

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 41. Acquisitions

#### A. Current year acquisitions

##### Industrial & Automotive

###### *Fluid Power*

On 7 July 2009, the Group acquired a 100% interest in Hydrolink, a fluid engineering services provider to the oil and gas and marine sectors in the Middle East. Provisional goodwill of \$16.5 million was recognised on the acquisition, which represents the expected benefits to the Group from accelerating the market penetration of its products in this high-growth region. Goodwill is provisional pending the finalisation of the fair valuation of acquired intangible assets.

##### Building Products

###### *Air Distribution*

On 7 July 2009, the Group acquired the remaining 40% minority interest in Rolastar Pvt Ltd, a duct manufacturer based in India. Goodwill of \$4.6 million was recognised on the acquisition of the minority interest. Overall, the Group recognised goodwill of \$8.5 million on the acquisition of its 100% interest in the business, which represents the expected benefits from the expansion of its air distribution business in India.

#### B. Prior year acquisitions

##### 2008

##### Industrial & Automotive

###### *Fluid Power*

On 3 March 2008, the Group acquired a 100% interest in A.E. Hydraulic (Pte) Ltd., a Singapore-based provider of hydraulic and industrial hose solutions and services for the oil exploration industry in Asia. Goodwill of \$8.1 million was recognised on the acquisition which represents the expected benefits to the Group from the acceleration of its expansion into the high-growth oil and gas exploration market made possible by the acquisition.

##### Building Products

###### *Air Distribution*

On 22 February 2008, the Group acquired a 60% interest in Rolastar Pvt Ltd, a duct manufacturer based in India. Goodwill of \$0.9 million was recognised on the acquisition.

On 20 June 2008, the Group acquired a 100% interest in Trion Inc., a manufacturer of commercial, industrial and residential indoor air quality products. Trion is headquartered in Sanford, North Carolina, with manufacturing facilities there and also in Suzhou, China. Goodwill of \$2.4 million was recognised on the acquisition which represents the expected synergies from the integration of the business within Air Distribution.

##### 2007

##### Industrial & Automotive

###### *Fluid Systems*

On 8 March 2007, the Group acquired the remaining 40% minority interest in Schrader Engineered Products (Kunshan) Co Ltd, a manufacturer of valves and fittings based in China.

On 26 September 2007, the Group acquired 100% of Swindon Silicon Systems Ltd, a company that designs, develops and supplies integrated circuits based in the UK.

#### C. Adjustment in respect of prior year acquisitions

On the completion of the initial accounting for acquisitions completed in 2008, the attributable goodwill was increased by \$5.7 million as follows:

	Provisional goodwill \$ million	Adjustment \$ million	Final goodwill \$ million
A.E. Hydraulic (Pte) Ltd.	8.1	1.6	9.7
Rolastar Pvt Ltd (acquisition of initial 60% interest)	0.9	3.0	3.9
Trion Inc.	2.4	1.1	3.5
		5.7	

Comparative information has not been restated to reflect these adjustments, which principally arose due to revisions to the fair value of acquired property, plant and equipment and the recognition of additional deferred tax liabilities, because they are not material to the Group's results or financial position.

D. Financial effect of acquisitions

	Year ended 2 January 2010			Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
	Acquiree's carrying amount in accordance with IFRS \$ million	Fair value adjustments \$ million	Provisional fair value \$ million		
<b>Net assets acquired</b>					
Intangible assets	–	5.9	5.9	37.4	11.0
Property, plant and equipment	9.3	(1.3)	8.0	9.2	7.0
Deferred tax assets	–	–	–	–	0.2
Inventories	10.6	(3.2)	7.4	12.4	2.6
Trade and other receivables	8.6	(1.4)	7.2	11.5	7.6
Income tax recoverable	–	–	–	1.2	–
Cash and cash equivalents	0.4	–	0.4	0.1	–
Bank and other loans	(7.4)	–	(7.4)	(0.4)	–
Obligations under finance leases	(0.4)	–	(0.4)	(0.4)	–
Trade and other payables	(10.3)	–	(10.3)	(8.9)	(4.4)
Income tax liabilities	(0.4)	–	(0.4)	(0.9)	(0.8)
Deferred tax liabilities	–	(6.9)	(6.9)	–	–
Provisions	–	–	–	(0.3)	–
Minority interest	4.6	2.0	6.6	(8.2)	1.0
	<b>15.0</b>	<b>(4.9)</b>	<b>10.1</b>	52.7	24.2
Goodwill on current year acquisitions			21.1	11.4	6.2
Adjustments to goodwill on prior year acquisitions			5.7	(3.0)	(14.2)
Consideration (including transaction costs)			<b>36.9</b>	61.1	16.2

The net cash outflow on acquisitions during the period was as follows:

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
Consideration paid on current period acquisitions	25.5	65.5	15.2
Cash and cash equivalents acquired	(0.4)	(0.1)	–
Deferred consideration	1.4	–	–
Adjustment to consideration on prior period acquisitions	–	(0.4)	1.8
	<b>26.5</b>	65.0	17.0

Businesses acquired during 2009 contributed \$10.9 million to the Group's sales and reduced the Group's profit for the year by \$2.0 million. If these businesses had been acquired at the beginning of 2009, it is estimated that the Group's sales would have been \$16.0 million higher, at \$4,196.1 million, in 2009, but it is not practicable to estimate what the Group's profit for the year would have been because they did not prepare balance sheets in accordance with IFRS as at 3 January 2009.