24 November 2010

Scapa Group plc
2010 Interim Results

Scapa Group plc, a global supplier of technical adhesive tapes, today announces its Interim Results for the six months ended 30 September 2010.

Highlights

- Continued focus on profit and margin growth delivering positive financial performance
  - Operating profit increased to £3.6m from a loss of £1.4m
  - Profit before tax increased to £2.7m from a loss of £3.1m
  - Net cash improved £0.6m after funding £4.3m in exceptional cash flows and pension contributions
  - Net cash is £11.7m including the Waycross deposit* (31 March 2010: £11.4m)
- Revenue grew 12.9% compared to first six months of last year while repositioning the portfolio to align with market and profit strategy
- Market focus gathering momentum
  - Medical grew 31.3% driven by increased demand and new programs in wound care products
  - Industrial increased 9.3% attributable to energy and construction sectors
- Investment in additional capacity and R&D capability in Asia to underpin the focus on electronics
- Growth across all geographic regions in particular North America
- New leadership team appointed to deliver the new strategy

* Restricted until December 2011

Commenting on the results, Chief Executive Heejae Chae said:

"We are pleased with the continuing improvement in our financial performance. The improvement in margin and positive cash flow underlines our focus on profit and cash. Our goal for the current year is to deliver a strong foundation of consistent and sustainable profitability while building a platform of core businesses that can achieve market leadership.

"Our transition to application-specific opportunities leveraging our global footprint and technologies is a significant shift from a site-based, product-driven approach. The repositioning will help drive our portfolio toward value add solutions from low value, commodity products. Our challenge will be to accelerate the transition while continuing to deliver our financial expectations.

"The positive momentum we saw in the first half of the year has continued into the first weeks of the second half. However, our focus will continue to be the quality of the business portfolio and margin improvement. As such, we remain confident of making further profit progress throughout the rest of the financial year."

For further information:

Scapa Group plc	Heejae Chae - Chief Executive	Tel: 0161 301 7430
Scapa Group plc	Paul Edwards - Finance Director	Tel: 0161 301 7430
Arden Partners	Chris Hardie/Adrian Trimmings	Tel: 0207 614 5917

Interim Management Report

We are pleased to report that we continue to make progress with our key objectives of driving profitability and cash generation. Following last year's challenging global economic conditions the Group has rebounded strongly through continuing actions on the cost base and close management of working capital. The reorganisation that we are currently undertaking toward a global structure will provide further opportunities to improve our cost base and operating leverage. Moreover, it will align us with the requirements of our global customers who are leaders in our key markets.

Revenue and profits

Group revenue increased 12.9% to £97.9m (2009/10: £86.7m) reflecting strong performances in Medical with continued good growth in Industrial. Taking into account the effect of exchange rates the underlying revenue growth was 11.3%. Operating profits increased to £3.6m (2009/10: £1.4m loss) after incurring £0.7m of costs relating to the rationalisation of personnel; no exceptional costs were incurred in the period (2009/10: £0.4m). Return on sales was 3.7% (2009/10: minus 1.2%) driven by North America which has a significant Medical sector presence.

Interest income and expense

Net interest payable was £0.1m (2009/10: Nil). Other finance charges were £0.8m (2009/10: £1.7m) and comprise £0.6m of IAS 19 finance costs (2009/10: £1.5m) and £0.2m charge on the unwinding of the discounted litigation provision (2009/10: £0.2m); both of these are non cash items.

Taxation charge

The tax charge for the period is £1.0m (2009/10: £0.5m credit). This is a combination of a current tax charge of £0.5m (2009/10: £0.6m) and a deferred tax charge of £0.5m (2009/10: £1.1m credit). The deferred tax charge is affected by the change in rate of UK corporation tax from 28% to 27%; UK deferred tax assets have been restated down to the effective tax rate at which they will be utilised. This coupled with fixed tax payable on activity or presence in certain jurisdictions has increased the Group effective rate to 37.0% (2009/10: 16%).

Earnings per share

The profit attributable to shareholders for the current period amounts to £1.7m (2009/10: £2.6m loss). This equates to an earnings per share of 1.2p (2009/10: 1.8p loss per share).

Cash flow

Net cash balances at the half year were £5.4m (31 March 2010: £4.8m). Including the Waycross deposit, which is restricted until December 2011, cash is £11.7m (31 March 2010: £11.4m).

Cash flow from operating activities before exceptional items was £3.8m (2009/10: £1.0m). Total spend against exceptional provisions was £2.1m (2009/10: £3.5m). Of this, £1.2m relates to asbestos litigation (2009/10: £0.4m), with £0.5m being one-time costs incurred in the assessment of the asbestos liability claims and insurance assets. The balance of £0.9m relates to plant closures, reorganisations and environmental clean-up.

Capital investment in the period was £0.6m (2009/10: £1.9m); we expect capital expenditure for the year as a whole to be around £2.0m, of which a significant portion will be for investment in additional capacity and a research and development centre in Asia. Tax cash outflow was £0.3m (2009/10: £0.8m inflow); the majority of the tax charge in the period is deferred tax. During the period we repaid our loan draw-downs in the US and terminated the arrangement. A new £3.8m secured facility was entered into in the UK and there were no draw-downs under this agreement as at 30 September 2010. The facility expires in August 2012.

Markets and regions

Medical revenue was £16.8m (2009/10: £12.8m) an increase of 31.3% on the prior year. The growth came primarily from our existing customer base where we increased our market share. Our focus and global engagement with our strategic customers has further elevated our position as the supplier of choice to the leading global customers. Johnson & Johnson consumer division recognised us as Silver Level Supplier for "extraordinary performance in terms of Service Level, Quality, Cost Management and

Innovation Support". Such recognition is shared by Dow Corning, the world leader in polymer technology, who recently signed a joint development agreement with us to promote Scapa as the coater and converter of choice for the latest silicon-based adhesive solutions. The silicon technology is one of the key components of our strategy to offer skin friendly solutions to aid wound recovery, device fixation and end user comfort. These are used in markets such as advanced wound care, medical devices, ostomy, surgical, diagnostics and life sciences.

Industrial revenue, which now includes consumer, was £64.9m (2009/10: £59.4m) an increase of 9.3% on the prior year. Industrial covers a wide range of markets including construction, energy, sports, and prints and graphics. The general recovery of the economy and the restocking by our distributors and channel partners contributed to the growth in the construction market which is the largest segment of Industrial. Our focus in construction, which we classify as consumable, is to maximise our margin through better product portfolio management which will lower our cost to serve and simplify our operational complexity. Another element of our strategy in Industrial is to identify emerging markets within our portfolio that are exciting and fast growing. The energy-related markets such as pipeline, solar and cable have been targeted as emerging and their needs addressed appropriately. As a result, the increase in energy-related accounts significantly exceeded the overall growth rate for Industrial.

Transportation revenue was £9.3m (2009/10: £8.9m), an increase of 4.5% on the prior year. Demand slowed in the period after a strong rebound in the comparable period of 2009/10, widely thought of as a restocking exercise for the major automotive customers. Our objective for the current year in Transportation is to improve our margin through cost management and to lower the cost to serve.

Electronics/Asia revenue was £6.9m (2009/10: £5.6m), an increase of 23.2% on the prior year. While volumes increased on a year-on-year basis, the focus this year has been to delist the high volume low margin commodity products and develop the more application-specific engineered products related to the electronics market which will slow growth during the transition. Our engagement with leading consumer electronics leaders has significantly accelerated, with pipeline of projects including joint development on next generation programs. The Acrylic Foam Technology (AFT), an area in which Scapa has extensive experience, is the platform of choice for the next generation of flat panel displays and smartphones. To support this dynamic potential, the Group is investing £1.1m in additional capacity and a research and development centre to further enhance our production and product development capability in Asia.

North America rebounded strongly with a 20.6% increase in revenue to £38.7m (2009/10: £32.1m). The increase was predominantly from Medical, which is mainly North American based, and the energy- related accounts in Industrial. The improvement follows initiatives in organisational structure and sales leadership. The recovering volume and focus on margin yielded significant improvement on operating margins which increased to £2.9m or 7.5% (2009/10: £0.8m or 2.5%).

Sales in Europe of £52.3m (2009/10: £49.0m) increased £3.3m or 6.7% maintaining the growth rate we saw last year. The additional volume and continued cost control delivered a turnaround of £2.5m to £0.8m in trading profit (2009/10: £1.7m loss).

Pensions

The pension deficit at 30 September 2010 increased by £5.3m to £43.9m (31 March 2010: £38.6m). Asset increases in the UK schemes of £2.9m were insufficient to offset increases in liabilities of £8.4m, following a reduction in bond rates used to discount the future commitments. This £5.5m increase in the UK deficit is slightly reduced by favourable exchange rate and other movements on the overseas schemes adding a positive gain of £0.2m.

During the period the Company made cash payments in excess of the operating charge of £1.8m (2009/10: £2.6m). The reduction reflects the completion of the s75 obligation (3 years at £0.7m per annum) and the contribution deferral agreement reached with the UK Trustees during the 2009 triennial review. The contribution deferral reduces annual contributions by £0.5m but with the potential for 'catch-up' payments if certain cash targets are triggered; any cash catch-up will not affect cash in the current financial year.

Product liability

At 31 March 2010 the Group recognised a provision and an offsetting insurance asset in the balance sheet relating to asbestos claims. This change in accounting treatment followed the first payment of a claim by Scapa's insurance carriers of a judgement of US$0.9m. The position with regard to the asbestos claim liability has been reviewed in light of the six months' experience since March 2010. The conclusion of the Board is that the provision recognised at 31 March 2010 remains appropriate. The £0.8m movement in the corresponding asset and liability to £19.5m (31 March 2010: £20.3m) relates to exchange rate movements in the US Dollar.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group remain those set out in the 2010 Annual Report. Those which are most likely to impact the performance of the Group in the remaining months of the financial year are movements in exchange rates and global commodity prices. Due to the global nature of the Group, a large proportion of its revenue is derived from overseas, of which a significant amount is generated in US Dollars and Euros. As a consequence, the Group could be affected by movements in exchange rates. The Group uses a number of commodity type products in its core production operations, predominantly cloths, rubbers and resins, and, with limited buying power influence in the very short term, the Group could be affected by sharp movements in the global prices for these commodities.

The Board and Leadership Team

As previously announced, Paul Edwards was appointed Group Finance Director on 20 September 2010. Paul's appointment completes the global leadership team that has been assembled during the last twelve months to execute the strategy. In addition to Paul, Ralf Seufert joined as Global Commercial Director and Tracy Sheedy as Group HR Director. Ralf joined us from Quadrant Plastic Composites AG where he was Director of Global Marketing and Sales. Prior to Quadrant, Ralf spent eight years at GE Advanced Materials with global sales responsibility. Tracy joined us from BAE Systems (MAS) where she was Head of Organisation and Capability Development. Prior to BAE, Tracy was HR Director at Georgia Pacific and Convatec.

Coupled with the previously announced appointments of Ian Marchant as Group Operations Director and Gene Kim as Director of Asia, the recent appointments complete the reinvigoration of the Scapa senior management team to drive performance and shareholder value forward.

Outlook

With the new senior management team now up to full complement and with our healthy balance sheet and net cash position, Scapa is well placed to further exploit the positive momentum of the first half. While remaining cautious in the face of increasing commodity price pressure, the Group remains confident of making further profit progress throughout the rest of the year.

James A S Wallace

James A S Wallace
Chairman
24 November 2010

Consolidated Income Statement
For the half year ended 30 September 2010 (unaudited)

All on continuing operations	note	**Half year ended 30 Sept 2010 £m**	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Revenue	2	**97.9**	86.7	176.7
Operating profit/(loss)	2	**3.6**	(1.4)	(1.5)
Trading profit/(loss)*		**3.6**	(1.0)	1.6
Exceptional items and movement in provisions		**–**	(0.4)	(3.1)
Operating profit/(loss)	2	**3.6**	(1.4)	(1.5)
Interest payable		**(0.1)**	(0.1)	(0.3)
Interest receivable		**–**	0.1	0.1
Net interest payable		**(0.1)**	–	(0.2)
Discount on provisions		**(0.2)**	(0.2)	(0.4)
IAS 19 finance costs		**(0.6)**	(1.5)	(3.1)
Net finance costs		**(0.9)**	(1.7)	(3.7)
Profit/(loss) on ordinary activities before tax		**2.7**	(3.1)	(5.2)
Tax on operating activities	3	**(0.7)**	0.3	1.4
Tax on exceptional costs	3	**–**	0.2	1.0
Impact of change in tax rate	3	**(0.3)**	–	–
Tax (charge)/credit		**(1.0)**	0.5	2.4
Profit/(loss) for the period		**1.7**	(2.6)	(2.8)
Weighted average number of shares		**144.8**	144.8	144.8
Basic and diluted earnings/(loss) per share (p)		**1.2**	(1.8)	(1.9)

Consolidated Statement of Comprehensive Income
For the half year ended 30 September 2010 (unaudited)

All on continuing operations	**Half year ended 30 Sept 2010 £m**	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Profit/(loss) for the period	**1.7**	(2.6)	(2.8)
Exchange differences on translating foreign operations	**(2.0)**	(4.2)	(0.7)
Actuarial (losses)/gains	**(6.6)**	4.1	8.5
Deferred tax on actuarial (losses)/gains	**1.8**	(1.1)	(2.4)
Deferred tax on foreign exchange	**–**	–	0.4
Total recognised (loss)/income for the period	**(5.1)**	(3.8)	3.0

*Operating profit/(loss) before exceptional items and movements in exceptional provisions.

Consolidated Balance Sheet
As at 30 September 2010 (unaudited)

	note	**Half year ended 30 Sept 2010 £m**	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Assets				
Non-current assets				
Goodwill		**12.2**	12.1	12.7
Property, plant and equipment		**38.5**	43.2	41.6
Deferred tax asset		**31.2**	29.5	30.7
Other receivables		**18.7**	–	19.4
Waycross deposit (restricted cash)		**6.3**	6.3	6.6
		106.9	91.1	111.0
Current assets				
Inventory		**20.9**	21.5	21.0
Trade and other receivables		**36.1**	36.0	36.8
Current tax asset		**0.4**	0.2	0.8
Cash and cash equivalents	6	**9.4**	6.9	9.4
		66.8	64.6	68.0
Liabilities				
Current liabilities				
Financial liabilities				
– Borrowings and other financial liabilities	6	**(3.4)**	(3.7)	(3.9)
– Derivative financial instruments		**(0.1)**	(0.2)	–
Trade and other payables		**(28.6)**	(30.4)	(30.6)
Current tax liabilities		**(0.1)**	(0.4)	(0.2)
Provisions	4	**(3.8)**	(2.2)	(3.9)
		(36.0)	(36.9)	(38.6)
Net current assets		**30.8**	27.7	29.4
Non-current liabilities				
Financial liabilities				
– Borrowings and other financial liabilities	6	**(0.6)**	(0.3)	(0.7)
Trade and other payables		**(1.5)**	(1.8)	(1.5)
Deferred tax liabilities		**(4.3)**	(4.0)	(4.8)
Non-current tax liabilities		**(1.3)**	(1.3)	(1.3)
Retirement benefit obligations		**(43.9)**	(43.6)	(38.6)
Provisions	4	**(25.8)**	(9.2)	(28.2)
		(77.4)	(60.2)	(75.1)
Net assets		**60.3**	58.6	65.3
Shareholders' equity				
Ordinary shares		**7.2**	7.2	7.2
Retained earnings		**35.5**	35.7	38.5
Translation reserve		**17.6**	15.7	19.6
Total shareholders' equity		**60.3**	58.6	65.3

Statement of Changes in Equity

For the half year ended 30 September 2010 (unaudited)

	Share capital £m	Translation reserves £m	Retained earnings £m	Total equity £m
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
Currency translation differences	–	3.5	–	3.5
Actuarial gain on pension schemes	–	–	4.4	4.4
Deferred tax on actuarial gain	–	–	(1.3)	(1.3)
Deferred tax on foreign exchange	–	0.4	–	0.4
Net income recognised directly in equity	–	3.9	3.1	7.0
Loss for the period	–	–	(0.2)	(0.2)
Total comprehensive income	–	3.9	2.9	6.8
Employee share option scheme – value of employee services	–	–	(0.1)	(0.1)
Balance at 31 March 2010	7.2	19.6	38.5	65.3
Currency translation differences	–	(2.0)	–	(2.0)
Actuarial loss on pension schemes	–	–	(6.6)	(6.6)
Deferred tax on actuarial loss	–	–	1.8	1.8
Net income recognised directly in equity	–	(2.0)	(4.8)	(6.8)
Profit for the period	–	–	1.7	1.7
Total comprehensive income	–	(2.0)	(3.1)	(5.1)
Employee share option scheme – value of employee services	–	–	0.1	0.1
Balance at 30 September 2010	**7.2**	**17.6**	**35.5**	**60.3**

Consolidated Cash Flow Statement

For the half year ended 30 September 2010 (unaudited)

All on continuing operations	note	**Half year ended 30 Sept 2010 £m**	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Cash flows from operating activities				
Net cash flow from/(used in) operations	5	**1.7**	(2.5)	(0.5)
Cash generated from operations before exceptional items	5	**3.8**	1.0	5.2
Cash outflows from exceptional items	5	**(2.1)**	(3.5)	(5.7)
Net cash flow from/(used in) operations		**1.7**	(2.5)	(0.5)
Net interest paid		**(0.1)**	–	(0.2)
Income tax (paid)/received		**(0.3)**	0.8	0.9
Net cash flow from/(used in) operating activities		**1.3**	(1.7)	0.2
Cash flows used in investing activities				
Purchase of property, plant and equipment		**(0.6)**	(1.9)	(2.2)
Proceeds from sale of property, plant and equipment		**–**	–	0.1
Net cash used in investing activities		**(0.6)**	(1.9)	(2.1)
Cash flows (used in)/from financing activities				
Increase in borrowings		**–**	1.9	2.7
Repayment of borrowings		**(2.1)**	(0.1)	(0.2)
Net cash (used in)/from financing activities		**(2.1)**	1.8	2.5
Net (decrease)/increase in cash and cash equivalents		**(1.4)**	(1.8)	0.6
Cash and cash equivalents at beginning of the period		**7.8**	7.2	7.2
Exchange (losses)/gains on cash and cash equivalents		**(0.1)**	(0.3)	–
Cash and cash equivalents at end of period	6	**6.3**	5.1	7.8

Notes

1. Basis of preparation

This interim financial report is for the six months ended 30 September 2010 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 2010. 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 2011, 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 2009 is also unaudited. The comparative figures for the year ended 31 March 2010 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 2010 which have been prepared in accordance with IFRSs as adopted by the European Union.

2. Segmental reporting

The chief operating decision-maker has been identified as the Executive Board. The Board reviews internal reporting in geographical segments and global market 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 and operates in four global market segments: Medical, Industrial, Electronics and Transportation.

The Board assesses the performance of the geographical segments based on revenue and trading profit and market segment performance based on revenue. This enables decisions to be made about how resources should be allocated to segments. All balances below trading profit are reviewed by the Board at a Group level.

The Board reviews the performance of the business using information presented at constant exchange rates. The prior year results have been restated as shown on the following pages.

Corporate costs are allocated to geographical segments. The prior year results have been restated as shown on the following pages.

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 2010 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Head office £m	Group £m
External revenue	52.3	38.7	6.9	–	–	97.9
Inter-segment revenue	2.3	1.4	0.6	(4.3)	–	–
Total revenue	54.6	40.1	7.5	(4.3)	–	97.9
Operating profit/(loss)	0.8	2.9	0.4	–	(0.5)	3.6
Net finance costs						(0.9)
Profit on ordinary activities before tax						**2.7**
Tax charge						(1.0)
Profit for the period						**1.7**

	Medical £m	Industrial £m	Electronics £m	Transportation £m	Group £m
External revenue	16.8	64.9	6.9	9.3	97.9

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

	Europe £m	N America £m	Asia/Other £m	Group £m
External revenue	46.6	35.7	15.6	97.9

Segment results

The segment results for the half year ended 30 September 2009 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Head office £m	Group £m
External revenue	49.0	32.1	5.6	–	–	86.7
Inter-segment revenue	2.3	1.3	0.4	(4.0)	–	–
Total revenue	51.3	33.4	6.0	(4.0)	–	86.7
Trading (loss)/profit	(1.7)	0.8	0.3	–	(0.4)	(1.0)
Exceptional items:						
Reorganisation costs	(0.4)	–	–	–	–	(0.4)
Operating (loss)/profit	(2.1)	0.8	0.3	–	(0.4)	(1.4)
Net finance costs						(1.7)
Loss on ordinary activities before tax						**(3.1)**
Tax credit						0.5
Loss for the period						**(2.6)**

	Medical £m	Industrial £m	Electronics £m	Transportation £m	Group £m
External revenue	12.8	59.4	5.6	8.9	86.7

The Board reviews the performance of the business using information presented at consistent exchange rates. The prior half year results have been restated using this year's exchange rates as follows:

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
External revenue	49.0	32.1	5.6	–	86.7
Foreign exchange	(0.9)	1.8	0.4	–	1.3
Underlying external revenue	48.1	33.9	6.0	–	88.0
Trading (loss)/profit	(1.7)	0.8	0.3	(0.4)	(1.0)
Foreign exchange	–	0.1	–	–	0.1
Underlying trading (loss)/profit	(1.7)	0.9	0.3	(0.4)	(0.9)

	Medical £m	Industrial £m	Electronics £m	Transportation £m	Group £m
External revenue	12.8	59.4	5.6	8.9	86.7
Foreign exchange	0.3	0.7	0.5	(0.2)	1.3
Underlying external revenue	13.1	60.1	6.1	8.7	88.0

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

	Europe £m	N America £m	Asia/Other £m	Group £m
External revenue	44.6	28.8	13.3	86.7

Segment results

The segment results for the year ended 31 March 2010 are as follows:

	Europe £m	N America £m	Asia £m	Eliminations £m	Head office £m	Group £m
External revenue	101.1	63.1	12.5	–	–	176.7
Inter-segment revenue	4.2	2.8	3.1	(10.1)	–	–
Total revenue	105.3	65.9	15.6	(10.1)	–	176.7
Trading profit/(loss)	0.3	1.3	0.7	–	(0.7)	1.6
Exceptional items and movements in exceptional provisions	(1.1)	(2.0)	–	–	–	(3.1)
Operating (loss)/profit	(0.8)	(0.7)	0.7	–	(0.7)	(1.5)
Net finance costs						(3.7)
Loss on ordinary activities before tax						**(5.2)**
Tax on operating activities						1.4
Tax on exceptional losses						1.0
Tax credit						2.4
Loss for the year						**(2.8)**

	Medical £m	Industrial £m	Electronics £m	Transportation £m	Group £m
External revenue	26.2	119.2	12.6	18.7	176.7

The Board reviews the performance of the business using information presented at consistent exchange rates. The prior year results have been restated using this year's exchange rates as follows:

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
External revenue	101.1	63.1	12.5	–	176.7
Foreign exchange	(2.3)	3.0	0.9	–	1.6
Underlying external revenue	98.8	66.1	13.4	–	178.3
Trading profit	0.3	1.3	0.7	(0.7)	1.6
Foreign exchange	–	0.1	–	–	0.1
Underlying trading profit	0.3	1.4	0.7	(0.7)	1.7

	Medical £m	Industrial £m	Electronics £m	Transportation £m	Group £m
External revenue	26.2	119.2	12.6	18.7	176.7
Foreign exchange	0.6	0.6	0.8	(0.4)	1.6
Underlying external revenue	26.8	119.8	13.4	18.3	178.3

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

	Europe £m	N America £m	Asia /Other £m	Group £m
External revenue	91.0	59.6	26.1	176.7

3. Taxation

	Half year ended 30 Sept 2010 £m	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Current tax:			
Tax on ordinary activities – current year	**(0.3)**	(0.6)	–
Tax on ordinary activities – prior year	**(0.2)**	–	–
	(0.5)	(0.6)	–
Deferred tax:			
Tax on ordinary activities – current year	**(0.7)**	0.9	0.9
Tax on ordinary activities – prior year	**0.5**	–	0.5
Tax on exceptional items	**–**	0.2	1.0
Impact of change in tax rate	**(0.3)**	–	–
	(0.5)	1.1	2.4
Tax (charge)/credit for the year	**(1.0)**	0.5	2.4

A number of changes to the UK Corporation Tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. This has resulted in a restatement of £0.3m for the half year.

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 27% to 24%, if these applied to the deferred tax balance at 31 March 2010, would be to reduce the deferred tax asset by approximately £2.4m (including the £0.3m recognised for the half year).

4. Provisions

	Product liability claims £m	**Product liability costs £m**	**Reorganisation and leasehold commitments £m**	**Environmental £m**	**Total £m**
At 30 September 2009	–	7.5	3.1	0.8	11.4
Exchange differences	–	0.3	(0.1)	–	0.2
Additions in the period	20.3	–	1.1	–	21.4
Released in the period	–	–	(0.2)	–	(0.2)
Unwinding of discount	–	0.2	–	–	0.2
Utilised in the period	–	(0.5)	(0.3)	(0.1)	(0.9)
At 31 March 2010	20.3	7.5	3.6	0.7	32.1
Exchange differences	(0.8)	(0.3)	(0.1)	–	(1.2)
Additions in the period	–	–	0.6	–	0.6
Unwinding of discount	–	0.2	–	–	0.2
Utilised in the period	–	(1.2)	(0.8)	(0.1)	(2.1)
At 30 September 2010	**19.5**	**6.2**	**3.3**	**0.6**	**29.6**
Analysis of provisions:					
Current	1.1	1.0	1.5	0.2	3.8
Non-current	18.4	5.2	1.8	0.4	25.8
	19.5	**6.2**	**3.3**	**0.6**	**29.6**

5. Reconciliation of operating profit/(loss) to operating cash flow

	Half year ended 30 Sept 2010 £m	Half year ended 30 Sept 2009 £m	Year ended 31 March 2010 £m
Operating profit/(loss)	**3.6**	(1.4)	(1.5)
Adjustments for:			
Depreciation	**2.9**	2.5	4.9
Loss on disposal of fixed assets	**0.1**	0.1	–
Impairment of tangible fixed assets	**–**	–	1.1
Pensions payments in excess of charge	**(1.8)**	(2.6)	(5.0)
Movement in fair value of financial instruments	**0.1**	0.2	(0.1)
Share options charge	**–**	0.1	–
Grant income released	**(0.1)**	(0.1)	(0.1)
Changes in working capital:			
Inventories	**(0.2)**	0.6	1.8
Trade debtors	**(1.0)**	(0.1)	1.2
Trade creditors	**(2.0)**	0.1	1.0
Changes in trading working capital	**(3.2)**	0.6	4.0
Other debtors	**0.9**	0.3	(0.1)
Other creditors	**0.7**	1.3	(0.2)
Net movement in environmental provisions	**(0.1)**	(0.1)	(0.2)
Net movement in reorganisation provisions	**(0.2)**	(3.0)	(2.4)
Net movement in product liability cost provisions	**(1.2)**	(0.4)	(0.9)
Net movement in product liability claims provisions	**–**	–	20.3
Net movement in product liability insurance receivable	**–**	–	(20.3)
Cash generated from/(used in) operations	**1.7**	(2.5)	(0.5)
Cash generated from operations before exceptional items	**3.8**	1.0	5.2
Cash outflows from exceptional items	**(2.1)**	(3.5)	(5.7)
Cash generated from/(used in) operations	**1.7**	(2.5)	(0.5)

6. Reconciliation of net cash

Analysis of cash and cash equivalents and borrowings

	At 1 April 2010 £m	Cash flow £m	Exchange movement £m	**At 30 Sept 2010 £m**
Cash and cash equivalents	9.4	0.1	(0.1)	**9.4**
Overdrafts	(1.6)	(1.5)	–	**(3.1)**
	7.8	(1.4)	(0.1)	**6.3**
Borrowings within one year	(2.3)	2.0	–	**(0.3)**
Borrowings after more than one year	(0.7)	0.1	–	**(0.6)**
	(3.0)	2.1	–	**(0.9)**
Total	4.8	0.7	(0.1)	**5.4**