28 May 2009

Scapa Group plc
Preliminary Results (unaudited)

Scapa Group plc, a global supplier of technical adhesive tapes, today announced its Preliminary Results for the year ended 31 March 2009.

Summary

- Trading loss* of £1.0m driven by 9% fall in underlying revenues
- Major restructuring programme put in place at an exceptional cost of £5.2m
- Substantial investment in production equipment and systems – total cash £8.9m
- Annual savings from restructuring and investments of approximately £8.0m
- Strong cash focus with a year end net balance of £6.8m after borrowings and £13.0m of unused committed facilities
- New strategic plan completed with OneScapa change programme under way

Commenting on the results, Chief Executive Calvin O'Connor said:

"The two halves of the year were remarkably different with a strong first six months followed by a second six where we experienced the full effects of the worldwide recession. The Group has taken prompt action to address the substantial volume shortfall in our markets by the introduction of a major restructuring programme and tightening already well-established cash controls.

"Our new Vision, Values and Strategic Plan are now in the process of being implemented throughout Scapa. These will be critical in the successful development of the Group over the next five years and give additional clarity and direction at this time of major challenge throughout the world economy. As we start the new financial year, the business outlook in most of our markets remains uncertain but we are confident that we will come through this with a stronger business for the future."

For further information:

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* Figures shown here and elsewhere as 'underlying' adjust for the impact of disposals and currency movements. 'Trading profit/(loss) ' is operating profit/(loss) before exceptional items.

Chairman's Statement

Scapa is changing. We have a new Vision and a long-term Strategic Plan to deliver it.

Our Vision

World class, inspired, market driven team, focused on optimising customer & shareholder value through responsible, agile delivery of specialist **tape solutions**.

Committing significant management time and money to a major strategic review in the depths of a severe economic downturn may seem unusual to some. This time last year we had already started the process and in our view, the need for a clear Vision, and a targeted well-defined strategic action plan of how to get there, is more important now than in more favourable market conditions. Our new Vision and Strategy is covered in more depth in the Business Review.

Business performance

The two halves of the year were remarkably different with the strong first six months followed by a second six where we have experienced the full effects of the world recession. Scapa entered the economic downturn already mobilised for the tougher trading environment. £1.2m of capital investment in our Ashton UK facility to reduce cost and improve process capability was already well under way and has recently been completed. Similar investments of a further £1.0m in our Renfrew site in Canada and £0.6m in our Italian operations in Ghislarengo are starting to generate efficiency gains. At Scapa we did not have to create a cost saving strategy from scratch, rather accelerate and build on to one already under way with expected annualised cost savings from investments and restructuring of over £8.0m. We were also in the process of extending our SAP group system throughout North America to enhance management information as well as financial control. That project also is now complete. At a time when others are considering how best to survive, Scapa is using the tougher economic environment to consider how best to grow and develop our business further.

Revenue for the year was £174.0m, and reflected favourable currency movements (particularly the US Dollar and the Euro) of £21.7m. On an underlying basis, sales decreased by £17.8m (9%). This fall in revenue was driven by the global economic slowdown, particularly in the second half, with some markets hard hit such as Automotive where sales were down 28% in the year and 50% in the second half alone.

Profitability was severely impacted by the lower volumes with first half profits more than offset by second half losses. The trading loss for the year was £1.0m (2008: trading profit of £9.5m), despite the accelerated major cost reduction implemented in the final quarter of the year.

Our European operations which represent almost 60% of our business by revenue have had low historic profitability. Continued improvement in the first half which saw trading profit of £3.1m (2008: £2.0m) was wholly offset by £3.9m of losses (2008: £3.0m profit) in the second half as volumes fell by 21%. One bright spot was the ongoing recovery in the UK that capitalises on the strength of our market positions in Cable and Medical.

Profit margins in our North American operations were squeezed by the general economic slowdown with underlying volumes down by 11%. As a result trading profit fell by £5.0m to £1.5m (2008: £6.5m). Our North American team is striving to meet the challenge and return performance levels over time back to the historical levels of a return on sales of over 10%.

In Asia we continued to enjoy solid growth, 9% year-on-year. Trading profit rose to £0.9m (2008: £0.7m), a 29% increase on the prior year. The focus of the management team on trading up of the sales portfolio to higher value added technical products in electronics and infrastructure sectors continues to be successful.

As a result of the severe downturn in the world economy, a significant level of restructuring was undertaken in the year involving major job losses and the closure of the Bellegarde site. These costs have been shown as exceptional and make up the major part of that charge.

During the year we delivered our major capital investment programme, the first time in many years that the capital spend has exceeded depreciation. We have, however, sensibly reduced next year's capital programme not only in view of the current poor economic conditions but also to allow the business to focus on getting the maximum value from recent investments which have helped underpin some of our restructuring activities. We are still undertaking a number of value added projects that will enhance long-term profitability and have sufficient cash reserves and bank facilities to ensure we can take advantage of other opportunities if and when they arise.

The business's cash performance was monitored very closely during the last twelve months and although the effects of the economic downturn could not be eliminated, strong cash management has left the Group with positive net cash after borrowings of £6.8m (2008: £14.8m). The prompt actions taken by the Group, the last of which complete in the first quarter of the new financial year, are sufficient to return the Group to positive net cash flows on a steady state basis should the current 20% fall in volumes continue.

Pensions

We are currently undertaking the 'Triennial Review' of UK pension contributions for the next three years. At a time when cash flows are constrained and asset values have fallen, our focus is on achieving a settlement where affordability is a critical criteria in maintaining a strong sponsoring employer for the pension schemes. At present pension contributions and other costs currently absorb approximately £4.7m of cash on an ongoing basis each year in the UK (2009: £5.5m including PPF).

The total pension deficit of all Group retirement benefit plans now stands at £49.3m (2008: £43.1m), an increase of £6.2m from the prior year end, and is largely as a result of a £10.2m fall in the value of scheme assets.

Asbestos

This year saw another step change in the number of outstanding claims with a 22% fall (over 4,000 cases). The claim total is now 14,234 compared to a peak of over 34,000 in 2004. Our robust stance and resolve to defend against all claims are fundamental to the continued successful management of this legacy issue. Neither we, nor our insurers, have settled or paid any damages in respect of any case.

Taxation

The Group's tax position with prudent tax planning continues to improve and, alongside the continuous improvement in UK profitability, has led to the recognition of significant deferred tax assets predominantly in the UK of £16.8m. These assets represent real value that was not previously represented in the Group's Balance Sheet. The recognition of this deferred asset will push the Group's effective tax rate towards the UK standard rate in the short to medium term. Tax cash payments will remain extremely low as the deferred tax assets are utilised at a rate of around £1.7m per annum.

Dividends

In view of the impact of the unprecedented economic circumstances over the last six months we have decided that it would be inappropriate to declare a dividend this year. We will of course keep this area under close review as market conditions and business performance improve so that we can return to our policy of making an appropriate distribution to shareholders.

Our staff

In any downturn it is the quality of staff and their response to the problems faced that is the single biggest determinant of how a company will fare. We do not underestimate the impact of our actions on those who have lost their jobs at this difficult time. However, we are confident that the investment in training and employee communication together with the huge efforts and positive attitudes of our

staff who are already embracing our new Vision and Strategy will lead to a stronger and more profitable Scapa in the long-term. That objective is in the best interests of all our stakeholders.

Outlook

At the start of 2009/10, most of our markets remain depressed due to the current worldwide recession with the outlook remaining uncertain. Some areas of relative strength are however visible in, for example, the Cable and Medical markets. The bottom line profitability and cash flow continue to be supported by the major efficiency and cost reduction initiatives of prior years together with ongoing business improvement plans.

World Class is our challenge and our goal. Working together to be World Class will not only ensure that Scapa survives the current downturn but actually emerges on the other side as a force to be reckoned with in our markets. Scapa is changing.

Business Review

Our Vision

World class, inspired, market driven team, focused on optimising customer & shareholder value through responsible, agile delivery of specialist **tape solutions**.

Strategy

During the year a significant amount of management time was devoted to identifying not only a new Vision for Scapa but also the Strategic Plan and the Organisational Structures to get us there. Our Vision sets out a clear direction for the Company that we believe can inspire all of our stakeholders. The most significant change is the focus on becoming market-driven whilst still retaining and developing strong customer relationships. By focusing on higher growth markets such as Cable and Medical, and technically advanced products, the Group will be able to strengthen its position in the international market-place. Our aim and challenge for **every** part of our business is to be World Class. Examples of projects now under way to deliver our new Vision include:-

Commercial

We are implementing system-based Customer Relationship Management capability and sales excellence programmes. In addition, extensive market-based intelligence gathering is under way and sales resources will be realigned towards higher growth markets. We will also be moving away from certain markets where we have limited market influence or where our value offering is more limited. The move to focus on a less diverse range of markets and products will enhance value generation through more effective delivery.

Technology

We are reallocating R&D resource and expenditure to focus on key market sectors. We are also investigating technology platforms, that would be new to Scapa, to support new product launches.

Operations

We have started a project at three pilot sites, one in each region, to implement Lean Manufacturing, a series of measures designed to reduce waste in all its forms. We will then roll out the Lean initiative to all of our principal manufacturing locations. Once Lean is embedded and generating benefits, we plan to enhance our processes further through the introduction of Six Sigma disciplines (again on a phased basis, commencing in 2010/11). Six Sigma is designed to improve quality and consistency of outputs, whether from manufacturing or customer care processes. Six Sigma is highly data-driven and requires high levels of discipline in an organisation if it is to be successfully implemented. The recent implementation of our SAP platform in North America and the standardisation of business processes we will be undertaking throughout the Group during the coming year are a key foundation for this.

People
We are well advanced in conducting in-depth '360 degree' evaluations of our executives and senior managers with a view to implementing tailored development programmes. We are also rolling out a new general management skills course to upgrade our managerial capability across the Group. A web-based Performance Measurement and Appraisal system is being implemented to ensure effective management of staff and to enable a clear and direct alignment of objectives for all staff with the Group's overall business goals and Vision.

Many of the initiatives above are focused on people, their skills, attitudes and behaviours and the culture of Scapa. Our aim is to unite the different components of the Group in a more effective way. We have therefore called our change programme 'OneScapa', a key part of our overall strategy.

Previous Strategy – Performance Summary
The strategic review carried out in 2006 identified three principal initiatives to reverse the under-performance of the previous years and to stabilise the Group's financial position. The first was to eliminate the Group's indebtedness and this was achieved in 2006/07 through the sale of non-core operations. The Group has remained in a net cash position ever since with healthy net cash at the current year end of £6.8m.

The second initiative focused on cost reduction programmes. Cost control and business improvement activities have now moved from being strategic initiatives to being continuous improvement plans, mapped and tracked every month in business performance reviews at an individual site level and at regional level, fully embedded in the day-to-day running of the Group.

The third initiative targeted the pensions and asbestos legacy issues for the Group. These continue to be closely managed and good progress has been made in the last three years, with the pension deficit £14.1m lower and the number of outstanding asbestos claims in the US 20,000 lower than the peak in 2004.

Measuring our performance
The Group started the year with detailed Business Improvement Plans (BIPs) for each site, broken down into the key areas identified in the Group's balanced scorecard. Revenue from New Products is defined as revenue earned by a new product within one year of its launch. Cost Control covers all those areas of expenditure where reduction targets are set at the start of the year. Revenue Growth from Existing Products, Working Capital and Cash Flow and Health and Safety are self-explanatory. The table below sets out our performance in these areas:

Revenue from New Products	Europe and Asia achieved approximately 90% of target value, North America only 12% - a weak result due to delays in major development programmes.
Revenue Growth from Existing Products	Europe achieved 97% of target, North America 43% and Asia 33% due to softer market conditions in the second half.
Cost Control	Achieved approximately 85% of targeted £2.8m cost savings (Europe 97%, North America 72%, Asia 100%).
Working Capital and Cash Flow	Year-on-year reduction of £5.9m.
Health and Safety	Significant improvement in 3 out of 4 criteria (better than 30% year-on-year improvement). One target missed with only 2% improvement.

The new performance management and reporting framework that focuses effort and attention on clear measurable targets has been effective in building an increasing sense of ownership and accountability for results in all parts of the business. As part of the strategy development process we identified a number of additional areas to add to the Group's balanced scorecard, namely People and Change Projects. Key Performance Indicators (KPIs) are being developed for these and will be reported on next year.

2008/09 Performance

Overview
Sales in 2008/09 grew by £3.9m in absolute terms but fell by £17.8m (9%) on an underlying basis. The underlying basis is after adjusting for the favourable impact of foreign exchange translation (£21.7m). Foreign exchange movements reflected the weakening of Sterling against the Euro (15% movement in year-on-year average exchange rate) and the US Dollar (14% movement in year-on-year average exchange rate). The underlying fall in revenue arose in our European and North American operations principally as a result of significantly lower volumes in the second half of the year (almost a 20% fall whereas the first half was flat). Revenues in Asia grew by 9% year-on-year on an underlying basis.

Trading profit in the prior year compares to a trading loss in the current year with an absolute fall of £10.5m, or £12.3m on an underlying basis. The fall occurred in the second half of the year (first half was flat year-on-year) fundamentally as a result of the extreme downturn in the global economy. The underlying decline in trading profit was made up of reductions in Europe (£6.6m) and North America (£5.9m), partially offset by an improved result in Asia (£0.1m). Corporate costs of £2.6m were below the prior year by £0.1m.

The Group took strong action in the second half of the year to respond to serious reductions in volumes. These actions, the last of which complete in the first quarter of the new financial year, are sufficient to return the Group to positive net cash flows on a steady state basis should the current 20% fall in volumes continue.

Europe
The general economic environment in Europe was firm in the first half of the year with underlying revenues and trading profits up by 2% and 35% respectively. The second half of the year was significantly weaker with large falls occurring from November onwards. Second half underlying revenues were down 21% with full year underlying revenues down £10.7m (9%). The major loss of volume in the second half gave rise to trading losses of £3.9m and a full year trading loss of £0.8m.

Market sector growth rates varied throughout the year. Certain key sectors saw severe falls due to the economic recession with Automotive sales down 30% on a full year basis (52% in the second half) and Industrial Assembly down 12% (20% in the second half). These two sectors represent approximately 50% of our European business. This was partially offset by better performance in two of our smaller sectors, Cable and Medical, which grew 7% and 10% respectively year-on-year. The Construction sector was flat year-on-year (approximately 20% of our European business) with specific country growth offsetting weakness in the underlying product market.

Cost control measures were applied in the rapid downturn in the second half and included a major reduction in staff. A number of these job reductions resulted from the successful delivery of capital projects begun during the year that led to immediate savings and these projects will also limit the need to hire more staff when volumes recover. We also initiated a project to consider the closure of our Bellegarde site in France that had been particularly severely hit by the collapse in the Automotive sector with the transfer of some of the production to other Group sites. That project concluded with a confirmed closure decision agreed by Workers Representatives and French state agencies in April 2009. As a result, a further 60 staff will leave the business by the end of June 2009.

North America
Business conditions in North America continued to soften in response to the downturn in the world economy, with sales down by 11% on an underlying basis. Printing and Graphics and Automotive were the hardest hit sectors with falls of 36% and 17% respectively, although representing only 8% of our total business. Industrial Assembly (37% of North American business) saw a fall of 12% (£3.0m on an underlying basis). Medical was down 8% due to lower sales in consumer woundcare with a switch away from branded products, reversing some of the double digit growth of the prior year. Cable, Sports and Construction (Pipeline) (25% of the business) were either flat or saw some modest growth. The split of performance between first and second half was similar to the European experience with first half revenue falls of 5% compared to 18% in the second half.

Whilst revenue ended the year down by 11% on an underlying basis in North America, trading profit fell by £5.0m to £1.5m (2008: £6.5m). The weakening of the Canadian Dollar against the US Dollar restored the exchange rate to the historical average rate and helped add value to trade between the two countries.

Asia
Our business in Asia continues to grow with year-on-year underlying revenues up by £0.8m (9%) and underlying trading profits by £0.1m (13%). The Asian economies saw lower growth rates in the second half of this year of 6% compared to 12% in the first half which impacted our overall progress. Growth came from the Infrastructure and Electronics markets.

Additional resources have now been deployed to our Asian operations to maintain further growth in China and India in particular. Local distribution centres with conversion capability are being set up to better serve local customers.

Corporate
Corporate costs fell £0.1m to £2.6m (2008: £2.7m). New investment in training and people development initiatives of £0.3m was offset by zero bonus payments and the recovery of £0.2m of VAT from HMRC based on the legal case known as Kretztechik/Flemming. The Corporate team completed a major data cleansing exercise for the UK pension schemes, sent four surplus legal entities for liquidation and completed a number of other projects to further simplify and reduce the ongoing costs of the Group's historical structure.

Exceptional items
During the year, a significant level of restructuring activity occurred with approximately 140 staff leaving the business by the year end. The closure of our facility in Bellegarde (France) will lead to the loss of a further 60 jobs by the end of June 2009. Both of these programmes have been recorded as exceptional items in the year ended 31 March 2009 at a cost of £5.2m. In addition, the purchaser of the Megolon business sold in 2007 has indicated their intention to exercise the right under the Sale and Purchase Agreement to require Scapa to make good any shortfall to an agreed value on the sale of certain property within 42 months of acquisition. Accordingly, based on third party valuations, a shortfall of £0.7m has been provided within these accounts. This shortfall reflects the severe fall in commercial property prices in the Ashton area in the present economic slump.

Carrying value reviews have been undertaken in respect of the remaining goodwill and tangible fixed assets on the Group's Balance Sheet in accordance with IAS 36 'Impairment of Assets'. These reviews indicate that the current values are fully supported by the associated cash flows. £0.9m of assets were written off as part of the exceptional closure costs of the Bellegarde site where no future use is foreseen for these assets.

The above exceptional charges were more than offset by a significant exceptional credit of £16.8m that arose in the year with respect to deferred taxation and is explained further below in the Taxation section.

In 2007/08 the exceptional cost was to write off £0.3m of the deferred consideration due following the disposal of the loss-making Irish subsidiary in the prior year for £1.0m (including £0.4m of deferred consideration). The acquirer of the company placed it into members' voluntary liquidation due to a downturn in business performance.

Finance costs
The Group has continued with net cash balances throughout the year, albeit at lower average levels than the prior year and with lower rates of interest applying. Net interest receivable was therefore £0.3m (2008: £0.6m). Net interest receivable was offset by the non-cash pensions financing charge (IAS 19 'Employee Benefits') of £2.3m (2008: £2.0m) and by the unwinding of the discount on the asbestos litigation provision of £0.4m (2008: £0.4m).

Taxation
The current year tax credit of £20.2m (2008: £2.9m charge) includes £1.5m of current tax credit (2008: £1.2m charge) and £18.7m of deferred tax credit (2008: £1.7m charge). The credit is made up of a normal credit of £1.6m and an exceptional credit of £18.6m.

The Group has now recognised a deferred tax asset predominantly in the UK of £2.3m of accumulated losses (2008: £4.1m unrecognised), £3.1m of accelerated capital allowances (2008: £3.3m unrecognised), £11.1m of future pension deficit contributions (2008: £11.1m unrecognised) and short-term timing differences of £0.3m (2008: £nil unrecognised). This reflects both the ongoing utilisation of these tax assets and reasonable certainty of their future use in the business. This improved confidence is the result of tax planning and improved operating results in the UK and confidence in maintaining these levels in the future. The Group also has further unrecognised overseas deferred tax assets of £2.7m (2008: £2.6m) in respect of accumulated losses.

Pensions
Before considering the impact of the deferred tax asset now recognised on the Balance Sheet, the IAS 19 pensions deficit has increased by £6.2m to £49.3m (2008: £43.1m). The three UK defined benefit schemes represent the largest portion of the deficit and that balance now stands at £42.8m (2008: £39.7m). The net movement in the UK deficits was the result of falls in asset values (£9.4m) outweighing the reduction in the total liabilities (£6.3m).

The Group's defined benefit pension schemes are relatively mature with the majority of liabilities relating to pensioner members as opposed to deferred members. As such, equity investments tend to be lower than other schemes and hence have a lower risk profile.

The UK schemes are closed to new members and future accrual and therefore have a lower risk profile than other open schemes. During the year the Group made contributions of £5.5m to the UK schemes. The other major movement in asset values arose in the US where at the beginning of the year 53% of assets were held as equities and overall losses for the year ended at £2.4m. In addition, during the year the Group bought out the small historical Canadian Defined Benefit Scheme (£0.2m cost). Additional work is ongoing to reduce further the burden, the risks and the administration costs of the defined benefit pension schemes.

It should be noted that the Group has now recognised the deferred tax asset (£14.0m) in respect of future pension deficit reduction payments which gain tax relief at the time of payment (as opposed to accrual).

Shareholder funds
The combined result of the profit for the year of £10.9m and the favourable currency impact on overseas asset values of £17.1m, offset by the actuarial loss net of deferred tax (£6.1m) and other items (£0.8m), is a £21.1m increase in shareholder funds to £62.3m (2008: £41.2m).

Cash flow
The Group began the year with strong net cash after borrowings of £14.8m. During the year the Group utilised £9.9m of cash with a favourable translation difference of £1.7m, resulting in year end net cash after borrowings of £6.8m. This is a creditable result given that it is after £6.3m (2008: £5.5m) of pension payments, a major capital expenditure programme of £8.9m and a trading loss driven by the world economic crisis. Effective management of working capital led to cash generation of £5.9m in the second half of the year which offset operating losses of £5.8m in the same period.

The exceptional charges in the Income Statement of £5.9m had associated cash outflows of £1.5m. Of the balance of these items, £3.5m is expected to impact cash flows during the financial year ending 31 March 2010. The remainder were asset write-offs in Bellegarde that have no cash impact on the Group. Other exceptional cash flows during the year of £1.0m were in respect of provisions raised in prior years for asbestos litigation and environmental clean-up costs. The Group obtained full and final release from an environmental liability in the US at a net cash cost equal to the Balance Sheet value.

At the start of the financial year the Group launched a major capital expenditure programme with the aim of significantly upgrading a number of key pieces of infrastructure and investing in much more efficient production equipment. At like-for-like exchange rates this more than doubled our capital expenditure compared to the prior year. We successfully delivered our SAP project in North America (£2.9m) as well as a number of investments in production equipment upgrades (Canada £1.0m, UK £1.2m and Italy £0.6m). The Group will continue to closely manage capital expenditure in the coming year to address the cash constraints necessitated by the economic crisis. Next year's expenditure is anticipated to be less than half that of the current year with, however, opportunities to invest further as the business environment recovers.

The Group continues to maintain a restricted deposit of US$10.0m (the 'Waycross deposit') in respect of the 1999 sale agreement with J M Voith AG. The deposit is restricted until 31 December 2011.

Asbestos litigation
We continue to adopt the same robust stance with respect to the outstanding personal injury claims in the USA arising from alleged exposure to asbestos that relate to a business we sold in 1999. During the year over 4,000 more plaintiff claims were dismissed and the total now stands at 14,234, a reduction of almost 20,000 since the peak of around 34,000 in 2004.

The Group has not settled or paid damages in respect of any case brought against it and our insurance cover remains intact. Provisions of £8.5m (2008: £6.4m) remain to pay the Group's share of litigation costs.

Performance summary
In a very difficult global economic environment Scapa has managed to stay focused on the core disciplines of cost control, delivery of investment projects, working capital management and continued risk reduction of our major legacy issues. In addition, we developed a new Vision and Strategic Plan to guide the successful development of the Group over the next five years. A number of major change initiatives have already started under the OneScapa programme. Scapa is well placed to emerge from the downturn significantly stronger and able to capitalize on growth opportunities as and when they arise.

Consolidated Income Statement
For the year ended 31 March 2009

All on continuing operations	note	**Year ended 31 March 2009 £m**	Year ended 31 March 2008 £m
Revenue	2	**174.0**	170.1
Operating (loss)/profit	2	**(6.9)**	9.2
Trading (loss)/profit*		**(1.0)**	9.5
Exceptional items and movements in exceptional provisions:			
- Business disposals	4	**(0.7)**	(0.3)
- Reorganisation costs and exceptional provision movements	4	**(4.3)**	-
- Impairment of plant and equipment	4,5	**(0.9)**	-
Operating (loss)/profit		**(6.9)**	9.2
Interest payable		**(0.1)**	(0.1)
Interest receivable		**0.4**	0.7
		0.3	0.6
Discount on provisions		**(0.4)**	(0.4)
IAS 19 finance costs		**(2.3)**	(2.0)
Net finance costs		**(2.4)**	(1.8)
(Loss)/profit on ordinary activities before tax		**(9.3)**	7.4
Taxation on operating activities		**1.6**	(2.9)
Taxation on exceptional losses		**1.8**	-
Exceptional recognition of previously unrecognised deferred tax assets		**16.8**	-
Taxation credit/(charge)		**20.2**	(2.9)
Profit for the year		**10.9**	4.5
Weighted average number of shares	6	**144.8**	144.8
Basic and diluted earnings per share (p)	6	**7.5**	3.1
Dividend per share (p)		**-**	0.75

Consolidated Statement of Recognised Income and Expense
For the year ended 31 March 2009

All on continuing operations	**Year ended 31 March 2009 £m**	Year ended 31 March 2008 £m
Profit for the year	**10.9**	4.5
Exchange differences on translating foreign operations	**17.1**	4.5
Actuarial (losses)/gains	**(8.5)**	12.7
Deferred tax on actuarial gains	**2.4**	(0.1)
Total recognised income for the year	**21.9**	21.6

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

Consolidated Balance Sheet
As at 31 March 2009

	note	**31 March 2009 £m**	31 March 2008 £m
Assets			
Non-current assets			
Goodwill		**13.5**	9.7
Property, plant and equipment		**44.8**	35.6
Deferred tax asset		**30.2**	5.8
Other non-current asset investments		**7.0**	5.0
		95.5	56.1
Current assets			
Inventory		**23.0**	22.2
Trade and other receivables		**37.2**	40.4
Current tax asset		**1.4**	0.7
Cash and cash equivalents		**7.5**	15.5
		69.1	78.8
Liabilities			
Current liabilities			
Financial liabilities:			
- Borrowings and other financial liabilities		**(0.4)**	(0.3)
- Derivative financial instruments		**(0.1)**	(0.3)
Trade and other payables		**(29.6)**	(32.3)
Current tax liabilities		**-**	(0.7)
Provisions		**(5.6)**	(1.2)
		(35.7)	(34.8)
Net current assets		**33.4**	44.0
Non-current liabilities			
Financial liabilities:			
- Borrowings and other financial liabilities		**(0.3)**	(0.4)
Trade and other payables		**(1.9)**	(2.3)
Deferred tax liabilities		**(3.9)**	(2.5)
Non-current tax liabilities		**(1.3)**	(2.5)
Retirement benefit obligations		**(49.3)**	(43.1)
Provisions		**(9.9)**	(8.1)
		(66.6)	(58.9)
Net assets		**62.3**	41.2
Shareholders' equity			
Ordinary shares	*7*	**7.2**	7.2
Retained earnings	*7*	**35.2**	31.2
Translation reserve	*7*	**19.9**	2.8
Total shareholders' equity	*7*	**62.3**	41.2

Consolidated Cash Flow Statement
For the year ended 31 March 2009

All on continuing operations	note	**Year ended 31 March 2009 £m**	Year ended 31 March 2008 £m
Cash flows from operating activities			
Net cash flow from operations	*8*	**1.4**	8.5
Cash generated from operations before exceptional items		**3.9**	9.5
Cash outflows from exceptional items		**(2.5)**	(1.0)
Net cash flow from operations		**1.4**	8.5
Net interest received		**0.3**	0.6
Income tax paid		**(1.4)**	(1.9)
Net cash generated from operating activities		**0.3**	7.2
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8.9)**	(3.7)
Net cash used in investing activities		**(8.9)**	(3.7)
Cash flows from financing activities			
Dividend paid to shareholders		**(1.1)**	-
Repayment of borrowings		**(0.2)**	(0.3)
Net cash used in financing activities		**(1.3)**	(0.3)
Net (decrease)/increase in cash and cash equivalents		**(9.9)**	3.2
Cash and cash equivalents at beginning of the year		**15.3**	12.0
Exchange gains on cash and cash equivalents		**1.8**	0.1
Cash and cash equivalents at end of the year		**7.2**	15.3

Notes on the Accounts

1. Basis of Preparation

The consolidated financial statements of Scapa Group plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through the Income Statement.

The financial information contained in this preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The results for the year ended 31 March 2009 are unaudited and statutory accounts have not yet been delivered to the Registrar of Companies.

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 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 and movements in exceptional provisions:						
- 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/(charge)						20.2
Profit for the year						**10.9**

Sales are allocated above 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

2. Segmental reporting (Cont'd)

Other segment items included within the Income Statement based on location of assets are as follows:

	Europe £m	N America £m	Asia £m	Corporate £m	Group £m
Depreciation	(3.1)	(1.6)	(0.1)	-	(4.8)

The segment results for the year ended 31 March 2008 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Corporate £m	Group £m
External sales	99.0	63.4	7.7	-	-	170.1
Inter-segment sales	4.1	2.3	1.3	(7.7)	-	-
Total revenue	103.1	65.7	9.0	(7.7)	-	170.1
Segment result (before exceptional items)	5.0	6.5	0.7	-	(2.7)	9.5
Exceptional items and movements in exceptional provisions:						
- Business disposals	-	-	-	-	(0.3)	(0.3)
Exceptional items	-	-	-	-	(0.3)	(0.3)
Operating profit	5.0	6.5	0.7	-	(3.0)	9.2
Net finance costs						(1.8)
Profit on ordinary activities before taxation						**7.4**
Taxation charge						(2.9)
Profit for the year						**4.5**

Sales are allocated above 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	89.0	59.7	21.4	-	170.1

Other segment items included within the Income Statement based on location of assets are as follows:

	Europe £m	N America £m	Asia £m	Corporate £m	Group £m
Depreciation	(3.1)	(1.2)	-	-	(4.3)
Deferred consideration	-	-	-	(0.3)	(0.3)

3. Segment assets and liabilities

The segment assets and liabilities at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Europe £m	N America £m	Asia £m	Corporate £m	Group £m
Segment assets	63.7	41.4	5.8	22.1	133.0
Segment liabilities	(52.1)	(9.0)	(1.0)	(35.0)	(97.1)
Capital expenditure	(3.7)	(5.1)	(0.3)	(0.2)	(9.3)

3. Segment assets and liabilities (Cont'd)

The segment assets and liabilities at 31 March 2008 and capital expenditure for the year then ended were as follows:

	Europe £m	N America £m	Asia £m	Corporate £m	Group £m
Segment assets	70.5	30.7	3.6	23.6	128.4
Segment liabilities	(50.3)	(7.2)	(1.1)	(29.4)	(88.0)
Capital expenditure	(2.6)	(1.1)	-	-	(3.7)

The Group has only one business segment, being the manufacture and supply of technical tapes and films, and as such there is no additional secondary segment information to report under IAS 14.

The unallocated assets and liabilities relate solely to taxation. The tax assets and liabilities are £31.6m (2008: £6.5m) and £5.2m (2008: £5.7m) respectively.

4. Exceptional items

In the year ended 31 March 2009 exceptional costs totalled £5.9m, split between Europe (£5.0m), North America (£0.2m) and Corporate (£0.7m).

Of this total, £3.7m relates to the closure of the Bellegarde site in France. The exceptional cost includes the impairment of assets at the site of £0.9m and redundancy and associated cost provisions for employees of £2.8m.

In addition to the Bellegarde closure, the Group underwent a restructuring and cost reduction programme during the second half of the year. Reorganisation costs of £1.5m arose in connection with this cost reduction exercise.

The remaining exceptional cost in the year relates to the Megolon disposal in 2007. Under the Sale and Purchase Agreement the acquirer can require Scapa to make good any shortfall to an agreed value on the sale of certain property within 42 months of acquisition. The acquirer has indicated their intention to exercise this right and, based on third party valuations, a potential shortfall of £0.7m has been provided.

Tax on exceptional items and the exceptional recognition of previously unrecognised deferred tax assets are covered in Note 8 to the accounts.

5. Impairment of assets

Year ended 31 March 2009
As disclosed in Note 4 to the accounts, fixed assets with a value of £0.9m were impaired in the year. These assets were all part of the Bellegarde site and no future use is foreseen.

The carrying value of the Group's goodwill and other tangible fixed assets have been reassessed at 31 March 2009 for any evidence that the carrying value may have been impaired. This review of all assets was carried out because of the general deterioration in the economic environment in which the Group operates. The recoverable amount has been determined on a value in use basis on each cash generating unit. The management-approved twelve month forecasts for each cash generating unit have been used in a 10-year model. The base twelve month projection is grown at 3% up to year 5 and then kept constant for years 6-10. These cash flows are then discounted by the Group weighted average cost of capital rate of 9.5% and adjusted for specific risk factors that take into account the sensitivities of the projection (these risk ratings vary from unit to unit from 10-30% reflecting specific sensitivities). There are no terminal values assumed in the calculations. The review indicates that the current carrying values are fully supported by the associated future discounted cash flows and hence no additional impairments are required.

Year ended 31 March 2008
No impairments to assets were made in the year ended 31 March 2008.

6. Earnings per share

Basic and diluted
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share has been calculated on share options in existence at 31 March 2009. The calculated basic and diluted earnings per share are the same.

	2009	2008
Profit attributable to equity holders of the Company (£m)	**10.9**	4.5
Weighted average number of ordinary shares in issue (m)	**144.8**	144.8
Basic and diluted earnings per share (p)	**7.5**	3.1

Headline (before exceptional items)	**2008**	2008
Profit attributable to equity holders of the Company (£m)	**10.9**	4.5
Adjusted for:		
Exceptional items (£m)	**5.9**	0.3
Exceptional element of tax charge (£m)	**(18.6)**	-
Adjusted (loss)/profit attributable to equity holders of the Company (£m)	**(1.8)**	4.8
Weighted average number of ordinary shares in issue (m)	**144.8**	144.8
Headline and diluted headline earnings per share (p)	**(1.2)**	3.3

7. Reserves

	Share capital £m	**Translation reserve £m**	**Retained earnings £m**	**Total equity £m**
Balance at 1 April 2008	7.2	2.8	31.2	41.2
Currency translation differences	-	17.1	-	17.1
Actuarial loss on pension schemes	-	-	(8.5)	(8.5)
Deferred tax on actuarial gains and losses	-	-	2.4	2.4
Net income recognised directly in equity	-	17.1	(6.1)	11.0
Profit for the year	-	-	10.9	10.9
Total recognised income for the year	-	17.1	4.8	21.9
Dividends paid relating to 2007/08	-	-	(1.1)	(1.1)
Employee share option scheme - value of employee services	-	-	0.3	0.3
Balance at 31 March 2009	**7.2**	**19.9**	**35.2**	**62.3**

8. Reconciliation of operating profit to operating cash flow, and reconciliation of net debt

All on continuing operations	**Year ended 31 March 2009 £m**	Year ended 31 March 2008 £m
Operating (loss)/profit	**(6.9)**	9.2
Adjustments for:		
Depreciation	**4.8**	4.3
Loss on disposal of fixed assets	**0.1**	-
Loss on disposal of businesses	**-**	0.3
Impairment of tangible fixed assets	**0.9**	-
Pensions payments in excess of charge	**(5.8)**	(4.3)
Pension curtailment	**-**	(0.6)
Movement in fair value of financial instruments	**(0.3)**	0.2
Share options charge	**0.3**	0.2
Grant income released	**(0.1)**	(0.1)
Changes in working capital:		
- Inventories	**3.9**	(2.2)
- Trade debtors	**8.9**	1.6
- Trade creditors	**(2.8)**	(0.8)
Changes in trading working capital	**10.0**	(1.4)
Other debtors	**1.5**	0.6
Other creditors	**(5.6)**	1.7
Deferred consideration	**-**	(0.4)
Net movement in environmental provisions	**(0.2)**	(0.3)
Net movement in reorganisation provisions	**3.4**	(0.3)
Net movement in asbestos litigation provision	**(0.7)**	(0.6)
Cash generated from operations	**1.4**	8.5
Cash generated from operations before reorganisation and movements in exceptional provisions	**3.9**	9.5
Cash outflows from reorganisation and movements in exceptional provisions	**(2.5)**	(1.0)
Cash generated from operations	**1.4**	8.5

Analysis of cash and cash equivalents and borrowings

	At 1 April 2008 £m	Cash flow £m	Exchange movement £m	**At 31 March 2009 £m**
Cash and cash equivalents	15.5	(9.8)	1.8	**7.5**
Overdrafts	(0.2)	(0.1)	-	**(0.3)**
	15.3	(9.9)	1.8	**7.2**
Borrowings within one year	(0.1)	0.1		
Borrowings after more than one year	(0.4)	0.1	(0.1)	**(0.4)**
	(0.5)	0.2	(0.1)	**(0.4)**
Total	14.8	(9.7)	1.7	**6.8**

8. Reconciliation of operating profit to operating cash flow, and reconciliation of net debt (Cont'd)

Reconciliation of net cash flow to movement in net debt

	2009	2008
	£m	£m
(Decrease)/increase in cash and cash equivalents		
(Decrease)/increase in net cash and cash equivalents in the year	**(9.9)**	3.2
Cash outflow from decrease in loan finance	**0.2**	0.3
Change in net debt resulting from cash flows	**(9.7)**	3.5
Translation differences	**1.7**	0.1
Movement in net debt	**(8.0)**	3.6
Net cash after borrowings at 1 April	**14.8**	11.2
Net cash after borrowings at 31 March	**6.8**	14.8