

## Press Release

8 November 2011

### Umeco plc ('Umeco')

#### Interim results for the six months to 30 September 2011

#### Solid first half performance

Umeco, the global provider of advanced composite materials primarily to the aerospace & defence, wind energy, automotive and recreation industries, announces its interim results for the six months to 30 September 2011.

#### Financial summary – continuing operations

	2011 £ million	2010 £ million	Change Per cent
Revenue	105.7	98.5	+ 7.3
Adjusted operating profit*	9.4	9.2	+ 2.2
Adjusted profit before tax*	8.3	7.7	+ 7.8

	Pence	Pence	Change Per cent
Adjusted earnings per share*	11.4	11.4	-

	£ million	£ million
Net cash/(debt)	10.5	(64.8)

\* a definition of adjusted measures is set out in note 1 to this press release.

#### Financial highlights – continuing operations

- Revenue of £105.7 million, up 7.3 per cent despite slower demand from the Chinese wind market in second quarter
- Adjusted operating profit of £9.4 million, up 2.2 per cent
- Adjusted profit before tax increased by 7.8 per cent and adjusted earnings per share of 11.4 pence
- Strengthened balance sheet following sale of Pattonair, with net cash ahead of the Board's expectations at £10.5 million
- Interim dividend of 4.00 pence per share

## Operational highlights

- Completed acquisition of Fenotec Ges.i.L assets in August for €2.2 million bringing us closer to Continental European customers
- Opened China joint venture in September on budget and ahead of schedule – establishes presence in the world's largest wind energy market and an important opportunity for Umeco
- All Nippon Airlines took delivery of Boeing's first 787 in September, an aircraft manufactured with Umeco's materials
- Appointed to the Board of the National Composites Centre in June 2011, recognising the Group's leading role in the development of new composite manufacturing technologies and systems

Andrew Moss, Chief Executive of Umeco, said:

"We have delivered a solid first half performance with profits in line with our expectations. In the past six months, we have made significant progress with the successful disposal of Pattonair enabling us to focus on enhancing our position as a leading global composite materials and solutions business. We also acquired high quality assets for our new business in Germany and opened our joint venture in China, giving us a foothold in the world's largest wind energy market.

We have a focused growth strategy to concentrate on high quality business segments in our key long term growth markets that command attractive margins and to build our footprint in emerging markets. We are well positioned to achieve this by continuing to invest in leading edge innovative technology, knowhow and delivering superior levels of service.

While the macroeconomic environment makes the short term outlook less predictable, we remain confident in achieving a full year result in line with our expectations. We are excited by the medium and long term growth prospects and the potential to generate significant shareholder value as we capitalise on the structural growth opportunities for advanced composite materials in existing and emerging markets."

**- Ends -**

There will be a meeting for analysts at 9.00am this morning at Investec, 2 Gresham Street, London EC2V 7QP. Should you wish to attend please contact Natasha Taylor at Tulchan on [ntaylor@tulchangroup.com](mailto:ntaylor@tulchangroup.com) or 0207 353 4200.

Conference call details for those who cannot attend in person:

Dial in: +44 (0) 203 140 0668  
Conference ID: 190466

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## Notes to the press release

### 1. Adjusted profit and earnings per share measures

Umeco uses adjusted figures as key performance indicators. Adjusted figures are stated before the results of discontinued operations, amortisation and impairment charges relating to intangible assets, significant items, the revaluation of financial instruments based on their market values and associated tax effects. The differences between the total and adjusted measures of operating profit, profit before tax and profit attributable to owners of the Company are reconciled in note 5 to the unaudited condensed consolidated interim financial statements. The narrative in this announcement is based on the adjusted measures of operating profit, profit before tax and earnings per share. These provide a more consistent measure of operating performance.

### 2. Continuing and discontinued operations

Umeco's continuing operations are managed through two business streams:

- Structural Materials - development, manufacture and supply of advanced composite materials; and
- Process Materials - development, manufacture and supply of vacuum bagging materials

On 20 May 2011, Umeco announced the proposed disposal of the Pattonair business and completion of the divestment took place on 29 July 2011. The Pattonair business was not a discontinued operation or classified as held for sale at 30 September 2010 and the results and cash flow for the comparative period have been re-presented to show the discontinued operation separately from continuing operations. A financial summary including discontinued operations is shown below:

	2011 £ million	2010 £ million	Change Per cent
Revenue	194.6	217.6	- 10.6
Adjusted operating profit*	12.5	13.9	- 10.1
Adjusted profit before tax*	10.6	11.0	- 3.6
			Change
	Pence	Pence	Per cent
Adjusted earnings per share*	14.3	16.1	- 5.0

\* a definition of adjusted measures is set out in note 1 to this press release.

## Important disclaimer

This announcement of results has been prepared in accordance with the requirements of English company law and the liabilities of the directors in connection with this announcement of results shall be subject to the limitations and restrictions provided by such law. This announcement of results may contain 'forward-looking statements' with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives. Generally, words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'aim', 'outlook', 'believe', 'plan', 'seek', 'continue' or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Group's control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the impact of competition, inflation, deflation, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the Group operates. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Group's forward-looking statements. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this announcement of results should be construed as a profit forecast.

## **Interim Statement**

### **Overview**

We have delivered a solid first half performance overall, with profits in line with our expectations. Revenues were slightly lower than expected due to weakness in the Chinese wind energy market and lower than anticipated growth in our distribution business. However, this mix of revenues was favourable to operating margins.

Revenue from continuing operations in the six months ended 30 September 2011 increased by 7.3 per cent to £105.7 million (2010: £98.5 million). Adjusted operating profit increased by 2.2 per cent to £9.4 million (2010: £9.2 million) and adjusted operating margins were 8.9 per cent (2010: 9.3 per cent). Adjusted earnings per share were unchanged at 11.4 pence, in line with the Board's expectations.

The disposal of Pattonair was successfully completed on 29 July 2011 and the results for this business are shown as a discontinued operation in the financial statements. The disposal has substantially strengthened our balance sheet and we ended the period with net cash of £10.5 million, which was ahead of our expectations. This strengthened balance sheet will allow us to accelerate the development of our leading advanced composites business.

In line with our intention of maintaining full year dividend cover at a comparable level to that prior to the disposal of Pattonair, the Directors have declared an interim dividend of 4.00 pence (2010: 6.75 pence). The dividend is payable on 10 February 2012 to shareholders on the register at the close of business on 13 January 2012.

We are pleased with the progress in the first half of the year and look forward to the benefits of increasing volumes in our aerospace & defence segment, as projects such as the Foxhound (LPPV) contract awarded to Force Protection Europe by the UK Ministry of Defence and Boeing 787 ramp up, and to the Chinese wind energy market commencing recovery in the early part of next year.

### **Strategy and vision**

We have a clear vision to become the leading global advanced composites and material provider, delivering sustained growth in earnings per share and shareholder value.

To achieve this, our strategy is to:

- concentrate on high quality business segments in our key markets that command attractive margins
- build our footprint in emerging markets in order to exploit the high rates of growth and capitalise on the trend for our existing customers to move production to lower cost, higher growth markets
- utilise our expertise by continuing to develop leading edge technology, leveraging our knowhow to develop market leading solutions and delivering industry leading levels of customer service

Our key end markets are:

- aerospace & defence
- wind energy
- automotive
- recreation
- other industrial markets

Umeco's focus within these end markets is those segments with underlying long term growth prospects coupled with a propensity to switch to lighter weight high strength advanced composite materials driven by structural factors such as environmental regulation, rising fuel costs and safety considerations.

Through our unique combination of technology, expertise, knowhow and superior levels of responsive service, we help our customers accelerate the move away from metals to advanced composites.

### **Key developments**

Andrew Moss and Steve Bowers were appointed as Chief Executive and Finance Director respectively on 20 May 2011. On the same date, Clive Snowdon, formerly Chief Executive, and Doug Robertson, formerly Finance Director, resigned from the Board.

On 13 June 2011, shareholders approved the disposal of Pattonair to a company established by funds advised by Exponent Private Equity LLP and the transaction was successfully completed on 29 July 2011 for a net consideration of approximately £109.3 million before transaction costs, of which £8.0 million is deferred. The proceeds of the disposal were used to fully repay the Group's committed credit facilities with Lloyds Banking Group. In conjunction with the disposal, the Group entered into an agreement for a new five year committed multi currency revolving credit bank facility with HSBC Bank plc and Santander UK plc, comprising £15.0 million and US\$25.0 million tranches.

On 8 August 2011, we announced that our German subsidiary, Umeco Composites GmbH, had purchased certain of the assets of Fenotec Ges.i.L from the administrator for the cash sum of €2.2 million (£1.9 million). The assets purchased, which are located in Beelitz near Berlin, comprise freehold buildings and high quality production equipment. These will be used to manufacture Umeco's range of prepreg advanced composite materials. We are well advanced in the process of introducing our own well proven product range to this facility. The acquisition provides an excellent opportunity for us to get closer to our customers in Continental Europe.

In September 2010, in line with our strategy to establish a presence in the world's leading market for wind energy, we announced a joint venture agreement with our Chinese distributor, Shanghai Leadgo Technology Co., Ltd. to manufacture vacuum bagging films specifically for the wind energy market. The facility was formally opened on 21 September 2011 and has successfully commenced production ahead of schedule and on budget. This is a significant development for Umeco in the world's largest market for wind energy.

We are delighted that Boeing delivered the first 787 aircraft to All Nippon Airlines on 26 September 2011. The 787 has significantly greater composites content (in excess of 50 per cent) than previous generations of commercial aircraft and we are proud to be a part of this project, supplying both prepreg materials used in the aircraft's interior and vacuum bagging materials used in the process of manufacturing the aircraft's structure. We expect production volumes to progressively ramp up over the next two to three years in line with Boeing's forecast build rates.

In June 2011, we were appointed to the Board of the National Composites Centre alongside AgustaWestland, Rolls-Royce, Airbus, Vestas and GKN Aerospace. We look forward to

benefiting from a close working relationship with world leading manufacturers and UK academia, developing new technologies and promoting the application of composites.

## **Product development**

Umeco consistently invests in the development of new technologies. It is fundamental to how we add value to our customers and enables us to establish competitive advantage and generate superior margins.

In the civil aerospace sector, MTM<sup>®</sup>44-1, our leading out-of-autoclave curing prepreg, will be used for the manufacture of wing panels on the Airbus A350XWB and is the first use of out-of-autoclave material on a commercial aircraft structure. This is a significant milestone for Umeco and the result of over ten years of development effort including participation in a number of grant aided collaborative programmes.

Our Structural Materials business in the USA was awarded US\$2.0 million of funding from the United States Navy for research & development efforts in support of our out-of-autoclave materials and technology development. This is the third phase of a programme to increase the technology readiness level of our materials to permit deployment on military and other air and space vehicles. The programme of work will be undertaken over the next two years.

We have successfully completed a collaborative project to demonstrate the automated processing and manufacture of cost effective advanced composites structures for the automotive industry in partnership with ABB Ltd, Bentley Motors Ltd and ESI Group. A follow-on project with Aston Martin is currently in progress.

In the rail industry, our MTM<sup>®</sup>82S-C prepreg has been hailed a resounding success for Bombardier's Class 379 Passenger trains used on the Stansted Airport rail link. Our materials provide a significant weight reduction, over 40 per cent, compared to the previous design being used by Bombardier.

## **Review of business operations**

### ***Structural Materials***

Structural Materials develops, manufactures and supplies a broad range of advanced composite materials to all of our major end markets. It accounted for 61.2 per cent of the Group's revenue and 50.0 per cent of adjusted operating profit in the period. It also has a growing European presence in the distribution of composite resins, reinforcements and related products. Our distribution business is strategically important because it provides a platform and channel to composites markets that are expected to migrate over time to our higher value added advanced composite materials.

Structural Materials enjoyed a solid half year. Revenues from the lower margin distribution business, that will provide an additional channel for our other higher value products, increased significantly, though less than expected, following the establishment of businesses in Finland and France in the second half of last year. Margins were better than expected due to a favourable mix, though lower than in the prior period due to the increase in distribution revenues, an increase in net research & development expenditure following the completion of a number of grant aided projects, and the dual running costs associated with the relocation of our operations in California.

	<b>2011</b>	2010	Change
	<b>£ million</b>	£ million	Per cent
Continuing operations			
Revenue	<b>64.7</b>	56.6	+ 14.3
Adjusted operating profit	<b>4.7</b>	5.4	- 13.0
	<b>Per cent</b>	Per cent	
Adjusted operating margin	<b>7.3</b>	9.5	
Working capital to sales	<b>13.1</b>	10.8	

Revenue by end market was:

	<b>2011</b>	2010	Change
	<b>£ million</b>	£ million	Per cent
Aerospace & defence	<b>22.8</b>	22.3	+ 2.2
Wind energy	<b>0.3</b>	0.6	- 50.0
Automotive	<b>5.8</b>	5.9	- 1.7
Recreation	<b>16.3</b>	13.3	+ 22.6
Other	<b>19.5</b>	14.5	+ 34.5
	<b>64.7</b>	56.6	+ 14.3

#### *Aerospace & defence*

Structural Materials' aerospace & defence revenues increased by 2.2 per cent during the period, with lower demand from Boeing 787 due to development build phasing offsetting modest growth on other programmes. With the delivery of the first 787 in September, we anticipate an improved performance in the second half.

We remain pleased with the progress we are making with our out-of-autoclave materials, including for the Airbus 350XWB programme for which our first production order has been booked with deliveries commencing next year. In March 2011, we received orders for ballistic protection materials to be used on the 200 vehicle Foxhound (LPPV) contract awarded to Force Protection Europe by the UK Ministry of Defence. This order commenced shipping towards the end of the first half, a little later than we expected, and the balance of the contract will be delivered in the second half of the current financial year. We look forward to the Ministry of Defence placing a follow-on order for the Foxhound vehicle although the timing of this is uncertain.

#### *Wind energy*

Structural Materials' revenue in the wind energy sector is small and currently related to materials used in the manufacture of tooling. We have developed a number of new technologies in this area and the initial interest from customers is encouraging.

#### *Automotive*

Revenue in the automotive sector was broadly unchanged year-on-year, reflecting the phasing of certain vehicle projects. We are, however, expecting activity to improve in the coming months as a number of new projects are scheduled to enter production. Automotive represents a very substantial market opportunity for the Group. We have a number of technologies under development that will help deliver more cost effective composites solutions for our OEM customers.

## Recreation

Revenue in this market sector, which includes motorsport, marine and other sporting goods applications, grew by 22.6 per cent. A large part of this growth resulted from winning further market share in Formula 1, contributing to revenue growth in motorsport of 37.0 per cent. This is an example of our ability to deliver time critical, high performance solutions to a very demanding customer base. Revenue in the high value recreational market improved markedly, benefiting in particular from contracts won in the second half of the prior year relating to customised composite solutions for a market and technology leader in sporting goods.

## Other industrial markets

Applications where the high strength, lightweight characteristics of advanced composite materials are attractive arise in a wide range of industries. Umeco's portfolio of composite materials has a diverse customer base including those in healthcare, electrical equipment and industrial machinery. Revenue grew by 34.5 per cent, as market conditions improved and we expanded the geographic coverage of our European distribution business into Finland and France. Revenue from this distribution activity grew by 59.1 per cent to £11.4 million. Excluding distribution, revenues grew by 12.3 per cent.

## Process Materials

Process Materials develops, manufactures and supplies vacuum bagging materials to the composites industry and other markets. It accounted for 38.8 per cent of Group revenue and 50.0 per cent of adjusted operating profit in the period.

Process Materials revenue growth was held back by the slowdown of demand in the Chinese wind market coupled with the impact of destocking the distribution channel ahead of the opening of our manufacturing joint venture in September. Excluding China, revenue increased by 5.9 per cent during the period. Margins in Process Materials benefited from favourable mix, resulting from an increase in civil aerospace revenues, and the pricing actions taken in the second half of the prior year.

	<b>2011</b>	2010	Change
	<b>£ million</b>	£ million	Per cent
Continuing operations			
Revenue	<b>41.0</b>	41.9	- 2.1
Adjusted operating profit	<b>4.7</b>	3.8	+ 23.7
	<b>Per cent</b>	Per cent	
Adjusted operating margin	<b>11.5</b>	9.1	
Working capital to sales	<b>19.1</b>	13.0	

Revenue by end market was:

	<b>2011</b>	2010	Change
	<b>£ million</b>	£ million	Per cent
Aerospace & defence	<b>14.0</b>	12.6	+ 11.1
Wind energy	<b>11.1</b>	13.5	- 17.8
Automotive	<b>1.8</b>	1.7	+ 5.9
Recreation	<b>1.6</b>	1.5	+ 6.7
Other	<b>12.5</b>	12.6	- 0.8
	<b>41.0</b>	41.9	- 2.1

### *Aerospace & defence*

Our aerospace & defence revenues grew by 11.1 per cent despite a marked decline in the US Defence activity following the cessation of the F22 build programme. We are encouraged by renewed activity in commercial aerospace both in the USA and at Airbus, where build rates are increasing.

### *Wind energy*

Our revenues in the wind energy market declined by 17.8 per cent, however excluding China our revenues grew by 3.9 per cent. We anticipated a decline in activity as we switched from producing materials for China in Europe to our joint venture but this was exacerbated by a reduction in demand from Chinese customers. After a record 2010, there has been a tightening of government regulation and, coupled with bottlenecks in the electricity grid, turbine producers are reacting to this slow down in demand by destocking. We expect this lower level of activity to continue over the next few months and to commence recovery in the early part of next year. We remain confident about the long term growth potential of this important market.

### *Automotive, recreation, and other industrial markets*

Revenues in the automotive, recreation and other industrial sectors grew slightly overall. Growth in demand from composites markets was offset by a decline in the demand for specialist films not directly related to composites applications in Continental Europe, where activity fell back to levels last seen in 2009/10. Looking forward, we expect this specialist films product line to respond to the macro economic factors impacting European markets.

## **Finance**

Net interest charges for continuing operations, excluding revaluations of financial instruments, were £1.1 million (2010: £1.5 million). The decrease principally reflects the repayment of debt following completion of the Pattonair divestment.

Adjusted profit before tax from continuing operations was £8.3 million, an increase of 7.8 per cent. The effective tax rate on adjusted profit before tax from continuing operations was 32.6 per cent compared with 27.6 per cent in the year to 31 March 2011. This increase in the tax rate reflects a greater weighting of profits towards the USA where effective tax rates are higher.

Net cash at 30 September 2011 was £10.5 million compared with net debt of £74.3 million at 31 March 2011. Working capital, provisions and retirement benefit obligations increased by £6.0 million, reflecting the higher revenue in the period. Working capital as a percentage of sales was 14.5 per cent (2010: 9.8 per cent), with the increase reflecting investment in working capital that will support expected growth in activity levels in the second half year. Operating cash flow from continuing operations of £5.5 million (2010: £9.6 million) represented a cash conversion of 58.5 per cent (2010: 104.3 per cent) of adjusted operating profit.

Gross capital expenditure from continuing operations was £7.5 million (2010: £2.8 million), which compares to depreciation for continuing operations of £1.8 million (2010: £1.9 million). The principal elements of capital expenditure in the period were £2.7 million relating to the relocation and expansion of Structural Materials' Californian operations, £1.9 million for the assets purchased in Germany from Fenotec Ges.i.L and £1.6 million for equipment to manufacture bagging films for the aerospace market. This investment in our production capabilities led to a free cash outflow of £5.6 million (2010: £4.7 million inflow).

Our new five year committed multi currency revolving credit bank facility, comprising £15.0 million and US\$25.0 million tranches, provides us with the financial flexibility to invest in opportunities that can deliver long term returns.

Equity attributable to shareholders at 30 September 2011 was £171.8 million.

In the period from 1 April 2011 until completion of the disposal on 29 July 2011, Pattonair generated adjusted operating profit of £3.1 million (six months to 30 September 2010: £4.7 million). The total profit from discontinued operations disclosed in the statement of comprehensive income of £2.1 million includes a gain of £3.4 million in respect of the recycling of historic foreign exchange translation gains which have previously been recognised in the translation reserve.

Proceeds received from the Pattonair disposal were in line with the terms we announced on 20 May 2011. The net cash inflow relating to Pattonair in the period, including proceeds received net of cash balances disposed and attributable corporate costs, was £89.5 million. Under the terms of the disposal agreement, deferred consideration of £8.0 million is receivable in instalments during the year to 31 March 2013.

## **Outlook**

We have delivered a solid first half performance with profits in line with our expectations. In the past six months, we have made significant progress with the successful disposal of Pattonair enabling us to focus on enhancing our position as a leading global composite materials and solutions business. We also acquired high quality assets for our new business in Germany and opened our joint venture in China, giving us a foothold in the world's largest wind energy market.

We have a focused growth strategy to concentrate on high quality business segments in our key long term growth markets that command attractive margins and to build our footprint in emerging markets. We are well positioned to achieve this by continuing to invest in leading edge innovative technology, knowhow and delivering superior levels of service.

While the macroeconomic environment makes the short term outlook less predictable, we remain confident in achieving a full year result in line with our expectations. We are excited by the medium and long term growth prospects and the potential to generate significant shareholder value as we capitalise on the structural growth opportunities for advanced composite materials in existing and emerging markets.

## **Principal risks and uncertainties**

With the exception of the risk relating to completion of the Supply Chain disposal, which no longer comprises a risk following a successful completion on 29 July 2011, the Board considers the principal risks facing the Group for the remaining six months of the year to be unchanged from those reported in the 2011 Annual Report.

These risks are detailed on pages 20 to 22 of the 2011 Annual Report and relate to the following areas: economic climate; availability of debt; reduction in demand from the civil aerospace sector; technological developments; failure of suppliers; acquisitions; financial risks; interruption or failure of IT systems; competition and retention of customers; product failure; price fluctuations of key raw materials; and loss of key management and personnel.

## Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months to 30 September 2011

		2011	Six months to 30 September 2010 Re-presented	Year to 31 March 2011
	<i>Note</i>	£ million	£ million	£ million
<b>Continuing operations</b>				
<b>Revenue</b>	3	<b>105.7</b>	98.5	207.4
Cost of sales		<b>(74.2)</b>	(67.9)	(143.9)
<b>Gross profit</b>		<b>31.5</b>	30.6	63.5
Administrative expenses		<b>(24.1)</b>	(24.1)	(52.1)
<b>Operating profit</b>	5	<b>7.4</b>	6.5	11.4
Financial income	4	<b>0.6</b>	0.8	1.5
Financial expense	4	<b>(1.5)</b>	(2.1)	(4.3)
<b>Profit before tax</b>	5	<b>6.5</b>	5.2	8.6
Income tax – UK		<b>(1.6)</b>	(0.7)	(2.2)
Income tax – overseas		<b>(0.6)</b>	(0.8)	0.3
Income tax - total	6	<b>(2.2)</b>	(1.5)	(1.9)
<b>Profit from continuing operations</b>		<b>4.3</b>	3.7	6.7
<b>Discontinued operation</b>				
Profit/(loss) from discontinued operation (net of income tax)	10	<b>2.1</b>	2.7	(4.5)
<b>Profit attributable to owners of the Company</b>	5	<b>6.4</b>	6.4	2.2
<b>Other comprehensive (expense)/income</b>				
Foreign exchange translation differences on foreign operations		<b>(1.1)</b>	(2.1)	(1.7)
Actuarial gain in pension schemes		-	-	1.2
		<b>(1.1)</b>	(2.1)	(0.5)
Income tax on other comprehensive (expense)/income		-	-	(0.4)
Other comprehensive (expense)/income		<b>(1.1)</b>	(2.1)	(0.9)
<b>Total comprehensive income attributable to owners of the Company</b>		<b>5.3</b>	4.3	1.3

## Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)

For the six months to 30 September 2011

		<b>Six months to 30 September 2011</b>	<b>Year to 31 March 2011</b>	
	<i>Note</i>	<b>Pence</b>	<b>Pence</b>	
<b>Earnings per share</b>				
<b>Total</b>				
Basic earnings per share	8	<b>13.3</b>	13.2	
Diluted earnings per share	8	<b>13.1</b>	13.1	
<b>Continuing operations</b>				
Basic earnings per share	8	<b>9.0</b>	7.7	
Diluted earnings per share	8	<b>8.9</b>	7.6	
<b>Discontinued operations</b>				
Basic earnings per share	8	<b>4.3</b>	5.5	
Diluted earnings per share	8	<b>4.2</b>	5.5	

## Unaudited Condensed Consolidated Balance Sheet

As at 30 September 2011

	<i>Note</i>	<b>As at 30 September 2011</b>	<b>As at 30 September 2010</b>	<b>As at 31 March 2011</b>
		<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant & equipment		39.2	45.9	33.3
Intangible assets	9	110.5	138.2	111.5
Deferred tax assets		2.3	1.8	2.6
		<b>152.0</b>	185.9	147.4
<b>Current assets</b>				
Inventories		28.9	164.4	25.6
Trade & other receivables		52.4	72.7	53.5
Income tax receivable		1.4	5.5	1.4
Cash		20.3	43.6	5.6
Assets classified as held for sale		-	-	281.6
		<b>103.0</b>	286.2	367.7
<b>Total assets</b>		<b>255.0</b>	472.1	515.1
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade & other payables		(50.3)	(160.2)	(53.3)
Financial liabilities		-	(0.2)	(0.2)
Income tax payable		(9.2)	(8.7)	(7.6)
Loans & borrowings		(2.9)	(1.8)	(25.6)
Liabilities classified as held for sale		-	-	(130.1)
		<b>(62.4)</b>	(170.9)	(216.8)
<b>Non-current liabilities</b>				
Other payables		(1.1)	(0.5)	(0.4)
Deferred tax liabilities		(9.0)	(9.4)	(9.4)
Retirement benefit obligation		(0.6)	(3.8)	(2.0)
Loans & borrowings		(6.9)	(106.6)	(111.4)
Provisions		(3.2)	(3.4)	(3.5)
		<b>(20.8)</b>	(123.7)	(126.7)
<b>Total liabilities</b>		<b>(83.2)</b>	(294.6)	(343.5)
<b>Net assets</b>		<b>171.8</b>	177.5	171.6
<b>Equity</b>				
Share capital		12.0	12.0	12.0
Share premium		115.6	115.5	115.5
Translation reserve		5.8	6.5	6.9
Retained earnings		38.4	43.5	37.2
<b>Equity attributable to owners of the Company</b>		<b>171.8</b>	177.5	171.6

## Unaudited Condensed Consolidated Statement of Cash Flows

For the six months to 30 September 2011

	2011	Six months to 30 September 2010 Re-presented	Year to 31 March 2011
<i>Note</i>	£ million	£ million	£ million
<b>Cash flows from operating activities – continuing operations</b>			
Profit for the period – continuing operations	4.3	3.7	6.7
Depreciation	1.8	1.9	3.7
Amortisation & impairment charges	2.0	2.7	5.3
Profit on disposal of property, plant & equipment	(0.1)	-	-
Financial income	(0.6)	(0.8)	(1.5)
Financial expense	1.5	2.1	4.3
Share based payments expense	0.3	0.1	0.2
Own shares held	0.1	0.1	0.2
Income tax expense	2.2	1.5	1.9
	<b>11.5</b>	11.3	20.8
Increase in inventories	(3.3)	(2.6)	(5.6)
Decrease/(increase) in trade & other receivables	7.3	0.1	(10.0)
(Decrease)/increase in trade & other payables	(9.1)	1.5	11.6
Decrease in other provisions	(0.2)	(0.1)	-
Decrease in retirement benefit obligation	(0.7)	(0.6)	(1.2)
Cash generated from operations	5.5	9.6	15.6
Net financial expense paid	(1.3)	(1.6)	(3.8)
Tax paid	(2.3)	(0.5)	(2.9)
Net cash flow from operating activities – continuing operations	1.9	7.5	8.9
<b>Cash flows from investing activities – continuing operations</b>			
Acquisition of property, plant & equipment	(7.5)	(2.8)	(6.5)
Proceeds from sale of property, plant & equipment	-	-	0.1
Disposal of subsidiaries, net of cash disposed	10 112.0	-	(1.9)
Acquisition of subsidiaries, net of cash acquired	-	-	(0.1)
Net cash flow from investing activities – continuing operations	104.5	(2.8)	(8.4)

## Unaudited Condensed Consolidated Statement of Cash Flows (continued)

For the six months to 30 September 2011

		<b>Six months to 30 September 2011</b>	<b>Six months to 30 September 2010 Re-presented</b>	<b>Year to 31 March 2011</b>
	<i>Note</i>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Cash flows from financing activities – continuing operations</b>				
Proceeds from issue of share capital		<b>0.1</b>	-	-
Drawdown of bank loans		<b>16.1</b>	5.3	17.9
Repayment of bank loans		<b>(120.1)</b>	(31.5)	(37.0)
Repayment of lease finance liabilities		<b>(0.1)</b>	(0.1)	(0.2)
Dividends paid to owners of the Company		-	-	(8.5)
<b>Net cash flow from financing activities – continuing operations</b>		<b>(104.0)</b>	(26.3)	(27.8)
<b>Discontinued operations</b>				
Net cash flow from operating activities		<b>(22.3)</b>	6.3	9.7
Net cash flow from investing activities		<b>(0.3)</b>	0.2	(0.7)
Net cash flow from financing activities		<b>0.1</b>	-	-
<b>Net cash flow from discontinued operations</b>		<b>(22.5)</b>	6.5	9.0
Net decrease in cash	<i>11</i>	<b>(20.1)</b>	(15.1)	(18.3)
Cash at start of period		<b>38.4</b>	56.5	56.5
Effect of exchange rate fluctuations		<b>(0.4)</b>	0.8	0.2
<b>Net cash at end of period</b>		<b>17.9</b>	42.2	38.4

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months to 30 September 2011

	Share capital £ million	Share premium £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 April 2011	12.0	115.5	6.9	37.2	171.6
<b>Total comprehensive income/(expense)</b>					
Profit attributable to owners of the Company	-	-	-	6.4	6.4
Other comprehensive (expense)/income					
Foreign exchange translation differences on foreign operations	-	-	2.3	-	2.3
Recycling of cumulative currency translation reserve on disposal	-	-	(3.4)	-	(3.4)
Total other comprehensive (expense)/income	-	-	(1.1)	-	(1.1)
Total comprehensive (expense)/income	-	-	(1.1)	6.4	5.3
<b>Transactions with owners, recorded directly in equity</b>					
Cost of share based payments	-	0.1	-	0.3	0.4
Dividends payable	-	-	-	(5.5)	(5.5)
Total transactions with owners	-	0.1	-	(5.2)	(5.1)
<b>At 30 September 2011</b>	<b>12.0</b>	<b>115.6</b>	<b>5.8</b>	<b>38.4</b>	<b>171.8</b>

## Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

For the six months to 30 September 2011

	Share capital £ million	Share premium £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 April 2010	12.0	115.5	8.6	42.3	178.4
<b>Total comprehensive income/(expense)</b>					
Profit attributable to owners of the Company	-	-	-	6.4	6.4
Other comprehensive (expense)/income					
Foreign exchange translation differences on foreign operations	-	-	(2.1)	-	(2.1)
Total other comprehensive (expense)/income	-	-	(2.1)	-	(2.1)
Total comprehensive (expense)/income	-	-	(2.1)	6.4	4.3
<b>Transactions with owners, recorded directly in equity</b>					
Cost of share based payments	-	-	-	0.1	0.1
Dividends payable	-	-	-	(5.3)	(5.3)
Total transactions with owners	-	-	-	(5.2)	(5.2)
At 30 September 2010	12.0	115.5	6.5	43.5	177.5

## Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

For the six months to 30 September 2011

	Share capital £ million	Share premium £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 April 2010	12.0	115.5	8.6	42.3	178.4
<b>Total comprehensive income/(expense)</b>					
Profit attributable to owners of the Company	-	-	-	2.2	2.2
Other comprehensive (expense)/income					
Foreign exchange translation differences on foreign operations	-	-	(1.7)	-	(1.7)
Actuarial gain in pension schemes	-	-	-	1.2	1.2
Income tax on other comprehensive income	-	-	-	(0.4)	(0.4)
Total other comprehensive (expense)/income	-	-	(1.7)	0.8	(0.9)
Total comprehensive (expense)/income	-	-	(1.7)	3.0	1.3
<b>Transactions with owners, recorded directly in equity</b>					
Cost of share based payments	-	-	-	0.4	0.4
Dividends paid	-	-	-	(8.5)	(8.5)
Total transactions with owners	-	-	-	(8.1)	(8.1)
At 31 March 2011	12.0	115.5	6.9	37.2	171.6

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 1 Basis of preparation & accounting policies

Umeco plc (the 'Company') is domiciled in the UK. The unaudited condensed consolidated interim financial statements of the Company as at, and for the six months to, 30 September 2011 comprise interim financial information for the Company and its subsidiaries (together referred to as the 'Group' or 'Umeco').

This interim financial information has been prepared applying the accounting policies, presentation and basis of consolidation which were applied in the preparation of the Company's published consolidated financial statements for the year to 31 March 2011, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRS'), except for the following accounting standards and interpretations which are effective for the Group from 1 April 2011:

- Amendments to IFRIC 14 'Prepayment of a minimum funding requirement'
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'
- Amendments to IAS 24 'Related party transactions'

The adoption of the accounting standards listed above has not had a material impact on Umeco's unaudited condensed consolidated interim financial statements for the period to 30 September 2011.

Statements of comprehensive income and statements of cash flows of overseas subsidiaries are translated into sterling at average rates of exchange for the period, balance sheets are translated at period end rates. The currencies which most influence Umeco's financial statements are the US dollar and Euro. The relevant exchange rates for these currencies were:

	Six months to 30 September				Year to 31 March	
	2011 Closing rate	2011 Average rate	2010 Closing rate	2010 Average rate	2011 Closing rate	2011 Average rate
US dollar	<b>1.558</b>	<b>1.621</b>	1.576	1.521	1.603	1.556
Euro	<b>1.161</b>	<b>1.137</b>	1.154	1.186	1.130	1.177

On 20 May 2011, a new five year revolving credit facility was established, comprising £15.0 million and \$25.0 million tranches. After considering the nature and duration of these facilities and making appropriate enquiries, based on the strength of the Group's balance sheet, current expectations of future trading and on the facilities available to the Group, the Directors believe they have reasonable grounds for stating that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future which is considered to be a period of 12 months following the date of these unaudited condensed consolidated interim financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The unaudited condensed consolidated interim financial statements for the six months to 30 September 2011 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for annual financial statements and should be read in conjunction with the 2011 Annual Report, which contains annual financial statements for the year to 31 March 2011 prepared in accordance with Adopted IFRS.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

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For the six months to 30 September 2011

### 1 Basis of preparation & accounting policies (continued)

The condensed consolidated interim financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board's Guidance on Financial Information. The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 8 November 2011.

The comparative financial information for the year to 31 March 2011 does not constitute the Company's statutory accounts for that financial year. The statutory accounts for the year to 31 March 2011 have been filed with the Registrar of Companies and contain a report of the auditors. This report, which is unqualified, does not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and does not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year to 31 March 2011 are available upon request from the Company's registered office or can be downloaded from its website.

On 20 May 2011, the Company announced the proposed sale of Pattonair. This sale was approved by shareholders at the General Meeting held on 13 June 2011 and completed on 29 July 2011. Following the disposal of Pattonair, the results have been classified as a discontinued operation. Comparative information for the period to 30 September 2010 has been re-presented in line with the segmental analysis adopted in the consolidated financial statements of the Group for the year to 31 March 2011.

#### **Divestments and assets held for sale**

The results and cash flows of major lines of business that are held for sale have been classified as discontinued operations. Businesses that are divested are de-consolidated from the date on which control ceases.

When the carrying value of an asset will be recovered principally through a sale transaction expected to take place within twelve months of the balance sheet date rather than through continuing use, it is classified as held for sale and stated at the lower of carrying value and fair value less costs to sell.

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

#### **Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative period.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 2 Risks, estimates, judgements and forward-looking statements

A summary of the principal risks faced by Umeco are set out in this press release. It is the Directors' opinion that these are the risks that could impact on the performance of the Group and that they are also applicable to the current financial year.

Umeco has a continuous process for identifying, evaluating and managing the significant risks it faces, which has been in place throughout the six months to 30 September 2011 and up to the date of approval of these unaudited condensed consolidated interim financial statements. This process ensures the proper management and mitigation of such risks.

In the process of applying the Group's accounting policies, management has made a number of judgements. The process of preparing these unaudited condensed consolidated interim financial statements inevitably requires the Group to make estimates and assumptions concerning the future and the resulting accounting estimates may not equal the related actual results. The estimates and judgements that have the most significant effect on the amounts included within these unaudited condensed consolidated interim financial statements were the same as those that applied to the annual financial statements for the year to 31 March 2011.

### 3 Segmental reporting

Umeco has two continuing reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the strategic business units, the Chief Executive reviews internal management reports on a monthly basis. The following summary describes the operations of each of Umeco's reportable segments:

Structural Materials – development, manufacture and supply of advanced composite materials; and  
Process Materials – development, manufacture and supply of vacuum bagging materials.

Details of the calculation of adjusted operating profit are shown in note 5.

*Information regarding reportable segments*

Continuing operations	Six months to 30 September		Year to
	2011	2010	31 March
	£ million	£ million	2011 £ million
<b>Structural Materials</b>			
External revenue	64.7	56.6	120.0
Inter-segment revenue	0.1	0.1	0.3
Adjusted operating profit	4.7	5.4	10.8
Depreciation	1.1	1.1	2.1
Amortisation	1.4	1.9	3.8
Trading assets	41.0	30.5	33.3
Capital expenditure	5.2	2.3	5.1

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 3 Segmental reporting (continued)

Continuing operations	2011	Six months to 30 September 2010	Year to 31 March 2011
	£ million	£ million	£ million
<b>Process Materials</b>			
External revenue	41.0	41.9	87.4
Inter-segment revenue	-	-	0.1
Adjusted operating profit	4.7	3.8	8.7
Depreciation	0.7	0.7	1.5
Amortisation	0.6	0.8	1.5
Trading assets	29.4	21.6	25.9
Capital expenditure	2.3	0.4	1.4
<b>Discontinued operations</b>		Six months to 30 September 2010 Re-presented	Year to 31 March 2011
	2011	£ million	£ million
	£ million	£ million	£ million
External revenue	88.9	119.1	252.5
Inter-segment revenue	-	-	-
Adjusted operating profit	3.1	4.7	13.8
Depreciation	0.6	0.9	1.8
Amortisation	-	-	-
Trading assets	-	78.0	81.3
Capital expenditure	0.3	0.3	1.1

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 3 Segmental reporting (continued)

	<b>2011</b>	<b>Six months to 30 September 2010</b>	<b>Year to 31 March 2011</b>
	<b>£ million</b>	<b>Re-presented £ million</b>	<b>£ million</b>
<b>Revenue</b>			
Total revenue for reportable segments	<b>105.8</b>	98.6	207.8
Elimination of inter-segment revenue	<b>(0.1)</b>	(0.1)	(0.4)
<b>Group revenue</b>	<b>105.7</b>	98.5	207.4

	<b>2011</b>	<b>Six months to 30 September 2010</b>	<b>Year to 31 March 2011</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Depreciation</b>			
Total depreciation for reportable segments	<b>1.8</b>	1.8	3.6
Corporate depreciation	-	0.1	0.1
<b>Group depreciation</b>	<b>1.8</b>	1.9	3.7

	<b>2011</b>	<b>As at 30 September 2010</b>	<b>As at 31 March 2011</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Net assets</b>			
Total trading assets for reportable segments	<b>70.4</b>	130.1	59.2
Corporate net assets and unallocated items	<b>5.3</b>	(2.0)	-
Goodwill and intangible assets	<b>110.5</b>	138.2	111.5
Income tax and deferred tax	<b>(14.5)</b>	(10.8)	(13.0)
Dividends payable	<b>(5.5)</b>	(5.3)	-
Financial liabilities	-	(0.2)	(0.2)
Provisions and retirement benefit obligations	<b>(4.9)</b>	(7.7)	(5.9)
Net cash/(debt)	<b>10.5</b>	(64.8)	(74.3)
Assets held for sale – excluding net debt	-	-	94.3
<b>Group net assets</b>	<b>171.8</b>	177.5	171.6

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 3 Segmental reporting (continued)

#### *Information regarding geographical segments*

In presenting information on the basis of geographical segments, segment revenue is provided based on the geographical location of the customer and the geographical location of the business unit. Segment assets are based on the geographical location of the assets.

	Six months to 30 September 2011		
	Continuing £ million	Discontinued £ million	Total £ million
<b>Revenue by location of customer</b>			
UK	23.5	48.9	72.4
France	7.7	7.6	15.3
Italy	10.2	4.9	15.1
Rest of Europe	21.2	7.0	28.2
USA	29.5	14.6	44.1
Rest of World	13.6	5.9	19.5
<b>Total</b>	<b>105.7</b>	<b>88.9</b>	<b>194.6</b>

	Six months to 30 September 2010		
	Continuing Re-presented £ million	Discontinued Re-presented £ million	Total £ million
<b>Revenue by location of customer</b>			
UK	19.7	71.0	90.7
France	5.7	9.4	15.1
Italy	10.0	6.1	16.1
Rest of Europe	17.4	9.7	27.1
USA	30.3	16.2	46.5
Rest of World	15.4	6.7	22.1
<b>Total</b>	<b>98.5</b>	<b>119.1</b>	<b>217.6</b>

	Year to 31 March 2011		
	Continuing £ million	Discontinued £ million	Total £ million
<b>Revenue by location of customer</b>			
UK	43.3	146.8	190.1
France	11.5	19.8	31.3
Italy	21.5	14.1	35.6
Rest of Europe	40.9	21.6	62.5
USA	59.3	34.8	94.1
Rest of World	30.9	15.4	46.3
<b>Total</b>	<b>207.4</b>	<b>252.5</b>	<b>459.9</b>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 3 Segmental reporting (continued)

	Six months to 30 September 2011		
	Continuing £ million	Discontinued £ million	Total £ million
<b>Revenue by location of business unit</b>			
UK	43.8	54.0	97.8
France	10.6	9.0	19.6
Italy	8.9	5.4	14.3
Rest of Europe	5.4	4.4	9.8
USA	37.0	14.5	51.5
Rest of World	-	1.6	1.6
<b>Total</b>	<b>105.7</b>	<b>88.9</b>	<b>194.6</b>

	Six months to 30 September 2010		
	Continuing Re-presented £ million	Discontinued Re-presented £ million	Total £ million
<b>Revenue by location of business unit</b>			
UK	38.7	76.7	115.4
France	10.0	11.0	21.0
Italy	9.6	6.8	16.4
Rest of Europe	3.5	6.6	10.1
USA	36.7	16.4	53.1
Rest of World	-	1.6	1.6
<b>Total</b>	<b>98.5</b>	<b>119.1</b>	<b>217.6</b>

	Year to 31 March 2011		
	Continuing £ million	Discontinued £ million	Total £ million
<b>Revenue by location of business unit</b>			
UK	82.0	160.9	242.9
France	22.7	23.6	46.3
Italy	19.4	15.6	35.0
Rest of Europe	9.1	14.2	23.3
USA	74.2	34.5	108.7
Rest of World	-	3.7	3.7
<b>Total</b>	<b>207.4</b>	<b>252.5</b>	<b>459.9</b>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 3 Segmental reporting (continued)

Non-current assets by location of business unit	Six months to 30 September 2011		
	Continuing £ million	Discontinued £ million	Total £ million
UK	61.2	-	61.2
France	2.3	-	2.3
Italy	22.6	-	22.6
Rest of Europe	2.3	-	2.3
USA	62.6	-	62.6
Rest of World	1.0	-	1.0
<b>Total</b>	<b>152.0</b>	<b>-</b>	<b>152.0</b>

Non-current assets by location of business unit	Six months to 30 September 2010		
	Continuing Re-presented £ million	Discontinued Re-presented £ million	Total £ million
UK	61.5	11.3	72.8
France	2.4	2.2	4.6
Italy	22.3	12.1	34.4
Rest of Europe	0.4	-	0.4
USA	60.0	13.4	73.4
Rest of World	-	0.3	0.3
<b>Total</b>	<b>146.6</b>	<b>39.3</b>	<b>185.9</b>

Non-current assets by location of business unit	Year to 31 March 2011		
	Continuing £ million	Discontinued £ million	Total £ million
UK	62.0	11.8	73.8
France	2.4	2.1	4.5
Italy	22.3	12.5	34.8
Rest of Europe	0.4	-	0.4
USA	59.8	12.7	72.5
Rest of World	0.5	0.6	1.1
<b>Total</b>	<b>147.4</b>	<b>39.7</b>	<b>187.1</b>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 4 Financial income and expense

	2011	Six months to 30 September 2010 Re-presented	Year to 31 March 2011
	£ million	£ million	£ million
<b>Financial income – continuing operations</b>			
Revaluation of financial instruments	0.2	0.2	0.3
Interest income	-	0.1	0.1
Expected return on pension scheme assets	0.4	0.5	1.1
	<b>0.6</b>	0.8	1.5
<b>Financial expense – continuing operations</b>			
Interest on bank loans and overdrafts	1.1	1.6	3.2
Interest cost on retirement benefit obligation	0.4	0.5	1.1
	<b>1.5</b>	2.1	4.3

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 5 Reconciliation of adjusted profit measures

Umeco uses adjusted figures as key performance indicators, as these are considered to provide a more consistent measure of operating performance. Adjusted figures are stated before the results of discontinued operations, amortisation and impairment charges relating to intangible assets, significant items, the revaluation of financial instruments based on their market values and associated tax effects. The differences between the total and adjusted profit measures are reconciled below. The narrative in this interim results announcement is based on the adjusted measures of operating profit, profit before tax and earnings per share.

	<b>2011</b>	<b>Six months to 30 September 2010</b>	<b>Year to 31 March 2011</b>
	<b>£ million</b>	<b>Re-presented £ million</b>	<b>£ million</b>
<b>Operating profit – continuing operations</b>			
Total operating profit	7.4	6.5	11.4
Exclude			
- significant items	-	-	2.8
- amortisation of intangible assets	2.0	2.7	5.3
<b>Adjusted operating profit – continuing operations</b>	<b>9.4</b>	<b>9.2</b>	<b>19.5</b>
<b>Profit before tax – continuing operations</b>			
Total profit before tax	6.5	5.2	8.6
Exclude			
- significant items	-	-	2.8
- amortisation of intangible assets	2.0	2.7	5.3
- revaluation of financial instruments	(0.2)	(0.2)	(0.3)
<b>Adjusted profit before tax – continuing operations</b>	<b>8.3</b>	<b>7.7</b>	<b>16.4</b>
<b>Profit attributable to owners of the Company</b>			
Total profit attributable to owners of the Company	6.4	6.4	2.2
Exclude			
- significant items	-	-	2.8
- amortisation of intangible assets	2.0	2.7	5.3
- revaluation of financial instruments	(0.2)	(0.2)	(0.3)
- loss/(profit) after tax of discontinued operation	1.4	(2.7)	4.5
- profit on disposal of discontinued operation	(3.5)	-	-
- associated tax effects	(0.6)	(0.6)	(2.6)
<b>Adjusted profit attributable to owners of the Company – continuing operations</b>	<b>5.5</b>	<b>5.6</b>	<b>11.9</b>
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
<b>Adjusted earnings per share – continuing operations</b>	<b>11.4</b>	<b>11.4</b>	<b>24.6</b>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 5 Reconciliation of adjusted profit measures (continued)

No significant items were incurred during the six months to 30 September 2011 (2010: £nil). Significant items of £2.8 million were incurred during the year to 31 March 2011, this mainly comprised £2.5 million relating to the restructuring of the North American sales organisation, including termination of a sales agency agreement relating to a significant number of Structural Materials' North America customers.

### 6 Income tax

The effective tax rate on profit before tax from continuing operations for the period is 33.2 per cent (2010: 28.8 per cent, year to 31 March 2011: 22.4 per cent). The effective rate of tax on adjusted profit before tax from continuing operations for the period is 32.6 per cent (2010: 27.3 per cent, year to 31 March 2011: 27.6 per cent).

Income tax expense for the six months to 30 September 2011 is recognised based on management's best estimate of the average income tax rate expected for the year to 31 March 2012 applied to the profit before tax for the six months to 30 September 2011.

### 7 Dividends

The Directors have declared an interim dividend of 4.00 pence per share, payable on 10 February 2012 to shareholders on the register at the close of business on 13 January 2012. In accordance with IAS10 'Events after the Reporting Period', this dividend has not been reflected in the interim results. The amount of this interim dividend is £1.9 million.

The following dividends were paid and declared by the Company:

	Six months to 30 September				Year to 31 March	
	2011 Pence per share	2011 £ million	2010 Pence per share	2010 £ million	2011 Pence per share	2011 £ million
<b>Dividends payable or paid</b>						
Previous year final	11.50	5.5	11.00	5.3	11.00	5.3
Current year interim	-	-	-	-	6.75	3.2
	<b>11.50</b>	<b>5.5</b>	11.00	5.3	17.75	8.5
<b>Dividends declared or proposed</b>						
Interim	4.00	1.9	6.75	3.2	6.75	3.2
Final	-	-	-	-	11.50	5.5
	<b>4.00</b>	<b>1.9</b>	6.75	3.2	18.25	8.7

The final dividend for the year to 31 March 2011 of 11.50 pence per share was approved by shareholders on 2 August 2011. This dividend was held as a liability at 30 September 2011 and was paid on 7 October 2011.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 8 Earnings per share

Earnings per share is calculated on profit attributable to owners of the Company of £6.4 million (2010: £6.4 million, year to 31 March 2011: £2.2 million). Adjusted profit attributable to owners of the Company, which provides a consistent measure of operating performance, was £5.5 million (2010: £5.6 million, year to 31 March 2011: £11.9 million) as shown in note 5.

	<b>2011</b>	<b>Six months to</b>	<b>Year to</b>
	<b>Million</b>	<b>30 September</b>	<b>31 March</b>
		2010	2011
		Million	Million
<b>Weighted average number of shares in issue</b>			
Basic	<b>48.2</b>	48.1	48.1
Dilutive effect of share options	<b>0.3</b>	0.4	0.8
<b>Diluted</b>	<b>48.5</b>	48.5	48.9

### 9 Intangible assets

	Goodwill	Customer relationships, contracts & orders	Total
	£ million	£ million	£ million
<b>Cost</b>			
At 1 April 2011	98.9	33.0	131.9
Foreign exchange translation	0.8	0.6	1.4
<b>At 30 September 2011</b>	<b>99.7</b>	<b>33.6</b>	<b>133.3</b>
<b>Amortisation &amp; impairment losses</b>			
At 1 April 2011	0.8	19.6	20.4
Amortisation charge	-	2.0	2.0
Foreign exchange translation	-	0.4	0.4
<b>At 30 September 2011</b>	<b>0.8</b>	<b>22.0</b>	<b>22.8</b>
<b>Net book value</b>			
<b>At 30 September 2011</b>	<b>98.9</b>	<b>11.6</b>	<b>110.5</b>
At 1 April 2011	98.1	13.4	111.5

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 9 Intangible assets (continued)

An annual impairment test was performed on goodwill as at 31 March 2011, as required by IAS36 'Impairment of Assets'. This did not identify the need for any impairment. Management have not identified any indicators of impairment to goodwill as at 30 September 2011.

	Goodwill £ million	Customer relationships, contracts & orders £ million	Total £ million
<b>Cost</b>			
At 1 April 2010	125.2	36.2	161.4
Foreign exchange translation	(2.5)	(1.2)	(3.7)
At 30 September 2010	122.7	35.0	157.7
<b>Amortisation &amp; impairment losses</b>			
At 1 April 2010	0.8	16.5	17.3
Amortisation charge	-	2.7	2.7
Foreign exchange translation	-	(0.5)	(0.5)
At 30 September 2010	0.8	18.7	19.5
<b>Net book value</b>			
At 30 September 2010	121.9	16.3	138.2
At 1 April 2010	124.4	19.7	144.1

No acquisitions occurred during the six months to 30 September 2010.

	Goodwill £ million	Customer relationships, contracts & orders £ million	Total £ million
<b>Cost</b>			
At 1 April 2010	125.2	36.2	161.4
Additions	0.1	-	0.1
Foreign exchange translation	(2.7)	(1.6)	(4.3)
Transfer to assets held for sale	(23.7)	(1.6)	(25.3)
At 31 March 2011	98.9	33.0	131.9
<b>Amortisation &amp; impairment losses</b>			
At 1 April 2010	0.8	16.5	17.3
Amortisation charge	-	5.3	5.3
Foreign exchange translation	-	(0.6)	(0.6)
Transfer to assets held for sale	-	(1.6)	(1.6)
At 31 March 2011	0.8	19.6	20.4
<b>Net book value</b>			
At 31 March 2011	98.1	13.4	111.5
At 1 April 2010	124.4	19.7	144.1

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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For the six months to 30 September 2011

### 10 Discontinued operations

On 20 May 2011, the Group announced the proposed disposal of the Supply Chain business to a company established by funds advised by Exponent Private Equity LLP, for a cash consideration of £145.8 million. The net disposal proceeds were £112.0 million, in addition to which deferred consideration of £8.0 million is receivable in the year to 31 March 2013.

The Supply Chain business was not a discontinued operation or classified as held for sale at 30 September 2010 and the results and cash flow for the comparative period have been re-presented to show the discontinued operation separately from continuing operations. The Supply Chain business was disclosed as held for sale as at 31 March 2011.

The following subsidiaries of Umeco plc, together with their place of operation and country of incorporation, form the Supply Chain business and have been treated as discontinued.

Incorporated and operated in Great Britain and registered in England and Wales:

Pattonair (Derby) Limited;

Pattonair Limited;

Pattonair Properties Limited;

Pattonair (Wolverhampton) Limited;

Orchard House Limited – a non trading company; and

Aviation Supplies Co. Limited – a non trading company.

Incorporated and operated elsewhere:

Pattonair (Berlin) GmbH, which is incorporated and operated in Germany;

Ulogistics Canada, Inc., which is incorporated and operated in Canada;

Pattonair USA, Inc., and Uniseal, Inc., which are incorporated and operated in the United States of America;

Pattonair SAS, which is incorporated and operated in France;

Pattonair S.R.L, which is incorporated and operated in Italy;

Pattonair Asia Pte. Limited, which is incorporated and operated in Singapore;

Pattonair do Brasil Serviços E Logística Ltda which is incorporated and operated in Brazil; and

Pattonair (Xi'an) Trading Limited, which is incorporated and operated in China.

On 8 July 2010, the Group completed the sale of the business and assets of Advanced Composites Group SA (Pty) Limited ('South Africa') which is incorporated and operated in South Africa. Its results have accordingly been presented separately from continuing operations and are disclosed as a discontinued operation for the year to 31 March 2011.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 10 Discontinued operations (continued)

The results of the discontinued operations included in the unaudited condensed consolidated statement of comprehensive income are as follows:

	Six months to 30 September 2011		
	Supply Chain £ million	South Africa £ million	Total £ million
<b>Revenue</b>	<b>88.9</b>	-	<b>88.9</b>
Cost of sales	<b>(72.3)</b>	-	<b>(72.3)</b>
<b>Gross profit</b>	<b>16.6</b>	-	<b>16.6</b>
Administrative expenses	<b>(14.6)</b>	-	<b>(14.6)</b>
<b>Operating profit</b>	<b>2.0</b>	-	<b>2.0</b>
Net financial expense	<b>(1.8)</b>	-	<b>(1.8)</b>
<b>Profit before tax</b>	<b>0.2</b>	-	<b>0.2</b>
Income tax – total	<b>(1.6)</b>	-	<b>(1.6)</b>
<b>Loss after tax</b>	<b>(1.4)</b>	-	<b>(1.4)</b>
Profit on disposal	<b>3.5</b>	-	<b>3.5</b>
<b>Profit attributable to owners of the Company</b>	<b>2.1</b>	-	<b>2.1</b>

	Six months to 30 September 2010		
	Supply Chain £ million	South Africa £ million	Total £ million
<b>Revenue</b>	118.7	0.4	119.1
Cost of sales	(97.2)	(0.4)	(97.6)
<b>Gross profit</b>	21.5	-	21.5
Administrative expenses	(16.7)	(0.1)	(16.8)
<b>Operating profit/(loss)</b>	4.8	(0.1)	4.7
Net financial expense	(1.0)	-	(1.0)
<b>Profit/(loss) before tax</b>	3.8	(0.1)	3.7
Income tax – total	(0.9)	(0.1)	(1.0)
<b>Profit/(loss) attributable to owners of the Company</b>	2.9	(0.2)	2.7

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 10 Discontinued operations (continued)

	Supply Chain £ million	Year to 31 March 2011 South Africa £ million	Total £ million
<b>Revenue</b>	251.9	0.6	252.5
Cost of sales	(203.4)	(0.7)	(204.1)
<b>Gross profit/(loss)</b>	48.5	(0.1)	48.4
Administrative expenses	(34.8)	-	(34.8)
<b>Operating profit/(loss)</b>	13.7	(0.1)	13.6
Net financial expense	(2.3)	-	(2.3)
<b>Profit/(loss) before tax</b>	11.4	(0.1)	11.3
Income tax – total	(3.1)	(0.2)	(3.3)
<b>Profit/(loss) after tax</b>	8.3	(0.3)	8.0
Write down of assets held for sale	(12.5)	-	(12.5)
<b>Loss attributable to owners of the Company</b>	(4.2)	(0.3)	(4.5)

	Supply Chain £ million	South Africa £ million	Total £ million
<b>Cash flows from discontinued operations</b>			
Net cash flow from operating activities	(22.3)	-	(22.3)
Net cash flow from investing activities	(0.3)	-	(0.3)
Net cash flow from financing activities	0.1	-	0.1
<b>Net cash flow from discontinued operations</b>	(22.5)	-	(22.5)

	Supply Chain £ million	South Africa £ million	Total £ million
<b>Cash flows from discontinued operations</b>			
Net cash flow from operating activities	6.3	-	6.3
Net cash flow from investing activities	(0.3)	0.5	0.2
<b>Net cash flow from discontinued operations</b>	6.0	0.5	6.5

	Supply Chain £ million	Year to 31 March 2011 South Africa £ million	Total £ million
<b>Cash flows from discontinued operations</b>			
Net cash flow from operating activities	9.6	0.1	9.7
Net cash flow from investing activities	(1.2)	0.5	(0.7)
<b>Net cash flow from discontinued operations</b>	8.4	0.6	9.0

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 10 Discontinued operations (continued)

The divestment had the following effect on the financial position of the Group:

	£ million
Property, plant & equipment	14.2
Intangible assets	11.2
Deferred tax assets	2.0
Inventories	160.7
Trade & other receivables	65.3
Income tax receivable	3.2
Cash	10.4
Trade & other payables	(135.5)
Income tax payable	(0.9)
Loans & borrowings	(1.0)
Other payables	(88.6)
Provisions	(0.2)
<b>Net assets disposed of</b>	<b>40.8</b>
Consideration received (£48.5 million, net of disposal costs of £7.6 million)	(40.9)
Recycling of cumulative currency translation reserve on disposal	(3.4)
<b>Profit arising on disposal</b>	<b>(3.5)</b>

Net consideration received of £48.5 million includes £8.0 million of deferred consideration, payable in instalments in the year to 31 March 2013, and is before receipt of intercompany debt payable by Pattonair to the Group on completion. The net cash flow from disposals of £89.5 million shown in the unaudited condensed consolidated statement of cash flows comprises total cash received, net of cash disposed and expenses paid to date, and net of cash flows from discontinued operating, investing and financing activities.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 10 Discontinued operations (continued)

	2011 £ million	As at 30 September 2010 £ million	As at 31 March 2011 £ million
<b>Operating profit - discontinued operations</b>			
Total operating profit – discontinued operations	2.0	4.7	13.6
Exclude			
- significant items	1.1	-	0.2
<b>Adjusted operating profit - discontinued operations</b>	<b>3.1</b>	4.7	13.8
<b>Profit before tax – discontinued operations</b>			
Total profit before tax – discontinued operations	0.2	3.7	11.3
Exclude			
- significant items	2.1	-	0.2
- revaluation of financial instruments	-	(0.4)	(0.4)
<b>Adjusted profit before tax - discontinued operations</b>	<b>2.3</b>	3.3	11.1
<b>Profit attributable to owners of the company</b>			
Total profit/(loss) attributable to owners of the Company – discontinued operations	2.1	2.7	(4.5)
Exclude			
- significant items	3.3	-	0.2
- write down of assets held for sale	-	-	12.5
- profit on disposal of subsidiaries	(3.5)	-	-
- revaluation of financial instruments	-	(0.4)	(0.4)
- associated tax effects	(0.5)	-	(0.1)
<b>Adjusted profit attributable to owners of the Company – discontinued operations</b>	<b>1.4</b>	2.3	7.7
	<b>Pence</b>	Pence	Pence
<b>Adjusted earnings per share – discontinued operations</b>	<b>2.9</b>	4.7	16.2

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months to 30 September 2011

### 11 Reconciliation of net cash to movement in net cash/(debt)

	2011	Six months to 30 September 2010	Year to 31 March 2011
	£ million	Re-presented £ million	£ million
Net decrease in cash	(20.1)	(15.1)	(18.3)
Drawdown of bank loans	(16.1)	(5.3)	(17.9)
Repayment of bank loans	120.1	31.5	37.0
Repayment of lease finance liabilities	0.1	0.1	0.2
	<b>84.0</b>	11.2	1.0
Effect of exchange rate fluctuations	<b>0.8</b>	3.6	4.3
Movement in net debt	<b>84.8</b>	14.8	5.3
Net debt at start of period	<b>(74.3)</b>	(79.6)	(79.6)
<b>Net cash/(debt) at end of period</b>	<b>10.5</b>	(64.8)	(74.3)

Net cash/(debt) comprises cash balances, bank overdrafts, bank loans and lease finance obligations.

### 12 Contingent liabilities

A claim for €3.2 million has been made against Advanced Composites Group ('ACG'), part of the Structural Materials business stream, from MultiOne Design S.A. ('MOD') in respect of material supplied by ACG. ACG does not admit liability and the Group considers the likelihood of the claim being successful to be remote.

## Interim Results

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For the six months to 30 September 2011

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

This interim results announcement complies with the Disclosure and Transparency Rules (DTR) of the United Kingdom's Financial Services Authority in respect of the requirements to produce a half-yearly financial report. This interim results announcement is the responsibility of, and has been approved by, the Directors of Umeco plc.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the European Union;
- the interim management report includes a fair review of the information required by DTR 4.2.7R (an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period, together with disclosure of any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year).

By order of the Board

SJ Bowers  
*Finance Director*

8 November 2011