focus on the future

Avon Rubber p.l.c.

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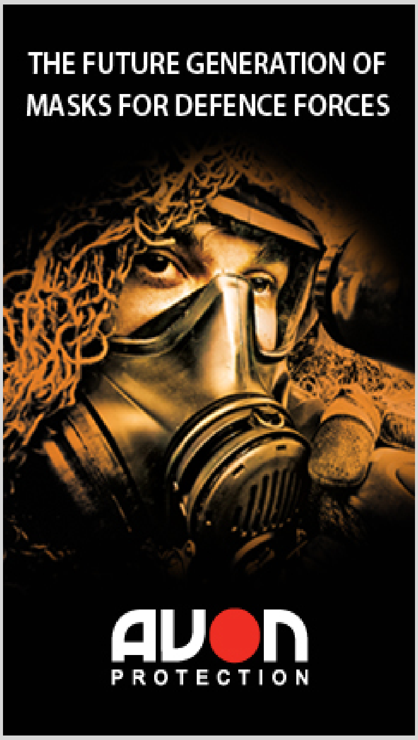

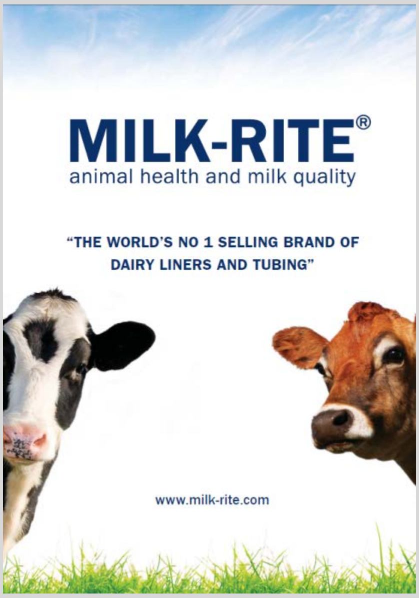

News Release

Strictly embargoed until 07:00 4 May 2011

AVON RUBBER p.l.c.
("Avon", the "Group" or the "Company")

Unaudited interim results for the six months ended 31 March 2011

	31 March 2011 £Millions	31 March 2010 £Millions
REVENUE	**48.0**	56.5
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	**7.1**	6.2
OPERATING PROFIT	**4.8**	4.1
PROFIT BEFORE TAXATION	**4.4**	2.9
PROFIT FOR THE PERIOD	**3.1**	1.7
NET DEBT	**13.9**	14.4
BASIC EARNINGS PER SHARE	**10.8p**	6.1p

FINANCIAL HIGHLIGHTS

- Operating profit up 18%
- Profit before taxation up 49%
- Earnings per share up 77%
- Lower interest costs and effective tax rate
- Improved margins reflecting sales mix and improved operational efficiencies
- Resumption of interim dividend of 1.0p per share

OPERATIONAL HIGHLIGHTS

- Good performance despite US budget approval delaying order release
- Continued growth in non DoD respirator order intake
- Second filter line successfully introduced
- Full effect of European Dairy production relocation now realised
- Market share gain for Milk-Rite IPMV liner

Peter Slabbert, Chief Executive commented:

"Avon has continued to make progress during the first half of 2011, recording good increases in operating margins, profits and earnings.

The Board remains confident that the Group can maintain the underlying profit momentum seen in the first half of the year and expects stronger revenues in the second half, particularly now the US defence budget has been approved."

Avon Rubber p.l.c.

Peter Slabbert, Chief Executive	Today:	020 7067 0700
Andrew Lewis, Group Finance Director	Thereafter:	01225 896 870
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Sarah Matthews-DeMers, Group Financial Controller		01225 896 835

Weber Shandwick Financial

Nick Oborne	020 7067 0700
Stephanie Badjonat	

NOTES TO EDITORS: Avon Rubber p.l.c. is a world leader in the design, test and manufacture of advanced Chemical, Biological, Radiological and Nuclear (CBRN) respiratory protection solutions to the worlds military, law enforcement, first responder, emergency services, fire and industrial markets. Avon has a unique capability in CBRN protection based on a range of advanced CBRN technologies in respirator design, filtration and compressed air breathing apparatus. This enables Avon to develop specialised solutions that take full account of user requirements. Avon also owns a world leading dairy business manufacturing liners and tubing for the automated milking process. For further information please visit the Group's website www.avon-rubber.com

Interim Management Report

INTRODUCTION

Avon has continued to make progress during the first half of 2011, recording good increases in operating margins, profits and earnings.

The Protection & Defence business has benefited from increased non DoD orders. The division's operating profit and return on sales improved despite the unhelpful impact of the US budget impasse, the recent resolution of which should result in a stronger second half.

The profitability of our Dairy business has improved significantly year on year, reflecting better market conditions and we are seeing the full year impact of our European production outsourcing project.

GROUP RESULTS

Group revenue at £48.0m (2010: £56.5m) was adversely impacted by the delay in the approval of the US defence budget although would have broadly remained constant if all deliveries for which we have inventory and orders had been shipped. Dairy revenues were up while US Protection & Defence revenues were lower due to these delayed deliveries and lower revenue at AEF, both a consequence of the US budget situation.

Foreign exchange translation has not had a material impact on our results for this half year as the $/£ average rate of $1.59 was similar to the $1.58 which prevailed in the same period last year.

The Group made an operating profit of £4.8m (2010: £4.1m), an increase of 18%. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') were £7.1m (2010: £6.2m), up 16%, resulting in our return on sales KPI (defined as EBITDA divided by revenue) improving to 14.8% from 10.9% in 2010.

Net finance costs reduced to £0.2m (2010: £0.5m) reflecting the lower level of core borrowings in 2011 and the improved cost of funds negotiated as part of our new longer term financing agreement.

The lower non-cash finance expense of £0.2m (2010: £0.6m) resulted from a change in actuarial assumptions in our retirement benefit scheme (which is closed to future accrual), the most significant of which was the move to CPI from RPI for the valuation of deferred benefits.

This resulted in a profit before tax of £4.4m (2010: £2.9m) and after a tax charge of £1.3m (2010: £1.2m), an effective rate of 30% (2010: 41%), the Group recorded a profit for the period after tax of £3.1m (2010: £1.7m). The reduced tax rate reflects a combination of the geographical split of taxable profits and the lower other finance expense relating to the pension scheme. Basic earnings per share were up 77% at 10.8p (2010: 6.1p).

NET DEBT AND CASHFLOW

Net debt increased from £12.6m at the 2010 year end to £13.9m at 31 March 2011. The main driver for the increase was the investment in working capital in the Protection & Defence business, largely relating to filter inventory put in place to meet customer demand.

At period end there were filter spares in inventory worth approximately £5m. The US DoD has placed a delivery order for these and in the normal course of events the majority would have been shipped prior to period end. However due to customer administrative and testing delays these will be shipped in the second half of the financial year.

Capital expenditure of £2.1m (2010: £2.8m) was split between tangible (£0.9m) and intangible (£1.2m) assets. The most significant area of product development was the NIOSH approval secured for Avon's powered air product, AvonAir. Having secured regulatory approval for this product, it will be launched into the market in the second half of this financial year.

Total bank facilities at 31 March 2011 were £24m, the majority of which are US$ denominated and committed to 30 March 2014.

PROTECTION & DEFENCE

Revenue for the division was £32.7m (2010: £43.3m), the two main contributing factors to the reduction being lower revenue at AEF (down £8m) and the timing of filter spares shipments (valued at £5m). Long term committed programs such as our ten year sole source respirator program have been largely unaffected in funding terms by budget delays although the procedural process of doing business with the US government has slowed. Procurement from operational budgets such as the flexible storage tanks at AEF have been impacted but with an increased Defence budget now in place we expect funding to accelerate in the second half of the year.

Despite this, operating profit was up 6% at £3.2m (2010: £3.0m) and EBITDA was up 8% at £5.3m (2010: £4.9m) with a better sales mix from higher margin non DoD sales and improved operational efficiencies. Return on sales improved to 16.3% compared to 11.3% in 2010.

Sales of our core M50 military respirator remained on schedule in the first half of the year. Contractual delays in receiving follow on orders restricted our ability to ship filter spares. With these orders now in place we will see the impact of increased production from our new filter line in the second half.

During the period the US DoD has solicited bids for the supply of spare filters. Avon submitted a bid for this seven year contract and expects the results of the solicitation to be known during the second half of the 2011 calendar year, although should additional sources be chosen they are not likely to enter full production before 2013. In the interim we continue as the sole source supplier with a growing order intake for this consumable product.

In addition to the DoD business, orders and sales of the homeland security / foreign military variants of the M50 mask continued to grow. The rest of the world saw significant orders received from Saudi Arabia, Kuwait, France and our first FMS sale through the US DoD. Avon's respiratory protection products are clearly becoming the mask of choice in defence and homeland security markets around the world and we expect the proportion of revenues from these sources to continue to grow over the medium term.
In the UK, the MoD exercised the third and final year of its three year contract for S10 masks worth £1.6m. We expect deliveries to conclude during the second half of our financial year.

As in 2010 the timing of release of Federal funding to the US fire departments, which has a bias to the second half of our financial year, led to ISI experiencing difficult market conditions in its core US fire market in the first half of our financial year. The success of ISI's ST53 product, which combines our special forces military mask with a set of self-contained breathing apparatus, somewhat offset the weaker domestic fire market in the US to the extent that ISI remained profitable at an EBITDA level.

Of all the Protection & Defence business units AEF has been most affected by the delay in US Government approval of the 2011 Defence budget. After a reasonable start in quarter one, quarter two saw a cessation of orders resulting in revenue being down £8m, which has adversely impacted operating profit by £1m.

Overall, the division continues to enjoy a healthy order book, which stood at £42m at the period end (30 September 2010: £49m), the expected reduction due to the consumption of six months' worth of the five year DoD mask systems order.

DAIRY

Revenues for the Dairy business were up 16% at £15.4m (2010: £13.2m) which generated an operating profit of £2.5m (2010: £2.0m). EBITDA was £2.7m (2010: £2.2m), giving a return on sales of 17.6%, up from 16.9% in 2010.

The Dairy business benefited from a stronger market compared to the equivalent period last year and this, together with the full year benefits of the outsourcing of the European manufacture of dairy products, improved profitability. The success of the ground breaking mouthpiece vented liner ('IPMV') launched in the second half of 2010 has continued in 2011 and this product has already claimed a 4% market share in the United States.

Input costs have risen substantially during the period and remain volatile. While we have sought to pass these on to our customers, rising raw material prices dilutes margin in percentage terms.

RETIREMENT BENEFIT OBLIGATIONS

The IAS 19 valuation of the Group's UK retirement benefit obligations has moved from a deficit of £6.3m at 30 September 2010 to a surplus of £0.9m as at 31 March 2011. This shift has resulted from a change in the assumption related to the valuation of deferred members' benefits from an RPI to CPI basis and an increase in asset values, offset by more prudent long term inflation assumptions reflecting global financial market conditions.

DIVIDENDS

The final dividend for the financial year 2009/10 of 1.5p per ordinary share was paid to shareholders on 8 April 2011 and absorbed £424,000 of shareholders' funds. This is presented as a liability in the 2011 interim financial statements.

Subsequent to the period end, the Board approved the resumption of an interim dividend of 1.0p per ordinary share for 2011. This will be paid on 9 September 2011 to shareholders on the register on 12 August 2011. It is expected to absorb £283,000 of shareholders' funds and there are no corporation tax consequences.

BOARD CHANGES

The Rt. Hon. Sir Richard Needham has informed the Board of his intention to stand down as Chairman at the next Annual General Meeting but he will remain as a Board member to ensure a smooth transition. Sir Richard has led the Board through the turnaround in operational and financial performance over the last three years.

The Board is delighted to announce that David Evans has accepted the opportunity to succeed Sir Richard. David has served Avon as a Non-Executive Director for four years and prior to that was Chief Executive of Chemring plc. David's experience of the Defence sector will be invaluable to Avon as it enters the next phase of its development.

OUTLOOK

The Board remains confident that the Group can maintain the underlying profit momentum seen in the first half of the year and expects stronger revenues in the second half, particularly now the US defence budget has been approved.

The Protection & Defence business will benefit from the security of the long term DoD contract, the release of deferred US government spending from the first half year and growing non DoD opportunities. We continue to invest in new products and technologies and target further operational efficiencies.

In Dairy we remain well positioned in a market with long term growth potential. The market is buoyant, our cost base is appropriate and stable and we have opportunities to further enhance profitability by developing our strong Milk-Rite brand and enhancing our product portfolio.

Peter Slabbert
Chief Executive
4 May 2011

Andrew Lewis
Group Finance Director
4 May 2011

Statement of Directors' Responsibilities

The Directors confirm that this condensed set of financial statements has been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8R, namely:

• an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
• material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The Directors are as listed on page 21 of the 2010 Annual Report.

Forward-looking statements

Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Company website

The interim statement is available on the Company's website at http://interim.avon-rubber.com. The maintenance and integrity of the website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Miles Ingrey-Counter
Company Secretary
4 May 2011

Consolidated Statement of Comprehensive Income

	Note	Half Year to 31 March 11 (Unaudited) £'000	Half Year to 31 March 10 (Unaudited) £'000	Year to 30 Sept 10 (Audited) £'000
Revenue	4	**48,009**	56,519	117,574
Cost of sales		**(34,296)**	(42,421)	(89,256)
Gross profit		**13,713**	14,098	28,318
Distribution costs		**(2,483)**	(2,104)	(4,527)
Administrative expenses		**(6,419)**	(7,934)	(14,536)
Operating profit	4	**4,811**	4,060	9,255
Operating profit is analysed as:				
Before depreciation and amortisation		**7,125**	6,152	13,577
Depreciation and amortisation		**(2,314)**	(2,092)	(4,322)
Operating profit		**4,811**	4,060	9,255
Finance income	5	**5**	7	16
Finance costs	5	**(227)**	(540)	(985)
Other finance expense	5	**(229)**	(595)	(1,152)
Profit before taxation		**4,360**	2,932	7,134
Taxation	6	**(1,308)**	(1,201)	(2,808)
Profit for the period		**3,052**	1,731	4,326
Other comprehensive income				
Actuarial gain recognised in retirement benefit scheme	14	**7,052**	2,749	2,315
Net exchange differences offset in reserves		**(340)**	889	28
Other comprehensive income for the period, net of taxation		**6,712**	3,638	2,343
Total comprehensive income for the period		**9,764**	5,369	6,669
Earnings per share	8			
Basic		**10.8p**	6.1p	15.2p
Diluted		**10.0p**	5.8p	14.4p

Consolidated Balance Sheet

	Note	**Half Year to 31 March 11 (Unaudited) £'000**	Half Year to 31 March 10 (Unaudited) £'000	Year to 30 Sept 10 (Audited) £'000
Assets				
Non-current assets				
Intangible assets		**9,058**	9,547	8,794
Property, plant and equipment		**16,379**	17,790	16,968
Retirement benefit assets	14	**900**	-	-
		26,337	27,337	25,762
Current assets				
Inventories		**19,585**	12,712	11,525
Trade and other receivables		**12,248**	20,263	14,540
Derivative financial instruments		**140**	-	113
Cash and cash equivalents	12	**1,374**	740	577
		33,347	33,715	26,755
Liabilities				
Current liabilities				
Borrowings		**-**	4,839	-
Derivative financial instruments		**-**	234	-
Trade and other payables		**16,952**	22,145	15,664
Dividends payable	7	**424**	-	-
Provisions for liabilities and charges	9	**1,622**	1,510	1,622
Current tax liabilities		**1,904**	2,009	886
		20,902	30,737	18,172
Net current assets		**12,445**	2,978	8,583
Non-current liabilities				
Borrowings	12	**15,302**	10,324	13,166
Deferred tax liabilities		**2,622**	1,833	2,517
Retirement benefit obligations	14	**-**	6,791	7,134
Provisions for liabilities and charges	9	**2,672**	3,667	2,751
		20,596	22,615	25,568
Net assets		**18,186**	7,700	8,777
Shareholder equity				
Ordinary shares	10	**30,723**	29,141	30,723
Share premium account	10	**34,708**	34,708	34,708
Capital redemption reserve		**500**	500	500
Translation reserve		**(333)**	868	7
Accumulated losses		**(47,412)**	(57,556)	(57,161)
Equity shareholders' funds		**18,186**	7,661	8,777
Non-controlling interest in equity		**-**	39	-
Total equity		**18,186**	7,700	8,777

Consolidated Cash Flow Statement

	Note	**Half Year to 31 March 11 (Unaudited) £'000**	Half Year to 31 March 10 (Unaudited) £'000	Year to 30 Sept 10 (Audited) £'000
Cash flows from operating activities	11			
Cash generated from continuing operating activities prior to the effect of exceptional items		**1,370**	4,919	13,105
Cash effect of exceptional items		**-**	(848)	(1,186)
Cash generated from continuing operations		**1,370**	4,071	11,919
Cash used in discontinued operations		**(322)**	(854)	(2,052)
Cash generated from operations		**1,048**	3,217	9,867
Finance income received		**5**	7	16
Finance costs paid		**(301)**	(420)	(768)
Tax (paid)/received		**(185)**	23	(1,787)
Net cash generated from operating activities		**567**	2,827	7,328
Cash flows from investing activities				
Acquisition of subsidiaries – deferred consideration		**-**	(126)	(1,291)
Proceeds from sale of property, plant and equipment		**-**	-	1,668
Purchase of property, plant and equipment		**(882)**	(2,699)	(5,384)
Purchase of intangible assets		**(1,202)**	(99)	(645)
Net cash used in investing activities		**(2,084)**	(2,924)	(5,652)
Cash flows from financing activities				
Net movements in loans		**2,315**	(2,590)	612
Dividends paid to non-controlling interest		**-**	(142)	(298)
Purchase of own shares		**-**	(13)	(267)
Net cash generated from/(used in) financing activities		**2,315**	(2,745)	47
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**798**	(2,842)	1,723
Cash, cash equivalents and bank overdrafts at beginning of the period		**577**	(1,090)	(1,090)
Effects of exchange rate changes		**(1)**	(167)	(56)
Cash, cash equivalents and bank overdrafts at end of the period	12	**1,374**	(4,099)	577

Consolidated Statement of Changes in Equity

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Equity shareholders' funds £'000	Non-controlling interest in equity £'000	Total equity £'000
At 1 October 2009		29,141	34,708	479	(62,103)	2,225	39	2,264
Profit for the period		-	-	-	1,731	1,731	-	1,731
Unrealised exchange differences on overseas investments		-	-	889	-	889	-	889
Actuarial gain recognised in retirement benefit scheme		-	-	-	2,749	2,749	-	2,749
Total comprehensive income for the period		-	-	889	4,480	5,369	-	5,369
Movement in respect of employee share scheme		-	-	-	67	67	-	67
At 31 March 2010		29,141	34,708	1,368	(57,556)	7,661	39	7,700
Profit for the period		-	-	-	2,595	2,595	-	2,595
Unrealised exchange differences on overseas investments		-	-	(861)	-	(861)	-	(861)
Actuarial loss recognised in retirement benefit scheme		-	-	-	(434)	(434)	-	(434)
Total comprehensive income/(expense) for the period		-	-	(861)	2,161	1,300	-	1,300
New shares issued		1,582	-	-	-	1,582	-	1,582
Dividend approved in general meeting		-	-	-	-	-	(39)	(39)
Purchase of shares by the employee benefit trust		-	-	-	(1,849)	(1,849)	-	(1,849)
Movement in respect of employee share scheme		-	-	-	83	83	-	83
At 30 September 2010		30,723	34,708	507	(57,161)	8,777	-	8,777
Profit for the period		**-**	**-**	**-**	**3,052**	**3,052**	**-**	**3,052**
Unrealised exchange differences in overseas investments		**-**	**-**	**(340)**	**-**	**(340)**	**-**	**(340)**
Actuarial gain recognised in retirement benefit scheme		**-**	**-**	**-**	**7,052**	**7,052**	**-**	**7,052**
Total comprehensive income/(expense) for the period		**-**	**-**	**(340)**	**10,104**	**9,764**	**-**	**9,764**
Dividend approved in general meeting	7	**-**	**-**	**-**	**(424)**	**(424)**	**-**	**(424)**
Movement in respect of employee share scheme		**-**	**-**	**-**	**69**	**69**	**-**	**69**
At 31 March 2011		**30,723**	**34,708**	**167**	**(47,412)**	**18,186**	**-**	**18,186**

Notes to the Interim Financial Statements

1. General Information

The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.

The company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 4 May 2011.

These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2010 were approved by the Board of Directors on 24 November 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of Preparation

This condensed consolidated interim financial information for the half-year ended 31 March 2011 has been prepared in accordance with the Disclosures and Transparency rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. These interim financial results should be read in conjunction with the annual financial statements for the year ended 30 September 2010, which have been prepared in accordance with IFRS as adopted by the European Union.

3. Accounting Policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2010, as described in those financial statements.

Recent accounting developments

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) or by the International Financial Reporting Interpretations Committee (IFRIC) but have not yet been adopted. Subject to endorsement by the European Union, these will be adopted in future periods. The Group's approach to these is as follows:

a) Standards, amendments and interpretations effective in 2011

The following standards, amendments and interpretations have been adopted in preparing the condensed consolidated interim financial information and will be adopted for the year ended 30 September 2011:

- Amendment to IFRS 2, 'Share based payment – group cash-settled share-based payment transactions'
- Annual improvements 2009

The adoption of these amendments has not had a material impact on the interim financial information.

b) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendments to IFRS 1, 'Additional exemptions for first time adopters'
- Amendment to IFRS 1, 'Limited exemption from comparative IFRS 7 disclosures for first time adopters'
- Amendment to IAS 32, 'Classification of rights issues'
- IFRIC 15, 'Arrangements for construction of real estates'
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

c) Standards, amendments and interpretations to existing standards issued but not yet effective in 2011 and not early adopted.

- IAS 24 (revised), 'Related party disclosures'
- Annual improvements 2010
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement'
- IFRS 9, 'Financial instruments'

4. Segmental Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and the Group Executive team.

The Group has two clearly defined business segments, Protection & Defence and Dairy, and operates out of the UK and the USA.

Business Segments

Half year to 31 March 2011 (Unaudited)

	Protection & Defence £'000	Dairy £'000	Unallocated £'000	Group £'000
Revenue	32,659	15,350		48,009
Segment results before depreciation and amortisation	5,311	2,695	(881)	7,125
Depreciation of property, plant and equipment	(1,137)	(191)	(16)	(1,344)
Amortisation of intangibles	(969)	-	(1)	(970)
Segment result	3,205	2,504	(898)	4,811
Finance income			5	5
Finance costs			(227)	(227)
Other finance expense			(229)	(229)
Profit before taxation	3,205	2,504	(1,349)	4,360
Taxation			(1,308)	(1,308)
Profit for the period	3,205	2,504	(2,657)	3,052

Half year to 31 March 2010 (unaudited)

	Protection & Defence £'000	Dairy £'000	Unallocated £'000	Group £'000
Revenue	43,302	13,217		56,519
Segment results before depreciation and amortisation	4,892	2,234	(974)	6,152
Depreciation of property, plant and equipment	(1,012)	(188)	(14)	(1,214)
Amortisation of intangibles	(869)	(5)	(4)	(878)
Segment result	3,011	2,041	(992)	4,060
Finance income			7	7
Finance costs			(540)	(540)
Other finance expense			(595)	(595)
Profit before taxation	3,011	2,041	(2,120)	2,932
Taxation			(1,201)	(1,201)
Profit for the period	3,011	2,041	(3,321)	1,731

Year to 30 September 2010 (audited)

	Protection & Defence £'000	Dairy £'000	Unallocated £'000	Group £'000
Revenue	90,167	27,407		117,574
Segment results before depreciation and amortisation	10,414	5,023	(1,860)	13,577
Depreciation of property, plant and equipment	(2,017)	(377)	(28)	(2,422)
Amortisation of intangibles	(1,882)	(9)	(9)	(1,900)
Segment result	6,515	4,637	(1,897)	9,255
Finance income			16	16
Finance costs			(985)	(985)
Other finance expense			(1,152)	(1,152)
Profit before taxation	6,515	4,637	(4,018)	7,134
Taxation			(2,808)	(2,808)
Profit for the period	6,515	4,637	(6,826)	4,326

Revenue by Origin

	Half year to 31 March 11 (unaudited) £'000	Half year to 31 March 10 (unaudited) £'000	Year to 30 Sept 10 (audited) £'000
UK	**6,804**	7,981	15,141
USA	**41,205**	48,538	102,433
	48,009	56,519	117,574

Segment assets in the UK and USA were £11.1m and £48.6m respectively (2010: £11.5m and £41.0m).

5. Finance Income and Costs

	Half year to 31 March 11 (unaudited) £'000	Half year to 31 March 10 (unaudited) £'000	Year to 30 Sept 10 (audited) £'000
Interest payable on bank loans and overdrafts	**(227)**	(493)	(932)
Other finance costs	**-**	(47)	(53)
Total finance costs	**(227)**	(540)	(985)
Finance income	**5**	7	16
	(222)	(533)	(969)

Other Finance Expense

	Half year to 31 March 11 (unaudited) £'000	Half year to 31 March 10 (unaudited) £'000	Year to 30 Sept 10 (audited) £'000
Interest cost: UK defined benefit pension scheme	**(6,638)**	(7,209)	(13,937)
Expected return on plan assets: UK defined benefit pension scheme	**6,612**	6,849	13,242
Provisions: Unwinding of discount	**(203)**	(230)	(441)
Other finance cost	**-**	(5)	(16)
	(229)	(595)	(1,152)

6. Taxation

	Half year to 31 March 11 (unaudited) £'000	Half year to 31 March 10 (unaudited) £'000	Year to 30 Sept 10 (audited) £'000
United Kingdom	**-**	-	-
Overseas	**1,308**	1,201	2,808
	1,308	1,201	2,808

The effective tax rate for the period is 30% (2010: 41%). The adjusted effective tax rate is 29% (2010: 34%), defined as the tax charge divided by the profit before tax, excluding the charge relating to other finance expense.

7. Dividends

On 3 March 2011, the shareholders approved a final dividend of 1.5p per qualifying ordinary share in respect of the year ended 30 September 2010. This was paid on 8 April 2011 absorbing £424,000 of shareholders' funds. No interim dividend was paid in respect of the 2010 financial year.

The Board of Directors have approved an interim dividend of 1.0p per qualifying ordinary share in respect of the year ended 30 September 2011. This will be paid on 9 September 2011 to shareholders on the register at the close of business on 12 August 2011. In accordance with accounting standards this dividend has not been recognised as a liability and there are no corporation tax consequences. It will be recognised in shareholders' funds in the year to 30 September 2011 and is expected to absorb £283,000 of shareholders' funds.

8. Earnings Per Share

Basic earnings per share is based on a profit attributable to ordinary shareholders of £3,052,000 (2010: £1,731,000) and 28,286,000 (2010: 28,467,000) ordinary shares being the weighted average of the shares in issue during the period.

The company has 2,375,000 (8.4%) (2010: 1,959,000 (6.7%)) dilutive potential ordinary shares in respect of the Performance Share Plan.

9. Provisions for Liabilities and Charges

	Property obligations £'000	Automotive disposal £'000	Total £'000
Balance at 30 September 2010	3,383	990	4,373
Payments in the period	**(282)**	-	**(282)**
Unwinding of discount	**203**	-	**203**
At 31 March 2011	**3,304**	**990**	**4,294**

10. Share Capital

	Half year to 31 March 11 (unaudited)	Half year to 31 March 10 (unaudited)	Year to 30 Sept 10 (audited)
Number of shares (thousands)	**30,723**	29,141	30,723
Ordinary shares (£'000)	**30,723**	29,141	30,723
Share premium (£'000)	**34,708**	34,708	34,708

11. Cash Generated from Operations

	Half Year to 31 March 11 (Unaudited) £'000	Half Year to 31 March 10 (Unaudited) £'000	Year to 30 Sept 10 (Audited) £'000
Continuing operations			
Profit for the period	**3,052**	1,731	4,326
Adjustments for:			
Taxation	**1,308**	1,201	2,808
Depreciation	**1,344**	1,214	2,422
Amortisation of intangibles	**970**	878	1,900
Net finance expense	**222**	533	969
Other finance expense	**229**	595	1,152
Loss/(profit) on disposal of property, plant and equipment	**-**	15	(1)
Loss on disposal of intangible assets	**-**	-	12
Movements in working capital and provisions	**(5,674)**	(2,102)	(1,303)
Other movements	**(81)**	6	(366)
Cash generated from continuing operations	**1,370**	4,071	11,919
Analysed as:			
Cash generated from continuing operations prior to the effect of exceptional operating items	**1,370**	4,919	13,105
Cash effect of exceptional items	**-**	(848)	(1,186)
Discontinued operations			
Movements in working capital and provisions	**(322)**	(854)	(2,052)
Cash used in discontinued operations	**(322)**	(854)	(2,052)
Cash generated in operations	**1,048**	3,217	9,867

12. Analysis of Net Debt

	As at 30 Sept 10 £'000	Cash flow £'000	Exchange movements £'000	**As at 31 March 11 £'000**
Cash and cash equivalents	577	798	(1)	**1,374**
Debt due in more than 1 year	(13,166)	(2,315)	179	**(15,302)**
	(12,589)	(1,517)	178	**(13,928)**

Borrowing facilities

	Total facility £'000	Utilised £'000	Undrawn £'000
United Kingdom	14,669	10,857	3,812
North America	8,815	4,445	4,370
Utilised in respect of guarantees	542	542	-
	24,026	15,844	8,182

The above facilities are with Barclays Bank and Comerica Bank. The Barclays facility comprises a revolving credit facility of £5m and $15.5m and expires on 30 March 2014. The Comerica facility is a $15m revolving credit facility and expires on 30 September 2013. These facilities are priced on average at the appropriate currency LIBOR plus a margin of 2% and include financial covenants, which are measured on a quarterly basis, which were complied with during the period.

13. Exchange Rates

The following significant exchange rates applied during the period.

	Average rate H1 2011	**Closing rate H1 2011**	Average rate H1 2010	Closing rate H1 2010	Average rate FY 2010	Closing rate FY 2010
US Dollar	**1.589**	**1.603**	1.578	1.528	1.549	1.581
Euro	**1.167**	**1.133**	1.117	1.129	1.152	1.150

14. Retirement Benefit Obligations

An updated actuarial valuation of the UK pension fund was carried out by an independent actuary at 31 March 2011 in accordance with IAS19. During the period to 31 March 2011 the UK Government introduced legislation which amended the valuation method used for deferred members of the scheme from the retail price index (RPI) to the consumer price index (CPI). The scheme actuary has built this into the assumptions at 31 March 2011 and its effect has been to reduce the deficit by £9.0m. This has been recorded as an actuarial gain in the consolidated statement of comprehensive income.

15. Principal Risks and Uncertainties

The principal risks and uncertainties impacting the Group are described on page 19 of our Annual Report 2010 and remain unchanged at 31 March 2011.

They include: supply chain interruption; quality and product recall; product development; competitor threat; talent management; customer dependency; non-compliance with legislation; political and economic instability; financial management and business interruption due to lack of access.

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Stella Pirie OBE (Non-Executive Director)
David Evans (Non-Executive Director)
Peter Slabbert (Chief Executive)
Andrew Lewis (Group Finance Director)

COMPANY SECRETARY
Miles Ingrey-Counter

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PRINCIPAL BANKERS
Barclays Bank PLC
Comerica Inc.

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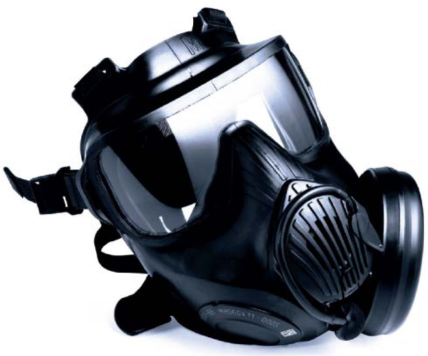

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