HAMPSON

HAMPSON INDUSTRIES PLC

INTERIM REPORT 2006

Hampson Industries PLC
Unaudited interim results for the six month period ended 30 September 2006

Chairman's Statement

Results
We continue to realise the benefits of our clearly-focussed growth strategy and trading performance for the six month period to 30 September 2006 was ahead of expectations.

Revenue, at £68.0 million, was £22.4 million (49%) higher than in the comparable period of the prior year, and trading profit*, at £6.6 million, was £4.1 million (159%) ahead. The results for the six month period include a full contribution from the previous year's acquisitions, Coast Composites Inc. and Lamsco West Inc. Excluding our three recently acquired US subsidiaries, organic revenue growth in our existing businesses was 26% compared with the first half of the previous year.

Operating profit after impairment charges, other exceptional items and the amortisation of intangible assets relating to previous acquisitions, was 87% higher, at £3.7 million. Earnings per share after impairment charges, other exceptional items and the amortisation of intangible assets relating to previous acquisitions increased to 0.93 pence.

These results were achieved despite the results of our North American operations being adversely affected on translation into sterling by the significant weakening of the value of the US dollar during the period. In constant currency terms, trading profit would have been £0.4 million higher.

** Trading profit is defined as operating profit from continuing operations before exceptional items and amortisation of intangible assets on acquisition. The Board considers that this measure of profit provides the best view of the underlying trading performance of the Group.*

Operational performance

Aerospace Components & Structures
Revenues in Aerospace Components & Structures, at £36.9 million, were £14.8 million (67%) higher than in the same period of the prior year. Trading profit increased to £3.3 million, compared to a loss in the comparable period of the previous year. The improved results reflect a combination of continued strong demand levels from commercial aerospace customers, operational efficiency improvements as development programmes have been progressively concluded, and the realisation of the benefits of our targeted operational improvement activities.

Full certification was received for the Eclipse 500 Very Light Jet in September 2006, which has allowed our facilities to move into production. As indicated previously, we expect a lower than originally planned volume outlook in the current financial year as a result of the delayed certification process.

Composites & Transparencies
The contribution of six months' results from Coast Composites Inc. assisted in improving revenue by £8.6 million (96%) and trading profit by £1.1 million (64%) compared to the same period in the previous year. Overall first half performance was lower than original expectation as the result of the deferral of tooling orders for the Airbus A350, following various airframe redesigns and deferral of the originally planned launch by Airbus. In addition, certain orders originally expected to be received during the period from the US Department of Defense by Texstars Inc., have been subject to delays and are now expected to be received and delivered in the second half.

Automotive
Revenue was £1.3 million lower than in the first half of the previous financial year, primarily as the result of a timing difference between model run-outs and the build up of production of replacement models. Trading profit, including start-up costs associated with the new Bangalore plant, was £0.6 million lower as a result.

The period saw the completion and commissioning of our new manufacturing facility in Bangalore, India. The facility, which was inaugurated by the British Deputy High Commissioner, South India, on 16 November 2006, has already commenced manufacturing operations and is expected to make a modest contribution to revenue in the current year. Going forward, it will form a key element of our growth strategy.

Specialist Engineering

The Specialist Engineering businesses generated a modest improvement compared to the first half of the previous year, with revenue and trading profit £0.3 million and £0.1 million ahead, respectively.

Finance and Dividend

We continued to invest during the period in support of our growth strategy in both Aerospace and Automotive, but also to maintain strong discipline over the management of our liquid resources. Net debt stood at £65.2 million at 30 September 2006, compared with £61.7 million at the year end.

In view of the need to continue to fund growth-related investment during the rest of this financial year, the Directors recommend that no interim dividend is paid. In line with previous guidance we have given, the Board does intend to recommend the payment of a modest final dividend out of 2006/07 earnings, subject to prevailing market and business conditions.

Acquisition

We have today announced the acquisition of Composite Horizons Inc. ("CHI"), for an initial consideration of US$22.8 million to be funded by a vendor placing and extension to our existing bank facilities. Based in California, USA, CHI is a specialist manufacturer of complex polymer composite components, primarily for commercial and military aerospace applications, including both airframe and engine.

CHI has particular expertise in high temperature polymer composites using the latest resin and fibre technologies. The acquisition of CHI not only complements our existing capability in lower temperature composites but brings access to a number of important programmes such as the F-35 (Joint Strike Fighter), F/A-22 (Raptor) and Boeing 777 on which the Group was previously not well represented, as well as various unmanned and space programmes.

We look forward to welcoming the management and employees of CHI to the Hampson Group and to capitalising together on the significant further opportunities that are available from the increasing use of advanced composite materials in advanced airframe and gas turbine engine manufacture.

Prospects

The outlook for the Group's key markets remains positive and is broadly unchanged from the assessment made within our AGM statement. At current rates of exchange, the anticipated rate of growth as reported will be adversely affected by the currency translation impact on our US dollar earnings.

The commercial aerospace market continues to remain buoyant and we expect these conditions to continue, with further growth anticipated on certain programmes, particularly single aisle aircraft.

After a slightly slower start to the year than expected in Automotive, primarily as a result of model mix changes, the outlook for demand for turbocharger components has strengthened since our AGM statement with the gaining of new programmes and both confirmed orders and enquiry levels from customers increasing to an all-time high. Growth in demand for next-generation diesel-engined vehicles in North America is a key driver of this demand and our plans for investment will position us strongly to capitalise on the opportunities available.

We anticipate lower than originally expected sales volumes on the Eclipse 500 programme in the current financial year as a result of delays by Eclipse in achieving aircraft certification. Timing of deliveries of the Airbus A380 has been deferred which may impact some orders currently scheduled for delivery in the second half.

Confirmation of the status of the A350 XWB programme is presently awaited from Airbus, but we anticipate little or no demand for tooling for this programme in the current financial year. Subject to confirmation of launch, we expect, based on the reported likely specification of the aircraft, to see enhanced demand for large, precision tools in subsequent periods which will benefit our future results.

Overall, we expect to continue to make good progress for the year as a whole and to continue to create value for our shareholders.

Tony Gilroy
Chairman
1 December 2006

Consolidated Income Statement

	Notes	Half year to 30 September 2006 Before exceptional items and amortisation of intangibles* £'000	Half year to 30 September 2006 Exceptional items and amortisation of intangibles* £'000	Half year to 30 September 2006 Total £'000
Continuing operations				
Revenue	3	**67,971**	**—**	**67,971**
Operating profit	4	**6,604**	**(2,925)**	**3,679**
Analysed as:				
Trading profit		**6,604**	**—**	**6,604**
Restructuring and rationalisation charges	5	**—**	**(528)**	**(528)**
Impairment charges	5	**—**	**(2,110)**	**(2,110)**
Amortisation of intangible assets on acquisition	5	**—**	**(287)**	**(287)**
Interest payable		**(2,628)**	**—**	**(2,628)**
Interest receivable		**199**	**—**	**199**
Other net financing charges		**—**	**—**	**—**
Profit before taxation		**4,175**	**(2,925)**	**1,250**
Taxation	6			**(398)**
Profit after taxation				**852**
Discontinued operations				
Post tax results from discontinued operations	7			**(33)**
Profit for the financial period				**819**
Profit attributable to minority interests				**(38)**
Profit attributable to equity shareholders				**781**
Earnings per 25p ordinary share				
Earnings per share before exceptional items and amortisation of intangibles*	9			**3.24p**
Basic	9			**0.93p**
Diluted	9			**0.93p**

* Amortisation of intangible assets on acquisition.

There have been no dividends declared or proposed in the period (period to 30 September 2005: £nil, year to 31 March 2006: £nil).

Consolidated Income Statement

	Notes	Half year to 30 September 2005 Before exceptional items and amortisation of intangibles* £'000	Restated Half year to 30 September 2005 Exceptional items and amortisation of intangibles* £'000	Half year to 30 September 2005 Total £'000
Continuing operations				
Revenue	3	45,549	—	45,549
Operating profit	4	2,549	(579)	1,970
Analysed as:				
Trading profit		2,549	—	2,549
Restructuring and rationalisation charges	5	—	(407)	(407)
Impairment charges	5	—	—	—
Amortisation of intangible assets on acquisition	5	—	(172)	(172)
Interest payable		(1,299)	—	(1,299)
Interest receivable		17	—	17
Other net financing charges		—	—	—
Profit before taxation		1,267	(579)	688
Taxation	6			(266)
Profit after taxation				422
Discontinued operations				
Post tax results from discontinued operations	7			12
Profit for the financial period				434
Loss attributable to minority interests				66
Profit attributable to equity shareholders				500
Earnings per 25p ordinary share				
Earnings per share before exceptional items and amortisation of intangibles*	9			1.59p
Basic	9			0.89p
Diluted	9			0.88p

* Amortisation of intangible assets on acquisition.

Consolidated Income Statement

	Notes	Year to 31 March 2006 Before exceptional items and amortisation of intangibles* £'000	Year to 30 March 2006 Exceptional items and amortisation of intangibles* £'000	Year to 30 March 2006 Total £'000
Continuing operations				
Revenue	3	103,936	—	103,936
Operating profit	4	8,274	(4,629)	3,645
Analysed as:				
Trading profit		8,274	—	8,274
Restructuring and rationalisation charges	5	—	(879)	(879)
Impairment charges	5	—	(2,222)	(2,222)
Amortisation of intangible assets on acquisition	5	—	(1,528)	(1,528)
Interest payable		(3,303)	—	(3,303)
Interest receivable		492	—	492
Other net financing charges		(101)	—	(101)
Profit before taxation		5,362	(4,629)	733
Taxation	6			(390)
Profit after taxation				343
Discontinued operations				
Post tax results from discontinued operations	7			8
Profit for the financial year				351
Profit attributable to minority interests				—
Profit attributable to equity shareholders				351
Earnings per 25p ordinary share				
Earnings per share before exceptional items and amortisation of intangibles*	9			5.32p
Basic	9			0.53p
Diluted	9			0.53p

* Amortisation of intangible assets on acquisition.

Consolidated Balance Sheet

As at	30 September 2006 £'000	Restated 30 September 2005 £'000	31 March 2006 £'000
Assets			
Non-current assets			
Goodwill	**53,817**	20,186	57,824
Intangible assets	**15,678**	5,761	15,723
Property, plant and equipment	**39,243**	32,121	39,409
Deferred tax asset	**2,274**	1,002	2,238
	111,012	59,070	115,194
Current assets			
Inventories	**25,699**	20,812	24,393
Trade and other receivables	**28,083**	21,333	31,227
Financial assets — derivatives	**582**	250	802
Cash and cash equivalents	**9,729**	3,740	6,776
	64,093	46,135	63,198
Total assets	**175,105**	105,205	178,392
Liabilities			
Current liabilities			
Trade and other payables	**(27,930)**	(21,802)	(31,099)
Current tax liabilities	**—**	(224)	(35)
Provisions	**(1,497)**	(404)	(2,197)
	(29,427)	(22,430)	(33,331)
Non-current liabilities			
Financial liabilities			
— Borrowings	**(73,314)**	(40,176)	(66,890)
Deferred tax liability	**(4,136)**	(74)	(4,299)
Provisions	**—**	(62)	—
Retirement benefit liabilities	**(993)**	(3,434)	(1,391)
	(78,443)	(43,746)	(72,580)
Total liabilities	**(107,870)**	(66,176)	(105,911)
Net assets	**67,235**	39,029	72,481
Shareholders' equity			
Called up share capital	**21,870**	13,775	21,870
Reserves	**45,313**	25,305	50,571
Shareholders' equity	**67,183**	39,080	72,441
Total shareholders' equity	**67,183**	39,080	72,441
Minority interest in equity	**52**	(51)	40
Total equity	**67,235**	39,029	72,481

Consolidated Cash Flow Statement

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Cash flows from operating activities			
Cash generated from operations	**5,223**	(1,476)	2,685
Interest received	**199**	17	265
Interest paid	**(2,293)**	(1,263)	(3,305)
Tax paid	**(548)**	(91)	(1,280)
Net cash from operating activities	**2,581**	(2,813)	(1,635)
Cash flows from investing activities			
Acquisitions (net of cash acquired)	**—**	—	(43,763)
Disposals (net of cash disposed)	**30**	—	—
Purchase of property, plant and equipment	**(2,456)**	(2,860)	(6,298)
Purchase of intangible assets	**(213)**	—	(389)
Proceeds on sale of property, plant and equipment	**—**	169	289
Development costs	**(2,879)**	(1,223)	(4,831)
Net cash used in investing activities	**(5,518)**	(3,914)	(54,992)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	**—**	74	32,329
Proceeds from minority interest	**—**	—	99
New borrowings	**6,970**	8,250	64,839
Finance lease principal payments	**(759)**	(1,068)	(1,677)
Finance lease interest payments	**(115)**	(132)	(256)
Repayments of loans	**—**	—	(35,304)
Net cash flow used in financing activities	**6,096**	7,124	60,030
Currency variations on cash and cash equivalents	**(206)**	116	146
Increase in cash and cash equivalents	**2,953**	513	3,549
Cash and cash equivalents at the beginning of the period	**6,776**	3,227	3,227
Cash and cash equivalents at the end of the period	**9,729**	3,740	6,776

Reconciliation of movement in cash and cash equivalents to movement in net debt

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Movement in cash and cash equivalents	**2,953**	513	3,549
Net proceeds of borrowings	**(6,970)**	(8,751)	(29,535)
Indebtedness acquired as part of acquisition	**—**	—	(6,304)
Finance lease principal payments	**759**	1,068	1,677
New finance leases	**(287)**	(1,068)	(1,314)
Movement in period	**(3,545)**	(8,238)	(31,927)
Net debt at beginning of period	**(61,692)**	(29,765)	(29,765)
Net debt at end of period	**(65,237)**	(38,003)	(61,692)

Statement of Recognised Income and Expense

	Half year to 30 September 2006 £'000	Restated Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Adjustment in respect of adoption of IAS 39	**—**	234	234
Currency variations	**(6,135)**	1,917	2,516
Actuarial gains/(losses) on retirement benefit scheme — gross	**—**	—	827
Deferred taxation related thereto	**—**	—	(274)
Net gains/(losses) not recognised in income statement	**(6,135)**	2,151	3,303
Profit for the financial period	**781**	500	351
Total recognised income for the year	**(5,354)**	2,651	3,654
Attributable to:			
— Equity shareholders	**(5,354)**	2,651	3,654
— Minority interests	**38**	(66)	—
	(5,316)	2,585	3,654

Statement of Changes in Equity

	Half year to 30 September 2006 £'000	Restated Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
At start of period	**72,441**	36,380	36,380
Total recognised income and expenses for period	**(5,354)**	2,651	3,654
Issue of ordinary share capital	**—**	—	32,329
Share based payments	**96**	49	78
At end of period	**67,183**	39,080	72,441

1 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with the Listing Rules of the Financial Services Authority. They have not been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2006. The comparative figures for the year ended 31 March 2006 do not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 March 2006 has been delivered to the Registrar of Companies and contained an unqualified auditors' report and did not contain statements under section 237(2) or 237(3) of the Companies Act 1985.

The accounting policies and basis of consolidation applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2006.

The interim consolidated financial statements were approved for issue on behalf of the board of directors on 30 November 2006.

2. Restatement of results for half year to 30 September 2005

Under IFRS 3 'Business Combinations' intangible assets acquired as part of an acquisition should be separately valued and amortised. As part of finalisation of the provisional fair values of Texstars Inc. after the completion of the half year results, intangible assets of order backlog at date of acquisition and customer relationships were identified.

As a consequence, in addition to the £548k system error on the valuation of part delivered projects identified in the 2006 full year accounts, the results for 30 September 2005 are restated to reflect the inclusion of these intangible assets identified upon acquisition within the balance sheet and the amortisation of these intangibles within the Income Statement. The earnings per share figures for 30 September 2005 have been restated accordingly, see note 9.

In addition, to aid comparability within the half year results, the segmental analysis disclosures for 30 September 2005 have been restated into the business segments used within the 2006 full year accounts, see note 3.

3. Segmental analysis

By primary segment — business group

Half year to 30 September 2006	Aerospace components and structures £'000	Composites and transparencies £'000	Automotive £'000	Specialist engineering £'000	Corporate and unallocated £'000	Total £'000
Continuing operations:						
Segment revenue	36,914	17,575	9,218	4,264	—	67,971
Segment trading profit/(loss)	3,287	2,792	712	105	(292)	6,604
Restructuring and rationalisation charges	(309)	—	(195)	—	(24)	(528)
Impairment charges	(2,110)	—	—	—	—	(2,110)
Amortisation of intangible assets on acquisition	(93)	(194)	—	—	—	(287)
Segment operating profit/(loss)	775	2,598	517	105	(316)	3,679
Net interest and finance costs	—	—	—	—	(2,429)	(2,429)
Profit/(loss) before taxation	775	2,598	517	105	(2,745)	1,250
Taxation	—	—	—	—	(398)	(398)
Profit/(loss) for the year after taxation	775	2,598	517	105	(3,143)	852
Discontinued operations:						
Post tax results from discontinued operations	—	—	—	—	(33)	(33)
Profit attributable to minority interests	—	—	—	—	(38)	(38)
Net profit/(loss) attributable to equity shareholders	775	2,598	517	105	(3,214)	781

Restated

Half year to 30 September 2005	Aerospace components and structures £'000	Composites and transparencies £'000	Automotive £'000	Specialist engineering £'000	Corporate and unallocated £'000	Total £'000
Continuing operations:						
Segment revenue	22,147	8,968	10,488	3,946	—	45,549
Segment trading profit/(loss)	(55)	1,704	1,338	30	(468)	2,549
Restructuring and rationalisation charges	(236)	—	(22)	(144)	(5)	(407)
Impairment charges	—	—	—	—	—	—
Amortisation of intangible assets on acquisition	—	(172)	—	—	—	(172)
Segment operating profit/(loss)	(291)	1,532	1,316	(114)	(473)	1,970
Net interest and finance costs	—	—	—	—	(1,282)	(1,282)
Profit/(loss) before taxation	(291)	1,532	1,316	(114)	(1,755)	688
Taxation	—	—	—	—	(266)	(266)
Profit/(loss) for the year after taxation	(291)	1,532	1,316	(114)	(2,021)	422
Discontinued operations:						
Post tax results from discontinued operations	—	—	—	—	12	12
Loss attributable to minority interests	—	—	—	—	66	66
Net profit/(loss) attributable to equity shareholders	(291)	1,532	1,316	(114)	(1,943)	500

3. **Segmental analysis** (continued)

By primary segment — business group (continued)

Year to 31 March 2006	Aerospace components and structures £'000	Composites and transparencies £'000	Automotive £'000	Specialist engineering £'000	Corporate and unallocated £'000	Total £'000
Continuing operations:						
Segment revenue	50,343	24,409	20,812	8,372	—	103,936
Segment trading profit/(loss)	207	5,037	3,297	353	(620)	8,274
Restructuring and rationalisation charges	(401)	—	(104)	(183)	(191)	(879)
Impairment charges	(2,119)	—	(102)	—	(1)	(2,222)
Amortisation of intangible assets on acquisition	(266)	(1,262)	—	—	—	(1,528)
Segment operating profit/(loss)	(2,579)	3,775	3,091	170	(812)	3,645
Net interest and finance costs	—	—	—	—	(2,912)	(2,912)
Profit/(loss) before taxation	(2,579)	3,775	3,091	170	(3,724)	733
Taxation	—	—	—	—	(390)	(390)
Profit/(loss) for the year after taxation	(2,579)	3,775	3,091	170	(4,114)	343
Discontinued operations:						
Post tax results from discontinued operations	—	—	—	—	8	8
Loss attributable to minority interests	—	—	—	—	—	—
Net profit/(loss) attributable to equity shareholders	(2,579)	3,775	3,091	170	(4,106)	351

By secondary segment — geographical region

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Continuing operations:			
UK	**31,995**	25,290	52,728
Europe	**9,939**	5,288	13,920
North America	**23,710**	13,519	32,361
Rest of World	**2,327**	1,452	4,927
	67,971	45,549	103,936

4. **Operating profit**

Reconciliation of revenue to total operating profit:

	Half year to 30 September 2006 £'000	Restated Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Revenue	**67,971**	45,549	103,936
Cost of sales	**(52,750)**	(34,818)	(81,688)
Gross profit	**15,221**	10,731	22,248
Other income	**386**	85	798
Distribution costs	**(1,500)**	(803)	(1,924)
Administrative expenses	**(10,428)**	(8,043)	(17,477)
Operating profit	**3,679**	1,970	3,645

5. Exceptional items and amortisation of intangibles

Restructuring and rationalisation charges

These exceptional items reflect the Group's restructuring and rationalisation costs primarily relating to employment termination and legal costs — £528,000 (half year to 30 September 2005: £407,000, year to 31 March 2006: £879,000).

Impairment charges

During the year the Group undertook a review of the utilisation and carrying values of certain assets. As a result of this £2,110,000 (half year to 30 September 2005: £nil, year to 31 March 2006: £2,222,000) of impairment charges were incurred, as follows:

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Impairment of inventories	**—**	—	1,958
Impairment of receivables through customer insolvency	**—**	—	70
Impairment of plant, property and equipment	**—**	—	194
Impairment of intangible assets	**2,110**	—	—
Total impairment charges	**2,110**	—	2,222

An impairment in the carrying value of intangible assets of £2,110,000 has been charged in respect of a terminated contract involving one of the Group's subsidiaries. Action is being taken to recover the value of those assets together with the reimbursement of further costs incurred in relation to the contract that have been expensed as a component of trading profit.

Amortisation of intangible assets on acquisition

As required under IFRS 3 'Business Combinations' and IAS 38 'Intangible Assets', intangible assets identified on acquisition have been amortised during the period — £287,000 (half year to 30 September 2005: £172,000, year to 31 March 2006: £1,528,000).

Exceptional items are included within cost of sales £2,818,000 (half year to 30 September 2005: £407,000, year to 31 March 2006: £4,383,000) and administrative expenses £107,000 (half year to 30 September 2005: £172,000, year to 31 March 2006: £246,000).

The net cash outflow from exceptional items charged during the period amounted to £528,000 (half year to 30 September 2005: £407,000, year to 31 March 2006: £879,000).

Non-operating exceptional items

Post-tax non-operating exceptional items of £15,000 (half year to 30 September 2005: £nil, year to 31 March 2006: £28,000) were incurred in relation to the discharge during the period of liabilities associated with a previously discontinued operation.

6. Taxation

The taxation charge for the half year to 30 September 2006 is based on the estimated effective tax rate for the full year to 31 March 2007 of 32% (half year to 30 September 2005: 30%).

7. Discontinued operations

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Year to 31 March 2006 £'000
Discharge of liabilities associated with previously discontinued operations	**(15)**	—	(28)
Post tax results of disposed businesses	**15**	12	36
Post tax loss on disposal of discontinued operations	**(33)**	—	—
Post tax results from discontinued operations	**(33)**	12	8

Disposal of Bolsan West Inc.

On 30 August 2006 the Group disposed of its entire 100% shareholding in Bolsan West Inc. to local management. In accordance with IFRS 5 the results of Bolsan West Inc. have been reclassified as discontinued operations for the comparative periods. The results of the discontinued operations were as follows:

	Half year to 30 September 2006	Half year to 30 September 2005	Year to 31 March 2006
	Total £'000	Total £'000	Total £'000
Revenue	**191**	243	520
Operating profit	**21**	18	52
Analysed as:			
Trading profit	**21**	18	52
Restructuring and rationalisation charges	—	—	—
Impairment charges	—	—	—
Amortisation of intangible assets on acquisition	—	—	—
Interest payable	—	(1)	(2)
Interest receivable	—	—	—
Other net financing charges	—	—	—
Profit before taxation	**21**	17	50
Taxation	**(6)**	(5)	(14)
Profit after taxation	**15**	12	36

The consideration and loss on disposal of Bolsan West Inc. was as follows:

	£'000
Consideration — satisfied by cash	**96**
Goodwill	15
Plant, property and equipment	6
Inventories	30
Trade and other receivables	74
Cash and cash equivalents	66
Trade and other payables	(62)
Net assets disposed	**129**
Loss on disposal of discontinued operations	**(33)**

The net cash flows in relation to Bolsan West Inc were £78,000 inflow from operating activities (half year to 30 September 2005: outflow £5,000, year to 31 March 2006: inflow £19,000), £1,000 outflow from investing activities (half year to 30 September 2005: £nil, year to 31 March 2006: £nil) and £nil from financing activities (half year to 30 September 2005: £nil, year to 31 March 2006: £nil).

8. Dividends

	Half year to 30 September 2006 £'000	Half year to 30 September 2005 £'000	Half year to 31 March 2006 £'000
Dividends on equity shares	**—**	—	—
	—	—	—

No interim dividend has been approved by the Board.

9. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders from continuing operations of £814,000 (half year to 30 September 2005: £488,000, year to 31 March 2006: £343,000) by 87,482,318 (half year to 30 September 2005: 55,101,366*, year to 31 March 2006: 64,505,150) ordinary shares, being the average number of ordinary shares in issue during the period.

Earnings per share based on continuing activities before exceptional items and amortisation of intangibles on acquisition, which the directors consider gives a useful additional indication of the underlying performance of the Group, is calculated on the earnings of the period adjusted as follows:

				Restated		
	Half year to 30 September 2006 Earnings £'000	Half year to 30 September 2005 Earnings £'000	Year to 31 March 2006 Earnings £'000	**Half year to 30 September 2006 Earnings per 25p share pence**	Half year to 30 September 2005 Earnings per 25p share pence	Year to 31 March 2006 Earnings per 25p share pence
Continuing operations:						
Profit attributable to ordinary shareholders	**814**	488	343	**0.93**	0.89	0.53
Exceptional items and amortisation of intangibles on acquisition	**2,925**	579	4,629	**3.34**	1.05	7.18
Taxation on exceptional items and amortisation of intangibles on acquisition	**(909)**	(191)	(1,541)	**(1.03)**	(0.35)	(2.39)
	2,830	876	3,431	**3.24**	1.59	5.32

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders from continuing operations of £814,000 (half year to 30 September 2005: £488,000, year to 31 March 2006: £343,000) by 87,983,366 (half year to 30 September 2005: 55,309,040*, year to 31 March 2006: 65,005,252) ordinary shares, being 87,482,318 (half year to 30 September 2005: 55,101,366*, year to 31 March 2006: 64,505,150) as above, adjusted by existing share options of 501,048 (half year to 30 September 2005: 207,674*, year to 31 March 2006: 500,102).

* As a consequence of the 1:5 share consolidation which took effect on 16 December 2005, the number of shares and share options has been rebased by dividing by 5.

10. Other information

This statement will be posted to shareholders on 1 December 2006. Copies are available from the Company's registered office, at the address shown below:

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