AVON RUBBER p.l.c.

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News Release

Strictly embargoed until
07.00 2 December 2004

Preliminary results for the year ended 30 September 2004

	2004 £Million	2003 (i) (restated) £Million
TURNOVER	**239.2**	248.5
TOTAL OPERATING PROFIT	**10.1**	10.4
TOTAL OPERATING PROFIT BEFORE GOODWILL AMORTISATION (ii)	**10.8**	11.0
PROFIT BEFORE TAX	**8.7**	7.4
PROFIT BEFORE TAX AND GOODWILL AMORTISATION (ii)	**9.4**	8.1
PROFIT AFTER TAX	**7.0**	5.5
EARNINGS PER SHARE:		
Basic	**25.1p**	20.0p
Before goodwill amortisation (ii)	**27.6p**	22.5p
Diluted	**23.5p**	18.9p
DIVIDEND PER SHARE	**8.5p**	8.0p

NOTE:

(i) The 2004 results include the adoption of FRS17 (Retirement Benefits) and UITF Abstract 17 (revised) (Employee Share Schemes) and UITF Abstract 38 (Accounting for ESOP Trusts) and the 2003 results have been restated accordingly.

(ii) Management believes that reporting results before goodwill amortisation provides further information for an understanding of the Group's performance.

- **PBT up by 16.8% to £8.7 million**
- **EPS increased by 25.5% to 25.1p**
- **Net debt reduced by £8.3 million to below £30 million**
- **Final dividend increased by 6.7% to 4.8p**

Commenting on the results, Steve Willcox, Chief Executive said: "Most of our markets will remain challenging during this financial year, particularly in the first half. The high oil price and increasing commodity costs are likely to have some impact on our raw material and energy costs, and we continue to experience a weak US dollar. The high level of military related sales achieved in the first half of last year is unlikely to be repeated this year, but we are seeing encouraging progress in European Automotive. Our major task will be to ensure our cost base is adjusted to meet these market challenges.

We continue on plan with the development of the US military respirator programme and the financial benefits will be achieved from 2006 onwards.

We have a clear strategic direction to follow. We will develop our respiratory protection business, run Automotive as a single division and use Technical Products to manage and develop specialist business areas to grow a value creating business. To achieve this will require some restructuring, which will start during the first half of this financial year with the benefits starting in the second half. We shall maintain our focus on cost control and cash management to deliver enhanced shareholder value."

For further enquiries, please contact:

Avon Rubber p.l.c	
Steve Willcox, Chief Executive	020 7067 0700
Terry Stead, Finance Director	(until 3:30pm)
	From 3 December 01225 861100
(Local/Trade Press)	
Jayne Hunt	01225 861100
Weber Shandwick Square Mile	
Richard Hews	020 7067 0700
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 £60 million.

Avon is a significant supplier to the world's automotive, engineering, dairy and defence markets – manufacturing high performance elastomer products.

Introduction

We have achieved continued progress with profit before tax and amortisation of goodwill increasing from £8.1 million in 2003 to £9.4 million in 2004. Profit before tax improved from £7.4 million in 2003 to £8.7 million in 2004 and profit after tax was up from £5.5 million to £7.0 million. This was achieved despite the adverse impact of exchange rates on translation of operating profits of £0.9 million. Part of the improvement is the result of the finance credit of £0.8 million (2003: £0.1 million charge) resulting from the adoption of FRS17. Prior to this credit, profit before tax and amortisation of goodwill increased by £0.4 million to £8.6 million (2003: £8.2 million).

The market in North American Automotive remained relatively flat year on year. However, we continued to record encouraging growth at our water hose facility in Orizaba, Mexico. As predicted at the time of the interim announcement in May, we ended the year with sales of water hose in North America at a rate in excess of $20 million per annum, an increase of more than $15 million in annualised sales since launching this project and we expect further increases in the future. This growth enabled us to record an overall increase in sales of 6.7% in local currency over the previous year for our North American Automotive division.

In European Automotive, sales for the second half of the year were at a similar level to the first half and overall were £1.7 million lower than 2003 at £102.2 million (2003: £103.9 million). We recorded a significant improvement in operating profit in the second half with recoveries in both France and Spain. However, these businesses are still not operating at our target levels.

In Technical Products, we saw a decline in demand for military related products in the second half of the year compared to the first half and compared to the second half of 2003. The programme for the new US military respirator continued on plan with the delivery of 4,000 test units in the second half of the year. We expect the programme to move into the production phase during the last quarter of 2005.

We have maintained our focus on cash management. As a result net borrowings at £29.7 million (2003: £38.0 million) were £8.3 million lower than last year and £5.0 million lower than at the half year. This has resulted in a further reduction in net annual interest charges of £0.6 million from £2.8 million in 2003 to £2.2 million this year.

Strategic Review

During the year the Board undertook a strategic review of the Group's operations. Having won the contract to supply the next generation of military respirator for the US armed forces, we have a world leading position in military respiratory protection. We intend to use this as the basis to develop our offerings in respiratory protection. The opportunities in this area have been supported by an independent market study and we have now formed a Protection Division which will be headed by Jonty Palmer, who will join us on 1 January 2005 from PricewaterhouseCoopers where he has worked in their strategy consultancy following a distinguished career in the British Army. We believe this division has the opportunity to be a significant part of Group activities. As part of the planned growth of this area of our business we have, since the year-end, signed a joint venture agreement for filter manufacture with Guild Associates of Columbus, Ohio. Guild are the suppliers of filters for the new generation US military respirator. The joint venture operation will exploit this technology in related market areas.

The growth of our military respirator business highlights the opportunities that our Technical Products division offers in developing new market areas for our core technologies. This division will continue to manage the portfolio of our smaller businesses whilst actively seeking new growth areas. This division will continue to be headed by Steve Stone.

We also recognised that the automotive market demands that suppliers to the leading automotive manufacturers operate on a global basis. We have an excellent international footprint and believe we can offer better performance from a lower cost base by running our automotive businesses under a single division. This division is headed by Lee Richards. Whilst there is still improvement needed in North America, his immediate short term focus is to bring our European operations to acceptable levels of profitability.

Inevitably these changes will necessitate some restructuring, particularly in our automotive businesses, which may include further rationalisation of our facilities. This is essential for us to remain competitive. We are considering various options and expect to be in a position to make a more detailed announcement in the next two months. The restructuring will result in an improvement in profitability, which will be value enhancing, taking into account the initial cost.

Change in accounting policies

Early adoption of FRS17 is encouraged by the Accounting Standards Board and we have therefore decided to account for pensions and other post retirement benefits in accordance with this standard instead of SSAP24. We feel this better represents the costs of providing these benefits, gives a more predictable charge and reflects actions taken to contain the costs of the provision of post retirement benefits. The charge for UK Pension costs in 2004 under FRS17 was similar to the charge under SSAP24 in 2003. We have also adopted the changes to accounting for employee share schemes recommended under UITF 38 and UITF17 (revised).

Under FRS17 and the changed accounting for employee share schemes the operating profit for 2003 would have been £10.4 million compared to a published operating profit of £10.5 million and the profit before tax would have been £7.4 million compared to a published figure of £7.7 million. The 2003 figures have been restated accordingly.

Results

Sales at £239.2 million (2003: £248.5 million) were down by £9.3 million, but increased by £1.5 million when translating 2003 results at 2004 exchange rates ("constant exchange rates"). Sales in Technical Products at constant exchange rates reduced by £1.3 million to £63.9 million (2003: £65.2 million) with European Automotive down £1.7 million at £102.2 million (2003: £103.9 million) and North American Automotive up from £68.5 million in 2003 to £73.1 million this year.

Group operating profit before goodwill amortisation was £10.8 million (2003: £11.0 million). At constant exchange rates, Group operating profit before goodwill amortisation of £10.8 million increased by £0.7 million (2003: £10.1 million). On this basis, North American operating profit increased by £0.7 million to £8.2 million (2003: £7.5 million) while European operating profit before goodwill amortisation remained constant at £2.6 million. In the second half of the year we saw reduced demand for our military related products, but this was offset by encouraging performance improvements in both France and Spain.

Interest charges were reduced by £0.6 million to £2.2 million (2003: £2.8 million). We also recorded a finance credit under FRS17 of £0.8 million (2003: £0.1 million charge). This resulted in a Group profit before tax and goodwill amortisation of £9.4 million (2003: £8.1 million) an increase of £1.3 million.

Basic earnings per share were 25.1p (2003: 20.0p) based on an effective tax rate of 19.1% (2003: 26.6%). Earnings per share before goodwill amortisation were 27.6p (2003: 22.5p). The effective tax rate of 19.1% reflects the benefit of recognising the deferred tax asset on taxation losses, principally in respect of our business in Orizaba. Following the operational progress in Orizaba during the year, we have reasonable expectations that these taxation losses will be recovered from future profitability.

As expected, net borrowings decreased by £8.3 million to £29.7 million (2003: £38.0 million) a reduction of £5.0 million in the second half. Capital expenditure at £6.8 million (2003: £8.3 million) remained below depreciation of £8.9 million (2003: £9.5 million) and cash expended on capital expenditure was also below depreciation at £7.0 million (2003: £7.3 million). Trade working capital reduced to 12.1% of sales from 13.0% last year.

Automotive Components

Sales at constant exchange rates increased by £2.9 million to £175.3 million (2003: £172.4 million). Water hose business in North America increased by £5.4 million and more than offset slightly weaker overall demand in Europe.

The growth of our North American water hose business, principally from Orizaba, Mexico has been a major element in maintaining our performance in North America. Since the beginning of the calendar year the facility in Orizaba has been consistently profitable. During the first half of 2003 we benefited from a short-term project to support one of our major customers. The performance in Orizaba has enabled us to offset the impact of not having this “one off” opportunity in 2004. The traditional Big 3 automotive companies in North America continue to lose market share. Whilst continuing to support these important customers, we have been targeting business with “New Domestics” and we are now seeing some success.

In Europe, sales in the first half and second half of the year at constant exchange rates were similar at £51.4 million and £50.8 million respectively. However, the focus on operational performance, particularly in France and Spain, has enabled us to reverse losses before goodwill amortisation of £0.3 million in the first half to a profit of £0.3 million in the second half.

Technical Products

Sales at constant exchange rates reduced by £1.3 million to £63.9 million (2003: £65.2 million). This reduction was primarily the result of increased development income in the respirator business not fully compensating for the lost sales resulting from our sale of Avon Spencer Moulton.

Sales of military related products declined in the second half of the year from the abnormally high levels of the previous twelve months reflecting the pattern of military activity. However, it is encouraging that we are winning new sales opportunities at our operation in Picayune, Mississippi, which is principally a supplier of military related products. In September 2004 we purchased the shares from the minority shareholder in this business and it is now a wholly owned subsidiary of the Group.

Our Hi-Life dairy business in North America remains a strong performer providing advanced technology products under the Milk-Rite brand to the aftermarket as well as supplying original equipment customers. We are encouraged by the steady growth of a similar Milk-Rite business in Europe since its launch in September 2003. We have also achieved a significant improvement in the area of business machines with a promising level of interest in our new range of Colour Diamond™ rollers for this market segment.

Financing

Net debt at the year-end stood at £29.7 million (2003: £38.0 million) a reduction of £8.3 million in the year and £5.0 million in the second half. This resulted in gearing of 46.1% (2003: 61.4%). Changes in the rates of exchange, particularly the US dollar, accounted for £2.3 million of the full year reduction.

Since the year-end we have agreed in principle new long-term financing arrangements with our major loan providers. This will increase our total facilities to approximately £70 million of which £27 million will have maturity dates between 2 and 5 years.

As a result of the debt reduction coupled with low worldwide interest rates, net interest charges have reduced by £0.6 million to £2.2 million (2003: £2.8 million), continuing the trend of recent years. The FRS17 finance credit of £0.8 million (2003: £0.1 million charge) reduces our overall finance cost to £1.4 million (2003: £2.9 million).

The successful progress of our two major expansion programmes, coolant hose in Mexico and the US military respirator, will require some substantial capital expenditure at various times in the near future. However, we do not expect capital expenditure to exceed depreciation in total over the next few years. Cash management remains a priority.

Dividend

The Board is pleased to recommend a final dividend of 4.8p per share (2003: 4.5p per share) which will be paid on 28 January 2005 to ordinary shareholders on the register on 14 January 2005. When added to the interim dividend of 3.7p per share (2003: 3.5p per share) the total dividend is 8.5p per share (2003: 8.0p per share), an increase of 6.3%.

Outlook

Most of our markets will remain challenging during this financial year, particularly in the first half. The high oil price and increasing commodity costs are likely to have some impact on our raw material and energy costs, and we continue to experience a weak US dollar. The high level of military related sales achieved in the first half of last year is unlikely to be repeated this year, but we are seeing encouraging progress in European Automotive. Our major task will be to ensure our cost base is adjusted to meet these market challenges.

We continue on plan with the development of the US military respirator programme and the financial benefits will be achieved from 2006 onwards.

We have a clear strategic direction to follow. We will develop our respiratory protection business, run Automotive as a single division and use Technical Products to manage and develop specialist business areas to grow a value creating business. To achieve this will require some restructuring, which will start during the first half of this financial year with the benefits starting in the second half. We shall maintain our focus on cost control and cash management to deliver enhanced shareholder value.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2004

	Note	2004	2003 (restated see note 1)
		£'000	£'000
Turnover	2	**239,212**	248,507
Cost of sales		**(200,110)**	(203,922)
Gross profit		**39,102**	44,585
Net operating expenses (including £681,000 (2003: £681,000) goodwill amortisation)		**(29,124)**	(34,270)
Operating profit		**9,978**	10,315
Share of profits of joint venture and associate		**138**	45
Profit on ordinary activities before interest	2	**10,116**	10,360
Interest receivable		**138**	181
Interest payable		**(2,345)**	(3,003)
Other finance income/(costs)		**776**	(103)
Profit on ordinary activities before taxation		**8,685**	7,435
Taxation	3	**(1,658)**	(1,976)
Profit on ordinary activities after taxation		**7,027**	5,459
Minority interests		**(389)**	(108)
Profit for the financial year		**6,638**	5,351
Dividends	4	**(2,245)**	(2,131)
Retained profit for the financial year		**4,393**	3,220

	Note	2004	2003
Rate of dividend			
Ordinary	4	**8.5p**	8.0p
Earnings per ordinary share	5		
Basic		**25.1p**	20.0p
Before goodwill amortisation		**27.6p**	22.5p
Diluted		**23.5p**	18.9p

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

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

CONSOLIDATED STATEMENT

OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 September 2004

	2004	2003 (restated see note 1)
	£'000	£'000
Profit for the year	**6,638**	5,351
Actuarial (loss)/gain recognised in retirement benefit schemes (net of tax)	**(753)**	6,680
Net exchange difference on overseas investments	**(672)**	1,402
Total gains for the year	**5,213**	13,433
Prior year adjustment	**(19,360)**	
Total losses since last annual report	**(14,147)**	

The 2004 results include the adoption of FRS17 (Retirement Benefits) and UITF Abstract 17 (Revised 2003) "Employee Share Scheme" and UITF Abstract 38 "Accounting for ESOP Trusts" and the 2003 results have been restated accordingly. Details of these changes in accounting policy are explained in note 1.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 30 September 2004

	2004	2003 (restated see note 1)
	£'000	£'000
Opening shareholders' funds as previously stated	**80,728**	76,083
Prior year adjustment	**(20,318)**	(26,847)
Opening shareholders' funds restated	**60,410**	49,236
Profit for the year	**6,638**	5,351
Dividends	**(2,245)**	(2,131)
Actuarial (loss)/gain recognised in retirement benefit schemes (net of tax)	**(753)**	6,680
Movement in respect of employee share scheme	**(19)**	(128)
Goodwill resurrected on disposal of subsidiary	**392**	-
Net exchange difference on overseas investments	**(672)**	1,402
Closing shareholders' funds	**63,751**	60,410

The 2004 results include the adoption of FRS17 (Retirement Benefits) and UITF Abstract 17 (Revised 2003) "Employee Share Scheme" and UITF Abstract 38 "Accounting for ESOP Trusts" and the 2003 results have been restated accordingly. Details of these changes in accounting policy are explained in note 1.

CONSOLIDATED BALANCE SHEET
At 30 September 2004

	2004 £'000	2003 (restated see note 1) £'000
Fixed Assets		
Intangible assets	**14,595**	14,375
Tangible assets	**85,330**	92,208
Investments	**68**	11
	99,993	106,594
Current Assets		
Stocks	**20,983**	20,611
Debtors - amounts falling due within one year	**44,137**	47,538
Debtors - amounts falling due after more than one year	**617**	583
Investments	**4,118**	3,986
Cash at bank and in hand	**5,767**	7,563
	75,622	80,281
Creditors		
Amounts falling due within one year	**(74,278)**	(80,292)
Net current assets/(liabilities)	**1,344**	(11)
Total assets less current liabilities	**101,337**	106,583
Creditors		
Amounts falling due after more than one year	**(15,332)**	(22,766)
Provisions for liabilities and charges	**(1,950)**	(1,957)
Net assets excluding pension liability	**84,055**	81,860
Pension liability	**(19,654)**	(19,930)
Net assets	**64,401**	61,930
Share capital	**27,824**	27,824
Share premium account	**34,070**	34,070
Revaluation reserve	**2,213**	2,518
Capital redemption reserve	**500**	500
Other reserves	**(977)**	(958)
Profit and loss account	**121**	(3,544)
Equity shareholders' funds	**63,751**	60,410
Minority interests (equity interests)	**650**	1,520
	64,401	61,930

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2004

	Note	2004 £000	2003 (restated see note 1) £000
Operating activities			
Operating profit		**10,116**	10,360
Goodwill amortisation		**681**	681
Depreciation		**8,934**	9,527
Amortisation of development and loan issue costs		**1,292**	809
Movement in working capital and other provisions		**249**	(2,420)
Other movements		**456**	654
Net cash flow from operating activities		**21,728**	19,611
Returns on investments and servicing of finance		**(2,367)**	(2,589)
Corporation tax paid		**(1,994)**	(1,776)
Net capital expenditure		**(6,970)**	(7,325)
Capitalised development expenditure		**(2,384)**	(1,519)
Net fixed asset investments		**-**	197
Sale of operations		**1,884**	-
Purchase of shares in subsidiary undertakings		**(1,189)**	-
Equity dividends paid		**(2,172)**	(2,013)
Net cash inflow before management of liquid resources and financing		**6,536**	4,586
Management of liquid resources			
Increase in investments treated as liquid resources		**(270)**	(544)
Financing			
Net movement in loans and finance leases		**(7,690)**	(3,183)
Purchase of own shares		**(449)**	(708)
(Decrease)/increase in cash		**(1,873)**	151
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash		**(1,873)**	151
Net movement in loans and finance leases		**7,690**	3,183
Movement in liquid resources		**270**	544
Amortisation of loan issue costs		**(92)**	(68)
Exchange differences		**2,340**	(811)
Movement in net debt in the period		**8,335**	2,999
Net debt at the beginning of the period		**(38,022)**	(41,021)
Net debt at the end of the period	**6**	**(29,687)**	(38,022)

1. NOTES TO THE PRELIMINARY ANNOUNCEMENT

(a) The figures and financial information for the year ended 30 September 2004 do not constitute the statutory financial statements for that year. Those financial statements have not yet been delivered to the Registrar, nor have the auditors yet reported on them.

(b) The preliminary announcement has been prepared using accounting policies that are consistent with the policies detailed in the financial statements for the year ended 30 September 2003 except as detailed below, and was approved by the Board of Directors on 1 December 2004.

Following the adoption of UITF Abstract 17 (Revised 2003) "Employee Share Schemes" and UITF Abstract 38 "Accounting for ESOP Trusts", the 2003 results have been restated. Shares held by the employee Share Ownership Trust previously shown in the balance sheet as fixed asset investments are now required to be shown as a deduction from shareholders' funds. The cost of employee share schemes is charged to the profit and loss account using the quoted market price of shares. There is an exemption from making such a charge for Inland Revenue approved SAYE schemes. The consolidated cash flow statement has been restated to reflect the reallocation of the cash payments relating to the purchase of shares from capital expenditure and financial investment to financing.

In addition, Financial Reporting Standard (FRS) 17 "Retirement Benefits" has been adopted in full in this Preliminary Statement. Previously the Group has accounted for pension and other post retirement benefits in accordance with the Statement of Standard Accounting Practice No. 24 (SSAP 24) "Accounting for pension costs". Under FRS17, scheme assets are measured using market values while liabilities are measured using the projected unit method. The net scheme surplus or deficit is reflected in the balance sheet (net of deferred tax). A charge to operating profit is made to reflect the current and any past service cost; the expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other financial income. Also included are post retirement obligations in respect of overseas subsidiaries where different arrangements are adopted to provide post retirement benefits. These obligations (previously shown as liabilities and provisions for charges) are included in the surplus or deficit reflected in the balance sheet. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

The change in accounting policies has had the following impact in the year to 30 September 2004:-

	£'000
a) There has been an improvement in operating profit as a result of:	
- Impact of UITF Abstracts 17 and 38	30
- Impact of FRS17	1,293
b) Other finance income included as a result of adopting FRS 17	776
c) Net assets have been reduced as a result of:	
- Impact of UITF Abstracts 17 and 38	573
- Impact of FRS17	18,749

NOTES TO THE PRELIMINARY ANNOUNCEMENT continued

d) The effects of these changes on the Group's previously reported results and net assets are as follows:-

	2003 £'000
Profit before taxation	
As previously reported	7,670
Impact of UITF Abstracts 17 and 38	231
Impact of FRS17 – operating profit	(363)
– other finance costs	(103)
Net movement	(235)
As restated	7,435
Net assets	
As previously reported	82,248
Impact of UITF Abstracts 17 and 38	(584)
Impact of FRS17	(19,734)
Net movement	(20,318)
As restated	61,930

The cumulative prior year adjustment reflected in the reconciliation of movements in shareholders' funds comprises:-

	£'000
Impact of UITF Abstracts 17 and 38	(584)
Impact of FRS17	(19,734)
	(20,318)

As part of the implementation of FRS17 £4,523,000 of liabilities and provisions for charges and £1,319,000 of deferred tax have been reclassified and included in the net pension liability of £19,930,000. These liabilities are in respect of post retirement benefits included in overseas' subsidiaries. As a result of the implementation of UITF abstracts 17 and 38, own shares of £584,000, previously shown as investments in own shares, has been deducted from reserves.

2. Segmental Information
for the year ended 30 September 2004

a) External sales by destination:

	2004 £'000	2003 £'000
Europe	**127,562**	134,256
North America	**105,471**	108,150
Rest of World	**6,179**	6,101
	239,212	248,507

b) By business sector:

	External sales	**2004 Total operating profit**	External sales	2003 Total operating profit (restated see note 1)
	£'000	**£'000**	£'000	£'000
Automotive Components	**175,308**	**2,996**	180,240	3,388
Technical Products	**63,904**	**7,120**	68,267	6,972
	239,212	**10,116**	248,507	10,360

c) By origin:

	External sales	**2004 Total operating profit**	External sales	2003 Total operating profit (restated see note 1)
	£'000	**£'000**	£'000	£'000
Europe	**135,067**	**1,903**	142,695	1,936
North America	**104,145**	**8,213**	105,812	8,424
	239,212	**10,116**	248,507	10,360

d) **Analysis of external sales and total operating profit:**	**2004** **£'000**	2003 (restated see note 1) £'000
External sales		
- First half of year	**122,901**	123,548
- Second half of year	**116,311**	124,959
	239,212	248,507
Total operating profit		
- First half of year	**5,294**	6,080
- Second half of year	**4,822**	4,280
	10,116	10,360

3. The taxation charge based on the results for the year comprises:

	2004 **£'000**	2003 (restated see note 1) £'000
Current tax		
UK corporation tax on profits of the year at 30% (2003: 30%)	**(128)**	306
Overseas taxes	**2,713**	2,470
Over provision in previous years	**(434)**	(324)
	2,151	2,452
Deferred tax		
Origination and reversal of timing differences	**(493)**	(476)
	1,658	1,976

4. If approved, payment of the final dividend on the ordinary shares will be made on 28 January 2005 to shareholders on the register at the close of business on 14 January 2005. The total proposed final dividend will be £1,268,000 (2003: £1,195,000).

5. Basic earnings per share amounts to 25.1p (2003: 20.0p) and is based on profit after taxation and deduction of minority interests of £6,638,000 (2003: £5,351,000) and 26,472,000 ordinary shares (2003: 26,779,000) being the weighted average of the shares in issue during the year.

Earnings per share before goodwill amortisation amounts to 27.6p (2003: 22.5p) and is based on profit for the year (adjusted to add back goodwill amortisation) of £7,319,000 (2003: £6,032,000).

The company has dilutive potential ordinary shares in respect of the Sharesave Option Scheme and Performance Share Plan. The diluted earnings per share amounts to 23.5p (2003: 18.9p) and is based on profit after taxation and deduction of minority interests of £6,638,000 (2003: £5,351,000) and 28,252,000 ordinary shares (2003: 28,377,000) being the weighted average of the shares in issue during the year adjusted to assume conversion of all dilutive potential ordinary shares.

Adjusted earnings per share figures have been calculated in addition to basic and diluted figures since, in the opinion of the directors, these provide further information for an understanding of the Group's performance.

6. Analysis of net debt

	As at 1 Oct 03 £'000	Cash flow £'000	Amortisation of loan issue costs £'000	Exchange movements £'000	As at 30 Sep 04 £'000
Cash at bank and in hand	**7,563**	**(1,610)**	**-**	**(186)**	**5,767**
Overdrafts	**(1,008)**	**(263)**	**-**	**(6)**	**(1,277)**
Debt due after 1 year	**(22,393)**	**6,461**	**(92)**	**1,093**	**(14,931)**
Debt due within 1 year	**(26,144)**	**1,206**	**-**	**1,577**	**(23,361)**
Finance leases	**(26)**	**23**	**-**	**-**	**(3)**
Current asset investments	**3,986**	**270**	**-**	**(138)**	**4,118**
	(38,022)	**6,087**	**(92)**	**2,340**	**(29,687)**

7. Copies of the directors' report and the audited financial statements for the year ended 30 September 2004 will be posted to shareholders by 21 December 2004 and may be obtained thereafter from the Company's registered office at Manvers House, Kingston Road, Bradford on Avon, Wiltshire, BA15 1AA (Telephone: 01225 861100)