



Interim Statement 2008

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Trading results for the six months ended 30th September 2008 have been impacted by both the Board's strategy of seeking to restore sustainable long term profitability, through focusing on refining the scale of the Group's activities, and the extremely challenging market conditions which, as has been widely reported, have affected both manufacturers and retailers of consumer electronic products throughout the world.

These difficult circumstances are forecast to continue throughout the remainder of this financial year and into at least the first half of 2009/10.

In response to the severe market environment, the Group has escalated the rate of restructuring by withdrawing from more product lines than previously anticipated, correspondingly reducing inventory levels, as well as staff headcount. In addition to addressing operational issues, the Board continues to actively examine ways by which it might increase returns for Shareholders, which has resulted in the sale of the Alba and Bush Trademarks outside of Australasia to Argos, and the proposed subsequent payment of a special dividend.

Revenues from continuing operations during the period were £36.4m (2007: £53.9m) with a loss before tax of £1.2m (2007 £2.2m). Losses from discontinuing operations during the period were £8.4m (2007: £13.1m profit). Group inventory fell

to £14.9m (2007 £41.0m) and the number of employees was reduced to 183 (2007 380). The Group has a net cash position in the balance sheet of £21.1m (2007 net debt of £24.1m).

The Group's strategy, in relation to consumer electronics, is to adopt a more risk averse profile through continuing to reduce the scale of the Group's operations and becoming wholly concentrated on 'UK centric', added-value sectors, where many of the larger consumer electronics brands are not present.

It is intended the products will be differentiated from both global and retailer 'own-label' brands and will include digital set top boxes, Freesat TV receivers and small-screen integrated TV solutions. The Group also remains alert to occasional opportunistic situations such as a recently signed contract with Disney to distribute themed products in the UK market.

The overall effect will be to continue to lower the Group's potential sales capacity whilst tightening control of inventory, debtor and trade creditor levels. This will result in a considerably reduced exposure to any change in trading conditions and greater financial visibility and control.

The Board considers that our continuing owned brand Goodmans, together with our license to distribute Grundig in the UK,

can deliver these strategic goals. Whilst some further short term exceptional costs will have to be incurred, the new business model should be able to make a positive contribution to Group profitability, once market conditions stabilise and the product portfolio restructuring has been completed.

The Group's consumer medical electronic products business, whilst in its early stages, continues to develop positively. The product range is sold under the brand name 'Kinetik' and includes blood pressure monitors, body fat composition monitors, T.E.N.S. machines, thermometers and stepometers.

The Group's strategy for the medical products business is to carefully extend product ranges by leveraging the existing product development resources and manufacturing relationships in both China and the UK. In recent months the Group has started to recruit sales managers and some initial orders and enquiries have been received from customers in North America, Europe and Asia. The global economic downturn will have an impact on business performance and crucially the conversion of enquiries into firm purchase commitments remains a priority.

Property

As a result of the reduced scale of the Group's operations a number of properties are now surplus to requirements. It is

intended that these assets be sold once market conditions permit.

Dividend

The Board has announced that, conditional upon the sale of the Alba and Bush brands, a special dividend will be made to shareholders. In view of the poor trading results and the weak outlook for consumer demand the Directors are not recommending the payment of an ordinary dividend at this time.

Outlook

The Group's strategy, of reducing risk and improving visibility in its consumer electronics markets, whilst further developing the medical electronics business, is intended to re-establish a sustainable business model, capable of consistently producing positive returns.

At this time, in view of the extremely challenging market conditions, returning the Group's continuing businesses to an acceptable level of profitability will not be easy. It is therefore likely that the benefits to be accrued from the Group's restructuring will only start to emerge once market conditions improve.

BRIDGET BLOW

Chairman

27 November 2008

Consolidated Income Statement

| | Notes | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|---|-------|---|--|--|
| Revenue | 3 | 36.4 | 53.9 | 115.9 |
| Operating Loss | 3 | (1.8) | (2.4) | (9.9) |
| Finance | 4 | 0.6 | 0.2 | 0.7 |
| Loss before tax | | (1.2) | (2.2) | (9.2) |
| Tax | 5 | (0.1) | (0.1) | (0.5) |
| Loss for the period from continuing operations | | (1.3) | (2.3) | (9.7) |
| (Loss)/profit for the period from discontinuing operations | 6 | (8.4) | 13.1 | 26.5 |
| (Loss)/profit for the period | | (9.7) | 10.8 | 16.8 |
| Attributable to: | | | | |
| Equity holders of the parent | | (9.7) | 10.8 | 16.8 |
| Earnings per share (in pence) | 7 | | | |
| Basic | | | | |
| - continuing operations | | (2.6)p | (4.5)p | (19.1)p |
| - discontinuing operations | | (16.6)p | 25.8p | 52.2p |
| - total | | (19.2)p | 21.3p | 33.1p |
| Diluted | | | | |
| - continuing operations | | (2.2)p | (4.5)p | (19.1)p |
| - discontinuing operations | | (16.6)p | 25.8p | 52.2p |
| - total | | (19.2)p | 21.3p | 33.1p |

Consolidated Statement of Recognised Income and Expense

| | | | |
|--|--------------|------|-------|
| Net income/(expense) recognised directly in equity | 0.5 | 0.5 | (1.8) |
| (Loss)/profit for the period | (9.7) | 10.8 | 16.8 |
| Total recognised (expense)/income for the period (all attributable to shareholders) | (9.2) | 11.3 | 15.0 |

Group Balance Sheet

| | Notes | 30 September 2008 (unaudited) £'millions | 30 September 2007 (unaudited) £'millions | 31 March 2008 (audited) £'millions |
|--|-------|---|---|---|
| Non-current assets | | | | |
| Property, plant & equipment | | 21.3 | 26.2 | 21.6 |
| Other receivables | | 5.5 | – | 5.5 |
| Total non-current assets | | 26.8 | 26.2 | 27.1 |
| Current assets | | | | |
| Inventories | | 14.9 | 41.0 | 22.7 |
| Trade receivables and other receivables | | 18.4 | 46.6 | 22.8 |
| Financial assets - derivative financial instruments | | 0.3 | – | – |
| Tax recoverable | | 0.7 | 0.7 | – |
| Cash | | 21.1 | 0.7 | 28.2 |
| Total current assets | | 55.4 | 89.0 | 73.7 |
| Non-current assets classified as held for resale | 9 | – | 15.8 | – |
| Total assets | | 82.2 | 131.0 | 100.8 |
| Current liabilities | | | | |
| Bank borrowings and overdrafts | | – | 24.2 | 2.8 |
| Trade and other payables | | 13.2 | 25.0 | 17.5 |
| Financial liabilities - derivative financial instruments | | – | – | 0.1 |
| Income tax | | 1.4 | 0.8 | 0.9 |
| Provisions | | 1.4 | 3.7 | 4.1 |
| Total current liabilities | | 16.0 | 53.7 | 25.4 |
| Non-current liabilities | | | | |
| Deferred tax | | – | 1.0 | – |
| Total non-current liabilities | | – | 1.0 | – |
| Liabilities directly associated with non-current assets classified as held for resale | 9 | – | 4.6 | – |
| Total liabilities | | 16.0 | 59.3 | 25.4 |
| Total net assets | | 66.2 | 71.7 | 75.4 |
| Equity attributable to equity holders of the parent | | | | |
| Share capital | | 5.1 | 5.1 | 5.1 |
| Share premium | | 18.6 | 18.6 | 18.6 |
| Investment in own shares | | (2.3) | (2.3) | (2.3) |
| Translation reserve | | (6.7) | (10.3) | (8.1) |
| Hedging reserve | | 0.7 | 3.3 | 1.8 |
| Revaluation reserve | | 5.8 | 8.5 | 5.8 |
| Other reserves | | 1.7 | 1.7 | 1.7 |
| Retained earnings | | 43.3 | 47.1 | 52.8 |
| Total equity | 10 | 66.2 | 71.7 | 75.4 |

Group Cash Flow Statement

| | Notes | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|---|-------|---|--|--|
| Cashflow from operating activities | | | | |
| Cash generated from operations | 11 | (4.4) | (14.7) | 6.4 |
| Tax (paid)/received | | (0.3) | 1.0 | 1.4 |
| Net cash from operating activities | | (4.7) | (13.7) | 7.8 |
| Cashflows from investing activities | | | | |
| Interest received | | 0.6 | 0.7 | 1.4 |
| (Purchase)/sale of property, plant and equipment | | (0.2) | (0.1) | 0.6 |
| Sale of discontinued activity (net) | | – | 43.5 | 70.8 |
| Net cashflow from investing activities | | 0.4 | 44.1 | 72.8 |
| Financing activities | | | | |
| Finance costs paid | | – | (0.6) | (0.8) |
| Dividends paid | | – | (1.1) | (1.1) |
| Movement in bank import advances (net) | | (2.8) | (20.1) | (37.4) |
| Net cashflow from financing activities | | (2.8) | (21.8) | (39.3) |
| Net (decrease)/increase in cash and cash equivalents | | (7.1) | 8.6 | 41.3 |
| Net foreign exchange differences | | – | (0.4) | (0.9) |
| Cash and cash equivalents at beginning of period | | 28.2 | (12.2) | (12.2) |
| Cash and cash equivalents at end of period | | 21.1 | (4.0) | 28.2 |

1. General information

The interim statement for the six months ended 30 September 2008 does not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985 and has not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies.

The financial information presented has been prepared based on the adoption of IFRS, including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, as interpreted by any regulatory bodies relevant to the Group. These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to change. As a result the accounting policies used to prepare the interim financial report will need to be updated for any subsequent amendments to IFRS required for first time adoption, or any new standards that the Group may elect to adopt early.

The interim report was approved by the directors on 26 November 2008.

2. Accounting policies

Alba plc and its subsidiary undertakings have adopted the accounting policies set out below in preparation of this interim statement. All of these policies have been applied consistently throughout the period.

The accounting policies and resulting balance sheet and income statement are to be regarded as preliminary and will be determined with certainty only when the full IFRS financial statements for the year ending 31 March 2009 are issued.

Basis of preparation

The interim statement has been prepared on a basis consistent with the Group's expected 2009 IFRS accounting policies and in accordance with International Accounting Standard (IAS) 34: Interim Financial Report. The interim statement has been prepared on the historical cost basis except for the revaluation of certain properties and financial assets and liabilities (including derivative instruments) which are stated at fair value.

Basis of consolidation

The interim statement consolidates the financial information of Alba plc, its subsidiary undertakings and incorporates the results of its joint venture. The financial information of subsidiaries is prepared for the same reporting period as the parent company using consistent accounting policies.

(i) Subsidiaries

Subsidiaries are entities over which the Group has control, being the power to govern the financial and operating policies of the acquired entity so as to obtain

benefits from its activities. The results of subsidiaries acquired or sold in the year are consolidated from the effective date of acquisition or to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is credited to the income statement in the period of acquisition.

(ii) Joint venture entities

Joint venture entities are those entities over which the Group exercises joint control through a contractual arrangement. The results, assets and liabilities of joint venture entities are incorporated in the financial statements using the equity method of accounting. Investments in joint venture

entities are initially carried in the balance sheet at cost and adjusted by post acquisition changes in the Group's share of net assets of the entity, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the joint venture entity is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the joint venture entity at the date of acquisition is credited to the income statement in the period of acquisition.

Disposal groups held for sale

On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to disposal. Profit or loss associated with these assets is classified as "Profit for the period on discontinuing operations". Impairment losses on initial classification as held for sale are also included in this classification, as are any gains and losses on subsequent re-measurement.

3. Segment information

Primary reporting format-geographical segments. As a result of the disposal of the Leisure Division, the Group now only operates within Consumer and Medical Electronics. Therefore, for management purposes, the Group is now organised into the following management and reporting divisions: UK, Mainland Europe, the Far East and Australasia. These divisions are the basis on which the Group reports its primary segment information below:

Continuing operations:

| | Revenue | | | Group operating profit | | |
|-----------------------------|--|--|--|--|--|--|
| | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
| UK | 24.6 | 32.0 | 75.1 | (2.6) | (4.5) | (13.8) |
| Far East | 11.5 | 24.7 | 43.1 | 0.4 | 1.8 | 3.4 |
| Australasia | 5.4 | 3.0 | 7.8 | 0.4 | 0.3 | 0.5 |
| | 41.5 | 59.7 | 126.0 | (1.8) | (2.4) | (9.9) |
| Less inter company turnover | (5.1) | (5.8) | (10.1) | | | |
| | 36.4 | 53.9 | 115.9 | | | |

Discontinuing operations:

| | Revenue | | | Group operating profit | | |
|-----------------|--|--|--|--|--|--|
| | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
| UK | 11.8 | 92.6 | 143.3 | (8.4) | (5.4) | (8.7) |
| Mainland Europe | – | 5.6 | 6.8 | – | (0.5) | (1.3) |
| | 11.8 | 98.2 | 150.1 | (8.4) | (5.9) | (10.0) |

| | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|---|---|--|--|
| 4. Financial costs | | | |
| Finance (income)/costs comprise: | | | |
| Interest on bank loans and overdrafts repayable within 5 years | – | 0.5 | 0.7 |
| Less: Bank interest receivable | (0.6) | – | (0.3) |
| Interest from joint venture | – | (0.7) | (1.1) |
| | (0.6) | (0.2) | (0.7) |

5. Tax

The taxation charge is based on the estimated effective tax rate for the year as a whole of (7)% (2007 : (4)%).

6. (Loss)/Profit for the period from discontinuing activities

(Loss)/profit for the period from discontinuing activities comprise:

(Loss)/profit from operations:

| | | | |
|--|--------------|-------|--------|
| Leisure Division | – | (0.7) | (1.1) |
| Roadstar | – | (0.6) | (1.4) |
| Discontinued UK CE | (8.4) | (4.7) | (7.6) |
| Share of results of Grundig JV | – | (2.7) | (6.8) |
| | (8.4) | (8.7) | (16.9) |
| Gain on disposal | | | |
| Leisure Division | – | 21.8 | 20.4 |
| Roadstar | – | – | (0.2) |
| Grundig JV | – | – | 23.2 |
| | – | 21.8 | 43.4 |
| (Loss)/profit for the period from discontinuing activities | (8.4) | 13.1 | 26.5 |

Notes to the Interim Statement

| | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|---|---|--|--|
| a) Profit/(loss) from operations: | | | |
| Leisure Division: | | | |
| Revenue | | 34.4 | 34.4 |
| Operating Loss | | (0.7) | (1.1) |
| Tax | | – | – |
| Loss for the period | | (0.7) | (1.1) |
| Roadstar: | | | |
| Revenue | | 5.6 | 6.8 |
| Operating loss | | (0.5) | (1.3) |
| Finance costs | | (0.1) | (0.1) |
| Loss before and after tax | | (0.6) | (1.4) |
| Discontinued CE: | | | |
| Revenue | 11.8 | 58.2 | 108.9 |
| Operating loss | (8.4) | (4.7) | (7.6) |
| Finance costs | – | – | – |
| Loss before and after tax | (8.4) | (4.7) | (7.6) |
| b) Gain on disposal: | | | |
| Leisure Division: | | | |
| Net assets disposed of | | 26.0 | 26.0 |
| Attributable goodwill | | 1.2 | 1.2 |
| | | 27.2 | 27.2 |
| Profit on disposal | | 21.8 | 20.4 |
| Total consideration net of costs etc | | 49.0 | 47.6 |
| Satisfied by cash, and net cash inflows arising on disposal | | 49.0 | 47.6 |
| Roadstar: | | | |
| Net assets disposed of | | | – |
| Loss on disposal | | | (0.2) |
| Total consideration net of costs etc | | | (0.2) |
| Satisfied by cash, and net cash inflows arising on disposal | | | (0.2) |
| Grundig: | | | |
| Net assets disposed of | | | 8.4 |
| Profit on disposal | | | 23.2 |
| Total consideration net of costs etc | | | 31.6 |
| Satisfied by cash, and net cash inflows arising on disposal | | | 31.6 |

7. Earnings per share

Basic earnings per share are based upon earnings of £(9.7) million (2007 : £10.8 million) and 50,578,573 (2007 : 50,682,142) Ordinary Shares being the average number of Ordinary Shares in issue during the six months ended 30 September 2008 excluding the shares held by The Alba plc ESOP Trust. Basic earnings per share on continuing activities are based upon earnings of £(1.3) million (2007 : £(2.3) million) and on discontinuing activities upon earnings of £(8.4) million (2007 : £13.1 million).

Diluted earnings per share are based upon earnings of £(9.7) million (2007 : £10.8 million) and 50,578,573 (2007 : 50,682,142) Ordinary Shares allowing for the exercise of outstanding share purchase options exercisable at a price below the average fair value during the period and the shares held by The Alba plc ESOP Trust. Diluted earnings per share on continuing activities are based upon earnings of £(1.3) million (2007 : £(2.3) million) and on discontinuing activities upon earnings of £(8.4) million (2007 : £13.1 million). Potential Ordinary shares have been excluded from the computation of diluted EPS where these shares would be anti-dilutive.

| 8. Dividends | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|--|---|--|--|
| Dividend paid/approved per share in the period | | | |
| 2.25p (2007/8: interim nil, full year nil) | – | 1.1 | 1.1 |

The amount paid during the six months ended 30th September 2007 is in respect of the interim dividend for the year ended 31 March 2007. The amount paid and/or approved during the year ended 31 March 2008 is in respect of the interim and final dividend for the year ended 31st March 2007.

9. Non - current assets classified as held for resale

Non-current assets classified as held for resale as at 30th September 2007 related to the Group's investment in Grundig and it's Roadstar division. These assets may be analysed as follows:

| | Roadstar (unaudited) £'millions | Grundig (unaudited) £'millions | Total (unaudited) £'millions |
|--|---------------------------------------|--------------------------------------|------------------------------------|
| Non-current assets | | | |
| Investment in joint venture | – | 9.3 | 9.3 |
| Total non-current assets | – | 9.3 | 9.3 |
| Current assets | | | |
| Inventories | 0.9 | – | 0.9 |
| Trade receivables and other receivables | 2.2 | 2.8 | 5.0 |
| Cash | 0.6 | – | 0.6 |
| Total current assets | 3.7 | 2.8 | 6.5 |
| Non-current assets classified as held for resale | 3.7 | 12.1 | 15.8 |
| Current liabilities | | | |
| Bank borrowings and overdrafts | 1.2 | – | 1.2 |
| Trade and other payables | 3.2 | – | 3.2 |
| Provisions | 0.2 | – | 0.2 |
| Total current liabilities | 4.6 | – | 4.6 |
| Liabilities directly associated with non-current assets classified as held for resale | 4.6 | – | 4.6 |
| Total net assets | (0.9) | 12.1 | 11.2 |

| | 30 September 2008 (unaudited) £'millions | Six months ended 30 September 2007 (unaudited) £'millions | Year ended 31 March 2008 (audited) £'millions |
|--|---|--|--|
| 10. Reconciliation of Movement in Consolidated Equity | | | |
| Net (expense)/income recognised directly in equity | (9.2) | 11.3 | 15.0 |
| Dividends on equity shares | – | (1.1) | (1.1) |
| Net (decrease)/increase in equity | (9.2) | 10.2 | 13.9 |
| Opening equity | 75.4 | 61.5 | 61.5 |
| Closing equity | 66.2 | 71.7 | 75.4 |
| 11. Note to the consolidated cash flow statement | | | |
| Cash flow from operating activities: | | | |
| Operating loss | (1.8) | (2.4) | (9.9) |
| Adjustment for: | | | |
| Depreciation of property, plant & equipment | 0.5 | 0.7 | 1.2 |
| Operating loss from discontinuing operations | (8.4) | (5.9) | (10.0) |
| Decrease/(increase) in receivables | 4.4 | (5.0) | 18.8 |
| Decrease in inventories | 7.8 | 1.0 | 20.4 |
| Decrease in payables | (6.9) | (3.1) | (14.1) |
| Cash flow from operating activities | (4.4) | (14.7) | 6.4 |
| Net Debt | | | |
| Cash and cash equivalents | 21.1 | (4.0) | 28.2 |
| Bank import advances | – | (20.1) | (2.8) |
| | 21.1 | (24.1) | 25.4 |

Cash and cash equivalents comprise cash at bank and bank overdrafts all with a maturity of three months or less.

