Delta plc (26077)

Annual Report and Accounts

For the year ended 31 December 2009

www.deltaplc.com
Stock Exchange Code : DLTA

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Operational and Financial Highlights

Group Results

- Revenue increased 1% from £330 8 million to £333 0 million
- Operating profit from continuing businesses before exceptional items increased 27% from £36 7 million to £46 6 million (after exceptional items, from £39 9 million to £50 4 million)
- Profit after tax from continuing businesses before exceptional items increased 9% from £34 0 million to £37 1 million (after exceptional items, from loss of £3 7 million to profit of £41 3 million)
- Effective tax rate from continuing businesses before exceptional items was 29% (2008 22%)
- Cash flow from operations before tax increased 76% from £49 0 million to £86 4 million
- Net cash at the year end of £146 9 million (net cash is defined as cash and cash equivalents plus other financial assets less bank overdrafts and borrowings)
- Earnings per share from continuing businesses before exceptional items increased 11% from 18 2p to 20 2p (after exceptional items, increased from loss of 6 0p to 21 2p)

Divisional Results

- Engineered Steel Products pre-exceptional operating profit increased from £21 3 million to £31 5 million, on revenues that increased from £200 9 million to £218 7 million
- Galvanizing Services pre-exceptional operating profit reduced from £10 2 million to £8 4 million on revenues that decreased from £86 6 million to £77 5 million
- Delta EMD pre-exceptional operating profit increased from £9 2 million to £11 0 million on revenues that decreased from £43 3 million to £36 8 million

Chairman's Statement

Overview of 2009 Results

2009 has seen a continuation of the excellent trading performance we enjoyed in 2008 Profit before tax and before exceptionals of £52 6 million was up 20% Cash flow generated from operations before tax at £86 4 million was up 76%, assisted by reductions in working capital levels This was achieved despite the global economic crisis but assisted by the fact that our operations are largely in markets which have proved to be more resilient than most

Engineered Steel Products, which accounts for just over two thirds of the Group operating profit, had a strong year In Galvanizing Services we did feel the effects of lower volumes and an increase in pricing pressure as the lower volumes exposed additional capacity across the industry Delta EMD continued its strong performance in 2009 and managed a second successive year of profits at very acceptable margins

The Group has continued to invest in its businesses with a new factory for Webforge opened in Chengdu and plans underway for new facilities to be established in the Middle East and Northern China We also fully opened the new Galvanizing facility in Melbourne and completed some of the development spend on the other galvanizing plants Due to the economic uncertainty it proved difficult to find suitable acquisitions but efforts continue to find attractive businesses that complement our existing businesses in the same geographic area

The Group's consolidated net cash at year end amounted to £146 9 million This, as I have previously stated, provides Delta with options to invest in the core operations, fund add-on acquisitions and when the time is right to consider further actions on the Delta Pension Plan ("DPP")

The future

On 4th March 2010 the Board announced a recommended cash offer for Delta by Valmont Industries Inc ('Valmont") The offer comprises 185 pence per ordinary share and values Delta's issued ordinary share capital at approximately £284 million We believe this provides shareholders with an opportunity to realise fair value for their Delta investment with certainty

The prospects for the Group's core businesses remain good but the substantial cost of a full pension solution at the current time continues to limit strategic options The planned disposal of the EMD business and an eventual exit from our shareholding in MMC are expected to be achieved in 2010 Any solution for the DPP, however, remains uncertain in terms of its timing and in the ultimate cost to shareholders

The Board has carefully considered retaining the DPP, completing the Manganese disposals and continuing for the foreseeable future with Delta in its current form Should the takeover not proceed, we will continue to monitor the cost of transferring the DPP The indications are that the exit costs will remain substantial, and there is no assurance that they will reduce over time Investment in the core businesses would continue, as with the new plants recently commissioned in both China and Australia during 2009 However, even allowing foreseeable organic investment plans plus some greater success in identifying and delivering add-on acquisitions in our core markets within the Asia Pacific region, it is unlikely that the Group s surplus net cash can be substantially deployed

The remoteness of the Group's operations from the PLC head office, it s Executive management, and shareholders, and the scale of the DPP in relation to Delta's market capitalisation all represent significant issues for the Group

An alternative strategy for Delta, involving the pursuit of investment opportunities on a broader sectoral and geographic front, would represent a material change in the risk profile for existing investors This would require prior shareholder consultation and necessitate a change in managerial and Board focus

Chairman's Statement (continued)

In the considered view of your Board, the immediate value and certainty being offered by Valmont represents the most attractive outcome

The Board has not recommended a final dividend in the light of the terms of the Valmont offer In the event the offer lapses or is withdrawn, the Board would consider declaring a second interim dividend in relation to the year ended 31 December 2009

Steve Marshall
Chairman
8 March 2010

Chief Executive's Review

Overview of 2009 Results

We are pleased to report that the Group's profit after tax for the year from continuing operations and before exceptional items improved by 9 1% to £37 1 million (2008 £34 0 million), providing basic earnings per share from continuing operations and before exceptional items of 20 2 pence (2008 18 2 pence) This improvement was made against difficult global economic conditions, with favourable exchange rates and with revenue of £333 0 million (2008 £330 8 million)

The Group's total profit for the year included £2 6 million of exceptional profit, whereas the year prior included £37 2 million of exceptional loss, including a £48 8 million charge related to the 2008 de-scaling and de-risking of the Delta Pension Plan Including exceptional items and discontinued operations, the Group's profit for the year attributable to equity holders was £39 7 million (2008 loss of £3 2 million), providing basic earnings per ordinary share attributable to equity shareholders of 21 2 pence (2008 basic loss per share of 6 0 pence)

The Group's net cash generated from operating activities totalled £73 8 million (2008 £39 0 million), providing a year end net cash balance of £146 9 million (2008 £109 6 million) of which £122 0 million was held in wholly owned subsidiaries

Offer from Valmont Industries Inc

Valmont has made a recommended cash offer to purchase the Group's ordinary shares for 185 pence per share

The offer presented by Valmont provides a most attractive strategic outcome for the Group The Group's shareholders would realise value for the Group's progress over the past several years as well as for our businesses' potential for further growth The Group's businesses would become part of a substantially larger group that has similar strategic ambitions, management practices and culture, and the Group's businesses, management and employees would have greater opportunities for new challenges and development As only a sale of the Group's shares would result from the Valmont offer, the Group's businesses and assets would remain in support of the Delta Pension Plan, preserving the strong covenant that has supported the plan responsibly over many years

Over the past several years the Board has sought attractive strategic outcomes for the Group The Delta Pension Plan and the Group's relative size and complexity, geographic spread and more recently the global recession, have slowed or frustrated many of those efforts The Valmont offer is a particularly attractive outcome for the Group and its shareholders, and we are pleased to present it to our shareholders and to recommend it to them

Review of 2009 Trading

Engineered Steel Products

The Group's Engineered Steel Products division performed better than expected during the year and improved markedly upon the prior year's performance Operating profit increased by 47 9% to £31 5 million (2008 £21 3 million) on continuing revenue that increased by 8 9% to £218 7 million (2008 £200 9 million)

Ingal Civil Products (ICP) performed very well during the year with very good sales volumes and the effective management of selling prices as steel prices reduced substantially The Australian market for safety barrier systems proved resilient with continued public investment in highway development and improvement, and ICP successfully defended its market share against imported products notwithstanding a very strong Australian dollar ICP's market position strengthened further as further efficiencies were achieved with its automated roll forming equipment and bespoke galvanizing facility, and with further improved service and a superior product range

Product development efforts also progressed nicely during the year and should provide further product differentiation

Chief Executive's Review (continued)

The performance of Ingal EPS improved markedly during the year, with a return to profit after a difficult year in 2008 A new management team simplified the business and implemented improved systems and controls, assuring far better management of selling prices and costs Margins improved significantly, and inventories were simplified and relocated to assure more timely delivery and reduced stock levels Reasonable profit, reduced working capital and good cash flow all resulted Given the similarities amongst Ingal EPS's and ICP's products, markets and customers, opportunities to integrate some activities of the two businesses have been identified, and first steps included combination of certain sales and distribution facilities The year's successes demonstrate that Ingal EPS's industry reputation and market position provide a solid foundation upon which an attractively profitable business can be developed further

Webforge Australia performed very well during the year against a backdrop of more difficult market conditions Whilst sales volumes softened, selling prices were well managed and costs were reduced, particularly as steel prices fell during the year Webforge management continued to build upon new market positions for complementary products such as expanded metal products, civil products and planking, and further developed effective distribution channels for standard gratings Further operational efficiencies also were identified through the implementation of lean manufacturing techniques

Webforge Asia performed exceptionally well during the year Sales volumes varied by geographic market but in total reflected Webforge Asia's very good market positions and the continuation of large projects that had commenced before the economic crisis Selling prices were successfully managed against reducing steel prices as well as heightened competition in markets where volumes softened Webforge Asia's Greenfield plant in Chengdu, China was commissioned ahead of schedule and with a full complement of capable management and employees Planning, design and site procurement are well underway for similar facilities in Northern China and the Middle East

Donhad's sales mix of grinding media includes a significant portion to gold and copper mines and consequently Donhad's sales volumes didn t suffer as much during the year as might have been expected with the general reduction in Australian mining activity Donhad management successfully protected its market position against foreign imports notwithstanding a strong Australian dollar, and also successfully managed steel supply and cost during the year against a backdrop of reducing steel prices and increasing variances in the cost of domestic and imported steel Selling prices also were well managed providing acceptable margins and profit in more difficult market conditions Whilst anticipated development of additional mining capacity in Australia was delayed during the year due to uncertain global economic conditions, in many instances those plans are now again underway and should provide further growth in demand for grinding media

Galvanizing Services

The Group's Galvanizing Services division did not perform as well as expected during the year and fell below prior year performance Galvanizing Services operating profit declined by 17 6% to £8 4 million (2008 £10 2 million) on continuing revenue that decreased by 10 5% to £77 5 million (2008 £86 6 million)

Galvanizing volumes suffered most immediately from the year's worsened economic conditions Volumes related to residential and commercial construction, consumer products and mining products and development deteriorated substantially, and price competition heightened in markets that suffered from the resulting overcapacity Last year's substantial reductions in the cost of zinc also increased market pressures on selling prices, notwithstanding steady increases in the cost of zinc during the year Profit benefited from lower than expected energy costs and from cost of sales determined with FIFO accounting methodologies and reflecting lower zinc prices

Australian Galvanizing commissioned a new plant in Melbourne, Australia The facility includes a large kettle for structural steel as well as a spinning kettle for manufactured products The plant also employs newer technologies intended to reduce energy consumption and emissions The former plant will be demolished and the plant site rehabilitated so that the site can be sold during 2010

The Group's US galvanizing operations performed well in difficult market conditions with a new management team and renewed focus on housekeeping, health and safety and operational efficiencies Market shares were maintained through provision of superior service and quality and without matching the lower pricing of our competition Margins improved as lower cost zinc turned over in galvanizing kettles, offsetting reduced volumes and providing acceptable profit given difficult market conditions

The Group's Asian galvanizing operations performed better than expected given difficult economic and market conditions in both Malaysia and the Philippines Malaysian management continued to improve service and quality, assuring a favourable market position and share, and also managed selling prices and costs during the year, providing better than expected revenue, margins and profit Improved pole and tower sales volumes provided the Group s galvanizing operation in the Philippines better base load volumes, and the contribution provided through pole and tower sales, as well as from the galvanizing operation, afforded much better profit and cash flow than during recent years

AusZinc's sales volumes didn't meet expectations as worsened economic conditions reduced demand for galvanizing zinc, zinc alloys and zinc oxides, and also reduced the availability of zinc residues, AusZinc's feedstock Consequently AusZinc struggled to source sufficient residues and to meet reduced demand Nonetheless AusZinc's profit improved during the year as the LME zinc price increased and favourable margins were realised on lower cost stocks As manufacturing activity improved late in the year, residue sources and demand for alloys and oxides improved and provide an improved outlook for AusZinc

Manganese Materials

Delta EMD

2009 was a very good year for Delta EMD a substantially strengthened senior management team relocated to the Delta EMD facility in Nelspruit, South Africa, significant operational improvements were initiated, overhead costs were reduced, and financial performance remained strong notwithstanding more difficult market conditions

Delta EMD's total revenue reduced by 15 0% to £36 8 million (2008 £43 3 million) due to sales from Delta EMD s former Australian operation concluding during 2008 More importantly, revenue from Delta EMD's South African plant improved by 18% over 2008, with improved selling prices more than offsetting marginally lower sales volumes The 2009 operating profit reported by the Group for Delta EMD improved by 19 6% to £11 0 million (2008 £9 2 million), and was assisted by a stronger rand

Global demand for electrolytic manganese dioxide reduced during the year as consumer demand for batteries weakened with the global recession Sales volumes did not meet expectations and Delta EMD's production was limited substantially to reduce stocks to desired levels The global market nonetheless remained well balanced and selling prices afforded the margins necessary to cover poor overhead recoveries and to provide an acceptable return

The majority of Delta EMD's sales during the year were made in rand denominated selling prices, effectively protecting Delta EMD's margins from foreign exchange movements This marks an important change from historic practice and assured more certain financial performance The strengthening of the rand during the year however reduced the competitiveness of Delta EMD s rand denominated selling prices

Delta EMD s stocks were simplified during the year to reduce stock levels and to assure more responsive delivery to key customers Delta EMD s terms of sale also were changed so that title passed at the port of loading, also reducing Delta EMD s stock levels These efforts together with

Chief Executive's Review (continued)

effective collection of outstanding receivables substantially reduced working capital levels and provided very good cash flow

Environmental assessments were concluded successfully during the year at Delta EMD's former Australian plant site, confirming that the site is suitable for commercial and industrial uses without further remediation or rehabilitation This will facilitate the sale of the site, and a demolition contractor has been contracted to demolish the remaining structures Earlier efforts to sell the site with those structures proved unsuccessful, and the site will now be marketed as a vacant site An amendment to the environmental license governing the rehabilitation of the Kooragang Island residue disposal site was agreed with regulatory authorities during the year and allows a more cost effective rehabilitation of that site Negotiations toward the sale of the Kooragang Island site are underway These favourable developments allowed the provisions that had been established for the remediation and rehabilitation of those sites to be reduced, affording £5 7 million of exceptional profit

Subsequent to the year end Delta EMD Limited has commenced a process intended to realise shareholder value through a disposal of the Delta EMD business, Delta EMD Limited's last remaining operation The disposal process is well underway with considerable interest indicated

Manganese Metal Company (MMC)

MMC performed well during the year but not at the exceptional levels achieved during 2008 The Group's share of MMC's post-tax profit totalled £3 1 million (2008 £8 2 million, inclusive of a £6 4 million impairment reversal) Market selling prices and volumes softened with reduced global production of steel and aluminium The relative strength of the rand against the US dollar also adversely affected margins Sales volumes and selling prices improved during the second half of the year

Efforts to dispose of MMC by Samancor, MMC's 51% shareholder, faltered during the year, resulting in an unattractive offer The Group has decided against participating in that transaction and will account for MMC as a continuing operation whilst exploring other options for realising value from the Group's 49% shareholding

Delta Pension Plan

The triennial actuarial valuation of the Delta Pension Plan ("the Plan") as at 31 March 2009 was finalised during the year The Plan's assets at that date totalled £184 3 million and the value of the Plan s liabilities totalled £232 8 million resulting in a deficit of £48 5 million In respect of the funding shortfall, annual contributions of £6 3 million will be required over the next ten years, the first of which was made during the year, and the remaining nine of which are to be made annually on 31 March until 2018 The Group also will fund the Plan's administrative expenses, inclusive of pension protection fund levies, which in the aggregate are expected to total approximately £1 0 million per annum

The discount rate used to determine the Plan's liabilities was fixed having regard to the Plan's interim investment strategy (approximately 90% corporate bonds) that has been continued whilst opportunities to de-scale and de-risk the Plan are being sought A full investment review has commenced so that a revised investment strategy can be implemented during mid 2010 should a full buy out of the Plan remain unattractive If the revised investment strategy provides an anticipated investment return less than the assumed discount rate, the agreed recovery plan will be reviewed and adjusted accordingly

The Plan's year end IAS 19 determination was made with actuarial and financial assumptions similar to those used for the actuarial valuation but as at different dates, and the net deficit totalled £71 2 million (2008 £2 5 million) The Group's IAS 19 total liabilities were determined with an assumed inflation rate of 3 6% (2008 2 5%) and a 5 7% discount rate (2008 6 3%), which estimates the year end investment return for AA corporate bond with durations similar to the plan liabilities

Chief Executive's Review (continued)

Cash Flow and Balances

The Group's cash generated from operations before tax totalled £86 4 million (2008 £49 0 million) and reflects improved operating profit and favourable working capital movements The value of the Group's zinc and steel inventories reduced with the lower market prices, and Delta EMD's inventories were substantially reduced as planned

The Group paid £7 0 million during the year to the Delta Pension Plan following completion of the 2009 actuarial valuation This compares favourably with the £50 2 million paid during 2008 in connection with the Pension Insurance Corporation transaction that insured approximately two-thirds of the plan's former liabilities

Capital expenditure increased to £14 3 million (2008 £13 1 million) and exceeded depreciation, which totalled £7 9 million The total expenditure included investments in Webforge Asia's Greenfield plant in Chengdu, China and completion of Australian Galvanizing's Greenfield plant in Melbourne, Australia, as well as more routine capital expenditures

Corporate tax paid totalled £12 6 million (2008 £10 2 million) and included £1 9 million of Secondary Tax on Companies paid by Delta EMD Limited in connection with the special dividends paid by Delta EMD Limited during the year

The Group's cash balance was reduced by £11 9 million of dividends paid to minority shareholders (2008 £1 5 million), principally Delta EMD Limited's £8 2 million of special dividends, and by £10 9 million of dividends paid to group shareholders (2008 £8 2 million)

The Group's net cash balance increased to £146 9 million (2008 £109 6 million) of which £122 0 million was held in wholly owned subsidiaries The balance was enlarged by £3 5 million during the year by favourable foreign exchange movements

Prospects for 2010

The Group's businesses performed well during the past year's more difficult global economic conditions, and market conditions in many geographies have begun to improve The Australian economy appears to be in recovery, as do many Asian economies Recovery of the US economy appears less certain although US market conditions appear to have at least settled

Continuing government spend on infrastructure development and improvement is expected to provide a foundation for the Group's businesses in most markets whilst projects requiring private funding or related to the development of additional mining capacity are expected to return over time to the levels enjoyed before the global recession

Future movements in the cost of energy, steel and zinc, the Group's key input costs, are difficult to anticipate Zinc prices increased substantially during 2009 and appear to have stabilised recently Steel prices declined substantially during early 2009 and have been relatively stable since, whilst energy costs have remained relatively low Inflationary cost increases nonetheless remain a concern, particularly as selling price competition remains vigorous, as is expected to be the case until market volumes improve with sustained economic growth

Absent significant economic growth and provided input costs remain stable, the Group's businesses are expected to continue to perform in line with the second half of 2009

Strategic Development

During the year the Group commissioned a new galvanizing plant in Melbourne, Australia as well as a new Webforge plant in Chengdu, China Plans for the development of new Webforge plants in Northern China and in the Middle East also progressed Acquisition opportunities were investigated, but none were completed due to uncertain economic conditions and prospects

Should the offer presented by Valmont not be accepted, the Group will need to decide in the near future between two alternative strategies resolving the pension plan so that the Group s executive management, businesses, development and ideally ownership can be geographically aligned, or

Chief Executive's Review (continued)

pursuing a more diverse investment strategy across a broader geographic area so that investment can be accelerated and the Group's accumulated capital deployed

The cost of resolving the Delta Pension Plan remains high due to market conditions surrounding longer term gilt returns, and whilst reasons remain to expect such conditions to change, movement over the past eighteen months has not been significant Geographic alignment of the Group's ownership, executive management, businesses and development would certainly provide a more sustainable structure and better strategic focus and success Unfortunately the cost of doing so presently remains high

Pursuing a more diverse investment strategy across a broader geographic area in order to deploy the Group's accumulated capital more rapidly would mark a significant change in the Group's investment strategy, would be accompanied by different risks, and would require formulation of a new industrial strategy as well as additional management to execute such a strategy The immediate appeal of such a strategy would be to achieve returns better than those presently realised on cash balances, to overcome concerns about the Group's relatively small size, and to "outgrow" the pension plan Whilst all might be possible over the longer term, more than the rapid deployment of the Group s accumulated capital would be required to achieve such objectives Good investments, value creation over the longer term, and an industrial strategy that provided an attractive equity proposition also would be essential

The offer presented by Valmont provides a more certain and immediate outcome for the Group s shareholders, at a value that the Group's alternative strategies cannot necessarily improve upon in the foreseeable future The offer is the result of several year s effort to achieve such an outcome for the Group's shareholders, businesses, management and employees, and I am pleased to recommend it to our shareholders

Todd Atkinson
Chief Executive
8 March 2010

Financial Review

Income Statement - Presentation

The Group s Consolidated Income Statement reflects a number of exceptional items that have been separately disclosed in note 12 to provide increased clarity on the performance of the Group

The closure costs associated with the Delta EMD facility in Australia have been reduced following the reassessment of the rehabilitation of the residue disposal site on Kooragang Island The accounts reflect the write back of part of the provision increased at the time of closure The last remaining manufacturing facility the Group owned in the UK, ITI, was sold in the year and a loss on sale incurred

The Melbourne Galvanizing business was fully relocated to the new site in 2009 The old site in Melbourne is in the process of being organised for sale As part of that process the site requires some remediation and the accounts reflect an impairment charge in order to reduce the carrying value of the property to the expected proceeds of sale anticipated in 2010

The Group is in the process of finalizing the sale of the other investment in Indonesia and has impaired the investment to the expected proceeds should the sale complete

At the time of the pension transaction in 2008 certain estimates of costs and expenses were taken The 2009 Consolidated Income Statement reflects the write back of accrual no longer deemed necessary

Following the initiation of a sales process in 2008 MMC was treated as a discontinued operation Due to continued uncertainties around this process MMC has been reclassified as a continuing operation in 2009 The 2008 comparatives have been restated to reflect this change, and the restated 2007 statement of financial position comparatives have also been disclosed

Operations

The Group revenue from continuing operations increased from £330 8 million to £333 0 million Operating profit after exceptional items increased to £50 4 million from £39 9 million in 2008 Operating profit before exceptional items, from continuing operations, increased from £36 7 million to £46 6 million, a 27% increase The translational impact of foreign exchange rates on the 2009 operating profit on the same basis (as compared to 2008 rates) was £4 9 million The operating profit performance of the individual segments is more fully discussed in the operations reviews within the Chief Executive's Review

Earnings per share

Earnings per share from continuing business on a pre-exceptional basis has increased 11% from 18 2p to 20 2p Earnings per share from continuing and discontinued businesses after exceptionals was 20 2p, compared to a loss per share of 5 7p in 2008

Interest

The Group s net interest income (before the IAS19 pension net expense) was much reduced to £2 7 million from £6 6 million in 2008 Despite excellent cash generation the lower interest rate environment caused the return to be lower

The IAS 19 net pension expense of £0 1 million in 2009 compared to a net pension expense of £1 6 million in 2008

Taxation

The Group's 2009 net tax expense (including deferred tax), excluding exceptional items and discontinued operations, was £15 5 million (2008 £9 7 million), and the effective tax rate for 2009 was 29% (2008 22%) The 2008 tax rate was reduced by the recognition of a £2 2m deferred tax asset in the US The current year tax charge includes £2 7 million in relation to withholding taxes Of this £1 9m relates to South Africa which incurred tax as it returned surplus cash ,

Financial Review (continued)

Group Cash Flow and Balances

Cash generated from operations before tax was £86 4 million, increased from £49 0 million in 2008 The overall greater profitability in the current year aided by a working capital inflow has lead to the substantial increase in the operating cash flow

Capital expenditure was £14 3 million (2008 £13 1 million) which compared to a depreciation charge of £7 9 million (2008 £6 5 million) The capital expenditure continued the investment programme started in 2008 with the Melbourne Galavanizing site fully commissioned in the year Other Galvanizing sites benefited from redevelopment expenditure intended to increase efficiency, further improve environmental aspects of the sites and increase capacity The new Webforge site in Chengdu was officially opened in the summer

The cash flow reflects the minority portion of the return of cash to shareholders by Delta EMD and Donhad (£11 9 million, in 2008 £1 5 million) It is expected that Delta EMD will make further distributions once certain asset sales are realised and tax matters resolved The cash flow also reflects the first of the cash contributions to the pension scheme following the finalisation of the actuarial valuation in December 2009 The contributions to the scheme totalled £7 0 million (2008 £50 2 million)

Dividends paid to equity holders totalled £10 9 million (2008 £8 2 million)

The Group ended the year with a net cash position of £146 9 million, an increase of 34% from £109 6 million at the end of 2008 The net cash position provides the Group with significant funds with which to look at possibilities to de-scale and/or de-risk the pension scheme further and to continue to invest in acquisitions and organic growth opportunities

Treasury policies

The Group's treasury policy remains one of risk management and control No speculative transactions are undertaken Group treasury activities are closely monitored by the Group Finance Department, who make recommendations to the Board on matters of treasury policy and implement policies approved by the Board

Material currency exposures arising from trading transactions at most of the Group's businesses are covered as they arise Delta EMD does not cover currency exposures

The Group does not normally use translational hedging to protect the sterling value of its non-sterling assets

The sterling value of operating profits arising in other currencies are not hedged Consequently, the sterling value of overseas profits remains subject to currency exchange movements The US dollar is used as the functional currency for MMC

No instruments are entered into to mitigate the impact of interest rates although this is reviewed regularly

Due to the significant cash balances held by the Group, the Group is exposed to credit risks with counterparty banks In particular, the Group has cash balances with banks located in the UK, Republic of South Africa, Australia and the United States, and consequently has an exposure to those banking sectors The balances are held with large commercial banks At year end the large balances were held in Australia and the UK In order to minimise market risk, Treasury policy dictates that surplus cash in the UK must be deposited in AAA-rated money market funds, whilst in Australia it must be deposited with AA-rated banks

Jon Kempster
Finance Director

8 March 2010

Board of Directors

Steven Marshall FCMA
Non-executive Chairman and Chairman of the Nominations Committee

Steven Marshall (53) was appointed Chairman in March 2005, having joined the Board as a non-executive director in April 2004 He is also Chairman of Balfour Beatty plc, the international engineering and construction group

Steven is a former Group Chief Executive of Railtrack Group plc and of Thorn plc, having also been Group Finance Director at each company He is also a former Chairman of Queens' Moat Houses plc and of Torex Retail plc, and a non-executive director of Southern Water, the regulated public utility Steven is a Fellow of the Chartered Institute of Management Accountants

Todd Atkinson
Chief Executive

Todd Atkinson (53) was appointed Chief Executive and joined the Board in July 2003 Todd is also non-executive Chairman of Delta EMD Limited Previously he was President of Delta America Inc before becoming the Group's Director of Corporate Development and Legal Affairs in 2000

Jon Kempster ACA
Finance Director

Jon Kempster (47) was appointed Finance Director in October 2006 He was previously Group Finance Director of Low & Bonar PLC, Linden PLC and FII Group PLC

Andrew Walker
Non-executive Director, Senior Independent Director and Chairman of the Audit Committee

Andrew Walker (58) was appointed a non-executive director in May 2005 He is also a non-executive director of API Group plc, Manganese Bronze plc, May Gurney plc, Plastic Capital plc and Porvair plc He is Chairman of Brintons Ltd His career has also included periods as Group Chief Executive of McKechnie plc and South Wales Electricity plc

Mark Lejman
Non-executive Director and Chairman of the Remuneration Committee

Mark Lejman (53) was appointed a non-executive director in May 2006 He is also Chief Executive of Cosalt plc, the industrial services group, and also a non-executive director of Berkshire East NHS Trust Mark was an executive director of Morgan Crucible Company plc, and CEO of their Carbon division, the Company's largest operating division His career also includes being Chief Executive of Acordis Cellulosic Fibres, and prior to that, Chief Executive of Courtaulds' Acrylic Fibres business

Paul Gismondi
Non-executive Director

Paul Gismondi (54) was appointed a non-executive director in June 2009 He is a Managing Director of Lazard & Company Ltd and a non-executive director of Hampson Industries Plc Mr Gismondi is a Fellow of the Securities Institute

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2009 The Corporate Governance Statement set out on pages 20 to 24 forms part of this report

Principal activities

A review of the Group's principal activities and likely future developments can be found in the Chairman s statement, Chief Executive's review and Financial review which are incorporated by reference to the Director s Report

Business Review

The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2009, the position at the end of that financial year and a description of the principal risks and uncertainties facing the Group The Chairman's statement, Chief Executive s Review and Financial Review, together with the following review, address these requirements

There are a number of potential risks and uncertainties which could have an impact on the Group's financial performance

Global Political and Economic conditions

The Group operates from sites in 13 countries and has either sales or sourcing arrangements with various other countries within Asia, Africa and South America Whilst the Group benefits from the growth opportunities in these continents, it is similarly exposed to the economic, political and business risks associated with such international operations Throughout its operations the Group encounters different legal and regulatory requirements including those for taxation, exchange control (including repatriation of profits), environmental, operational and competitive matters

A large part of the Group s operations are dependent on the construction, public and private infrastructure and mining markets in Australia Such markets are impacted by a number of factors including government policy, interest rates and commodity prices

Management monitor such risks and conditions, maintaining insurance cover and amending business procedures as appropriate to attempt to mitigate any exposure whilst remaining in compliance with local and Group requirements

Foreign exchange

The Group operates in many countries, with substantially all of the Group's operating profit earned outside the UK As such the Group is exposed to movements in exchange rates between sterling and other world currencies particularly the South African rand, the Chinese yuan and the US and Australian dollars which could adversely or positively impact results

Raw material and energy prices

The Group's products and services utilise a range of raw materials most notably zinc, steel and manganese ore Our operations also require substantial quantities of electricity and natural gas The pricing for these raw material inputs is largely determined by international or national factors beyond the Group's control or influence Short-term volatility in the pricing of such inputs and any decrease in availability can significantly impact the Group s financial performance

The Group has developed strong relationships with its suppliers and uses contractual means where possible to minimise the risk Contingency plans exist where availability of energy is an issue to ensure production is not disrupted

Directors' Report (continued)

Pensions

The Delta Pension Plan ('the Plan'), the Group's UK defined benefit plan, had an IAS 19 valuation net deficit of £71 2 million at 31 December 2009 (2008 deficit of £2 5 million), with the Plan's assets totalling £217 8 million and its liabilities totalling £289 0 million (2008 assets of £194 7 million and liabilities £197 2 million)

The triennial actuarial valuation as at 31 March 2009 was finalised in December 2009 The actuarial valuation showed a deficit of £48 5 million The first contribution in the deficit recovery plan was made in December of £6 8 million This was made up of an annual contribution of £6 3 million and one half years contribution to the administration expenses of £0 5 million

Notwithstanding, the financial position of the Plan is exposed to the risk of changes in interest rates, the market value of investments, inflation and changes in the expected longevity of its members The Plan is also exposed to changes in UK laws and regulations with regard to pension plans

Litigation and investigations

As with any business, the Group is subject to the risk of litigation from third parties The Group seeks to address such claims proactively

In accordance with accounting requirements, provision is made where required to address such litigation and the consequent costs of defence

Potential liabilities re disposed businesses

The Group's divestment programme during the late 1990's and early 2000's resulted in certain liabilities being retained pursuant to various agreements to dispose of those businesses and assets Many, but not all, of these liabilities expire with the passage of time

The Group proactively seeks timely resolution of such liabilities and estimates on a regular basis the expected financial outcome of such retained liabilities, and includes such estimates within provisions

Environmental liabilities

The Group conducts its operations in such a manner to ensure compliance with environmental laws and regulations If required the Group will commit resources necessary to address non-compliances

The Group has obligations to remediate contaminated sites both currently owned and in some cases those that have been sold The Group maintains provisions for these liabilities which are reviewed regularly

Employees

The Group's operations are typically based on small sites and are geographically disparate The management teams employed are typically small and as such, the Group has a reliance on the management teams employed The Group recognises the importance of this resource and as such, reviews its remuneration policy together with its recruitment and training policy on a regular basis in order to ensure the Group continues to retain and attract the best possible management teams The group also strives to implement successful management development and succession plans

Key performance indicators

Given the range and geographical spread of businesses within the Group, key performance indicators are generally specific to the nature of the operations of each business Additionally, a number of segment-based key metrics regarding financial and operating performance are focussed upon at Group level

With regard to health and safety, the Group employs Lost Time and Medically Treated Injury metrics, together with collecting near miss data This data is reported to divisional and Group senior management on a monthly basis, together with commentary regarding remedial, corrective and continuous improvement actions Given the spread of businesses within the Group and local country definitional differences, it is not possible to meaningfully aggregate such data Consequently this data is compiled at a business unit level only

Directors' Report (continued)

In terms of envıronmental complıance, the Group employs key performance ındıcators through ıts varıed busınesses capturıng performance agaınst pre-defined benchmarks or targets for ıtems ıncludıng waste product tonnes per tonne of finalısed product, energy use per tonne and overall complıance measures The Group ıs actıvely seekıng alternate uses for ıts waste streams Sımılar to the health and safety measures descrıbed above, ıt ıs not possıble to provıde meanıngful and accurate group or segment-wıde data as the challenges and opportunıtıes ın relatıon to envıronmental complıance are largely drıven by local dırectıves, whıch dıffer markedly throughout the Group

Share capital

Detaıls of the structure of the Company's share capıtal and changes ın the share capıtal durıng the year are dısclosed ın note 30 to the consolıdated financıal statements The ordınary shares ın ıssue represent 93 2% of the ıssued share capıtal by nomınal value, whereas the 6% Cumulatıve first preference shares ın ıssue represent 2 1% and the 4 5% Cumulatıve second preference shares ın ıssue represent 4 7%

The rıghts and oblıgatıons attachıng to the Company s ordınary shares and preference shares are set out ın the Company's Artıcles of Assocıatıon, copıes of whıch can be obtaıned from Companıes House or by wrıtıng to the Deputy Secretary at the Company's regıstered office Votıng at a general meetıng ıs by a show of hands unless a poll ıs duly demanded

A resolutıon wıll be proposed at the annual general meetıng to renew the dırectors' authorıty to allot shares subject to the lımıts set out ın the resolutıon

The votıng rıghts ın respect of shares held by the Delta plc Employee Share Ownershıp Trust are exercısable by the Trustees However, ın accordance wıth ınvestor protectıon guıdelınes, the Trustees abstaın from votıng and would take ındependent advıce before acceptıng any offer for the Company ın a takeover bıd sıtuatıon

Dıvıdends

The dırectors declared an ınterım dıvıdend of 2 4p (2008 1 9p) per ordınary share whıch was paıd ın October 2009 The Board has not recommended a final dıvıdend ın the lıght of the terms of the Valmont offer

Donatıons

Durıng the year the Group dıd not donate to charıtıes (2008 £22,000) There were no polıtıcal donatıons made durıng the year (2008 £nıl)

Dırectors

The names and brıef bıographıcal detaıls of the dırectors as at the date of thıs report are lısted on page 14

Detaıls of the dırectors' ınterests ın the shares of the Company can be found ın the Dırectors Remuneratıon Report

Substantıal shareholders

As at 03 March 2010, the Company was aware of the followıng ınterests ın 3% or more of the Company s ordınary share capıtal

Name	Shareholdıng	Percentage of ıssued capıtal
Aberforth Partners LLP	16,973,785	11 04%
Schroders plc	14,171,389	9 22%
Legal & General Group plc	10,028,122	6 52%
JP Morgan Asset Management (UK) Ltd	7,723,641	5 02%
Henderson Global Investors Ltd	6,965,146	4 53%
Black Rock IM (UK) Ltd	6,055,053	3 94%
Lıberty Square Asset Management LLP	5,121,983	3 33%

Directors' Report (continued)

Research and development

The Group spent £0 3 million during 2009 (2008 £0 6 million) on research and development primarily associated with product development and the improvement of production processes The criteria in IAS 38 for capitalising such expenditure were not met and consequently all such expenditure was expensed as incurred

Financial risk management and treasury policies

Details of the Group's financial risk management and treasury policies are contained in notes 2 and 25

Payment of creditors

The Group's policy in respect of the majority of its trade creditors is to negotiate terms and conditions and, provided these are met, payments are made accordingly Where payment terms are not specifically agreed, trade creditors are paid in accordance with local commercial practice

Trade creditor days for the Group for the year ended 31 December 2009 were 50 days (2008 43 days), based upon the average daily amount invoiced by suppliers during the year

Insurance of directors

The Company maintains insurance for its directors and officers against liabilities and has entered into qualifying third party indemnities with its directors, as permitted by the Companies Act 2006 The indemnities are available for inspection during normal business hours at the Company's registered office and will be available at the annual general meeting

Appointment/Replacement of directors

Details governing the appointment and replacement of directors are contained in the Corporate Governance Report under the heading '*The Board, its directors and operations*'

Power to purchase own shares

The directors believe that it remains advantageous for the Company to be able to purchase its own ordinary shares in the market Accordingly, a resolution, which will be proposed as a special resolution at the annual general meeting, will seek to renew the existing general authority to make market purchases The Company did not purchase any of its own shares during the year and the directors have no present intention of utilising this authority

Going concern

The directors have acknowledged the latest FRC guidance on going concern The Group has considerable financial resources, with net cash of £146 9 million at 31 December 2009 As highlighted in the Chief Executive's review, our outlook for 2010 remains cautious, however the Group continues to trade profitably, and is expected to be cash-generative for the year

Consequently, after making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and to successfully manage the identified risks disclosed in note 25 to the Group s financial statements Accordingly, they continue to adopt the going concern basis in preparing the Group's financial statements

Auditors and disclosure of information to auditors

So far as each person currently serving as a director of the Company at the date this report is approved is aware, there is no relevant audit information of which the Company's auditors are unaware and each director hereby confirms that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' Report (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to re-appoint Deloitte LLP as auditors to the Company will be proposed at the annual general meeting

This report was approved by the Board of directors on 8 March 2010 and is signed on its behalf by

Todd Atkinson

Director

Corporate Governance Report

Compliance Statement

The Board is committed to high standards of corporate governance which it considers are critical to business integrity and to maintaining investors' trust in the Company This statement, together with the Directors' Remuneration Report, seeks to demonstrate how the principles of good governance, advocated by the Combined Code on Corporate Governance (2008) ('Code) have been applied

The Company has complied with Section 1 of the Code for the duration of the year

The Board, its directors and operations

As of the date of this report, the Board comprises four non-executive directors and two executive directors, whose names and brief biographies appear on page 14 All the non-executive directors are considered independent

The Chairman, Steve Marshall, is responsible for the conduct of the Board and its oversight of the company's affairs and strategy and the administration of the Board The Chief Executive, Todd Atkinson, is responsible for the management of the business and the development of the strategy The Senior Independent Non-executive Director, Andrew Walker, has responsibility for dealing with any shareholders who have concerns, which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve, or for which such contact is inappropriate

The Board is the principal decision-making forum of the Group and exercises overall control of the Group's affairs by addressing matters reserved for its decision These include responsibility for the Group s strategy, the approval of financial and other public statements, acquisitions and disposals, treasury and risk management policies and the appointment and removal of executive management and the Company Secretary Various operational matters of a specified size or importance are referred to the Board for approval in accordance with an established delegation of authority

The Board has a schedule of 10 meetings a year to discuss ordinary business Every effort is made to arrange the meetings so that all directors can attend, additional meetings are arranged as required

Comprehensive briefing papers are distributed to Board members by the Company Secretary, sufficiently in advance of each Board meeting to enable them to make informed decisions on the matters under review

The Board is responsible to shareholders for the proper management of the Group A statement of the directors' responsibilities in respect of the Annual Report and Accounts is set out on page 35

The Group's procedures allow directors to seek both independent professional advice, at the Group's expense, and the advice and services of the Company Secretary in order to fulfil their duties

The Group maintains appropriate insurance cover in respect of directors' and officers' liabilities

During the year, the Chairman met with the other non-executive directors without the presence of the executive directors, in accordance with best practice The independent non-executive directors also met during the year without the presence of the Chairman

The non-executive directors play a leading role in corporate accountability and governance through their membership on the various committees of the Board The membership and terms of reference of each committee, together with a record of directors' attendance, is described below Where considered appropriate, training is made available to directors and training needs are assessed as part of the Board evaluation procedure referred to below

All non-executive directors are appointed for an initial three year period, following which the appointment is renewable at the option of the Board for two further terms of three years The maximum period of appointment is nine years However, directors must stand for election by shareholders at the first annual general meeting following their initial appointment Terms and conditions of appointment for non-executive directors are available for inspection upon request during normal business hours and at the annual general meeting and are referred to in the Directors' Remuneration Report

Corporate Governance Report (continued)

Each year the number nearest to but not exceeding one-third of the directors (excluding those directors retiring and not seeking re-election and those retiring and seeking election following their appointment during the year) retires by rotation Whilst the Company's articles of association do not expressly provide that each director will offer himself for re-election at no more than three year intervals, the directors, being cognisant of developing best practice, undertake to ensure that each director will offer himself for re-election at no more than three year intervals At the AGM in May 2010, Todd Atkinson, Jon Kempster and Mark Lejman will seek re-election and Paul Gismondi will seek election as directors The Board is satisfied that, following formal evaluation, Messrs Atkinson's, Kempster's and Lejman s performance as directors continues to be effective and they demonstrate commitment to the role Paul Gismondi has been recruited to bring experience in corporate finance, an area of continuing and increasing strategic importance to the group The biographies of the directors are given on page 14 and show the Board's depth of experience and skill

Board committees

Nomination Committee

The Nomination Committee presently comprises Steve Marshall (Chairman), Todd Atkinson, Paul Gismondi, Mark Lejman and Andrew Walker

The Committee reviews the structure, size and composition of the Board and recommends changes to the Board for its consideration, taking into account that the balance of skills required will vary as the Group goes through different phases of its strategy The Committee meets as and when required and engages external consultants to identify candidates to fill Board vacancies as and when they arise

Audit Committee

The Audit Committee presently comprises Andrew Walker (Chairman), Paul Gismondi Mark Lejman and Steve Marshall The Board has determined that Andrew Walker has recent and relevant financial experience for the purpose of the Combined Code

The Chief Executive and other senior executives, whilst not members of the Committee, are invited to attend meetings of the Committee when required

The Committee's terms of reference include -

- monitoring the integrity of the financial statements,
- assessing the independence and objectivity of the external auditors and making recommendations for their appointment or removal ,
- monitoring the effectiveness of the internal audit function,
- reviewing the effectiveness of the Group's internal control procedures and
- overseeing and assessing the risk control system and reviewing the arrangements by which staff may, in confidence, raise concerns about improprieties

The policy of the Group is, wherever reasonably possible, to avoid using the external auditors for non-audit work and procedures have been established requiring pre-approval for any such work from the Chairman of the Committee During the year the auditors were not used for non-audit work to any material extent

In fulfilling its responsibility of monitoring the integrity of the financial statements, the Committee reviewed the accounting principles, policies and practices adopted in preparing financial information The annual report, interim report and preliminary announcement were reviewed, as was the accounting treatment of material transactions open to different approaches The Committee considers reports from management and the external auditors in determining the accounting treatment of material transactions open to different approaches

Information on the internal control and risk management systems and the review thereof is provided in the internal control and risk management disclosure statement below

Corporate Governance Report (continued)

The Committee approved the external auditors' terms of engagement, scope of work, the process for the 2009 interim review and the applicable levels of materiality The Committee reviewed all matters of significance with the external auditors based on their findings and confirmed that all matters had been satisfactorily resolved

The audit partner of Deloitte LLP has a direct line of communication to the Chairman of the Audit Committee The Committee reviewed the external auditors' performance and concluded that it was satisfactory The Committee reviewed written confirmation from Deloitte LLP of its independence and objectivity, relating to external audit services, within the context of applicable regulatory requirements and professional standards A resolution to re-appoint Deloitte LLP as auditors until the conclusion of the annual general meeting in 2011 will be proposed at the Company's 2010 annual general meeting

In addition, the Committee reviewed the appointment, remuneration and utilisation of the Group's internal audit function, which during the year was outsourced to PricewaterhouseCoopers LLP A review of the Group's internal audit function is provided in the internal control and risk management disclosure statement below

Remuneration Committee

The Remuneration Committee presently comprises Mark Lejman (Chairman), Paul Gismondi, Steve Marshall and Andrew Walker

Further details on this committee, are contained in the Directors' remuneration report on page 27

The terms of reference of the Nomination, Audit and Remuneration Committees are published on the Company's website

Meetings of the Board and board committees

Details of directors' attendances at Board and committee meetings are shown in the table below

	Board	*Audit Committee*	*Remuneration Committee*	*Nomination Committee*
Number of meetings in the year	10	4	2	3
Number of meetings attended				
S Marshall	10	1 [(1)]	2	3
T G Atkinson	10	n/a	n/a	1 [(2)]
P Gismondi [(3)]	5	1	1	1
J Kempster	10	n/a	n/a	n/a
M Lejman	10	4	2	3
A Walker	10	4	2	3

(1) S Marshall was appointed to the Audit Committee on 22 September 2009 and attended the single meeting of the committee that took place after that date

(2) T G Atkinson was appointed to the Nominations Committee on 22 September 2009 and attended the single meeting of the committee that took place after that date

(3) P Gismondi was appointed as a director of the company on 16 June 2009 and to the Audit, Remuneration and Nominations Committees on 22 September 2009 He attended all meetings he was entitled to attend following his appointments

Board performance evaluation

During the year a formal evaluation of the performance of the Board, its committees and individual directors was carried out by means of detailed questionnaires

Corporate Governance Report (continued)

The results of the questionnaires were discussed by the Board The process confirmed that the Board and its committees were functioning correctly, and that all the directors continued to contribute positively to the Board.

Relations with shareholders

Communication with shareholders is given priority and a number of methods are used to promote greater understanding and dialogue with investment audiences

The Chief Executive and Finance Director meet shareholders on a regular basis and significant points from such meetings are communicated to the Board

The Senior Independent Director is available to meet shareholders, should such meetings be requested

During the year shareholders were kept informed of the progress of the Group through trading statements and other announcements of significant developments that were released through the London Stock Exchange and which are available on the Company's website

Additionally, individual shareholders were given the opportunity to question the Chairman and the chairmen of the board committees at the annual general meeting The Annual Report and Accounts and notice of the annual general meeting are sent to shareholders at least 20 working days before the meeting The company discloses the number of proxy votes lodged in respect of each resolution proposed at the annual general meeting, together with the number of proxy votes for and against each resolution and the number of shares withheld, following each vote on a show of hands Abstentions are also disclosed

Internal control and risk management

The Board is responsible for the operation and effectiveness of the Group's systems of internal control and risk management (excluding associates and joint ventures) and undertakes to direct the identification, evaluation and management of significant risks faced by the Group This process is regularly reviewed and is in accordance with Turnbull guidance

Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature, the Group's internal control systems provide reasonable but not absolute assurance against misstatement or loss

The effectiveness of the Group's systems of internal control has been reviewed by the Board during 2009 and up to the date of this Annual Report The key procedures which the directors have established to provide effective internal control are as follows

(i) Regular review of risks and compensating controls

The Group's schedule of risks and compensating controls is formally considered by the Board twice a year All areas of the business are required to undertake risk-profiling exercises to formally review their principal areas of risk, which form the basis for the schedule reviewed by the Board

Risks and controls are discussed during business unit half-year and profit plan reviews, which are attended by the Chief Executive and members of senior divisional and Group management Changes to such risks and controls are identified in each business unit s monthly report Any changes of significance are reported to the Board Schedules of pending litigation and potential liabilities pertaining to disposed businesses are circulated to the Board

(ii) Delegation of authority

The Group s delegation of authority details authority, referral and reporting requirements with respect to certain transactions, events or occurrences The delegation of authority forms part of the Group Policy Manual

Corporate Governance Report (continued)

(iii) Detailed budgeting and subsequent review

Each business unit is required to prepare, on an annual basis, a detailed plan covering the next three years, addressing both financial and non-financial objectives Such plans are reviewed at divisional and group levels, and ultimately approved by the Board, as part of the Group's profit plan

Actual performance against budget and detailed forecasts is reported on a monthly basis Written monthly reports accompany monthly financial schedules and contain variance analyses (in the case of financial data) and commentary (in the case of non-financial data)

(iv) Annual statements of compliance

The Group has an established framework of policies and procedures laid down by the Board to which senior management are expected to comply and attest such compliance on an annual basis These policies cover key issues including authorisation levels, segregation of duties, ethical and legislative compliance as well as health, safety and environmental issues

By order of the Board

Chief Executive Officer	Finance Director
Todd Atkinson	Jon Kempster
8 March 2010	8 March 2010

Corporate Social Responsibility

Overview

Delta recognises the importance of its social and corporate responsibilities

This statement draws on salient information contained within the Group's policies which deal with ethical conduct, human resources, training, heath and safety and environment

In formulating this statement we acknowledge our responsibility to provide such information to shareholders, customers, employees and any other stakeholders who have association with the Group

The statement focuses on the following areas

- Employment
- Ethical code of conduct
- Health and safety, and
- Environmental matters

Employment

Delta appreciates that the workforce is fundamental to the good operation of the Group and to the success it has achieved We strive to treat our employees in a fair and proper manner and be sympathetic to an individual's issues and concerns We are an equal opportunities employer, committed to providing employment irrespective of sex, marital status, race, religion, disability or age Should an employee become disabled while employed, the Company makes every effort to enable them to continue in employment by re-training, modification of duties or alternative work, as necessary

The personal and professional development of employees is supported by training programmes, both in-house and externally The Group participates in a number of apprenticeship/workplace training programmes, and in some jurisdictions training levies apply to promote and financially support such initiatives

Ethical Code of Conduct

The Group is committed to ensuring high standards in its business management and dealings as the following indicate

- Each employee is charged with applying their best endeavours and integrity to promote the interests of the Group
- Involvement in activities which could be construed as being competitive to the Group are forbidden
- Confidentiality of information regarding the business of the Group, its customers and contacts is strictly maintained
- The work of the Group is carried out with respect for the rule of law and compliance with industry legislation and standards
- Discriminatory action against employees, customers or suppliers is not tolerated
- The Group has a formalised "whistle-blowing" policy in place to allow any employee to voice concerns on a confidential basis A dedicated internet site and toll free hotlines in each country we operate in are to be launched in 2010 This will improve accessability for our employees to raise any concerns

Corporate Social Responsibility (continued)

Community

We continue to recognise the importance of our relationship with the communities in which we operate and encourage our businesses and employees to provide support to their communities Given the structure of the Group, community support is currently organised by the site managers who place a high value on establishing and maintaining good relationships

Health and Safety

The Group is committed to providing a safe workplace for our employees, and to ensuring that contractors, customers or other visitors to any of our sites are entering a safe environment

The Group has continued its efforts to achieve an environment which does not tolerate accidents All lost time injuries or medically treated injuries are investigated and fully documented This helps us to ensure that each site is moving towards an environment that minimises any possibility of a repeat incident or any other incident that may be closely aligned to it Our aim and desire is to achieve a zero tolerance philosophy towards accidents in the workplace

Environmental Matters

The Group is committed to best environmental practice We seek to minimise the impact on the environment of the Group's operations by means of environmentally sound practices which take practical steps to control effectively or eliminate any known pollution

The nature of some of our manufacturing processes potentially exposes the environment to risks that require careful and appropriate management The Group proactively pursues compliance, and targets best practice in all areas of environmental compliance Environmental policies and practices are tailored to local regulatory requirements, with best practice developments shared between our facilities where appropriate Employees are briefed by management in matters of policy and procedure relating to potential environmental risk that may concern their particular area of operation Internal reporting and review procedures that apply to health and safety also apply to environmental matters to ensure that actual or potential issues are reported promptly for action Environmental incidents are reported to the Board through the divisional monthly reports

Director's Remuneration Report

The following sections of the Directors' remuneration report are unaudited.

This report has been prepared by the Remuneration Committee and approved by the Board of Directors A resolution will be put to shareholders at the Annual General Meeting ('AGM") asking them to approve this report

Remuneration Committee (the "Committee")

Role and composition of the Committee

The responsibilities of the Committee include

(a) determining and agreeing with the Board the policy for the remuneration of the Company s Chairman, executive directors, and members of senior management,

(b) approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes,

(c) reviewing the design of all share incentive plans for approval by the Board and shareholders, and

(d) determining the remuneration for the Company's Chairman, executive directors and senior management

The Board, within the limits prescribed by the Company's articles of association, determines non-executive directors' remuneration

The terms of reference of the Committee can be found on the Company's website at www deltaplc com and copies are available on request

The Committee presently comprises Mark Lejman (Chairman), Paul Gismondi, Steve Marshall and Andrew Walker

The Committee met twice during the year The Chief Executive attends Committee meetings by invitation when required The Chairman and Chief Executive are excluded from matters regarding their own remuneration No director is involved in deciding his own remuneration

In order to remain informed of the latest developments and market trends in remuneration best practice, the Committee has access to survey information and advice from independent remuneration consultants where the Committee determines this is required During the year, the Committee considered market remuneration data produced by Hewitt New Bridge Street consultants They also reviewed and confirmed whether the performance conditions under the Performance Share Plan 2006 and the Executive Share Option Scheme had been met in respect of awards vesting during the financial year

Remuneration Policy

General remuneration policy

It remains the Committee's intention that remuneration for executive directors and senior management should be competitive in an international market, both in terms of base salary and total remuneration, taking into account the individual director's role, performance and experience The policy is designed to support key business strategies, align the interests of executive directors and senior management with those of shareholders and create a strong, performance-oriented environment This approach aims to promote the Company's short term and long term success through securing and retaining high calibre executive talent Accordingly, all executive directors and senior management receive competitive basic salaries measured against companies of a similar size and international scope and have the opportunity to earn enhanced total remuneration for performance measured against targets set by the Committee

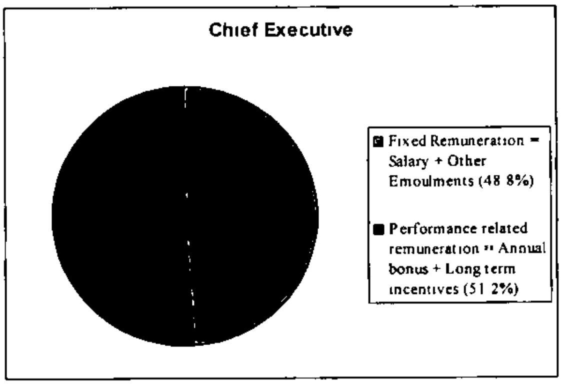
Components of Executive Directors' Remuneration

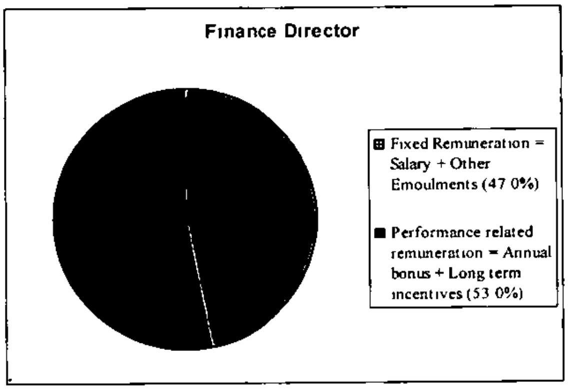
Remuneration Mix

The key components of the remuneration of the executive directors are basic salary, annual performance-related bonuses, share-based incentives and pensions

The Group has an on-going strategic challenge to re-shape its business portfolio and actively manage legacy matters including the Delta Pension Plan With such challenges in mind, the Committee determined in 2006, in consultation with shareholders, that executive directors' remuneration would place more emphasis on annual incentives rather than longer-term incentives with a total remuneration package that is broadly market competitive Within this mix, the equity related component is significant with 50% of the annual incentive and the entire longer-term incentive being equity based

In 2009, 51 2% of the Chief Executive's remuneration on an expected-value basis was performance related, for the Finance Director the figure was 53 0% (see illustrative charts below)





Basic salary

The basic salary of the executive directors is reviewed annually by the Committee The Committee's objective is to attract and retain executive directors who have the right skills and experience and are of the highest calibre Basic salaries are the only pensionable element of remuneration

Annual Performance Related Bonuses and the Deferred Bonus Plan (DBP)

The maximum potential annual performance related bonuses for the Chief Executive and Finance Director are 150% and 140% of basic salary respectively One-half of any bonus payable is paid in cash and the other half is normally deferred in ordinary shares in the Company through the Deferred Bonus Plan, which provides a substantial portion of the executive directors' equity based incentive compensation

Annual performance related bonuses are determined by the Committee with reference to the Group s financial performance (50% of total bonus) and the achievement of agreed specific personal objectives (50%)

Group financial performance is measured with reference to two separate tests of financial performance i) earnings per share from continuing operations, excluding exceptional items, and ii) cash flow generated prior to acquisitions, disposals, dividends and shares issues and/or buy backs The earnings test is given a two-thirds weighting, and the free cash flow test is given a one-third weighting

The Committee reviews the Group's actual financial performance against the Group's approved annual budget, taking into account unforeseen circumstances to the extent the Committee in its sole discretion considers appropriate

The 2009 bonuses payable to the Chief Executive and Finance Director were determined by the Committee in line with the foregoing, and their 2010 bonuses will be detemermined in the same manner

Directors' Remuneration Report (continued)

Deferred bonus share awards are normally determined with reference to 50% of the total bonus payable as determined by the Committee and calculated with a share price equal to the average of the middle-market quotation of shares over the five dealing days immediately preceding the grant date

Deferred bonus share awards are forfeited on cessation of employment prior to the normal vesting date (the third anniversary of grant) except in the case of "good leavers in which case the deferred shares are vested upon cessation of employment The deferred shares would also be vested early on a change of control of the Company

Performance Share Plan (PSP)

Under the terms of the PSP, selected individuals may be granted a conditional award of ordinary shares in the Company, ordinarily vesting on the third anniversary of grant subject to continued employment within the Group and the satisfaction of performance conditions Awards also vest on a change of control of the Company, and if an employee leaves the Group as a "good leaver "

Vesting of awards granted during 2009 is subject to performance targets relating to the Company's relative Total Shareholder Return (TSR) compared to that of the constituents of the FTSE Small Cap Index (excluding investment trusts) (Comparator Group) over a fixed three-year period

Shares will vest, subject to the Committee confirming that the Company's underlying financial performance has been satisfactory over the performance period ("Financial Underpin Condition"), as follows

Rank of the Company's TSR Performance against the Comparator Group

	% of award vesting
Below median	0
Median	25
Upper quartile	100

Shares will vest on a straight-line basis for performance between median and upper quartile

The Committee considers that a combination of the relative measure TSR and the Financial Underpin Condition suitably aligns participants' interests with investors

Awards under the PSP are limited to a total number of shares having a market value at the date of grant of no more than 50% of the grantee's salary, except in exceptional circumstances, such as recruitment or retention, where a grant may be as much as 100% of the grantee's salary The market value is the average of the middle-market quotation of the shares over the five dealing days immediately preceding the date of grant

Executive Share Option Scheme (ESOS)

The grant of options under the ESOS, approved by the shareholders at the annual general meeting held in May 1999, were made annually until 2005 and had values of up to one times annual salary No further grants are to be made under the ESOS

Options granted before 29 June 2001 are subject to the following performance conditions

(i) on or before the tenth anniversary of the grant date, earnings per share growth over a period of at least three consecutive years must equal or exceed the growth in the Retail Prices Index plus 3% per annum, and

(ii) earnings per share before exceptional items must equal or exceed 20 pence

Options granted on or after 29 June 2001 are subject to the following performance condition on or before the sixth anniversary of the grant date, earnings per share growth over a period of at least three consecutive years must equal or exceed the growth in the Retail Price Index plus 3% per annum

All options were granted for nil consideration The exercise price for options is the five day average price preceding the date of grant

Subject to the fulfilment of the foregoing performance conditions, options are exercisable between the third and tenth anniversary of the grant date and also on a change of control of the Company

Directors' Remuneration Report (continued)

All performance conditions are measured against earnings per share before exceptional items for the financial year preceding option grant The performance conditions for the ESOS options granted in 2000, 2001, 2002, 2003, 2004 and 2005 have been satisfied whilst the performance conditions for the options granted in 1999 were not met and those options lapsed during the year

Pensions

Executive directors are invited to participate in the Delta Pension Plan The plan is a funded, HM Revenue & Customs approved, final salary occupational pension scheme, and provides a pension of up to two thirds of final pensionable salary, subject to completion of 20 years' pensionable service and retirement at normal retirement age Final pensionable salary is calculated with reference to basic salary and not other elements of remuneration and is limited by HM Revenue & Customs limits including HM Revenue & Customs earnings cap The Delta Pension Plan introduced a "notional" Earnings Cap (Notional Cap) from 6 April 2006 to ensure that, for members impacted at the time by the Earnings Cap, benefits and contributions continue to be calculated in the same way

The Delta Pension Plan also provides lump sum life assurance cover of up to four times pensionable salary and makes provision for spouses' and dependants' pensions and early retirement provisions, including ill health All plan benefits are subject to HM Revenue & Customs limits

Messrs Atkinson and Kempster receive a supplement to their annual salaries equal to 40 per cent and 20 per cent respectively of the portion of their basic salaries that exceeds the equivalent of the Notional Cap referred to above

As advised in the Directors' Remuneration Report in the Annual Report and Accounts for the year ended 31 December 2008, the Delta plc Funded Unapproved Retirement Benefits Scheme set up for Mr Atkinson on 23 October 2003 was dissolved on 30 July 2009

Share ownership guidelines

The Committee has adopted guidelines for executive directors, whereby the Committee expects them to retain 50% of shares acquired under the Company's share incentive plans (after tax and any financing costs), until a holding of 100% of salary is achieved

Components of Non-executive Directors' Remuneration

Remuneration for non-executive directors consists of an annual fee for their services on the Board and board committees and where appropriate, additonal fees for devoting additional time and expertise for the benefit of the Group Non-executive directors do not participate in any of the Group s performance-related bonus or share-based incentives nor are they eligible for membership of any of the Group's pension plan

The remuneration of non-executive directors and chairman are reviewed periodically to ensure they remain market-competitive Non-executive directors' remuneration is reviewed by the Chairman and the executive directors and approved by the Board as a whole The remuneration of the Chairman is reviewed and set by the Committee

Directors' service contracts

It is the Company's policy that the period of notice for executive directors will not exceed 12 months

Executive directors	Notice period	Date of appointment
Todd Atkinson	12 months	2 July 2003
Jon Kempster	6 months	31 October 2006

The service contracts of Messrs Atkinson and Kempster provide for no additional termination payments beyond statutory payments that may be applicable

Steve Marshall's letter of appointment as Chairman of the Company provides for a notice period of three months There is no provision for compensation payable upon termination

The non-executive directors have no formal service contracts but have letters of engagement that provide for a notice period of one month There is no provision for compensation payable upon termination

The Committee strives to achieve an appropriate balance between ensuring continuity, minimising termination payments and limiting notice periods to no more than twelve months

Decisions taken by the Remuneration Committee in light of the Valmont Offer

The Committee has considered the rules governing the PSP, DBP and the annual performance related bonus scheme and has determined the following The PSP and DBB scheme rules provide that outstanding grants vest upon a change of control, consequently participants in those schemes will be entitled to exercise their rights under those schemes should the Valmont offer complete successfully The Committee has determined that the PSP performance conditions for all outstanding grants will have been met in full if the Valmont offer completes successfully, and the Committee has determined in accordance with the discretion granted it under the PSP scheme rules not to pro-rate the outstanding grants for time lapsed The Committee also has determined to pay cash in lieu for all outstanding grants under the PSP and DBP, using the offer price to determine the value of those grants

The Committee has determined not to make any further grants under the PSP or DBP whilst the Valmont offer is outstanding Consequently, the portion of the executive directors' 2009 annual performance related bonuses that would have been deferred under the DBP will be paid in cash upon a change of control following the Valmont offer

The Committee also has determined to continue the executive directors' annual performance related bonus scheme, with the intention to determine and pay pro-rated bonuses upon a change of control following the Valmont offer

The following sections of the Remuneration Report are audited.

Directors' emoluments

Aggregate directors' remuneration, excluding pension entitlements under defined benefit pension schemes

£	2009	2008
Basic salary	**763,583**	730,000
Other emoluments	**154,960**	153,007
Bonus – cash element	**395,594**	331,050
Shares awarded under the DBP	**395,594**	331,050
	1,709,731	1,545,107

The following are the emoluments afforded to individual directors Details of dates of appointment, resignation and change in role are included in the directors' report

	2009					2008
£	Basic salary	Other Emoluments [1]	Bonus - [3] cash element	DBP Share Award	Total	Total
Executive						
T Atkinson	351,500	116,712	245,831	245,830	959,873	861,959
J Kempster	227,500	38,248	149,763	149,764	565,275	513,148
Non-executive						
S Marshall	100,000	-	-	-	100 000	100,000
M Lejman	35,000	-	-	-	35,000	35,000
P Gismondi (2)	14,583	-	-	-	14,583	-
A Walker	35,000	-	-	-	35,000	35,000
Total	763,583	154,960	395,594	395,594	1,709,731	1,545,107

(1) Other emoluments include benefits in kind, pension related salary supplements, tax return preparation and car allowances

(2) Mr Gismondi joined the board on 16 June 2009

(3) 50% of the bonus will be retained and paid in cash on change of control of the company If a change of control does not occur, shares will be issued at the then prevailing market price

Directors' Remuneration Report (continued)

External appointments

The fees earned by Mr Atkinson in his role as a non-executive chairman of Delta EMD Limited are payable to the Company

Pensions

Pension entitlements under defined benefit pension schemes

Retirement benefits on a defined benefit basis are accruing to two directors as at 31 December 2009 (2008 two directors) The accrued pension entitlements shown in the table immediately below are the amounts that would be paid in each year on retirement at normal retirement age, based on pensionable service to the end of the financial year The normal retirement ages for Messrs Atkinson and Kempster are 60 and 65 respectively The Plan also provides spouse's pension, which is 50% of the deceased director's prospective pension or, in the case of death in service, one third of final pensionable salary if greater Following retirement, pensions increase at an annual rate in line with RPI up to 5% The Company has the discretionary power to grant early retirement pensions but a member does not have an absolute right to an early retirement pension No discretionary benefits are allowed for in the transfer values

Two directors are members of the Company's defined benefit pension scheme The following executive directors had accrued entitlements under the Delta Pension Plan as follows

£	Accrued pension 31 December 2008 (1)	Increase in accrued pension in the year (2)	Accrued pension 31 December 2009 (1)
T Atkinson	32,667	5,786	38,453
J Kempster	8,493	4,554	13,047

(1) The pension entitlement is that which would be paid annually on retirement at normal retirement age, based on service to the end of the year or date of leaving, whichever is earlier

(2) The increase in the accrued pension during the year has been adjusted to remove any distortion due to inflation over the year

The following table sets out the transfer value of directors' accrued benefits under the Delta Pension Plan calculated in accordance with regulations 7 to 7E of the Occupational Pension Schemes (Transfer Values) Regulations 1996

£	Transfer value 31 December 2008	Contributions made by the director	Increase in transfer value, net of contributions	Transfer value 31 December 2009
T Atkinson	328,848	5 880	303,628	638,356
J Kempster	45,391	5,640	91,881	142,912

The following additional information is given to comply with the requirements of the UK Listing Authority Listing Rules which differ in some respects from the equivalent statutory requirements

£	Increase in accrued pension in the year in excess of inflation	Transfer value of increase in year less directors' contributions
T Atkinson	5,786	63,110
J Kempster	4,554	39,654

The transfer values disclosed above do not represent a sum paid or payable to the director Instead, they represent a potential liability of the Delta Pension Plan

Members of the Plan have the option to pay Additional Voluntary Contributions, neither the contributions nor the resulting benefits are included in the above tables

Directors' Remuneration Report (continued)

Deferred Bonus Plan

Conditional awards of shares made to executive directors under the DBP are shown below Details of the conditions upon which share awards vest are disclosed within '*Components of Executive Directors' Remuneration*'

	Total interest at 1 January 2009	Number of shares conditionally awarded during 2009	Total interest at 31 December 2009	Market price at date of 2009 award	Exercise Price	Vesting date for shares awarded during 2009
T Atkinson	313,193	220,065	533,258	92 7p	Nil	26/03/2012
J Kempster	109,399	137,055	246,454	92 7p	Nil	26/03/2012

Performance Share Plan

Conditional awards of shares made to executive directors under the PSP are shown below Details of the performance criteria attaching to share awards are disclosed within '*Components of Executive Directors' Remuneration*'

	Total number of shares at 1 January 2009	Conditionally awarded during the year	Exercised during the year	Lapsed during the year	Exercise price	Total number of shares at 31 December 2009	Market price at date of 2009 award	Market price at date of exercise	Vesting date shares awarded during 2009
T Atkinson	343,316	146,710	72,132	27,586	£nil	390,308	92 7p	118p	26/03/2012
J Kempster	296,887	94,930	-	-	-	391,817	92 7p	-	26/03/2012

Pursuant to the rules of the Delta Performance Share Plan a transfer was made to Mr Atkinson on 28 April 2009 of 72,132 ordinary shares in Delta plc, representing 62,723 shares that vested on 28 April 2009 under the conditional award made to Mr Atkinson on 28 April 2006 and 9,409 shares having the value of the dividends that would have been paid on the vested shares since 28 April 2006 27,586 shares lapsed in accordance with the performance conditions applicable to the award At the time of the award the market value of the shares was 126 5 pence and on 28 April 2009 the market value of the shares was 118 pence

Executive Share Option Scheme

Directors' share options over ordinary shares in the Company

No executive share options have been granted since 2005 Details of the performance criteria attaching to share options are disclosed within '*Components of Executive Directors' Remuneration*

Option scheme	As at 1 January 2009	Granted during year	Exercised during year	Lapsed during year	As at 31 December 2009	Subscription price payable/ paid (per share)	Market price on exercise date	Date on which options become exercisable	Expiry date
T Atkinson:									
ESOS	42,000	-	-	42,000	-	154p	-	N/A	N/A
ESOS	80,000	-	-	-	80,000	150p	-	29/11/2003	29/11/2010
ESOS	93,000	-	93,000		-	129p	160p	N/A	N/A
ESOS	104,800	-	104,800		-	118p	152p	N/A	N/A
ESOS	119,300	-	119,300		-	110p	150p	N/A	N/A
ESOS	132,800	-	132,800		-	115p	154p	N/A	N/A
ESOS	349,398	-	349,398		-	83p	150p	N/A	N/A
ESOS	241,667	-	241,667		-	120p	161p	N/A	N/A
Total	**1,162,965**	**-**	**1,040,965**	**42,000**	**80,000**				

The highest mid-market price of the Company s ordinary shares during the year was 187 0p and the lowest was 82 75p The year end price was 140 0p

Directors' Remuneration Report (continued)

Directors' interests in shares

The beneficial interests in the shares of the Company of the directors in office at 31 December 2009, including the beneficial interests of their families, are set out in the table below

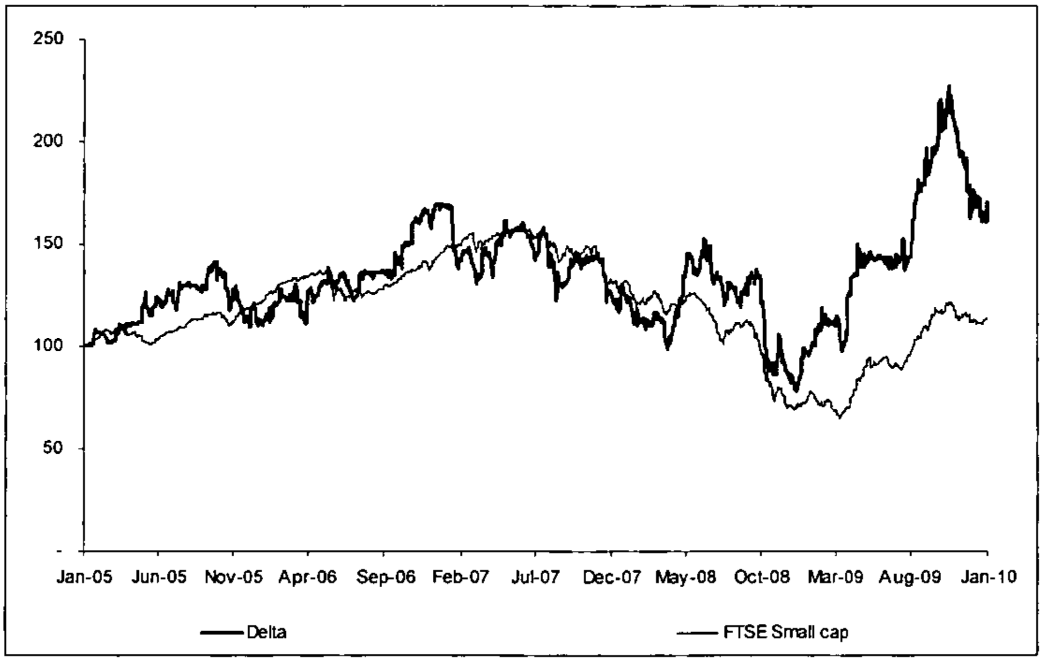
	Number of ordinary shares of 25p each owned	
Directors' shareholdings	At 31 December 2009	At 1 January 2009
T Atkinson	260,484	218,092
J Kempster	17,500	17,500
M Lejman	50,569	50,569
S Marshall	15,000	15,000
P Gismondi	10,000	0
A Walker	9,074	9,074

No changes to the above holdings have occurred between 31 December 2009 and the date of this report

Other than the shareholdings and the options shown in the foregoing tables, none of the directors had or has any interest, or any holding without beneficial interest, in any class of any share capital of the Company or of any subsidiary Other than the service contracts and remuneration schemes described above, at no time during the year has any director had any material interest in a contract with any Group company, being a contract of significance in relation to the Group's business

The following information is unaudited

Total Shareholder Return



This chart shows the value, at the end of the 2009 financial year, of £100 invested in the Company on 31 December 2004 compared with the value of £100 invested in the FTSE Small Cap Index The other points plotted are the values at intervening financial year-ends The FTSE Small Cap Index was selected for comparison as the Group forms part of that index

On behalf of the Board

Mark Lejman
Remuneration Committee, Chairman
8 March 2010

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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing the parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the group financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

Responsibility statement
We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the Chairman's statement, Chief Executive's review and Financial review , which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Chief Executive Officer	Finance Director
Todd Atkinson	Jon Kempster
8 March 2010	8 March 2010

Independent Auditors' Report to the Members of Delta plc

We have audited the consolidated financial statements of Delta plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 43 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 the consolidated 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 audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on Financial Statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the group's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following
Under the Companies Act 2006 we are required 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

Under the Listing Rules we are required to review

- the directors' statement contained within the Directors' Report in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company s compliance with the nine provisions of the June 2008 Combined Code specified for our review

Independent Auditors' Report to the Members of Delta plc (continued)

Other matter

We have reported separately on the parent company financial statements of Delta Plc for the year ended and on the information in the Directors' Remuneration Report that is described as having been audited

Robert Matthews

Robert Matthews (Senior Statutory Auditor)
for and behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
8 March 2010

Consolidated Income Statement
For the year ended 31 December 2009

£ million	Notes	2009 Before exceptional items	2009 Exceptional items (note 12)	2009 Total	2008 Restated [1] Before exceptional items	2008 Restated [1] Exceptional items (note 12)	2008 Restated [1] Total
Continuing operations:							
Revenue	4	333.0	-	333 0	330 8	-	330 8
Cost of sales		(232.0)	-	(232 0)	(238 1)	-	(238 1)
Gross profit		101.0	-	101.0	92 7	-	92 7
Distribution costs and administrative expenses		(54 4)	-	(54.4)	(56 0)	-	(56 0)
Business closure costs		-	5.3	5.3	-	(2 8)	(2 8)
Exceptional impairment of property, plant and equipment		-	(1 5)	(1 5)	-	-	-
Profit on sale of property, plant and equipment		-	-	-	-	6 0	6 0
Total administrative expenses		(54.4)	3.8	(50.6)	(56 0)	3 2	(52 8)
Operating profit		46 6	3.8	50.4	36 7	3 2	39 9
Share of post-tax profit of associate and joint venture	19,20	3.1	-	3.1	2 0	6 4	8 4
Impairment of other investments	20	-	(0.3)	(0.3)	-	-	-
Investment income	9	15.5	-	15.5	30 7	-	30 7
Finance costs	10	(12.6)	-	(12 6)	(25 7)	-	(25 7)
Pension settlement	10	-	0.5	0.5	-	(48 8)	(48 8)
Profit before tax	6	52.6	4.0	56.6	43 7	(39 2)	4 5
Tax	11	(15.5)	0.2	(15 3)	(9 7)	1 5	(8 2)
Profit/(loss) for the year from continuing operations		37 1	4.2	41.3	34 0	(37 7)	(3 7)
Discontinued operations:							
(Loss)/profit for the year from discontinued operations	13	-	(1.6)	(1.6)	-	0 5	0 5
Profit/(loss) for the year		37.1	2 6	39.7	34 0	(37 2)	(3 2)
Attributable to:							
Equity holders of the parent		30.9	0 1	31.0	27 8	(36 3)	(8 5)
Minority interests	33	6.2	2 5	8.7	6 2	(0 9)	5 3
		37.1	2 6	39.7	34 0	(37 2)	(3 2)
Earnings per share							
From continuing operations							
Basic	15	20.2		21.2	18 2		(6 0)
Diluted	15	20.2		21.2	18 2		(6 0)
From continuing and discontinued operations							
Basic	15	20.2		20.2	18 2		(5 7)
Diluted	15	20.2		20.2	18 2		(5 7)

[1] Restatement note following the reclassification of the Associate entity, MMC, from Assets held for sale to Interests in Associates, it has been reclassified from discontinued to continuing operations (see note 41)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

£ million	Notes	2009	2008
Profit/(loss) for the year		**39.7**	(3 2)
Actuarial losses on defined benefit pension schemes	32	**(75 6)**	(12 5)
IAS 19 defined benefit pension asset recoverability net adjustment	32	-	9 5
Exchange differences on translation of foreign operations	31,33	**13.7**	29 5
Net (loss)/income recognised directly in equity		**(61.9)**	26 5
Total recognised (loss)/income for the year		**(22.2)**	23 3
Attributable to:			
Equity holders of the parent		**(34.4)**	16 4
Minority interests		**12.2**	6 9
		(22.2)	23 3

Consolidated Statement of Financial Position

At 31 December 2009

£ million	Notes	2009	2008 Restated [i]	2007 Restated [ii]
Non-current assets				
Goodwill	16	**9.3**	8 4	6 1
Other intangible assets	16	**0.2**	0 3	-
Property, plant and equipment	17	**93.1**	83 9	71 9
Interest in associate	19	**14.1**	12 4	3 6
Other investments	20	**-**	1 0	-
Deferred tax assets	29	**5.6**	6 0	2 4
Other receivables	22	**0.4**	0 5	0 8
		122.7	112 5	84 8
Current assets				
Inventories	21	**46.7**	54 5	56 0
Trade and other receivables	22	**56 7**	61 4	49 9
Derivative financial instruments at fair value	25	**-**	1 7	-
Other investments	20	**0.5**	-	-
Other financial assets	23	**2.8**	2 7	2 6
Cash	24	**144.2**	108 1	128 7
		250.9	228 4	237 2
Total assets		**373.6**	340 9	322 0
Current liabilities				
Trade and other payables	26	**(60.2)**	(53 7)	(42 1)
Current tax liabilities		**(2.4)**	(0 9)	(1 2)
Bank overdrafts		**-**	-	(1 0)
Borrowings	27	**(0.1)**	(1 2)	(1 4)
Provisions	28	**(3 0)**	(2 0)	(3 5)
		(65.7)	(57 8)	(49 2)
Net current assets		**185 2**	170 6	188 0
Non-current liabilities				
Other payables	26	**(1.2)**	(4 3)	(8 0)
Retirement benefit obligation	40	**(71.2)**	(2 5)	-
Deferred tax liabilities	29	**(4.9)**	(4 6)	(2 2)
Provisions	28	**(4 9)**	(4 2)	(3 8)
		(82.2)	(15 6)	(14 0)
Total liabilities		**(147.9)**	(73 4)	(63 2)
Net assets		**225.7**	267 5	258 8
Equity				
Share capital	30	**41 3**	41 3	41 3
Share premium account	30	**34.0**	34 0	34 0
Translation reserve	31	**37.3**	27 1	(0 8)
Employee share ownership trust	30	**(0.2)**	(2 1)	(2 2)
Retained earnings	32	**83.3**	138 9	159 0
Equity attributable to equity holders of the parent		**195.7**	239 2	231 3
Minority interests	33	**30.0**	28 3	27 5
Total equity		**225.7**	267 5	258 8

[i] The previously disclosed held for sale asset MMC has been reclassified as an Interest in associate (see note 41)

[ii] The 2007 year comparative is provided in accordance with IAS 1 (2007) Presentation of Financial Statements, where two years of comparatives are required if a retrospective restatement or reclassification is made

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2010 They were signed on its behalf by

Todd Atkinson, Chief Executive

Jon Kempster, Finance Director

Consolidated Cash Flow Statement

For the year ended 31 December 2009

£ million	Notes	2009	2008
Cash generated from operations before tax	36	**86.4**	49 0
Tax			
Exceptional tax refunded		**-**	0 2
Corporate tax paid		**(12.6)**	(10 2)
Net cash generated from operating activities		**73 8**	39 0
Investing activities			
Proceeds from disposal of businesses and subsidiaries		**0 4**	-
Proceeds on disposal of property, plant and equipment		**0.8**	9 2
Acquisition of business		**-**	(2 9)
Payments in respect of closed and disposed business		**(1.5)**	(2 5)
Purchases of property, plant and equipment		**(14 3)**	(13 1)
Net cash used in investing activities		**(14.6)**	(9 3)
Financing activities			
Interest received		**2 9**	7 5
Dividends received from investments		**0 3**	-
Interest paid		**(0.2)**	(0 5)
Pension Plan settlement contribution and costs		**(7.0)**	(50 2)
Dividends paid to equity holders of the parent	14	**(10.9)**	(8 2)
Dividends paid to minority interests	14	**(11.9)**	(1 5)
Capital distribution paid to minority interests		**-**	(3 2)
Repayments of borrowings		**(1.3)**	(1 7)
New bank loans raised		**-**	0 9
Repayment of loans due from other investment		**0 2**	0 8
Repayment of obligations under finance leases		**-**	(0 1)
Purchase of shares for ESOT		**-**	(1 1)
Cash received on exercise of options under ESOT		**1 3**	0 4
Outflow to other financial assets		**-**	(0 1)
Net cash used in financing activities		**(26.6)**	(57 0)
Net increase/(decrease) in cash and cash equivalents		**32 6**	(27 3)
Cash and cash equivalents at beginning of the year		**108 1**	127 7
Effect of foreign exchange rate changes on cash and cash-equivalents		**3 5**	7 7
Cash and cash equivalents at end of the year	36	**144 2**	108 1

Consolidated Statement of Changes in Equity

At 31 December 2009

	Equity attributable to equity holders of the parent							
£ million	Share Capital	Share Premium Account	Trans-lation Reserve	ESOT	Retained Earnings	Total	Minority Interests	Total Equity
Balance at 1 January 2008	**41.3**	**34 0**	**(0.8)**	**(2.2)**	**159.0**	**231.3**	**27.5**	**258.8**
(Loss)/profit for the year	-	-	-	-	(8 5)	(8 5)	5 3	(3 2)
Exchange differences on translation of foreign operations	-	-	27 9	-	-	27 9	1 6	29 5
Actuarial losses on defined benefit pension scheme	-	-	-	-	(12 5)	(12 5)	-	(12 5)
IAS 19 defined benefit pension asset recoverability net reversal	-	-	-	-	9 5	9 5	-	9 5
Total comprehensive income/(loss) for the year	-	-	**27.9**	-	**(11.5)**	**16.4**	**6.9**	**23.3**
Dividends	-	-	-	-	(8 2)	(8 2)	(2 9)	(11 1)
Share of capital distribution	-	-	-	-	-	-	(3 2)	(3 2)
Own shares acquired in the year	-	-	-	(1 1)	-	(1 1)	-	(1 1)
Satisfaction of share options	-	-	-	0 9	(0 8)	0 1	-	0 1
Credit to equity for equity-settled share based payments	-	-	-	-	0 4	0 4	-	0 4
Cash remitted by Trustees	-	-	-	0 3	-	0 3	-	0 3
Balance at 31 December 2008	**41.3**	**34 0**	**27.1**	**(2.1)**	**138.9**	**239.2**	**28 3**	**267 5**
Profit for the year	-	-	-	-	31 0	31 0	8 7	39 7
Exchange differences on translation of foreign operations	-	-	10 2	-	-	10 2	3 5	13 7
Actuarial losses on defined benefit pension scheme	-	-	-	-	(75 6)	(75 6)	-	(75 6)
Total comprehensive income/(loss) for the year	-	-	**10.2**	-	**(44.6)**	**(34 4)**	**12.2**	**(22.2)**
Dividends	-	-	-	-	(10 9)	(10 9)	(10 5)	(21 4)
Satisfaction of share options	-	-	-	0 6	(0 6)	-	-	-
Credit to equity for equity-settled share based payments	-	-	-	-	0 5	0 5	-	0 5
Cash remitted by Trustees	-	-	-	1 3	-	1 3	-	1 3
Balance at 31 December 2009	**41 3**	**34.0**	**37 3**	**(0.2)**	**83.3**	**195 7**	**30.0**	**225.7**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

1 General information

Delta plc (the Company) is a public limited company incorporated in Great Britain under the Companies Act 2006 The principal activities of the Company and its subsidiaries (the Group) are described in the Group at a Glance' section of the annual report and listed in note 18

The reporting currency of Delta plc is sterling The functional currency of Delta's subsidiaries, associate and joint venture have been determined in accordance with IAS 21 "The effects of changes in foreign exchange rates" to be the currency of the country in which each operation is incorporated, with the exception of Manganese Metal Company, an associate, whose functional currency has been determined to be the United States dollar

Adoption of new and revised standards

The following new and revised standards and interpretations have been adopted in these financial statements Their adoption has not had any significant impact on the amounts reported in these financial statements and has not led to any changes in the Group's accounting policies in these consolidated financial statements In some cases there has been a change in relation to disclosures in financial statements

Standards affecting presentation and disclosure

IAS 1 (as revised in 2007) Presentation of Financial Statements - IAS 1(2007) has introduced terminology changes (including revised titles for the primary statements) and changes in the format and content of the financial statements

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (adopted in advance of effective date of 1 January 2010) - Disclosures in these financial statements have been modified to reflect the International Accounting Standards Board's clarification (as part of Improvements to IFRSs (2009)) that the disclosure requirements in Standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments Disclosures) The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments

Standards and Interpretations adopted with no effect on financial statements

IAS 28 (as revised in 2008) Investments in Associates
IFRS 3 (as revised in 2008) Business Combinations
IFRIC 13 Customer Loyalty Programmes
Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations
IAS 23 (as revised in 2007) Borrowing Costs
IFRIC 16 Hedges of a Net Investment in a Foreign Operation
IFRIC 17 Distributions of Non-cash Assets to Owners (adopted in advance of effective date of 1 July 2009)
IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)
Improvements to IFRSs (2008)
Amendments to IAS 40 Investment Property
Amendments to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

1 General information (continued)

Amendments to IAS 39 Financial Instruments Recognition and Measurement and IFRS 7 Financial Instruments Disclosures regarding reclassifications of financial assets
Amendments to IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27
Amendments to IAS 7 Statement of Cash Flows (adopted in advance of effective date of 1 January 2010)
Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to IAS 39 Financial Instruments Recognition and Measurement – Eligible Hedged Items
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)

Standards and Interpretations in issue not yet adopted

Improvements to IFRSs (2009)
Amendments to IFRS 2 Share-based Payment

The directors continue to evaluate the impact of these Standards and Interpretations but do not currently anticipate that the future adoption of them will have a material impact on the consolidated financial statements of the Group

2 Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS adopted in the European Union, and they therefore comply with Article 4 of the EU IAS Regulation The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments

The principal accounting policies set out below have been consistently applied to all years presented in these financial statements

The consolidated financial statements have been prepared on the going concern basis (see the Directors Report on page 15 of this Annual Report for further details)

Basis of consolidation

The consolidated financial statements comprise the results, cash flows, assets and liabilities of Delta plc and all its subsidiaries, recognising any minority interest in those subsidiaries, together with the Group's share of the results and net assets of its associates and joint venture The financial statements of subsidiaries, associates and joint venture are prepared as of the same reporting date using consistent accounting policies Intercompany balances and transactions between subsidiaries, including any unrealised profits arising from intercompany transactions, are eliminated on consolidation

Subsidiaries are entities where the Group has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which the Group ceases to control them Where a subsidiary is less than 100% owned by the Group, the minority interest share of the results and net assets are recognised at each reporting date Where a company with minority interests has net liabilities, no asset is recorded within minority interests unless the minority shareholder has an obligation to make good its share of the net liabilities

2 **Significant accounting policies (continued)**

Associates are entities over which the Group has the power to exercise significant influence but not control or joint control, generally accompanied by a share of between 20% and 50% of the voting rights Joint ventures are entities subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control Investments in associates and joint ventures are accounted for using the equity method If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has obligations in relation to or made payments on behalf of the associate or joint venture

Business combinations

All business combinations are accounted for by applying the purchase method The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed and any equity instruments issued by the Group in exchange for control of the acquiree, together with any costs directly attributable to the combination The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations" which are recognised at fair value less costs to sell The excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets (including any intangibles recognised), liabilities and contingent liabilities is recognised as goodwill

The interests of minority shareholders in the acquiree are initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised

Goodwill

Goodwill acquired in business combinations represents the excess of the cost of a business combination over the Group's interest in the fair value of the identifiable assets (including any intangibles recognised), liabilities and contingent liabilities of the subsidiary, associate or joint venture at the date of acquisition Goodwill is carried at cost less any accumulated impairment loss Goodwill is tested at least annually for impairment or if circumstances indicate that the carrying value may be impaired Any impairment is calculated in accordance with IAS 36 "Impairment of assets' and is recognised immediately in the consolidated income statement and is not subsequently reversed Goodwill subsisting on disposal of the related operation is taken to the consolidated income statement as part of the profit or loss on disposal

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment They are amortised in accordance with the relevant income stream over their useful lives from the time they are first available for use The estimated time useful lives vary according to the specific use of the asset but are typically 1 to 3 years for customer relationships, up to 1 year for customer order back-logs, and 1 to 5 years for trademarks and brand Intangible assets which are not being amortised are subject to annual impairment reviews

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

2 **Significant accounting policies (continued)**

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment Any excess of the Group s share of the net fair value of the identifiable assets liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification

Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received and is recognised when the Group has transferred the significant risks and rewards of ownership of the goods and services to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group Revenue is measured net of discounts, value added tax and other sales related taxes

Revenue is typically recognised once the Group has performed its services for the customer, evidenced either by delivery of finished goods or other evidence of completion of work

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established

2 Significant accounting policies (continued)

Leasing

Leases other than finance leases are classified as operating leases Payments made under operating leases are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis

Foreign currencies

The financial statements for each of the Group's subsidiaries, associates and joint ventures are prepared using their functional currency The functional currency is the currency of the primary economic environment in which an entity operates

The functional currency of all the Group s subsidiaries and joint venture is the currency of the country in which that subsidiary or joint venture operates Manganese Metal Company, the Group's 49% South African associate, uses the US dollar as its functional currency

The presentation currency of the Group and functional currency of Delta plc is sterling

Foreign currency transactions are translated into the functional currency of the entity using exchange rates prevailing at the dates of the transactions Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the statement of financial position date of monetary assets and liabilities denominated in currencies other than the functional currency of the entity are recognised in the consolidated income statement

The statement of financial positions of foreign operations are translated into pound sterling using the exchange rate at the statement of financial position date and the income statements are translated into pound sterling using the average exchange rate for the year Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used

Exchange differences arising upon consolidation are taken to the cumulative translation reserve in equity The cumulative exchange difference held in shareholders' equity in respect of an operation is transferred to the consolidated income statement upon disposal

Operating profit

Operating profit is defined as revenue from continuing operations less related expenses and is stated before the share of post-tax profits/(losses) of associates and joint venture and before investment income, other gains and losses, finance costs and tax

Exceptional items

Exceptional items are items of income or expense, where by nature or by its size, it is considered by the directors as being material and which require disclosure in order to provide additional information to assist the understanding of the financial information

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

2 Significant accounting policies (continued)

Retirement benefit costs

The Group operates defined benefit pension plans and defined contribution pension plans

A defined benefit pension plan is one that specifies the amount of pension benefit that an employee will receive on retirement The Group operates a number of funded defined benefit pension plans, where actuarially-determined payments are made to trustee-administered funds

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows using interest rates of 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 liability

The Group accounts for actuarial gains and losses in full through the consolidated statement of recognised income and expense in the year in which they occur Where the actuarial valuation of the plan demonstrates that the plan is in surplus, the recognisable asset is limited to that for which the Group can benefit in the future

The current service cost is included in distribution costs and administrative expenses in the consolidated income statement Past service costs, if any, are similarly included where the benefits have vested, otherwise they are amortised on a straight-line basis over the vesting period Gains and losses on settlements and curtailments are taken to the consolidated statement of comprehensive income

The expected return on assets of funded defined benefit pension plans is recorded in investment income in the consolidated income statement The expected interest on pension plan liabilities is recorded in finance costs in the consolidated income statement

A defined contribution plan is one under which fixed contributions are paid to a third party The Group has no further payment obligations once these contributions have been paid The contributions are recognised in the consolidated income statement when they are due

Taxation

The Group's liability for current tax, including UK and foreign tax, is provided at amounts expected to be paid or recovered using tax rates that have been enacted or substantially enacted by the statement of financial position date

Tax expense represents the sum of tax currently payable and deferred tax The tax currently payable is based on the taxable profit for the year Taxable profit differs from reported profit in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax base of assets and liabilities used in the computation of taxable profit and their carrying amounts in the financial statements

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

2 Significant accounting policies (continued)

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible differences can be utilised Deferred tax is provided for on unremitted earnings within the Group where it is expected that these earnings will be distributed in the future

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity Deferred tax assets and liabilities are not discounted

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to corporate taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses Cost comprises purchase price and directly attributable costs

Freehold land and assets under construction are not depreciated For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful economic lives as follows

Freehold buildings	50 years
Leasehold property	Term of lease
Plant and machinery, including motor vehicles	4 to 25 years
Fixtures, fittings, tools and equipment	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value Cost is determined on a first-in, first-out basis for our Galvanizing Services' related businesses or otherwise a weighted average cost basis Cost comprises directly attributable purchase and conversion costs and an allocation of production overheads based on normal operating capacity Net realisable value is the estimated selling price less estimated costs of completion and marketing, selling and distribution costs Provision is made for obsolete, slow-moving or defective items where appropriate

Impairment of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired Where an indicator of impairment exists, the Group makes an estimate of recoverable amount Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the

2 Significant accounting policies (continued)

cash-generating unit to which the asset belongs is determined The present value of estimated future cash flows is calculated using discount rates reflecting the risks specific to that asset and the current market assessment of the time value of money for the value in use calculation Impairments are recognised in the consolidated income statement

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised in income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated cash flow statement comprise cash at bank and in hand, money market deposits and other short-term highly liquid investments with original maturities at acquisition of three months or less, and bank overdrafts Bank overdrafts are shown within current liabilities in the consolidated statement of financial position

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument The fair values of financial assets and financial liabilities are determined as follows

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts
- Foreign currency options are measured using quoted foreign exchange rates, yield curves derived from quoted interest rates matching maturities of the contracts and foreign currency volatilities dervied from quoted prices for similar foreign currency options
- The fair value of non-derivative financial assets and financial lailities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow aalysis using prices from observable current market transactions and dealer quotes for similar instruments

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

Financial assets are classified into the following specified categories financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale (AFS) financial assets and 'loans and receivables' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

2 Significant accounting policies (continued)

Financial assets through profit and loss (FVTPL)

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host.

Held-to-maturity' investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognisd on an effective yield basis

'Available for sale'

The Group has an investment in unlisted shares that are not traded in an active market that is classified as an associate

Loans and receivables

Trade receivables are measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in income when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL The Group chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

Trade payables

Trade payables, loans and other payables are measured at amortised cost using the effective interest rate method

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities'

2 Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the other gains and losses line of the income statement

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability

2 **Significant accounting policies (continued)**

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists in respect of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and where the amount can be reliably estimated by the directors Where the impact is material, provisions are discounted to present value

Share-based payments

The Group operates various equity-settled incentive schemes for certain employees For equity-settled share options and awards, the services received from employees are measured by reference to the fair value of the share options or awards granted Fair value is calculated at grant date and recognised in the consolidated income statement, together with a corresponding increase in shareholders' equity, on a straight-line basis over the vesting period, based on an estimate of the number of options or awards that will eventually vest Vesting conditions, other than market conditions, are not taken into account when estimating fair value

Fair value is measured using either the Black-Scholes option pricing or Stochastic model The expected life used in the model has been adjusted, based on management s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Employee Share Ownership Trust

Investments in own shares (held through an Employee Share Ownership Trust) are shown at cost as a deduction from shareholders equity and shown under the heading 'Employee Share Ownership Trust" in the consolidated statement of financial position The costs of administration of the Employee Share Ownership Trust are included in the consolidated income statement as they accrue Dividends on shares held by the Trust have been waived

3 **Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Group's accounting policies which are described above, management has made various judgments that potentially have a significant effect on the amounts recognised in the financial statements These judgments relate primarily to the following items

Pensions (see note 40)

The obligation in respect of the Group's retirement benefit obligations is dependent on a number of estimates including those relating to mortality, inflation, salary increases and the rate at which liabilities are discounted Any change in these assumptions would impact the retirement benefit obligation recognised

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

3 **Critical accounting judgements and key sources of estimation uncertainty (continued)**

Provisions in respect of disposed entities (see note 28)

Provisions in respect of disposed entities relate to the current estimate of future liabilities expected to arise as a result of businesses disposed, where the Group has retained responsibility for items including product warranty, product liability and environmental remediation At the end of each reporting period management performs a detailed assessment of expected future cash outflows relating to these obligations, and adjusts remaining provisions accordingly In reviewing these provisions consideration is given to the historical utilisation of such provisions, and the expected costs of works either ongoing currently or reasonably expected to be undertaken for which the Group would be liable

Carrying amount of certain assets and goodwill (see note 16)

In reviewing the carrying value of certain assets and capitalised goodwill, estimates of future financial performance of the assets and businesses concerned are taken into account The estimates inherently include assumptions of internal and external factors that, whilst considered reasonable at the date of these accounts, may change in the future from those levels currently expected

Deferred tax assets (see note 29)

Deferred tax has only been recognised where it has been assumed that the deferred tax asset is recoverable The accumulated losses reported by the Group for tax purposes in various tax jurisdictions have not been recognised as deferred tax assets where the Directors hold the view that it is improbable that the Group will be able to utilise them in the future The future use, if any, of these accumulated losses will depend upon applicable tax rules and regulations, and upon the Group generating appropriate taxable income in those jurisdictions

4 **Revenue**

An analysis of significant categories of revenue, as defined and disclosed in accordance with *IAS 18 Revenue*, is given below

£ million	Notes	2009	2008
Continuing operations:			
Sales of goods		333 0	330 8
Interest on bank deposits	9	2 9	7 2
Dividends received from investment	9	0 3	-
Discontinued operations			
Sales of goods	13	-	-
		336 2	338 0

5 **Segmental information**

The details of the principal activities are as follows

Engineered Steel Products	Manufacture and distribution of galvanized steel products, grinding media and engineered tooling
Galvanizing Services	Provision of hot-dip galvanizing and zinc reclamation services
Manganese Materials	Manufacture and distribution of electrolytic manganese dioxide for use in the manufacture of primary batteries

Information regarding the Group's operating segments is reported below

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

5 Segmental information (continued)

Year ended 31 December 2009

Continuing operations

£ million	Engineered Steel Products	Galvanizing Services	Manganese Materials	Eliminations	Total
External sales	218 7	77 5	36 8	-	333 0
Inter-segment sales [1]	0 3	3 4	-	(3 7)	-
Total revenue	219 0	80 9	36 8	(3 7)	333 0
Segment operating profit	31 5	8 4	11 0	-	50 9
Central administration costs and directors' salaries					(4 3)
Operating profit (pre-exceptional)					46 6
Share of post-tax profit of associate and joint venture					3 1
Impairment of other investment					(0 3)
Investment income					15 5
Finance costs					(12 6)
Pension settlement					0 5
Business closure costs					5 3
Exceptional impairment of property, plant and equipment					(1 5)
Profit before tax (continuing operations)					**56.6**
Tax					(15 3)
Profit after tax (continuing operations)					**41.3**

Discontinued operations

£ million	
Costs relating to disposed entities	(1 6)
Loss before tax (discontinued operations)	**(1 6)**
Tax	-
Loss after tax (discontinued operations)	**(1.6)**
Consolidated profit for the year	**39 7**

Note

[1] Inter-segment sales are charged at prevailing market rates

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

5 Segmental information (continued)

Year ended 31 December 2008 Restated

Continuing operations

£ million	Engineered Steel Products	Galvanizing Services	Manganese Materials	Eliminations	Total
External sales	200 9	86 6	43 3	-	330 8
Inter-segment sales [1]	0 4	3 9	-	(4 3)	-
Total revenue	201 3	90 5	43 3	(4 3)	330 8
Segment operating profit	21 3	10 2	9 2	-	40 7
Central administration costs and directors' salaries					(4 0)
Operating profit (pre-exceptional)					36 7
Share of post-tax profit of associate and joint venture					8 4
Investment income					30 7
Finance costs					(25 7)
Pension settlement					(48 8)
Business closure costs					(2 8)
Exceptional gain on disposal of property					6 0
Profit before tax (continuing operations)					**4 5**
Tax					(8 2)
Loss after tax (continuing operations)					**(3 7)**

Discontinued operations

£ million	
Release of provisions of previously disposed operations	0 3
Profit before tax (discontinued operations)	**0 3**
Tax credit	0 2
Profit after tax (discontinued operations)	**0 5**
Consolidated loss for the year	**(3.2)**

Note

[1] Inter-segment sales are charged at prevailing market rates

5 Segmental information (continued)

Segment profit represents the profit earned by each segment without the allocation of the share of profits of joint ventures and associates, central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance

Segment assets

£ million	2009	2008
Engineered Steel Products	**89.7**	90 0
Galvanizing Services	**81.4**	78 5
Manganese Materials	**43.6**	48 5
Total segment assets	**214.7**	217 0
Unallocated assets	**158.9**	123 9
Consolidated total assets	**373.6**	340 9

Other segment information

Capital additions and depreciation

£ million	2009	2008
Additions to non-current assets		
Engineered Steel Products	**5 5**	4 0
Galvanizing Services	**7.7**	8 7
Manganese Materials	**1.1**	0 4
	14 3	13 1
Depreciation and amortisation		
Engineered Steel Products	**3 0**	3 1
Galvanizing Services	**3.4**	2 8
Manganese Materials	**1.6**	0 9
	8 0	6 8

Geographical information

The Group operates in six principal geographical areas – Europe (including UK, country of domicile), Australasia, South-East Asia, North and South America, Near and Middle East and Africa

The Group's revenue from external customers by geographical location is detailed below

£ million	2009	2008
Europe (including UK)	**4 0**	20 5
Australasia	**219 0**	209 6
South-East Asia	**52.6**	56 0
North and South America	**50 6**	38 6
Near and Middle East	**1.8**	1 7
Africa	**5 0**	4 4
Total revenue	**333.0**	330 8

Information about major customers

The Group has many customers in different geographical locations No customer had sales which exceeded 10% of Group revenues (2008 none)

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

6 Profit for the year (before exceptional items)

Profit for the year for total operations before exceptional items has been arrived at after charging/(crediting)

£ million		Notes	2009	2008
Cost of inventories recognised as an expense			**156.5**	160 1
Research and development costs			**0.3**	0 6
Depreciation of property, plant and equipment		17	**7 9**	6 5
Amortisation of other intangible assets		16	**0 1**	0 3
Operating lease rentals	- land and buildings		**3.2**	2 5
	- plant and equipment		**1.8**	1 9
Staff costs		8	**61.1**	62 0
Part reversal of impairment of share of net assets of associate		18	**-**	(6 4)
Impairment of property, plant and equipment		17	**0.6**	(0 6)
Impairment of inventories		21	**0.6**	0 7
Impairment of trade receivables		22	**0 2**	0 6

7 Auditors' fees

An analysis of the auditors' remuneration is as follows

£ million	2009	2008
Fees payable to Delta plc's auditors, Deloitte LLP, for the audit of the company and UK subsidiaries' annual accounts	**0 2**	0 2
Fees payable to Delta plc's auditors, Deloitte LLP, and its associates for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	**0 2**	0 3
Total audit fees for Delta plc Group	**0 4**	0 5
Tax services	**0.1**	-
Total non-audit fees for Delta plc Group	**0.1**	-
Total fees (audit & non-audit) payable to Delta plc's auditor	**0.5**	0 5

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

8 Staff numbers and costs

The average monthly numbers of employees (including directors) were

Number	2009	2008
UK	**31**	75
Overseas	**2,552**	2,687
	2,583	2,762

The actual number of employees as at 31 December 2009 was 2,512 consisting of 16 (UK) and 2,496 (overseas) The average figures include staff from disposed businesses up to their effective date of disposal

The above average figures are further analysed as follows

Number	2009	2008
Engineered Steel Products	**1,498**	1,608
Galvanizing Services	**881**	933
Manganese Materials	**189**	206
Group Administration	**15**	15
	2,583	2,762

£million	2009	2008
The aggregate remuneration comprised		
Wages and salaries	**56 8**	57 5
Social security costs	**0 6**	0 8
Other pension costs	**3 7**	3 7
	61 1	62 0

Wages and salaries include share-based payment expenses of £0 5 million (2008 £0 4 million)

The Directors' remuneration report contains disclosures relating to the emoluments, share options, pensions and long-term incentive interests of the directors

9 Investment income

		Continuing operations	
£ million	Note	2009	2008
Interest on bank deposits		**2 9**	7 2
Dividends received from investment		**0.3**	-
Expected return on defined pension scheme assets	40	**12 3**	23 5
		15.5	30 7

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

10 Finance costs (including Pension settlement)

£ million	Note	2009	2008
Interest on borrowings		**0.2**	0 6
Expected interest on defined benefit scheme liabilities	40	**12.4**	25 1
		12.6	25 7
Pension settlement		**(0.5)**	48 8
		12.1	74 5

11 Tax

Tax expense

£ million	2009 Continuing	2009 Discontinued	2009 Total	2008 Continuing	2008 Discontinued	2008 Total
Corporate tax						
Current tax - current year	**15.4**	-	**15.4**	9 5	-	9 5
Deferred tax - current year	**0.1**	-	**0 1**	2 1	-	2 1
Adjustment in respect of prior years						
- current tax	**(0 4)**	-	**(0.4)**	(0 8)	(0 2)	(1 0)
- deferred tax	**0.2**	-	**0.2**	(2 6)	-	(2 6)
Tax expense for the year	**15.3**	-	**15.3**	8 2	(0 2)	8 0

Following the change in rate on 1 April 2008 from 30% to 28%, prior year corporation tax is calculated at an average rate for the year of 28 5%

Tax in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

Reconciliation of tax expense

The total charge for the year can be reconciled to the accounting profit as follows

£ million	2009	2008
Profit/(loss) before tax		
Continuing operations	**56 6**	(3 7)
Discontinued operations (including disposals)	**(1 6)**	0 3
	55.0	(3 4)
Tax at the UK corporation tax rate of 28% (2008 28 5%)	**15.4**	(1 0)
Tax effect of items not deductible/assessable for tax purposes		
Non-deductible closure costs of EMD Australia business	-	0 6
Net release of provisions relating to disposed entities	**0 7**	(0 1)
Deferred tax not recognised on Delta Pension Plan settlement costs	-	10 4
IAS 19 pension deferred tax adjustment	-	0 6
Other expenses that are not tax deductible	**(2.5)**	0 2
Tax effect of utilisation of tax losses, capital allowances not previously recognised	**(2 4)**	(4 1)
Tax effect of unrelieved current year losses	**0.3**	2 8
Effect of different tax rates of subsidiaries operating in other jurisdictions	**0.1**	0 1
Withholding tax	**2.7**	0 8
Adjustment in respect of prior years	**(0 2)**	(3 6)
Other	**1 2**	1 3
Tax expense for the year	**15.3**	8 0

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

12 Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or, if of a similar type, in aggregate, as being material and which require disclosure in order to provide additional information to assist the understanding of the financial information

Continuing operations

£ million		Year ended 31 December 2009	Restated Year ended 31 December 2008
Profit on sale of property	(a)	-	6 0
Settlement costs in relation to Delta Pension Plan	(b)	0 5	(48 8)
Closure of site	(c)	-	(0 7)
Business closure costs	(d)	5 7	(2 1)
Deferred tax arising from establishment of Australian consolidated tax group	(e)	-	1 5
Reversal of impairment of share of net assets of associate	(f)	-	6 4
Loss on disposal of business	(g)	(0 4)	-
Impairment of other investment	(h)	(0.3)	-
Impairment of property, plant and equipment	(i)	(1.5)	-
Tax credit on environmental remediation	(j)	0 2	-
		4 2	(37 7)

(a) The exceptional profit on sale of property of £6 0 million in the year ended 31 December 2008 relates to the disposal of a former site of an Australian Engineered Steel Products business on 27 June 2008 Total net consideration amounted to £8 6 million

(b) The 2008 settlement costs in relation to the Delta Pension Plan constituted a one-off contribution by, and charge to the Group of £49 9 million to the Trustees toward a total bulk annuity purchase of £450 9 million, incremental settlement-related credit of £2 1 million, together with associated advisors costs of £1 0 million The purchase of the bulk annuity was in relation to the funding of DPP liabilities pertaining to the pensioner population This pensioner population substantially relates to former employees of UK businesses no longer owned by the Group

£0 5 million of the total settlement costs accrued for in 2008 was credited to profit for the year during 2009, since costs were lower than expected

(c) On 12 December 2008 the Group announced the closure of its machine tool manufacturing site at Kirkby, Nottinghamshire, UK The costs associated with this closure amounted to £0 7 million

(d) On 18 December 2007, the Group announced the closure of its EMD Australian business, as part of a co-ordinated plan to address the on-going loss-making nature of that business Additional liabilities of £2 1 million were recognised in 2008 as follows

(i) Site restoration and rehabilitation costs of £1 8 million
(ii) Impairment of plant and equipment to its recoverable amount of £0 3 million

During 2009 the closure provisions previously established for the EMD Australia residue disposal site were reduced by £7 0 million This is primarily due to the amendment of the environmental licence governing the Kooragang island site which will allow a more cost-effective rehabilitation Offset against this are costs of £1 3 million incurred during the year in maintaining the sites prior to sale

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

12 Exceptional items (continued)

(e) In 2008 the Australian operations claimed a one-off tax credit arising from the establishment of a consolidated tax group for the Australian entities

(f) The reversal of the impairment of the net assets of the associate refers to the further recognition of £6 4 million in the year ended 31 December 2008 for Manganese Metal Company (MMC) MMC was impaired by £8 5 million to a nil carrying value in the year ended 31 December 2005 This impairment is now fully reversed

(g) On 3 July 2009 the Group disposed of its machine tool manufacturing business at Manchester, UK The loss on disposal amounted to £0 4 million See note 35 for more details

(h) The investment in PT Bukit was impaired by £0 3 million to its recoverable amount, see note 20 for more details

(i) Land and property of an Australian Galvanizing business, including remediation costs, was impaired by £1 5 million to its recoverable amount This land and property was vacant at the year end and will require further environmental remediation costs to be incurred prior to its disposal

(j) A tax credit on environmental remediation costs incurred, as described in note 12(i) above, amounted to £0 2 million

Discontinued operations

£ million		**Year ended 31 December 2009**	Restated Year ended 31 December 2008
(Costs) / credit relating to disposed businesses	**(k)**	**(1 6)**	0 3
Refund of South African capital gains tax	**(l)**	**-**	0 2
		(1.6)	0 5

(k) During the year, exceptional costs of £1 6 million were incurred in respect of disposed businesses (2008 £0 3 million credit) (see note 13)

(l) During 2008, a refund of capital gains tax of ZAR3 0 million (£0 2 million) was received from the South African tax authorities in respect of the disposal of the former South African Industrial Supplies businesses in September 2005

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

13 Profit for the year from discontinued operations

The table below details the operating results on previously disposed businesses

Year ended 31 December 2009

£ million	Notes	Exceptional
Operating profit		-
Cost relating to disposed businesses	12	(1 6)
Loss before tax		**(1.6)**
Tax		-
Loss after tax		**(1.6)**
Net loss attributable to discontinued operations		**(1 6)**

Discontinued operations include a net receipt of £nil (2008 £1 6 million) to the Group's net operating cash flows and a net payment of £1 5 million (2008 £nil) in respect of investing activities

The effect of discontinued operations on segment results is disclosed in note 5

Year ended 31 December 2008

£ million	Notes	Exceptional
Operating profit		-
Adjustments to provisions	12	0 3
Profit before tax		**0.3**
Exceptional tax credit	12	0 2
Profit after tax		**0.5**
Net profit attributable to discontinued operations		**0.5**

The effect of discontinued operations on segment results is disclosed in note 5

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

14 Dividends

Preference dividends

£ million	2009	2008
6 0% cumulative first preference shares and 4 5% cumulative second preference shares	**0.1**	0 1

Ordinary dividends

£ million		2009	2008
Proposed dividends for the period:			
- ended 30 June 2008	(1 9 pence per share)	-	2 9
- ended 31 December 2008	(4 6 pence per share)	-	7 1
- ended 30 June 2009	(2 4 pence per share)	**3 7**	-
		3.7	10 0

£ million		2009	2008
Paid dividends for the period			
- ended 31 December 2007	(3 4 pence per share)	-	5 2
- ended 30 June 2008	(1 9 pence per share)	-	2 9
- ended 31 December 2008	(4 6 pence per share)	**7.1**	-
- ended 30 June 2009	(2 4 pence per share)	**3.7**	-
		10.8	8 1
Total preference and ordinary dividends paid		**10 9**	8 2

Dividends in respect of minority interests

£ million	2009	2008
Proposed dividends for the period:		
- ended 30 June 2008	-	-
- ended 31 December 2008	-	2 9
- ended 30 June 2009	**3 2**	-
- ended 31 December 2009	**8.7**	-
	11 9	2 9

£ million	2009	2008
Paid dividends for the period:		
- ended 30 June 2008	-	-
- ended 31 December 2008	-	1 5
- ended 30 June 2009	**4 6**	-
- ended 31 December 2009	**7.3**	-
	11.9	1 5

Delta EMD Limited, incorporated in South Africa, declared a final dividend of R0 80 per share, which will be payable on 15 March 2010 The dividend was announced on 19 February 2010 and has not been included as a liability in these consolidated financial statements

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

15 Earnings per share

In addition to the IAS 33 measure of earnings per share, underlying earnings per share have been shown because the directors consider that this gives a more meaningful indication of the core performance of the Group by excluding those items that may distort comparability

The calculation of the earnings per share figures is based on the earnings and weighted average number of shares tables presented below

	Continuing operations		Discontinued operations		Total operations	
Pence per share	2009	2008 Restated	2009	2008 Restated	2009	2008 Restated
IAS 33 – after exceptional items						
Basic earnings per share	**21.2**	(6 0)	**(1.0)**	0 3	**20.2**	(5 7)
Diluted earnings per share	**21 2**	(6 0)	**(1.0)**	0 3	**20.2**	(5 7)
Before exceptional items						
Basic earnings per share	**20.2**	18 2	**-**	-	**20 2**	18 2
Diluted earnings per share	**20 2**	18 2	**-**	-	**20.2**	18 2

Earnings

	Continuing operations		Discontinued operations		Total operations	
£ million	2009	2008 Restated	2009	2008 Restated	2009	2008 Restated
IAS 33 – after exceptional items						
Profit/(loss) attributable to equity holders	**31.0**	(8 5)	**-**	-	**31.0**	(8 5)
Adjustments						
Profit/(loss) from discontinued operations	**1.6**	(0 5)	**(1.6)**	0 5	**-**	-
Preference dividends (note 14)	**(0 1)**	(0 1)	**-**	-	**(0.1)**	(0 1)
	32.5	(9 1)	**(1.6)**	0 5	**30.9**	(8 6)
Before exceptional items						
Total per above	**32 5**	(9 1)	**(1 6)**	0 5	**30.9**	(8 6)
Adjustments						
Exceptional items – continuing (note 12)	**(4.2)**	37 7	**-**	-	**(4 2)**	37 7
Minority interest share of above	**2 5**	(0 9)	**-**	-	**2.5**	(0 9)
Exceptional items – discontinued (note 12)	**-**	-	**1.6**	(0 5)	**1 6**	(0 5)
	30.8	27 7	**-**	-	**30.8**	27 7

Weighted average number of ordinary shares

Number of shares (million)	2009	2008
For basic earnings per share		
Weighted average number of shares (1)	**152.7**	152 2
For diluted earnings per share		
Total per above (1)	**152 7**	152 2
Effect of dilutive share options (2)	**0.1**	0 2
Revised weighted average number	**152 8**	152 4

(1) The number of ordinary shares represents the weighted average for the period The average number of ordinary shares in issue excludes those held in the Delta plc Employee Share Ownership Trust, which are treated as cancelled

(2) For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares Where basic earnings per share are at a loss, the anti-dilutive effect of any further shares is ignored

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

16 Intangible assests

£ million	Goodwill	Trade-marks	Customer lists	Customer relation-ships	Total
Cost					
At 31 December 2007	6 7	-	-	-	6 7
Exchange differences	0 7	0 1	-	-	0 8
Acquisition of subsidiary	1 6	0 3	0 1	0 1	2 1
At 31 December 2008	9 0	0 4	0 1	0 1	9 6
Exchange differences	0 9	-	-	-	0 9
At 31 December 2009	9 9	**0.4**	**0.1**	**0.1**	**10.5**
Accumulated amortisation and impairment losses					
At 31 December 2007	(0 6)	-	-	-	(0 6)
Amortisation charge for the year	-	(0 2)	-	(0 1)	(0 3)
At 31 December 2008	(0 6)	(0 2)	-	(0 1)	(0 9)
Amortisation charge for the year	-	(0 1)	-	-	(0 1)
At 31 December 2009	**(0.6)**	**(0.3)**	-	**(0.1)**	**(1.0)**
Carrying amount					
At 31 December 2009	**9.3**	**0 1**	**0 1**	-	**9.5**
At 31 December 2008	8 4	0 2	0 1	-	8 7

Goodwill by business segment

£ million	2009	2008
Engineered Steel Products	**6.6**	5 9
Galvanizing Services	**2 7**	2 5
Manganese Materials	-	-
	9.3	8 4

The Group's goodwill at 31 December 2009 totalled £9 3 million, being approximately 2 5% of the Group's total assets

The Group's accounting policy regarding impairment testing of goodwill is stated in note 2 and includes testing annually for impairment or more frequently if indicators of impairment exist There has been no impairment to goodwill recorded in 2009 or 2008 The goodwill impairment testing uses a methodology similar to that described on the following page

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

16 Intangible assets (continued)

Goodwill is allocated for impairment testing to cash-generating units (CGUs) which reflect how it is monitored for internal management purposes, hence it is allocated to the primary segments noted above Any goodwill associated with CGUs subsumed within the primary segments is not significant when compared to the goodwill of the Group, other than the £4 3m in Engineered Steel Products for the acquisiton of Webforge Australia

The recoverable amount of each CGU is determined based on calculating its value in use, which is calculated by discounting cashflow forecasts for the CGU The cash flow forecasts are derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows into perpetuity based on an estimated growth rate, which is based on GDP for the territories in which the businesses operate The rate used to discount the forecast cash flows is based on an estimate of Delta s weighted average cost of capital of 8 5% and is adjusted for factors specific to the particular CGU

Management believes that any reasonable change in the key assumptions would not cause the carrying amounts to exceed their recoverable amounts

17 Property, plant and equipment

£ million	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
Cost				
At 31 December 2007	47 6	104 4	8 8	160 8
Capital additions	2 5	9 5	1 1	13 1
Exchange differences	8 3	11 1	1 1	20 5
Acquisition of business	-	0 4	0 3	0 7
Disposals	(3 0)	(2 6)	(1 3)	(6 9)
At 31 December 2008	55 4	122 8	10 0	188 2
Capital additions	4 2	8 6	1 5	14 3
Exchange differences	2 2	12 2	0 8	15 2
Disposal of businesses	(0 4)	(1 6)	(0 2)	(2 2)
Disposals	(0 5)	(9 0)	(1 1)	(10 6)
At 31 December 2009	**60 9**	**133.0**	**11 0**	**204.9**

17 Property, plant and equipment (continued)

£ million	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
Accumulated depreciation and impairment losses				
At 31 December 2007	(14 1)	(67 7)	(7 1)	(88 9)
Depreciation charge for the year	(1 2)	(4 6)	(0 7)	(6 5)
Exchange differences	(3 1)	(8 9)	(0 8)	(12 8)
Acquisition of business	-	(0 1)	(0 1)	(0 2)
Impairment losses	-	0 6	-	0 6
Depreciation written back on disposed assets	0 5	1 9	1 1	3 5
At 31 December 2008	(17 9)	(78 8)	(7 6)	(104 3)
Depreciation charge for the year	(1 6)	(5 4)	(0 9)	(7 9)
Exchange differences	(0 8)	(7 5)	(0 7)	(9 0)
Impairment losses	(1 5)	(0 6)	-	(2 1)
Disposal of businesses	0 1	1 5	0 1	1 7
Depreciation written back on disposed assets	0 1	8 7	1 0	9 8
At 31 December 2009	**(21.6)**	**(82.1)**	**(8.1)**	**(111.8)**
Carrying amount				
At 31 December 2009	**39.3**	**50.9**	2 9	**93.1**
At 31 December 2008	37 5	44 0	2 4	83 9

Included in the previous tables are payments on account and assets in the course of construction

£ million	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
At 31 December 2009	**0.2**	**1.6**	**0.4**	2 2
At 31 December 2008	0 1	0 9	0 1	1 1

Operating leases commitments are disclosed in note 38

The Group does not pledge any property, plant and equipment as security for liabilities (2008 £nil) or provide as collateral or hold guarantees over these assets (2008 £nil)

Capital commitments

£ million	2009	2008
Commitments for the acquisition of property, plant and equipment	1 1	3 0

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

18 Principal Group and associated companies at 31 December 2009

Country of incorporation	Company	% Interest	Activity
Great Britain	Delta plc	n/a	Parent holding company
Australia	Hi-Light Industries Pty Ltd	100%	Galvanized steel products
Australia	Webforge Australia Pty Ltd	100%	Galvanized steel products
Australia	Donhad Pty Limited	60%	Mining consumables
Australia	Galvline Tasmania Pty Ltd	100%	Galvanizing services
Australia	Industrial Galvanizers Corporation Pty Ltd	100%	Galvanizing services
China	Chengdu Webforge Grating Co Ltd	100%	Galvanized steel products
China	Guangzhou Webforge Grating Co Ltd	100%	Galvanized steel products
China	Wuxi Webforge Grating Co Ltd	100%	Galvanized steel products
China	Wuxi Webforge Trading Co Ltd	100%	Galvanized steel products
Indonesia	PT Webforge Indonesia	100%	Galvanized steel products
Indonesia	PT Bukit Terang Paksi Galvanizing [(i)]	50%	Galvanizing services
Malaysia	Webforge (KL) Sdn Bhd	100%	Galvanized steel products
Malaysia	Industrial Galvanizers Corporation (Malaysia) Sdn Bhd	70%	Galvanizing services
New Zealand	New Zealand Webforge (NZ) Ltd	100%	Galvanized steel products
Philippines	Webforge Philippines Inc	100%	Galvanized steel products
Philippines	Industrial Galvanizers Corporation of the Philippine Inc	100%	Galvanizing services
Singapore	Webforge (Singapore) Pte Ltd	100%	Galvanized steel products
South Africa	Delta EMD (Pty) Ltd [(ii)]	56 4%	Electrolytic Manganese
South Africa	DEI Services (Pty) Ltd	100%	Group services
South Africa	Manganese Metal Co (Pty) Ltd [(iii)]	49%	Manganese metal
Thailand	Webforge (Thailand) Ltd	100%	Galvanized steel products
Great Britain	Delta Group Services Ltd [(iv)]	100%	Group services
USA	Industrial Galvanizers Alabama Inc	100%	Galvanizing services
USA	Industrial Galvanizers South Carolina Inc	100%	Galvanizing services
USA	Industrial Galvanizers Southeastern Inc	100%	Galvanizing services
USA	Industrial Galvanizers Virginia Inc	100%	Galvanizing services

(i) Accounted for as a joint venture to 30 June 2008, and as an investment from 1 July 2008 Please see note 20 for disclosure concerning lack of significant influence

(ii) Delta plc s interests in electrolytic manganese dioxide are held indirectly through Delta EMD Ltd which is listed on the Johannesburg Stock Exchange and reports results to 27 December

(iii) Accounted for as an associate This was previously disclosed as held for sale ' but has been restated as at 30 September 2009 - see note 41 The statutory annual financial statements of MMC are made up to 30 June each year

(iv) With the exception of Delta Group Services Ltd, all of the above named companies are indirectly owned by Delta plc

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

19 Interest in associate

Consolidated statement of financial position

£ million	Associates 2009	Restated 2008
Cost of investment	**12.4**	2 1
Share of post-tax profits	**3.1**	1 8
Exchange differences	**(1.4)**	2 1
Reversal of impairment of associate	-	6 4
Total Interest	**14.1**	12 4

The following 100% statement of financial position information is not included in the consolidated statement of financial position, but is detailed here for disclosure purposes only

£ million	Associates 2009	Restated 2008
Total assets (100%)	**51.4**	50 3
Total liabilities (100%)	**(22.6)**	(25 0)
Net assets	**28.8**	25 3

Consolidated income statement

Revenue

The following revenue and profit before interest and tax figures are not included in the consolidated income statement, but are detailed here for disclosure purposes only

£ million	Associates 2009	Restated 2008
Revenue (100)%	**55.5**	54 2
Profit before interest and tax (100)%	**8 5**	18 7

Share of post-tax gains of associate

£ million	Associates 2009	Restated 2008
Share of post-tax profits before asset impairment of associate	**3.1**	1 8
Partial reversal of exceptional asset impairment of associate	-	6 4
Share of post-tax gains	**3.1**	8 2

The statutory annual financial statements of MMC are made up to 30 June each year For the purpose of applying the equity method of accounting, the latest monthly management accounts have been used with appropriate adjustments made, for statutory reporting purposes

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

20 Other investments

Following a regular review of the Joint Venture in 2008, the directors concluded that significant influence over the operations at PT Bukit no longer existed, and so, from 30 June 2008, the Joint Venture was reclassified as an Other Investment on the Consolidated Statement of Financial Position Discussions and negotiations are taking place with the Joint Venture partner for sale of this investment and the directors expect to dispose of this asset in 2010 for net realisable value, which is reflected in the total fair value below

£ million	2009	2008
Cost of investment	**1.0**	0 6
Loans	-	0 2
Share of post-tax profits	-	0 2
Impairment	**(0.3)**	-
Repayment of loans	**(0.2)**	-
Total Fair Value	**0.5**	1 0
Analysed as		
Current assets	**0 5**	-
Non-current assets	-	1 0
	0 5	1 0

21 Inventories

£ million	2009	2008
Raw materials	**22.1**	27 2
Work-in-progress	**4 0**	3 3
Finished goods	**20.6**	24 0
	46 7	54 5

Impairment charges of £0 6 million (2008 £0 7 million) against Group inventories were made in the Income Statement (see note 6) The directors consider that there is no material difference between the statement of financial position value of inventories and their replacement cost

22 Trade and other receivables

£ million	2009	2008
Amounts falling due within one year		
Trade receivables	**54 6**	59 2
Allowance for doubtful debts	**(1.9)**	(1 8)
	52.7	57 4
Other receivables	**1.4**	0 7
Corporate tax receivables	**0.2**	1 0
Prepayments and accrued income	**2.4**	2 3
Trade and other receivables	**56.7**	61 4
Amounts falling due after one year		
Other receivables	**0.3**	0 4
Prepayments and accrued income	**0.1**	0 1
Other receivables	**0.4**	0 5

22 Trade and other receivables (continued)

The directors consider that the carrying value of trade and other receivables approximates to their fair value

The average credit period on sale of goods is 37 days (2008 39 days) The time periods from date of invoice from which interest is charged on trade receivables varies from business to business within the Group The Group has provided fully for all trade receivables over 120 days overdue Trade receivables between 30 and 120 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to the past default experience of the business concerned

Included in the Group's aggregate trade receivable balance are trade receivables with a carrying amount of £10 6 million (2008 £13 1 million) which are overdue at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that these amounts are still considered recoverable The Group does not hold any collateral over these balances The average age of these receivables is 50 days (2008 54 days)

Past due up to 30 days £7 7 million (2008 £9 6 million), past due between 30 and 60 days £1 7 million (2008 £3 5 million), past due between 60 and 90 days £1 2 million (2008 £nil) and past due greater than 90 days £nil (2008 £nil)

The movement in the aggregate allowances for doubtful debts are as follows

£ million	2009	2008
Balance at the beginning of year	**1.8**	1 6
Exchange differences	**(0.1)**	0 4
Amounts written off during the year	**(0.2)**	(0 6)
Increase in allowances recognised in profit and loss	**0.4**	0 4
Balance at the end of the year	**1.9**	1 8

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being large, diverse and unrelated Accordingly, the directors believe that there is no further credit provision required in excess of the aggregate allowances for doubtful debts detailed above

23 Other financial assets

£ million	2009	2008
Other financial assets	**2 8**	2 7

£2 8 million (2008 £2 7 million) cash has been secured as collateral in support of a €3 0 million letter of credit maturing in 2012

24 Cash and cash equivalents

£ million	2009	2008
Cash	**144.2**	108 1
Cash and cash equivalents	**144.2**	108 1

Cash as at 31 December 2009 includes money market funds of £74 9 million (2008 £30 6 million) and bank and other deposits repayable in excess of 24 hours' notice of £14 5 million (2008 £39 2 million)

24 Cash and cash equivalents (continued)

£30 1 million (2008 £24 2 million) of the Group s net cash is subject to exchange controls or is similarly restricted

The carrying amounts of the Group's cash balances are denominated in the following currencies

At 31 December 2009

£ million	GBP	AUD	ZAR	USD	Other	Total
Cash	75 2	41 1	9 6	3 2	15 1	144 2

At 31 December 2008

£ million	GBP	AUD	ZAR	USD	Other	Total
Cash	27 2	50 9	9 5	7 4	13 1	108 1

25 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents disclosed in note 24, other financial assets disclosed in note 23 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 30 to 32

Gearing ratio

The Board reviews the capital structure on a semi-annual basis As part of this review, the Board considers the cost of capital and the risks associated with each class of capital The Group does not have significant debt, and does not therefore set a target gearing ratio

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the *financial statements*

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, except for Other Investments in Note 20 Other investments are recognised at fair value through profit and loss and are measured subsequent to intial recognition at fair value and grouped under Level 3 fair value measurement based on the degree to which fair value is observable Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset which is not based on observable market data (unobservable inputs)

As disclosed in Note 20, total impairment loss for the period of £0 3 million was recognised in the Consolidated Income Statement which represents the changes to fair value for the asset in order to arrive at total fair value of £0 5 million as at 31 December 2009 The fair value is obtained by reference to the net realisable value expected upon disposal of this asset

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

25 Financial instruments (continued)

Financial risk management objectives

The Group s fundamental treasury policy remains one of risk management and control, and not to undertake speculative transactions Group Treasury does not operate as a profit centre, and all activities are closely monitored by the Group Finance Department, who make recommendations to the Board on matters of treasury policy and implement policies approved by the Board

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors The Group manages liquidity risk by maintaining adequate cash reserves and monitoring forecast and actual cash flows, as well as ensuring that the maturity profiles of the financial assets adequately provide for capital spending Liquidity risk management is discussed in the Treasury policy section of the Financial Review on page 12

Credit risk

The Group's financial assets include investments, trade and other receivables, derivatives and cash and cash equivalents

Credit risk refers to the risk that a counterparty will default on its obligations in respect of these instruments to the Group

With regard to trade receivables, Group policy is only to deal with counterparties with an appropriate credit rating Furthermore, credit risk relating to trade receivables is considered lower than average due to the nature of our clients being large blue chip corporates and companies involved in government-funded infrastructure work Our clients are also spread across diverse industries and geographical areas Appropriate credit checks are undertaken on potential customers before sales commence

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates

Foreign currency exchange risk

Material currency exposures arising from trading transactions at most of the Group's businesses are covered as they arise

The Group utilises currency derivatives to hedge its exposure to fluctuations in foreign exchange rates The derivative instruments used are foreign exchange swaps and forward foreign exchange contracts The Group does not trade in financial instruments, so there are no derivatives held for trading purposes

The carrying amounts of the Group s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities		Assets	
£ million	**2009**	2008	**2009**	2008
Australian Dollar	-	(1 1)	**41.1**	50 9
US Dollar	-	-	**3 2**	7 4
South African Rand	-	-	**9 6**	9 5
Other	**(0.1)**	(0 1)	**15.1**	13 1

25 Financial instruments (continued)

Foreign currency sensitivity analysis

An analysis of cash and cash equivalents by currency is set out above As none of these balances are hedged, the Group's sensitivity to currency gains or losses upon these balances is proportional to their values Significantly all such translation gains or losses would be reported within equity

The Group is mainly exposed to Australian Dollars, US Dollars and South African Rand

The following table details the Group's sensitivities to a 10% increase and decrease in pounds sterling against the respective foreign currencies The 10% is the rate used when reporting foreign currency risk internally to key management personnel, and represents management's assessment of the reasonably possible change in foreign exchange rates in a normal year The sensitivity analysis includes only outstanding foreign currency-denominated monetary items, and adjusts their translation at the period end for a 10% change in foreign currency rates The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower A positive number in the table indicates an increase in other equity where the pound sterling strengthens 10% against the relevant currency For a 10% weakening of the pound sterling against the relevant currency, there would be an equal and opposite impact on other equity, and the balances in the tables would be negative

	Consolidated	
£ million	2009	2008
Australian Dollar		
Other equity	**(4.1)**	(5 0)
US Dollar		
Other equity	**(0.3)**	(0 7)
South African Rand		
Other equity	**(1.0)**	(1 0)

Forward foreign exchange contract

The sterling values of operating profits arising in other currencies are not hedged Consequently, the sterling value of overseas profits remains subject to currency exchange movements The Group does not normally use net investment hedging to protect the sterling value of its non-sterling assets and no such hedging was used in 2008 or 2009

The following comprise the book and fair values of foreign exchange contracts at each respective year end

	2009		2008	
£ million	Book Value	Fair Value	Book Value	Fair Value
Foreign exchange contracts				
Forward exchange contracts	-	-	1 7	1 7

All forward foreign exchange contracts are settled within a year

At the statement of financial position date, the total notional amount of outstanding foreign exchange contracts that the Group has committed was £2 0 million (2008 £7 8 million)

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

25 Financial instruments (continued)

Positive fair values for derivative financial instruments are disclosed as assets in the consolidated statement of financial position and negative fair value derivative financial instruments are disclosed as liabilities in the consolidated statement of financial position

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates

Due to the significant cash balances held by the Group, the Group is exposed to credit risks with counterparty banks In particular, the Group has cash balances with banks located in the Republic of South Africa, Australia, China and the United States, and consequently has an exposure to those banking sectors The balances are held with large commercial banks

The Group has no outstanding interest rate hedges The Group's only significant interest rate exposures are in respect of interest receivable on cash balances

The weighted average interest rates applied are as follows

Year ended 31 December 2009

Interest rate (%)	GBP	AUD	ZAR	USD	Other	Total
Cash	0.7%	3 2%	7 7%	0.7%	0.8%	2.2%

Year ended 31 December 2008

Interest rate (%)	GBP	AUD	ZAR	USD	Other	Total
Cash	5 5%	6 5%	12 7%	1 1%	1 2%	6 1%

All Group cash balances and borrowings attract interest at floating rates, thus exposing the Group to cash flow interest risk A 1% change in interest rate would impact income by about £1 3 million (2008 £1 0 million)

The directors estimate that the fair value of the Group's cash balances and borrowings are equal to the book value shown

The other principal features of the Group's cash balances and borrowings are as follows

(i) Bank overdrafts are repayable on demand,

(ii) No overdrafts (2008 £nil) have been secured by a charge over certain of the Group's assets

Intra-group loan economic hedges

The Group has taken out financial instruments to economically hedge the sterling value of loans granted (or payable) by Delta plc and other Group companies, where the loan is not in Delta plc's functional currency (pounds sterling) The financial instruments used are forward foreign exchange contracts

26 Trade and other payables

£ million	2009	2008
Amounts falling due within one year		
Trade payables	**32.4**	21 9
Other payables	**11.1**	12 1
Other taxation and social security payables	**2.2**	3 5
Accruals and deferred income	**14.5**	16 2
	60.2	53 7
Amounts falling due in more than one year		
Other payables	**1.2**	1 1
Other taxation and social security payables	-	0 1
Accruals and deferred income	-	3 1
	1.2	4 3
	61.4	58 0

The directors consider that the carrying amount of trade and other payables approximates to their fair value

The average credit period on purchases of supplies is 50 days (2008 43 days) Arrangements differ between business units regarding the payment of interest on outstanding balances The Group has financial risk management policies in place to ensure that payables are paid within credit timeframes

27 Borrowings

£ million	At 31 December 2009	At 31 December 2008
Bank loans	-	1 1
Finance lease liabilities	**0.1**	0 1
	0.1	1 2

Bank loans of £nil (2008 £1 1 million) are unsecured

At 31 December 2009, the Group had available £10 8 million (2008 £0 4 million) of undrawn committed facilities in respect of which all conditions precedent had been met The increase from 2008 relates to a new facility established by Delta EMD South Africa during the year amounting to £10 3 million

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

27 Borrowings (continued)

The directors estimate that the fair value of the finance lease liabilities is equal to the book value shown

Finance lease liabilities

£ million	Minimum lease payments At 31 December 2009	At 31 December 2008	Present value of minimum lease payments At 31 December 2009	At 31 December 2008
No later than 1 year	**0.1**	0 1	**0 1**	0 1
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Less future finance charges	-	-	-	-
Present value of minimum lease payments	**0.1**	0 1	**0 1**	0 1

Finance leases relate to vehicles with lease terms of up to 5 years The Group's obligations under finance leases are secured by the lessors' title to the leased assets

28 Provisions

£ million	Restructuring provisions[i]	Disposed entities[ii]	Other[iii]	Total
At 31 December 2008	0 9	1 5	3 8	6 2
Additional provisions in the year	0 1	1 1	3 4	4 6
Utilisation of provisions in the year	(0 7)	(1 1)	(1 4)	(3 2)
Release of provisions in the year	-	(0 4)	-	(0 4)
Exchange adjustments	-	-	0 7	0 7
At 31 December 2009	**0 3**	**1.1**	**6 5**	**7 9**
Analysed as				
Current liabilities	0 3	0 7	2 0	3 0
Non-current liabilities	-	0 4	4 5	4 9
	0 3	**1.1**	**6.5**	**7.9**

(i) Restructuring provisions relate to the closure of the EMD Australian business (see note 12)

(ii) Provisions in respect of disposed entities relate to the current estimate of future liabilities expected to arise as a result of businesses disposed

(iii) Includes rehabilitation and employee-related provisions

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

29 Deferred tax

(Assets)/liabilities £ million	Accelerated tax depreciation of plant and equipment	Accelerated tax depreciation and timing differences of property	Unremitted earnings	Tax losses	Accrued leave and other timing differences	Total
At 31 December 2007	5 1	1 2	0 1	(4 4)	(2 2)	(0 2)
(Credit)/charge to income for the year	(2 3)	-	-	3 6	(1 8)	(0 5)
Exchange differences	(0 1)	0 1	-	(0 1)	(0 6)	(0 7)
At 31 December 2008	2 7	1 3	0 1	(0 9)	(4 6)	(1 4)
Charge/(credit) to income for the year	(0 3)	(0 2)	-	0 6	0 2	0 3
Exchange differences	0 5	0 2	-	0 1	(0 4)	0 4
At 31 December 2009	**2 9**	**1 3**	**0.1**	**(0 2)**	**(4 8)**	**(0.7)**

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy The following is the analysis of the deferred tax balance (after offset) for statement of financial position purposes

£ million	2009	2008
Deferred tax liabilities	4 9	4 6
Deferred tax assets	(5 6)	(6 0)
	(0 7)	(1 4)

29 Deferred tax (continued)

Deferred tax not recognised

£ million	2009	2008
Capital losses	(90.0)	(71 8)
Tax losses	(19 9)	(14 0)
Property, plant and equipment	(0.2)	(6 9)
Retirement benefit obligations	(7.0)	(10 9)
Unremitted foreign earnings	1 4	33 9
	(115.7)	(69 7)

Deferred tax has not been recognised where it has been assumed that the deferred tax asset is not recoverable The amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax is recognised at the statement of financial position date is £416 9 million (2008 £246 0 million) together with Virginia, USA state tax losses of £7 8 million at a tax rate of 6% (2008 £8 7 million)

The substantial increase in capital losses arose in connection with the liquidation of a subsidiary This crystallised a loss partly originating from the sale of Netherlands electrical trades in 2003, and partly from transactions in earlier years However, the relevant submissions have not yet been agreed with HM Revenue and Customs, hence deferred tax has not been recognised

The accumulated losses reported by the Group for tax purposes in various tax jurisdictions include the following, most of which were incurred by disposed businesses The following figures are subject to audit by tax authorities and do not include amounts recognised as deferred tax assets that are expected to be utilised in future £62 million in the UK (2008 £44 million), and £nil in Australia (2008 £3 million) The UK and Australian tax losses have no applicable expiry date The future use, if any, of these accumulated losses will depend upon applicable tax rules and regulations, and upon the Group generating appropriate taxable income in those countries Consequently, the figures include losses which it is improbable that the Group will be able to utilise in the future

A deferred tax asset has not been recognised in respect of temporary differences in the UK as there is insufficient evidence that the asset will be recovered The amount of the deductible temporary differences not recognised relates to capital allowances in excess of depreciation £0 8 million (2008 £23 9 million) The asset would be recovered if there were sufficient UK profits in the future

No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries, associates and joint venture The temporary differences at 31 December 2009 are significantly reduced from the previous year as a result of a change to UK tax legislation which largely exempts from UK tax, overseas dividends received on or after 1 July 2009 The temporary difference on unremitted foreign earnings in 2009 is in respect of secondary taxation on future distributions from South Africa

30 Share capital, share premium and Employee Share Ownership Trust

Share capital and share premium

£ million	2009	2008
Share capital		
Ordinary Shares	**38.5**	38 5
Preference Shares	**2.8**	2 8
	41 3	41 3

Ordinary shares

	Ordinary share capital		Share premium	
£ million	2009	2008	2009	2008
Authorised				
188 million ordinary shares of 25p each	**47.0**	47 0	-	-
Issued and fully paid				
At the beginning of the year	**38.5**	38 5	**34 0**	34 0
Exercise of share options	-	-	-	-
	38.5	38 5	**34.0**	34 0

The Company has one class of ordinary share

The total number of authorised ordinary shares was 188,000,000 (2008 188,000,000) and 153,763,755 were shares allotted and fully paid at 31 December 2009 (2008 153,763,755)

Preference shares

£ million		2009	2008
Authorised			
1,000,000	6% Cumulative first preference shares	**1.0**	1 0
2,000,000	4 5% Cumulative second preference shares	**2.0**	2 0
		3.0	3 0
Issued and fully paid			
866,152	6% Cumulative first preference shares	**0 9**	0 9
1,940,000	4 5% Cumulative second preference shares	**1.9**	1 9
		2.8	2 8

The total number of authorised cumulative first preference shares was 1,000,000 (2008 1,000,000) and 866,152 shares allotted and fully paid at 31 December 2009 (2008 866,152) The total number of authorised cumulative second preference shares was 2,000,000 (2008 2,000,000) and 1,940,000 shares allotted and fully paid at 31 December 2009 (2008 1,940,000) The preference shares are not redeemable

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

30 Share capital, share premium and Employee Share Ownership Trust (continued)

Employee Share Ownership Trust

Shares in the ESOT are valued at their original cost and deducted from equity The dividends on the shares held in the ESOT are waived except to the extent of 0 01p per share

In lieu of issuing new shares, it is intended that all share-based incentives will be satisfied through the Delta plc ESOT by way of market purchase During the year 111 600 shares were purchased to satisfy share-based incentives at an average share price of 171p (2008 962,500 shares at 119p) At 31 December 2009, the four shares (2008 1,537,197 shares) held by the ESOT had a market value of £nil (2008 £1 3 million)

£ million	2009	2008
Balance at 1 January 2009	**2.1**	2 2
Acquisition of shares	**-**	1 1
Satisfaction of options	**(0 6)**	(0 9)
Cash remitted by Trustees	**(1.3)**	(0 3)
Balance at 31 December 2009	**0 2**	2 1

During the year, the Employee Share Ownership Trust (ESOT) satisfied options granted under the 1999 Delta Executive Share Option Scheme ('ESOS") totalling 1,576,661 shares (2008 617,670 shares) and awards made under the Performance Share Plan ("PSP") totalling 72,132 shares, none of these shares were cash settled However, there were no awards made under the Deferred Bonus Plan 2006 ("DBP') (2008 7,203 shares), and no awards in regards to the Save As You Earn and International Save As You Earn share option schemes (2008 66,341 shares)

31 Translation reserve

£ million	Foreign currency translation reserve [1]
Balance at 31 December 2007	**(0 8)**
Exchange differences on translation of foreign operations	27 9
Balance at 31 December 2008	**27.1**
Exchange differences on translation of foreign operations	10 2
Balance at 31 December 2009	**37 3**

[1] Exchange differences arising from the translation of foreign operations on consolidation are included within the foreign currency translation reserve Cumulative translation differences were deemed to be zero at the IFRS transition date of 4 January 2004 Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will therefore exclude translation differences prior to that transition date

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

32 Retained earnings

£ million	Notes	Total
Balance at 31 December 2007		159 0
Dividends paid	14	(8 2)
Loss for the year		(8 5)
Share-based payments		0 4
Satisfaction of share options by ESOT		(0 8)
Actuarial losses for year	40	(12 5)
IAS 19 defined benefit pension asset recoverability assessment	40	9 5
Balance at 31 December 2008		138 9
Dividends paid	14	(10 9)
Profit for the year		31 0
Share-based payments		0 5
Satisfaction of share options by ESOT		(0 6)
Actuarial losses for year	40	(75 6)
Balance at 31 December 2009		**83.3**

33 Minority interests

£ million	Notes	Total
Balance at 31 December 2007		27 5
Dividends paid	14	(2 9)
Share of capital distribution		(3 2)
Exchange adjustments		1 6
Share of profit for the year		5 3
Balance at 31 December 2008		28 3
Dividends paid	14	(10 5)
Exchange adjustments		3 5
Share of profit for the year		8 7
Balance at 31 December 2009		**30 0**

34 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note Transactions between the Group and its associates are disclosed below

	Sale of goods		Purchase of goods[1]		Amounts owed to related parties [1]		Amounts owed by related parties [2]	
£ million	2009	2008	2009	2008	2009	2008	2009	2008
Associates	-	-	(1 1)	(4 8)	(0 1)	(0 5)	-	0 2

(1) The purchase of goods, and amounts owed to related parties relate to the supply of Manganese products by the Associate MMC

(2) The amounts owed by related parties is a loan due by the associate PT Bukit

The key management are considered to be the Board of Directors The remuneration of the directors is set out in the Directors' Remuneration Report

35 Disposal of businesses

Continuing operations

Effective 3 July 2009, the Group sold its machine tool manufacturing business in Manchester, UK for a total gross consideration of £0 5 million, of which £0 1 million is deferred consideration The loss on sale totalled £0 4 million

The net assets of the business at the date of disposal and at the end of the comparative year were as follows

£ million	At date of disposal	At 31 December 2008
Property, plant and equipment	**0.5**	0 5
Inventories	**0.1**	0 1
Trade and other receivables	**0.5**	0 5
Trade and other payables	**(0.2)**	(0 2)
Net assets	**0.9**	0 9
Net assets disposed	**0.9**	0 9
Pre-tax (loss) on disposal of business	(0 4)	
Total consideration	**0.5**	

The total consideration for the business was satisfied as follows

£ million	At date of disposal
Cash	**0 4**
Deferred consideration	**0 1**
	0.5

All of the £0 1 million deferred consideration is current

The net cash inflow arising on the disposal of the business was as follows

£ million	At date of disposal
Net cash consideration received	**0.5**
Overdrafts disposed of	-
	0 5

During the year ended 31 December 2009, the Manchester business contributed £nil to operating profit, contributed £nil to the Group s net operating cash flows, contributed £nil to investing cash flows, and contributed £nil to financing cash flows In the year ended 31 December 2008, the Manchester business contributed £0 2 million to operating profit, contributed £0 1 million to the Group's net operating cash flows, contributed £nil to investing cash flows, and contributed £nil to financing cash flows

Results through to the date of sale have been reported as part of the Engineered Steel Products segment within continuing operations The loss on sale has also been reported within continuing operations

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

36 Notes to the consolidated cash flow statement

£ million	2009	2008
Operating profit from continuing operations	50.4	39 9
Operating profit	50.4	39 9
Business closure costs	0.4	2 8
Depreciation on property, plant and equipment	7.9	6 5
Amortisation of other intangible assets	0.1	0 3
Impairment of property, plant and equipment	2 1	-
Reversal of provisions on disposed businesses	-	(0 3)
Gain on disposal of property, plant and equipment	-	(6 0)
Movement in provisions	1 4	0 8
Movement in derivatives	1.7	(1 7)
Expense for share options	0.5	0 4
Operating cash flows before movements in working capital	64.5	42 7
Decrease in inventories	12 5	7 6
Decrease/(increase) in receivables	8 3	(3 4)
Increase in payables	1.1	2 1
	21.9	6 3
Cash generated by operations before tax	86 4	49 0

Cash and cash equivalents in the consolidated cash flow statement are reconciled to the consolidated statement of financial position as follows

£ million	2009	2008
Cash	144.2	108 1
Bank overdrafts	-	-
Cash and cash equivalents per the consolidated cash flow statement	144.2	108 1

37 Contingent liabilities

£ million	2009	2008
Financial guarantees	1.2	3 2
Other contingent liabilities	5.0	2 7
	6.2	5 9

Financial Guarantees

It is not expected that any loss will arise in respect of these financial guarantees all of which were undertaken in the ordinary course of business

Other Contingent Liabilities

The 2007 disposal of a German subsidiary included an indemnity provided to the purchaser for certain potential liabilities that may arise This was secured by a letter of credit amounting to €3 million (£2 7 million) which is included in other contingent liabilities

Following the Group s 2005 disposal of its South African Industrial Services businesses, a tax assessment was received by a South African subsidiary company which resulted in a tax refund as reported in the Group's 2007 accounts During 2009 a revised assessment of ZAR 27 million (£2 3 million) was issued by the South African tax authorities for additional capital gains taxation in respect of this disposal The Group has objected to the revised assessment, and £2 3 million has been included in other contingent liabilities in respect of this

38 Contingent liabilities (continued)

Other Matters

During 2009 the US Internal Revenue Service issued summons requesting documentation related to UPC Holdings Inc and the tax year ended 31 December 2001 The Group disposed of the shares of UPC Holdings Inc to DAI Acquisition Corp on 29 December 2000 for approximately US$100 million At that time, UPC Holdings Inc held the shares of United Power Corporation, the Group's former power quality business Documents describing the transaction were provided to the Internal Revenue Service during September 2009, and no further correspondence has been received At this point in time, it is unclear whether any Group company is a target of the Internal Revenue Service's examination, however given the size and nature of the transaction further enquiry might follow A contingent liability has not been quantified because the possibility of any liability arising from this matter is considered to be remote

38 Operating lease commitments

At the statement of financial position date, the aggregate amount of minimum lease payments under non-cancellable operating leases are as follows

£ million	2009	2008
Within one year	**4.5**	4 0
In the second to fifth years inclusive	**8.4**	8 0
After five years	**11.3**	10 9
Total commitments under operating leases	**24.2**	22 9

Operating lease commitments relate to operating leases over property, plant and equipment in businesses throughout the Group

39 Share-based payments

IFRS 2 Share-based payments has only been applied to equity instruments that were granted after 7 November 2002 and that had not vested before 1 January 2005

Included within staff costs are IFRS 2 expenses related to share-based payments totalling £0 5 million (2008 £0 4 million)

Save As You Earn schemes

The Company has a scheme in place known as "Save As You Earn' (SAYE), and its international equivalent, known as "International Save As You Earn' (ISAYE) There have been no SAYE or ISAYE grants since October 2002 (and thus this share-based payment scheme does not fall under the provisions of IFRS 2) Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant In normal circumstances the options mature either 36, 60 or 84 months following grant and can be exercised within six months of the relevant maturity date Options are forfeited if the employee leaves the Group before the option vests

Executive Share Option Scheme (ESOS)

The Company has a share option scheme for executives of the Group Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant The options are exercisable between three and ten years after the date on which the options were granted subject to performance criteria being met Options are forfeited if the executive leaves the Group before the options vest

39 Share-based payments (continued)

ESOS was approved by shareholders at the May 1999 Annual General Meetıng The scheme was amended ın 2002 to reflect the preferences of certaın ınstıtutıonal ınvestors Grants under the ESOS were made annually and had values of up to one tımes annual salary No grants have been made sınce 2005

ESOS optıons are subȷect to the followıng performance condıtıons

(a) granted before 29 June 2001, on or before the tenth annıversary of the grant date

- earnıngs per share growth over a perıod of at least three consecutıve years must equal or exceed the growth ın the Retaıl Prıces Index plus 3% per annum, and
- earnıngs per share before exceptıonal ıtems must equal or exceed twenty pence

(b) granted on or after 29 June 2001, on or before the sıxth annıversary of the grant date

- earnıngs per share growth over a perıod of at least three consecutıve years must equal or exceed the growth ın the Retaıl Prıces Index plus 3% per annum

Detaıls of the share optıons outstandıng durıng the year are as follows

	2009		2008	
	Number of share optıons	Weıghted average exercıse prıce (p)	Number of share optıons	Weıghted average exercıse prıce (p)
Outstandıng at the begınnıng of the year	**1,836,318**	**114.2**	2,524,339	112 7
(Forfeıted) durıng the year	**(83,000)**	**154 0**	(391,369)	120 7
(Exercısed) durıng the year	**(1,576,661)**	**109 0**	(296,652)	92 9
Outstandıng at the end of the year	**176,657**	**141.4**	1,836,318	114 2
Exercısable at the end of the year	**176,657**	**141 4**	1,836,318	114 2

The weıghted average share prıce at the date of exercıse for share optıons exercısed durıng the year was 156 7p (2008 111 8p)

The optıons outstandıng at the end of the year have a weıghted average remaınıng contractual lıfe of 2 2 years (2008 4 8 years) and have exercıse prıces rangıng from 120p to 150p

There were no optıons granted under thıs scheme ın 2009 or 2008 The scheme was replaced by the Performance Share Plan whıch was approved by shareholders on 28 Aprıl 2006

The Group recognısed total expenses of £nıl (2008 £nıl) relatıng to the above equıty-settled ESOS durıng the year

39 Share-based payments (continued)

Share Award Scheme for Chief Executive

Details of the share award outstanding during the year are as follows

	2009		2008	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	-	-	264,961	Nil
Dividends paid as share award during the year	-	-	56,057	Nil
(Exercised) during the year	-	-	(321,018)	Nil
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The Group recognised an expense of £nil (2008 £0 1 million) related to the above equity-settled share award scheme during the year

Performance Share Plan

The Performance Share Plan was introduced in 2006 to replace the ESOS The conditional awards generally have a three-year vesting period and an exercise price of £nil The extent to which an award under the plan may vest will be determined by the Company's Total Shareholder Return ("TSR") performance over the three-year period commencing the start of the financial year in which the grant was made against the TSR performance of the constituents of the FTSE SmallCap Index (excluding investment trusts) over the same period For median performance, one quarter may vest, rising proportionally to full vesting for upper quartile performance

Regardless of the Company's TSR performance, no part of an award under the plan will vest unless the Financial Underpin Condition is met, the Financial Underpin Condition being that the Remuneration Committee considers that the Company's underlying financial performance over the same measurement period is satisfactory

Awards are forfeited if the executive leaves the Group before the awards vest

Details of the share awards outstanding during the year are as follows

	2009		2008	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	**1,085,631**	**Nil**	640,844	Nil
Granted during the year	**524,357**	**Nil**	763,810	Nil
(Exercised) during the year	**(72,132)**	**Nil**	-	-
(Forfeited) during the year	**(27,586)**	**Nil**	(319,023)	Nil
Outstanding at the end of the year	**1,510,270**	**Nil**	1,085,631	Nil
Exercisable at the end of the year	**140,280**	**Nil**	-	-

The weighted average share price at the date of exercise for share options exercised during the year was 118 0p

39 Share-based payments (continued)

The awards outstanding at the end of the year have a weighted average remaining contractual life of 1 3 years and have an exercise price of £nil (2008 1 7 years and had an exercise price of £nil)

In 2009, an award was granted on 26 March (2008 28 March) The estimated fair value of the award granted on this date was 95 7p (2008 46 5p) The total fair value was £501,810 (2008 £355,172) The fair values were calculated using a stochastic model The inputs used for fair valuing awards granted during 2009 were as follows

	2009	2008
Weighted average share price at date of grant	108 5p	92 0p
Weighted average exercise price	£nil	£nil
Weighted average expected volatility	37 4%	28 6%
Weighted average expected life	3 0 years	3 0 years
Risk-free rate	1 73%	4 0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over a historical period commensurate with the expected performance period for the award Participants are entitled to receive the dividends that would have been received on the vested shares therefore the dividend yield does not impact on the valuation of the awards

The Group recognised total expenses of £0 3 million (2008 £0 2 million) related to the above equity-settled share-based Performance Share Plan during the year

Deferred Bonus Plan

The Deferred Bonus Plan was introduced in 2006 One half of any bonus payable under the scheme is paid in cash with the other half being deferred in ordinary shares in the Company

Deferred bonus share awards are forfeited on cessation of employment prior to the third anniversary of award, except in the case of "good leavers" in which case the deferred shares are released early

Details of the share awards outstanding during the year are as follows

	2009		2008	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	**422,592**	**Nil**	182,680	Nil
Granted during the year	**357,120**	**Nil**	343,287	Nil
(Forfeited) during the year	-	-	(96,172)	Nil
(Vested) during the year	-	-	(7,203)	Nil
Outstanding at the end of the year	779,712	Nil	422,592	Nil
Exercisable at the end of the year	-	-	-	-

The awards outstanding at the end of the year have a weighted average remaining contractual life of 1 5 years and have an exercise price of £nil (2008 2 0 years and had an exercise price of £nil)

In 2009, an award was granted on 26 March (2008 27 March) The estimated fair value of the award granted on this date was 93 4p (2008 83 6p) The total fair value was £333,550 (2008 £286,988)

39 Share-based payments (continued)

The fair values were calculated using Black-Scholes option pricing model The inputs used for fair valuing awards granted during 2009 were as follows

	2009	2008
Weighted average share price at date of grant	108 5p	91 5p
Weighted average exercise price	£nil	£nil
Weighted average expected volatility	37 4%	25 0%
Weighted average expected life	3 0 years	3 0 years
Risk free rate	1 73%	4 5%
Expected dividend yield	5 0%	3 0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over a historical period commensurate with the expected performance period for the award Participants are not entitled to receive the dividends that would have been received on the vested shares The share awards were issued for £nil consideration and the exercise price is £nil

The Group recognised total expenses of £0 2 million (2008 £0 1 million) related to the above equity-settled Deferred Bonus Plan during the year

40 Retirement benefit schemes

Defined contribution schemes

The Group operates a number of defined contribution retirement benefit schemes for qualifying employees The related pension assets are held in trustee-administered funds separate from the company, unless required otherwise by local best practice and regulations The total cost charged to income of £3 5 million (2008 £3 3 million) represents contributions payable to those schemes by the Group at rates specified in the rules of the respective schemes

Defined benefit scheme

The Group operates a funded defined benefit scheme for qualifying employees in the United Kingdom via the Delta Pension Plan (DPP) Under the DPP, participants are entitled to pension retirement benefits of 1 67% of final salary per year of service on attainment of a retirement age of 65 years

The Group has opted to recognise all actuarial gains and losses immediately via the consolidated statement of comprehensive income

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

40 Retirement benefit schemes (continued)

Details of valuation assumptions for the purposes of this Annual Report

The most recent actuarial valuation of the DPP's assets and liabilities for financial reporting purposes was performed at 31 December 2009 by independent actuaries Xafinity Consulting Limited The projected unit credit method was used for valuation purposes The projected unit credit method is an accrued benefits valuation method in which the plan liabilities make allowance for projected earnings The actuarial valuation used the following principal assumptions

	2009	2008
Discount rate	5.7%	6 3%
Inflation rate	3 6%	2 5%
Expected return on equity instruments	7 5%	7 0%
Expected return on debt instruments	5 7%	6 3%
Expected return on cash	2.0%	5 0%
Expected return on property	7.5%	7 0%
Expected rate of salary increases	4.6%	3 5%
Future pension increases	3.5%	3 0%
Mortality assumptions	PxA92 MC 1%(m)/0 75%(f)	PxA92MC
Expected future lifetimes from age 65		
- Males aged 45	24 6 years	23 1 years
- Females aged 45	27 0 years	25 9 years
- Males aged 65	22 6 years	22 0 years
- Females aged 65	25 4years	24 9 years

The expected return on DPP assets is a blended average of projected long-term returns for the various asset classes Asset class returns are based on a forward-looking building block approach Equity returns are developed based on the selection of an equity risk premium above the risk-free rate which is measured in accordance with yields on government bonds Returns on property are assumed to be the same as those on equities Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the DPP holdings of these instruments

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

40 Retirement benefit schemes (continued)

The estimated sensitivities regarding the principal assumptions used to measure the scheme liabilities as above are set out as follows

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0 5%	Decrease/increase by 11%
Inflation rate	Increase/decrease by 0 5%	Increase/decrease by 11%
Rate of salary growth	Increase/decrease by 0 5%	Increase/decrease 0 1%
Rate of mortality	Increase by 1 year	Increase by 2%

Amounts included in the consolidated income statement

The amounts recognised in respect of the defined benefit scheme are as follows

£ million	Notes	2009	2008
Current service cost		**(0.2)**	(0 4)
Expected interest on defined benefit pension scheme liabilities	10	**(12 4)**	(25 1)
Expected return on defined benefit pension scheme assets	9	**12.3**	23 5
Amounts charged to the consolidated income statement		**(0.3)**	(2 0)
Actuarial losses in consolidated statement of comprehensive income		**(75 6)**	(12 5)
		(75.9)	(14 5)

Current service cost is included in administrative expenses

Amounts included in the consolidated statement of financial position

The aggregated amount recognised in the consolidated statement of financial position in respect of the Group's defined benefit pension schemes are as follows

£ million	2009	2008
Fair value of plan assets	**217.8**	194 7
Present value of plan liabilities	**(289.0)**	(197 2)
Net defined benefit deficit before consideration of the IAS 19 asset recoverability assessment	**(71.2)**	(2 5)
Adjustment in respect of the IAS 19 asset recoverability assessment	**-**	-
Net consolidated statement of financial position retirement benefit liability	**(71.2)**	(2 5)

The cumulative amount of net actuarial losses taken to the consolidated statement of comprehensive income is £37 5 million since the date of transition to IFRS

Reconciliations of movements in the consolidated statement of financial position

Overall movements in the present value of DPP were as follows

£ million	2009	2008
Net liability/(asset) at start of year	**2.5**	(9 5)
Current service cost	**0.2**	0 4
Contributions	**(7 2)**	(50 3)
Settlement	**-**	47 8
Net interest expense	**0.1**	1 6
Actuarial losses	**75.6**	12 5
Net liability at end of year	**71 2**	2 5

The above aggregated table can be split into the following liabilities and assets tables

40 Retirement benefit schemes (continued)

Movements in the present value of DPP liabilities were as follows

£ million	2009	2008
Opening present value of plan liabilities	**197 2**	631 2
Service cost	**0 2**	0 4
Interest cost	**12 4**	25 1
Contributions	**0.1**	0 1
Settlement	**-**	(413 7)
Actuarial losses/(gains)	**86.1**	(27 3)
Benefits paid	**(7.0)**	(18 6)
Closing present value of plan liabilities	**289 0**	197 2

Movements in the fair value of DPP assets were as follows

£ million	2009	2008
Opening fair value of plan assets	**194 7**	640 7
Expected return on plan assets	**12 3**	23 5
Settlement	**-**	(461 5)
Actuarial gains/(losses)	**10.6**	(39 8)
Employer contributions	**7 1**	50 3
Member contributions	**0 1**	0 1
Benefits paid	**(7 0)**	(18 6)
Closing fair value of plan assets	**217 8**	194 7

The actual return on DPP assets was £22 9 million (2008 £(16 3) million)

Following completion of the triennial valuation at 31 March 2009 employer contributions have been set at £6 3million per annum in accordance with the Plan's 10-year recovery plan, along with a contribution to cover the administrative costs of the Plan of approximately £1 0 million per annum In addition the Group will continue to make regular contributions to cover the accrual of future benefits for existing staff

Further analysis of DPP's assets

Scheme assets are analysed as follows

£ million	2009	2008
Equity instruments	**9 6**	5 3
Debt instruments	**200.3**	175 7
Property	**0 2**	10 5
Cash	**7.7**	3 2
	217 8	194 7

Percentage	2009	2008
Equity instruments	**4%**	3%
Debt instruments	**92%**	90%
Property	**0%**	5%
Cash	**4%**	2%
	100%	100%

40 Retirement benefit schemes (continued)

The expected rates of return on each of the scheme assets are disclosed in the valuation assumptions section above The DPP assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group

Five-year history

The five-year history of aggregate experience adjustments is as follows

£ million	2009	2008	2007	2006	2005
Fair value of scheme liabilities	**289 0**	197 2	631 2	652 0	672 8
Fair value of scheme (assets)	**(217 8)**	(194 7)	(640 7)	(651 8)	(670 6)
Deficit/(surplus) in the schemes	**71.2**	2 5	(9 5)	0 2	2 2
Experience adjustments on schemes' liabilities					
Losses/(gains) (£m)	**86.1**	(27 3)	(20 8)	(14 2)	47 4
Percentage of schemes' liabilities	**29.79%**	(13 84)%	(3 30)%	(2 18)%	7 05%
Experience adjustments on schemes' assets					
Losses/(gains) (£m)	**10.6**	(39 8)	(11 9)	(12 4)	60 0
Percentage of schemes' assets	**4 87%**	(20 44)%	(1 86)%	(1 90)%	8 95%

Additional information with respect to the DPP

Triennial valuation

The next triennial valuation for the DPP is due as of 31 March 2012 At the last valuation, as of 31 March 2009, the DPP's assets totalled £184 3 million and its liabilities totalled £232 8 million, resulting in a net deficit of £48 5 million The following assumptions were employed discount rate 5 9%, annual increase in pensionable earnings 3 4%, annual pension increases from 2 2% to 3 0%, cash commutation 25%, and price inflation 2 4% Mortality tables used were PxA92MC with a 1%(m)/0 75%(f) floor, for both pensioner and non-pensioner members Further details, including major extracts of the valuation report, can be found on our website (www deltaplc com)

Analysis of scheme assets

The scheme assets of the Delta Pension Plan at 31 December 2009 may be further analysed as follows

£ million	2009
UK index tracking equity instruments	**3 3**
Non UK index tracking equity instruments	**6.3**
Total equity instruments	**9.6**
UK corporate bonds	**190 2**
UK government bonds – index linked	**10.1**
Total debt instruments and insured policies	**209.9**
Property	**0.2**
Cash	**7 7**
	217 8

Of the above table's asset values, 96 4 % is managed by Legal & General Investment Management and 0 1% by Blackrock Investment Management (UK) Ltd, a total of 96 5% The Trustee receives advice regarding investment strategy and asset allocation from Towers Watson

40 Retirement benefit schemes (continued)

Participant population

The Group continues to make pension contributions to the DPP for current participants

In the following tables, 'M' denotes Male, 'F' denotes Female, and 'T' denotes Total 'Current' denotes participants in current employment with the Group's UK businesses 'Deferred' denotes participants who have departed the Group's UK businesses, however are not yet drawing a pension 'Pensioners' are those in receipt of a pension

The number of plan participants as at 31 December 2009 for the years below was as follows

Number of participants	Current	Deferred	Pensioners	Total
5 April 2004	94	10,291	10,845	**21,230**
5 April 2005	86	9,681	10,799	**20,566**
5 April 2006	79	7,824	10,600	**18,503**
5 April 2007	72	7,564	10,349	**17,985**
31 December 2008	57	7,114	197	**7,368**
31 December 2009	7	6,694	507	**7,208**

The 7,208 plan participants at 31 December 2009 may be analysed as follows

	Current			Deferred			Pensioners			Total		
Age	M	F	T	M	F	T	M	F	T	M	F	T
25-34	-	-	-	125	54	179	-	-	-	125	54	179
35-44	-	1	1	820	459	1,279	-	1	1	820	461	1,281
45-54	2	3	5	1,709	636	2,345	18	28	46	1,729	667	2,396
55-64	1	-	1	2,153	314	2,467	123	118	241	2,277	432	2,709
65-74	-	-	-	307	12	319	200	12	212	507	24	531
75-84	-	-	-	103	2	105	4	3	7	107	5	112
Total	**3**	**4**	**7**	**5,217**	**1,477**	**6,694**	**345**	**162**	**507**	**5,565**	**1,643**	**7,208**

The liabilities of the Delta Pension Plan as at 31 December 2009 pertained to the participant population as follows

Age	Current	Deferred	Pensioners	Total
25-34	-	2.0	-	2.0
35-44	0.1	35.2	-	35.3
45-54	0.7	120.4	2.6	123.7
55-64	0.3	98.0	18.1	116.4
65-74	-	1.3	10.1	11.4
75-84	-	0.1	0.1	0.2
Total	**£1.1m**	**£257.0m**	**£30.9m**	**£289.0m**

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

41 Restatement

In accordance with *IAS 1 (2007) Presentation of Financial Statements*, retrospective restatements or reclassifications in the financial position has been presented for the current and the past two financial years

Following the initiation of a sales process in 2008 for the Group's associate, Manganese Metal Company (MMC), the Group recognised the interest as "Asset held for sale" in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* Uncertainties around this sale process have now required the restatement of MMC, to reflect the fact that our share since 30 September 2009 has been reclassified as continuing Variable costs within Cost of sales and Distributions costs have been reclassified for the 2008 financial year in order to be consistent with the current year when disclosing the classification

The following table provides a summary of the key changes to the income statement arising from the restatement for the comparative year

Consolidated income statement - year ended 31 December 2008

£ million	As previously reported	Adjustment	Restated
Continuing operations:			
Revenue	330 8		330 8
Cost of sales	(243 8)	5 7	(238 1)
Gross profit	87 0	5 7	92 7
Distribution costs and administrative expenses	(50 3)	(5 7)	(56 0)
Operating profit before exceptional items	36 7		36 7
Profit before tax before exceptional items	41 9	1 8	43 7
(Loss)/profit before tax after exceptional items	(3 7)	8 2	4 5
Profit for the year from continuing operations before exceptional items	32 2	1 8	34 0
Loss for the year from continuing operations after exceptional items	(11 9)	8 2	(3 7)
Discontinued operations:			
Profit for the year from discontinued operations	8 7	(8 2)	0 5
Continuing and discontinued operations.			
Loss for the year	(3 2)		(3 2)

The following table provides a summary of the key changes to earnings per share for the comparative year arising from the restatement

Earnings per share – year ended 31 December 2008

Pence per share	As previously reported	Adjustment	Restated
From continuing operations·			
After exceptional items:			
Basic	(11 4)	5 4	(6 0)
Diluted	(11 4)	5 4	(6 0)
Before exceptional items·			
Basic	17 0	1 2	18 2
Diluted	17 0	1 2	18 2

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

41 Restatement (continued)

The following tables provides a summary of the key changes to the financial position arising from the restatement for the comparative years

Consolidated statement of financial position - year ended 31 December 2008

£ million	As previously reported	Adjustment	Restated
Non-current assets			
Interest in associate and joint venture	-	12 4	12 4
Total non-current assets	100 1	12 4	112 5
Current assets			
Assets classified as held for sale	12 4	(12 4)	-
Total current assets	240 8	(12 4)	228 4
Total assets	373 6	-	373 6
Net assets	225 7	-	225 7

Consolidated statement of financial position - year ended 31 December 2007

£ million	As previously reported	Adjustment	Restated
Non-current assets			
Interest in associate and joint venture	1 5	2 1	3 6
Total non-current assets	82 7	2 1	84 8
Current assets			
Assets classified as held for sale	2 1	(2 1)	-
Total current assets	239 3	(2 1)	237 2
Total assets	322 0	-	322 0
Net assets	258 8	-	258 8

42 Postbalance sheet events

Delta EMD Limited

On 18 January 2010, the Group's South African subsidiary Delta EMD Limited announced its commencement of a process to realise the value of its last operations, which may result in a possible disposal of operations The timing and value of this event is still uncertain In line with accounting guidelines the business is disclosed as continuing operations It comprises the entire Manganese Materials segment in Note 5

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2009

43 Exchange rates

	Year Ended 31 December 2009	Year ended 31 December 2008
Average Exchange Rates		
Australian Dollar	**2.00**	2 18
South African Rand	**13.05**	15 07
US Dollar	**1.56**	1 87

	31 December 2009	31 December 2008
Closing Exchange Rates		
Australian Dollar	**1 79**	2 09
South African Rand	**11 89**	13 45
US Dollar	**1 61**	1 45

The balance sheets of foreign operations are translated into pound sterling using the exchange rate at the balance sheet date and the income statements are translated into pound sterling using the average exchange rate for the year

Independent Auditors' Report to the Members of Delta plc

We have audited the parent company financial statements of Delta Plc for the year ended 31st December 2009 which comprise the Individual Company Balance Sheet and the related notes 1 to16 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company s circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the parent company s affairs as at 31 December 2009,
- 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 matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report 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 and the part of the Directors Remuneration Report to be audited 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

Independent Auditors' Report to the Members of Delta plc (continued)

Other matter

We have reported separately on the consolidated financial statements of Delta Plc for the year ended 31st December 2009

Robert Matthews

Robert Matthews (Senior Statutory Auditor)
for and behalf of Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
8 March 2010

Individual Company Balance Sheet

at 31 December 2009

£ million	Notes	2009	2008
Fixed assets			
Investments in Group companies	2	**192.6**	222.6
		192.6	222.6
Current assets			
Debtors - amounts falling due within one year	3	**0.5**	0.4
Investments - money market funds on demand		**74.9**	27.1
Cash at bank and in hand		**0.3**	0.1
Derivative financial instruments at fair value	14	**-**	1.7
		75.7	29.3
Current liabilities			
Creditors - amounts falling due within one year			
Borrowings	4	**-**	(8.3)
Other creditors	5	**(1.8)**	(2.3)
		(1.8)	(10.6)
Net current assets		**73.9**	18.7
Total assets less current liabilities		**266.5**	241.3
Net assets excluding pension deficit		**266.5**	241.3
Pension deficit	10	**(71.2)**	(2.5)
Net assets including pension deficit		**195.3**	238.8
Capital and reserves			
Called up share capital	7	**41.3**	41.3
Share premium account	7, 8	**34.0**	34.0
Revaluation reserve	8	**83.8**	122.3
Profit and loss account	8	**36.4**	43.3
Employee share ownership trust	7, 8	**(0.2)**	(2.1)
Total shareholders' funds	9	**195.3**	238.8

The Company's (registered number 00026077) balance sheet and related notes 1 to 16 were approved by the Board of Directors on 8 March 2010 and signed on its behalf by

Todd Atkinson
Chief Executive

Jon Kempster
Finance Director

Notes to the Individual Company Financial Statements

1 Principal accounting policies for the Company

The separate financial statements of the Company are presented as required by the Companies Act 2006 As permitted by that Act, the parent company financial statements have been prepared in accordance with UK Financial Reporting Standards

The financial statements are prepared in accordance with the historical cost accounting convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards and law in the United Kingdom (UK GAAP)

The principal accounting policies for the Company are summarised below They have all been applied consistently throughout the year and the preceding year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year The Company reported a profit for the year ended 31 December 2009 of £178 3 million (2008 loss of £5 4 million)

Amounts payable to Deloitte LLP by the Company for its audit amounted to £0 2 million (2008 £0 1 million)

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of *FRS 1 (revised) - Cash Flow Statements* The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Delta plc Group

Investments in subsidiary undertakings

The Company accounts for its investments in subsidiary undertakings by the equity method, whereby the original cost of the investments is adjusted for the movement in underlying net assets applicable to the investments since their date of acquisition with an adjustment to the Company's revaluation reserve, except where any diminution in the value of the investment is considered permanent In such cases the permanent diminution is recorded as a reduction in the Company's profit and loss account

Foreign currency

Transactions in overseas currencies are translated into sterling at the exchange rate ruling at the date of the transaction or, where forward foreign exchange contracts have been taken out, at the contractual rates

Non-monetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at the closing rate

Pensions

The Company operates a defined benefit pension plan

A defined benefit pension plan is one that specifies the amount of pension benefit that an employee will receive on retirement The Company operates a funded defined benefit pension plan, where actuarially-determined payments are made to a trustee-administered fund

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows using interest rates of 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 liability

Notes to the Individual Company Financial Statements(continued)

1 Principal accounting policies for the Company (continued)

The Company accounts for actuarial gains and losses in full through the profit and loss account reserve in the year in which they occur Where the actuarial valuation of the plan demonstrates that the plan is in surplus, the recognisable asset is limited to that for which the Group can benefit in the future

The current service cost and gains and losses on settlements and curtailments are included in the Company profit and loss account

Past service costs, if any, are similarly included where the benefits have vested, otherwise they are amortised on a straight-line basis over the vesting period

The expected return on assets of the funded defined benefit pension plan and the expected interest on pension plan liabilities are recorded in the Company profit and loss account

Further details of the Company s defined benefit pension plan are given in note 10

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists in respect of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and where the amount can be reliably estimated

Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the Company Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments Lease payments are apportioned between the liability and finance charge to produce a constant rate of interest on the finance lease balance outstanding Assets capitalised under finance leases are depreciated over the shorter of the useful life of the asset or the lease term

Leases other than finance leases are classified as operating leases Payments made under operating leases are recognised as an expense in the profit and loss account on a straight-line basis over the lease term Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis

Tax

The profit and loss account tax charge is calculated at current rates of corporation tax on the taxable profits/losses for the year Deferred tax is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit those earnings Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Borrowing costs

Borrowing costs are recognised in the Company profit and loss account in the period in which they are incurred

Notes to the Individual Company Financial Statements(continued)

1 Principal accounting policies for the Company (continued)

Financial instruments

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates The derivative financial instruments used are foreign exchange swaps and forward foreign exchange contracts

Derivative financial instruments are measured at fair value in the statement of financial position with changes charged to the profit and loss account

Gains or losses arising from changes in fair value of derivative financial instruments are recognised in the profit and loss account The Company does not hold derivatives for trading or speculative purposes

Dividends

Dividends declared after the year end represent a non-adjusting statement of financial position event and therefore no liability is recognised until the dividend is declared

Share capital

Ordinary shares and preference shares are classified as equity instruments, and are recorded at the proceeds received, net of direct issue costs

Investments in own shares (held through an Employee Share Ownership Trust) are shown at cost as a deduction from shareholders' funds The costs of administration of the Employee Share Ownership Trust are included in the Company profit and loss account as they accrue Dividends on shares held by the Trust have been waived

Share-based payments

The Company operates various equity-settled incentive schemes for certain employees For equity-settled share options, the services received from employees are measured by reference to the fair value of the share options granted in accordance with FRS 20 Fair value is calculated at grant date and recognised in the profit and loss account, together with a corresponding increase in shareholders' equity, on a straight-line basis over the vesting period, based on an estimate of the number of options that will eventually vest Vesting conditions, other than market conditions, are not taken into account when estimating fair value

Fair value is measured using the Black-Scholes and Stochastic option pricing models The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Further information is given in the Directors' Remuneration Report and in note 13

Notes to the Individual Company Financial Statements(continued)

2 Investments in Group companies

£ million	Shares	Net loans	Total
Gross amount			
At 31 December 2007	930 9	(517 3)	413 6
Acquisition of additional share capital in subsidiary	17 6	-	17 6
Revaluations	15 8	-	15 8
Increase in net loans	-	(6 0)	(6 0)
At 31 December 2008	964 3	(523 3)	441 0
Acquisition of additional share capital in subsidiary	9 4	-	9 4
Revaluations	(94 7)	-	(94 7)
Decrease in net loans	-	97 3	97 3
At 31 December 2009	**879 0**	**(426.0)**	**453 0**
Provisions made for diminution in value			
At 31 December 2007	(209 4)	(17 1)	(226 5)
Revaluations	8 1	-	8 1
At 31 December 2008	(201 3)	(17 1)	(218 4)
Revaluations	(42 4)	0 4	(42 0)
At 31 December 2009	**(243.7)**	**(16.7)**	**(260 4)**
Net book value			
At 31 December 2009	**635.3**	**(442 7)**	**192.6**
At 31 December 2008	763 0	(540 4)	222 6

(i) The net book value of shares is equivalent to the Company's share of the issued share capital and reserves of the subsidiary companies

(ii) The cost of shares in subsidiary companies is £795 2 million (2008 £842 0 million)

(iii) The names of the principal Group companies are given in note 18 to the consolidated financial statements

3 Debtors

£ million	2009	2008
Amounts falling due within one year		
Amounts owed by group companies	**0.2**	-
Other debtors	**0 2**	0 2
Prepayments and accrued income	**0 1**	0 2
	0.5	0 4

4 Borrowings

Borrowings of £nil (2008 £8 3 million) consist of overdrafts repayable on demand and due within one year

Notes to the Individual Company Financial Statements(continued)

5 Other creditors

£ million	2009	2008
Amounts falling due within one year		
Trade payables	**0.1**	-
Other taxation and social security	**0.1**	0.1
Other creditors	**0.2**	0.6
Accruals and deferred income	**1.4**	1.6
	1.8	2.3

6 Operating lease commitments

At the statement of financial position date, the Company has annual commitments under operating leases expiring

£ million	2009	2008
Within one year	-	0.1
In the second to fifth years inclusive	**0.1**	0.1
Total annual commitments under operating leases	**0.1**	0.2

Company annual lease commitments are in respect of land and buildings

7 Share capital, share premium and Employee Share Ownership Trust

Share capital and share premium

£ million	2009	2008
Share Capital		
Ordinary shares	**38.5**	38.5
Preference shares	**2.8**	2.8
	41.3	41.3

Ordinary shares

	Ordinary share capital		Share premium	
£ million	2009	2008	2009	2008
Authorised				
188 million ordinary shares of 25p each	**47.0**	47.0	-	-
Issued and fully paid				
At the beginning of the year	**38.5**	38.5	**34.0**	34.0
At the end of the year	**38.5**	38.5	**34.0**	34.0

The Company has one class of ordinary share

The total number of authorised ordinary shares was 188 000,000 (2008 188 000,000) and 153 763,755 were shares allotted and fully paid at 31 December 2009 (2008 153,763,755)

During the year, the Company did not issue any ordinary shares

Notes to the Individual Company Financial Statements(continued)

7 Share capital, share premium and Employee Share Ownership Trust (continued)

Preference shares

	6% Cumulative first preference shares		4 5% Cumulative second preference shares	
£ million	2009	2008	2009	2008
Authorised				
1 million ordinary shares of £1 each / 2 million ordinary shares of £1 each	1 0	1 0	2.0	2 0
Issued and fully paid				
At the beginning of the year	0.9	0 9	1.9	1 9
At the end of the year	0.9	0 9	1 9	1 9

The total number of authorised cumulative first preference shares was 1,000,000 (2008 1,000,000) and 866,152 shares allotted and fully paid at 31 December 2009 (2008 866,152) The total number of authorised cumulative second preference shares was 2,000,000 (2008 2,000,000) and 1,940,000 shares allotted and fully paid at 31 December 2009 (2008 1,940,000) The preference shares are not redeemable

Employee Share Ownership Trust

During the year, the Employee Share Ownership Trust ('ESOT') satisfied options granted under the 1999 Delta Executive Share Option Scheme ('ESOS") (1,576,661 shares) and awards made under the Performance Share Plan ("PSP') (72,132 shares), none of these shares were cash settled

Shares in the ESOT are valued at their original cost and deducted from equity The dividends on the shares held in the ESOT are waived except to the extent of 0 01p per share

In lieu of issuing new shares, it is intended that all share-based incentives will be satisfied through the Delta plc ESOT by way of market purchase During the year, 111,600 shares were purchased to satisfy share-based incentives at an average share price of 171p At 31 December 2009, the 4 shares (2008 1,537,197 shares) held by the ESOT had a market value of £nil (2008 £1 3 million)

Notes to the Individual Company Financial Statements(continued)

8 Reserves

£ million	Share premium account	Revaluation reserve	Profit and loss account	Employee Share Ownership Trust	Total
At 31 December 2008	34 0	122 3	43 3	(2 1)	197 5
Satisfaction of share options by ESOT	-	-	(0 6)	0 6	-
Cash remitted by Trustees	-	-	-	1 3	1 3
Revaluation deficit on investments	-	(38 5)	(98 6)	-	(137 1)
Profit for the year	-	-	178 3	-	178 3
Equity impact of share-based payments	-	-	0 5	-	0 5
Dividends paid	-	-	(10 9)	-	(10 9)
Actuarial losses on defined benefit pension plan	-	-	(75 6)	-	(75 6)
At 31 December 2009	**34 0**	**83.8**	**36.4**	**(0.2)**	**154.0**

The profit and loss account reserve before the addition of the pension deficit of £71 2 million was £107 6 million (2008 before the addition of a pension deficit of £2 5 million was £45 8 million)

9 Reconciliation of movements in Company shareholders' funds

£ million	2009	2008
Profit/(loss) for the year	**178.3**	(5 4)
Satisfaction of share options by ESOT	**(0 6)**	(0 8)
Equity impact of share-based payments	**0.5**	0 4
Dividends paid	**(10.9)**	(8 2)
(Deficit)/surplus arising on revaluation of investments in Group companies	**(137.1)**	23 9
Actuarial loss (note 10)	**(75.6)**	(12 5)
FRS 17 asset recoverability assessment (note 10)	-	9 5
	(45.4)	6 9
Acquisition of shares	-	(1 1)
Satisfaction of options by ESOT	**0.6**	0 9
Cash remitted by Trustees	**1.3**	0 3
Net (reduction in)/addition to shareholders' funds	**(43.5)**	7 0
Opening shareholders' funds	**238.8**	231 8
Closing shareholders' funds including pension deficit	**195.3**	238 8
Pension deficit (note 10)	**71.2**	2 5
Closing shareholders' funds excluding pension deficit	**266.5**	241 3

10 Pensions

The Company operates a defined benefit pension scheme for qualifying employees in the United Kingdom, being the Delta Pension Plan (DPP) The DPP is a final salary scheme Full information regarding the DPP is contained in note 40 of the consolidated financial statements of Delta plc

Notes to the Individual Company Financial Statements(continued)

11 Dividends

Preference dividends

£ million	2009	2008
6 0% cumulative first preference shares and 4 5% cumulative second preference shares	0.1	0 1

Ordinary dividends

£ million		2009	2008
Proposed dividends for the period.			
- ended 30 June 2008	*(1 9 pence per share)*	-	2 9
- ended 31 December 2008	*(4 6 pence per share)*	-	7 1
- ended 30 June 2009	*(2 4 pence per share)*	3.7	-
		3.7	10 0

£ million		2009	2008
Paid dividends for the period			
- ended 31 December 2007	*(3 4 pence per share)*	-	5 2
- ended 30 June 2008	*(1 9 pence per share)*	-	2 9
- ended 31 December 2008	*(4 6 pence per share)*	7.1	-
- ended 30 June 2009	*(2 4 pence per share)*	3.7	-
		10.8	8 1

12 Contingent liabilities

£ million	2009	2008
Financial guarantees	-	1 5

13 Share-based payments

FRS 20 Share-based payments has only been applied to equity instruments that were granted after 7 November 2002 and that had not vested before 1 January 2005

Included within staff costs are FRS 20 expenses related to share-based payments totalling £0 5 million (2008 £0 4 million) Full information regarding share-based payments is contained in note 39 of the consolidated financial statements of Delta plc

Notes to the Individual Company Financial Statements(continued)

14 Financial instruments

	2009		2008	
£ million	Book Value	Fair Value	Book Value	Fair Value
Foreign exchange contracts	-	-	1 7	1 7

At the statement of financial position date, the total notional amount of outstanding foreign exchange contracts that the Company has committed was £0 9 million (2008 £7 1 million)

Currency derivatives

The Company utilises currency derivatives to manage its exposure to fluctuations in foreign exchange rates The derivative instruments used are foreign exchange swaps and forward foreign exchange contracts The Company does not trade in financial instruments, so there are no derivatives held for trading purposes

Intra-group loan economic hedging

The Company has taken out financial instruments to manage its exposure to foreign exchange movements on loans granted by (or payable to) Delta plc and other Delta Group companies, where the loan is not in Delta plc's functional currency (pound sterling) The financial instruments used are forward foreign exchange contracts The fair values of these contracts at the statement of financial position date are set out in the table above Changes in the fair value of these contracts are recognised in the same line of the profit and loss account as the changes in the hedged item attributable to the hedged risk

The following methodology has been used to establish estimated fair values

Item	**Method**
Cash at bank, short-term borrowings	The fair value of these items approximates to the carrying amount
Foreign exchange deals	Fair value is calculated by marking each contract to market at appropriate spot or forward exchange rates prevailing at the statement of financial position date

15 Staff costs

The average monthly number of employees (including directors) were

Number	2009	2008
UK - Group administration	**15**	15

£ million	2009	2008
The aggregate remuneration comprised		
Wages and salaries	**1.7**	1 7
Social security costs	**0.2**	0 2
Other pension costs	**0.1**	0 1
	2.0	2 0

16 Directors' remuneration

Directors' remuneration details are given in the Directors remuneration report of the annual report on page 27