19 November 2009

Scapa Group plc
Interim Results

Scapa Group plc, a global supplier of technical adhesive tapes, today announced its Interim Results for the six months ended 30 September 2009.

Highlights

- Sales stabilised at 20% below pre-credit crunch levels
- Significant improvement in trading position. Trading loss* of £1.0m compares to an underlying loss of £6.4m in the second half of last year
- Previously announced restructuring activity largely completed
- Net cash balances positive at £2.9m after funding £3.5m of exceptional costs
- Improvement in the legacy issues of pension deficits and asbestos litigation
- Business currently generating profit and cash
- New CEO appointed

Commenting on the results, Chairman James Wallace said:

"The trading loss of £1.0m is a substantial £5.4m improvement on the underlying loss in the preceding six-months, aided by 6.6% more sales in the current period. The improvement in trading result was split 60% Europe and 40% North America with Asia relatively flat. Major restructuring activities were largely concluded in the period and these will benefit the second half.

"We have now returned to underlying trading profit and cash generation. Our healthy balance sheet and cash position mean Scapa is well placed to benefit as order books recover."

For further information:

Heejae Chae	Chief Executive	Tel: 0161 301 7430
Brian Tenner	Finance Director	Tel: 0161 301 7430
Chris Hardie	Arden Partners	Tel: 0207 398 1639

* Figures shown here and elsewhere as 'underlying' adjust for the impact of exceptionals, disposals and currency movements. 'Trading loss' is operating profit before exceptional costs.

Interim Management Report

The first six months of the current financial year have seen a significant reduction in the trading loss incurred in the immediately preceding six months. This was primarily due to the recent restructuring exercises which significantly reduced our cost base and was also aided by 6.6% additional sales volume.

Sales performed slightly better than the anticipated 20% decline in the first six months with turnover of £86.7m being £5.4m (5.9%) lower than the same ('comparable') period in the previous year, £17.4m (16.7%) on an underlying basis.

As expected with a sales shortfall, the trading profit performance was also down on the comparable period by £5.8m resulting in a trading loss of £1.0m (2008/09: £4.8m profit). Sales pricing has been broadly flat with little input cost pressure as a result of the general weakness in global demand for commodities.

The closure of our Bellegarde facility in France was completed in July 2009 but was not without complication, including unhelpful industrial actions by the workforce. A number of production and supply issues associated with automotive tapes, coupled with a spiked demand from some customers, resulted in higher than normal overtime and express freight costs. Over £1.0m of extra cost was expended as we transferred much of the production to Italy. These problems have now been largely resolved and the business is well positioned to benefit from a further reduction in costs in the second half.

Exceptional charges in the period of £0.4m (2008/09: £1.1m) relate to the closure of the Bellegarde site, and are costs that could not be provided for at March but that were incurred as the transfer of the business was completed.

In line with previous practice, no interim dividend is proposed.

Review of operations

Europe
Sales in Europe of £49.0m decreased £5.9m (10.7%), representing an underlying decrease of 17.9% against the first half of 2008/09, when adjusted for the impact of positive foreign exchange movements. All sectors experienced falls during the period with medical restricting the decline to 3%. Automotive actually improved on the second half of last year but still finished 27% down on the comparable period. Customer service levels suffered during the period, falling below 90%, largely as a result of high demand volatility, particularly in automotive. This was exacerbated by the closure of the Bellegarde site. Performance on this metric is slowly rebuilding.

The £1.0m trading loss (2008/09: £4.8m profit) reflects lower turnover partly offset by the benefits of recent capital investments and cost cutting measures. The turnaround in the performance of the UK business in the previous three years has continued with the UK now achieving Return on Sales of 5.8%. The UK and Italy will now benefit from our substantial capital investments over the last two years.

North America
The North American trading environment continued to be very challenging. Sales of £32.1m (2008/09: £32.5m) fell by £0.4m (1.2%), an underlying decrease of £6.8m (17.5%) when adjusted for positive foreign currency movements. The market sector picture was one of reduced sales in all sectors, ranging from 7% down in medical to 60% down in construction.

Trading profit of £1.2m (2008/09: £2.3m) was clearly disappointing. The result was, however, a significant improvement on the trading loss of £1.0m in the second half of 2008/09. Investment was completed in new production equipment for our North American business and the major SAP system implementation achieved an on-schedule 'Go Live' for the remaining sites in North America.

Asia
Asian sales at £5.6m (2008/09: £4.7m) grew by 19.1% compared to the prior year. This represented modest underlying growth of 1.8%. Sales into the electronics and regional infrastructure markets have again been the mainstays of performance.
Trading profit decreased by 20% to £0.4m (2008/09: £0.5m) based mainly on a weaker sales mix and adverse foreign currency movements (weaker US Dollar). We continue to invest and increase our presence in Asian markets.

Corporate
Our corporate costs of £1.6m have increased by £0.5m compared to the prior year. This is largely as a result of a small increase in adviser costs associated with pension discussions and a long overdue investment in management development. These and other costs will reduce in the second half of the year. Full year corporate costs are expected to be only £0.3m higher than the prior year.

Interest income and expense
Net interest income is £Nil (2008/09: £0.2m) due to interest payable of £0.1m (2008/09: £Nil) and lower interest income of £0.1m (2008/09: £0.2m) which has fallen in line with reduced cash balances and lower interest rates. Other finance charges were £1.7m (2008/09: £1.2m) and comprise £1.5m of IAS 19 finance costs and £0.2m charge on the unwinding of the discounted litigation provision.

Taxation charge
The current period tax credit is £0.5m (2008/09: charge £1.0m). The credit is made up of a current year tax charge of £0.6m (2008/09: £0.9m), offset by deferred tax credits of £1.1m (2008/09: charge £0.1m). The deferred tax credits arise mainly on the losses made in the period and are £0.7m (2008/09: £0.1m) on ordinary activities and £0.2m (2008/09: £Nil) on exceptional items.

On an adjusted basis (excluding the tax on exceptional items) the tax credit is £0.3m (2008/09: charge £1.1m), giving an effective tax rate of 11% (2008/09: 30%). This tax rate is impacted in the period by tax payable on activity or presence in certain jurisdictions despite overall trading losses being incurred, mainly US and Italian state taxes.

Loss per share
The loss attributable to shareholders for the current period amounts to £2.6m or, on an adjusted basis, £2.4m (2008/09: £1.7m profit and £2.8m profit respectively).

This equates to a loss per share of 1.8p (2008/09: 1.2p earnings per share) or 1.7p loss per share on an adjusted basis (2008/09: 1.9p earnings per share).

Cash flow
Net cash balances at the half year were £2.9m (31 March 2009: £6.8m). Net cash outflow from operating activities was £2.5m (2008/09: £0.3m). Cash flow from operations has been supported from lower working capital levels, generating around £2.2m of cash (2008/09: £2.8m outflow). The increase in cash outflow is primarily due to exceptional costs associated with the closure of the Bellegarde facility and other restructuring costs from the prior year. Total spend against exceptional provisions was £3.5m (2008/09: £0.7m). The closure of Bellegarde is now complete with only moderate additional cash spend expected on the project up to March 2010.

A tax cash inflow of £0.8m was received in the period (2008/09: outflow £0.9m) owing primarily to accelerated tax refunds in France. The full year cash tax position will remain positive but with a lower net result, estimated at £0.5m. Capital investment in the period of £1.9m (2008/09: £3.6m) reflects the completion of last year's major investment programme. We expect capital expenditure for the year as a whole to be around £2.5m, reflecting the current economic climate.

We have enhanced our cash headroom by partially drawing down on existing facilities.

Pensions
The pension deficit at 30 September 2009 narrowed by £5.7m to £43.6m (31 March 2009: £49.3m). The change is broadly the reverse of last year's movements (falling asset values and lower liabilities). Asset increases of £14.1m have been offset by increases of £8.8m in liabilities due to lower discount rates. In addition favourable exchange rate movements add a positive gain of £0.4m on the overseas schemes.

To some extent a 'natural' 'semi-hedge' is effectively at work whereby rising bond values increase the asset side of the equation but at the same time create a lower discount rate that causes an increase in the liability side of the equation.

During the period the Company made cash payments in excess of the operating charge of £2.6m (2008/09: £3.2m) the decrease being the result of the timing of payments to the Pension Protection Fund (PPF).

Pensions – Triennial Review
The Company has now concluded the negotiations with the Trustees of all three UK defined benefit pension schemes with respect to contributions for the coming three years. These schemes are fully closed to new members and future accrual. Affordability and a strong sponsoring employer have been the key shared objectives and as a result annual recurring contributions for the three years from 1 April 2010 will be reduced by £0.5m per annum. During the three-year period this annual shortfall can be made good if cash flow targets are outperformed with any benefit being shared between the Company and the pension funds, with the funds' share limited to the cumulative shortfall. At the end of the three-year period contributions revert to their original level. The net impact of the agreement, combined with the completion of the s.75 payments (£0.7m for each of the last three years) will be to reduce cash pension costs each year by up to £1.2m.

Asbestos litigation
The period under review has seen two jury trials coming to court. In the first, the Geron case in California, dismissal was secured after the first week of trial. The second, the Barabin case in Washington State, is continuing. Other dismissals continue to be received (approximately 400 since 31 March 2009). Three adverse judgements are currently at the appeal stage. 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
As previously announced, Heejae Chae was appointed Chief Executive Designate on 7 September 2009 in advance of Calvin O'Connor's retirement from the business. Calvin will remain a Director of the Company until 31 December 2009 as planned and Heejae has become Chief Executive with effect from 18 November 2009.

The Company has changed much and for the better under Calvin's leadership and we will continue to benefit from his experience and wisdom until 31 December 2009 and thereafter on a more informal basis. Heejae will report on his plans and progress at our next regular update to investors.

In the meantime we wish Calvin well for his upcoming retirement.

Prospects
The Group targeted a profit and cash positive position based on a 20% lower revenue profile. With the bulk of exceptional cash costs and additional operating costs around the closure of Bellegarde now behind us, the Group has achieved this critical objective.

Our healthy balance sheet and net cash position mean that Scapa is well placed to benefit from order books as they recover and market conditions improve.

James A S Wallace

J A S Wallace
Chairman
19 November 2009

Consolidated Income Statement
For the half year ended 30 September 2009 (unaudited)

All on continuing operations	note	**Half year ended 30 Sept 2009 £m**	Half year ended 30 Sept 2008 £m	Year ended 31 March 2009 £m
Revenue	2	**86.7**	92.1	174.0
Operating (loss)/profit	2	**(1.4)**	3.7	(6.9)
Trading (loss)/profit*		**(1.0)**	4.8	(1.0)
Exceptional items:				
– Business disposals		**–**	(0.7)	(0.7)
– Reorganisation costs	3	**(0.4)**	(0.4)	(4.3)
– Impairment of plant and equipment		**–**	–	(0.9)
Operating (loss)/profit	2	**(1.4)**	3.7	(6.9)
Interest payable		**(0.1)**	–	(0.1)
Interest receivable		**0.1**	0.2	0.4
		–	0.2	0.3
Discount on provisions		**(0.2)**	(0.2)	(0.4)
IAS 19 finance costs		**(1.5)**	(1.0)	(2.3)
Net finance costs		**(1.7)**	(1.0)	(2.4)
(Loss)/profit on ordinary activities before taxation		**(3.1)**	2.7	(9.3)
Taxation on operating activities	4	**0.3**	(1.0)	1.6
Taxation on exceptional losses	4	**0.2**	–	1.8
Exceptional recognition of previously unrecognised deferred tax assets		**–**	–	16.8
Taxation credit/(charge)		**0.5**	(1.0)	20.2
(Loss)/profit for the period		**(2.6)**	1.7	10.9
Weighted average number of shares		**144.8**	144.8	144.8
Basic and diluted earnings per share (p)		**(1.8)**	1.2	7.5

Statement of Comprehensive Income
For the half year ended 30 September 2009 (unaudited)

	Half year ended 30 Sept 2009 £m	Half year ended 30 Sept 2008 £m	Year ended 31 March 2009 £m
(Loss)/profit for the period	**(2.6)**	1.7	10.9
Other comprehensive income:			
Exchange differences on translation	**(4.2)**	4.0	17.1
Actuarial gains/(losses)	**4.1**	0.3	(8.5)
Deferred tax on actuarial gains/(losses)	**(1.1)**	–	2.4
	(1.2)	4.3	11.0
Total comprehensive income attributable to shareholders	**(3.8)**	6.0	21.9

* Operating (loss)/profit before business disposals, impairments, reorganisation costs and movements in exceptional provisions.

Consolidated Balance Sheet
As at 30 September 2009 (unaudited)

	note	**Half year ended 30 Sept 2009 £m**	Half year ended 30 Sept 2008 £m	Year ended 31 March 2009 £m
Assets				
Non-current assets				
Goodwill		**12.1**	10.8	13.5
Property, plant and equipment		**43.2**	38.6	44.8
Deferred tax asset		**29.5**	6.2	30.2
Other non-current asset investments		**6.3**	5.6	7.0
		91.1	61.2	95.5
Current assets				
Inventory		**21.5**	25.6	23.0
Trade and other receivables		**36.0**	40.8	37.2
Current tax asset		**0.2**	0.6	1.4
Cash and cash equivalents	7	**6.9**	10.2	7.5
		64.6	77.2	69.1
Liabilities				
Current liabilities				
Financial liabilities				
– Borrowings and other financial liabilities	7	**(3.7)**	(0.2)	(0.4)
– Derivative financial instruments		**(0.2)**	–	(0.1)
Trade and other payables		**(30.4)**	(34.8)	(29.6)
Current tax liabilities		**(0.4)**	(0.3)	–
Provisions for other liabilities and charges	5	**(2.2)**	(1.3)	(5.6)
		(36.9)	(36.6)	(35.7)
Net current assets		**27.7**	40.6	33.4
Non-current liabilities				
Financial liabilities				
– Borrowings and other financial liabilities	7	**(0.3)**	(0.4)	(0.3)
Trade and other payables		**(1.8)**	(1.0)	(1.9)
Deferred tax liabilities		**(4.0)**	(2.8)	(3.9)
Non-current tax liabilities		**(1.3)**	(2.6)	(1.3)
Retirement benefit obligations		**(43.6)**	(40.7)	(49.3)
Provisions for other liabilities and charges	5	**(9.2)**	(8.1)	(9.9)
		(60.2)	(55.6)	(66.6)
Net assets		**58.6**	46.2	62.3
Shareholders' equity				
Ordinary shares		**7.2**	7.2	7.2
Retained earnings		**35.4**	32.2	35.2
Translation reserve		**16.0**	6.8	19.9
Total shareholders' equity		**58.6**	46.2	62.3

Statement of Changes in Equity

For the half year ended 30 September 2009 (unaudited)

	Share capital £m	Translation reserves £m	Retained earnings £m	Total equity £m
Balance at 30 September 2007	7.2	(1.4)	23.9	29.7
Currency translation differences	–	4.2	–	4.2
Actuarial gain on pension schemes	–	–	4.3	4.3
Deferred tax on actuarial gains and losses	–	–	(0.1)	(0.1)
Net income recognised directly in equity	–	4.2	4.2	8.4
Profit for the period	–	–	3.0	3.0
Total comprehensive income	–	4.2	7.2	11.4
Employee share option scheme – value of employee services	–	–	0.1	0.1
Balance at 31 March 2008	7.2	2.8	31.2	41.2
Currency translation differences	–	4.0	–	4.0
Actuarial gain on pension schemes	–	–	0.3	0.3
Dividend paid to shareholders	–	–	(1.1)	(1.1)
Net income recognised directly in equity	–	4.0	(0.8)	3.2
Profit for the period	–	–	1.7	1.7
Total comprehensive income	–	4.0	0.9	4.9
Employee share option scheme – value of employee services	–	–	0.1	0.1
Balance at 30 September 2008	7.2	6.8	32.2	46.2
Currency translation differences	–	13.1	–	13.1
Actuarial loss on pension schemes	–	–	(8.8)	(8.8)
Deferred tax on actuarial loss	–	–	2.4	2.4
Net income recognised directly in equity	–	13.1	(6.4)	6.7
Profit for the period	–	–	9.2	9.2
Total comprehensive income	–	13.1	2.8	15.9
Employee share option scheme – value of employee services	–	–	0.2	0.2
Balance at 31 March 2009	7.2	19.9	35.2	62.3
Currency translation differences	–	(4.2)	–	(4.2)
Actuarial gain on pension schemes	–	–	4.1	4.1
Deferred tax on actuarial gain	–	–	(1.1)	(1.1)
Net income recognised directly in equity	–	(4.2)	3.0	(1.2)
Loss for the period	–	–	(2.6)	(2.6)
Total comprehensive income	–	(4.2)	0.4	(3.8)
Employee share option scheme – value of employee services	–	–	0.1	0.1
Balance at 30 September 2009	**7.2**	**15.7**	**35.7**	**58.6**

Consolidated Cash Flow Statement
For the half year ended 30 September 2009 (unaudited)

	note	**Half year ended 30 Sept 2009 £m**	Half year ended 30 Sept 2008 £m	Year ended 31 March 2009 £m
Net cash flow (used in)/from operating activities				
Net cash flow (used in)/from operations	6	**(2.5)**	(0.3)	1.4
Cash flow from operations before exceptional items	6	**1.0**	0.4	3.9
Cash flow from reorganisation and movements in exceptional provisions	6	**(3.5)**	(0.7)	(2.5)
Net cash flow (used in)/from operations		**(2.5)**	(0.3)	1.4
Net interest received		**–**	0.2	0.3
Income tax received/(paid)		**0.8**	(0.9)	(1.4)
Net cash flow (used in)/from operating activities		**(1.7)**	(1.0)	0.3
Cash flow from investing activities				
Purchase of property, plant and equipment		**(1.9)**	(3.6)	(8.9)
Net cash used in investing activities		**(1.9)**	(3.6)	(8.9)
Cash flow from financing activities				
Increase in borrowings		**1.9**	–	–
Repayment of borrowings		**(0.1)**	(0.1)	(0.2)
Dividends paid to shareholders		**–**	(1.1)	(1.1)
Net cash from/(used in) financing activities		**1.8**	(1.2)	(1.3)
Net decrease in cash and cash equivalents		**(1.8)**	(5.8)	(9.9)
Opening cash and cash equivalents		**7.2**	15.3	15.3
Exchange (losses)/gains on cash and cash equivalents		**(0.3)**	0.5	1.8
Closing cash and cash equivalents	7	**5.1**	10.0	7.2

Notes

1. Basis of preparation

This interim financial report is for the six months ended 30 September 2009 and has been prepared under the historical cost accounting convention as modified by the revaluation of financial assets and liabilities at fair value through profit and loss, and in accordance with the policies used in the Group's financial statements for the year ended 31 March 2009. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The IFRS interpretations that will be applicable as at 31 March 2010, including those that will be applicable on an optional basis, are not yet known with certainty at the time of preparing this report.

AIM listed companies are not required to issue IAS 34 compliant interims. Scapa Group complies with the majority of IAS 34 but a number of additional disclosures, that are not considered significant, are not provided.

The financial information included in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. The comparative information for the six months ended 30 September 2008 is also unaudited. The comparative figures for the year ended 31 March 2009 have been extracted from the Group's financial statements as filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under duties of auditors section 498 of the Companies Act 2006. The condensed consolidated interim information should be used in conjunction with the annual financial statements for the year ended 31 March 2009 which have been prepared in accordance with IFRSs as adopted by the European Union.

IFRS 8 'Operating Segments' became mandatory during the period and has been adopted in full. The 'management approach' requirement of IFRS 8 has had no impact on the way segmental information is presented for Scapa.

2. Segmental reporting

The chief operating decision-maker has been identified as the executive board. The board review internal reporting in geographical segments and management has determined the operating segments based on these internal reports.

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 2009 are as follows:

	Europe	**N America**	**Asia**	**Eliminations**	**Corporate**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
External sales	49.0	32.1	5.6	–	–	86.7
Inter-segment sales	2.3	1.3	0.4	(4.0)	–	–
Total revenue	51.3	33.4	6.0	(4.0)	–	86.7
Trading (loss)/profit	(1.0)	1.2	0.4	–	(1.6)	(1.0)
Exceptional items:						
– Reorganisation costs	(0.4)	–	–	–	–	(0.4)
Operating (loss)/profit	(1.4)	1.2	0.4	–	(1.6)	(1.4)
Net finance costs						(1.7)
Loss on ordinary activities before taxation						**(3.1)**
Taxation credit						0.5
Loss for the period						**(2.6)**

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	Corporate £m	Group £m
External sales	44.6	28.8	13.3	–	86.7

Segment results

The segment results for the half year ended 30 September 2008 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Corporate £m	Group £m
External sales	54.9	32.5	4.7	–	–	92.1
Inter-segment sales	3.0	1.4	0.6	(5.0)	–	–
Total revenue	57.9	33.9	5.3	(5.0)	–	92.1
Segment result (before exceptional items)	3.1	2.3	0.5	–	(1.1)	4.8
Exceptional items:						
– Other	(1.0)	(0.1)	–	–	–	(1.1)
Operating profit/(loss)	2.1	2.2	0.5	–	(1.1)	3.7
Net finance costs						(1.0)
Profit on ordinary activities before taxation						**2.7**
Taxation charge						(1.0)
Profit for the period						**1.7**

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	Corporate £m	Group £m
External sales	47.7	31.0	13.4	–	92.1

Segment results

The segment results for the year ended 31 March 2009 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Corporate £m	Group £m
External sales	100.2	64.3	9.5	–	–	174.0
Inter-segment sales	5.6	2.6	1.2	(9.4)	–	
Total revenue	105.8	66.9	10.7	(9.4)	–	174.0
Segment result (before exceptional items)	(0.8)	1.5	0.9	–	(2.6)	(1.0)
Exceptional items:						
– Business disposals	–	–	–	–	(0.7)	(0.7)
– Impairment of assets	(0.9)	–	–	–	–	(0.9)
– Reorganisation costs	(4.1)	(0.2)	–	–	–	(4.3)
Operating loss	(5.8)	1.3	0.9	–	(3.3)	(6.9)
Net finance costs						(2.4)
Loss on ordinary activities before taxation						**(9.3)**
Taxation on operating activities						1.6
Taxation on exceptional losses						1.8
Exceptional recognition of previously unrecognised deferred tax assets						16.8
Taxation credit						20.2
Profit for the period						**10.9**

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	Corporate £m	Group £m
External sales	90.2	60.5	23.3	–	174.0

3. Exceptional items

Exceptional charges in the period totalled £0.4m and relate to costs associated with the closure of Bellegarde and the transfer of business within the Group. In accordance with International Accounting Standards, these costs could not be provided at 31 March 2009.

4. Taxation

The tax credit of £0.5m (2008/09: £1.0m charge) represents current tax of £0.6m (2008/09: £0.9m) and movements in deferred tax balances of £1.1m (2008/09: £0.1m).

5. Provisions

	Asbestos litigation costs £m	Reorganisation and leasehold commitments £m	Environmental £m	Total £m
At 30 September 2008	6.9	1.7	0.8	9.4
Exchange differences	1.8	0.7	0.2	2.7
Released in the period	–	5.1	(0.1)	5.0
Unwinding of discount	0.2	–	–	0.2
Utilised in the period	(0.4)	(1.4)	–	(1.8)
At 31 March 2009	8.5	6.1	0.9	15.5
Exchange differences	(0.8)	–	–	(0.8)
Unwinding of discount	0.2	–	–	0.2
Utilised in the period	(0.4)	(3.0)	(0.1)	(3.5)
At 30 September 2009	**7.5**	**3.1**	**0.8**	**11.4**
Analysis of provisions:				
Current	1.0	1.2	–	2.2
Non-current	6.5	1.9	0.8	9.2
	7.5	**3.1**	**0.8**	**11.4**

6. Reconciliation of operating profit to operating cash flow

	Half year ended 30 Sept 2009 £m	Half year ended 30 Sept 2008 £m	Year ended 31 March 2009 £m
Operating (loss)/profit	**(1.4)**	3.7	(6.9)
Adjustments for:			
Depreciation	**2.5**	2.3	4.8
Loss on disposal of fixed assets	**0.1**	–	0.1
Loss on disposal of businesses	**–**	0.7	–
Impairment of tangible fixed assets	**–**	–	0.9
Pensions payments in excess of charge	**(2.6)**	(3.2)	(5.8)
Movement in fair value of financial instruments	**0.2**	(0.3)	(0.3)
Share options charge	**0.1**	0.1	0.3
Grant income released	**(0.1)**	(0.1)	(0.1)
Changes in working capital:			
Inventories	**0.6**	(2.5)	3.9
Trade debtors	**(0.1)**	(0.8)	8.9
Trade creditors	**0.1**	1.0	(2.8)
Changes in working capital	**0.6**	(2.3)	10.0
Other debtors	**0.3**	1.1	1.5
Other creditors	**1.3**	(1.6)	(5.6)
Net movement in environmental provisions	**(0.1)**	(0.1)	(0.2)
Net movement in reorganisation provisions	**(3.0)**	(0.3)	3.4
Net movement in asbestos litigation provision	**(0.4)**	(0.3)	(0.7)
Net cash flow (used in)/from operations	**(2.5)**	(0.3)	1.4
Cash flow from operations before exceptional items	**1.0**	0.4	3.9
Cash flow from reorganisation and movements in exceptional provisions	**(3.5)**	(0.7)	(2.5)
Net cash flow (used in)/from operations	**(2.5)**	(0.3)	1.4

7. Reconciliation of net debt

Analysis of cash and cash equivalents and borrowings

	At 1 April 2009 £m	Cash flow £m	Exchange movement £m	**At 30 Sept 2009 £m**
Cash and cash equivalents	7.5	(0.3)	(0.3)	**6.9**
Overdrafts	(0.3)	(1.5)	–	**(1.8)**
	7.2	(1.8)	(0.3)	**5.1**
Borrowings within one year	–	(1.9)	–	**(1.9)**
Borrowings after more than one year	(0.4)	0.1	–	**(0.3)**
	(0.4)	(1.8)	–	**(2.2)**
Total	6.8	(3.6)	(0.3)	**2.9**