

6th December 2011

International Greetings PLC (“the Company” or “the Group”)

Interim Results

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift wrap, crackers, cards, stationery and accessories, announces its interim results for the six months ended 30 September 2011 (2011 H1).

Financial highlights

- Sales up 6% to £110.3 million (2010 H1: £104.5 million)
- Operating profit before exceptional costs up 38% to £5.2 million (2010 H1: £3.8 million)
- Profit before tax and exceptional items up 50% to £3.2 million (2010 H1: £2.1 million)
- Profit from continuing operations before tax was level at £2.1 million (2010 H1: £2.1 million) including exceptional costs of £1.1 million (2010 H1: £nil)
- Debt reduction programme remains on track
 - H1 seasonal working capital increase as expected - net debt at 30 September 2011 £88.5 million (2010 H1: £86.4 million)

Operational highlights

- Continued focus on developing a more balanced business
- Increasing innovation and cross-selling throughout the Group's businesses continues to deliver improved results
- Positive momentum sustained in the USA with opportunities across all market segments
- Relocation of our manufacturing facility in China is on track

As recently announced, Martin Hornung will step down from the Board during this month. The Board would like to take the opportunity to thank Martin for many years of service across many aspects of our business.

Paul Fineman, Chief Executive said:

“We have achieved sales and profit growth despite the challenging market conditions and have continued to enjoy significant business with value and mass market retailers across the globe. This has included growth in Everyday greetings card activities, which is an exciting new growth area for the Group.

Having completed the Christmas season manufacturing in China, we have instigated our plans for the relocation of our facilities in good time to meet future production deadlines whilst maintaining our competitive position.

We have continued to benefit from streamlining processes throughout the Group, including our Board structure. These measures optimise our competitive position and increase our efficiency and future ability to generate profit growth.

In these difficult trading markets around the world, we have delivered results in line with our expectations in the first half, which gives us cautious optimism for the future. Significant opportunities for International Greetings exist across the markets in which we operate.”

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Chief Executive's Review

Overview

We have achieved good progress in the first half of this year as we have continued to deliver on our strategy of driving profitable growth. Sales and profitability in the first half year have grown in line with management's expectations.

Operational Review

Our key focus has been on ensuring that our major revenue streams are delivered across a "balanced" portfolio of activity and we continued to achieve this in the period.

Profits in the UK and Asia have grown through greater collaboration between our manufacturing and sales operations. Additionally we have driven synergies in sourcing, having utilised the combined experience of our recently centralised team in the Far East.

We are relocating our manufacturing facility in China having completed Christmas season manufacturing requirements. This process remains on track and the efficiency gains will offset forecast inflationary pressures.

The first half has seen sales and profit meeting expectations in our businesses in the Netherlands and Poland. This is particularly pleasing given the challenging market conditions. However we anticipate that adverse conditions will continue in the period ahead and have planned accordingly.

Having re-established profitability in the USA, we are encouraged that positive momentum has been sustained with significant improvement in profitability on a growing sales base. Performance in Australia has also been strong with sales and profitability growing well.

A lot has been achieved through the business restructuring, and this continues. Our achievement was recently acknowledged through the Company being awarded Listed Company Turnaround 2011 Award by the Institute for Turnarounds.

Financial Review

Revenue from continuing operations for the period increased by 6% to £110.3 million (2010 H1: £104.5 million). On a constant exchange basis, like-for-like turnover increased by 5% over the period, with growth across all geographic regions.

Despite significant inflationary pressures including rising raw materials prices and Chinese-based labour costs, together with the impact of the strengthening Chinese currency, we have achieved encouraging gross profit margins of 19.1% (2010 H1: 18.3%).

At £16.2 million (2010 H1: £15.9 million), our overheads as a percentage of sales continued to fall from 15.2% to 14.7%.

Operating profit before exceptional costs was up 38% to £5.2 million (2010 H1: £3.8 million) and profit before tax and exceptional items was up 50% to £3.2 million (2010 H1: £2.1 million).

Exceptional items during the period were £1.1 million (2010 H1: £nil) relating to senior management restructuring and provisions against leasehold assets in China in anticipation of our impending factory relocation. In particular, the management restructuring reflects synergies available at Board level as the Group simplifies the management control of its operational businesses in Asia, the UK and Europe. This is expected to generate future annualised savings of £0.6 million.

Finance expenses in the period were £2.0 million (2010 H1: £1.6 million) due to increased bank charges associated with the refinancing and extension of the maturity of our facilities and £0.2 million in respect of unrealised market movements on euro denominated interest rate swaps, which are not hedge accounted. A range of facilities are now available across UK, Europe, USA and Australia, matched to the working capital and currency needs of our respective businesses, with maturities on the majority of our core non-seasonal debt extended out to 2015/16. Debt reduction remains a key focus and our programme for this is on-track.

Net debt at 30 September 2011 was up 2% to £88.5 million (2010 H1: £86.4 million). With customer orders received earlier to optimise efficiency and production accelerated in China ahead of the move to our new factory, the usual seasonal working capital increase was entirely as expected. Details of the Group's new banking facilities are included in note 1 of the interim financial statements.

Profit from continuing operations before tax was level at £2.1 million (2010 H1: £2.1 million), including exceptional items of £1.1 million (2010: £nil).

The effective underlying tax rate was 27.5% (2010 H1: 6%) with the prior period benefitting from recognition of deferred tax assets. There are still tax losses of \$15 million in the USA and £1.7 million in the UK not recognised as assets in the balance sheet.

Stated before exceptional items, and discontinued operations, basic earnings per share were 3.4p (2010 H1: 3.1p), and 1.8p (2010 H1: 3.1p) after exceptional items. See note 6 of the interim financial statements.

Capital expenditure in the six months was £1.4 million (2010 H1: £1.4 million). Our property asset held for resale was sold in the period, generating £0.5 million which was used to pay down debt.

Cash used by operations was £39.9 million (2010 H1: £34.7 million), which reflects the seasonality of the business as 59% of the sales in the six month period occurred in the last two months.

Debtors and receivables at £69.4 million are up 3% from £67.5 million at H1 2010 and 2% on like-for-like exchange rates with stock levels up by just 1% from £63.5 million (H1 2010) to 64.2 million (H1 2011) despite the sales increase of 6% and the effect of early production against customer orders and the move of our factory in China.

The Board will not be declaring an interim dividend and will keep this policy under review (2010 H1: nil).

Current trading/outlook

Our focus on providing our customers with excellent service and innovative products has enabled us to continue to enjoy profit growth and success across the globe. We expect conditions to remain challenging, particularly in Continental Europe, and we will manage the business accordingly, with a strong focus on tight cost control and continuing to drive further efficiencies throughout the business.

The overall quality of our earnings continues to improve. Notwithstanding difficult trading markets around the world, we have delivered results in line with our expectations in the first half, which gives us cautious optimism for the future. Significant opportunities for International Greetings exist across the markets in which we operate.

Paul Fineman
Chief Executive

Consolidated income statement
six months ended 30 September 2011

	2011	Unaudited six months ended 30 September 2011	2011	Unaudited six months ended 30 September 2010	2010	12 months to March 2011	2011
	Before exceptional items £000	Exceptional items (note 3) £000	Total £000	£000	Before exceptional items £000	Exceptional items (note 10) £000	Total £000
Continuing operations							
Revenue	110,277	—	110,277	104,453	216,857	—	216,857
Cost of sales	(89,194)	—	(89,194)	(85,296)	(179,108)	(27)	(179,135)
Gross profit	21,083	—	21,083	19,157	37,749	(27)	37,722
	19.1%	—	19.1%	18.3%	17.4%	—	17.4%
Selling expenses	(6,451)	—	(6,451)	(7,036)	(12,698)	(401)	(13,099)
Administration expenses	(9,734)	(1,080)	(10,814)	(8,844)	(18,021)	(472)	(18,493)
Other operating income	287	—	287	501	1,019	—	1,019
Profit on sales of property, plant and equipment	22	—	22	(1)	33	—	33
Operating profit/(loss)	5,207	(1,080)	4,127	3,777	8,082	(900)	7,182
Finance expenses	(1,994)	—	(1,994)	(1,642)	(2,917)	—	(2,917)
Profit/(loss) before tax	3,213	(1,080)	2,133	2,135	5,165	(900)	4,265
Income tax (charge)/ credit	(884)	222	(662)	(138)	426	267	693
Profit/(loss) from continuing operations							
Discontinued operations	2,329	(858)	1,471	1,997	5,591	(633)	4,958
Loss from discontinued operations (net of tax)	—	—	—	(78)	(100)	—	(100)
Profit/(loss) for the period	2,329	(858)	1,471	1,919	5,491	(633)	4,858
Attributable to:							
Owners of the Parent Company			993	1,563			4,010
Non-controlling interests			478	356			848

	Unaudited six months ended 30 September 2011		Unaudited six months ended 30 September 2010		12 months to March 2011	
	Diluted	Basic	Diluted	Basic	Diluted	Basic
Earnings per ordinary share						
Adjusted earnings per share excluding exceptional items and discontinued operations	3.2p	3.4p	2.8p	3.1p	8.2p	8.9p
Loss per share on exceptional items	(1.5)p	(1.6)p	—	—	(1.1)p	(1.2)p
Earnings per share from continuing operations	1.7p	1.8p	2.8 p	3.1p	7.1p	7.7p
Loss per share on discontinued operations	—	—	(0.1)p	(0.1)p	(0.2)p	(0.2)p
Earnings per share	1.7p	1.8p	2.7p	3.0p	6.9p	7.5p

Consolidated statement of comprehensive income
six months ended 30 September 2011

	Unaudited six months ended 30 September 2011	Unaudited six months ended 30 September 2010	12 months to March 2011
Profit for the year	1,471	1,919	4,858
Other comprehensive income:			
Recycling translation reserves on closure of subsidiary	—	—	(97)
Exchange difference on translation of foreign operations	(155)	(380)	529
Net profit/(loss) on cash flow hedges (net of tax)	274	—	(124)
Other comprehensive income for period, net of tax	119	(380)	308
Total comprehensive income for the period, net of tax	1,590	1,539	5,166
Attributable to:			
Owners of the Parent Company	1,018	1,127	4,300
Non-controlling interests	572	412	866
	1,590	1,539	5,166

Consolidated statement of changes in equity
six months ended 30 September 2011

	Share capital £000	Share premium and capital redemption reserve £000	Merger reserves £000	Hedging reserves £000	Translation reserve £000	Retained earnings £000	Shareholder equity £000	Non-controlling interest £000	Total £000
At 1 April 2011	2,698	4,386	17,164	(124)	776	23,190	48,090	4,220	52,310
Profit for the year	—	—	—	—	—	993	993	478	1,471
Other comprehensive income	—	—	—	274	(249)	—	25	94	119
Total comprehensive income for the year	—	—	—	274	(249)	993	1,018	572	1,590
Equity-settled share-based payment	—	—	—	—	—	53	53	—	53
Shares issued	—	—	—	—	—	—	—	—	—
Options exercised	14	25	—	—	—	—	39	—	39
Equity dividends paid	—	—	—	—	—	—	—	(958)	(958)
At 30 September 2011	2,712	4,411	17,164	150	527	24,236	49,200	3,834	53,034

For the six months ended 30 September 2010

	Share capital £000	Share premium and capital redemption reserve £000	Merger reserves £000	Hedging reserves £000	Translation reserve £000	Retained earnings £000	Shareholder equity £000	Non-controlling interest £000	Total £000
At 1 April 2010	2,608	4,346	16,216	—	362	19,071	42,603	3,354	45,957
Profit for the period	—	—	—	—	—	1,563	1,563	356	1,919
Other comprehensive income	—	—	—	—	(436)	—	(436)	56	(380)
Total comprehensive income for the year	—	—	—	—	(436)	1,563	1,127	412	1,539
Equity-settled share-based payment	—	—	—	—	—	49	49	—	49
Shares issued	74	—	948	—	—	—	1,022	—	1,022
At 30 September 2010	2,682	4,346	17,164	—	(74)	20,683	44,801	3,766	48,567

For the year ended 31st March 2010

	Share capital £000	Share premium and capital redemption reserve £000	Merger reserves £000	Hedging reserves £000	Translation reserve £000	Retained earnings £000	Shareholder equity £000	Non-controlling interest £000	Total £000
At 1 April 2010	2,608	4,346	16,216	—	362	19,071	42,603	3,354	45,957
Profit for the year	—	—	—	—	—	4,010	4,010	848	4,858
Other comprehensive income	—	—	—	(124)	414	—	290	18	308

Total comprehensive income for the year	—	—	—	(124)	414	4,010	4,300	866	5,166
Equity-settled share-based payment	—	—	—	—	—	109	109	—	109
Shares issued	74	—	948	—	—	—	1,022	—	1,022
Options exercised	16	40	—	—	—	—	56	—	56
At 31 March 2011	2,698	4,386	17,164	(124)	776	23,190	48,090	4,220	52,310

Consolidated balance sheet
as at 30 September 2011

	Note	Unaudited as at 30 September 2011 £000	Unaudited as at 30 September 2010 £000	As at 31 March 2011 £000
Non-current assets				
Property, plant and equipment		31,130	32,404	31,518
Intangible assets		33,082	33,047	33,385
Deferred tax assets		4,758	3,456	4,616
Total non-current assets		68,970	68,907	69,519
Current assets				
Inventory		64,202	63,465	45,582
Assets classified as held for sale		—	780	497
Trade and other receivables		69,360	67,537	21,494
Cash and cash equivalents	4	1,734	1,911	1,885
Total current assets		135,296	133,693	69,458
Total assets		204,266	202,600	138,977
Equity				
Share capital		2,712	2,682	2,698
Share premium		3,071	3,006	3,046
Reserves		19,181	18,430	19,156
Retained earnings		24,236	20,683	23,190
Equity attributable to owners of the Parent Company		49,200	44,801	48,090
Non-controlling interests		3,834	3,766	4,220
Total equity		53,034	48,567	52,310
Non-current liabilities				
Loans and borrowings	4	34,926	8,602	8,377
Deferred income		2,154	2,704	2,429
Provisions		1,847	1,722	1,847
Other financial liabilities		355	44	375
Total non-current liabilities		39,282	13,072	13,028
Current liabilities				
Bank overdraft		5,940	7,174	3,620
Loans and borrowings	4	49,383	72,509	34,312
Deferred income	4	550	619	550
Provisions		—	260	—
Income tax payable		585	686	162
Trade and other payables		42,324	45,112	25,353
Other financial liabilities		13,168	14,601	9,642
Total current liabilities		111,950	140,961	73,639
Total liabilities		151,232	154,033	86,667
Total equity and liabilities		204,266	202,600	138,977

Consolidated cash flow statement
six months ended 30 September 2011

	Unaudited six months ended September 2011 £000	Unaudited six months ended September 2010 £000	12 months to 31 March 2011 £000
Cash flows from operating activities			
Profit for the year	1,471	1,919	4,858
Adjustments for:			
Depreciation	1,951	2,118	4,108
Impairment of tangible fixed assets	214	—	—
Amortisation of intangible assets	261	177	331
Finance expenses – continuing operations	1,994	1,642	2,917
Finance expenses – discontinued operations	—	26	26
Recycling of translation reserves on closure of subsidiary	—	—	(97)
Income tax credit – continuing operations	662	138	(693)
(Profit)/loss on sales of property, plant and equipment	(7)	1	(33)
(Profit)/loss on disposal of assets held for resale	(15)	—	—
Impairments of assets held for resale	—	—	238
Equity-settled share-based payment	53	49	109
Operating profit after adjustments for non-cash items	6,584	6,070	11,764
Change in trade and other receivables	(48,188)	(45,955)	173
Change in inventory	(18,643)	(18,589)	(303)
Change in trade and other payables	20,658	24,498	(381)
Change in provisions and deferred income	(275)	(684)	(518)
Cash (used by)/generated from operations	(39,864)	(34,660)	10,735
Tax paid	(388)	357	(420)
Interest and similar charges paid	(1,628)	(1,552)	(3,226)
Receipts from sales of property for resale	528	—	—
Acquisition of property for resale	—	(780)	(780)
Net cash (outflow)/inflow from operating activities	(41,352)	(36,635)	6,309
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	42	14	73
Acquisition of intangible assets	(166)	(288)	(521)
Acquisition of property, plant and equipment	(1,187)	(1,186)	(1,900)
Net cash outflow from investing activities	(1,311)	(1,460)	(2,348)
Cash flows from financing activities			
Proceeds from issue of share capital	39	—	56
Repayment of secured borrowings	(1,118)	(471)	(947)
Net movement in credit facilities	11,799	34,541	(3,222)
Payment of finance lease liabilities	(35)	(29)	(113)
New bank loans raised	30,170	—	—
New finance leases	—	74	—
Dividends paid to non-controlling interests	(918)	—	—
Net cash inflow/(outflow) from financing activities	39,937	34,115	(4,226)
Net increase in cash and cash equivalents	(2,726)	(3,980)	(265)
Cash and cash equivalents at end of period	(1,735)	(993)	(993)
Effect of exchange rate fluctuations on cash held	255	(290)	(477)
Cash and cash equivalents at 31 March	(4,206)	(5,263)	(1,735)

Notes to the interim financial statements

1 Accounting policies

Basis of preparation

The financial information contained in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited.

The Group interim report has been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial information for the year ended 31 March 2011 is extracted from the statutory accounts of the Group for that financial year and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) of the Companies Act 2006.

Going concern basis

The financial statements have been prepared on the going concern basis. Following the restructure of its principal banking facilities in July 2011 the Group now shows net current assets of £23.3 million (2010 net current liabilities H1: £7.3 million).

In previous years the Group relied primarily on a short-term facility for its working capital needs. In July 2011 the Group negotiated with its principal bank more structured borrowings (split between US dollars and sterling) comprising a five year loan of £15.2 million with a bullet repayment on the fifth anniversary, a four year amortising loan of £14.8 million, a one year revolving multi-currency credit facility of up to £33 million and a one year rolling multi-currency overdraft facility of up to £5 million, plus a two year asset back loan facility secured on the UK business inventory and debtors.

We have also secured a three year asset backed loan facility of up to £25 million with a US bank to assist in the funding of the US business and to mitigate the currency effect on our facility headroom.

The borrowing requirement of the Group increases steadily over the period from July 2011 and peaks in September and October 2011 due to the seasonality of the business, as the sales of wrap and crackers are mainly for the Christmas market, before then reducing.

As with any company placing reliance on external entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of this interim report, they have no reason to believe it will not do so.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this interim report.

The interim report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2011.

Significant accounting policies

The accounting policies adopted in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

2 Segmental information

The Group has one material business activity being the design, innovation and manufacture of giftwrap, crackers, card, stationery and gift accessories.

For management purposes the Group is organised into four geographic business units.

The results below are allocated based on the region in which the businesses are located; this reflects the Group's management and internal reporting structure. The decision was made during the last year to focus Asia as a service provider of manufacturing and procurement operations, whose main customers are our UK businesses. Both the China factory and the majority of the Hong Kong procurement operations are now managed by our UK operational management team and we are therefore now including Asia within the internal reporting of the UK operations, such that UK and Asia comprise an operating segment. The Chief Operating Decision Maker is the Board.

Intra-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Financial performance of each segment is measured on operating profit. Interest expense or revenue and tax are managed on a Group basis and not split between reportable segments.

Segment assets are all non-current and current assets, excluding deferred tax and income tax receivable. Where cash is shown in one segment, which nets under the Group's banking facilities, against overdrafts in other segments, the elimination is shown in the eliminations column. Similarly inter-segment receivables and payables are eliminated.

	UK and Asia £000	Europe £000	USA £000	Australia £000	Eliminations £000	Group £000
Six months ended 30 September 2011						
Continuing operations						
Revenue						
– external	59,945	12,409	23,764	14,159	—	110,277
– intra-segment	2,340	1,302	—	—	(3,642)	—
Total segment revenue	62,285	13,711	23,764	14,159	(3,642)	110,277
Segment result before exceptional items	3,058	701	1,145	1,405	—	6,309
Exceptional items	(225)	—	—	—	—	(225)
Segment result	2,833	701	1,145	1,405	—	6,084
Central administration costs						(1,102)
Central administration exceptional items						(855)
Net finance expenses						(1,994)
Income tax						(662)
Profit from continuing operations for the six months ended 30 September 2011						1,471
Balances at 30 September 2011						
Continuing operations						
Segment assets	143,246	24,324	19,158	12,781	4,757	204,266
Segment liabilities	(81,867)	(21,766)	(39,632)	(7,388)	(579)	(151,232)
Capital expenditure						
– property, plant and equipment	232	746	147	62	—	1,187
– intangible	72	29	48	17	—	166
Depreciation	1,119	395	346	91	—	1,951
Amortisation	178	29	12	42	—	261
Impairment of property, plant and equipment	214	—	—	—	—	214

	Restated UK and Asia £000	Restated Europe £000	USA £000	Australia £000	Restated Eliminations £000	Group £000
Six months ended 30 September 2010 restated						
Continuing operations						
Revenue						
– external	58,716	11,635	22,575	11,527	—	104,453
– intra-segment	3,391	1,034	—	—	(4,425)	—
Total segment revenue	62,107	12,669	22,575	11,527	(4,425)	104,453
Segment result from continuing operations	2,437	816	262	1,077	(32)	4,560
Pre-tax loss from discontinued operations (see below)	—	(78)	—	—	—	(78)

Segment result	2,437	738	262	1,077	(32)	4,482
Pre-tax loss from discontinued operations						78
Central administration costs						(783)
Net finance expenses						(1,642)
Income tax						(138)
Profit from continuing operations for the six months ended 30 September 2011						1,997
Balances at 30 September 2011						
Continuing operations						
Segment assets	158,728	30,887	13,272	13,209	(13,496)	202,600
Segment liabilities	(87,333)	(29,615)	(46,299)	(6,252)	15,466	(154,033)
Capital expenditure						
– property, plant and equipment	848	132	38	168	—	1,186
– asset for resale	—	—	780	—	—	780
– intangible	121	—	61	106	—	288
Depreciation	1,184	444	413	74	3	2,118
Amortisation	100	15	38	24	—	177
Impairment of property, plant and equipment	3	—	—	—	(3)	—

	UK and Asia £000	Europe £000	USA £000	Australia £000	Eliminations £000	Group £000
Year ended 31 March 2011						
Continuing operations						
Revenue – external	117,806	33,493	39,980	25,578	—	216,857
– intra-segment	11,895	1,336	—	—	(13,231)	—
Total segment revenue	129,701	34,829	39,980	25,578	(13,231)	216,857
Segment result before exceptional items and discontinued operations	2,673	2,107	2,096	2,455	—	9,331
Exceptional items	(510)	—	(238)	—	—	(748)
Segment result from continuing operations	2,163	2,107	1,858	2,455	—	8,583
Pre-tax loss from discontinued operations	—	(100)	—	—	—	(100)
Segment result	2,163	2,007	1,858	2,455	—	8,483
Pre-tax loss from discontinued operations						100
Central administration costs						(1,249)
Central administration costs exceptional items						(152)
Net finance expenses						(2,917)
Income tax						693
Profit from continuing operations for the year ended 31 March 2010						4,958
Balances at 31 March 2011						
Continuing operations						
Segment assets	100,853	18,112	6,272	9,438	4,302	138,977
Segment liabilities	(41,243)	(15,721)	(27,245)	(2,611)	153	(86,667)
Capital expenditure						
– property, plant and equipment	1,334	297	231	279	—	2,141
– intangible	307	17	16	181	—	521
Depreciation	2,346	821	780	161	—	4,108
Amortisation	161	44	64	62	—	331
Impairment of property, plant and equipment	—	—	238	—	—	238

3 Exceptional items

	Six months ended 30 September 2011 £000
Restructuring of operational activities	
– Redundancies (note a)	855
– Impairment of leasehold land & buildings in China (note b)	225
Total restructuring costs	1,080
Income tax credit	(222)
	858

(a) Redundancies relating to the termination expenses of three directors who have left the business following a review of Board responsibilities.

(b) Impairment of leasehold land & buildings in China as a result of the decision to move the China factory.

4 Cash, loans and borrowing

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	12 months to 31 March 2011 £000
Secured bank loan (short term)	(3,918)	(1,042)	(962)
Secured bank loan (long term)	(34,926)	(8,602)	(8,377)
Asset backed loans	(36,811)	(22,999)	(4,449)
Revolving credit facilities	(8,654)	(48,468)	(28,901)
Total loans	(84,309)	(81,111)	(42,689)
Cash and bank deposits	1,734	1,911	1,885
Bank overdraft	(5,940)	(7,174)	(3,620)
Cash and cash equivalents per cash flow statement	(4,206)	(5,263)	(1,735)
Net debt used in the Chief Executive's Review	(88,515)	(86,374)	(44,424)

5 Taxation

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	12 months to 31 March 2011 £000
Current tax expenses			
Current income tax charge	(825)	(243)	(539)
Deferred tax expense			
Relating to original and reversal of temporary differences	163	105	1,232
Total tax in income statement	(662)	(138)	693

Taxation for the six months to 30 September is based on the effective rate of taxation, which is estimated to apply in each country for the year ended 31 March 2012.

6 Earnings per share

	As at 30 September 2011		As at 30 September 2010		As at 31 March 2011	
	Diluted	Basic	Diluted	Basic	Diluted	Basic
Adjusted earnings per share excluding exceptional items and discontinued operations	3.2p	3.4p	2.8p	3.1p	8.2p	8.9p
Loss per share on exceptional items	(1.5)p	(1.6)p	—	—	(1.1)p	(1.2)p
Loss per share on discontinued operations	—	—	(0.1)p	(0.1)p	(0.2)p	(0.2)p
Earnings per share from continuing operations	1.7p	1.8p	2.8 p	3.1p	7.1p	7.7p

The basic earnings per share is based on the profit attributable to equity holders of the Parent Company of £993,000 (2010: £1,563,000) and the weighted average number of ordinary shares in issue of 54,102,407 (2010: 52,371,295) calculated as follows:

	September	September	31 March
Weighted average number of shares in thousands of shares	2011	2010	2011
Issued ordinary shares at 1 April	53,967	52,150	52,150
Shares issued in respect of acquisitions	0	221	854
Shares issued in respect of exercising of share options	136	0	123
Weighted average number of shares at 31 March	54,103	52,371	53,127

Total number of options, over 5p ordinary shares, in issue at 30 September 2011 and during the period was 5,772,556.

Adjusted basic earnings per share excludes exceptional items charged of £1,080,000 (2010: nil), the tax relief attributable to those items of £222,000 (2010: nil) and the loss on discontinued operations (net of tax) of Nil (2010: £78,000), to give an adjusted profit of £1,851,000 (2010: £1,641,000).