



SCAPA GROUP PLC

Transition to International
Financial Reporting Standards
(IFRS)

September 2005

Summary

- Key changes impacting Earnings per Share (EPS):
 - Goodwill no longer amortised
 - Deferred tax charge increased
- No other significant changes to Income Statement and EPS
- No significant changes to Net Assets
- No changes to cash flows

Impact on Profit Before Tax (unaudited)

£m	Six months ended Sept 04	Year ended Mar 05
UK GAAP Profit Before Tax	1.0	(4.9)
Business Combinations (goodwill amortisation)	0.7	1.4
Other	(0.1)	(0.1)
IFRS Profit Before Tax	1.6	(3.6)

Impact on EPS (unaudited)

	Six months ended Sept 04 pence per share	Year ended Mar 05 pence per share
UK GAAP EPS	0.7	0.9
Business Combinations (goodwill amortisation)	0.5	1.0
Income Taxes (deferred tax adjustments)	(0.2)	(0.3)
Other	(0.1)	(0.1)
IFRS EPS	0.9	1.5

Impact on Net Assets (unaudited)

£m	30 th Sept 04	31 st Mar 05
UK GAAP Net Assets	46.1	39.6
Business Combinations (goodwill amortisation)	0.7	1.4
Employee Benefits	(1.3)	(1.3)
Income Taxes (deferred tax adjustments)	0.7	0.5
Post Balance Sheet Events (dividends)	0.1	-
IFRS Net Assets	46.3	40.2

Principal Adjustments (unaudited)

- Goodwill no longer amortised, replaced by annual impairment review (IFRS 3)
- Dividends only recognised if paid or approved in AGM by Balance Sheet date (IAS 10)
- Minor taxation changes - recognition of deferred tax assets in respect of US goodwill and liquidation of dormant subsidiary (IAS 12)
- Minor changes to valuation of defined benefit pension scheme assets (IAS 19)
- Changes to basis of recording holiday pay accruals (IAS 19)

Financial Instruments

- Scapa Group plc has taken the exemption not to restate comparatives for IAS 32 and IAS 39 in the 2005/06 financial statements.
- The main impact of these standards on the Group's financial statements will be that instruments such as forward foreign currency contracts and interest rate caps which were treated as off Balance Sheet items under UK GAAP will be recognised as assets or liabilities at fair value under IFRS.
- The Group intends to use hedge accounting where possible to minimise the exposure to fluctuations in the Income Statement resulting from changes in the fair value of the financial instruments.