

Interim Report and Accounts

2007



## Financial Highlights

	Half year ended 30 Sept 2007	Half year ended 30 Sept 2006
Turnover £m	<b>85.2</b>	97.9
Operating profit £m	<b>4.5</b>	3.8
Trading profit* £m	<b>4.8</b>	3.8
Profit before tax £m	<b>3.6</b>	2.1
Trading profit before tax* £m	<b>3.9</b>	2.1
Earnings per share (p)	<b>1.0</b>	–
Headline earnings per share* (p)	<b>1.2</b>	–

\* Trading profit and headline items are defined as operating profit before business disposals and exceptional costs.

## Report of the Directors

The first half of the year showed a continued improvement in the business despite the weaker US Dollar and continued upward pressure on raw material costs, particularly crude oil derivatives. Turnover of £85.2m was £12.7m lower than the previous year. However, after eliminating the impact of the prior year disposals (£14.9m) and adverse currency movements (£2.9m), underlying sales increased by £5.1m (6.4%). This increase was due to growth in Europe (7%), North America (5%) and Asia (14%). Approximately two-thirds of this growth was due to sales volumes, with the balance being sales price and mix.

Operating profit before exceptional costs (trading profit) was £4.8m compared to £3.8m in the first half of last year. On an underlying basis adjusting for disposals (£0.8m) and currency (£0.2m), trading profit showed a year-on-year increase of £2.0m (70%). An exceptional charge of £0.3m was made in the period to cover the outstanding deferred consideration on the disposal in 2006 of our loss-making Irish business (this has now been put into liquidation by the buyer). The prior year result included reorganisation costs of £0.5m and a credit to the asbestos litigation reserve of £0.5m (netting to exceptional costs of nil). Financing charges of £0.9m (2006/07: £1.7m) in the current period were significantly improved following last year's strategic disposals and the resulting repayment of Group debt. Profit before tax was £3.6m (2006/07: £2.1m). Profit after tax was £1.5m (2006/07: nil) with earnings per share of 1.0p (2006/07: nil pence). As last year, no interim dividend is proposed.

### Review of Operations

#### Europe

Sales in Europe of £48.4m showed an underlying increase of 7% against the first half of 2006/07 when adjusted for the impact of prior year business disposals and foreign exchange movements, with all market sectors outperforming the prior year. Improvements in customer service continued throughout the period, with on-time delivery performance rising from an average of 89% in 2006/07 to 96% in September 2007. Improving customer service has been a key

underpin to revenue growth. The trading profit of £2.0m (2006/07: £1.3m) reflects a fourfold improvement over the prior year when compared to the underlying profit which excludes business disposals (2006/07: £0.5m). This significant improvement reflected the combination of higher turnover, operational gearing of our production facilities and full benefits from the previous major cost reduction programmes. The turnaround in the performance of the UK business in the last two years, from a negative return on sales of 9.7% in 2005/06 to a positive return of 2.8% in the current period is particularly strong. The return on sales for the European business as a whole was 4.1% (2006/07: 1.1%).

#### North America

North American sales of £32.8m (2006/07: £33.6m) were negatively impacted by the effects of the weakening Dollar, and on an underlying basis were 5% ahead of the prior year. Trading profit of £3.9m for the region was in line with prior year despite the £0.2m impact of adverse foreign exchange movements. Growth was seen in both the industrial and medical sectors, whilst market demand in the automotive and building and construction sectors was generally a little subdued. The return on sales was maintained at its high historical level at 11.9% (2006/07: 11.5%).

#### Asia

Asia's sales, at £4.0m, were £0.3m higher than the 2006/07 half year despite the disposal of the Megolon compounding products in October 2006. This represents growth of £0.5m (14%) when compared to the underlying result in the previous half year with strong sales into the electronics and regional infrastructure markets. Trading profit increased to £0.3m (2006/07: £0.1m loss) largely due to sales growth but also reflecting the organisational and management changes put in place at this time last year.

#### Corporate

Corporate costs, at £1.4m, were slightly above the prior year due to the net impact of a number of one-off pension costs, such as additional adviser expenditure resulting from the negotiations for

## Report of the Directors

the new future funding agreements. These costs were offset in part by a one-off pension curtailment credit resulting from the closure to future accrual of the last two open UK pension schemes. These closures, coming at the end of the half year, are expected to benefit the current year results by £0.2m compared to the prior year.

### Profit before tax and taxation charge

Following the repayment of the Group's borrowings in the second half of last year (from the proceeds of business disposals) net interest income totalled £0.3m (2006/07: £0.6m charge). Other finance charges (discount on litigation provision and IAS 19 finance cost) increased slightly to £1.2m (2006/07: £1.1m), giving a net finance charge of £0.9m (2006/07: £1.7m). The resulting profit before tax was £3.6m (2006/07: £2.1m).

The tax charge of £2.1m reflects an improvement in the effective tax rate of the Group from 62% in 2006/07 (or 100% in the first half of 2006/07) to 54% in the current half year. The charge includes underlying tax payable of £0.9m and deferred tax of £1.2m. The improvement in effective tax rate is largely due to the combination of growth in UK operating profits (where tax losses are available and no deferred tax asset is recognised) and improvements to the Group's internal capital/financing structure.

The resulting earnings per share were 1.0p (nil pence in the first half of 2006/07).

### Cash flow

Net cash generated from operating activities was £2.0m (2006/07: £1.6m). Trading working capital as at 30 September 2007 was higher than at 31 March 2007 as a result of the increased activity (sales) levels. This resulted in a £0.4m trading working capital cash outflow (2006/07: £0.9m). Spend against previously raised reorganisation provisions was £0.3m (2006/07: £0.4m) with additional deficit funding payments into the pension funds amounting to £2.3m (2006/07: £2.0m). Asbestos litigation defence spend reduced to £0.3m (2006/07: £0.4m), due to lower legal activity during the period. Capital

investment of £0.7m (2006/07: £1.2m) in the first half of the year reflects a back end loaded expenditure profile and thus the current underspend of £0.5m is a timing difference that will reverse. The overall net cash position of £12.5m (excluding the remaining Waycross deposit of \$10m) was £1.3m better than 31 March 2007 (£11.2m).

### Pensions

The IAS 19 pension deficit at 30 September 2007 was £48.0m (31 March 2007: £58.3m). The majority of this £10.3m improvement reflects current market conditions, especially the trends in gilts (and hence discount rates) and equity performance. During the period the Company made deficit payments to the various UK funds of £2.3m (2006/07: £2.0m). The Company also completed its discussions with Trustees concerning the future funding of the UK defined benefits schemes. The agreements reached were submitted to the Pensions Regulator during the period. Significant highlights of the agreements are:

- i) closure of all funds to future benefit accrual (the two larger schemes from 1 October 2007, the smaller from 1 April 2007); and
- ii) future deficit funding of £3.4m per year (consistent with the last three years plus RPI).

The Company continues to pay a S75 debt, triggered by the disposal of our Irish subsidiary, of £0.7m per year up to, and including, 2009/10.

### Asbestos litigation

The Group continues to be involved in a number of cases in the USA arising from the alleged exposure of papermill workers to asbestos in a product which was manufactured by a business sold to J M Voith AG in 1999. The downward trend in the overall number of claims has continued from its peak of 34,000 in 2004 to just over 19,000 claims at 30 September 2007.

In June 2007 a jury in a trial in Middlesex County, New Jersey, returned a verdict in respect of claims of asbestos exposure brought by five

former papermill workers, two of whom are deceased, against Scapa Dryers Inc. The verdict was in favour of the defence in respect of two of the plaintiffs, and a verdict against in respect of the other plaintiffs amounting to US\$823,050. Counsel for Scapa have advised the Board that they believe significant and material error was committed by the court during the trial sufficient to provide grounds for appeal. Accordingly, an appeal has been lodged with the New Jersey Court of Appeals. The Company's insurance cover counsel has advised that there is sufficient liability insurance to satisfy the judgement in full if it is not reversed on appeal.

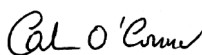
In the USA no Scapa Group company, nor any of our insurance carriers, has admitted liability to date, nor made any payment to any plaintiff. Accordingly, our insurance cover remains intact and the Board will continue to defend vigorously the outstanding claims.

### The Board

Brian Tenner was appointed to the Board as Finance Director on 14 June 2007. Keith Hopkins retired from the Board on 30 September 2007, having first been appointed in January 2002, becoming Chairman on 31 March 2002. Keith successfully stewarded the Group through a very difficult period in its history and we wish him a long and healthy retirement. James Wallace was appointed to the Board on 30 August 2007 and subsequently became Chairman on 30 September 2007. The Company is currently in the process of strengthening the Board with the appointment of a further Non-Executive Director.

### Prospects

The major turnaround in the Group's fortunes is clearly demonstrated by the results of the last 18 months. Momentum for change and growth continues in all of our businesses with improvement sought in every line of our profit and loss statement. Market conditions remain firm in Europe and Asia but have softened in North America following the much publicised sub prime mortgage problems and high oil prices. However, we expect the Group's operational performance to continue to improve on prior year due to internal business development initiatives already in place.



**C J O'Connor**  
Chief Executive  
29 November 2007



**J A S Wallace**  
Chairman  
29 November 2007

## Consolidated Income Statement

For the half year ended 30 September 2007 (unaudited)

	note	Half year ended 30 Sept 2007 £m	Half year ended 30 Sept 2006 £m	Year ended 31 March 2007 £m
<b>Turnover</b>	2	<b>85.2</b>	97.9	184.3
<b>Operating profit</b>	2	<b>4.5</b>	3.8	15.7
Trading profit*		<b>4.8</b>	3.8	7.0
Exceptional items and movements in exceptional provisions:				
– Business disposals	3	<b>(0.3)</b>	–	11.9
– Reorganisation costs and exceptional provision movements		–	(0.4)	(1.3)
– Movement in asbestos litigation costs provision		–	0.5	0.9
– Property, plant and equipment and goodwill impairment		–	–	(2.9)
– Other		–	(0.1)	0.1
<b>Operating profit</b>	2	<b>4.5</b>	3.8	15.7
Interest payable		<b>(0.1)</b>	(0.8)	(1.2)
Interest receivable		<b>0.4</b>	0.2	0.7
		<b>0.3</b>	(0.6)	(0.5)
Discount on provisions		<b>(0.2)</b>	(0.2)	(0.4)
IAS 19 finance costs		<b>(1.0)</b>	(0.9)	(1.9)
Net finance costs		<b>(0.9)</b>	(1.7)	(2.8)
<b>Profit on ordinary activities before taxation</b>		<b>3.6</b>	2.1	12.9
Taxation on operating activities		<b>(2.1)</b>	(2.1)	(2.6)
Exceptional tax credit		–	–	3.0
Taxation (charge)/credit	4	<b>(2.1)</b>	(2.1)	0.4
<b>Retained profit for the period</b>		<b>1.5</b>	–	13.3
Weighted average number of shares		<b>144.8</b>	144.8	144.8
Basic and diluted earnings per share (p)		<b>1.0</b>	–	9.2

## Consolidated Statement of Recognised Income and Expense

For the half year ended 30 September 2007 (unaudited)

	Half year ended 30 Sept 2007 £m	Half year ended 30 Sept 2006 £m	Year ended 31 March 2007 £m
Retained profit for the period	<b>1.5</b>	–	13.3
Exchange differences on translating foreign operations	<b>0.3</b>	(2.4)	(5.2)
Actuarial gains	<b>8.4</b>	–	3.1
<b>Total recognised income/(expense) for the period</b>	<b>10.2</b>	(2.4)	11.2

\*Operating profit before business disposals and exceptional costs

# Consolidated Balance Sheet

As at 30 September 2007 (unaudited)

	Half year ended 30 Sept 2007	Half year ended 30 Sept 2006	Year ended 31 March 2007
note	£m	£m	£m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	9.4	10.4	9.8
Property, plant and equipment	32.7	39.5	33.5
Deferred tax asset	5.9	8.2	6.2
	<b>48.0</b>	58.1	49.5
<b>Current assets</b>			
Assets held for sale	–	6.5	–
Inventory	19.8	19.6	18.5
Trade and other receivables	37.9	44.2	38.6
Financial assets – derivative financial instruments	0.1	–	–
Current asset investments	4.9	5.4	5.1
Current tax asset	0.1	–	0.1
Cash and cash equivalents	8	1.7	12.5
	<b>76.8</b>	77.4	74.8
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities			
– Borrowings and other financial liabilities	8	(14.3)	(0.8)
– Derivative financial instruments	(0.1)	–	(0.1)
Trade and other payables	(29.8)	(32.7)	(29.0)
Current tax liabilities	–	(0.6)	(0.1)
Provisions	5	(1.1)	(1.6)
	<b>(32.3)</b>	(48.7)	(31.6)
<b>Net current assets</b>	<b>44.5</b>	28.7	43.2
<b>Non-current liabilities</b>			
Financial liabilities			
– Borrowings and other financial liabilities	8	–	(0.5)
Other non-current liabilities	(1.2)	(1.6)	(2.0)
Deferred tax liabilities	(2.2)	(5.1)	(0.9)
Other tax liabilities	(3.1)	(2.6)	(3.2)
Retirement benefit obligations	(48.0)	(62.2)	(58.3)
Provisions	5	(9.5)	(8.4)
	<b>(62.8)</b>	(81.0)	(73.3)
<b>Net assets</b>	<b>29.7</b>	5.8	19.4
<b>Shareholders' equity</b>			
Ordinary shares	7.2	7.2	7.2
Retained earnings	23.9	(2.6)	13.9
Translation reserve	(1.4)	1.2	(1.7)
<b>Total shareholders' equity</b>	6	5.8	19.4

## Consolidated Cash Flow Statement

For the half year ended 30 September 2007 (unaudited)

	note	Half year ended 30 Sept 2007 £m	Half year ended 30 Sept 2006 £m	Year ended 31 March 2007 £m
<b>Cash flows from operating activities</b>				
Net cash flow from operations	7	2.7	2.8	6.9
Cash generated from operations before reorganisation and movements in exceptional provisions	7	3.3	4.2	9.1
Cash outflows from reorganisation and movements in exceptional provisions	7	(0.6)	(1.4)	(2.2)
<b>Net cash flow from operations</b>		<b>2.7</b>	<b>2.8</b>	<b>6.9</b>
Net interest received/(paid)		0.3	(0.5)	(0.5)
Income tax paid		(1.0)	(0.7)	(1.3)
<b>Net cash generated from operating activities</b>		<b>2.0</b>	<b>1.6</b>	<b>5.1</b>
<b>Cash flows from investing activities</b>				
Proceeds from business disposals		-	0.6	21.2
Purchase of property, plant and equipment		(0.7)	(1.2)	(2.8)
Proceeds from sale of property, plant and equipment		-	-	0.5
Repayment of government grant		-	-	(0.2)
<b>Net cash (used)/generated from investing activities</b>		<b>(0.7)</b>	<b>(0.6)</b>	<b>18.7</b>
<b>Net cash flow before financing activities</b>		<b>1.3</b>	<b>1.0</b>	<b>23.8</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(0.1)	-	(12.4)
<b>Net cash used in financing activities</b>		<b>(0.1)</b>	<b>-</b>	<b>(12.4)</b>
<b>Net increase in cash and cash equivalents and bank overdrafts</b>				
Cash and cash equivalents and bank overdrafts at beginning of the year		12.0	0.9	0.9
Exchange losses on cash and cash equivalents		-	(0.2)	(0.3)
<b>Cash and cash equivalents and bank overdrafts at end of the period</b>		<b>13.2</b>	<b>1.7</b>	<b>12.0</b>

## Notes

### 1. Basis of preparation

This interim financial report has been prepared under the historical cost accounting convention and in accordance with the policies used in the Group's financial statements for the year ended 31 March 2007. The IFRS interpretations that will be applicable as at 31 March 2008, including those that will be applicable on an optional basis, are not yet known with certainty at the time of preparing this report.

The financial information included in this interim financial report for the six months ended 30 September 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and is unaudited. The comparative information for the six months ended 30 September 2006 is also unaudited. The comparative figures for the year ended 31 March 2007 have been extracted from the Group's financial statements as filed with the Registrar of Companies, on which the auditors gave an unqualified opinion and did not make a statement under duties of auditors section 237(2) or section 237(3) of the Companies Act 1985.

### 2. Segmental reporting

#### Primary Reporting Format – Geographical Segments

The Group operates in three main geographical areas: Europe, North America and Asia. All inter-segment transactions are made on an arms-length basis.

The home country of the Company is the United Kingdom.

#### Segment results

The segment results for the half year ended 30 September 2007 are as follows:

	Europe £m	N America £m	Asia £m	Elimina- tions £m	Corporate £m	Group £m
External sales	48.4	32.8	4.0	–	–	85.2
Inter-segment sales	2.0	1.3	0.7	(4.0)	–	–
Total revenue	50.4	34.1	4.7	(4.0)	–	85.2
Segment result (before exceptional items)	2.0	3.9	0.3	–	(1.4)	4.8
Exceptional items and movements in exceptional provisions:						
– Other	(0.3)	–	–	–	–	(0.3)
Exceptional items	(0.3)	–	–	–	–	(0.3)
Operating profit/(loss)	1.7	3.9	0.3	–	(1.4)	4.5
Net finance costs						(0.9)
<b>Profit on ordinary activities before taxation</b>						<b>3.6</b>
Taxation						(2.1)
<b>Profit on ordinary activities after taxation</b>						<b>1.5</b>

Sales are allocated based on the country in which the order is received. All revenue relates to the sale of goods. The sales analysis based on the location of the customer is as follows:

	Europe £m	N America £m	Other £m	Group £m
External sales	43.2	30.8	11.2	85.2

## Notes

### 2. Segmental reporting continued

#### Segment results

The segment results for the half year ended 30 September 2006 are as follows:

	Europe £m	N America £m	Asia £m	Elimina- tions £m	Corporate £m	Group £m
External sales	60.6	33.6	3.7	–	–	97.9
Inter-segment sales	2.5	1.6	0.8	(4.9)	–	–
Total revenue	63.1	35.2	4.5	(4.9)	–	97.9
Segment result (before exceptional items)	1.3	3.9	(0.1)	–	(1.3)	3.8
Exceptional items and movements in exceptional provisions:						
– Reorganisation	(0.6)	–	–	–	0.2	(0.4)
– Movement in asbestos litigation costs provision	–	–	–	–	0.5	0.5
– Other	–	–	–	–	(0.1)	(0.1)
Exceptional items	(0.6)	–	–	–	0.6	–
Operating profit/(loss)	0.7	3.9	(0.1)	–	(0.7)	3.8
Net finance costs						(1.7)
<b>Profit on ordinary activities before taxation</b>						<b>2.1</b>
Taxation						(2.1)
<b>Profit on ordinary activities after taxation</b>						<b>–</b>

Sales are allocated based on the country in which the order is received. All revenue relates to the sale of goods. The sales analysis based on the location of the customer is as follows:

	Europe £m	N America £m	Other £m	Group £m
External sales	58.0	31.2	8.7	97.9

## 2. Segmental reporting continued

### Segment results

The segment results for the year ended 31 March 2007 are as follows:

	Europe £m	N America £m	Asia £m	Elimina- tions £m	Corporate £m	Group £m
External sales	111.2	65.3	7.8	–	–	184.3
Inter-segment sales	4.3	2.9	1.6	(8.8)	–	–
Total revenue	115.5	68.2	9.4	(8.8)	–	184.3
Segment result (before exceptional items)	2.1	7.6	0.2	–	(2.9)	7.0
Exceptional items and movements in exceptional provisions:						
– Business disposals	11.9	–	–	–	–	11.9
– Property, plant and equipment and goodwill impairment	(2.8)	–	(0.1)	–	–	(2.9)
– Movement in asbestos litigation costs provision	–	–	–	–	0.9	0.9
– Reorganisation costs and exceptional provision movements	(1.0)	–	(0.2)	–	(0.1)	(1.3)
– Other	–	(0.2)	–	–	0.3	0.1
Exceptional items	8.1	(0.2)	(0.3)	–	1.1	8.7
Operating profit/(loss)	10.2	7.4	(0.1)	–	(1.8)	15.7
Net finance costs						(2.8)
<b>Profit on ordinary activities before taxation</b>						<b>12.9</b>
Taxation on operating activities						(2.6)
Exceptional tax credit						3.0
Taxation credit						0.4
<b>Retained profit for the year</b>						<b>13.3</b>

Sales are allocated based on the country in which the order is received. All revenue relates to the sale of goods. The sales analysis based on the location of the customer is as follows:

	Europe £m	N America £m	Other £m	Group £m
External sales	100.3	61.8	22.2	184.3

### 3. Exceptional items

An exceptional charge of £0.3m in the half year ended 30 September 2007 was made to cover the outstanding deferred consideration from the disposal of the loss-making Irish subsidiary in the prior year. The acquired entity has been placed into members' voluntary liquidation by the acquirer.

### 4. Taxation

The tax charge of £2.1m represents tax payable of £0.9m, movements in deferred tax in profit-making jurisdictions of £0.9m and a prior year adjustment to deferred tax for £0.3m. No benefit has been recognised for potential future tax credits in loss-making jurisdictions (primarily in the UK) as there is little expectation of recovery within the foreseeable future. The tax charge for the period ended 30 September 2006 was £2.1m, representing tax payable of £0.8m and movements in deferred tax of £1.3m.

## Notes

### 5. Provisions

	Asbestos litigation costs	Reorganisation and leasehold commitments	Other	Total
	£m	£m	£m	£m
<b>At 30 September 2006</b>	7.5	1.8	1.3	10.6
Exchange differences	(0.4)	–	(0.1)	(0.5)
(Released)/provided in the period	(0.4)	0.6	–	0.2
Unwinding of discount	0.2	–	–	0.2
Utilised in the period	(0.1)	(0.3)	(0.1)	(0.5)
<b>At 31 March 2007</b>	6.8	2.1	1.1	10.0
Exchange differences	(0.4)	–	–	(0.4)
Unwinding of discount	0.2	–	–	0.2
Utilised in the period	(0.3)	(0.3)	–	(0.6)
<b>At 30 September 2007</b>	<b>6.3</b>	<b>1.8</b>	<b>1.1</b>	<b>9.2</b>

### 6. Reserves

	Share capital	Translation reserves	Retained earnings	Total equity
	£m	£m	£m	£m
<b>At 30 September 2006</b>	7.2	1.2	(2.6)	5.8
Currency translation differences	–	(2.8)	–	(2.8)
Recycling of foreign exchange differences	–	(0.1)	–	(0.1)
Actuarial gain on pension schemes	–	–	3.1	3.1
Net (loss)/gain recognised directly in equity	–	(2.9)	3.1	0.2
Profit for the period	–	–	13.3	13.3
Total recognised income for the period	–	(2.9)	16.4	13.5
Employee share option scheme – value of employee services	–	–	0.1	0.1
<b>At 31 March 2007</b>	7.2	(1.7)	13.9	19.4
Currency translation differences	–	0.3	–	0.3
Actuarial gain on pension schemes	–	–	8.4	8.4
Net income recognised directly in equity	–	0.3	8.4	8.7
Profit for the period	–	–	1.5	1.5
Total recognised income for the period	–	0.3	9.9	10.2
Employee share option scheme – value of employee services	–	–	0.1	0.1
<b>Balance at 30 September 2007</b>	<b>7.2</b>	<b>(1.4)</b>	<b>23.9</b>	<b>29.7</b>

## 7. Reconciliation of operating profit to operating cash flow

	Half year ended 30 Sept 2007 £m	Half year ended 30 Sept 2006 £m	Year ended 31 March 2007 £m
Operating profit	4.5	3.8	15.7
Adjustments for:			
Depreciation	2.1	2.7	5.0
(Profit)/loss on disposal of fixed assets	-	0.1	(0.5)
Profit on disposal of businesses	-	-	(11.9)
Impairment of tangible fixed assets	-	-	2.8
Impairment of goodwill	-	-	0.1
Pensions payments in excess of charge	(2.3)	(2.0)	(3.7)
Pension curtailment	(0.5)	-	-
Movement in fair value of financial instruments	(0.1)	(0.1)	0.1
Share options charge	0.1	-	0.1
Grant income release	(0.1)	-	(0.1)
Changes in working capital:			
Inventories	(1.1)	(0.5)	(0.8)
Trade debtors	0.3	0.2	4.6
Trade creditors	0.4	(0.6)	(2.0)
Changes in trading working capital	(0.4)	(0.9)	1.8
Other debtors	0.8	0.2	(0.4)
Other creditors	(0.8)	0.4	(0.3)
Net movement in other provisions	-	(0.2)	(0.3)
Net movement in reorganisation provisions	(0.3)	-	(0.1)
Net movement in asbestos litigation provision	(0.3)	(0.9)	(1.4)
Net movement in leasehold commitment provisions	-	(0.3)	-
Cash generated from operations	2.7	2.8	6.9
Cash generated from operations before reorganisation and movements in exceptional provisions	3.3	4.2	9.1
Cash outflows from reorganisation and movements in exceptional provisions	(0.6)	(1.4)	(2.2)
Cash generated from operations	2.7	2.8	6.9

## Notes

### 8. Reconciliation of net debt

#### Analysis of net debt

	At 1 April 2007 £m	Cash flow £m	<b>At 30 Sept 2007 £m</b>
Cash and cash equivalents	12.5	1.5	<b>14.0</b>
Overdrafts	(0.5)	(0.3)	<b>(0.8)</b>
	12.0	1.2	<b>13.2</b>
Borrowings due within one year	(0.4)	0.1	<b>(0.3)</b>
Borrowings due after more than one year	(0.4)	–	<b>(0.4)</b>
	(0.8)	0.1	<b>(0.7)</b>
<b>Total</b>	<b>11.2</b>	<b>1.3</b>	<b>12.5</b>



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