

## Notes to the financial statements (continued)

### 44. Acquisitions

#### A. Current year acquisitions

##### Industrial & Automotive

###### *Fluid Power*

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

##### Building Products

###### *Air Systems Components*

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

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

#### B. Prior year acquisitions

##### 2007

##### Industrial & Automotive

###### *Fluid Systems*

On 8 March 2007, the Group increased its interest in Schrader Engineered Products (Kunshan) Co Ltd, a manufacturer of valves and fittings, from 60% to 100%.

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

##### 2006

##### Industrial & Automotive

###### *Other Industrial & Automotive*

On 19 July 2006, the Group acquired a 60% interest in Gates Winhere LLC, which, through a wholly-owned subsidiary, acquired the business and assets of a water pump manufacturer in China.

On 4 August 2006, the Group completed the acquisition of 100% of ENZED Fleximak Ltd, a supplier of engineering, fabrication, testing and service operations for flexible fluid transfer products in the Arabian Gulf region.

During 2006, the Group also acquired a 20% interest in e-business and logistics services provider, CoLinX LLC.

##### Building Products

###### *Air Systems Components*

On 1 March 2006, the Group completed the acquisition of 100% of Selkirk Americas LP, a US manufacturer of chimney, venting and air distribution products for commercial and residential applications.

On 11 October 2006, the Group acquired 100% of Eastern Sheet Metal, Inc., a US manufacturer of commercial heating, ventilation and air conditioning systems with plants in the US.

Also in October 2006, the Group purchased 100% of Heat-Fab Inc, a US manufacturer of high efficiency residential and commercial venting systems.

**C. Adjustment in respect of prior year acquisition**

During 2008, the initial accounting for Swindon Silicon Systems Limited was completed and the attributable goodwill was reduced by \$3.0 million, principally due to the allocation of additional amounts to identifiable intangible assets.

Comparative information has not been restated to reflect this adjustment because the effect is not material to the Group's results or financial position.

**D. Financial effect of acquisitions**

	Year ended 3 January 2009			Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
	Acquiree's carrying amount in accordance with IFRS \$ million	Fair value adjustments \$ million	Provisional fair value \$ million		
<b>Net assets acquired</b>					
Intangible assets	–	37.4	37.4	11.0	41.4
Property, plant and equipment	9.2	–	9.2	7.0	29.9
Deferred tax assets	–	–	–	0.2	–
Pension surplus	–	–	–	–	0.4
Inventories	12.3	0.1	12.4	2.6	30.8
Trade and other receivables	11.5	–	11.5	7.6	27.3
Income tax recoverable	1.2	–	1.2	–	1.1
Cash and cash equivalents	0.1	–	0.1	–	5.1
Bank and other loans	(0.4)	–	(0.4)	–	–
Obligations under finance leases	(0.4)	–	(0.4)	–	–
Trade and other payables	(8.9)	–	(8.9)	(4.4)	(24.8)
Income tax liabilities	(0.9)	–	(0.9)	(0.8)	–
Deferred tax liabilities	–	–	–	–	(3.9)
Provisions	(0.3)	–	(0.3)	–	(0.2)
Minority interest	(1.3)	(6.9)	(8.2)	1.0	–
	22.1	30.6	52.7	24.2	107.1
Goodwill on current year acquisitions			11.4	6.2	112.9
Adjustments to goodwill on prior year acquisitions			(3.0)	(14.2)	(14.1)
Consideration (including transaction costs)			61.1	16.2	205.9

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

	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
Consideration paid on current period acquisitions	65.5	15.2	205.7
Cash and cash equivalents acquired	(0.1)	–	(5.1)
Adjustment to consideration on prior period acquisitions	(0.4)	1.8	0.4
	65.0	17.0	201.0

Businesses acquired during 2008 contributed \$59.0 million to the Group's sales and \$1.9 million to the Group's profit for the year ended 3 January 2009. If these businesses had been acquired at the beginning of 2008, it is estimated that the Group's sales would have been \$5,598.0 million in 2008, but it is not practicable to estimate what the Group's profit for the year would have been because they did not prepare balance sheets in accordance with IFRS as at 29 December 2007.