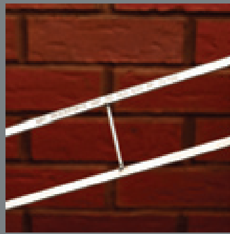



INTERIM REPORT 2008

Acertec plc



Acertec is comprised of two divisions, Stadco and Acertec Construction Products.

Stadco is one of the UK's leading suppliers of body-in-white stampings and sub-assemblies to automotive OEM's. Acertec Construction Products supplies high performance engineering solutions for the mining, civil engineering, building and security industries.

Highlights

- Revenue for the period was £193.6 million (2007: £153.6 million) on which the Group returned operating profit, including share of joint ventures, of £4.4 million (2007: £8.4 million). Profit before tax was £0.3 million (2007: £6.5 million)
- During the period the Board undertook a thorough review of the Group's activities with the result that, since the end of the first half, there have been substantial changes to the composition of the Group
- On 12 August 2008 the Group agreed to sell its 70.28% holding in BRC Asia, for a total consideration of Singapore$48.1 million (£17.9 million[1]), and on 3 September the Group sold its UK reinforcement business for £17.0 million and contracted to dispose of its 50% interest in BRC McMahon Reinforcements Ltd for £8.0 million to Celsa Steel Service (UK) Limited
- The Group's operations are now focused on its Stadco automotive businesses in the U.K. and Germany and the Specialty Products businesses within the re-named Acertec Construction Products Ltd. (previously BRC Ltd)
- The Board believes that the changes leave the Group better placed to make progress in the future. Proceeds of the disposals are being used to reduce Group debt significantly
- Reflecting the Group's reduced size and complexity and narrower business focus, the Group today also announces a revised Board structure, including the appointment of David Hussey as part-time Executive Chairman

Retiring Chairman James Kerr-Muir, who will remain a non-executive Director, said:

"The remainder of 2008 and 2009 are expected to see a continuation of the current challenging market conditions in both the automotive and construction sectors. As a result, the Board will continue to focus on optimizing operating performance and cash generation."

[1] Exchange rate of 2.6839 S$/GBP as at 12 August 2008

Chairman's Statement

Recent developments

There have been important changes to the structure and management of the Group. The period saw the appointment of a new Chief Executive, David Hussey, and a new Finance Director, Jonathan Cook. They have undertaken a thorough review of the Group's activities, particularly focusing upon the opportunities for profit development, the future capital and working capital requirements of the different businesses and the ability of the Group to fund those requirements. As a result, since the end of the first half there have been substantial changes to the composition of the Group.

On 12 August 2008, we agreed to sell our 70.28% holding in BRC Asia to HG Metal Pte Ltd. The total consideration is Singapore$48.1 million (£17.9 million[2]) of which Singapore$38.4 million (£14.7 million[3]) was paid on completion of the first tranche of shares on 18 September 2008. The second tranche, amounting to Singapore$9.7 million for the remaining 14.14% of the issued share capital of BRC Asia, is scheduled to complete on 18 September 2009. Negotiations for the sale of BRC Asia commenced prior to 30 June 2008 and therefore, in accordance with the relevant accounting standards, the assets and liabilities of that company are shown separately in the Group Balance Sheet at that date as assets and liabilities classified as held for sale.

On 3 September the Group sold its U.K. reinforcement business for £17.0 million to Celsa Steel Service (UK) Limited ("Celsa"), a subsidiary of Celsa (UK) Holdings Limited, a leading producer of steel reinforcement bars in the United Kingdom and a manufacturer of other steel long-products, and contracted to dispose of its 50% interest in BRC McMahon Reinforcements Ltd, also to Celsa, for a further £8.0 million. This latter disposal is subject to Irish Competition Authority approval.

The divestments leave the modified Group comprising the Stadco automotive businesses in the U.K. and Germany and the Specialty Products businesses within the re-named Acertec Construction Products Ltd. (previously BRC Ltd). The net sale proceeds from the disposals are all being utilized to reduce bank debt significantly. On 29 September 2008, we successfully completed an extension to our bank facilities to 31 October 2009.

The Board believes that the changes leave the Group better placed to make progress in the future.

Financial Review

Revenue for the six months ended 30 June 2008 was £193.6 million (2007: £153.6m). Operating profit, including share of joint ventures, before amortisation of intangibles and exceptional items for the period was £3.9 million (2007: £7.7m). Total operating profit for the Group, including share of joint ventures, was £4.4 million (2007: £8.4m).

Net finance costs for the first half year were

[2] Exchange rate of 2.6839 S$/GBP as at 12 August 2008

[3] Exchange rate of 2.6043 S$/GBP as at 18 September 2008

£4.1 million (2007: £1.9m) due to increased interest charges on higher average borrowings, amortisation of bank arrangement fees and foreign exchange rate impacts.

Profit before tax for the period was £0.3 million (2007: £6.5m), whilst the loss after tax for the period was £1.9 million (2007: profit after tax £3.9m). Basic and diluted loss per share for the period were 4.7p (2007: 7.2p earnings per share).

Net debt reduced to £63.8 million at 30 June 2008 from £64.1 million at 31 December 2007. Cash operating earnings of £7.1 million were absorbed by an increase in working capital of £8.1 million, primarily due to growth of stocks and trade debtors within BRC.

The Group operates two defined benefit pension schemes, both of which are closed to future accrual. In the six months to 30 June 2008 these incurred an actuarial loss of £12.6 million, primarily due to the severe decline in quoted investments held by the schemes in the period and to the recognition of increased longevity of the Schemes' members. As required by IAS 19, this loss has been accounted for as a movement in the statement of recognised income and expense.

Reflecting the continued need to reduce debt and strengthen the balance sheet, the Directors do not propose the payment of an interim dividend for 2008. No final dividend was paid for the year ending 31 December 2007.

Operational Review

Stadco

Stadco is the UK's largest supplier of body-in-white (BIW) pressings and sub-assemblies to automotive OEMs, and is also a significant supplier of sub-assemblies in Germany. Pressings and sub-assemblies are components, which when finally welded together by the OEM, make up a complete unpainted car body.

Stadco's revenue in the first half was ahead of the same period last year at £66.9 million (2007: £64.7m). Operating profit, including share of joint ventures, before amortisation of intangibles and exceptional items decreased to £4.1 million (2007: £5.5 million) as a result of operating losses at the Coventry plant and volume reductions at Castle Bromwich and Powys. Although revenue in Germany grew by 23% following the successful launch of the Kuga variant of the Ford Focus, the changes to the model mix reduced gross margins.

In July 2008, the Group reviewed its expected investment returns and funding requirements in relation to its 50/50 joint venture with Gestamp Automocion SL and concluded that it was not in shareholders' best interests to continue funding this project. Initial funding for the project had been provided by Gestamp so it was agreed that Gestamp would complete the funding and assume majority control of the project. The project is progressing well and is expected to be completed on time and to budget with production to commence, as planned, at the beginning of 2009. Stadco continues to benefit from supplying and managing the project and retains a 10% equity stake in the venture.

Market conditions are expected to remain difficult for automotive OEM customers throughout 2009.

BRC

During the period, the division operated in three sectors, Reinforcement and Specialty Products in both the UK and Ireland and Reinforcement in Singapore. Following the divestments, the division now operates exclusively in Specialty Products in the U.K. David Leng, who was promoted to divisional CEO prior to the disposals, has chosen to remain with the business, leading the development of the range of Specialty Products into a "one-stop-shop" concept for customers.

Revenue for the first half of the year increased to £126.7 million compared with £88.9 million for the same period last year. Turnover of the ongoing businesses after the subsequent disposals amounted to £11.4 million in the half year. Operating profit, including share of joint ventures, before amortisation of intangibles and exceptional items decreased to £1.7 million from £3.7 million. Increased provisions included £2.4 million relating to onerous contracts arising from agreeing fixed prices with customers on the basis of a supply agreement which we believe has not been honoured. Litigation is currently in progress against the supplier. Operating profit of the ongoing businesses after the subsequent disposals amounted to £0.7 million in the half year. There is no amortisation of goodwill or exceptional items relating to the ongoing business.

As we stated at our Annual General meeting in May, the construction market in the UK continues to reflect the impact of sharply rising raw material costs and difficult credit conditions. This in turn will continue to depress demand for the majority of our Specialty Products range. The exception relates to Weldgrip, whose mining and ground support and stabilization business continues to exhibit strong growth year on year.

Board

David Hussey, who has been a non-executive director of the Group since January 2007, was appointed Chief Executive on 9 June 2008. David replaced John Sword who, at the age of 65, has stepped down from the Board.

Following the recent divestments, the Group is much more automotive focused and I feel it appropriate that we restructure the Board. To that end and with immediate effect, David Hussey will move to the role of part-time Executive Chairman and I will step down, though remaining as a non-executive director.

In addition, Andrew Morriss, the Managing Director of Stadco will join the Board, also with immediate effect.

Jonathan Cook was appointed Group Finance Director on 1 May 2008. Recognising that the new, smaller group will offer fewer perspectives for such a widely-experienced individual, Jonathan has agreed to resign his position as Group Finance Director at the end of the year, after having completed the planned disposals, concluded an extension to the Group's bank facilities and engineered a cost reduction programme across the revised Group. Our thanks go to Jonathan for having achieved a considerable amount for Acertec in a short time. Steve Kynaston, currently Stadco Finance Director, will be appointed as Group Finance Director with effect from 1 January 2009, after a planned three-month handover period.

Outlook and Future Prospects

The remainder of 2008 and 2009 are expected to see a continuation of the current challenging market conditions in both the automotive and construction markets. As a result, the Board will continue to focus on optimizing operating performance and cash generation.

James Kerr-Muir
Chairman

30th September 2008

Income statement

	Notes	**Six months ended 30 June 2008 Unaudited £'m**	Six months ended 30 June 2007 as restated (note 1) Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
Revenue	2	**193.6**	153.6	322.9
Operating costs		**(190.3)**	(146.5)	(310.8)
Operating profit		**3.3**	7.1	12.1
Share of profit of joint ventures		**1.1**	1.3	1.9
Operating profit: Group and share of joint ventures	2	**4.4**	8.4	14.0
Analysed as:				
Operating profit before amortisation of intangibles and exceptional items	2	**3.9**	7.7	14.3
Loss on re-measurement of business held for sale	3	**(0.7)**	–	–
Cost of stock investigation		**–**	–	(0.6)
Compensation for loss of office	3	**(0.3)**	–	(0.3)
Amortisation of intangibles		**(0.1)**	–	(0.1)
(Loss)/profit on sale of investments	3	**(0.3)**	0.4	0.4
Profit on disposal of fixed assets	3	**1.9**	0.3	0.3
Finance costs	4	**(4.2)**	(2.3)	(5.4)
Finance income	4	**0.1**	0.4	0.2
Net finance costs		**(4.1)**	(1.9)	(5.2)
Profit before tax		**0.3**	6.5	8.8
Taxation	5	**(2.2)**	(2.6)	(4.2)
(Loss)/profit for the period		**(1.9)**	3.9	4.6

	Notes			
(Loss)/profit attributable to:		**£'m**	£'m	£'m
– Minority interest		**0.5**	0.2	0.5
– Equity shareholders of the company		**(2.4)**	3.7	4.1
		(1.9)	3.9	4.6
(Loss)/earnings per share from results attributable to the equity holders of the Company from operations continuing during the period		**pence**	pence	pence
Basic & diluted	7	**(4.7)**	7.2	8.0
Dividends per ordinary share:		**pence**	pence	pence
Paid	6	**–**	5.0	7.7
Dividends:		**£'m**	£'m	£'m
Paid	6	**–**	2.6	4.0

Balance sheet

	At 30 June 2008 Unaudited £'m	At 30 June 2007 as restated Unaudited £'m	At 31 Dec 2007 Audited £'m
ASSETS			
Non-current assets			
Goodwill	**6.3**	15.3	15.3
Intangible assets	**0.1**	0.2	0.2
Property, plant & equipment	**67.2**	70.5	74.4
Investments accounted for using equity method	**2.7**	4.5	4.5
Available for sale financial assets	**0.1**	0.1	0.1
Deferred tax assets	**9.2**	0.6	6.4
Trade and other receivables	**0.2**	0.3	0.3
	85.8	91.5	101.2
Current assets			
Inventories	**19.1**	33.2	32.2
Trade and other receivables	**51.5**	51.7	50.0
Cash and cash equivalents	**24.4**	34.4	27.7
	95.0	119.3	109.9
Assets of BRC Asia Ltd classified as held for sale	**62.4**	–	–
LIABILITIES			
Current liabilities			
Borrowings	**(87.5)**	(27.8)	(90.2)
Trade and other payables	**(70.6)**	(70.0)	(74.6)
Derivative financial instruments	**–**	–	(0.1)
Current tax liabilities	**(1.3)**	(6.1)	(1.7)
Provisions	**(2.6)**	(1.9)	(1.7)
	(162.0)	(105.8)	(168.3)
Liabilities of BRC Asia Ltd classified as held for sale	**(39.4)**	–	–
Net current (liabilities)/assets	**(44.0)**	13.5	(58.4)
Non-current liabilities			
Borrowings	**(0.7)**	(68.1)	(1.6)
Deferred income tax liabilities	**(4.9)**	–	(5.3)
Trade and other payables	**–**	(0.1)	(0.1)
Retirement benefit obligations	**(23.9)**	(10.8)	(12.6)
	(29.5)	(79.0)	(19.6)
Net assets	**12.3**	26.0	23.2
Shareholders' equity			
Called up share capital	**5.1**	5.1	5.1
Share premium account	**48.7**	48.7	48.7
Other reserve	**1.0**	1.0	1.0
Share option reserve	**1.4**	1.0	1.1
Foreign exchange reserve	**(1.0)**	–	(0.8)
Retained earnings	**(48.0)**	(33.7)	(36.5)
Total shareholders' equity	**7.2**	22.1	18.6
Equity minority interests	**5.1**	3.9	4.6
Total equity	**12.3**	26.0	23.2

The notes on pages 10 to 19 form part of this interim financial information.

Statement of recognised income and expense

	Six months ended 30 June 2008 Unaudited £'m	Six months ended 30 June 2007 as restated Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
(Loss)/profit for the period	**(1.9)**	3.9	4.6
Actuarial (loss)/gain recognised on retirement benefit obligations	**(12.6)**	4.7	1.5
Deferred tax credit/(charge) relating to actuarial loss/gain on retirement benefit obligations	**3.5**	(1.4)	(0.4)
Foreign exchange translation differences taken to reserves	**(0.2)**	0.1	(0.3)
Net (loss)/profit not recognised in income statement	**(9.3)**	3.4	0.8
Total recognised (expense)/income for the period	**(11.2)**	7.3	5.4

Attributable to:	**£'m**	£'m	£'m
- Minority interest	**0.5**	0.2	0.5
- Equity shareholders of the company	**(11.7)**	7.1	4.9
	(11.2)	7.3	5.4

Cash flow statement

	Notes	**Six months ended 30 June 2008 Unaudited £'m**	Six months ended 30 June 2007 Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
Cash flows from operating activities				
Cash (used in)/generated from operations	8	**(2.7)**	(3.9)	11.1
Interest paid		**(2.4)**	(2.0)	(4.0)
Income tax paid		**(1.7)**	(2.4)	(7.5)
Net cash used in operating activities		**(6.8)**	(8.3)	(0.4)
Purchases of property, plant and equipment		**(1.6)**	(3.6)	(9.8)
Proceeds from sale of property, plant and equipment		**2.8**	–	–
Proceeds from sale of investments		**–**	0.5	0.5
Dividends received		**0.8**	0.7	1.4
Net cash generated from/(used in) investing activities		**2.0**	(2.4)	(7.9)
Proceeds from borrowings		**26.2**	19.3	15.1
Issue costs paid		**(1.6)**	–	–
Repayment of borrowings		**(18.1)**	(4.6)	(12.1)
Dividends paid to company's shareholders		**–**	(2.6)	(4.0)
Dividends paid to minority interests		**(0.3)**	(0.3)	(0.3)
Net cash generated from/(used in) financing activites		**6.2**	11.8	(1.3)
Cash, cash equivalents and bank overdrafts reclassified as assets held for sale		**(3.9)**	–	–
Net (decrease)/increase in cash, cash equivalents and bank overdrafts in the period		**(2.5)**	1.1	(9.6)
Cash, cash equivalents and bank overdrafts at beginning of period		**6.2**	15.8	15.8
Cash, cash equivalents and bank overdrafts at end of period	9	**3.7**	16.9	6.2

Notes to the financial information

1. Basis of preparation

Acertec plc is required to prepare statutory financial statements which comply with EU endorsed IFRS in respect of its financial year.

The 2008 interim results are prepared by Acertec plc in accordance with the accounting policies set out in the Group's statutory accounts.

This consolidated financial information has been prepared under the historical cost convention.

The Group has adopted all IAS and IFRS adopted in the EU except for IAS 34, as AIM-listed companies are not required to adopt IAS 34. The Group has not early adopted any other standards or interpretations not yet endorsed by the EU.

The unaudited interim financial information relating to 30 June 2007, issued on 20 September 2007 has been restated for a stock discrepancy, announced on 21 November 2007, amounting to £1.3 million.

This interim financial information does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2007 were approved by the Board of directors on 31 March 2008 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 237 of the Companies Act 1985.

The preparation of financial information in conformity with the basis of preparation described above requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in the Critical Accounting Estimates and Judgements section.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

If the estimated profit margin (operating profit divided by revenue) at 31 December 2007 had been 18% lower than management's estimates as 31 December 2007 (for example, 3.1% instead of 4.3%) the Group would have recognised an impairment against goodwill

If the pre-tax discount rate applied to the discounted cash flows had been 59% higher than management's estimates (for example, 15.9% instead of 10%), the Group would have recognised an impairment against goodwill.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Retirement benefit obligations

The Group recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates and the rate of increase in pension payments. In making these assumptions the Group takes advice from a qualified actuary about which assumptions reflect the nature of the Group's obligations to employee retirement benefits. These assumptions are regularly reviewed to ensure their appropriateness.

2. Segmental analysis

The segment results for the period ended 30 June 2008 are as follows:

	BRC division £'m	Stadco division £'m	Central £'m	Total £'m
Revenue	**126.7**	**66.9**	**–**	**193.6**
Operating costs before amortisation of intangibles and exceptional items	(126.4)	(62.5)	(1.9)	(190.8)
Operating profit/(loss) before amortisation of intangibles and exceptional items	**0.3**	**4.4**	**(1.9)**	**2.8**
Share of profit/(loss) of joint ventures before exceptional items	1.4	(0.3)	–	1.1
Operating profit/(loss) before amortisation of intangibles and exceptional items: Group and share of joint ventures	**1.7**	**4.1**	**(1.9)**	**3.9**
Loss on re-measurement of business held for sale	(0.7)	–	–	(0.7)
Compensation for loss of office	–	–	(0.3)	(0.3)
Amortisation of intangibles	–	(0.1)	–	(0.1)
Loss on sale of investments	–	(0.3)	–	(0.3)
Profit on disposal of fixed assets	1.9	–	–	1.9
Operating profit/(loss): Group and share of joint ventures	**2.9**	**3.7**	**(2.2)**	**4.4**
Finance costs				(4.2)
Finance income				0.1
Net finance costs				(4.1)
Profit before tax				**0.3**
Taxation				(2.2)
Loss for the period				**(1.9)**

Included within the BRC division are the joint venture businesses, BRC McMahon Reinforcements Ltd (Ireland) and Anhui BRC & Masteel Weldmesh Co.Ltd (China).

Included within the Stadco division is the joint venture business, Stadco LLC.

Notes to the financial information
continued

2. Segmental analysis continued

The segment results for the period ended 30 June 2007, as restated, are as follows:

	BRC division £'m	Stadco division £'m	Central £'m	Total £'m
Revenue	**88.9**	**64.7**	**–**	**153.6**
Operating costs before amortisation of intangibles and exceptional items	(86.2)	(59.2)	(1.5)	(146.9)
Operating profit/(loss) before amortisation of intangibles and exceptional items	**2.7**	**5.5**	**(1.5)**	**6.7**
Share of profit of joint ventures before exceptional items	1.0	–	–	1.0
Operating profit/(loss) before amortisation of intangibles and exceptional items: Group and share of joint ventures	**3.7**	**5.5**	**(1.5)**	**7.7**
Profit on sale of investments	0.4	–	–	0.4
Profit on disposal of fixed assets	0.3	–	–	0.3
Operating profit/(loss): Group and share of joint ventures	**4.4**	**5.5**	**(1.5)**	**8.4**
Finance costs				(2.3)
Finance income				0.4
Net finance costs				(1.9)
Profit before tax				**6.5**
Taxation				(2.6)
Profit for the period				**3.9**

Included within the BRC division are the joint venture businesses, BRC McMahon Reinforcements Ltd (Ireland) and Anhui BRC & Masteel Weldmesh Co.Ltd (China).

2. Segmental analysis continued

The segment results for the year ended 31 December 2007 are as follows:

	BRC division £'m	Stadco division £'m	Central £'m	Total £'m
Revenue	**196.7**	**126.2**	**–**	**322.9**
Operating costs before amortisation of intangibles and exceptional items	(190.3)	(116.9)	(3.0)	(310.2)
Operating profit/(loss) before amortisation of intangibles and exceptional items	**6.4**	**9.3**	**(3.0)**	**12.7**
Share of profit of joint ventures before exceptional items	1.6	–	–	1.6
Operating profit/(loss) before amortisation of intangibles and exceptional items: Group and share of joint ventures	**8.0**	**9.3**	**(3.0)**	**14.3**
Cost of stock investigation	–	–	(0.6)	(0.6)
Compensation for loss of office	–	–	(0.3)	(0.3)
Amortisation of intangibles	–	(0.1)	–	(0.1)
Profit on sale of investments	0.4	–	–	0.4
Profit on disposal of fixed assets in joint venture	0.3	–	–	0.3
Operating profit/(loss): Group and share of joint ventures	**8.7**	**9.2**	**(3.9)**	**14.0**
Finance costs				(5.4)
Finance income				0.2
Net finance costs				(5.2)
Profit before tax				**8.8**
Taxation				(4.2)
Profit for the period				**4.6**

Included within the BRC division are the joint venture businesses, BRC McMahon Reinforcements Ltd (Ireland) and Anhui BRC & Masteel Weldmesh Co.Ltd (China).

Notes to the financial information

continued

3. Exceptional items

Loss on re-measurement of business held for sale

On 12 August, Acertec plc announced that it had agreed to sell its holding in the subsidiary company, BRC Asia Limited.

The Group has made the assessment that BRC Asia Limited met the criteria for reclassification as a disposal group at 30 June 2008.

As a result, the assets and associated liabilities of BRC Asia Limited have been reclassified as held for sale and re-measured at fair value at that date less costs to sell.

The re-measurement to fair value less costs to sell results in an impairment of £0.7m being recorded at 30 June 2008.

Compensation for loss of office

John Sword stood down as Chief Executive of Acertec plc on 9 June 2008. The Group incurred a cost of £0.3m in meeting its obligations under the terms of the employment contract.

(Loss)/profit on sale of investments

The Group's Stadco division sold a 50% share in its subsidiary company Stadco LLC during the period, incurring a loss on disposal of £0.3m.

Profit on disposal of fixed assets

The Group's BRC division sold its facility located in Newport during the period, recognising a profit on disposal of £1.9m.

4. Net finance costs

	Six months ended 30 June 2008 Unaudited £'m	Six months ended 30 June 2007 Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
Finance costs			
Bank loans and overdraft	**2.4**	1.9	4.2
Finance leases	**0.1**	0.1	0.2
Ineffectiveness of net investment hedges	**0.5**	–	0.4
Other finance costs	**1.2**	0.3	0.6
	4.2	2.3	5.4
Finance income			
Other finance income	**(0.1)**	(0.4)	(0.2)
Net finance costs	**4.1**	1.9	5.2
Group	**4.0**	1.8	5.1
Share of joint ventures finance costs	**0.1**	0.1	0.1

Other finance costs includes amortisation of bank arrangement fees of £0.9m (30 June 2007: £0.2m, 31 December 2007: £0.4m) and £0.3m in relation to unwinding of discounts on financial instruments (30 June 2007: £0.1m, 31 December 2007: £0.2m). Other finance income relates to the Group pension schemes.

5. Income tax expense

	Six months ended 30 June 2008 Unaudited	Six months ended 30 June 2007 as restated Unaudited	Year ended 31 Dec 2007 Audited
Effective tax rate	**733.3%**	40.0%	47.7%

The Group's operations are located in a number of different geographic locations within varying corporation tax jurisdictions. Consequently the Group's effective tax rate represents a mix of operating profits at different tax rate and varies from one period to the next according to the proportion of total profits arising in each location.

6. Dividends per share

The Directors do not propose the payment of an interim dividend for 2008 and no final dividend was paid for the year ended 31 December 2007.

Notes to the financial information

continued

7. Earnings per share

Basic (loss)/earnings per share from operations continuing during the period and attributable to equity holders of the company

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June 2008 Unaudited	Six months ended 30 June 2007 as restated Unaudited	Year ended 31 Dec 2007 Audited
(Loss)/profit attributable to equity holders of the company (£m)	**(2.4)**	3.7	4.1
Weighted average number of shares in issue	**51,349,974**	51,349,599	51,349,707
Basic (loss)/profit per share (pence per share)	**(4.7)**	7.2	8.0

Earnings per share

Diluted (loss)/earnings per share from operations continuing during the period and attributable to equity holders of the company (all continuing operations)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The diluted earnings per share have been calculated on the following earnings and weighted average number of shares in issue:

	Six months ended 30 June 2008 Unaudited	Six months ended 30 June 2007 as restated Unaudited	Year ended 31 Dec 2007 Audited
(Loss)/profit attributable to equity holders of the company (£m)	**(2.4)**	3.7	4.1
Weighted average number of ordinary shares in issue	**51,349,974**	51,349,599	51,349,707
Adjustment for share options			
- share options	**–**	211,210	4,852
Weighted average number of ordinary shares for diluted earnings per share	**51,349,974**	51,560,809	51,354,559
Diluted (loss)/profit per share (pence per share)	**(4.7)**	7.2	8.0

8. Cash (used in)/generated from operations

	Six months ended 30 June 2008 Unaudited £'m	Six months ended 30 June 2007 as restated Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
Operating profit	**3.3**	7.1	12.1
Depreciation charge	**3.8**	3.6	7.4
Amortisation of intangibles	**0.1**	–	0.1
Profit on disposal of property, plant and equipment	**(1.9)**	–	–
Loss/(profit) on sale of investments	**0.3**	(0.4)	(0.4)
Difference between pension service cost and cash contributions	**(1.3)**	(1.3)	(2.6)
Other non-cash changes	**0.4**	0.2	0.4
Loss on re-measurement of business held for sale	**0.7**	–	–
Increase in working capital	**(8.1)**	(13.1)	(5.9)
	(2.7)	(3.9)	11.1

Other non-cash changes are the movements in the share option reserve in the period.

Notes to the financial information

continued

9. Reconciliation of movement in cash to net debt

	Six months ended 30 June 2008 Unaudited £'m	Six months ended 30 June 2007 Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
(Decrease)/increase in cash in the period	**(2.5)**	1.1	(9.6)
Decrease/(increase) in debt financing	**4.5**	(14.7)	(3.0)
Issue costs paid	**1.6**	–	–
Decrease/(increase) in net debt from cash flows	**3.6**	(13.6)	(12.6)
Amortisation of issue costs	**(0.6)**	(0.2)	(0.5)
Foreign exchange movements	**(2.7)**	0.4	(2.9)
Decrease/(increase) in net debt during the period	**0.3**	(13.4)	(16.0)
Opening net debt	**(64.1)**	(48.1)	(48.1)
Closing net debt	**(63.8)**	(61.5)	(64.1)

Analysis of closing net debt:	**£'m**	£'m	£'m
Cash at bank and in hand	**24.4**	34.4	27.7
Bank overdrafts	**(20.7)**	(17.5)	(21.5)
Cash, cash equivalents and bank overdrafts	**3.7**	16.9	6.2
Bank loans	**(66.0)**	(75.7)	(68.1)
Other loans	**(0.2)**	(0.2)	(0.2)
Obligations under finance leases	**(1.3)**	(2.5)	(2.0)
Closing net debt	**(63.8)**	(61.5)	(64.1)

10. Statement of changes in equity

	Six months ended 30 June 2008 Unaudited £'m	Six months ended 30 June 2007 as restated Unaudited £'m	Year ended 31 Dec 2007 Audited £'m
(Loss)/profit for the financial period	**(2.4)**	3.7	4.1
Actuarial (loss) / gain recognised on retirement benefit obligations	**(12.6)**	4.7	1.5
Deferred tax credit/(charge) relating to actuarial loss/gain on retirement benefit obligations	**3.5**	(1.4)	(0.4)
Cost of share options in issue	**0.4**	0.2	0.4
Subsidiary share options exercised by minority interest	**(0.1)**	–	(0.1)
Foreign exchange translation differences taken to reserves	**(0.2)**	0.1	(0.3)
Dividends paid	**–**	(2.6)	(4.0)
Net (reduction)/increase in shareholders' equity	**(9.0)**	1.0	(2.9)
Opening shareholders' equity	**18.6**	17.4	17.4
Closing shareholders' equity	**7.2**	22.1	18.6

11. Subsequent events

Sale of BRC Asia Limited

Acertec announced on 12 August that it agreed to sell its 70.28% holding in BRC Asia, the market leader for mesh and pre-fabricated reinforcement in Singapore, to a consortium of five buyers. The consortium includes HG Metal Investments Pte Ltd, Lingco Marine Pte Ltd, Siem Seng Hing & Co Pte Ltd, Chye Hin Hardware (Pte) Ltd and Sin Teck Guan (Pte) Ltd. The consortium agreed to purchase the shares through a special purpose vehicle, HG Metal Pte Ltd.

The sale was conditional, inter alia, on approval by the shareholders of HG Metal Manufacturing Ltd, the Singapore publicly listed parent company of HG Metal Pte Ltd ("the Shareholders' Approval"). Following an extraordinary general meeting, approval for the sale was received on 18 September from the shareholders.

The sale is to complete in two tranches. The acquisition of the first tranche of shares, representing 56.14% of the issued share capital of BRC Asia, completed following receipt of the Shareholders' Approval. The acquisition of the second tranche of shares, being the balance of the holding (representing 14.14% of the issued share capital of BRC Asia), shall complete 12 months after completion of the acquisition of the first tranche.

The total consideration, to be paid in cash, is S$48.1 million (£17.9 million) of which S$38.4 million (£14.3 million) is to be paid on completion of the first tranche of shares and S$9.7 million (£3.6 million) on completion of the acquisition of the second tranche of shares.

At 30 June 2008 the assets and associated liabilities of BRC Asia Limited have been reclassified as held for sale and re-measured at fair value at that date less costs to sell.

Sale of UK steel reinforcement operations and interest in Irish joint venture to Celsa

On 2 September 2008 Acertec plc announced two disposals. It sold the steel reinforcement operations of its subsidiary company BRC Limited and agreed to sell its 50% interest in BRC McMahon Reinforcements Limited to Celsa Steel Service (UK) Limited ("Celsa"), a subsidiary of Celsa (UK) Holdings Limited, a leading producer of steel reinforcement bars in the United Kingdom and a manufacturer of other steel long-products.

The aggregate consideration is £25 million. The consideration for the Reinforcing Business is £17 million (on a cash free debt free basis, and subject to a post completion adjustment based on the net assets). The consideration for the interest in BRC McMahon is £8 million. The proceeds of both transactions will be used to reduce the group's debt.

The agreement to sell the Reinforcing Business was unconditional and completed on 3 September 2008. The sale of the interest in BRC McMahon is subject only to approval by the Irish Competition Authority.

Joint-venture Project in Russia

During the period ended 30 June 2008, Gestamp Automocion SL became a 50% joint venture partner with Acertec's Stadco division to develop the first dedicated body-in-white stampings and assembly facility in Russia.

On 30 July 2008, Acertec plc announced that it had reviewed the expected investment returns and its funding requirements in relation to the joint venture and concluded that it was not in shareholders' best interests to continue funding the project. It has therefore been agreed that Gestamp will complete the funding and assume majority control of the project.

Stadco will continue to benefit from supplying and managing the project on the terms of a management agreement, and will retain a 10% equity stake to take account of its contribution to date.

12. Contingent asset

At 30 June 2008, Acertec's BRC division is in contractual dispute with one of its major steel suppliers. The dispute relates to pricing agreements entered into by both parties. Acertec plc believes the dispute represents a contingent asset and that, if successful, the outcome of the dispute will be financially favourable to the Group. The Directors believe it is impracticable to estimate the financial effect at this time.

Independent review report to Acertec plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008, which comprises the income statement, statement of recognised income and expense, balance sheet, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis set out in Note 1.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the basis set out in note 1 and the AIM Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
30 September 2008

Notes:

(a) The maintenance and integrity of the Acertec plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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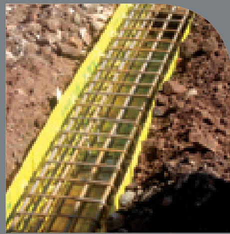

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