



News Release

Strictly embargoed until 07:00 28 May 2008

Unaudited interim results for the six months ended 31 March 2008

	31 March 2008	31 March 2007 (restated)
	£Millions	£Millions
CONTINUING OPERATIONS		
REVENUE	23.4	31.2
OPERATING (LOSS)/PROFIT	(1.9)	0.5
(LOSS)/PROFIT FOR THE PERIOD	(5.9)	0.1
(LOSS)/EARNINGS PER SHARE:		
Basic	(20.7)p	(0.5)p
Continuing operations	(6.1)p	3.6p

- US\$112 million US Government multi-year respirator contract confirmed
- Continued demand from UK MoD for current generation respirators
- Demand for the new C50, FM53 and ST53 respirators and EH15 emergency hood is growing in markets around the world
- Dairy business performed well
- Aerosol gasket business sold
- European mixing facility to close

Commenting on the results, Peter Slabbert, Chief Executive said: *“The award of the \$112 million, multi-year contract by the US Government should underpin the Group’s return to profitability in the short-term and secure a long-term and growing revenue stream for our Protection business. Our immediate priority is on increasing our profits through manufacturing efficiencies and cost reductions and converting significant opportunities for sales of our market leading range of respiratory protection products around the world.*

The first half year has seen an improved performance from our already successful Dairy business and we expect this to be maintained. We further expect to secure long-term contracts for our Engineered Fabrications business which will provide benefits in 2009.

The Board is confident that the foundations are in place for a period of sustainable and profitable growth.”

For further enquiries, please contact:

Avon Rubber p.l.c.

Peter Slabbert, Chief Executive

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(until 1.00pm)

From 29 May: 01225 896 831

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Fiona Stewart, Corporate Communications Executive

Weber Shandwick Financial

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*An analyst meeting will be held at 09:45 for 10:00 am this morning at the offices of
Weber Shandwick Financial, Fox Court, 14 Gray’s Inn Road, London, WC1X 8WS*

NOTES TO EDITORS: Avon Rubber p.l.c. is an international polymer engineering group adding value through material, manufacturing and industry sector expertise. The Group is currently capitalised at approximately £34 million. Avon supplies a range of advanced CBRN respiratory protection solutions through Avon Protection Systems Inc. to the world’s military and police forces, as well as first responders and emergency services. Avon Rubber p.l.c. owns Avon-ISI, which designs, develops and manufactures a range of SCBA equipment for fire, rescue and law enforcement, as well as military applications. Avon Rubber p.l.c. also owns Avon Engineered Fabrications manufacturing products including hovercraft skirting and flexible storage tanks and a world leading dairy business manufacturing dairy liners and tubing.

Interim statement

INTRODUCTION

The delayed award by the US Government of the \$112 million production contract for the M50 respirator announced on 19 May was welcome news for the Group. In the period to 31 March 2008, our Dairy business performed well, but in our Protection & Defence business, the delay in the M50 full rate production order and production difficulties in producing filters at the new Cadillac facility, contributed to a disappointing overall operating loss of £1.9m (2007: £0.5m profit). We have completed the lengthy strategic refocusing of our business to two sectors, Protection & Defence and Dairy with the sale of our aerosol gasket business announced in February and the decision to close our European mixing plant which was announced in January.

RESULTS

Revenue from continuing operations fell in the half year to £23.4m (2007: £31.2m) despite increased revenues from the Dairy business. We incurred an operating loss of £1.9m (2007: £0.5m profit) on these revenues. Net interest was unchanged at £0.4m and the non cash finance credit on our net retirement benefit surplus reduced to £0.6m (2007: £1.3m) due to changed actuarial assumptions. This resulted in a loss before tax of £1.8m (2007: £1.3m profit) and after a tax credit of £0.1m (2007: £nil) the Group incurred a loss for the period from continuing operations of £1.7m (2007: £1.3m profit).

A loss of £4.2m (2007: £1.2m) was incurred on discontinued operations, including £0.6m attributable to the loss on disposal of the aerosol gasket business and £2.6m to the closure of the mixing plant. The Group loss for the period was £5.9m (2007: £0.1m profit). The basic loss per share was 20.7p (2007: 0.5p) and the loss per share from continuing operations was 6.1p (2007: 3.6p earnings per share).

Net debt increased from £10.4m at the 2007 year end to £13.5m at 31 March 2008. Inventories in particular increased during the period as we manufactured product and bought raw materials in anticipation of increased revenues in the second half of the year. Operating activities absorbed £2.3m (2007 £4.2m) resulting from the loss incurred and working capital which increased by £0.9 million in the continuing operations. The net proceeds from the sale of the aerosol gasket business of £1.6m and further asset sales generated net cash from investing activities of £0.7m (2007: cash outflow of £3.4m) after capital expenditure of £1.3m (2007: £3.4m). This reduced level of capital expenditure follows the high spend in the past few years on both the development of new products and the Cadillac facility.

PROTECTION & DEFENCE

The delay in the award of the M50 long-term production contract initially anticipated in the early part of this calendar year had a significant negative impact on the new Cadillac facility. The growth of this business, however, is now underpinned by this order for 100,000 respirators per year, which we expect will be supplemented by a further contract option allowing for potential additional volumes of 200,000 per annum for a period of up to 10 years. We expect these mask systems orders to be supplemented by significant filter and spares orders.

Difficulties with producing filters supplied with M50 respirators on the low rate initial production order contributed to cost overruns in the new Cadillac facility which delayed delivery of complete systems to the customer. Good progress has been made on resolving these production problems and the balance of this order will now be shipped in the early part of the second half of the year. While we are currently production capable, we have to invest heavily - at short term cost - in order to ensure consistency and quality of output which will benefit us over the 10 to 15 year production life of this new product range.

The performance of the Avon Engineered Fabrications business in Mississippi was affected by delays to new long-term contracts due to factors outside our control. These orders are still expected although the timing is uncertain.

At Avon-ISI, which supplies self contained breathing apparatus (SCBA), the new US National Fire Protection Association approved Z Seven SCBA has been well received by the market. Following the delayed approval in October and a period of sample production and evaluation, we have experienced a significant level of enquiries and orders towards the end of the financial half year. Our UK Protection business benefited from continuing demand from the UK MoD and performed satisfactorily. Their focus includes selling our full range of respiratory protection products to markets around the world and the level of enquiry and opportunity indicates high potential demand for our new C50, FM53 and ST53 respirators and EH15 emergency hood.

Total revenues for the division were £12.2m (2007: £19.3m) incurring an operating loss of £3.4m (2007: £0.8m). In preparation for future volume growth our current cost base is significantly underutilised and the contribution from incremental revenues will therefore directly impact future operating profits.

DAIRY

The healthy profit and cashflows from our Dairy business continue to underpin the Group's performance. Revenues increased by 12.1% to £10.8m (2007: £9.7m) with improvement in both the US and European businesses. Higher milk prices and growth in sales of our own branded products, particularly into new markets such as China, were both positive factors. Despite higher input costs driven in particular by the oil price, we saw some benefit from lower overhead costs in our UK production facility resulting in a higher operating profit of £1.8m (2007: £1.3m).

DIVIDENDS

In view of the below expectation first half year results together with the Group's short-term working capital funding requirement as we build up to full production volumes on the US Government contract, the Board feels it is prudent not to pay an interim dividend for this year. It is our intention to resume dividend payments as soon as the trading results and liquidity position allow us to do so.

BOARD AND MANAGEMENT CHANGES

Terry Stead stood down as Chief Executive on 21 April 2008 and has been succeeded by Peter Slabbert, previously Group Finance Director and acting head of rest of world sales for the Protection business. A new Finance Director will be appointed in due course and we are also taking steps to strengthen the sales and marketing function. This, together with the appointment of David Evans as a Non-Executive Director, means that the Group's restructuring is largely complete and we now have an excellent team experienced in the high value added Protection & Defence and Dairy businesses who are closely focused on delivering the benefits from the substantial opportunities in these markets.

OUTLOOK

The award of the \$112 million, multi-year contract by the US Government should underpin the Group's return to profitability in the short-term and secure a long-term and growing revenue stream for our Protection business. Our immediate priority is on increasing our profits through manufacturing efficiencies and cost reductions and converting significant opportunities for sales of our market leading range of respiratory protection products around the world.

The first half year has seen an improved performance from our already successful Dairy business and we expect this to be maintained. We further expect to secure long-term contracts for our Engineered Fabrications business which will provide benefits in 2009.

The Board is confident that the foundations are in place for a period of sustainable and profitable growth.

Statement of Directors' responsibilities

The Interim Report and Accounts is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. The Disclosure and Transparency Rules ('DTR') require that the accounting policies and presentation applied to the half-yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual accounts, in which case the new accounting policies and presentation should be followed, and the changes and the reasons for the changes should be disclosed in the Interim Report and Accounts, unless the United Kingdom Financial Services Authority agrees otherwise.

The Directors confirm that this condensed set of financial statements has been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR4.2.7 and DTR 4.2.8.

Miles Ingrey-Counter

Company Secretary

Independent review report to Avon Rubber p.l.c.

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol 28 May 2008

Consolidated Income Statement

	Note	Half year to 31 Mar 08 (unaudited) £'000	Half year to 31 Mar 07 (unaudited and restated) £'000	Year to 30 Sep 07 (unaudited and restated) £'000
Continuing operations				
Revenue	3	23,385	31,191	60,287
Cost of sales		(19,808)	(24,652)	(46,994)
Gross profit		3,577	6,539	13,293
Operating expenses		(5,526)	(6,081)	(11,457)
Operating (loss)/profit from continuing operations	3,4	(1,949)	458	1,836
Finance income	5	3	-	114
Finance costs	5	(451)	(417)	(915)
Other finance income	5	566	1,251	2,489
(Loss)/profit before tax		(1,831)	1,292	3,524
Taxation	6	109	17	(717)
(Loss)/profit for the period from continuing operations		(1,722)	1,309	2,807
Discontinued operations				
Loss for the period from discontinued operations	7	(4,166)	(1,171)	(1,712)
(Loss)/profit for the period		(5,888)	138	1,095
Profit attributable to minority interest		5	273	1
(Loss)/profit attributable to equity shareholders		(5,893)	(135)	1,094
		(5,888)	138	1,095
(Loss)/earnings per share expressed in pence per share	9			
Basic		(20.7)	(0.5)	3.9
Diluted		(20.7)	(0.5)	3.8
(Loss)/earnings per share from continuing operations				
Basic		(6.1)	3.6	10.1
Diluted		(6.1)	3.5	9.8

Consolidated Statement of Recognised Income and Expense

	Half year to 31 Mar 08 (unaudited) £'000	Half year to 31 Mar 07 (unaudited) £'000	Year to 30 Sep 07 (unaudited) £'000
(Loss)/profit for the financial period	(5,888)	138	1,095
Actuarial gain recognised in retirement benefit schemes	9,323	5,527	26,187
Movement on deferred tax relating to retirement benefit schemes	(2,611)	-	(4,606)
Net exchange differences offset in reserves	583	(1,610)	(2,441)
Net gains not recognised in income statement	7,295	3,917	19,140
Total recognised income for the period	1,407	4,055	20,235
Attributable to:			
Equity shareholders	1,402	3,782	20,234
Minority interest	5	273	1
Total recognised income for the period	1,407	4,055	20,235

Consolidated Balance Sheet

	Note	Half year to 31 Mar 08 (unaudited) £'000	Half year to 31 Mar 07 (unaudited) £'000	Year to 30 Sep 07 (unaudited) £'000
Assets				
Non-current assets				
Goodwill		5,705	5,294	5,511
Intangible assets		11,317	12,086	11,794
Property, plant and equipment		18,700	21,247	20,041
Deferred tax assets		334	1,053	334
Retirement benefit assets		26,300	-	16,380
		62,356	39,680	54,060
Current assets				
Inventories		14,346	12,929	11,526
Trade and other receivables		10,518	16,889	12,773
Cash and cash equivalents		710	1,876	957
		25,574	31,694	25,256
Assets classified as held for sale		-	-	2,173
		25,574	31,694	27,429
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		14,245	11,906	11,393
- Derivative financial instruments		-	15	-
Trade and other payables		15,364	19,011	13,906
Deferred tax liabilities		265	-	265
Current tax liabilities		350	621	744
		30,224	31,553	26,308
Liabilities directly associated with assets classified as held for sale		-	-	1,707
		30,224	31,553	28,015
Net current (liabilities)/assets		(4,650)	141	(586)
Non-current liabilities				
Deferred tax liabilities		8,862	2,260	6,251
Retirement benefit obligations		656	7,712	1,730
Provision for liabilities and charges	10	4,600	2,880	2,037
		14,118	12,852	10,018
Net assets		43,588	26,969	43,456
Shareholders' equity				
Ordinary shares	11	29,141	28,340	29,125
Share premium		34,708	34,212	34,707
Capital redemption reserve		500	500	500
Translation reserve		(2,061)	(1,814)	(2,644)
Profit and loss account		(19,262)	(35,059)	(18,789)
Equity shareholders' funds	12	43,026	26,179	42,899
Minority interests (equity interests)		562	790	557
Total equity		43,588	26,969	43,456

Consolidated Cash Flow Statement

	Note	Half year to 31 Mar 08 (unaudited) £'000	Half year to 31 Mar 07 (unaudited) £'000	Year to 30 Sep 07 (unaudited) £'000
Cash flows from operating activities				
Cash used in operations	13	(1,735)	(3,762)	(1,894)
Finance income received		3	-	114
Finance costs paid		(483)	(258)	(896)
Tax paid		(93)	(178)	(438)
Net cash used in operating activities		(2,308)	(4,198)	(3,114)
Cash flows from investing activities				
Proceeds from sale of operations	7	1,571	-	-
Proceeds from sale of property, plant and equipment		413	3	14
Purchase of property, plant and equipment		(908)	(2,032)	(2,874)
Purchase of intangible assets		(367)	(1,408)	(2,445)
Net cash generated from/(used in) investing activities		709	(3,437)	(5,305)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		17	86	1,441
Net movements in loans		5,037	3,921	(2,488)
Dividends paid to shareholders		(1,367)	(1,326)	(2,353)
Net cash generated from/(used in) financing activities		3,687	2,681	(3,400)
Net increase/(decrease) in cash and cash equivalents		2,088	(4,954)	(11,819)
Cash and cash equivalents at beginning of the period		(5,037)	6,893	6,893
Effects of exchange rate changes		(20)	(63)	(111)
Cash and cash equivalents at end of the period	14	(2,969)	1,876	(5,037)

Notes to the Interim Financial Statements

1. Basis of preparation

This condensed consolidated half-yearly financial information for the half-year ended 31 March 2008 has been prepared in accordance with the Disclosures and Transparency rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 30 September 2008, which have been prepared in accordance with IFRS as adopted by the European Union.

These financial statements were approved by the Board of Directors on 27 May 2008.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2007, as described in those financial statements.

Recent accounting developments

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board or by the IFRIC but have not yet been adopted. Subject to endorsement by the European Union, these will be adopted in future periods. IFRS 8 has been endorsed, and the other standards, amendments and interpretations are being considered for endorsement.

- IFRS 8 'Operating segments'
- IAS 23 'Borrowing costs' (revised)
- IFRIC 12 'Service concession arrangements'
- IFRIC 13 'Customer loyalty programmes'
- IAS 27 'Consolidated and separate financial statements' (revised)
- IFRS 3 'Business combinations' (revised)

3. Segmental analysis

Due to the differing natures of the products and their markets, Avon Rubber p.l.c.'s primary reporting segment is by business sector. The secondary reporting format comprises the geographical segments by origin.

	Half year to 31 Mar 08 (unaudited) £'000	Half year to 31 Mar 07 (unaudited and restated) £'000	Year to 30 Sep 07 (unaudited and restated) £'000
Revenue by business sector			
Protection and Defence	12,243	19,327	37,838
Dairy	10,842	9,670	19,071
Other Engineered Products	300	2,194	3,378
	23,385	31,191	60,287
Operating profit by business sector			
Protection and Defence	(3,406)	(794)	(1,037)
Dairy	1,799	1,281	2,975
Other Engineered Products	(342)	(29)	(102)
	(1,949)	458	1,836
Revenue by origin			
Europe	5,890	8,659	16,923
North America	17,495	22,532	43,364
	23,385	31,191	60,287

4. Operating profit

The following items of unusual nature have been credited to operating profit.

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited) £'000	Year to 30 Sep 07 (Unaudited) £'000
Settlement of legal claims	376	-	-
Cancellation of USA post retirement medical scheme	505	-	-

A scheme which provided post retirement medical benefits to certain former employees of previously disposed businesses has now been terminated.

5. Interest and similar charges

	Half year to 31 Mar 08 (Unaudited) £'000	Half Year to 31 Mar 07 (Unaudited) £'000	Year to 30 Sep 07 (Unaudited) £'000
Bank loans and overdrafts	(451)	(416)	(914)
Other interest charges	-	(1)	(1)
Total interest payable	(451)	(417)	(915)
Interest receivable	3	-	114
	(448)	(417)	(801)

Other finance income represents the excess of the expected return on pension plan assets over the interest cost relating to retirement benefit obligations.

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited) £'000	Year to 30 Sep 07 (Unaudited) £'000
Interest cost: UK Scheme	(6,799)	(6,432)	(12,863)
Expected return on plan assets: UK Scheme	7,446	7,752	15,479
Other finance cost: USA Scheme	(81)	(69)	(127)
	566	1,251	2,489

6. Taxation

The split of the tax (credit)/charge between UK and overseas is as follows:

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited) £'000	Year to 30 Sep 07 (Unaudited) £'000
United Kingdom	167	-	88
Overseas	(276)	(17)	629
	(109)	(17)	717

7. Results from discontinued operations

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited and restated) £'000	Year to 30 Sep 07 (Unaudited and restated) £'000
Revenue	5,754	6,558	13,434
Operating loss from discontinued operations	(3,612)	(1,171)	(1,712)
Operating loss is analysed as:			
Before exceptional items	(1,021)	(1,171)	(1,712)
Exceptional operating items	(2,591)	-	-
Loss on disposal	(554)	-	-
Loss for the period from discontinued operations	(4,166)	(1,171)	(1,712)

Discontinued operations consist of the UK mixing operation, which the company has announced is being closed during the financial year and the UK aerosol gasket operation which was sold on 4 March 2008 to Crosslinks Limited.

2007 numbers have been restated to include the revenues and losses of these businesses.

Assets and liabilities directly attributable to the UK mixing operation, shown on the September 2007 balance sheet as held for sale have now been reclassified as the operation will now be closed.

The loss on disposal resulting from the sale of the aerosol gasket operation has been calculated as follows:

	£'000	£'000
Proceeds from sale		2,091
Costs associated with sale		(179)
		1,912
Assets and liabilities disposed of:		
Property, plant and equipment	(1,074)	
Intangible assets	(251)	
Inventory	(476)	
Trade and other receivables	(1,027)	
Trade and other payables	362	
		(2,466)
Loss on disposal		(554)

£1,750,000 was received on completion of the sale on 4 March 2008, £341,000 deferred consideration is included in trade and other receivables in the interim balance sheet.

8. Dividends

The Directors are proposing that no interim dividend will be paid in respect of the half year ending 31 March 2008.

9. Loss per share

Basic loss per share is based on a loss attributable to ordinary shareholders of £5,893,000 (2007: £135,000) and 28,472,000 (2007: 27,637,000) ordinary shares being the weighted average of the shares in issue during the period on which dividends are paid.

Loss per share from continuing operations is based on a loss attributable to ordinary shareholders of £1,727,000 (2007: 1,036,000 profit).

Loss per share from discontinued operations amounts to 14.6p (2007: 4.1p) and is based on a loss of £4,166,000 (2007: £1,171,000).

The company has dilutive potential ordinary shares in respect of the Sharesave Option Scheme and the Performance Share Plan. The diluted loss per share is not materially different to the basic loss per share.

10. Provisions for liabilities and charges

	Reorganisation provision £'000	Automotive disposal £'000	Total £'000
Opening balance 1 October 2006	1,526	1,900	3,426
Payments in the period	(546)	-	(546)
At 31 March 2007	980	1,900	2,880
Opening balance 1 October 2007	737	1,300	2,037
Charged to income statement (Payments)/receipts in the period	2,591 (480)	- 452	2,591 (28)
At 31 March 2008	2,848	1,752	4,600

11. Share capital

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
Opening balance 1 October 2006	28,275	28,275	34,191	62,466
Proceeds from shares issued pursuant to option schemes	64	64	21	85
At 31 March 2007	28,339	28,339	34,212	62,551
Opening balance 1 October 2007	29,125	29,125	34,707	63,832
Proceeds from shares issued pursuant to option schemes	16	16	1	17
At 31 March 2008	29,141	29,141	34,708	63,849

12. Changes in equity

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited) £'000	Year to 30 Sep 07 (Unaudited) £'000
At the beginning of the period	42,899	23,514	23,514
Loss for the period attributable to equity shareholders	(5,893)	(135)	1,094
Dividends paid	(1,367)	(1,326)	(2,353)
Actuarial gain recognised in retirement benefit schemes	9,323	5,527	26,187
Movement on deferred tax relating to retirement benefit liabilities	(2,611)	-	(4,606)
Net exchange differences offset in reserves	583	(1,610)	(2,441)
New share capital subscribed	17	85	1,366
Movement in respect of employee share schemes	75	124	138
At the end of the period	43,026	26,179	42,899

13. Cash generated from operations

	Half year to 31 Mar 08 (Unaudited) £'000	Half year to 31 Mar 07 (Unaudited and restated) £'000	Year to 30 Sep 07 (Unaudited and restated) £'000
Continuing operations			
(Loss)/profit for the financial period	(1,722)	1,309	2,807
Adjustments for:			
Tax	(109)	(17)	717
Depreciation	1,077	1,018	1,994
Impairment of fixed assets	-	-	250
Amortisation and impairment of intangibles	829	444	1,054
Net interest expense	448	417	801
Other finance income	(566)	(1,251)	(2,489)
Loss on disposal of property, plant and equipment	31	4	-
Movements in working capital and provisions	(918)	(3,808)	(5,663)
Other movements	(1,030)	16	(245)
Cash used in continuing operations	(1,960)	(1,868)	(774)
Discontinued operations			
Loss for the financial period	(4,166)	(1,171)	(1,712)
Adjustments for:			
Depreciation	169	91	189
Loss on sale of discontinued operations	554	-	-
Movements in working capital provisions	3,668	(814)	403
Cash generated from/(used in) discontinued operations	225	(1,894)	(1,120)
Cash used in operations	(1,735)	(3,762)	(1,894)

14. Analysis of net debt

	As at 30 Sep 07 £'000	Cash flow £'000	Exchange movements £'000	As at 31 Mar 08 £'000
Cash at bank and in hand	791	(91)	10	710
Overdrafts	(5,994)	2,347	(32)	(3,679)
Current asset investments classified as cash equivalents	166	(168)	2	-
Cash and cash equivalents	(5,037)	2,088	(20)	(2,969)
Debt due within 1 year	(5,399)	(5,037)	(130)	(10,566)
	(10,436)	(2,949)	(150)	(13,535)

Borrowing facilities

	Total facility £'000	Utilised £'000	Undrawn £'000
United Kingdom	16,450	14,177	2,273
North America	2,138	68	2,070
Utilised in respect of guarantees	377	377	-
	18,965	14,622	4,343

All of the above facilities are subject to annual review, periodic covenant testing and have commitment periods which end within the next twelve months. Since the period end the level of the bank facility in the United Kingdom has been increased to £17,500,000.

15. Seasonality

Seasonal fluctuations have no material impact on the company's revenues.

16. Copies of this announcement are available for download at www.avon-rubber.com. Further enquiries should be directed to the company's registered office at Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB, England. Email: enquiries@avon-rubber.com.