

Chairman's statement

Board of Directors

DIRECTORS' REPORT

Financial information

Other information

The Directors present their Report and supplementary reports, together with the audited Financial Statements for the year ended 31 December 2008.

ACTIVITIES AND BUSINESS REVIEW

Senior plc is a holding company. The nature of the Group's operations and its principal activities are set out in the Operating and Financial Review ("OFR") on pages 10 to 23. Its Principal Group Undertakings are shown on page 82 and comments on both of the Division's results and activities in 2008 are included in the OFR. The OFR includes details of the principal risks and uncertainties facing the Group, expected future developments in the Group's business, an indication of its activities in the field of research and development, and details of the key performance indicators used by management.

ACQUISITIONS AND DISPOSALS

Capo Industries, Inc. was acquired on 25 January 2008; details of the transaction are set out in Note 32 to the Financial Statements on pages 70 and 71. There were no disposals during the year.

RESULTS AND DIVIDENDS

The results for the year are shown in the Consolidated Income Statement on page 41.

An interim dividend of 0.90 pence per share (2007 – 0.70 pence) has already been paid and the Directors recommend a final dividend of 1.70 pence per share (2007 – 1.70 pence). The final dividend, if approved, will be payable on 29 May 2009 to shareholders on the register at the close of business on 1 May 2009. This would bring the total dividend for the year to 2.60 pence per share (2007 – 2.40 pence).

SHARE CAPITAL

The Company has one class of ordinary shares, which carries no right to a fixed income. Each share carries the right to vote at general meetings of the Company. Changes in the Company's issued share capital during 2008 were:

Shares in issue at 1 January 2008	390,805,600
Senior plc Savings-Related Share Option Plan	251,158
Senior plc Long Term Incentive Plan	1,676,231
Senior plc Executive Share Option Plan	5,590,959
Shares in issue at 31 December 2008	398,323,948

Further share capital details are given in Note 25 to the Financial Statements on page 68. Details of employee share plans are set out on pages 74 and 75.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the

Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital, and all issued shares are fully paid. Shares held by the Senior plc Employee Benefit Trust typically vote in favour of shareholder resolutions prepared by the Board.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Matters Reserved for the PLC Board, which may be found on the Company's website, and in the Corporate Governance Report on page 24.

Each year the Board seeks shareholder approval to renew the Board's authority to allot relevant securities. There are also a number of other agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements, and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

FINANCIAL INSTRUMENTS

Note 21 to the Financial Statements on pages 64 to 66 contains disclosures on Financial Instruments.

DIRECTORS

Details on the Directors who served throughout the year can be found on page 6. The Directors' interests in the shares of the Company are included in the Remuneration Report on page 32. None of the Directors has any interest in contracts with the Company or its subsidiary undertakings.

Graham Menzies retired from the Board in April 2008. Mark Rollins was appointed Group Chief Executive and Chairman of the Health, Safety & Environment Committee in March 2008.

Simon Nicholls, Group Finance Director, was appointed to the Board on 1 May 2008; he has a service agreement which is subject to 12 months' notice by either party. He retires in accordance with Article 77(i) and, being eligible, offers himself for election at the Annual General Meeting on 24 April 2009.

Michael Steel was appointed non-executive Director on 1 May 2008. He too retires in accordance with Article 77(i) and, being eligible, offers himself for election.

REPORT OF THE DIRECTORS

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Ian Much retires by rotation in accordance with Article 77(ii) and, being eligible, offers himself for re-election.

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this Report.

RESEARCH AND DEVELOPMENT

In 2008, the Group incurred £8.6m (2007 – £8.2m) on research and development, before recoveries from customers of £1.2m (2007 – £0.9m). The majority of the Group's efforts are focused on product development and improving manufacturing techniques.

CHARITABLE AND POLITICAL DONATIONS

During the year, the Group made charitable donations amounting to £35,000 (2007 – £50,000), principally to local charities serving the communities in which the Group operates. No political donations were made.

DISABLED EMPLOYEES AND EMPLOYEE CONSULTATION

The Group's policies in respect of disabled employees and job applicants, and employee consultation are set out in the Corporate Social Responsibility Report on pages 36 to 38.

POLICY ON PAYMENT OF CREDITORS

The Group's policy is to set the terms of payment with its suppliers when agreeing the terms of each transaction, and to seek to adhere to those terms. Based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by suppliers, the number of days outstanding at the year-end was 22 days (2007 – 30 days). The typical payment terms adhered to are estimated to be on average about 30 days for the Company.

MAJOR SHAREHOLDINGS

At 27 February 2009, the Company had been notified that the following shareholders were interested in 3% or more of the issued share capital of the Company:

Lloyds Banking Group	7.91%
Henderson Global Investors	6.62%
Legal & General Investment Management	6.54%
JP Morgan Asset Management	5.97%
Aberforth Partners	5.53%
BlackRock MLIM	4.51%
Aegon Asset Management	4.18%
Rathbone Investment Management	3.85%

So far as is known, no other shareholder had a notifiable interest amounting to 3% or more of the issued share capital of the Company, and the Directors believe that the close company provisions of the Income and Corporation Taxes Act 1988 (as amended) do not apply to the Company.

COMPLIANCE WITH THE COMBINED CODE

The statements of compliance with the provisions of the June 2006 version of the Combined Code on Corporate Governance issued by the Financial Reporting Council are set out on page 24.

REMUNERATION REPORT

The Company's policy on executive Directors' remuneration is set out in the Remuneration Report on pages 28 to 35. The Remuneration Report is to be put to shareholder vote at the Annual General Meeting on 24 April 2009.

ANNUAL GENERAL MEETING

The Notice of Meeting describes the business to be considered at the Annual General Meeting to be held on Friday 24 April 2009 at the offices of Royal Bank of Scotland, 250 Bishopsgate, London EC2M 4AA at 11.30 am.

ACQUISITION OF THE COMPANY'S OWN SHARES

The Company purchased none of its ordinary shares during the year. At the end of the year, the Directors had authority, under the shareholders' resolutions dated 25 April 2008, to make market purchases of the Company's shares up to an aggregate nominal amount of £3.91m, which represented approximately 10% of the issued share capital of the Company.

AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- the Director has taken all 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.

This information is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

A resolution to re-appoint Deloitte LLP as the Company's Auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
ANDREW BODENHAM
Secretary
27 February 2009