News Release

Strictly embargoed until 07:00 24 November 2010

AVON RUBBER p.l.c.
("Avon", the "Group" or the "Company")

Unaudited results for the year ended 30 September 2010

	30 Sep 2010 £Millions	30 Sep 2009 £Millions
REVENUE	**117.6**	100.9
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION & AMORTISATION	**13.6**	9.7*
OPERATING PROFIT	**9.3**	5.5*
PROFIT BEFORE TAX	**7.1**	4.4*
NET DEBT	**12.6**	13.6
EARNINGS/(LOSS) PER SHARE:		
Adjusted - excluding exceptional items and amortisation of intangibles	**21.9p**	14.5p
- excluding exceptional items	**15.2p**	8.3p
Basic	**15.2p**	(0.6)p
Dividend per share	**1.5p**	-

*** Excludes exceptional items of £2.5m in 2009**

Highlights:

- Operating profit (before exceptional items in 2009) growth of 68% to £9.3m in 2010.
- Dividend reinstated reflecting business growth and confidence.
- Reduction in interest payable of 36% from £1.5m to £1.0m.
- No income statement exceptional items in 2010.
- Cash generated from continuing operating activities (before exceptional items) of £13.1m (2009: £7.4m), representing 142% (2009: 135%) of operating profit.
- New 3 year banking facilities agreed at a reduced cost.
- Order intake in Protection & Defence of £61.7m (2009: £54.5m).
- In Protection & Defence, non DoD C50 sales at a record level.
- Return to profit of our fire business, ISI in 2010.
- First Article Test approval for our new second filter line in Cadillac doubles our filter production capability.
- Completion of the European dairy production outsourcing on time and to cost.

Commenting on the results, Peter Slabbert, Chief Executive said:

"This year has built on the turnaround achieved in 2009. Our strategy of remaining focused on both our rapidly growing Protection & Defence business and our more mature but high margin and cash generative Dairy business has proved successful. We expect the progress made in 2010 to continue and for operating margins to improve. Further penetration of our current and new markets and the introduction of new products will lay the foundation for additional growth. As a result of the Group's good progress, encouraging prospects and strong financial performance, the Board is recommending the resumption of the dividend."

For further enquiries, please contact:

Avon Rubber p.l.c.	
Peter Slabbert, Chief Executive	020 7067 0700
Andrew Lewis, Group Finance Director	(until 12 noon)
	From 1pm: 01225 896 831
Fiona Stewart, Corporate Communications Executive	01225 896 840
Weber Shandwick Financial	
Nick Oborne	020 7067 0700
Clare Thomas	020 7067 0700

An analyst meeting will be held at 10.30 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 a world leader in the design, test and manufacture of advanced Chemical, Biological, Radiological and Nuclear (CBRN) respiratory protection solutions to the worlds military, law enforcement, first responder, emergency services, fire and industrial markets. Avon has a unique capability in CBRN protection based on a range of advanced CBRN technologies in respirator design, filtration and compressed air breathing apparatus. This enables Avon to develop specialised solutions that take full account of user requirements. Avon also owns a world leading dairy business manufacturing liners and tubing for the automated milking process. For further information please visit the Group's website www.avon-rubber.com

INTRODUCTION

This year has built on the turnaround achieved in 2009. Revenues have grown by 17% (2009: 68%) and operating margins have increased by 2.4% to 7.9% with an operating profit of £9.3m (2009: £5.5m before exceptional items). Our strategy of remaining focused on both our rapidly growing Protection & Defence business and our more mature but high margin and cash generative Dairy business has proved successful. Protection & Defence is winning new customers at an increasing rate and, with the cash we are now generating and the debt capacity we now have, we have been able to increase our investment in both sales and marketing activities and new product development programmes laying the foundation for further growth. Our Dairy business now has an appropriate cost base through the outsourcing of European production and is gaining market share as it expands into new territories.

As a result of the Group's good progress, encouraging prospects and strong financial performance, the Board is recommending the resumption of the dividend.

GROUP RESULTS

2010 has been a year of advancement for Avon. Following the turnaround and return to profit in 2009, 2010 has seen substantial financial and operational progress.

The Group's key achievements in 2010 have been:-

- Operating profit (before exceptional items in 2009) growth of 68% to £9.3m in 2010.
- Dividend reinstated reflecting business growth and confidence.
- Reduction in interest payable of 36% from £1.5m to £1.0m.
- No income statement exceptional items in 2010.
- Cash generated from continuing operating activities (before exceptional items) of £13.1m (2009: £7.4m), representing 142% (2009: 135%) of operating profit.
- New 3 year banking facilities agreed at a reduced cost.
- Order intake in Protection & Defence of £61.7m (2009: £54.5m).
- In Protection & Defence, non DoD C50 sales at a record level.
- Return to profit of our fire business, ISI in 2010.
- First Article Test approval for our new second filter line in Cadillac doubles our filter production capability.
- Completion of the European dairy production outsourcing on time and to cost.

Revenue increased by £16.7m (16.5%) to £117.6m (2009: £100.9m) with Protection & Defence up 18.5% from £76.1m to £90.2m and Dairy revenues up 10.5% from £24.8m to £27.4m. Although volatile during the year, the US $ average rate at $1.55 (2009: $1.54) has not had a material impact on the Group's results in 2010. The operating profit (before exceptional items in 2009) was £9.3m (2009: £5.5m) and earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDAE) was £13.6m (2009: £9.7m). This represents a return on sales (defined as EBITDAE divided by revenue) of 11.5% (2009: 9.6%). After net interest and other finance costs the profit before tax was £7.1m (2009: £1.9m after exceptional items). After tax, the profit for the year was £4.3m (2009: £0.1m loss).

SEGMENTAL PERFORMANCE

Protection & Defence

The Protection & Defence business has seen revenues grow 18.5% from £76.1m to £90.2m. Operating profit grew by 46% to £6.5m (2009: £4.5m) and EBITDAE was £10.4m (2009: £7.9m), representing a return on sales (as defined above) of 11.5% (2009: 10.4%). Demand has remained stable on our long term sole source respirator contract with the US Department of Defense (DoD) and despite downward pressure on military budgets generally we expect spend on Personal Protective Equipment (PPE) for the warfighter to remain stable. The consumable revenue stream associated with the supply of mask systems is growing as the logistics supply chain is stocked to support the issue of the new mask and we have successfully commissioned new filter manufacturing capacity to meet this. The DoD have indicated that the filter spares business will be opened to competition in future although the likelihood is that a second source of supply is still 1 to 2 years away. Avon will continue to supply the filters that are included with the mask system on a sole source basis. Expansion of our range of filters, including the capacity to manufacture legacy filters previously bought in, to fill any shortfall that this may cause is one of our development priorities in 2011.

UK Ministry of Defence (MoD) demand has held up but with the much delayed replacement GSR mask programme now approved, 2011 will, as expected, be the last year of supply for Avon's S10 mask. Growth in global demand for our new 50 series products is expected to offset this. Growth outside our core DoD and MoD customer base has been strong. Significant order wins from customers in Italy, Canada and Saudi Arabia announced at the half year have been augmented by further orders from Saudi Arabia and our first foreign military sale through the US DoD, both of which are for delivery in 2011 and should lead to an improved sales mix. We have also seen increased momentum in the homeland security market in the USA and have converted several lower value but strategically important new customers in markets around the world to Avon products which will drive further revenue growth.

There has been a significant turnaround at ISI with a return to profitability for the year as a whole after operating losses last year and in the first half of 2010. We have grown market share in a depressed fire services market in the US and exciting opportunities remain in the industrial and military markets for ISI's technology.

Avon Engineered Fabrications (AEF) had an excellent year, following the discontinuation of the disposal process, with demand for military fuel storage tanks higher than planned in year 2 of its 5 year supply contract. Resolution of our dispute with the prime contractor on this programme appears to be progressing towards a satisfactory conclusion.

Dairy

Revenues for the Dairy business were up 10.5% at £27.4m (2009: £24.8m) which generated an operating profit (before exceptional items in 2009) of £4.6m (2009: £3.0m). EBITDAE was £5.0m (2009: £3.5m), giving a return on sales (as defined above) of 18.3%, up from 14.1% in 2009.

The improved profitability in our Dairy business resulted from five main contributing factors:-

- The recovery in the milk price, from the lows of mid 2009 to historical average levels, led to the consumption for our consumable product returning to more normal levels.
- We completed the outsourcing of our European manufacturing operation on time and to cost and the benefits were delivered earlier than expected.
- Our own brand Milk-Rite grew market share in both North America and Europe.
- Operational efficiency improved at our North American production facility in Johnson Creek, Wisconsin.
- The launch of the revolutionary vented liner in the final quarter was well received by the market.

Exceptional items

There were no exceptional items in 2010 (2009: £2.5m). The 2009 exceptional items related to the costs of the transfer of European Dairy production from the UK to the Czech Republic, offset by gains from the sale and leaseback of dairy production and distribution facilities in the USA.

Finance expenses

Net interest costs reduced to £1.0m (2009: £1.5m) reflecting reduced borrowings as we entered the year together with the lower cost of funding negotiated for 2010. Other (non cash) finance expenses associated with the Group's UK retirement benefit scheme and the unwinding of discount rates on provisions were £1.2m (2009: £0.4m income), the change being largely attributable to the lower discount rate which resulted from lower yields on AA corporate bonds and lower expected rates of return on assets used in the IAS19 calculation for 2010.

Taxation

The tax charge totalled £2.8m (2009: £2.0m) on a profit before tax of £7.1m (2009: £1.9m). In 2010 the Group paid tax in the US, but not in the UK due to brought forward tax losses. The effective tax rate for the period is 39% (2009: 108%). The adjusted effective tax rate is 34% (2009: 50%), defined as the tax charge divided by the profit before tax, excluding the charge/credit relating to other finance expense/income and exceptional items. The higher tax rate in 2009 was due to two factors: the exceptional item in respect of UK restructuring not giving rise to a tax deduction and the inability to recognise UK tax losses as a deferred tax asset. In 2010 the US federal tax rate was 34% and the Group's adjusted effective tax rate reflects the predominance of US revenues and earnings. Unrecognised deferred tax assets in respect of tax losses in the UK amount to £6.5m (2009: £8.5m).

Discontinued operations/assets held for sale

Discontinued operations in 2009 represented the Avon Engineered Fabrications business (AEF), held for sale at 30 September 2009. The divestment process was terminated during 2010 as a result of uncertainty created by a contractual dispute with one of AEF's major customers. This meant we were not able to conclude a transaction on satisfactory terms and AEF is therefore presented within continuing operations in the Protection & Defence segment. The 2009 comparative figures in the consolidated statement of comprehensive income and consolidated cashflow statement have been restated accordingly.

Earnings per share

The basic earnings per share were 15.2p (2009: 0.6p loss).

Adjusted earnings per share were 21.9p (2009: 14.5p). Adjusted earnings per share excludes the impact of amortisation of intangibles and exceptional items.

Net debt and cashflow

Net debt at the year end was £12.6m (2009: £13.6m). The Group's new borrowing facilities, finalised on 30 September 2010, are in place for at least 3 years and comprise revolving credit facilities of $30.5m and £5m and are at lower rates that will reduce the overall cost of borrowing.

In the year we invested £5.6m (2009: £3.6m) in fixed assets and new product development, particularly in the Protection & Defence business where the addition of a second filter line in Cadillac, at a cost of £3m, doubled filter production capacity. The line achieved US DoD First Article Test approval late in the financial year and is now therefore capable of delivering filters to the DoD.

We also concluded the sale and leaseback of our Cadillac facility for $2.6m (£1.7m), the proceeds,which equated to book value, being used to reduce debt. This completes the two year programme of sale and leaseback transactions the Group has undertaken in 2009 and 2010.

Continuing operating activities before exceptional items generated cash of £13.1m (2009: £7.4m), representing 142% of operating profit (2009: 135%). Strong management of inventory and receivables meant we only needed to invest £0.3m in working capital to support revenue growth. The trade working capital to revenue ratio was 14.6% (2009: 14.8%).

UK RETIREMENT BENEFIT OBLIGATIONS

The pension deficit, as measured under IAS 19, associated with the Group's UK retirement benefit obligations has reduced from £8.4m at 30 September 2009 to £6.3m at 30 September 2010. The reduction has been a result of an increase in asset values, offset by a lower discount rate assumption based on AA corporate bond rates.

In respect of the 31 March 2009 triennial actuarial valuation the Company has reached an agreement with the pension scheme Trustee, although this remains subject to approval by the Pensions Regulator. The valuation shows the scheme to be 91.4% funded and as such the Company and the Trustee have had to agree a deficit recovery plan.

The plan covers a ten year period and in the next three years the Company has agreed to pay deficit recovery contributions of £0.3m, £0.4m and £0.5m. In addition the Company has agreed that the payment of a dividend to shareholders would trigger further payments linked to the amount of dividend paid, but up to a maximum of £0.4m in any one pension scheme financial year. This compares to £0.3m additional contributions which have been made in each of 2008, 2009 and 2010. The subsequent years show escalating payments, also partially linked to dividends, up to a maximum of £1.3m in the tenth year. A further triennial valuation will be undertaken as at 31 March 2012 when the funding level and the recovery plan will be reviewed.

RESEARCH AND DEVELOPMENT

Intangible assets totalling £8.8m (2009: £9.9m) form a significant part of the balance sheet as we invest in new product development. This can be seen from our expanding product range, particularly respiratory protection products. The annual charge for amortisation of intangible assets was £1.9m (2009: £1.8m).

Our product development efforts have continued in both divisions. In Protection & Defence we have received NIOSH (US) and CE (European) product approvals for our FM53 mask and our ST53 multi-role breathing apparatus in both short and long-duration configurations. Our total investment in research and development (capitalised and expensed) amounted to £2.3m of which £1.2m was customer funded.

In Dairy we have launched a new concept vented liner and have started to expand our product range under the Milk-Rite brand beyond liners and tubing into non-rubber goods such as pulsators and claws.

We expect to see the benefits of these efforts, which underpin the long term prosperity of the Group, in our 2011 financial year.

DIVIDENDS

The improved profitability, cash generation, new banking facilities, agreement of a deficit recovery plan with the pension scheme Trustee and the confidence the Board has in the Group's ability to continue to grow mean that the Board is pleased to propose the resumption of a dividend to shareholders in the form of a 1.5p per share 2010 final dividend.

OPPORTUNITIES

Whilst pleased with the improved performance by the Group in the year, we believe that it still does not reflect a high enough return from the excellent businesses that we have. We can still become more operationally effective through better supply chain and logistics management and process risk reduction. We will get new products to market more quickly and effectively. Management is giving priority to both of these areas.

OUTLOOK

We expect the progress made in 2010 to continue and for operating margins to improve further. Lower interest costs should also have a positive effect on earnings.

The Dairy business will benefit from a full year's impact of the European outsourcing completed during 2010 and relatively stable and benign market conditions. We expect to see a full year's benefit from the recovery in trading at ISI, greater filter volumes with our increased capacity and the significant investment we have made in our sales activities, ahead of the revenue curve, to yield improved margins in our Protection business. Further penetration of our current and new markets and the introduction of new products will lay the foundation for additional growth.

Peter Slabbert
Chief Executive
24 November 2010

Andrew Lewis
Group Finance Director
24 November 2010

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Revenue	2	**117,574**	100,900
Cost of sales		**(89,256)**	(76,524)
Gross profit		**28,318**	24,376
Distribution costs		**(4,527)**	(4,795)
Administrative expenses		**(14,536)**	(16,607)
Operating profit	2	**9,255**	2,974
Operating profit is analysed as:			
Before depreciation, amortisation and exceptional items		**13,577**	9,660
Depreciation and amortisation		**(4,322)**	(4,151)
Operating profit before exceptional items		**9,255**	5,509
Exceptional operating items	3	**-**	(2,535)
Finance income		**16**	33
Finance costs		**(985)**	(1,539)
Other finance (expense)/income		**(1,152)**	394
Profit before taxation		**7,134**	1,862
Taxation	4	**(2,808)**	(2,004)
Profit/(loss) for the year		**4,326**	(142)
Other comprehensive income			
Actuarial gain/(loss) recognised in retirement benefit schemes		**2,315**	(53,051)
Movement on deferred tax relating to retirement benefit schemes		**-**	12,158
Net exchange differences offset in reserves		**28**	1,049
Other comprehensive income/(expense) for the year, net of taxation		**2,343**	(39,844)
Total comprehensive income/(expense) for the year		**6,669**	(39,986)
Profit/(loss) attributable to:			
Owners of the parent		**4,326**	(183)
Non-controlling interest		**-**	41
		4,326	(142)
Total comprehensive income/(expense) attributable to:			
Owners of the parent		**6,669**	(40,027)
Non-controlling interest		**-**	41
		6,669	(39,986)
Earnings/(loss) per share	5		
Basic		**15.2p**	(0.6)p
Diluted		**14.4p**	(0.6)p

Consolidated Balance Sheet

at 30 September 2010

	Note	2010 £'000	2009 £'000
Assets			
Non-current assets			
Intangible assets		**8,794**	9,936
Property, plant and equipment		**16,968**	15,263
		25,762	25,199
Current assets			
Inventories		**11,525**	9,528
Trade and other receivables		**14,540**	12,614
Derivative financial instruments		**113**	-
Cash and cash equivalents	7	**577**	1,041
		26,755	23,183
Assets classified as held for sale		**-**	4,914
		26,755	28,097
Liabilities			
Current liabilities			
Borrowings	7	**-**	14,697
Trade and other payables		**15,664**	16,196
Provisions for liabilities and charges		**1,622**	2,578
Current tax liabilities		**886**	673
		18,172	34,144
Liabilities directly associated with assets classified as held for sale		**-**	1,832
		18,172	35,976
Net current assets/(liabilities)		**8,583**	(7,879)
Non-current liabilities			
Borrowings	7	**13,166**	-
Deferred tax liabilities		**2,517**	1,833
Retirement benefit obligations		**7,134**	9,152
Provisions for liabilities and charges		**2,751**	4,071
		25,568	15,056
Net assets		**8,777**	2,264
Shareholders equity			
Ordinary shares		**30,723**	29,141
Share premium account		**34,708**	34,708
Capital redemption reserve		**500**	500
Translation reserve		**7**	(21)
Retained earnings		**(57,161)**	(62,103)
Equity shareholders' funds		**8,777**	2,225
Non-controlling interest in equity		**-**	39
Total equity		**8,777**	2,264

Consolidated Cash Flow Statement

for the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash generated from continuing operating activities prior to the effect of exceptional items	6	**13,105**	7,449
Cash effect of exceptional items		**(1,186)**	(1,688)
Cash generated from continuing operations		**11,919**	5,761
Cash used in discontinued operations		**(2,052)**	(2,614)
Cash generated from operations	6	**9,867**	3,147
Finance income received		**16**	33
Finance costs paid		**(768)**	(1,582)
Tax paid		**(1,787)**	(282)
Net cash generated from operating activities		**7,328**	1,316
Cash flows from investing activities			
Proceeds from sale of operations		**-**	2,050
Acquisition of subsidiaries – deferred consideration		**(1,291)**	-
Proceeds from sale of property, plant and equipment		**1,668**	4,798
Purchase of property, plant and equipment		**(5,384)**	(2,684)
Purchase of intangible assets		**(645)**	(884)
Net cash (used in)/generated from investing activities		**(5,652)**	3,280
Cash flows from financing activities			
Net movements in loans		**612**	(6,005)
Dividends paid to non-controlling interests		**(298)**	(283)
Purchase of own shares		**(267)**	-
Net cash generated from/(used in) from financing activities		**47**	(6,288)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	7	**1,723**	(1,692)
Cash, cash equivalents and bank overdrafts at beginning of the year	7	**(1,090)**	414
Effects of exchange rate changes	7	**(56)**	188
Cash, cash equivalents and bank overdrafts at end of the year	7	**577**	(1,090)

Consolidated Statement of Changes in Equity

for the year ended 30 September 2010

	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Equity shareholders' funds £'000	Non-controlling Interest in equity £'000	Total £'000
As 1 October 2008	29,141	34,708	(570)	(21,175)	42,104	563	42,667
Profit/(loss) for the year	-	-	-	(183)	(183)	41	(142)
Unrealised exchange differences on overseas investments	-	-	1,049	-	1,049	-	1,049
Actuarial loss recognised in retirement scheme	-	-	-	(53,051)	(53,051)	-	(53,051)
Movement on deferred tax relating to retirement benefit obligations	-	-	-	12,158	12,158	-	12,158
Total comprehensive income/(expense) for the year	-	-	1,049	(41,076)	(40,027)	41	(39,986)
Dividend approved in general meeting	-	-	-	-	-	(565)	(565)
Movement in respect of employee share scheme	-	-	-	148	148	-	148
At 30 September 2009	29,141	34,708	479	(62,103)	2,225	39	2,264
Profit for the year	**-**	**-**	**-**	**4,326**	**4,326**	**-**	**4,326**
Unrealised exchange differences on overseas investments	**-**	**-**	**28**	**-**	**28**	**-**	**28**
Actuarial gain recognised in retirement scheme	**-**	**-**	**-**	**2,315**	**2,315**	**-**	**2,315**
Total comprehensive income for the year	**-**	**-**	**28**	**6,641**	**6,669**	**-**	**6,669**
New shares issued	**1,582**	**-**	**-**	**-**	**1,582**	**-**	**1,582**
Dividend approved in general meeting	**-**	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Purchase of shares by the employee benefit trust	**-**	**-**	**-**	**(1,849)**	**(1,849)**	**-**	**(1,849)**
Movement in respect of employee share schemes	**-**	**-**	**-**	**150**	**150**	**-**	**150**
At 30 September 2010	**30,723**	**34,708**	**507**	**(57,161)**	**8,777**	**-**	**8,777**

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. Basis of preparation

(a) These financial results do not comprise statutory accounts for the year ended 30 September 2010 within the meaning of Section 434 of the Companies Act 2006. Those financial statements have not yet been delivered to the Registrar, nor have the auditors reported on them. Statutory accounts for the year ended 30 September 2009 were approved by the Board of Directors on 19 January 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

(b) This financial information has been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (collectively 'IFRSs') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

(c) The 30 September 2009 Statement of Comprehensive Income and Consolidated Cash Flow Statement have been restated to reflect the Avon Engineered Fabrications business as continuing operations.

(d) Certain statements in this announcement constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this announcement should be constructed as a profit forecast.

2. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, this has been identified as the Board of Directors and the Group executive team.

The Group has two clearly defined business segments, Protection & Defence and Dairy, and operates out of the UK and the USA.

Year ended 30 September 2010	Protection & Defence £000's	Dairy £000's	Unallocated £000's	Group £000's
Revenue	90,167	27,407	-	117,574
Segment result before depreciation and amortisation	10,414	5,023	(1,860)	13,577
Depreciation of property, plant and equiptment	(2,017)	(377)	(28)	(2,422)
Amortisation of intangibles	(1,882)	(9)	(9)	(1,900)
Segment result	6,515	4,637	(1,897)	9,255
Finance income			16	16
Finance cost			(985)	(985)
Other finance expense			(1,152)	(1,152)
Profit before taxation	6,515	4,637	(4,018)	7,134
Taxation			(2,808)	(2,808)
Profit for the year	6,515	4,637	(6,826)	4,326
Profit attributable to non-controlling interest				-
Profit attributable to equity shareholders				4,326
Segment assets	42,673	7,185	2,659	52,517
Segment liabilities	10,176	2,673	30,891	43,740
Other segment items				
Capital expenditure				
- intangible assets	639	6	-	645
- property, plant and equipment	4,387	489	58	4,934

Year ended 30 September 2009

	Protection & Defence £000's	Dairy £000's	Unallocated £000's	Group £000's
Revenue	76,107	24,793		100,900
Segment result before depreciation, amortisation and exceptional items	7,939	3,490	(1,769)	9,660
Depreciation of property, plant and equipment	(1,732)	(467)	(167)	(2,366)
Amortisation of intangibles	(1,758)	(3)	(24)	(1,785)
Segment result before exceptional items	4,449	3,020	(1,960)	5,509
Exceptional items	-	(2,535)	-	(2,535)
Segment result after exceptional items	4,449	485	(1,960)	2,974
Finance income			33	33
Finance costs			(1,539)	(1,539)
Other finance income			394	394
Profit before taxation	4,449	485	(3,072)	1,862
Taxation			(2,004)	(2,004)
Profit/(loss) for the year	4,449	485	(5,076)	(142)
Profit attributable to non-controlling interest				41
Loss attributable to equity shareholders				(183)
Segment assets	44,603	6,715	2,249	53,567
Segment liabilities	12,526	6,034	32,743	51,303
Other segment items				
Capital expenditure				
- intangible assets	846	21	-	867
- property, plant and equipment	2,544	412	82	3,038

Geographical segments by origin

Year ended 30 September 2010

	UK £000's	USA £000's	Group £000's
Revenue	**15,141**	**102,433**	**117,574**
Segment assets	**11,510**	**41,007**	**52,517**
Capital expenditure - property, plant and equipment	**461**	**4,473**	**4,934**
- intangible assets	**175**	**470**	**645**

Year ended 30 September 2009	UK £'000	USA £'000	Group £'000
Revenue	12,495	88,405	100,900
Segment assets	10,072	43,495	53,567
Capital expenditure - property, plant and equipment	459	2,579	3,038
- intangible assets	357	510	867

3. Exceptional operating items

The exceptional operating items comprise:	2010 £'000	2009 £'000
Relocation of European Dairy production to the Czech Republic	-	(5,557)
Profit on sale and leaseback of freehold property	-	3,022
Exceptional operating items	-	(2,535)

In the consolidated statement of comprehensive income, the exceptional items are included within administrative expenses.

4. Taxation

The split of the tax charge between UK and overseas is as follows:

	2010 £'000	2009 £'000
Overseas current tax	2,031	1,197
Overseas adjustment in respect of previous periods	11	(193)
Deferred tax – current year	777	78
Deferred tax – adjustment in respect of previous periods	(11)	922
Tax charge	2,808	2,004

5. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share ownership trust. The company has dilutive potential ordinary share in respect of the Sharesave Option Scheme and the Performance Share Plan. Adjusted earnings per share adds back to profit the effect of exceptional items and the amortisation of intangible assets.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2010	2009
Weighted average number of ordinary shares in issue used in basic calculation (thousands)	28,460	28,474
Potentially dilutive shares (weighted average)	1,659	972
Fully diluted number of ordinary shares (thousands)	30,119	29,446

	2010 £'000	2010 Basic eps pence	2010 Diluted eps pence	2009 £'000	2009 Basic eps pence	2009 Diluted eps pence
Profit/(loss) attributable to equity shareholders of the Company	4,326	15.2	14.4	(183)	(0.6)	(0.6)
Exceptional items	-			2,535		
Profit excluding exceptional item	4,326	15.2	14.4	2,352	8.3	8.0
Amorisation of intangible assets	1,900			1,785		
Profit excluding exceptional items and amortisation of intangible assets	6,226	21.9	20.7	4,137	14.5	14.0

6. Cash generated from operations

	2010 £'000	2009 £'000
Continuing operations		
Profit/(loss) for the year	**4,326**	(142)
Adjustments for:		
Tax	**2,808**	2,004
Depreciation	**2,422**	2,366
Difference between pension charge and cash contributions	**(516)**	(1,113)
Amortisation of intangibles	**1,900**	1,785
Finance income	**(16)**	(33)
Finance costs	**985**	1,539
Other finance expense/(income)	**1,152**	(394)
Profit on disposal of property, plant and equipment	**(1)**	(2,088)
Loss on disposal of intangible assets	**12**	20
Movement in respect of employee share scheme	**150**	148
Decrease in inventories	**347**	1,198
Decrease/(increase) in receivables	**183**	(2,011)
(Decrease)/increase in payables and provisions	**(1,833)**	2,482
Cash generated from continuing operations	**11,919**	5,761
Analysed as:		
Cash generated from continuing activities prior to the effect of exceptional operating items	**13,105**	7,449
Cash effect of exceptional operating items	**(1,186)**	(1,688)
Discontinued operations		
Decrease in payables and provisions	**(2,052)**	(2,614)
Cash used in discontinued operations	**(2,052)**	(2,614)
Cash generated from operations	**9,867**	3,147

Cash flows relating to the discontinued operations are as follows:

	2010 £'000	2009 £'000
Cash flows from operating activities	**(2,052)**	(2,614)
Cash flows from investing activities	**-**	2,050
Cash used in discontinued operations	**(2,052)**	(564)

7. Analysis of net debt

This note sets out the calculation of net debt, a measure considered important in explaining our financial position.

	At 1 Oct 2009 £000's	Reclassified £000's	Cash flow £000's	Exchange Movements £000's	**At 30 Sept 2010 £000's**
Cash at bank and in hand	1,041	9	(473)	-	**577**
Cash included in assets held for sale	9	(9)	-	-	**-**
Overdrafts	(2,140)	-	2,196	(56)	**-**
Net cash and cash equivalents	(1,090)	-	1,723	(56)	**577**
Debt due within 1 year	(12,557)	13,166	(612)	3	**-**
Debt due over 1 year	-	(13,166)	-	-	**(13,166)**
	(13,647)	-	1,111	(53)	**(12,589)**

On 30 September 2010 the Group agreed new bank facilities with Barclays Bank and Comerica Bank. The Barclays facility comprises a revolving credit facility of £5m and $15.5m and expires in 30 March 2014. The Comerica facility is a $15m revolving credit facility and expires on 30 September 2013. These facilities are priced on average at the appropriate currency LIBOR plus a margin of 2% and include financial covenants which are measured on a quarterly basis. The Group was in compliance with it's financial covenants during 2010.

8. Dividends

After the balance sheet date the Board of Directors proposed a final dividend of 1.5p per qualifying ordinary share, which will absorb an estimated £430,000 of shareholders' funds. Subject to shareholder approval, the dividend will be paid on 8 April 2011 to shareholders on the register at the close of business on 11 March 2011. In accordance with IFRS the dividend has not been provided for and there are no corporation tax consequences.

9. Annual Report & Accounts

Copies of the directors' report and the audited financial statements for the year ended 30 September 2010 will be posted to shareholders who have elected to receive a copy and may also be obtained from the Company's registered office at Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB, England. (Telephone +44 (0)1225 896871). Full audited financial statements will be available on the Company's website at www.avon-rubber.com.