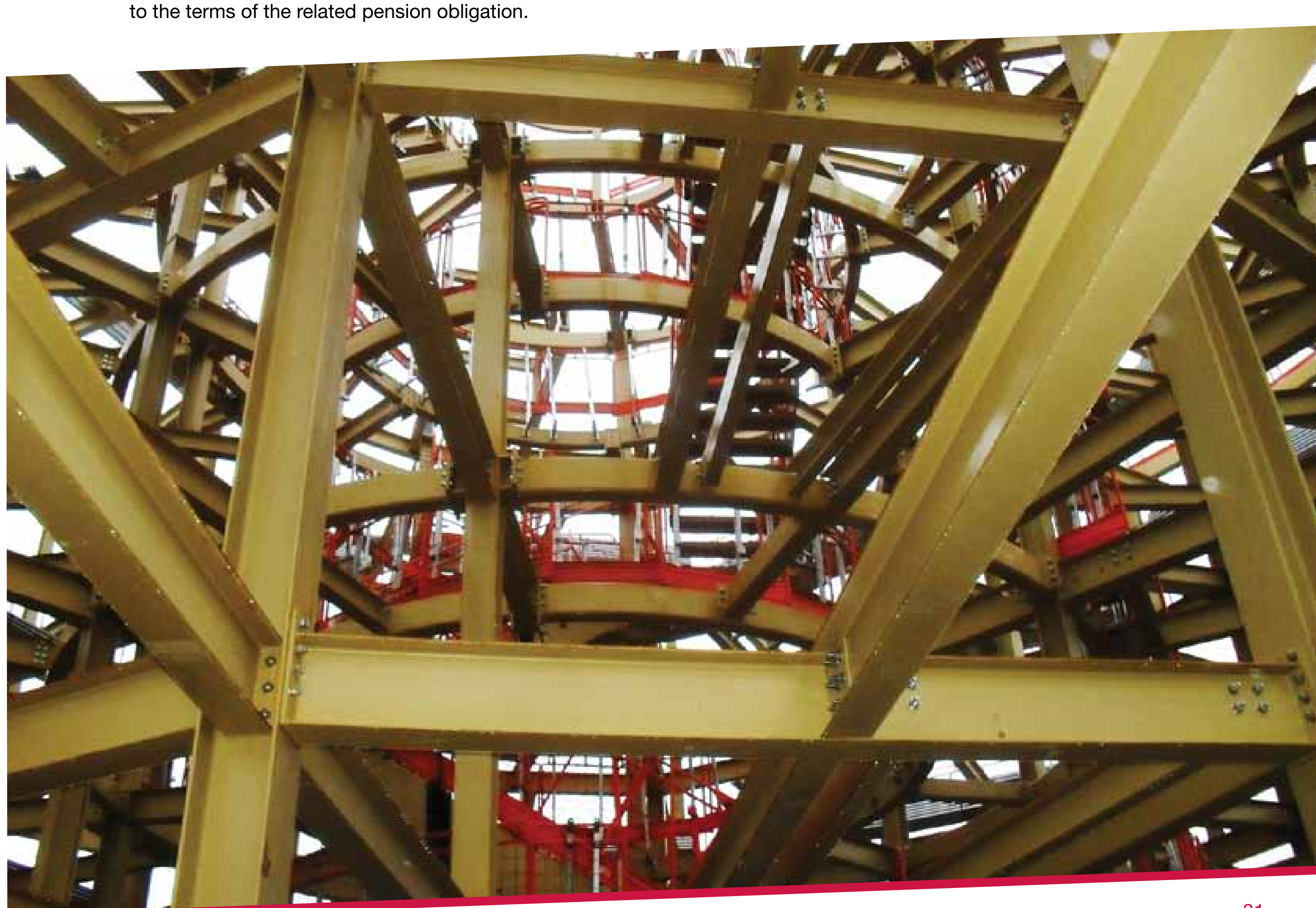
(s) Significant management judgements in applying accounting policies (continued)

Defined benefit obligation
Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit obligation of £5,127,000 (2009: £49,776,000 (continuing - £4,778,000, discontinued - £44,998,000)) is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

(t) Capital management policies and procedures
Billington Holdings' capital management objectives are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders, which are currently considered to be met.

The Group and subsidiary companies Boards meet regularly to review performance and discuss future opportunities and threats with an aim to maximising return and minimising risk.

The Group monitors capital as the carrying amount of equity less cash and cash equivalents on the face of the balance sheet. There are no covenants in place over the capital ratio to be maintained.



Notes forming part of the Group financial statements for the year ended 31st December 2010

1. Segmental information

The continuing operations of Billington Holdings plc operate only in Structural Steel. The Structural Steel segment includes the activities of Billington Structures Limited and its related business easi-edge Limited, which are considered to be only one operating segment under IFRS 8. The operations of Dosco Overseas Engineering Limited (previously Engineering) and Hollybank Engineering Limited (previously Structural Steel) were considered discontinued in 2009.

The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed with Structural Steel. All assets of the continuing Group reside in the UK.

	Structural Steel £'000	Discontinued operations £'000	Total
Year ended 31st December 2010			
Revenue			
External sales	42,295	2,763	
Measure of segment profit or loss			
Operating profit/(loss)	1,343	(378)	
Net finance income	26	0	
Profit/(loss) before tax	1,369	(378)	
Tax	(412)	65	
Profit/(loss) for the year before profit on sale of discontinued operations	957	(313)	
Assets and liabilities			
Segment assets	24,187	0	24,187
Segment liabilities	(9,570)	0	(9,570)
Net assets	14,617	0	14,617
Other information			
Capital expenditure	1,810	7	1,817
Depreciation	1,151	31	1,182

	Structural Steel £'000	Discontinued operations £'000	Total
Year ended 31st December 2009			
Revenue			
External sales	57,177	12,859	
Measure of segment profit or loss			
Operating profit/(loss)	5,249	(512)	
Net finance income	90	(291)	
Profit/(loss) before tax	5,339	(803)	
Tax	(1,524)	119	
Profit/(loss) for the year before profit on sale of discontinued operations	3,815	(684)	
Assets and liabilities			
Segment assets	25,908	9,132	35,040
Segment liabilities	(12,704)	(7,562)	(20,266)
Net assets	13,204	1,570	14,774
Other information			
Capital expenditure	1,652	67	1,719
Depreciation	1,124	48	1,172

Notes forming part of the Group financial statements for the year ended 31st December 2010 (continued)

2. Revenue and profit before tax

Revenue and profit before tax are attributable to the Group's continuing operations of structural steel. All revenue originated from the UK.

During 2010 two customers each included within the structural steel sector accounted for greater than 10% of the continuing Groups revenue. Contractors A and B accounted for 15% (2009: 27%) and 14% (2009: 10%) respectively of Group revenue.

Analysis of revenue by geographical area for continuing operations, based on customer location:

Sales of goods

	2010 £'000	2009 £'000
United Kingdom	40,244	55,340

Sales of services

	2010 £'000	2009 £'000
United Kingdom	2,051	1,837

Profit before tax is stated after:

	2010 £'000	2009 £'000
An analysis of fees paid to the company's auditors relating to both continuing and discontinued operations		
Fees payable to the company's auditors for the audit of the company's annual accounts	24	24
Fees payable to the company's auditors and its associates for other services:		
the audit of the company's subsidiaries	17	31
corporate finance	33	20
tax services	42	27
other services	5	7
Depreciation - continuing	1,151	1,124
Depreciation - discontinued	31	48
(Profit)/loss on disposal of property, plant and equipment - continuing	(7)	8
Foreign exchange gains - discontinued	(67)	(450)
Operating lease charges:		
short term hire of plant and machinery	12	4
operating leases - other - continuing	124	206
operating leases - other - discontinued	0	22
operating leases - property - continuing	107	105

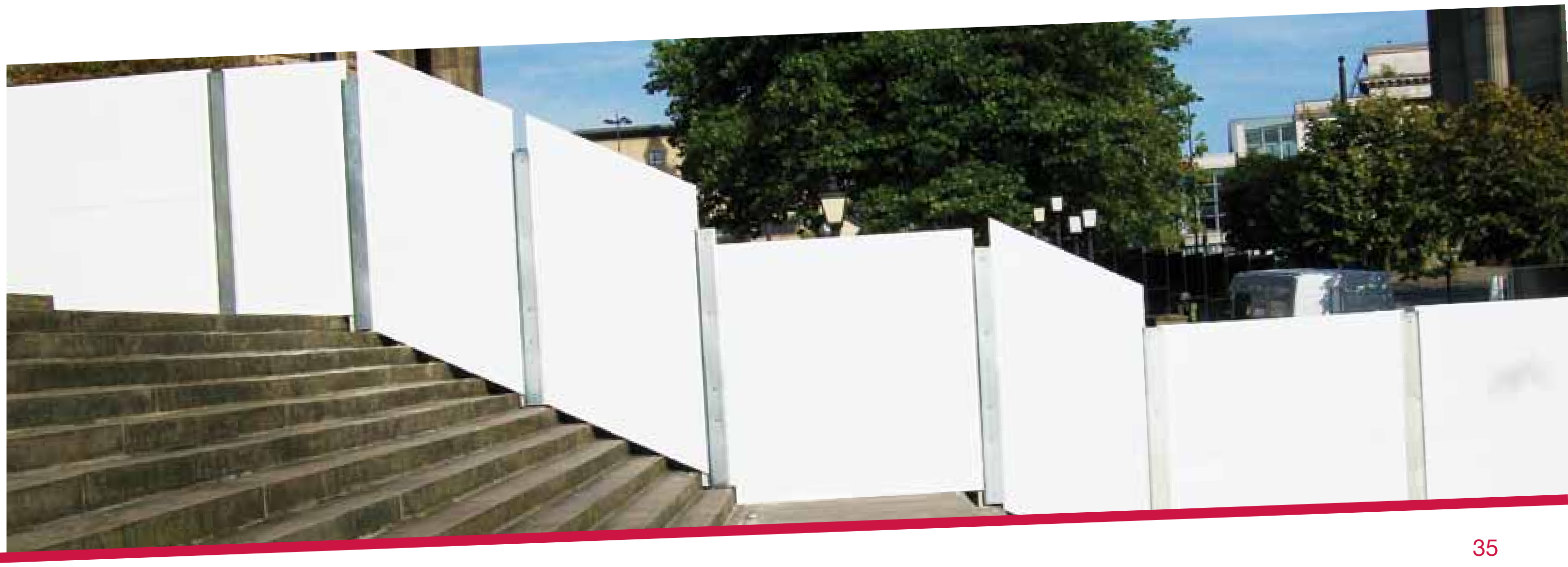
3. Discontinued operations

On 4th May 2010 the disposal businesses were sold to SMT Scharf AG, a company registered in Germany. The disposal businesses consisted of Dosco Holdings Limited, Dosco Overseas Engineering Limited, Hollybank Engineering Company Limited and Dosco Russia LLC, a company registered in Russia. The continuing operations consist of Billington Structures Limited, easi-edge Limited and Billington Fleet Management Limited.

As at 31st December 2009 these operations were reported as discontinued operations. The discontinued operations results were as follows:

	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Revenue		2,763		12,859
Increase in work in progress		0		0
Total revenue		2,763		12,859
Raw materials and consumables	1,756		8,972	
Other external charges	81		(589)	
Staff costs	914		3,855	
Depreciation	31		48	
Other operating charges	359		1,085	
		(3,141)		(13,371)
Total operating loss		(378)		(512)
Other finance cost		0		(291)
Loss on ordinary activities before taxation		(378)		(803)
Tax on loss on ordinary activities		65		119
Loss for the year from discontinued operations		(313)		(684)

The above summary income statement relates only to the activities discontinued in 2009 relating to Dosco Overseas Engineering Limited, Hollybank Engineering Company Limited, Dosco Holdings Limited and Dosco Russia.



3. Discontinued operations (continued)

Cash flows from discontinued operations for the year ended 31st December 2010

	2010 £'000	2009 £'000
Net cash flow from operating activities	1,332	2,790
Net cash flow from investing activities	(7)	(17)
Net cash flow from financing activities	0	(2,765)
Net increase in cash and cash equivalents	1,325	8

In accordance with IAS 7 and IFRS 5 the cash flows above in respect of the discontinued operations are included in the consolidated cash flow statement under their respective headings.

Balance sheet of the disposal Group at 4th May 2010

	As at 4th May 2010		As at 31st December 2009	
	£'000	£'000	£'000	£'000
Property, plant and equipment		2,485		2,509
Deferred tax liabilities		(3)		(4)
Inventories and work in progress		4,015		4,580
Trade and other receivables		3,486		3,138
Current tax receivable		59		474
Cash and cash equivalents		1,327		2
Assets of disposal group		11,369		10,699
Trade and other payables	(3,441)		(2,354)	
Pension liabilities net of deferred tax	(5,208)		(5,208)	
Liabilities of disposal group		(8,649)		(7,562)
Disposal proceeds (net of professional fees)		(1,331)		(1,570)
Net assets of disposal group		2,720		3,137
Loss on measurement to fair value less costs to sell of discontinued operations		1,389		1,567
Subtotal		1,567		
Less loss recognised in the prior year				
Profit on disposal of discontinued operations		(178)		

There is no tax expense in respect of the profit on disposal of discontinued operations

4. Directors and employees

Staff costs during the year including directors:

	Continuing 2010 £'000	Discontinued 2010 £'000	Continuing 2009 £'000	Discontinued 2009 £'000
Wages and salaries	9,891	616	11,205	2,334
Social security	1,182	71	1,333	275
Pension costs	639	227	891	1,246
	11,712	914	13,429	3,855

The average number of employees of the continuing Group during the year was 320 (2009 - 338). The average number of employees of the discontinued Group to the date of disposal was 77 (2009: 88).

Key management is considered to be the directors of Billington Holdings plc. Remuneration in respect of key management was as follows:

	Salary & Fees £'000	Other Emoluments £'000	Pension £'000	Total £'000	Total 2009 £'000
Executive					
P.K. Hems	77	26	0	103	149
S.G.T. Fareham	149	14	60	223	267
P.J. Hart	96	21	38	155	170
S.M.C. Fewster	105	12	35	152	184
Non-executive					
J.S. Gordon	31	0	0	31	32
M.R. Speakman	10	0	0	10	22
	468	73	133	674	824
Employers NI				65	75
Key management personnel compensation				739	899

Other emoluments received consist of the provision for private medical care, bonuses and motor car allowances.

During the year no directors (2009 - no directors) participated in defined benefit pension schemes and three directors (2009 - three directors) participated in a defined contribution pension scheme.

During the year no directors (2009 - no directors) exercised share options.

5. Net finance income

	2010 £'000	2009 £'000
Payable on bank loans and overdrafts	0	(1)
Receivable on bank balances	64	91
Other interest receivable	0	9
Other interest payable	(77)	0
Net finance income	(13)	99
Other finance income / (cost) - pension scheme (see note 20)	39	(9)
	26	90

6. Tax on profit on ordinary activities

The tax charge represents:

	Continuing 2010 £'000	Discontinued 2010 £'000	Continuing 2009 £'000	Discontinued 2009 £'000
Corporation tax at 28% (2009 - 28%)	95	(59)	1,622	(134)
Adjustment in respect of prior years	79	(6)	429	0
Total current tax	174	(65)	2,051	(134)
Deferred tax charge/(credit) - (note 15)	238	0	(527)	15
Total tax charge for the year	412	(65)	1,524	(119)

Tax relating to other comprehensive income:

	2010 £'000	2009 £'000
Corporation tax at 28% (2009 - 28%)		
Current tax credit relating to pension liability - continuing	100	91
Current tax credit relating to pension liability - discontinued	0	234

This reflects the tax relief available on additional contributions made to finance the net pension deficit.

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2009 - 28%). The differences are explained as follows:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax - continuing and discontinued	991	4,536
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2009 - 28%)	277	1,270
Effects of:		
expenses not deductible for tax purposes	61	21
adjustments to tax charge in respect of prior years	73	429
other adjustments	(21)	64
ESOP tax charge	34	0
deferred tax movement - prior years (note 15)	(77)	(379)
Total tax charge for year	347	1,405

The ESOP tax charge in the year represents tax due on the receipt of dividends in the ESOP from the parent company for the current year.

7. Dividends

	2010 £'000	2009 £'000
Final dividend in respect of 2009 of 6.75p (2008 - 7.75p) per 10p ordinary share	873	1,002
Interim dividend in respect of 2010 of 2.75p (2009 - 3.25p) per 10p ordinary share	356	420
Dividends received by ESOP Trust	(128)	(148)
	1,101	1,274

No final dividend has been proposed in respect of 2010.

8. Earnings per share

Earnings per share from continuing operations is calculated by dividing the profit for the year from continuing operations of £957,000 (2009 - £3,815,000) by 11,586,616 (2009 - 11,586,908) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.

Earnings per share from discontinued operations is calculated by dividing the loss for the year from discontinued operations of £313,000 (2009 - £684,000) by 11,586,616 (2009 - 11,586,908) fully paid ordinary shares.

Earnings per share from continuing and discontinued operations is calculated by dividing the profit for the year from continuing and discontinued operations of £822,000 (2009 - £1,564,000) by 11,586,616 (2009 - 11,586,908) fully paid ordinary shares.

There is no impact on a full dilution of the earnings per share calculation as there are no potential dilutive ordinary shares.

9. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1st January 2009	6,755	1,000	12,206	19,961
Additions	664	0	1,055	1,719
Transfer to disposal group	(2,251)	0	(3,765)	(6,016)
Disposals	(115)	0	(288)	(403)
At 1st January 2010	5,053	1,000	9,208	15,261
Additions	0	0	1,810	1,810
Disposals	0	0	(399)	(399)
At 31st December 2010	5,053	1,000	10,619	16,672

All the Group's freehold properties have been charged to the bank to secure bank facilities.

9. Property, plant and equipment (continued)

	Freehold property £'000	Long leasehold property £'000	Plant, equipment and vehicles £'000	Total £'000
Depreciation				
At 1st January 2009	186	0	9,541	9,727
Charge for year	66	0	1,106	1,172
Transfer to disposal group	(40)	0	(3,467)	(3,507)
Disposals	0	0	(213)	(213)
At 1st January 2010	212	0	6,967	7,179
Charge for year	48	0	1,103	1,151
Disposals	0	0	(370)	(370)
At 31st December 2010	260	0	7,700	7,960
Net book value at 31st December 2010	4,793	1,000	2,919	8,712
Net book value at 31st December 2009	4,841	1,000	2,241	8,082

Freehold property includes £2,759,000 in respect of land which is not subject to depreciation.

10. Investments

All Group companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated.

The principal trading subsidiary undertakings are as follows:

	Activity	Proportion of shares held by Group %	Proportion of shares held by Company %
Continuing			
Billington Structures Limited	Structural steel	100	100
easi-edge Limited	Safety solutions	100	100
Billington Fleet Management Limited	Vehicle hire	100	100
Discontinued			
Hollybank Engineering Company Limited	Structural steel	100	0
Dosco Overseas Engineering Limited	Mechanical engineering	100	0
Dosco Russia LLC - a company incorporated in Russia	Mechanical engineering	100	0

11. Employee Share Ownership Plan

The Employee Share Ownership Plan ("the Trust") was established by Deed dated 25 September 1991 between Billington Holdings plc ("the Company") and Bedell Cristin Trustees Limited ("the Trustee"). It is an employee benefit trust established for the benefit of the bona fide employees of the Company and other Group companies ("the Beneficiaries"). The Trust is a discretionary trust whose assets at present are shares in the Company and cash, although there are wide investment powers in the hands of the Trustee, who has full power to distribute the assets as it deems fit to the Beneficiaries.

The Trust was established in contemplation of the operation of any Inland Revenue approved or unapproved share scheme and in this regard an unapproved share option scheme over shares in the Company was set up on 21 February 1992 and other approved or unapproved share schemes may be set up in the future.

Administration costs amount to £2,500 per annum.

As of 31st December 2010 the Trust held 1,346,919 (2009 - 1,347,419) ordinary shares of 10p each in the capital of the company (10.41% of the allotted share capital (2009 - 10.42%)). The market value of the shares in the ESOP at 31st December 2010 was £1,481,611 (2009 - £2,155,870). Dividends on these shares have not been waived.

On exercise of the share option the employee receives ordinary shares in Billington Holdings plc. The options are exercisable for nil consideration. The movements on share options is as follows:

	2010 Number	2009 Number
Options outstanding at 1st January	2,750	2,750
Exercised during the period	(2,750)	0
Forfeited during the period	0	0
Options outstanding at 31st December	0	2,750

All outstanding options are capable of immediate exercise and expire on 31st December 2012. The price to which the options are exercisable is the traded market price.

All of the ESOP at 31st December 2010 relates only to continuing operations.

12. Inventories and work in progress

	2010 £'000	2009 £'000
Raw materials	365	139
Work in progress	6,168	5,529
	6,533	5,668

Raw materials and consumables recognised as an expense in the Income Statement relating to continuing operations for the year ended 31st December 2010 totalled £25,212,000 (2009 - £33,076,000 (discontinued - £8,972,000)).

There is no provisions against the value of inventories at the balance sheet date (2009: nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2009 or 2010. None of the inventories are pledged as securities for liabilities.

13. Trade and other receivables

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade receivables	2,871	2,553
Other receivables	14	23
Prepayments and accrued income	361	387
	3,246	2,963

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £89,000 (2009: £103,000, split £76,000 continuing and £27,000 discontinued) has been recorded accordingly.

The movement in the provision for trade receivables can be reconciled as follows:

	2010 £'000	2009 £'000
Balance at 1st January	103	82
Impairment loss	29	27
Impairment loss reversed	(16)	(6)
Disposal Group impairment brought forward	(27)	0
Balance at 31st December	89	103

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2010 £'000	2009 £'000
Not more than three months	318	381
More than three months but not more than six months	19	7
More than six months but not more than one year	72	20
	409	408

The disclosure above relates to the continuing Group only.

14. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	8,194	10,171
Social security and other taxes	905	588
Other payables	123	236
Accruals	348	351
	9,570	11,346

15. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 28% (2009 - 28%).

	2010 £'000 Continuing	2010 £'000 Discontinued	2009 £'000 Continuing	2009 £'000 Discontinued
Deferred tax asset recognised in income statement				
At 1st January	662	0	135	11
Charged in the year - current year	(315)	0	148	(15)
Credited in the year - prior years	77	0	379	0
At 31st December	424	0	662	(4)
Accelerated capital allowances	320	0	238	(4)
Other temporary differences	104	0	424	0
	424	0	662	(4)

	2010	2009
Deferred tax (liability) / asset recognised in other comprehensive income		
Pension (surplus) / deficit - continuing	(104)	45
Pension deficit - discontinued	0	2,026
	(104)	2,071
Total deferred tax asset - continuing	320	707
Total deferred tax asset - discontinued	0	2,022
	320	2,729

The recoverability of the deferred tax asset is dependent on future taxable profits.

Movements on the deferred tax asset relating to the pension deficit (see note 20) are recognised directly in equity. All other deferred tax movements are recognised in the income statement.

16. Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The financial risk management objectives and policies are set out in the report of the directors.

Financial assets

The Group's financial assets comprise cash and cash equivalents and trade and other receivables. Cash earns interest at floating rates and the other financial assets do not attract interest.

Financial liabilities

The types of financial liabilities used by the Group comprise trade payables, other payables and other accruals.

16. Financial instruments (continued)

Fair value of financial instruments

There is no difference between the book and fair value of financial instruments.

Monetary assets and liabilities denominated in a foreign currency

Net monetary assets of the Group (2009: discontinued only) that are not denominated in the functional currency are as follows:

	2010 £'000	2009 £'000
US Dollar	0	1,341
Euro	0	0
	0	1,341

Liquidity risk

As at 31st December 2010, the Group's financial liabilities have contractual maturities which are summarised below:

31st December 2010	Current within 6 months £'000	Current 6-12 months £'000
Trade payables	8,194	0
Other payables	123	0
Accruals	348	0
	8,665	0

This compares to the maturity of financial liabilities for the Group in the previous reporting period which was as follows:

31st December 2009	Current within 6 months £'000	Current 6-12 months £'000
Trade payables	10,171	0
Other payables	236	0
Accruals	351	0
	10,758	0

16. Financial instruments (continued)

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2010 £'000	2009 £'000
Trade and other receivables (excluding prepayments and accrued income)	2,885	2,576
Cash and cash equivalents	4,854	8,488
	7,739	11,064

In order to manage the credit risk the directors consider exposure on a customer by customer basis for significant contracts. Customer and other counterparties defaults are monitored and incorporated into the Group's credit risk controls. Credit insurance is maintained on all significant balances, where available. External credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's management considers that all the above financial assets at each of the reporting dates under review are of good credit quality, including those that are past due.

The balance of trade and other receivables is in the main collected post year end and is not considered to be a significant credit risk. The credit risk for liquid funds is negligible, since the counterparties are reputable banks with high quality external credit ratings secured against government assets.

Sensitivity analysis

As at 31st December 2010 the Group had no bank borrowings and no overdraft. The Structural Steel segment trades only in the United Kingdom.

Interest earned on cash reserves within the Group largely equates to the Bank of England base rate plus 50bps. During the year ended 31st December 2010 the average base rate was 0.5% with the rate being 0.5% as at the balance sheet date. The interest income expected to be earned on the Group's cash reserves in 2011 is expected to remain at current levels since the base rate is expected to remain at its current depressed level.

Summary of financial assets and financial liabilities by category

Current assets	2010 £'000	2009 £'000
Trade and other receivables (excluding prepayments and accrued income)	2,885	2,576
Cash and cash equivalents	4,854	8,488
Loans and receivables	7,739	11,064

Current liabilities	2010 £'000	2009 £'000
Trade payables	8,194	10,171
Other payables	123	236
Accruals	348	351
Other financial liabilities	8,665	10,758
Net financial (liabilities) / assets	(926)	306

16. Financial instruments (continued)

Non financial assets and financial liabilities not within the scope of IAS 39

	2010 £'000	2009 £'000
Property, plant and equipment	8,712	8,082
Inventories and work in progress	6,533	5,668
Prepayments and accrued income	361	387
Deferred tax assets	320	707
Pension assets / (liabilities)	371	(159)
Social security and other taxes	(905)	(588)
Current tax receivable / (payable)	151	(1,199)
	15,543	12,898
Assets held for sale		
Disposal Group assets	0	9,132
Disposal Group liabilities	0	(7,562)
Total Equity	14,617	14,774

17. Called up share capital

Equity	2010		2009	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,519	1,286	12,860,319	1,286
"A" ordinary shares of 10p each	73,808	7	74,008	7
	12,934,327	1,293	12,934,327	1,293

During the year 200 "A" ordinary shares were converted into ordinary shares (2009 - 25).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31st December 2010 and treasury shares held by the ESOP are given in note 11.

18. Ultimate controlling related party

The Group is required to disclose its ultimate controlling related party. It is considered that on 31st December 2010 Gutenga Investments PCC Limited was the Group's ultimate controlling related party by virtue of its substantial minority shareholding. Mr P K Hems was a director of Gutenga Investments PCC Limited during the year.

19. Operating lease obligations

	2010		2009	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
Within the continuing Group commitments to operating lease payments are as follows:				
Total lease payments				
within one year	73	88	116	108
between one and five years	2	324	100	351
over five years	0	405	0	486
	75	817	216	945

20. Retirement benefits

The Group operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the continuing Group for the year was £639,000 (2009 - £892,000).

Defined contribution schemes accounted for £269,000 (2009 - £511,000) of this amount with £370,000 (2009 - £1,628,000 (continuing - £381,000, discontinued - £1,247,000) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

At 31st December 2009 the assets of the Dosco scheme (discontinued in 2009) amounted to £37,764,000 and the present value of scheme liabilities was £44,998,000.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the continuing groups pension scheme was carried out as at 27th November 2008.

The continuing Group expects to contribute approximately £160,000 to its defined benefit pension schemes in the year ending 31st December 2011. For closed schemes and those in which the age profile of the active membership is rising significantly, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

20. Retirement benefits (continued)

The principal actuarial assumptions adopted were:

	2010	2009	2008
	%	%	%
Rate of increase in pensionable salaries	3.9	4.0	3.9
Rate of increase in pensions in payment	3.4	3.5	3.0
Discount rate	5.4	5.8	6.3
Inflation assumption	3.4	3.5	3.0

The mortality assumption adopted for the purposes of the calculations as at 31st December 2010 is as follows:

- Base table: “92 series”, year of birth

- Future mortality improvements: Medium cohort projections from 1992 onwards, based on year of birth

Average life expectancies - Billington Scheme	**2010**	**2009**
Male retiring at reporting date at age 62 (in years)	25.0	24.9
Male retiring at reporting date +20 years at age 62 (in years)	26.1	26.0

Members are assumed to retire at the earliest age at which they can take their full pension unreduced. No allowance is included for members continuing their benefits at retirement.

The assets of the schemes and the expected rate of return were:

	Long-term rate of return expected 31st December			Value at 31st December		
	2010	2009	2008	2010	2009	2008
	%	%	%	£'000	£'000	£'000
Equities	7.8	8.0	8.0	3,574	3,019	20,516
Bonds	5.0	5.8	4.4	1,704	988	12,074
Other	1.0	1.0	5.5	220	612	3,415
Total market value of assets				5,498	4,619	36,005
Present value of scheme liabilities				(5,127)	(4,778)	(43,088)
Surplus/(deficit) in the scheme				371	(159)	(7,083)
Related deferred tax (liability)/asset				(104)	45	1,983
Net pension asset/(liability)				267	(114)	(5,100)

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return, which are determined by consideration of historical experience and current market factors. The rates of return assumed at 31st December 2010 were 7.8% pa on equities, 5.0% pa on bonds, 1.0% pa on other assets (2009: 8.0%, 5.8%, 1.0% pa respectively). Increases in pensions in payment in respect of service after 5 April 1997, and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation, restricted to various maxima where applicable.

20. Retirement benefits (continued)

Analysis of amount charged to operating profit in respect of defined benefit schemes:

	2010	2009
	£'000	£'000
Current service cost (included in staff costs)	51	168
Total operating charge	51	168

Movement in deficit during the year:

	2010	2009
	£'000	£'000
Deficit in scheme at the beginning of the year	(159)	(7,083)
Movement:		
Current service cost	(51)	(168)
Contributions	370	1,628
Other finance income / (cost)	39	(300)
Actuarial gain / (loss)	172	(1,470)
Profit on settlement of discontinued operations	0	7,234
Surplus/(deficit) in scheme at the end of the year	371	(159)

Analysis of the amount charged to other finance income / (cost):

	2010	2009
	£'000	£'000
Expected return on pension scheme assets	310	2,361
Interest on pension scheme liabilities	(271)	(2,661)
Net income / (charge)	39	(300)

Of the net finance cost in 2009 £9,000 relates to continuing operations and £291,000 relates to discontinued operations.

Analysis of amount recognised in statement of comprehensive income:

	2010	2009
	£'000	£'000
Actual return less expected return on pension scheme assets	388	3,546
Experience gains and losses arising on the scheme liabilities	7	49
Changes in assumptions underlying the present value of the scheme liabilities	(223)	(5,065)
Actuarial gain/(loss) recognised in statement of comprehensive income	172	(1,470)

The net actuarial loss in 2009 is split £1,529,000 for discontinued operations and a gain of £59,000 relating to continuing operations.

20. Retirement benefits (continued)

Movement in the fair value of plan assets during the year were as follows:

	2010 £'000	2009 £'000
At 1st January	4,619	36,005
Expected return on assets	310	2,361
Actuarial gain	388	3,546
Contributions	370	1,628
Benefits paid	(189)	(1,157)
Discontinued operations	0	(37,764)
At 31st December	5,498	4,619

Movement in the defined benefit obligation during the year was as follows:

	2010 £'000	2009 £'000
At 1st January	(4,778)	(43,088)
Current service cost	(51)	(168)
Interest cost	(271)	(2,661)
Actuarial loss	(216)	(5,016)
Benefits paid	189	1,157
Discontinued operations	0	44,998
At 31st December	(5,127)	(4,778)

The assets distributed and losses extinguished on settlement have been accounted for in 2009 and included within the loss on disposal of discontinued operations within the Income Statement.

20. Retirement benefits (continued)

History of experience gains and losses has been:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Total scheme assets	5,498	4,619	36,005	55,488	51,892
Total scheme liabilities	5,127	4,778	43,088	61,091	64,167
Net surplus / (deficit)	371	(159)	(7,083)	(5,603)	(12,275)
Difference between the actual and expected return on scheme assets:					
Amount (£'000)	388	3,546	(8,734)	(266)	2,151
Percentage of scheme assets	7%	8%	26%	0%	4%
Experience gains and losses arising on the scheme liabilities:					
Amount (£'000)	7	49	(18)	1,321	(59)
Percentage of the present value of the scheme liabilities	0%	0%	1%	2%	0%
Total actuarial gain/(loss) recognised in the consolidated statement of comprehensive income:					
Amount (£'000)	172	(1,470)	(1,994)	5,043	4,291
Percentage of present value of scheme liabilities	3%	3%	4%	8%	7%

The actual return on the scheme assets for the year ended 31st December 2010 was £698,000 (2009: £5,907,000 (continuing £796,000, discontinued £5,111,000)). The cumulative actuarial gain recognised in the consolidated statement of comprehensive income from 1st January 2006 (being the transition date to the adoption of IFRS) is £6,042,000 (2009 - £5,870,000). Of this, the cumulative actuarial gain relating to discontinued operations is £6,411,000. The difference between the expected and actual return on the schemes' assets is due to recent market performance. The positive effect of changes in demographic and financial assumptions underlying the present value of the schemes' liabilities is due largely to the change in the discount rate assumption.

Independent Auditor's Report to the members of BILLINGTON HOLDINGS PLC

We have audited the parent company financial statements of Billington Holdings plc for the year ended 31st December 2010 which comprise the balance sheet, the statement of accounting policies and notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Billington Holdings plc for the year ended 31st December 2010.

Timothy Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
14th March 2011

Parent company balance sheet as at 31st December 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5		5,873		7,702
Investments	6		550		550
			6,423		8,252
Current assets					
Debtors falling due within one year	8	36		1,561	
Cash at bank and in hand		4,903		9,509	
		4,939		11,070	
Creditors: amounts falling due within one year	9	(4,101)		(10,726)	
Net current assets			838		344
			7,261		8,596
Capital and reserves					
Called up share capital	11		1,293		1,293
Share premium	12		1,864		1,864
Capital redemption reserve	12		132		132
Other reserve	12		(902)		(901)
Profit and loss account	12		4,874		6,208
Shareholders' funds	13		7,261		8,596

The parent company financial statements were approved by the Board of Directors on 14th March 2011.

P.K. HEMS Chairman

P.J. HART Financial Director

The statement of accounting policies and notes 1 to 19 form part of these parent company financial statements.

Statement of accounting policies - parent company

These parent company financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

The principal accounting policies represent the most appropriate policies in accordance with FRS 18 and have remained unchanged from the previous year.

(a) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of fixed assets less estimated residual value by equal annual instalments over their expected useful lives. Land is not depreciated. The rates applicable are:

Buildings	2%
Plant and equipment	5% to 33.3%

(b) Stock

Stock is valued at the lower of cost and net realisable value.

(c) Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured, on an undiscounted basis, using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(d) Retirement benefits

Defined Contribution Pension Schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit Pension Schemes

The company participates in a defined benefit pension scheme but is unable to identify its share of the underlying assets and liabilities. Contributions and pension costs are based on pension costs across the Group as a whole. The pension costs charged against operating profit by the company are the contributions payable to the scheme in respect of the accounting year.

(e) Investments

Within the parent company, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

(f) Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash resources and various items such as trade debtors, trade creditors etc. that arise from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. FRS 26 has not been adopted.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

(g) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

Notes forming part of the parent company financial statements for the year ended 31st December 2010

1. Loss on ordinary activities

Loss on ordinary activities is stated after:

	2010	2009
	£'000	£'000
Depreciation	77	96
Exceptional charge against profit (see note 17)	0	6,600
Fees payable to the company's auditors for the audit of the company's annual accounts	24	24
Fees payable to the company's auditors and its associates for other services:		
corporate finance	33	20
tax services	48	27
other services	5	7
Operating lease charges	6	6
Loss on disposal of property, plant and equipment	150	0

2. Directors and employees

Staff costs during the year including directors:

	2010	2009
	£'000	£'000
Wages and salaries	293	295
Social security	34	37
Pension costs	5	5
	332	337

The average number of employees of the company during the year was 3 (2009 - 3).

Remuneration in respect of directors was as follows:

	2010	2009
	£'000	£'000
Aggregate emoluments	541	717
Company pension contributions to a defined contribution scheme	133	259

During the year no directors (2009 - no directors) participated in defined benefit pension schemes and three directors (2009 - three directors) participated in a defined contribution pension scheme.

During the year no directors (2009 - no directors) exercised share options.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2010	2009
	£'000	£'000
Aggregate emoluments	174	190
Company pension contributions to a defined contribution scheme	86	107

Notes forming part of the parent company financial statements for the year ended 31st December 2010 (continued)

3. Dividends

	2010 £'000	2009 £'000
Final dividend in respect of 2009 of 6.75p (2008 - 7.75p)		
per 10p ordinary share	873	1,002
Interim dividend in respect of 2010 of 2.75p (2009 - 3.25p)		
per 10p ordinary share	356	420
Dividends received by ESOP Trust	(128)	(148)
	1,101	1,274

4. Loss for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The loss on ordinary activities after taxation of the company for the year was £233,000 (2009: £3,774,000).

5. Tangible fixed assets

	Land & buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1st January 2010	8,089	505	8,594
Additions	0	49	49
Disposals	(2,251)	(134)	(2,385)
At 31st December 2010	5,838	420	6,258
Depreciation			
At 1st January 2010	524	368	892
Charge for year	48	29	77
Disposals	(450)	(134)	(584)
At 31st December 2010	122	263	385
Net book value at 31st December 2010	5,716	157	5,873
Net book value at 31st December 2009	7,565	137	7,702

Included within land and buildings above is land with a value of £2,759,000 inclusive of leasehold land of £1,000,000.

The company has charged certain properties to secure bank facilities.

6. Investments

	Shares in subsidiary undertakings £'000	Total £'000
Cost		
At 1st January 2010	550	550
Disposals	0	0
At 31st December 2010	550	550

All companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated.

The principal trading subsidiary undertakings are disclosed in note 10 of the Group consolidated financial statements.

The investment in Dosco Holdings Ltd the parent company of the disposal Group was impaired to £1 in the year ended 31st December 2009 as further detailed in note 18 to the accounts. This investment was disposed of for £1 on 4th May 2010.

7. Employee Share Ownership Plan

The details of the Employee Share Ownership Plan are disclosed in note 11 of the Group financial statements.

8. Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade debtors	5	3
Amounts owed by group undertakings	0	1,501
Other debtors	4	0
Prepayments and accrued income	19	34
Current taxation	0	12
Deferred tax asset	8	11
	36	1,561

Notes forming part of the parent company financial statements for the year ended 31st December 2010 (continued)

9. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Bank overdrafts	0	1
Trade creditors	173	44
Amounts owing to group undertakings	3,605	10,363
Social security and other taxes	52	51
Accruals and deferred income	225	267
Current taxation	46	0
	4,101	10,726

10. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 28% (2009 - 28%).

	2010 £'000	2009 £'000
Accelerated capital allowances	8	11

The recoverability of the deferred tax asset is dependent on future Group taxable profits.

11. Called up share capital

Equity	2010 Number of shares	2010 £'000	2009 Number of shares	2009 £'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,519	1,286	12,860,319	1,286
"A" ordinary shares of 10p each	73,808	7	74,008	7
	12,934,327	1,293	12,934,327	1,293

During the year 200 "A" ordinary shares were converted into ordinary shares (2009 - 25).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31st December 2010 and treasury shares held by the ESOP are given in note 11 of the Group financial statements.

12. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Profit and loss account £'000
At 1st January 2010	1,864	132	(901)	6,208
Loss for the year	0	0	0	(233)
Dividends paid	0	0	0	(1,101)
ESOP additions in year	0	0	(3)	0
ESOP disposals in year	0	0	2	0
At 31st December 2010	1,864	132	(902)	4,874

The profit and loss account includes non-distributable reserves of £1,420,000 (2009 - £1,340,000) relating to the consolidated reserves of the ESOP.

13. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Loss for financial year	(233)	(3,774)
Dividends paid	(1,101)	(1,274)
ESOP movement in year	(1)	(2)
Net decrease in shareholders' funds	(1,335)	(5,050)
Shareholders' funds at 1st January 2010	8,596	13,646
Shareholders' funds at 31st December 2010	7,261	8,596

14. Ultimate controlling related party

In accordance with FRS 8 the company is required to disclose its ultimate controlling related party. It is considered that on 31st December 2010 Gutenga Investments PCC Limited was the Group's ultimate controlling related party by virtue of its substantial minority shareholding. Messr P K Hems was a director of Gutenga Investments PCC Limited during the year.

15. Operating lease obligations

	2010 Land & buildings £'000	2010 Other £'000	2009 Land & buildings £'000	2009 Other £'000
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring				
between one and five years	0	6	0	6
	0	6	0	6

Notes forming part of the parent company financial statements for the year ended 31st December 2010 (continued)

16. Retirement benefits

The company operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the company for the year was £5,000 (2009 - £5,000).

Defined contribution schemes accounted for £5,000 (2009 - £5,000) of this amount with £nil (2009 - £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the pension schemes were carried out as at 27th November 2008. Further details of the actuarial valuation of the group scheme may be found in the consolidated financial statements of Billington Holdings plc.

17. Exceptional item

As a result of the decision to discontinue operations as described in note 18 the loan outstanding to Dosco Holdings Ltd of £6,078,000 was found to be impaired and was provided in full at the prior balance sheet date.

The investment in Dosco Holdings Limited of £1,000 was found to be impaired at the prior balance sheet date as a consequence of the decision to discontinue operations and was subsequently written down to £1 at the prior balance sheet date.

Land and buildings and plant and equipment were found to be impaired at the prior balance sheet date as a consequence of the decision to discontinue operations. Land and buildings and plant and equipment were found to be impaired by £411,000 and £110,000 respectively at the prior balance sheet date. This disposal has been accounted for in the 2010 financial statements.

18. Subsidiary disposals

Dosco Holdings Limited and its related subsidiaries Dosco Overseas Engineering Limited, Hollybank Engineering Company Limited and Dosco Russia LLC, a company registered in Russia, were sold to SMT Scharf AG, a company registered in Germany, on 4th May 2010.

Fixed assets associated with the disposal of non core operations were impaired to their anticipated net realisable value in the year ended 31st December 2009 with a renegotiated proceeds value being accounted for in the curent year.

The company's carrying value of its investment in Dosco Holdings Ltd the holding company of the disposal Group was impaired to £1 in the year ended 31st December 2009 being the sales proceeds associated with the sale of shares in this company. This disposal has been accounted for in the 2010 financial statements.

19. Related party transactions

There were no disclosable related party transactions during the year.

In accordance with FRS 8 Billington Holdings plc is exempt from disclosing related party transactions with its wholly owned subsidiaries.