

**Strictly embargoed until 07:00 Thursday, 21 January 2010**

**AVON RUBBER p.l.c.**

**("Avon", the "Group" or the "Company")**

**INTERIM MANAGEMENT STATEMENT FOR THE PERIOD FROM 1 OCTOBER 2009 TO 20 JANUARY 2010**

In a trading period shortened by holiday shutdowns, the Group has improved its trading performance over the comparative period last year in line with management expectations.

**Protection & Defence**

We continue to deliver mask systems on schedule to the US DoD and 2010 budget funding for the program has been confirmed. The UK MoD has exercised year 2 of their 3 year option contract which secures production in line with expectations for our UK facility through to March 2011. The order intake from higher margin homeland security and foreign military customers for the quarter has been better than in any of the previous four quarters. This should have a positive impact on the remainder of the financial year. Actions taken at ISI are starting to have a positive effect although significant further improvement is still required.

**Dairy**

The business has experienced higher demand as increasing milk prices are driving recovery in the dairy industry. The outsourcing of European production to the Czech Republic is complete and we continue to expect to see the full benefits as planned in the second half of our financial year.

**Balance Sheet**

Seasonal fluctuations in working capital have resulted in an increase in net debt to £14.8m at 31 December 2009 (30 September 2009: £13.6m, 31 December 2008: £19.2m). This gives headroom of £7.2m against facilities of £22.0m. The Group was in compliance with its banking covenants throughout the period.

**Outlook**

Our Protection strategy is delivering progress, although the rate and timing of order wins continues to be difficult to predict. We are increasingly confident that recent improved trading by the Dairy business will be sustained.

**Annual general meeting**

The annual general meeting in respect of the financial year end 30 September 2009 will be held at Avon's Hampton Park West facility, Semington Road, Melksham, Wiltshire, SN12 6NB on 2<sup>nd</sup> March 2010. Registration will be from 10:00 a.m.



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**PRESS RELEASE**

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