News Release

Strictly embargoed until 07:00 20 November 2013

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

Audited results for the year ended 30 September 2013	**30 Sep 2013 £Millions**	30 Sep 2012 £Millions
REVENUE	**124.9**	106.6
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND EXCEPTIONAL ITEMS	**20.0**	16.4
ADJUSTED OPERATING PROFIT (*)	**14.2**	11.6
ADJUSTED PROFIT BEFORE TAX (*)	**14.0**	11.0
NET DEBT	**10.9**	8.7
EARNINGS PER SHARE:		
Adjusted basic (*)	**35.4p**	26.9p
Basic	**32.7p**	26.9p
Adjusted diluted (*)	**34.0p**	25.4p
Diluted	**31.4p**	25.4p
Dividend per share	**4.32p**	3.6p

Financial highlights:

- Successful delivery against growth strategy
- EBITDA growth of 22% to £20.0m
- Operating profit growth of 22% to £14.2m
- Operating margins improved by 0.5% to 11.4%
- Profit before tax up 27% to £14.0m
- Diluted earnings per share up 34% to 34.0p
- Dividend increase of 20% to 4.32p reflecting business growth and confidence
- Cash generated from operating activities of £15.3m, representing 114% of operating profit

Operational highlights:

- In Protection & Defence, increased non-DOD order intake
- Award of $6.7m DOD JSAM design, development and testing contract
- Market share of newly introduced ImpulseAir (mouthpiece vented liner) reached 19% in the US
- Investment of £6.4m in new products and new markets

(*) Note:

The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

All profit and earnings per share figures in this news release relate to adjusted business performance (as defined above) unless otherwise stated.

A reconciliation of adjusted measures to non-adjusted measures is provided below:

	Non-Adjusted	Adjustments	Adjusted
Group EBITDA (£m)	19.6	0.4	20.0
Group Operating profit (£m)	13.4	0.8	14.2
Group Profit before Taxation (£m)	13.2	0.8	14.0
Group Profit for the year (£m)	9.6	0.8	10.4
Basic Earnings per Share (pence)	32.7p	2.7p	35.4p
Diluted Earnings per Share (pence)	31.4p	2.6p	34.0p
Protection & Defence EBITDA (£m)	15.7	0.4	16.1
Protection & Defence Operating profit (£m)	10.2	0.8	11.0
Dairy EBITDA (£m)	5.8	-	5.8
Dairy Operating profit (£m)	5.2	-	5.2

The adjustments, both of which relate to Protection & Defence, comprise:

- amortisation of acquired intangibles of £0.4m
- exceptional items relating to the relocation of the AEF facility of £0.4m

Further details are provided in note 3.

Commenting on the results, Peter Slabbert, Chief Executive said:

“I am delighted that the implementation of our strategy has delivered exceptionally strong growth in 2013. We expect to make further progress in both our Protection & Defence and Dairy divisions in 2014”.

For further enquiries, please contact:

Avon Rubber p.l.c.

Peter Slabbert, Chief Executive	020 7067 0700
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Weber Shandwick Financial

Nick Oborne	020 7067 0700
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An analyst meeting will be held at 09.30am this morning at the offices of Weber Shandwick Financial, 2 Waterhouse Square, 140 Holborn, London, EC1N 2AE.

Note to editors: The Group has transformed itself over the past five years into an innovative design and engineering group specialising in two core markets, Protection & Defence and Dairy. With a strong emphasis on research and development we design, test and manufacture specialist products from a number of sites in the US and UK, serving markets around the world. We achieve this through nurturing the talent and aspirations of our employees to realise their highest potential.

Avon Protection is the recognised global market leader in advanced Chemical, Biological, Radiological and Nuclear (CBRN) respiratory protection systems technology for the world's military, homeland security, first responder, fire and industrial markets. With an unrivalled pedigree in mask design dating back to the 1920's, Avon Protection's advanced products are the first choice for Personal Protective Equipment (PPE) users worldwide and are placed at the heart of many international defence and tactical PPE deployment strategies. Our expanding global customer base now includes military forces, civil and first line defence troops, emergency service teams and industrial, marine, mineral and oil extraction site personnel. All put their trust in Avon's advanced respiratory solutions to shield them from every possible threat.

Our world-leading Dairy business and its Milkrite brand have a global market presence. With a long history of manufacturing liners and tubing for the dairy industry, Milkrite has become the leading innovator and designer for products and services right at the heart of milking. Our goal is always to improve and maintain animal health. Working with the leading scientists and health specialists in the global dairy industry we continue to invest in technology to further improve the milking process and animal welfare. Our products provide exceptional results for both the animal and the milker, making the milk extraction process run smoothly. As our market share and milking experience continue to grow, so does our global presence.

For further information please visit the Group's website www.avon-rubber.com

AVON RUBBER p.l.c.

INTRODUCTION

The implementation of our strategy has delivered exceptionally strong growth in 2013. Significant increases were recorded in revenue, operating margins, profits and earnings per share.

STRATEGY

Last year, after three years of 'turnaround', the Board implemented a strategy to accelerate investment in new products, technologies, systems and people.

In Protection & Defence this has meant reducing our reliance on US DOD expenditure through increased access to the North American first responder market, greater focus on growing global markets, in particular the Middle East, and significant investment in broadening our product offering.

In Dairy we are developing technologically superior new products, building our Milkrite brand to reduce dependence on our Original Equipment Manufacturer (OEM) customers and expanding into rapidly developing new markets.

This phase of Avon's development, commenced in 2012, is already delivering a more robust business model and has contributed to the growth this year. With the first new product approvals being granted in the second half of our 2013 financial year we are well positioned to see the financial benefit of these continuing investments in our 2014 financial year and beyond.

GROUP RESULTS

Revenue increased by 17% to £124.9m (2012: £106.6m), operating profit before depreciation and amortisation (EBITDA) rose 22% to £20.0m (2012: £16.4m), operating profit rose 22% to £14.2m (2012: £11.6m) and diluted earnings per share were up 34% at 34.0p (2012: 25.4p).

Although volatile during the year, foreign exchange translation has not had a material impact on the Group's results in 2013 with the US $/£ average rate being $1.56 (2012: $1.58).

SEGMENTAL PERFORMANCE

PROTECTION & DEFENCE

Protection & Defence represented 75% (2012: 70%) of total Group revenue. The 25% increase in revenue from £74.6m to £93.2m was due to growing commercial mask and filter sales and orders won by AEF, the division’s flexible fabrications business. Our strong manufacturing capability and existing capacity allowed us to quickly meet this increase in customer demand.

Sales of mask systems and filter spares to the DOD increased from £42.6m to £45.2m, despite the uncertainty and delays associated with the US budget process. We delivered 223,000 mask systems and 429,000 pairs of filter spares, compared with 193,000 mask systems and 520,000 pairs of filter spares in 2012. We have orders in hand to deliver 40,000 mask systems and 80,000 pairs of filter spares in early 2014 and, as part of our 10 year sole-source contract to supply the DOD with mask systems, we expect further orders as 2014 DOD budgets are released in the first quarter of the new financial year.

While DOD sales have grown in monetary terms, they are a lower proportion of the division’s sales as, in line with our strategy, we have successfully grown our non-DOD sales. Sales to US law enforcement and non-US military and law enforcement increased from £17.2m to £25.0m as a result of higher order intake in 2013 as we are seeing the benefit of the increased sales and marketing resource added in prior years. Positive order intake in the second half of the year results in non-DOD orders in hand of £16.4m, all of which are for delivery in 2014.

Fire sales have remained flat due to challenging market conditions as purchasers put procurement decisions on hold pending release of the new NFPA standard. The release of our new Deltair Self Contained Breathing Apparatus (SCBA) product designed to meet these new regulations in the US, and to enhance operational performance, provides an opportunity in this market for 2014. AEF and DOD spares have grown this year, and whilst contributing to profit, these are margin dilutive at a divisional level. AEF, which has been a historically volatile business, won hovercraft skirt and fuel and water storage tank business which was largely supplied during the year. This allowed AEF to increase its revenue by £4m and contribute £1m to divisional operating profit.

Operating profit increased 47% to £11.0m (2012: £7.5m) and EBITDA was £16.1m (2012: £11.6m), representing a return on sales (defined as EBITDA divided by revenue) of 17.3% (2012: 15.6%). This reflects a richer mix of non-DOD sales and progress on reducing operational costs, slightly offset by continued investment in the infrastructure of the business.

DAIRY

Dairy revenue fell 1% to £31.7m (2012: £32.1m) and operating profit decreased by 13% to £5.2m (2012: £6.0m). EBITDA was £5.8m (2012: £6.5m), giving a return on sales (as defined above) of 18.4%, down from 20.3% in 2012.

The slight fall in revenue is a result of our strategy to become less dependent on OEMs and continue to grow our own Milkrite branded products, with increased Milkrite sales in our established North American and Western European markets and the rapidly emerging Chinese market offset by an expected decrease in revenues from our OEM customers.

Market conditions have also been difficult with farmer margins under pressure from the combination of lower milk prices and higher feed costs. Milk price movements tend to be cyclical and feed prices are driven by the crop harvest and the level of demand from alternative uses for crops such as biofuels. The combination of these factors leads to farmers extending the use of our consumable product, resulting in lower market demand.

In recent years the business has demonstrated through the launch of its Impulse Mouthpiece Vented Liner (now branded ImpulseAir) that the industry is receptive to new technology which improves farm efficiency and animal health, with our proprietary product now enjoying a 19% market share in the US. Only three years ago OEM customers represented 47% of our revenue; at the end of this year this has fallen to 34%, reflecting the success of the Milkrite brand.

This success has given us the confidence to invest further in product development resource and to commence work on the next generation of products. The first example of this, our cluster exchange service, was successfully launched in the key Californian market late in the financial year and will be rolled out to the rest of the US and Europe in 2014. Under this programme farmers effectively outsource to us their liner change process, which we deliver through service centres which have been established in our existing facilities, with the support of our dealers and third party logistics specialists.

We have also identified the opportunity that exists in emerging markets, especially in Brazil, Russia, India and China (the BRIC nations), where the growing demand for food and the expanding middle class has led to an increase in demand for dairy products. This is driving the demand for our consumable product in those geographies and we established a sales and distribution facility in China during 2012 and added sales resource in Eastern Europe, Brazil and India during 2013.

FINANCE EXPENSES

Net interest costs increased to £0.3m (2012: £0.2m) reflecting the investments made in acquisitions, facilities and product development throughout the year. Other (non-cash) finance items associated with the Group's UK retirement benefit scheme and the unwinding of discount rates on provisions were £0.1m income (2012: £0.4m expense).

TAXATION

The tax charge totalled £3.6m (2012: £3.2m) on a statutory profit before tax of £13.2m (2012: £11.0m). In 2013 the Group paid tax in the US, but not in the UK due to brought forward tax losses. The effective tax rate for the period was 27% (2012: 29%). In 2013 the US Federal tax rate was 34% and the Group's effective tax rate reflects the predominance of US revenues and earnings. Unrecognised deferred tax assets in respect of tax losses in the UK amounted to £2.8m (2012: £3.8m).

EARNINGS PER SHARE

Basic earnings per share were 35.4p (2012: 26.9p) and diluted earnings per share were 34.0p (2012: 25.4p).

NET DEBT AND CASHFLOW

Net debt at the year end was £10.9m (2012: £8.7m). Total bank facilities were £23.9m, the majority of which are US $ denominated and all are committed to 30 March 2015. In the year we invested £11.1m (2012: £9.5m) in property, plant and equipment and new product development. In the Protection & Defence business this focused on our new product development programme, Project Fusion, and on purchasing a building for AEF, which was prompted by the expiry of the lease of its previous premises. In Dairy we invested in the development of our cluster exchange service offering.

Operating activities generated cash of £15.3m (2012: £14.7m), representing 114% of operating profit (2012: 127%). Receivables at 30 September 2013 were higher than the previous year due to the busy final quarter, particularly in Protection & Defence, and this resulted in an increase in the ratio of trade working capital to revenue to 20.8% (2012: 19.0%).

UK RETIREMENT BENEFIT OBLIGATIONS

The balance, as measured under IAS 19, associated with the Group's UK retirement benefit obligation, which has been closed to future accrual, has moved from a £2.2m deficit at 30 September 2012 to an £11.3m deficit at 30 September 2013. This movement has resulted from an increase in the inflation assumption derived from real and normal gilt yields. As market expectations of inflation have risen this has not been offset by an equivalent increase in the discount rate because IAS 19 specifies the use of AA corporate bond (rather than gilt) yields to set the discount rate and these rates are unchanged at 30 September 2013.

The last triennial actuarial valuation took place on 31 March 2011. That valuation showed the scheme to be 98.4% funded on a continuing basis and the Company reached an agreement with the Trustee on future contributions to address the deficit. During 2013, the Company paid total contributions of £0.6m. Annual deficit recovery contributions will reduce to £0.3m for 2014 to 2016. In addition the Company will contribute £0.2m towards scheme expenses.

RESEARCH AND DEVELOPMENT

Intangible assets totalling £16.5m (2012: £13.3m) form a significant part of the balance sheet as we invest in new product development. This can be seen from our expanding product range, particularly respiratory protection products. The annual charge for amortisation of intangible assets was £1.9m (2012: £1.6m).

Our total investment in research and development (capitalised and expensed) amounted to £6.4m (2012: £6.6m) of which £2.1m (2012: £1.4m) was customer funded and has been recognised as revenue.

In Dairy we have started to expand our product range under the Milkrite brand beyond liners and tubing into non-rubber goods such as liner shells and claws.

We expect to begin to see the benefits of these efforts, which underpin the long-term prosperity of the Group, during our 2014 financial year.

DIVIDEND

Based on the Group's improved profitability, cash generation and the confidence the Board has in the Group's future prospects, the Board is pleased to propose a 20% increase in the final dividend to shareholders of 2.88p per ordinary share (2012: 2.4p). This, combined with the 2013 interim dividend of 1.44p, makes a full year dividend of 4.32p (2012: 3.6p), up 20%.

OPPORTUNITIES

Over recent years we have successfully focused the business in our chosen areas of Protection & Defence and Dairy, realigned our cost base and dealt with a number of legacy issues. The nature of our challenge has changed with management now firmly focused on growth and margin enhancement, which is clearly reflected in the 2013 results.

Looking forward we see that the global leading positions we already have in our markets are delivering strong financial results as well as further opportunities for growth. We continue to invest in innovative new technologies and products and in building our brand and market reach to bring these opportunities to fruition as well as to identify acquisitions where our skills can create synergistic benefits.

BOARD CHANGES

After retiring as Chairman in February 2012, the Rt. Hon. Sir Richard Needham remained as a Board Director to ensure a smooth transition but retired from the Board at the Annual General Meeting on 7 February 2013.

Richard Wood joined the Board on 1 December 2012. Richard retired as Chief Executive of Genus p.l.c. in 2011 having led their expansion into new markets over the previous decade. Richard has brought substantial experience of the industry in which our Dairy business operates and has proved to be a valuable addition to the Board.

OUTLOOK

We expect to make further progress in both our Protection & Defence and Dairy divisions in 2014 as our clear strategic direction takes further effect.

In our global Protection & Defence business, we are the technology leader and we are continuing to invest in people and products to maintain and improve our market leadership. Our lean cost base has helped to deliver substantial profit growth in the weak economic environment that has prevailed since 2008. We will continue to benefit from the security of the long-term DOD contract which is now supported by an increased market share in the US first responder and foreign military and law enforcement markets.

The Dairy business is well positioned in a market with long-term growth potential and improving short-term market conditions. After a year of investment in business development our potential for growth is strong. The cost base of this business is appropriately sized and there will be opportunities to enhance profitability through development of the strong Milkrite brand through our global distribution capability, augmented by new product and service offerings.

Peter Slabbert	Andrew Lewis
Chief Executive	Group Finance Director
20 November 2013	20 November 2013

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Revenue	2	**124,851**	106,636
Cost of sales		**(91,140)**	(75,803)
Gross profit		**33,711**	30,833
Distribution costs		**(5,433)**	(5,013)
Administrative expenses		**(14,855)**	(14,199)
Operating profit	2	**13,423**	11,621
Operating profit is analysed as:			
Before depreciation,amortisation and exceptional items		**20,023**	16,358
Depreciation and amortisation of development costs and software		**(5,800)**	(4,737)
Operating profit before amortisation of acquired intangibles and exceptional items		**14,223**	11,621
Amortisation of acquired intangibles	3	**(417)**	-
Exceptional items	3	**(383)**	-
Operating profit		**13,423**	11,621
Finance income		**1**	7
Finance costs		**(348)**	(249)
Other finance income/(expense)		**118**	(374)
Profit before taxation		**13,194**	11,005
Taxation	4	**(3,566)**	(3,176)
Profit for the year		**9,628**	7,829
Other comprehensive expense			
Items that are not subsequently reclassified to the income statement			
Actuarial loss recognised in retirement benefit schemes		**(9,971)**	(3,098)
Items that may be subsequently reclassified to the income statement			
Net exchange differences offset in reserves		**(74)**	(917)
Other comprehensive expense for the year, net of taxation		**(10,045)**	(4,015)
Total comprehensive (expense)/income for the year		**(417)**	3,814
Earnings per share	5		
Basic		**32.7p**	26.9p
Diluted		**31.4p**	25.4p
Adjusted earnings per share	5		
Basic		**35.4p**	26.9p
Diluted		**34.0p**	25.4p

Consolidated Balance Sheet

at 30 September 2013

	Note	2013 £'000	2012 £'000
Assets			
Non-current assets			
Intangible assets		**16,541**	13,281
Property, plant and equipment		**20,387**	17,878
		36,928	31,159
Current assets			
Inventories		**13,374**	15,449
Trade and other receivables		**20,677**	14,616
Derivative financial instruments		**214**	121
Cash and cash equivalents	7	**184**	176
		34,449	30,362
Liabilities			
Current liabilities			
Trade and other payables		**16,680**	15,748
Provisions for liabilities and charges		**616**	616
Current tax liabilities		**6,073**	5,160
		23,369	21,524
Net current assets		**11,080**	8,838
Non-current liabilities			
Borrowings	7	**11,059**	8,901
Deferred tax liabilities		**2,977**	2,584
Retirement benefit obligations		**11,279**	2,238
Provisions for liabilities and charges		**1,997**	2,377
		27,312	16,100
Net assets		**20,696**	23,897
Shareholders' equity			
Ordinary shares		**30,723**	30,723
Share premium account		**34,708**	34,708
Capital redemption reserve		**500**	500
Translation reserve		**(626)**	(552)
Accumulated losses		**(44,609)**	(41,482)
Total equity		**20,696**	23,897

Consolidated Cash Flow Statement

for the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	6	**15,300**	14,726
Finance income received		**1**	7
Finance costs paid		**(365)**	(300)
Retirement benefit deficit recovery contributions		**(592)**	(625)
Tax paid		**(2,229)**	(262)
Net cash generated from operating activities		**12,115**	13,546
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**2**	4
Purchase of property, plant and equipment		**(6,339)**	(4,815)
Capitalised development costs and software		**(4,715)**	(4,697)
Acquisition of VR Technology Holdings		**(439)**	-
Net cash used in investing activities		**(11,491)**	(9,508)
Cash flows from financing activities			
Net movements in loans	7	**2,281**	(2,808)
Dividends paid to shareholders	8	**(1,132)**	(941)
Purchase of own shares		**(1,765)**	(279)
Net cash used in financing activities		**(616)**	(4,028)
Net increase in cash, cash equivalents and bank overdrafts		**8**	10
Cash, cash equivalents and bank overdrafts at beginning of the year		**176**	167
Effects of exchange rate changes		**-**	(1)
Cash, cash equivalents and bank overdrafts at end of the year	7	**184**	176

Consolidated Statement of Changes in Equity
for the year ended 30 September 2013

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
At 1 October 2011		30,723	34,708	865	(45,124)	21,172
Profit for the year		-	-	-	7,829	7,829
Unrealised exchange differences on overseas investments		-	-	(917)	-	(917)
Actuarial loss recognised in retirement benefit scheme		-	-	-	(3,098)	(3,098)
Total comprehensive income for the year		-	-	(917)	4,731	3,814
Dividends paid		-	-	-	(941)	(941)
Purchase of shares by the employee benefit trust		-	-	-	(279)	(279)
Movement in respect of employee share schemes		-	-	-	131	131
At 30 September 2012		30,723	34,708	(52)	(41,482)	23,897
Profit for the year		**-**	**-**	**-**	**9,628**	**9,628**
Unrealised exchange differences on overseas investments		**-**	**-**	**(74)**	**-**	**(74)**
Actuarial loss recognised in retirement benefit scheme		**-**	**-**	**-**	**(9,971)**	**(9,971)**
Total comprehensive expense for the year		**-**	**-**	**(74)**	**(343)**	**(417)**
Dividends paid	8	**-**	**-**	**-**	**(1,132)**	**(1,132)**
Purchase of shares by the employee benefit trust		**-**	**-**	**-**	**(1,765)**	**(1,765)**
Movement in respect of employee share schemes		**-**	**-**	**-**	**113**	**113**
At 30 September 2013		**30,723**	**34,708**	**(126)**	**(44,609)**	**(20,696)**

Other reserves consist of the capital redemption reserve of £500,000 (2012: £500,000) and the translation reserve of £626,000 (2012: £552,000).

All movements in other reserves relate to the translation reserve.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. **Basis of preparation**

a) These financial results do not comprise statutory accounts for the year ended 30 September 2013 within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2012 were approved by the Board of Directors on 21 November 2012 and delivered to the Registrar of Companies. Statutory accounts for the year ended 30 September 2013 will be delivered to the Registrar following the Company's Annual General Meeting. The report of the auditors on these 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.

b) This financial information has been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (collectively 'IFRSs') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

c) The amendment to IAS 19, 'Employee Benefits' will be adopted by the Group for the year ending 30 September 2014. The main changes affecting the Group are as follows:

- Interest income or expense will now be calculated by applying the discount rate to the net defined benefit (DB) liability or asset. Previously interest cost was calculated on the defined benefit obligation and expected return calculated on plan assets.
- Costs associated with investment management are deducted from the return on plan assets, (which is unchanged from the existing standard). Other expenses are recognised as incurred in the consolidated statement of comprehensive income.

This is expected to lead to an increase in the costs charged to the income statement of £0.8m for the year ending 30 September 2014 over the cost under the existing standard and a 2.6p reduction in earnings per share, with a similar impact on the comparative figures for the year ended 30 September 2013.

	2013			**2014**		
	Existing standard £'000	Adjustment £'000	Revised standard £'000	Existing standard £'000	Adjustment £'000	Revised standard £'000
Expected return on assets	(12,974)	12,974	-	(13,540)	13,540	-
Interest on liabilities	12,636	(12,603)	33	13,192	(13,180)	12
Administration expenses of DB pension scheme	-	421	421	-	430	430
Total pension costs	(338)	792	454	(348)	790	442

d) Certain statements in this announcement constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this announcement should be construed as a profit forecast.

2. Segmental analysis

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 Group Executive team.

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

Business Segments

Year ended 30 September 2013

	Protection & Defence £'000	Dairy £'000	Unallocated £'000	Group £'000
Revenue	93,137	31,714		124,851
Segment result before depreciation, amortisation and exceptional items	16,136	5,835	(1,948)	20,023
Depreciation of property, plant and equipment	(3,221)	(623)	(52)	(3,896)
Amortisation of development costs and software	(1,868)	(32)	(4)	(1,904)
Segment result before amortisation of acquired intangibles and exceptional items	11,047	5,180	(2,004)	14,223
Amortisation of acquired intangibles	(417)			(417)
Exceptional items	(383)			(383)
Segment result	10,247	5,180	(2,004)	13,423
Finance income			1	1
Finance costs			(348)	(348)
Other finance income			118	118
Profit before taxation	10,247	5,180	(2,233)	13,194
Taxation			(3,566)	(3,566)
Profit for the year	10,247	5,180	(5,799)	9,628
Segment assets	57,556	11,748	2,073	71,377
Segment liabilities	10,691	3,371	36,619	50,681
Other segment items				
Capital expenditure				
- intangible assets	3,474	304	809	4,587
- property, plant and equipment	4,665	1,419	91	6,175

The Protection & Defence segment includes £51.9m (2012: £45.9m) of revenues from the DOD, the only customer which individually contributes more than 10% to Group revenues.

Year ended 30 September 2012

	Protection & Defence £'000	Dairy £'000	Unallocated £'000	Group £'000
Revenue	74,586	32,050		106,636
Segment result before depreciation and amortisation	11,613	6,506	(1,761)	16,358
Depreciation of property, plant and equipment	(2,594)	(468)	(102)	(3,164)
Amortisation of development costs and software	(1,516)	(55)	(2)	(1,573)
Segment result	7,503	5,983	(1,865)	11,621
Finance income			7	7
Finance costs			(249)	(249)
Other finance expense			(374)	(374)
Profit before taxation	7,503	5,983	(2,481)	11,005
Taxation			(3,176)	(3,176)
Profit for the year	7,503	5,983	(5,657)	7,829
Segment assets	49,191	9,760	2,570	61,521
Segment liabilities	9,781	2,681	25,162	37,624
Other segment items				
Capital expenditure				
- intangible assets	3,877	225	595	4,697
- property, plant and equipment	3,519	1,198	72	4,789

Geographical segments by origin

Year ended 30 September 2013

	UK £'000	**US £'000**	**Group £'000**
Revenue	**24,028**	**100,823**	**124,851**
Non-current assets	**4,897**	**32,031**	**36,928**

Year ended 30 September 2012

	UK £'000	US £'000	Group £'000
Revenue	16,318	90,318	106,636
Non-current assets	3,710	27,449	31,159

3. Amortisation of acquired intangibles and exceptional items

	2013	2012
	£'000	£'000
Amortisation of acquired intangible assets	**417**	-

Exceptional items

	2013	2012
	£'000	£'000
Relocation of AEF facility	**304**	-
Acquisition costs	**79**	-
	383	-

In the consolidated statement of comprehensive income the exceptional items are included within administrative expenses.

The acquisition costs relate to the purchase of VR Technology Holdings and other potential acquisitions during the year.

4. Taxation

The split of the tax charge between current and deferred is as follows:

	2013	2012
	£'000	£'000
Overseas current tax	**3,313**	3,366
Overseas adjustment in respect of previous periods	**(139)**	172
Total current tax	**3,174**	3,538
Deferred tax - current year	**253**	(190)
Deferred tax - adjustment in respect of previous periods	**139**	(172)
Total deferred tax	**392**	(362)
Total tax charge	**3,566**	3,176

5. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share ownership trust. The company has dilutive potential ordinary share in respect of the Performance Share Plan. Adjusted earnings per share adds back to profit the effect of the amortisation of acquired intangible assets and exceptional items.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2013	2012
Weighted average number of ordinary shares in issue used in basic calculations (thousands)	**29,451**	29,151
Potentially dilutive shares (weighted average) (thousands)	**1,231**	1,706
Fully diluted number of ordinary shares (weighted average) (thousands)	**30,682**	30,857

	2013 **£'000**	**2013 Basic eps pence**	**2013 Diluted eps pence**	2012 £'000	2012 Basic eps pence	2012 Diluted eps pence
Profit attributable to equity shareholders of the Company	**9,628**	**32.7**	**31.4**	7,829	26.9	25.4
Amortisation of acquired intangible assets and exceptional items	**800**	**2.7**	**2.6**			
Profit excluding amortisation of acquired intangibles and exceptional items	**10,428**	**35.4**	**34.0**	7,829	26.9	25.4

6. Cash generated from operations

	2013 £'000	2012 £'000
Profit for the financial year	**9,628**	7,829
Adjustments for:		
Taxation	**3,566**	3,176
Depreciation	**3,896**	3,164
Amortisation of intangible assets	**2,321**	1,573
Finance income	**(1)**	(7)
Finance costs	**348**	249
Other finance (income)/expense	**(118)**	374
Loss on disposal of intangibles	**62**	-
Loss on disposal of property, plant and equipment	**24**	57
Movement in respect of employee share scheme	**113**	131
Decrease/(increase) in inventories	**2,259**	(5,259)
(Increase)/decrease in receivables	**(6,295)**	3,352
(Decrease)/increase in payables and provisions	**(503)**	87
Cash generated from operations	**15,300**	14,726

7. Analysis of net debt

This note sets out the calculation of net debt, a measure considered important in explaining our financial position.

	At 1 Oct 2012 £'000	Cash flow £'000	Exchange movements £'000	At 30 Sept 2013 £'000
Cash at bank and in hand	176	8	-	**184**
Net cash and cash equivalents	176	8	-	**184**
Debt due in more than 1 year	(8,901)	(2,281)	123	**(11,059)**
	(8,725)	(2,273)	123	**(10,875)**

On 30 September 2010 the Group agreed new bank facilities with Barclays Bank and Comerica Bank. The Barclays facility comprises a revolving credit facility of £5m and $15.5m and expires on 30 March 2015. The Comerica facility is a $15m revolving credit facility and expires on 30 March 2015. These facilities are priced on average at the appropriate currency LIBOR plus a margin of 1.75% and include financial covenants which are measured on a quarterly basis. The Group was in compliance with its financial covenants during 2013 and 2012.

8. Dividends

On 2 February 2013, the shareholders approved a final dividend of 2.4p per qualifying ordinary share in respect of the year ended 30 September 2012. This was paid on 15 March 2013 absorbing £708,000 of shareholders' funds.

On 23 April 2013 the Board of Directors declared an interim dividend of 1.44p (2012: 1.2p) per qualifying ordinary share in respect of the year ended 30 September 2013. This was paid on 6 September 2013 absorbing £424,000 (2012: £353,000) of shareholders' funds.

After the balance sheet date the Board of Directors proposed a final dividend of 2.88p per qualifying ordinary share in respect of the year ended 30 September 2013, which will absorb an estimated £862,000 of shareholders' funds. Subject to shareholder approval, the dividend will be paid on 21 March 2014 to shareholders on the register at the close of business on 21 February 2014. In accordance with accounting standards this dividend has not been provided for and there are no corporation tax consequences.

9. Annual Report & Accounts

Copies of the Directors' report and the audited financial statements for the year ended 30 September 2013 will be posted to shareholders who have elected to receive a copy and may also be obtained from the Company's registered office at Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB, England. Full audited financial statements will be available on the Company's website at www.avon-rubber.com.