

Press release

London, Thursday 1 May 2008

TOMKINS PLC CHANGE OF PRESENTATION CURRENCY 2007 COMPARATIVES RE-PRESENTED IN US DOLLARS

INTRODUCTION

We indicated in our 2007 Preliminary Results Announcement that the Group's presentation currency would change from Sterling to the US dollar with effect from the beginning of 2008. We are now pleased to provide investors with the Group's primary financial statements and business segment information for 2007 re-presented in US dollars.

BACKGROUND

Over recent years, the focus of the Group's acquisition activity has been overseas and there has been a reduction in the relative importance of its UK operations. The Group's principal operations are based in the US and the majority of the Group's profit is generated in US dollars. Against this background, the directors consider that the functional currency of Tomkins plc changed from Sterling to the US dollar at the beginning of 2008.

Consistent with the change in the Company's functional currency, the Group changed its presentation currency from Sterling to the US dollar with effect from the beginning of 2008. Comparative figures for 2007 have been re-presented in US dollars.

The change of the Group's presentation currency and that of the Company's functional currency were accounted for in accordance with IAS21 "The Effects of Changes in Foreign Exchange Rates".

On the change of the Group's presentation currency, comparative figures for 2007 previously reported in Sterling were translated into US dollars as follows:

- income and expenses were translated at the average exchange rate for the relevant period;
- assets and liabilities were translated at the closing exchange rate on the relevant balance sheet date; and
- equity items were translated at historical exchange rates.

The exchange rates used were as follows:

	6 months ended 30 June 2007 £= US\$	Year ended 29 December 2007 £=US\$
Average rate	1.97	2.00
Closing rate	2.01	1.99

The change of the Company's functional currency was accounted for from the beginning of 2008. Assets, liabilities and equity items previously reported in Sterling as at 29 December 2007 were translated into US dollars at the closing exchange rate on that date of £=US\$1.99.

All resulting exchange differences were recognised directly in equity.

Enquiries

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CONSOLIDATED INCOME STATEMENTS

	6 months ended 30 June 2007 US\$ million	Year ended 29 December 2007 US\$ million
Continuing operations		
Sales	2,967.9	5,886.1
Cost of sales	(2,159.1)	(4,284.6)
Gross profit	808.8	1,601.5
Distribution costs	(290.3)	(578.4)
Administrative expenses	(255.2)	(501.4)
Restructuring costs	(3.2)	(27.6)
Gain on disposals and on the exit of businesses	64.3	91.4
Restructuring initiatives	61.1	63.8
Share of profit of associates	0.6	0.8
Operating profit	325.0	586.3
Analysis of operating profit:		
– Adjusted operating profit	267.8	529.7
– Restructuring initiatives	61.1	63.8
– Amortisation of intangible assets arising on acquisition	(3.9)	(7.2)
	325.0	586.3
Interest payable		
	(73.0)	(142.1)
Investment income	41.6	86.8
Other finance expense	–	(5.6)
Net finance costs	(31.4)	(60.9)
Profit before tax	293.6	525.4
Income tax expense	(91.9)	(139.9)
Profit for the period from continuing operations	201.7	385.5
Discontinued operations		
Loss for the period from discontinued operations	(66.7)	(66.7)
Profit for the period	135.0	318.8
Minority interests	(12.0)	(25.0)
Profit for the period attributable to equity shareholders	123.0	293.8
Earnings per share		
Basic		
Continuing operations	22.04 c	41.42 c
Discontinued operations	(7.75)c	(7.66)c
Total operations	14.29 c	33.76 c
Diluted		
Continuing operations	21.58 c	40.91 c
Discontinued operations	(7.54)c	(7.54)c
Total operations	14.04 c	33.37 c

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CONSOLIDATED CASH FLOW STATEMENTS

	6 months ended 30 June 2007 US\$ million	Year ended 29 December 2007 US\$ million
Operating activities		
Cash generated from operations	243.2	638.7
Income taxes paid	(51.7)	(110.4)
Income taxes received	13.0	24.2
Net cash inflow from operating activities	204.5	552.5
Investing activities		
Purchase of property, plant and equipment	(103.5)	(231.3)
Purchase of intangible assets	(3.9)	(5.2)
Capitalisation of development costs	-	(0.4)
Disposal of property, plant and equipment	11.0	39.6
Purchase of available-for-sale investments	-	(0.2)
Sale of available-for-sale investments	-	0.6
Purchase of interests in associates	-	(3.8)
Purchase of subsidiaries, net of cash acquired	(2.8)	(17.0)
Sale of businesses and subsidiaries, net of cash disposed	173.4	216.3
Interest received	7.7	12.2
Dividends received from associates	1.0	1.4
Net cash inflow from investing activities	82.9	12.2
Financing activities		
Issue of ordinary shares	2.4	2.4
Redemption of convertible cumulative preference shares	-	(1.2)
Draw-down of bank and other loans	4.9	8.4
Repayment of bank and other loans	(191.7)	(289.9)
Capital element of finance lease rental payments	(2.2)	(3.2)
Interest element of finance lease rental payments	(1.2)	(1.4)
(Increase)/ decrease in collateralised cash	(0.2)	2.4
Purchase of own shares	(4.1)	(6.9)
Interest paid	(36.1)	(64.8)
Equity dividend paid	(150.3)	(247.3)
Preference dividend paid	(2.0)	(2.0)
Investment by a minority shareholder in a subsidiary	3.7	3.8
Dividend paid to a minority shareholder in a subsidiary	(9.9)	(14.4)
Net cash outflow from financing activities	(386.7)	(614.1)
Net decrease in cash and cash equivalents	(99.3)	(49.4)
Cash and cash equivalents at the beginning of the period	326.4	326.4
Foreign currency translation	6.3	3.2
Cash and cash equivalents at the end of the period	233.4	280.2

ANALYSIS OF NET DEBT

	As at 30 June 2007 US\$ million	As at 29 December 2007 US\$ million
Cash and cash equivalents	308.0	295.9
Bank overdrafts	(74.6)	(15.7)
	233.4	280.2
Collateralised cash	8.4	5.8
Bank and other loans	(940.0)	(860.3)
Obligations under finance leases	(10.2)	(9.6)
Derivatives hedging translational exposures	(1.4)	(7.6)
Net debt excluding preference shares	(709.8)	(591.5)
Preference shares	(21.5)	-
Net debt including preference shares	(731.3)	(591.5)

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CONSOLIDATED BALANCE SHEETS

	As at 30 June 2007 US\$ million	As at 29 December 2007 US\$ million
Non-current assets		
Goodwill	645.7	660.0
Other intangible assets	95.7	93.1
Property, plant and equipment	1,357.7	1,414.4
Investments in associates	12.0	17.7
Trade and other receivables	26.7	24.9
Deferred tax assets	62.0	47.4
Post-employment benefit surpluses	5.4	7.2
	2,205.2	2,264.7
Current assets		
Inventories	775.5	799.8
Trade and other receivables	1,051.0	989.1
Income tax recoverable	25.3	29.5
Available-for-sale investments	3.8	3.0
Cash and cash equivalents	308.0	295.9
	2,163.6	2,117.3
Assets held for sale	154.1	90.9
Total assets	4,522.9	4,472.9
Current liabilities		
Bank overdrafts	(74.6)	(15.7)
Bank and other loans	(73.6)	(39.8)
Obligations under finance leases	(2.0)	(1.8)
Trade and other payables	(738.4)	(738.7)
Income tax liabilities	(29.9)	(28.7)
Provisions	(49.4)	(50.2)
Convertible cumulative preference shares	(21.5)	-
	(989.4)	(874.9)
Non-current liabilities		
Bank and other loans	(866.4)	(820.5)
Obligations under finance leases	(8.2)	(7.8)
Trade and other payables	(36.1)	(43.2)
Post-employment benefit obligations	(391.8)	(306.5)
Deferred tax liabilities	(31.1)	(42.2)
Income tax liabilities	(71.4)	(67.6)
Provisions	(29.5)	(27.3)
	(1,434.5)	(1,315.1)
Liabilities directly associated with assets held for sale	(64.0)	(28.1)
Total liabilities	(2,487.9)	(2,218.1)
NET ASSETS	2,035.0	2,254.8
Capital and reserves		
Ordinary share capital	65.1	65.5
Share premium account	659.4	679.4
Own shares	(20.7)	(18.9)
Capital redemption reserve	717.6	718.8
Currency translation reserve	242.1	313.7
Available-for-sale reserve	0.2	(0.2)
Retained profit	266.2	379.5
Shareholders' equity	1,929.9	2,137.8
Minority interests	105.1	117.0
TOTAL EQUITY	2,035.0	2,254.8

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CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

	6 months ended 30 June 2007 US\$ million	Year ended 29 December 2007 US\$ million
Profit for the period	135.0	318.8
Net expense recognised directly in equity		
Loss on available-for-sale investments	–	(0.8)
Post employment benefits:		
– Actuarial gain	–	95.9
– Effect of the asset ceiling	–	(43.8)
Currency translation differences on foreign operations:		
– Subsidiaries	(6.7)	109.2
– Associates	–	0.6
Gain/(loss) on net investment hedges	5.1	(27.2)
Tax on items taken directly to equity	1.6	(12.6)
Translation differences on change of presentation currency	49.6	36.1
	49.6	157.4
Transfers from equity to the income statement		
Gain realised on the sale of available-for-sale investments	–	(0.6)
Currency translation differences realised on the sale of foreign operations	24.1	28.4
	24.1	27.8
Total recognised income and expense for the period	208.7	504.0
Attributable to:		
– Equity shareholders	195.5	474.4
– Minority interests	13.2	29.6
	208.7	504.0

RECONCILIATIONS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	6 months ended 30 June 2007 US\$ million	Year ended 29 December 2007 US\$ million
Shareholders' equity at the beginning of the period	1,769.2	1,769.2
Total recognised income and expense attributable to equity shareholders	195.5	474.4
Dividends on ordinary shares	(150.3)	(247.3)
Ordinary shares issued:		
– Conversion of convertible cumulative preference shares	109.7	130.0
– Exercise of employee share options	2.4	2.4
Purchase of own shares	(4.1)	(6.9)
Cost of share-based incentives	7.5	16.0
Net addition to shareholders' equity during the period	160.7	368.6
Shareholders' equity at the end of the period	1,929.9	2,137.8

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SEGMENT INFORMATION

SIX MONTHS ENDED 30 JUNE 2007

	Industrial & Automotive US\$ million	Building Products US\$ million	Unallocated corporate activities US\$ million	Continuing operations US\$ million	Discontinued operations US\$ million	Total US\$ million
Sales	2,159.0	808.9	–	2,967.9	157.6	3,125.5
Segment result	240.0	114.6	–	354.6	2.2	356.8
Adjust for:						
– Restructuring costs	1.4	1.8	–	3.2	1.6	4.8
– Disposals and exit of businesses	–	(64.3)	–	(64.3)	–	(64.3)
– Amortisation of intangible assets arising on acquisition	1.6	2.3	–	3.9	–	3.9
– Share of results of associates	0.6	–	–	0.6	–	0.6
– Unallocated corporate activities	–	–	(30.2)	(30.2)	–	(30.2)
Adjusted operating profit	243.6	54.4	(30.2)	267.8	3.8	271.6
Operating margin *	11.3%	6.7%	–	9.0%	2.4%	8.7%

	Power Transmission US\$ million	Fluid Power US\$ million	Fluid Systems US\$ million	Other Industrial & Automotive US\$ million	Total Industrial & Automotive US\$ million
Sales	1,034.0	389.4	274.1	461.5	2,159.0
Segment result	137.1	35.9	21.5	45.5	240.0
Adjust for:					
– Restructuring costs	–	1.4	–	–	1.4
– Amortisation of intangible assets arising on acquisition	–	1.2	–	0.4	1.6
– Share of results of associates	–	–	0.4	0.2	0.6
Adjusted operating profit	137.1	38.5	21.9	46.1	243.6
Operating margin *	13.3%	9.9%	8.0%	10.0%	11.3%

	Air Systems Components US\$ million	Other Building Products US\$ million	Total Building Products US\$ million
Sales	542.2	266.7	808.9
Segment result	44.6	70.0	114.6
Adjust for:			
– Restructuring costs	1.8	–	1.8
– Disposals and exit of businesses	–	(64.3)	(64.3)
– Amortisation of intangible assets arising on acquisition	2.3	–	2.3
Adjusted operating profit	48.7	5.7	54.4
Operating margin *	9.0%	2.1%	6.7%

* Based on adjusted operating profit

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YEAR ENDED 29 DECEMBER 2007

	Industrial & Automotive US\$ million	Building Products US\$ million	Unallocated corporate activities US\$ million	Continuing operations US\$ million	Discontinued operations US\$ million	Total US\$ million
Sales	4,312.7	1,573.4	–	5,886.1	157.6	6,043.7
Segment result	468.2	155.7	–	623.9	2.1	626.0
Adjust for:						
– Restructuring costs	14.4	12.2	1.0	27.6	1.6	29.2
– Disposals and exit of businesses	(10.8)	(65.2)	(15.4)	(91.4)	–	(91.4)
– Amortisation of intangible assets arising on acquisition	3.4	3.8	–	7.2	–	7.2
– Gain on sale of available-for-sale investments	0.6	–	–	0.6	–	0.6
– Share of results of associates	0.8	–	–	0.8	–	0.8
– Unallocated corporate activities	–	–	(39.0)	(39.0)	–	(39.0)
Adjusted operating profit	476.6	106.5	(53.4)	529.7	3.7	533.4
Operating margin *	11.1%	6.8%	–	9.0%	2.3%	8.8%

	Power Transmission US\$ million	Fluid Power US\$ million	Fluid Systems US\$ million	Other Industrial & Automotive US\$ million	Total Industrial & Automotive US\$ million
Sales	2,063.2	769.1	583.8	896.6	4,312.7
Segment result	260.4	60.0	51.0	96.8	468.2
Adjust for:					
– Restructuring costs	6.0	8.6	(0.2)	–	14.4
– Disposals and exit of businesses	(0.2)	–	2.8	(13.4)	(10.8)
– Amortisation of intangible assets arising on acquisition	–	2.4	–	1.0	3.4
– Gain on sale of available-for-sale investments	0.6	–	–	–	0.6
– Share of results of associates	–	–	0.6	0.2	0.8
Adjusted operating profit	266.8	71.0	54.2	84.6	476.6
Operating margin *	12.9%	9.2%	9.3%	9.4%	11.1%

	Air Systems Components US\$ million	Other Building Products US\$ million	Total Building Products US\$ million
Sales	1,083.6	489.8	1,573.4
Segment result	91.3	64.4	155.7
Adjust for:			
– Restructuring costs	7.4	4.8	12.2
– Disposals and exit of businesses	–	(65.2)	(65.2)
– Amortisation of intangible assets arising on acquisition	3.8	–	3.8
Adjusted operating profit	102.5	4.0	106.5
Operating margin *	9.5%	0.8%	6.8%

* Based on adjusted operating profit