AVON RUBBER p.l.c.

News Release

Issued by:

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Strictly embargoed until
07.00 19 May 2005

Interim results for the six months ended 31 March 2005

	31 March 2005 £Millions	31 March 2004 £Millions
TURNOVER	**114.9**	122.9
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION (i)	**3.1**	5.6
OPERATING PROFIT	**0.8**	5.3
PROFIT BEFORE TAX, EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION (i)	**2.5**	4.9
PROFIT BEFORE TAX	**0.2**	4.5
(LOSS)/PROFIT AFTER TAX	**(0.3)**	3.7
(LOSS)/EARNINGS PER SHARE:		
Basic	**(1.5)p**	13.4p
Before exceptional items and goodwill amortisation (i)	**6.8p**	14.7p
Diluted	**(1.5)p**	12.4p
DIVIDENDS PER SHARE	**3.7p**	3.7p

NOTE:

(i) Management believes that reporting results before goodwill amortisation and exceptional items provides further information for an understanding of underlying business performance for the period.

- **Improved pre-exceptional profits in Automotive**
- **Closure of hose factory in Spain confirmed**
- **Lower profits in Technical Products**
- **Preparation for US mask programme on plan**
- **Dividend maintained**

Commenting on the results, Steve Willcox, Chief Executive said:

"The availability and pricing of raw materials has improved from the exceptionally difficult pattern experienced during recent months but remains the focus of our attention. However energy costs are increasing as we enter new contract periods.

There is limited visibility in some of our markets. Automotive markets appear to be softening overall with the weaker volumes of larger vehicles from traditional North American manufacturers partially offset by increased sales to the "new domestic" brands and the higher sales of water hose in all markets. In the second half, we will see the completion of the planned Automotive restructuring which will have a positive impact.

We expect improved sales of respirators and flexible storage tanks during the second half of the year with further growth in 2006. We will continue to invest in the substantial programme of work to meet the exciting opportunities in respiratory protection which we intend to develop as a significant part of Group activities.

In order to enhance shareholder value, we will remain focussed on operational efficiency and cash management as we progress our strategic plans to reposition the Group to achieve a better balance between the various areas of activity."

For further enquiries, please contact:

Avon Rubber p.l.c

Steve Willcox, Chief Executive — 020 7067 0700
Terry Stead, Group Finance Director — (until 2.00pm)

(Local/Trade Press) — 01225 861100
Jayne Hunt

Weber Shandwick Square Mile

Richard Hews — 020 7067 0700
Rachel Taylor
Stephanie Badjonat

An analyst meeting will be held at 09.30 this morning at the offices of Weber Shandwick Square Mile, Fox Court, 14 Gray's Inn Road, London, WC1X 8WS.

High resolution images are available for the media to download free of charge from: www.vismedia.co.uk.

NOTES TO EDITORS: Avon Rubber p.l.c. is an international polymer engineering group adding value through material, manufacturing and industry sector expertise. The Group is currently capitalised at approximately £59 million.

Avon is a significant supplier to the world's automotive, engineering, dairy and defence markets – manufacturing high performance elastomer products. The business is split into three divisions: Automotive Components, Technical Products and Protection.

AVON RUBBER p.l.c.

INTERIM RESULTS FOR THE PERIOD ENDED 31 MARCH 2005

INTRODUCTION

During the first half we have seen further progress on a number of major projects which support our strategic direction. However, as expected, profit before tax, amortisation of goodwill and exceptional items reduced to £2.5 million from £4.9 million in the first half of the previous financial year, with profit before tax falling to £0.2 million (2004: £4.5 million).

We achieved higher sales and operating profit (before exceptional items) in Automotive despite softer markets in North America and Europe. Operating profits (before exceptional items) in Europe increased as a result of the improvement actions implemented in 2004. Operating profits from our Orizaba, Mexico plant increased on higher volumes. However, orders for products made in Michigan, USA were lower and this, together with higher material costs, resulted in a reduced total operating profit from the North American region.

In October 2004, MG Rover transferred orders for all vibration management products from our Chippenham, UK factory to a Chinese supplier. We remained a supplier of hoses to the company and the subsequent placing of MG Rover in administration resulted in a provision of £0.9 million against current debts, inventories and tooling, as announced in April 2005. This has been treated as an exceptional cost in the first half.

At our Annual General Meeting in January 2005 we confirmed a restructuring of our global automotive operations and in particular a review of capacity for water hoses in Western Europe. On 13 May 2005 we informed employees of our intention to close the Proflex facility at Calaf, Spain and commenced consultations with the Works Council at the site. The planned closure will bring our capacity more into line with market demand patterns and enable us to focus on our lower cost operations. This, together with certain other reorganisations, will result in an exceptional charge for restructuring of approximately £6.0 million this year, of which £1.0 million has been taken in these results. We expect that approximately £4.0 million of the £6.0 million will be cash items and would expect most of the cash outflow to occur this year. The estimated annual savings from the restructuring will be about £3.0 million and we expect these to commence during the second half of 2005 and be fully realised during the following year.

In Technical Products sales were down by £8.2 million compared to last year at £25.8 million (2004: £34.0 million), which resulted in a lower operating profit of £0.8 million (2004: £4.2 million).

As expected, sales of existing respiratory protection products were substantially lower than the high levels in the first half of 2004. This reflects the reduction in military requirements following a period of re-equipment and also the transition in the United States Homeland Security market which is preparing for the new National Institute of Safety and Health (NIOSH) Chemical, Biological, Radiological and Nuclear (CBRN) standard for respirators. Our products are in the final stages of approval to meet this standard and we expect sales to commence in the fourth quarter of this financial year. In the meantime we have further increased the resources dedicated to our Protection activities in preparation for the many opportunities we foresee in this sector.

The Joint Services General Purpose Mask (JSGPM) respirator programme with the United States Department of Defense successfully completed the evaluation phase in March and we are in the final stages of agreeing the details for initial production which is due to commence in the final quarter of the 2005 calendar year. We expect the initial production rate to be 100,000 masks per year increasing to 200,000 per year.

Our 100% ownership of Avon Engineered Fabrications (formerly the Bell Avon joint venture) has allowed us to invest in upgraded production equipment to meet the increasing demand for high performance flexible storage tanks. North American dairy activities continue to perform well while business machine components have seen weaker volumes.

The considerable turmoil in energy prices and raw material supplies resulted in increased costs and where appropriate we built inventory to avoid disruption. We have also increased finished goods stocks in selected areas to cover expected demand for respirators and to meet customer requirements during product transfers. As a result, net borrowings at £35.9 million (2004: £34.7 million) were £1.2 million higher than at the same point last year and £6.2 million higher than the September 2004 level. We expect to reduce these planned stock increases during the second half of the year.

RESULTS

Sales at £114.9 million (2004: £122.9 million) were down by £8.0 million. Group operating profit before exceptional costs and goodwill amortisation was £3.1 million (2004: £5.6 million) and £2.7 million (2004: £5.3 million) after goodwill amortisation. With net finance costs of £0.6 million (2004: £0.7 million) this resulted in a profit before tax, exceptional items and goodwill amortisation of £2.5 million (2004: £4.9 million). The exceptional charge was £1.9 million (2004: £ nil) giving a total operating profit of £0.8 million (2004: £5.3 million).

When translating 2004 sales at 2005 exchange rates ("constant exchange rates"), sales were down by £5.3 million from £120.2 million to £114.9 million with group operating profit before exceptional costs and goodwill amortisation down by £2.3 million at £3.1 million (2004: £5.4 million) on a similar basis.

Basic (loss)/earnings per share were (1.5)p (2004: 13.4p) and earnings per share before exceptional charges were 5.5p (2004:13.4p) based on a pre exceptional effective tax rate of 29.2% (2004: 18.6%). The increase in the effective tax rate since last year reflects levels closer to actual taxation rates following the recognition of deferred tax on losses in 2004.

Borrowings increased in the half year by £6.2 million and were higher than last year at £35.9 million (2004: £34.7 million). Borrowings have mainly increased as a result of inventory builds in preparation for the closure of the Calaf facility and the anticipated increase in respirator demand in the second half, together with higher holdings of raw materials to avoid supply shortages.

Net capital expenditure at £2.3 million (2004: £2.6 million) remained below depreciation of £4.5 million (2004: £4.7 million). For the reasons outlined above trade working capital as a percentage of sales increased to 14.1% compared to 12.1% at the year end and 11.7% last year. We remain focussed to reduce this again by the year end. Gearing now stands at 53.1% (2004: 52.2%).

AUTOMOTIVE COMPONENTS

Under the new global management structure, which was designed to reflect the specific requirements of this market, our automotive activities achieved increased operating profit (before exceptional items) at constant exchange rates compared to the first half of last year of £1.9 million (2004: £0.9 million).

Sales increased by £2.0 million to £89.1 million (2004: £87.1 million) at constant exchange rates. On a similar basis, sales in European Automotive increased by £1.1 million to £52.9 million (2004: £51.8 million) and increased by £0.9 million to £36.2 million (2004: £35.3 million) in North America. The growth of business at our water hose factory in Orizaba, Mexico has more than offset the reduction due to the market downturn in North America.

North American operating profits reduced from £1.6 million in 2004 to £1.2 million this year at constant exchange rates. On a similar basis, in Europe the benefits from cost reductions resulted in an operating profit up by £1.4 million at £0.7 million (2004: £0.7 million loss).

We have already received orders from customers based in Turkey and they, together with other locally based automotive assemblers, have welcomed our decision to establish a water hose facility in that country.

The actions taken at our factory in Vannes, France returned this business to profit from a substantial loss in the first half of last year and further work is in hand to move the operation to a sustainable and acceptable level of profitability. Our lower cost operations in Portugal and the Czech Republic also achieved good progress. These and the Flexo business in Barcelona, Spain will benefit from the transfer of production from the plant at Calaf, Spain.

These changes will bring our costs and capacity profile more into line with our forecast market requirements and enable us to support customers in appropriate geographical areas.

TECHNICAL PRODUCTS

Sales at £25.8 million (2004: £34.0 million) were down £8.2 million (or £7.3 million at constant exchange rates) with substantially lower sales of respiratory protection products, lower demand for business machine components and generally weaker markets in most European industrial sectors which we supply. Operating profit fell accordingly to £0.8 million (2004: £4.2 million).

We have added to the resources devoted to the Protection business in anticipation of the production launch for the JSGPM programme, the associated logistics support package and the expected growth in demand for professional products for emergency services.

Our new mask production facility in Cadillac, Michigan is currently being equipped and we plan further investments to support a number of attractive opportunities.

We expect our FM12 mask to be approved to the new CBRN standard for the US Homeland Security market during June 2005 following 12 months of testing. This standard is likely to be followed by a number of other countries and some customers have been holding back on purchases until products meeting the new standard are available. We plan to gain approval for the JSGPM derivatives to meet the new standard as we move into production for the initial military contract.

Hi-Life, our North American dairy rubberware business based in Wisconsin, USA and its Milk-Rite subsidiary, have achieved further modest sales growth and maintained excellent operating performance. Our ongoing focus on customer service and product innovation linked with world class manufacturing practices continue to support our leading position in this market. The launch of Milk-Rite in Europe, has led to supply arrangements with a growing number of distributors and allows us to achieve better margins. Sales to European original equipment manufacturers have reduced as expected.

Avon Engineered Fabrications has been awarded a number of contracts for its flexible fluid storage tanks, principally from the US military. A new large press has been installed at the Picayune, Mississippi factory to increase capacity and reduce costs for the production of tanks which hold up to 1 million litres. The benefits from the strong order book and improved manufacturing costs will be evident during the balance of the financial year.

Business machine markets remain mixed in their demand patterns with low volumes in traditional rollers and cleaning blades and higher schedules for newer product ranges. In general, other industrial markets such as aerosol gaskets, contract rubber mixing and civil engineering have been weaker although there are exceptions in specific areas.

FINANCING

Net debt at the end of the first half stood at £35.9 million (2004: £34.7 million) an increase of £1.2 million compared to last year and an increase of £6.2 million since the year end. This resulted in gearing of 53.1% (2004: 52.2%).

Net interest reduced by £0.1 million to £1.1 million (2004: £1.2 million).

Whilst capital expenditure was lower than depreciation in the first half of the year, we expect to increase investment in the second half to support respirator programmes and the growth of water hose demand in Orizaba, Mexico and Turkey.

DIVIDEND

The Board announces an unchanged interim dividend of 3.7p per share payable on 1 July 2005 to holders of ordinary shares on the register at noon on 10 June 2005.

OUTLOOK

The availability and pricing of raw materials has improved from the exceptionally difficult pattern experienced during recent months but remains the focus of our attention. However energy costs are increasing as we enter new contract periods.

There is limited visibility in some of our markets. Automotive markets appear to be softening overall with the weaker volumes of larger vehicles from traditional North American manufacturers partially offset by increased sales to the “new domestic” brands and the higher sales of water hose in all markets. In the second half, we will see the completion of the planned Automotive restructuring which will have a positive impact.

We expect improved sales of respirators and flexible storage tanks during the second half of the year with further growth in 2006. We will continue to invest in the substantial programme of work to meet the exciting opportunities in respiratory protection which we intend to develop as a significant part of Group activities.

In order to enhance shareholder value, we will remain focussed on operational efficiency and cash management as we progress our strategic plans to reposition the Group to achieve a better balance between the various areas of activity.

INDEPENDENT REVIEW REPORT TO AVON RUBBER p.l.c

INTRODUCTION

We have been instructed by the company to review the financial information which comprises consolidated profit and loss account, statement of total gains and losses, reconciliation of movements in shareholders' funds, consolidated balance sheet information as at 31 March 2005, consolidated cash flow statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2005.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
18 May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Half year to 31 March 05 £'000**	Half year to 31 March 04 £'000	Year to 30 Sept 04 £'000
Turnover	**2**	**114,886**	122,901	239,212
Group operating profit before exceptional items and goodwill amortisation		**3,052**	5,641	10,797
Goodwill amortisation		**(348)**	(347)	(681)
Exceptional operating expenses	**3**	**(1,932)**	-	-
Total operating profit	**2**	**772**	5,294	10,116
Interest		**(1,067)**	(1,187)	(2,207)
Other finance income		**504**	403	776
Profit on ordinary activities before taxation		**209**	4,510	8,685
Taxation	**4**	**(545)**	(838)	(1,658)
(Loss)/profit on ordinary activities after taxation		**(336)**	3,672	7,027
Minority interests		**(54)**	(127)	(389)
(Loss)/profit for the financial year		**(390)**	3,545	6,638
Dividends	**6**	**(1,003)**	(975)	(2,245)
Retained (loss)/profit for the financial year		**(1,393)**	2,570	4,393
Dividends per share		**3.7p**	3.7p	8.5p
(Loss)/earnings per share	**7**			
Basic		**(1.5)p**	13.4p	25.1p
Before exceptional items		**5.5p**	13.4p	25.1p
Before exceptional items and goodwill amortisation		**6.8p**	14.7p	27.6p
Diluted		**(1.5)p**	12.4p	23.5p

All of the Group's turnover and operating profit was generated from continuing activities.

There is no material difference between the loss as stated above and that calculated on an historical cost basis.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Half year to 31 March 05 £'000	Half year to 31 March 04 £'000	Year to 30 Sept 04 £'000
(Loss)/profit for the period	**(390)**	3,545	6,638
Actuarial gain/(loss) recognised in retirement benefit schemes (net of tax)	**4,643**	3,540	(753)
Net exchange difference on overseas investments	**606**	(1,606)	(672)
Total gains for the period	**4,859**	5,479	5,213
Prior year adjustment	**-**	(19,360)	(19,360)
Total gains/(losses) since last annual report	**4,859**	(13,881)	(14,147)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Half year to 31 March 05 £'000	Half year to 31 March 04 £'000	Year to 30 Sept 04 £'000
Opening shareholders' funds as previously stated	**63,751**	80,728	80,728
Prior year adjustment	**-**	(20,318)	(20,318)
Opening shareholders' funds restated	**63,751**	60,410	60,410
(Loss)/profit for the period	**(390)**	3,545	6,638
Dividends	**(1,003)**	(975)	(2,245)
Actuarial gain/(loss) recognised in retirement schemes (net of tax)	**4,643**	3,540	(753)
Net exchange differences on overseas investments	**606**	(1,606)	(672)
Movement in respect of employee share scheme	**(620)**	1	(19)
Goodwill resurrected on disposal of subsidiary	**-**	427	392
Closing shareholders' funds	**66,987**	65,342	63,751

CONSOLIDATED BALANCE SHEET

	As at 31 March 05 £'000	As at 31 March 04 £'000	As at 30 Sept 04 £'000
Fixed assets			
Intangible assets	**14,618**	13,521	14,595
Tangible assets	**82,437**	84,674	85,330
Investments	**74**	-	68
	97,129	98,195	99,993
Current assets			
Stocks	**23,541**	18,055	20,983
Debtors – amounts falling due within one year	**47,935**	48,238	44,137
Debtors – amounts falling due after more than one year	**790**	213	617
Investments	**4,673**	3,858	4,118
Cash at bank and in hand	**8,286**	5,331	5,767
	85,225	75,695	75,622
Creditors – amounts falling due within one year			
Short term borrowings and current instalments of loans	**21,362**	22,516	24,641
Other creditors	**49,185**	46,231	49,637
	70,547	68,747	74,278
Net current assets	**14,678**	6,948	1,344
Total assets less current liabilities	**111,807**	105,143	101,337
Creditors – amounts falling due after more than one year			
Borrowings	**27,515**	21,382	14,931
Other creditors	**241**	256	401
	27,756	21,638	15,332
Provisions for liabilities and charges	**1,950**	1,546	1,950
Net assets excluding pension liability	**82,101**	81,959	84,055
Pension liability	**14,410**	15,525	19,654
Net assets	**67,691**	66,434	64,401
Capital and reserves			
Share capital	**27,824**	27,824	27,824
Share premium account	**34,070**	34,070	34,070
Revaluation reserve	**2,213**	2,518	2,213
Capital redemption reserve	**500**	500	500
Other reserve	**(1,597)**	(957	(977)
Profit and loss account	**3,977**	1,387	121
Equity shareholders' funds	**66,987**	65,342	63,751
Minority interests (equity interests)	**704**	1,092	650
	67,691	66,434	64,401

CONSOLIDATED CASH FLOW STATEMENT

	Note	**Half year to 31 March 05 £'000**	Half year to 31 March 04 £'000	Year to 30 Sept 04 £'000
Operating activities				
Operating profit		**772**	5,294	10,116
Goodwill amortisation		**348**	347	681
Depreciation		**4,478**	4,690	8,934
Impairment of fixed assets		**400**	-	-
Amortisation of development costs		**607**	514	1,292
Movement in working capital and provisions		**(6,330)**	(6,016)	249
Other movements		**(752)**	795	456
Net cash (outflow)/inflow from operating activities		**(477)**	5,624	21,728
Returns on investments and servicing of finance		**(989)**	(1,112)	(2,367)
Corporation tax paid		**(1,293)**	(1,747)	(1,994)
Net capital expenditure		**(2,257)**	(2,626)	(6,970)
Capitalised development expenditure		**(788)**	(500)	(2,384)
Sale of operations		**-**	2,175	1,884
Purchase of shares in subsidiary undertakings		**-**	-	(1,189)
Equity dividends paid		**(1,268)**	(1,192)	(2,172)
Net cash (outflow)/inflow before management of liquid resources and financing		**(7,072)**	622	6,536
Management of liquid resources				
Increase in investments treated as liquid resources		**(620)**	(39)	(270)
Financing				
Movements in loans and finance leases		**10,718**	(1,778)	(7,690)
Purchase of own shares		**-**	(449)	(449)
Increase/(decrease) in cash		**3,026**	(1,644)	(1,873)
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash		**3,026**	(1,644)	(1,873)
Movements in loans and finance leases		**(10,718)**	1,778	7,690
Movement in liquid resources		**620**	39	270
Amortisation of loan issue costs		**(28)**	(60)	(92)
Exchange differences		**869**	3,200	2,340
Movement in net debt in the period		**(6,231)**	3,313	8,335
Net debt at the beginning of the period		**(29,687)**	(38,022)	(38,022)
Net debt at the end of the period	**8**	**(35,918)**	(34,709)	(29,687)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. The results for the half years 31 March 2005 and 31 March 2004 are unaudited and have been prepared using accounting policies consistent with those set out in the 2004 Annual Report and Accounts. The comparative information for the year ended 30 September 2004 does not constitute the Company's statutory accounts for that year but is derived from those accounts. The statutory accounts of the company for the year ended 30 September 2004 have been delivered to the Registrar of Companies and an unqualified audit opinion was given. These interim financial statements were approved by the board of directors on 18 May 2005.

2. SEGMENTAL INFORMATION

		Half year to 31 March 05 £'000	Half year to 31 March 04 £'000	Year to 30 Sept 04 £'000
a)	**Turnover by destination**			
	Europe	**64,653**	63,713	127,562
	North America	**48,584**	55,701	105,471
	Rest of World	**1,649**	3,487	6,179
		114,886	122,901	239,212
b)	**Turnover by origin**			
	Europe	**66,001**	69,770	135,067
	North America	**48,885**	53,131	104,145
		114,886	122,901	239,212
c)	**Operating profit/(loss) by origin**			
	Europe	**(199)**	1,710	1,903
	North America	**2,903**	3,584	8,213
		2,704	5,294	10,116
	Exceptional operating expenses:			
	Europe	**(1,932)**	-	-
	North America	**-**	-	-
		772	5,294	10,116
d)	**Turnover by business sector**			
	Automotive components	**89,135**	88,927	175,308
	Technical products	**25,751**	33,974	63,904
		114,886	122,901	239,212
e)	**Operating profit by business sector**			
	Automotive components	**1,855**	1,095	2,996
	Technical products	**849**	4,199	7,120
		2,704	5,294	10,116
	Exceptional operating expenses:			
	Automotive components	**(1,760)**	-	-
	Technical products	**(172)**	-	-
		772	5,294	10,116

3. The exceptional charge during the half year ended 31 March 2005 consists of:

	£'000
Impairment of tangible assets	**400**
Reorganisation costs	**639**
Provision against MG Rover balances	**893**
	1,932

The impairment charge relates to the writedown of tangible assets at Calaf in Spain.

4. Estimated tax rates for the United Kingdom and overseas have been calculated based on the latest projections for the year ending 30 September 2005. These tax rates have been used in determining the tax charge for the six month period to 31 March 2005.

	31 March 2005 £'000	31 March 2004 £'000
United Kingdom (19% (2004: 20%))	**(189)**	646
Overseas (28% (2004: 15%))	**734**	192
	545	838

The tax credit on exceptional items included above is £80,000 (2004: nil).

5. Profit and loss accounts of foreign group undertakings are translated at average rates of exchange and balance sheets are translated at period end or year end rates, as appropriate.

6. The cost of the interim dividend on the ordinary shares in issue will be approximately £1,003,000 (2004: £975,000). The dividend will be paid on 1 July 2005 to shareholders on the register at noon on 10 June 2005.

7. Basic loss per ordinary share is based on a loss of £390,000 (2004: £3,545,000 profit) and 26,617,000 (2004: 26,537,000) ordinary shares, being the weighted average of the shares in issue during the period on which dividends are paid.

Earnings per ordinary share before exceptional items and tax on exceptional items is based on a profit of £1,462,000 (2004: £3,545,000).

Earnings per ordinary share before exceptional items and tax on exceptional items and goodwill is based on a profit of £1,810,000 (2004: £3,892,000).

8. ANALYSIS OF NET DEBT

	As at 30 Sept 04 £'000	Cash flow £'000	Amortisation of loan issue costs £'000	Exchange movements £'000	**As at 31 March 05 £'000**
Cash at bank and in hand	5,767	2,505	-	14	**8,286**
Overdrafts	(1,277)	521	-	(18)	**(774)**
Debt due after one year	(14,931)	(12,922)	(28)	366	**(27,515)**
Debt due within one year	(23,361)	2,201	-	572	**(20,588)**
Finance leases	(3)	3	-	-	**-**
Current asset investments	4,118	620	-	(65)	**4,673**
	(29,687)	(7,072)	(28)	869	**(35,918)**

9. Copies of this announcement are being sent to shareholders.

Copies are also available from the company's registered office at Manvers House, Kingston Road, Bradford on Avon, Wiltshire, BA15 1AA (Telephone: 01225 861100), or via the corporate website (www.avon-rubber.com).