AVON RUBBER P.L.C.
UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2019

TRANSFORMING OUR FUTURE

Paul McDonald, Chief Executive Officer

"It has been a transformational six months for Avon Rubber, securing $340m of key long-term contracts and growing our order book across both businesses.

The U.S. Department of Defense contract awards for the M53A1 and M69 mask systems have transformed our medium-term outlook and confirmed our leading position in respiratory protection with the U.S. Military. These contracts confirm Avon Protection as the sole source provider of General Purpose Masks, Tactical Masks, Powered Air Systems and Tactical Self Contained Breathing Apparatus across the entire U.S. DOD. This active diversification of our product portfolio and contract base also provides us with a greater range of opportunities, together with improved medium-term visibility and flexibility to manage order intake and fulfilment timing.

As a result of this strong contract momentum in Avon Protection and despite the financial performance in H1 being adversely impacted by the U.S. Government partial shutdown and challenging dairy market conditions, the Board remains confident in delivering full year expectations.

Building on the significantly enhanced contract base, the ongoing benefits of our strategy and the strength of our broad, innovation-led product portfolio, the Board remains excited about our longer-term growth prospects."

	31 March 2019	31 March 2018	% Increase Reported	**% Increase Constant Currency**
Orders received	**£94.9m**	£88.3m	7.5%	**2.1%**
Closing order book	**£59.1m**	£40.6m	45.6%	**38.2%**
Revenue	**£73.6m**	£77.7m	(5.3%)	**(8.7%)**
Adjusted[1] operating profit	**£8.7m**	£11.6m	(25.0%)	**(28.0%)**
Operating profit	**£3.8m**	£9.9m	(61.6%)	**(63.4%)**
Adjusted[1] profit before tax	**£8.8m**	£11.6m	(24.1%)	**(27.0%)**
Profit before tax	**£3.4m**	£9.4m	(63.8%)	**(65.2%)**
Adjusted[1] basic earnings per share[2]	**23.2p**	32.8p	(29.3%)	**(31.6%)**
Basic earnings per share[2]	**9.1p**	27.9p	(67.4%)	**(68.8%)**
Diluted basic earnings per share[2]	**9.1p**	27.7p	(67.1%)	**(68.8%)**
Interim dividend per share	**6.94p**	5.34p	30.0%	**30.0%**
Net cash	**£46.8m**	£39.1m		

Operational highlights

- As expected, order intake and order book growth ahead of revenue in H1, providing confidence for H2
- Avon Protection revenues reflected a strong Rest of World Military performance in H1, offset by a decrease in Law Enforcement revenues as a result of the extended U.S. Government partial shutdown
- Weak dairy market conditions in Q1 led to reduced revenues for milkrite | InterPuls
- $246m, 5-year M53A1 mask and powered air system framework secured with U.S. DOD
- $93m, 5-year M69 aircrew mask contract secured with U.S. DOD
- U.K. General Service Respirator remains on track with first deliveries expected in H2
- milkrite | InterPuls EU operations consolidated to better support customers

Financial highlights at constant currency

- Orders received up 2.1% and ahead of revenue
- Revenue down 8.7%, adjusted[1] operating profit down 28.0% and adjusted[1] earnings per share down 31.6%, reflecting the weaker dairy market in H1 and the timing of order fulfilments
- Lower revenue and higher sales mix of U.S. DOD M50 contributed to EBITDA margins of 17.4%
- Continued strong operating cash conversion from adjusted[1] EBITDA of 91.5% resulted in net cash of £46.8m
- Interim dividend per share of 6.94p, up 30.0%

Outlook

- Board remains confident on delivery of its current year expectations
- Opening order book of £59.1m and recently announced $16.6m mask system contract provides excellent visibility going into the second half of 2019
- Scheduling of Military order fulfilment will be managed alongside H2 orders received
- Stronger H2 Law Enforcement performance is not expected to fully offset the H1 shortfall
- Rebounding milk prices and farmer confidence supporting stronger milkrite | InterPuls performance in H2
- Higher expected revenue and improved sales mix will drive a recovery in EBITDA margins in H2
- Strong balance sheet and growing M&A pipeline
- Expect to carry a strong Avon Protection order book into 2020

Notes:

[1] The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, defined benefit pension scheme costs, the amortisation of acquired intangibles and discontinued operations. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. A reconciliation of reported numbers to adjusted numbers is provided in note 2 to the half year financial statements.

[2] Earnings per share and adjusted earnings per share are presented on a continuing operations basis.

For further enquiries, please contact:

Avon Rubber p.l.c.

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Analyst meeting

An analyst meeting will be held at 9.00am this morning at the offices of MHP Communications, 6 Agar Street, London, WC2N 4HN. The analyst meeting will be webcast live on:
https://webcasting.brrmedia.co.uk/broadcast/5cb04f07eb566331974d66a1

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR") EU no.596/2014. Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Note to editors:

Avon Rubber is an innovative technology group which designs and produces specialist products and services to maximise the performance and capabilities of its customers. We specialise in Chemical, Biological, Radiological and Nuclear ("CBRN") and respiratory protection systems, as well as milking point solutions through our two businesses, Avon Protection and milkrite | InterPuls.

Avon Protection is the recognised global leader in advanced CBRN respiratory protection systems for the world's Military, Law Enforcement and Fire markets.

milkrite | InterPuls is a global leader providing complete milking point solutions to dairy farmers across the world with the aim of improving every farm it touches.

For further information, please visit our website: www.avon-rubber.com.

Half Year Management Report

Chief Executive Officer's Review

The first six months of 2019 have been a period of significant transformation for Avon Rubber as we have continued to deliver on the growth strategy we launched in 2017. This is based upon creating shareholder value through three key elements:

- Growing the core by maximising organic sales growth from our current product portfolio and improving our operational efficiency;
- Pursuing selective product development to maintain our innovation leadership position; and
- Targeting value enhancing acquisitions to complement our existing businesses.

GROWING THE CORE

Avon Protection

In Avon Protection, we continued to bolster our strong growth outlook with the award of two very significant long-term contracts with the U.S. Department of Defense ("DOD").

The M53A1 framework contract, which also covers additional Avon Protection products, including the ST54 self-contained breathing apparatus, has a maximum value of $246m and a minimum 5-year duration. This framework is accessible to a number of different customers within the U.S. DOD, including all four military service branches, with a varying range of order profiles expected as a result. The first order under the contract, worth $20.2m, was received in March 2019, with deliveries commencing, as expected, in the second half of our current financial year.

The M69 sole source contract to supply the U.S. DOD with the M69 Joint Service Aircrew Mask for Strategic Aircraft, related accessories and engineering support, extends Avon Protection's portfolio reach into the aviation sector for the first time and has a maximum value of $93m and a minimum 5-year duration. The first orders, worth $17.8m, were received in February 2019, with deliveries also commencing in the second half.

These important contract awards from the U.S. DOD support our expanded Military portfolio as it transitions from being historically focused on the M50 mask system, to becoming a multi- product modular portfolio meeting a wider range of needs for the U.S. DOD and Rest of World customers. Having actively grown orders ahead of revenue to establish a greater level of order book visibility, these contracts together with a broadening Rest of World Military and Law Enforcement customer base, provide the Group with greater flexibility to manage order fulfilment scheduling and portfolio mix so as to ensure consistent delivery.

The extended U.S. Government partial shutdown has impacted underlying revenue and profit in the period from our Rest of World Military and Law Enforcement customers. The administrative backlog created by this partial shutdown continues to reduce and with a strong opening order book, the recently announced $16.6m mask system contract and a pipeline of other opportunities we have good visibility for the second half.

milkrite | InterPuls

In milkrite | InterPuls, after a weaker environment through the first quarter in our key North American and European markets impacted all business lines, the second quarter of the year has seen a rebound in dairy market conditions, with improving milk prices reflected in increased farmer confidence. This has resulted in improved order intake and a strong opening order book for the second half.

During the period, we have also taken the opportunity to consolidate all EU commercial operations into our existing Italian facility. This provides a single customer service point for all three lines of business and at the same time we have also transferred the European liner production in house to support our operational efficiency.

SELECTIVE PRODUCT DEVELOPMENT

We have continued to focus on selective new product development in the first half with £4.0m of investment in research and development projects. The most significant expenditure has been on the U.K. General Service Respirator ("GSR") programme, with completion during the period of the tooling and manufacturing lines, with full rate production expected during the second half of the year.

We have also been enhancing the capabilities of the MCM100 underwater rebreather, in conjunction with our lead customer, the Norwegian Military, and continuing our investment into the next generation of escape hoods.

VALUE ENHANCING ACQUISITIONS

We are also continuing to actively explore acquisition opportunities to complement our organic growth and accelerate our strategy.

In the last six months, we have seen a greater number of acquisition opportunities, including several where there is a potentially strong strategic rationale. We are continuing to evaluate a number of these opportunities but will only proceed where we believe they meet our strict commercial and financial criteria.

Group Results

As highlighted above, the Group financial performance in the first half of the year has been affected by the timing and impact of the U.S. Government partial shutdown as well as weak dairy market conditions at the start of the year. As a result, revenue and adjusted operating profit has decreased at constant currency by 8.7% and 28.0% respectively. As our U.S. businesses constitute 70% of the Group, the weakening pound during the first half of the year results in a smaller reported revenue decrease of 5.3% to £73.6m and a smaller decrease in reported adjusted operating profit of 25.0% to £8.7m (HY18: £11.6m) at actual currency. However, the opening order book of £59.1m (HY18: £40.6m), up 38.2% at constant currency, provides excellent visibility going into the second half of 2019.

After an adjusted tax charge of £1.7m (HY18: £1.6m) at an adjusted effective rate of 19% (HY18: 14%), the Group recorded an adjusted profit for the period after tax of £7.1m (HY18: £10.0m).

The increased adjusted tax rate of 19% (HY18: 14%), which is indicative of a more normalised future rate and doesn't include the benefit in HY19 of any tax provision releases, has resulted in adjusted basic earnings per share decreasing by 31.6% at constant currency to 23.2p (HY18: 32.8p). Basic earnings per share from continuing operations were 9.1p (HY18: 27.9p).

Operating cash conversion from adjusted EBITDA has remained strong during the period at 91.5% (HY18: 123.9%). The underlying cash generated has been impacted by the lower EBITDA and the increased amounts paid for the dividend and share purchases, which are weighted to the first half of the year. Cash generated from operations of £11.7m (HY18: £19.2m) was offset by capitalised costs of £4.1m (HY18: £4.0m) and dividends and purchase of own shares of £4.6m (HY18: £3.7m) resulting in a £0.3m increase in net cash and a closing net cash balance of £46.8m (FY18: £46.5m).

The Board has increased the interim dividend by 30% to 6.94p, in line with our progressive dividend policy, and reflecting confidence in the full year performance and continued execution of our strategy.

Segmental Information

	31 March 2019 £m	31 March 2018 £m	Growth %	Growth at constant currency %
Orders received				
Avon Protection	**69.3**	64.2	7.9%	**1.4%**
milkrite | InterPuls	**25.6**	24.1	6.2%	**3.8%**
Total	**94.9**	88.3	7.5%	**2.1%**
Closing order book				
Avon Protection	**55.4**	37.5	47.7%	**39.8%**
milkrite | InterPuls	**3.7**	3.1	19.4%	**17.4%**
Total	**59.1**	40.6	45.6%	**38.2%**
Revenue				
Avon Protection	**49.3**	53.1	(7.2%)	**(10.8%)**
milkrite | InterPuls	**24.3**	24.6	(1.2%)	**(2.6%)**
Total	**73.6**	77.7	(5.3%)	**(8.7%)**
Operating profit				
Avon Protection	**6.1**	8.7	(29.9%)	**(33.1%)**
milkrite | InterPuls	**1.9**	2.6	(26.9%)	**(27.1%)**
Unallocated corporate costs	**(4.2)**	(1.4)	(200.0%)	**(206.2%)**
Total	**3.8**	9.9	(61.6%)	**(63.4%)**
Adjusted operating profit				
Avon Protection	**6.5**	9.2	(29.3%)	**(33.1%)**
milkrite | InterPuls	**3.3**	3.6	(8.3%)	**(7.8%)**
Unallocated corporate costs	**(1.1)**	(1.2)	8.3%	**6.7%**
Total	**8.7**	11.6	(25.0%)	**(28.0%)**
Adjusted EBITDA				
Avon Protection	**9.1**	11.7	(22.2%)	**(25.8%)**
milkrite | InterPuls	**4.8**	5.0	(4.0%)	**(5.0%)**
Unallocated corporate costs	**(1.1)**	(1.2)	8.3%	**6.7%**
Total	**12.8**	15.5	(17.4%)	**(20.3%)**
Adjusted EBITDA margin				
Avon Protection	**18.5%**	22.0%	(3.5%)	**(3.6%)**
milkrite | InterPuls	**19.8%**	20.3%	(0.5%)	**(0.5%)**
Total	**17.4%**	19.9%	(2.5%)	**(2.5%)**

Avon Protection

The closing order book of £55.4m (HY18: £37.5m) reflects a 47.7% increase on the last half year, 39.8% on a constant currency basis and provides strong confidence going into the second half. Orders received totalling £69.3m (HY18: £64.2m) reflect a constant currency growth of 1.4%, improved by the impact of the weakening pound on a reported basis. The timing of order receipts, together with the impact of the U.S. Government partial shutdown, affected revenue in H1 with £49.3m (HY18: £53.1m) recognised in the period, a reduction of 10.8% on a constant currency basis with strong growth in Military of 7.2%, offset by a 30.1% decline across Law Enforcement and Fire.

Adjusted operating profit reduced by 29.3% to £6.5m (HY18: £9.2m) with adjusted EBITDA of £9.1m (HY18: £11.7m). On a constant currency basis, adjusted operating profit and adjusted EBITDA reduced by 33.1% and 25.8% respectively and our EBITDA margins have reduced by 3.6%.

Military

The Military order book of £44.2m (FY18: £30.1) has grown significantly in the period driven by the first orders for the M69 aircrew mask and the M53A1 mask and powered air system contracts. Military revenues of £30.9m (HY18: £27.3m) were 7.2% higher versus last half year, on a constant currency basis. DOD revenues of £22.9m (HY18: £25.3m) were behind last year, with lower shipments of M50 mask systems of 76,000 (HY18: 79,000) and a different phasing profile for filters, spares and accessories. Lower DOD revenues were offset by the increased revenue of £8.0m (HY18: £2.0m) from our Rest of World customers reflecting completion of the Norwegian Military MCM100 underwater rebreather order.

The receipt of the M69 and M53A1 mask system and accessories first orders has provided us with excellent visibility for the Military sales in the current year, as well as contributing to building a strong order book for 2020. Discussions with the DOD for an ongoing M50 mask system sustainment contract are continuing. We also continue to actively pursue a number of other identified opportunities with both the DOD and Rest of World Military customers and we anticipate further orders from our broad product portfolio in the second half.

Law Enforcement

Law Enforcement revenue reduced by 38.1% on a constant currency basis to £11.7m (HY18: £18.6m). This was significantly impacted by the extended U.S. Government partial shutdown during the period which impacted timing of orders from U.S. customers and export licence approvals for Rest of World customers. Delays in the timing and shipment of orders received resulted in a carryover of revenue into H2 with an opening order book for the second half of £8.3m (FY18: £3.6m).

Whilst we expect a much stronger second half for Law Enforcement as a result, the impact of the delays in H1 mean that we do not expect to show year on year growth for Law Enforcement in 2019, against a strong prior year comparator.

Fire

Fire orders received reduced by 2.3% on a constant currency basis to £8.0m. The timing of shipments also resulted in revenue decreasing by 11.4% on a constant currency basis which is offset by the growth in opening order book, significantly ahead of underlying revenue, to £2.9m (FY18: £1.6m) supporting expectations of a return to growth in the second half. Delays in the NFPA approval process mean we are now expecting to be able to launch our upgraded Magnum SCBA in the final quarter of the year.

milkrite | InterPuls

Revenue of £24.3m (HY18: £24.6m) decreased by 2.6% on a constant currency basis. The decrease in revenue is more than offset by the £1.2m growth in the order book, on a constant currency basis, with an opening order book of £3.7m (FY18: £2.5m) to carry into the second half. Tougher dairy market conditions due to falling milk prices over the first quarter impacted all three lines of business with negative farmer sentiment in particular delaying capital investment in Precision, Control and Intelligence. The combination of moderate production growth and relatively stable feed prices has resulted in a strong rebound in milk prices and in turn farmer confidence; these improved conditions underpin our confidence in the second half.

Adjusted operating profit of £3.3m (HY18: £3.6m) reduced 7.8% on a constant currency basis. Adjusted EBITDA of £4.8m (HY18: £5.0m) resulted in an adjusted EBITDA margin of 19.8%. During the period we consolidated our milkrite | InterPuls European operations to better serve our customers through a single contact point and deliver operational efficiency. This focus on managing the operating costs of the business together with improved market conditions will help support a return to growth in the second half of the year.

Interface

Interface revenues of £17.4m (HY18: £17.2m) were impacted by weaker market conditions over the first quarter, declining by 0.9% on a constant currency basis, but with order intake increasing by 2.7% due to improved market conditions in the latter part of the period.

Precision, Control and Intelligence

Revenue of £4.3m (HY18: £4.8m) reduced 9.5% at a constant currency rate reflecting the caution of dairy farmers to commit to capital investment over the period. Strong order intake in the second quarter resulted in 11% growth in order intake over the period. There remains a growing pipeline of other opportunities in the Precision, Control and Intelligence market as the improving trading conditions support farmers looking to invest and deliver improved farm efficiency.

Farm Services

Revenue was £2.6m (HY18: £2.6m), down 1.4% at constant currency. Farm Services is generally more resilient to the dairy market cycle but during the period we have seen a greater level of both farm consolidations and farm closures. We have continued to convert farms to Farm Services, as farmers see the benefits of the leased model, but this has been offset by these wider market dynamics. We anticipate a return to growth in Farm Services during the second half of the year.

Research & Development expenditure

We continue to invest in the next generation of products and our total investment in research and development (capitalised and expensed) amounted to £4.0m (HY18: £4.4m) as shown below. Total research and development as a percentage of revenue was 5.4% (HY18: 5.7%), consistent with prior year levels and our ongoing innovation objectives.

	Half year to 31 Mar 2019	Half year to 31 Mar 2018	Year to 30 Sep 2018
Total research and development expenditure	**£4.0m**	£4.4m	£9.7m
Less customer funded	**(£1.1m)**	(£1.4m)	(£3.0m)
Group expenditure	**£2.9m**	£3.0m	£6.7m
Capitalised	**(£1.8m)**	(£2.6m)	(£5.5m)
Income statement impact	**£1.1m**	£0.4m	£1.2m
Amortisation	**£1.7m**	£1.3m	£2.5m
Total income statement impact	**£2.8m**	£1.7m	£3.7m
Revenue	**£73.6m**	£77.7m	£165.5m
R&D spend as % of revenue	**5.4%**	5.7%	5.9%

The most significant investments in the period have been on concluding the manufacturing process for the U.K. GSR, enhancing the capability of the MCM100 underwater rebreather product range and the next generation escape hoods programme.

Profit for the Period

	Half year to 31 March 2019 £m	Half year to 31 March 2018 £m (restated)
Adjusted operating profit	**8.7**	11.6
Adjustments	**(4.9)**	(1.7)
Operating profit	**3.8**	9.9
Net finance costs	**(0.4)**	(0.5)
Profit before taxation	**3.4**	9.4
Taxation	**(0.6)**	(0.9)
Profit from continuing operations	**2.8**	8.5
Profit/(loss) from discontinued operations	**-**	1.6
Profit for the period	**2.8**	10.1

Adjustments

Adjustments of £4.9m (HY18: £1.7m) have been excluded from adjusted operating profit and include amortisation of acquired intangible assets of £1.8m (HY18: £1.5m), pension administration costs of £0.2m (HY18: £0.2m) and the impact of the one-off charge to equalise the pension benefits for men and women of £2.9m.

Pensions

On October 26, 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension scheme. The judgement concluded that pension schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension ("GMP equalisation") benefits. Our actuarial advisers have calculated the additional liability for this amendment at £2.9m and this has been booked at the half year as an adjustment to the operating profit for the period as this is an exceptional non-recurring expense.

Finance costs

Net finance costs were £0.4m (HY18: £0.5m). Other finance expenses of £0.5m (2018: £0.5m) primarily represent the unwind of the discount on the net pension liability and, as in previous years, have been excluded from adjusted profit for the year.

Taxation

The tax charge of £0.6m is comprised of an adjusted tax charge of £1.7m, at an adjusted effective rate of 19%, offset by the tax effects of the amortisation of acquired intangibles and the defined benefit pension scheme.

Profit from Discontinued Operations

The profit from discontinued operations in 2018 of £1.6m was comprised of the profit after tax of Avon Engineered Fabrications up to the date of disposal on 30 March 2018 of £0.5m and the gain on disposal after tax of £1.1m.

Net Cash and Cash Flow

Underlying cash generated from continuing operations was £11.7m with operating cash conversion from adjusted EBITDA at 91.5% (HY18: 123.9%).

Total capital expenditure was £4.1m (2018: £4.0m) including £1.8m of capitalised development costs. Dividends and the purchase of own shares was £4.6m (HY18: £3.7m) reflecting the 30% increase in the 2018 final dividend.

Net cash at the half year was £46.8m, which was £0.3m higher than the 2018 year end.

Dividends

The Board has declared an interim dividend of 6.94p per ordinary share, an increase of 30% on the 2018 interim dividend. This will be paid on 6 September 2019 to shareholders on the register on 9 August 2019.

Outlook

Our opening order book of £59.1m and the recently announced $16.6m mask system contract provides strong visibility as we enter the second half of the financial year and the Board remains confident in delivering full year expectations.

Within Avon Protection, first deliveries of the M69 aircrew mask, the M53A1 mask and powered air system, and the U.K. GSR are expected to commence in the second half of the year. The revenue from these new products and customers will more than offset the impact from the anticipated reduction in DOD M50 mask systems and delays in Law Enforcement revenues due to the recent U.S. Government partial shutdown. As a result, we now expect Avon Protection revenues will grow mid-single digit on a constant currency basis for the full year.

Global dairy market conditions have improved in the second quarter, as milk prices have rebounded. With increased farmer confidence, we now expect a stronger second half to result in milkrite | InterPuls with flat revenues for the full year on a constant currency basis.

We remain focused on delivering against our three strategic priorities of growing the core, selective product development and value enhancing acquisitions and remain excited about our growth prospects.

Paul McDonald	Nick Keveth
Chief Executive Officer	Chief Financial Officer
1 May 2019	1 May 2019

Statement of Directors' Responsibilities

The Directors confirm that this condensed consolidated half year financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, and that the half year management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated half year financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

Miles Ingrey-Counter
Company Secretary
1 May 2019

Forward-looking statements

Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Company website

The half year report is available on the Company's website at **www.avon-rubber.com**. The maintenance and integrity of the website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Introduction and table of contents

These financial statements are prepared in accordance with IFRS. The Directors also present the Group's performance using 'adjusted' measures. The reconciliation between IFRS performance measures and 'adjusted' performance measures can be found in Section 2. The 'adjusted' measures reflect how the Directors monitor the business and are intended to aid the comparison of business trends and performance.

The notes to the financial statements have been grouped under three main headings:

- Results for the period – including segmental information and earnings per share
- Funding
- Other

Consolidated Statement of Comprehensive Income

		Half year to 31 March 2019			Half year to 31 March 2018			Year to 30 Sep 2018		
		Adjusted	**Adjustments***	**Total**	Adjusted	Adjustments*	Total	Adjusted	Adjustments*	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Continuing operations										
Revenue	2.1	**73.6**	**-**	**73.6**	77.7	-	77.7	165.5	-	165.5
Cost of sales		**(46.8)**	**-**	**(46.8)**	(48.9)	-	(48.9)	(99.9)	-	(99.9)
Gross profit		**26.8**	**-**	**26.8**	28.8	-	28.8	65.6	-	65.6
Selling and distribution costs		**(10.2)**	**-**	**(10.2)**	(9.7)	-	(9.7)	(20.3)	-	(20.3)
General and administrative expenses		**(7.9)**	**(4.9)**	**(12.8)**	(7.5)	(1.7)	(9.2)	(18.0)	(4.5)	(22.5)
Operating profit	2.1	**8.7**	**(4.9)**	**3.8**	11.6	(1.7)	9.9	27.3	(4.5)	22.8
Operating profit is analysed as:										
Before depreciation and amortisation		**12.8**	**(3.1)**	**9.7**	15.5	(0.2)	15.3	35.3	(1.4)	33.9
Depreciation and amortisation		**(4.1)**	**(1.8)**	**(5.9)**	(3.9)	(1.5)	(5.4)	(8.0)	(3.1)	(11.1)
Operating profit		**8.7**	**(4.9)**	**3.8**	11.6	(1.7)	9.9	27.3	(4.5)	22.8
Interest income	3.1	**0.2**	**-**	**0.2**	0.1	-	0.1	0.2	-	0.2
Finance costs	3.1	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Other finance expense	3.1	**-**	**(0.5)**	**(0.5)**	-	(0.5)	(0.5)	0.1	(1.1)	(1.2)
Profit before taxation		**8.8**	**(5.4)**	**3.4**	11.6	(2.2)	9.4	27.2	(5.6)	21.6
Taxation	2.4	**(1.7)**	**1.1**	**(0.6)**	(1.6)	0.7	(0.9)	(3.7)	1.9	(1.8)
Profit for the period from continuing operations		**7.1**	**(4.3)**	**2.8**	10.0	(1.5)	8.5	23.5	(3.7)	19.8
Profit from discontinued operations	2.2	**-**	**-**	**-**	-	1.6	1.6	-	1.6	1.6
Profit for the period		**7.1**	**(4.3)**	**2.8**	10.0	0.1	10.1	23.5	(2.1)	21.4

*See note 2.2 for further details of adjustments

Consolidated Statement of Comprehensive Income (continued)

		Half year to 31 March 2019			Half year to 31 March 2018			Year to 30 Sep 2018		
		Adjusted	**Adjustments***	**Total**	Adjusted	Adjustments*	Total	Adjusted	Adjustments*	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Other comprehensive income										
Actuarial (loss) / gain recognised in retirement benefit scheme (**)		**-**	**(13.1)**	**(13.1)**	-	1.5	1.5	-	13.7	13.7
Deferred tax relating to retirement benefit scheme (**)		**-**	**2.0**	**2.0**	-	(0.3)	(0.3)	-	(2.3)	(2.3)
Net exchange differences offset in reserves (***)		**(0.6)**	**-**	**(0.6)**	(2.3)	-	(2.3)	1.3	-	1.3
Cash flow hedges (***)		**0.3**	**-**	**0.3**	0.2	-	0.2	(0.6)	-	(0.6)
Tax relating to exchange differences offset in reserves (***)		**0.2**	**-**	**0.2**	-	-	-	(0.3)	-	(0.3)
Other comprehensive income for the period, net of taxation		**(0.1)**	**(11.1)**	**(11.2)**	(2.1)	1.2	(0.9)	0.4	11.4	11.8
Profit / (loss) for the period		**7.1**	**(4.3)**	**2.8**	10.0	0.1	10.1	23.5	(2.1)	21.4
Total comprehensive income for the period		**7.0**	**(15.4)**	**(8.4)**	7.9	1.3	9.2	23.9	9.3	33.2
Earnings per share										
Basic	2.3	**23.2p**	**(14.1)p**	**9.1p**	32.8p	0.3p	33.1p	77.1p	(7.0)p	70.1p
Diluted	2.3	**23.0p**	**(13.9)p**	**9.1p**	32.6p	0.3p	32.9p	76.6p	(7.0)p	69.6p
Earnings per share from continuing operations										
Basic	2.3	**23.2p**	**(14.1)p**	**9.1p**	32.8p	(4.9)p	27.9p	77.1p	(12.2)p	64.9p
Diluted	2.3	**23.0p**	**(13.9)p**	**9.1p**	32.6p	(4.9)p	27.7p	76.6p	(12.2)p	64.4p

* See note 2.2 for further details of adjustments
** Items that are not subsequently reclassified to the income statement
*** Items that may be subsequently reclassified to the income statement

Consolidated Balance Sheet

	Note	As at 31 Mar 2019 £m	As at 31 Mar 2018 £m	As at 30 Sep 2018 £m
Assets				
Non-current assets				
Intangible assets		**39.2**	39.1	41.5
Property, plant and equipment		**22.3**	21.9	22.6
Deferred tax assets		**10.8**	8.1	8.2
		72.3	69.1	72.3
Current assets				
Inventories		**25.4**	21.8	23.0
Trade and other receivables		**18.5**	18.8	24.2
Derivative financial instruments		**-**	0.4	-
Cash and cash equivalents	3.2	**46.9**	40.4	46.6
		90.8	81.4	93.8
Liabilities				
Current liabilities				
Borrowings	3.2	**0.1**	1.3	0.1
Trade and other payables		**30.8**	28.6	34.5
Derivative financial instruments		**0.1**	-	0.4
Provisions for liabilities and charges	4.2	**-**	0.3	0.3
Current tax liabilities		**5.5**	7.1	6.1
		36.5	37.3	41.4
Net current assets		**54.3**	44.1	52.4
Non-current liabilities				
Deferred tax liabilities		**6.5**	5.8	6.9
Retirement benefit obligations		**46.5**	42.5	30.5
Provisions for liabilities and charges	4.2	**1.9**	3.0	2.5
		54.9	51.3	39.9
Net assets		**71.7**	61.9	84.8
Shareholders' equity				
Ordinary shares	3.3	**31.0**	31.0	31.0
Share premium account	3.3	**34.7**	34.7	34.7
Capital redemption reserve		**0.5**	0.5	0.5
Translation reserve		**7.1**	4.2	7.5
Retained (deficit) / earnings		**(1.6)**	(8.5)	11.1
Total equity		**71.7**	61.9	84.8

Consolidated Cash Flow Statement

	Note	**Half year to 31 Mar 2019 £m**	Half year to 31 Mar 2018 £m	Year to 30 Sep 2018 £m
Cash flows from operating activities				
Cash flows from continuing operating activities before the impact of exceptional items	4.1	**11.7**	**19.2**	38.2
Cash impact of exceptional items		**(0.2)**	**-**	(0.1)
Cash flows from continuing operations		**11.5**	**19.2**	38.1
Cash flows used in discontinued operations		**-**	**(0.2)**	(0.2)
Cash flows from operations	4.1	**11.5**	**19.0**	37.9
Interest income received		**0.2**	**0.1**	0.2
Finance costs paid		**(0.1)**	**(0.1)**	(0.2)
Retirement benefit deficit recovery contributions		**(0.8)**	**(0.8)**	(1.5)
Tax paid		**(1.9)**	**(2.0)**	(5.0)
Net cash flows from operating activities		**8.9**	**16.2**	31.4
Cash flows from/(used in) investing activities				
Proceeds from disposal of discontinued operations		**-**	**6.5**	6.5
Purchase of property, plant and equipment		**(2.3)**	**(1.4)**	(3.3)
Capitalised development costs and purchased software		**(1.8)**	**(2.6)**	(5.6)
Acquisition		**-**	**-**	(1.4)
Net cash flows from/(used in) investing activities		**(4.1)**	**2.5**	(3.8)
Cash flows used in financing activities				
Net movement in borrowings		**-**	**(0.5)**	(1.7)
Dividends paid to shareholders		**(3.3)**	**(2.5)**	(4.1)
Payments to acquire own shares		**(1.3)**	**(1.2)**	(1.1)
Net cash flows used in financing activities		**(4.6)**	**(4.2)**	(6.9)
Net increase in cash and cash equivalents		**0.2**	**14.5**	20.7
Cash and cash equivalents at beginning of the period		**46.6**	**26.5**	26.5
Effects of exchange rate changes		**0.1**	**(0.6)**	(0.6)
Cash and cash equivalents at end of the period	3.2	**46.9**	**40.4**	46.6

Consolidated Statement of Changes in Equity

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings / (deficit) £m	Total equity £m
At 30 September 2017		31.0	34.7	7.0	(17.1)	55.6
Profit for the period		-	-	-	10.1	10.1
Net exchange differences offset in reserves		-	-	(2.3)	-	(2.3)
Cash flow hedges		-	-	-	0.2	0.2
Actuarial gain recognised on retirement benefit scheme		-	-	-	1.5	1.5
Deferred tax relating to retirement benefit scheme		-	-	-	(0.3)	(0.3)
Total comprehensive income for the period		-	-	(2.3)	11.5	9.2
Dividends paid		-	-	-	(2.5)	(2.5)
Own shares acquired	3.3	-	-	-	(1.0)	(1.0)
Fair value of share based payments		-	-	-	0.6	0.6
At 31 March 2018		31.0	34.7	4.7	(8.5)	61.9
Profit for the period		-	-		11.3	11.3
Net exchange differences offset in reserves		-	-	3.6	-	3.6
Tax relating to exchange differences offset in reserves		-	-	(0.3)	-	(0.3)
Cash flow hedges		-	-	-	(0.8)	(0.8)
Actuarial gain recognised on retirement benefit scheme		-	-	-	12.2	12.2
Deferred tax relating to retirement benefit scheme		-	-	-	(2.0)	(2.0)
Total comprehensive income for the period		-	-	3.3	20.7	24.0
Dividends paid		-	-	-	(1.6)	(1.6)
Own shares acquired	3.3	-	-	-	(0.1)	(0.1)
Fair value of share based payments		-	-	-	0.6	0.6
At 30 September 2018		31.0	34.7	8.0	11.1	84.8
Profit for the period		**-**	**-**	**-**	**2.8**	**2.8**
Net exchange differences offset in reserves		**-**	**-**	**(0.6)**	**-**	**(0.6)**
Tax relating to exchange differences offset in reserves		**-**	**-**	**0.2**	**-**	**0.2**
Cash flow hedges		**-**	**-**	**-**	**0.3**	**0.3**
Actuarial loss recognised on retirement benefit scheme		**-**	**-**	**-**	**(13.1)**	**(13.1)**
Deferred tax relating to retirement benefit scheme		**-**	**-**	**-**	**2.0**	**2.0**
Total comprehensive income for the period		**-**	**-**	**(0.4)**	**(8.0)**	**(8.4)**
Dividends paid	**3.4**	**-**	**-**	**-**	**(3.3)**	**(3.3)**
Own shares acquired	**3.3**	**-**	**-**	**-**	**(1.3)**	**(1.3)**
Fair value of share based payments		**-**	**-**	**-**	**(0.1)**	**(0.1)**
At 31 March 2019		**31.0**	**34.7**	**7.6**	**(1.6)**	**71.7**

Other reserves consist of the capital redemption reserve of £0.5m (31 March 2017: £0.5m, 30 September 2018: £0.5m) and the translation reserve of £7.1m (31 March 2018: £4.2m, 30 September 2018: £7.5m).

Section 1: General information & Basis of preparation

The company is a limited liability company incorporated in England and domiciled in the U.K.. The address of its registered office is Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB. The company has its primary listing on the London Stock Exchange.

This unaudited condensed consolidated half year financial information was approved for issue on 1 May 2019.

These half year financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2018 were approved by the Board of Directors on 14 November 2018 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.

This condensed consolidated financial information for the half year ended 31 March 2019 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. These half year financial results should be read in conjunction with the annual financial statements for the year ended 30 September 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Having considered the Group's funding position, budgets for 2019 and three year plan, the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the condensed consolidated half year financial information.

The financial information presented in this Half Year Report has been prepared in accordance with the accounting policies expected to be used in preparing the 2019 Annual Report and Accounts which do not differ significantly from those used in the preparation of the 2018 Annual Report and Accounts with the exception of those policies impacted by IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers as outlined below.

Impact of new accounting standards and changes in accounting policies

IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers both became applicable for the Group from 1 October 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out new rules for valuing financial instruments and a new approach to hedge accounting aligned to an entity's risk management activities.

The application of IFRS 9 did not impact the classification, measurement or recognition of financial assets and financial liabilities within the consolidated financial statements.

The Group's hedging policy and documentation of hedging relationships has been updated to reflect the new standard. As a result the Group's forward exchange contracts continue to qualify as cash flow hedges upon adoption of IFRS 9 and therefore continue to be accounted for as such.

IFRS 15 Revenue from contracts with customers

IFRS 15 provides a comprehensive framework for recognising revenue from contracts with customers. The application of IFRS 15 had no material impact on revenue recognition within the consolidated financial statements. As such, no adjustments to equity have been made on adoption of IFRS 15.

Revenue recognition
Revenue is measured at the fair value of the consideration which is expected to be received in exchange for goods and services provided, net of trade discounts and sales-related taxes.

Revenue is recognised when all of the following conditions are satisfied:

- a contract exists with a customer
- the performance obligations within the contract have been identified
- the transaction price has been determined
- the transaction price has been allocated to the performance obligations within the contract
- revenue is recognised as or when a performance obligation is satisfied

Sale of goods
Revenue from the sale of goods is recognised when control of the goods has transferred to the customer, usually being when the goods have been shipped to the customer in accordance with the contracted shipping terms.

Provision of services
Revenue from a contract to provide services, including customer funded research and development and training, is recognised over time as those services are provided. Under IFRS 15 the Group recognises the amount of revenue from the services provided under a contract with reference to the costs incurred as a proportion of total expected costs.

Rental income
Revenue from rental income is recognised over the duration of the rental agreement.

Within the Farm Services line of business revenue from the provision of equipment on farms represents rental lease income and is recognised in accordance with IAS 17 Leases (IFRS 16 Leases with effect from 1 October 2019). This does not impact the timing of revenue recognition or the valuation of rental lease income.

IFRS 16 Leases
IFRS 16 introduces the principle that all leased assets should be reported on the balance sheet of the lessee, recognising an asset for the right to use the leased item and a liability for the present value of its future lease payments.

The change in treatment will impact the balance sheet, the income statement and related performance measures and will be applicable for the financial year ending 30 September 2020.

The Group continues to assess the full impact of IFRS 16 and as reported previously a number of leases currently in operation within the Group will fall under the scope of IFRS 16. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 October 2019, the lease contracts in place at that date and the Group's latest assessment of whether it will exercise any lease renewal options. It therefore remains at this stage not yet practicable to provide a reliable estimate of the financial impacton the Group's consolidated results.

Section 2: Results for the period

This section presents the results for the period using both IFRS and 'adjusted' measures and includes a reconciliation between the primary statements and the 'adjusted' performance measures. The 'adjusted' measures reflect how the Directors monitor the business and are intended to aid the comparison of business trends and performance.

Within this section you will find disclosures explaining the Group's results for the period, segmental information, earnings per share and taxation, as well as details of the 'adjustments'.

Performance measures*

	Note	**Half year to 31 Mar 2019**	Half year to 31 Mar 2018	Year to 30 Sep 2018
Earnings basic		2.8	8.5	19.8
Basic earnings per share (pence)	2.3	9.1	27.9	64.9
Diluted earnings per share (pence)	2.3	9.1	27.7	64.4
Operating profit	2.1	3.8	9.9	22.8
EBITDA		9.7	15.3	33.9

Adjusted performance measures*

	Note	**Half year to 31 Mar 2019**	Half year to 31 Mar 2018	Year to 30 Sep 2018
Adjusted earnings	2.2	7.1	10.0	23.5
Adjusted earnings per share (pence)	2.3	23.2	32.8	77.1
Adjusted operating profit	2.1	8.7	11.6	27.3
Adjusted EBITDA		12.8	15.5	35.3

*All performance measures are stated based on continuing operations.

2.1 Operating segments

The Group Executive is responsible for allocating resources and assessing performance of the operating segments. Operating segments are therefore reported in a manner consistent with the internal reporting provided to the Group Executive.

The Group has two clearly defined business segments, Avon Protection and milkrite | InterPuls, and operates primarily out of the U.S. and Europe.

Half year to 31 March 2019

	Avon Protection £m	milkrite | InterPuls £m	Unallocated £m	Total £m
Revenue	**49.3**	**24.3**	**-**	**73.6**
Earnings before interest, taxation, depreciation and amortisation	**9.1**	**4.8**	**(1.1)**	**12.8**
Depreciation of property, plant and equipment	**(1.0)**	**(1.2)**	**-**	**(2.2)**
Amortisation of development costs and software	**(1.6)**	**(0.3)**	**-**	**(1.9)**
Operating profit before adjustments	**6.5**	**3.3**	**(1.1)**	**8.7**
Amortisation of acquired intangibles	**(0.4)**	**(1.4)**	**-**	**(1.8)**
GMP equalisation	**-**	**-**	**(2.9)**	**(2.9)**
Defined benefit pension scheme costs	**-**	**-**	**(0.2)**	**(0.2)**
Operating profit	**6.1**	**1.9**	**(4.2)**	**3.8**
Interest income				**0.2**
Finance costs				**(0.1)**
Other finance expense				**(0.5)**
Profit before taxation				**3.4**
Taxation				**(0.6)**
Profit for the period				**2.8**

Half year to 31 March 2018

	Avon Protection £m	milkrite | InterPuls £m	Unallocated £m	Total £m
Revenue	53.1	24.6	-	77.7
Earnings before interest, taxation, depreciation and amortisation	11.7	5.0	(1.2)	15.5
Depreciation of property, plant and equipment	(1.4)	(1.2)	-	(2.6)
Amortisation of development costs and software	(1.1)	(0.2)	-	(1.3)
Operating profit before adjustments	9.2	3.6	(1.2)	11.6
Amortisation of acquired intangibles	(0.5)	(1.0)	-	(1.5)
Defined benefit pension scheme costs	-	-	(0.2)	(0.2)
Operating profit	8.7	2.6	(1.4)	9.9
Interest income				0.1
Finance costs				(0.1)
Other finance expense				(0.5)
Profit before taxation				9.4
Taxation				(0.9)
Profit for the period from continuing operations				8.5
Discontinued operations - profit for the period				1.6
Profit for the period				10.1

Year to 30 September 2018

	Avon Protection £m	milkrite | InterPuls £m	Unallocated £m	Total £m
Revenue	115.7	49.8	-	165.5
Earnings before interest, taxation, depreciation and amortisation	26.6	10.9	(2.2)	35.3
Depreciation of property, plant and equipment	(2.5)	(2.4)	-	(4.9)
Amortisation of development costs and software	(2.6)	(0.5)	-	(3.1)
Operating profit before adjustments	21.5	8.0	(2.2)	27.3
Amortisation of acquired intangibles	(1.1)	(2.0)	-	(3.1)
Restructuring costs	(0.9)	-	-	(0.9)
Defined benefit pension scheme costs	-	-	(0.5)	(0.5)
Operating profit	19.5	6.0	(2.7)	22.8
Interest income				0.2
Finance costs				(0.2)
Other finance expense				(1.2)
Profit before taxation				21.6
Taxation				(1.8)
Profit for the year from continuing operations				19.8
Discontinued operations - profit for the year				1.6
Profit for the year				21.4

Revenue by origin

	Half year to 31 March 2019 £m	Half year to 31 March 2018 £m	Year to 30 Sep 2018 £m
U.S.	**51.9**	56.4	120.4
Europe	**19.7**	19.5	41.2
RoW	**2.0**	1.8	3.9
Total	**73.6**	77.7	165.5

Revenue by line of business and nature of performance obligation

Avon Protection	Half year to 31 March 2019				Half year to 31 March 2018				Year to 30 September 2018			
	Military	**Law Enforcement**	**Fire**	**Total**	Military	Law Enforcement	Fire	Total	Military	Law Enforcement	Fire	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m	£m	£m
Sale of goods [1]	**29.1**	**11.7**	**6.7**	**47.5**	26.0	18.5	7.2	51.7	62.3	35.3	14.1	111.7
Provision of services [2]	**1.8**	**-**	**-**	**1.8**	1.3	0.1	-	1.4	3.8	0.1	0.1	4.0
	30.9	**11.7**	**6.7**	**49.3**	27.3	18.6	7.2	53.1	66.1	35.4	14.2	115.7

milkrite | InterPuls	Half year to 31 March 2019				Half year to 31 March 2018				Year to 30 September 2018			
	Interface	**PCI**	**Farm Services**	**Total**	Interface	PCI	Farm Services	Total	Interface	PCI	Farm Services	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m	£m	£m
Sale of goods [1]	**17.4**	**4.3**	**0.9**	**22.6**	17.2	4.8	0.9	22.9	35.6	9.0	1.7	46.3
Provision of services [2]	**-**	**-**	**0.7**	**0.7**	-	-	0.6	0.6	-	-	1.3	1.3
Rental income [3]	**-**	**-**	**1.0**	**1.0**	-	-	1.1	1.1	-	-	2.2	2.2
	17.4	**4.3**	**2.6**	**24.3**	17.2	4.8	2.6	24.6	35.6	9.0	5.2	49.8

[1] Products transferred to the customer and therefore revenue recognised at a point in time.
[2] Products and services transferred over time and therefore revenue recognised over that period of time.
[3] Rental income represents revenue from parts of the Farm Services line of business recognised in accordance with IAS 17 Leases (IFRS 16 Leases with effect from 1 October 2019).

2.2 Adjustments & Discontinued Operations

This document contains certain financial measures that are not defined or recognised under IFRS including adjusted operating profit and adjusted earnings per share. The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. These adjusted measures exclude the effect of exceptional items, defined benefit scheme pension costs, the amortisation of acquired intangible assets and discontinued operations. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses within the Group. Given the term adjusted is not defined under IFRS, the adjusted measures may not be comparable with similarly titled measures used by other companies.

The following tables show the adjustments made to arrive at adjusted operating profit and adjusted profit for the period.

	Half year to 31 March 2019 £m	Half year to 31 March 2018 £m	Year to 30 September 2018 £m
Operating profit	**3.8**	9.9	22.8
Amortisation of acquired intangibles	**1.8**	1.5	3.1
Exceptional restructuring costs	**-**	-	0.9
GMP equalisation	**2.9**	-	-
Defined benefit pension administration costs	**0.2**	0.2	0.5
Adjusted operating profit	**8.7**	11.6	27.3

	Half year to 31 March 2019 £m	Half year to 31 March 2018 £m	Year to 30 September 2018 £m
Profit for the period	**2.8**	10.1	21.4
Amortisation of acquired intangibles	**1.8**	1.5	3.1
Exceptional restructuring costs	**-**	-	0.9
GMP equalisation	**2.9**	-	-
Defined benefit pension administration costs	**0.2**	0.2	0.5
Defined benefit pension net interest cost	**0.5**	0.5	1.1
Tax on exceptional items	**(1.1)**	(0.7)	(1.9)
(Profit) from discontinued operations	**-**	(1.6)	(1.6)
Adjusted profit for the period	**7.1**	10.0	23.5

On October 26, 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit schemes. The judgement concluded that pension scheme benefits should be amended to equalise guaranteed minimum pension benefits for men and women ("GMP equalisation"). Our actuarial advisors have calculated the additional liability for this amendment at £2.9m and this has been included as an adjustment during the period.

The restructuring costs in 2018 represent an exceptional charge in respect of the relocation of the West Palm Beach facility.

Defined benefit pension scheme costs relate to administrative expenses of the scheme which is closed to future accrual.

Discontinued operations
In March 2018 the Group disposed of Avon Engineered Fabrications, Inc. its U.S. based hovercraft skirt and bulk liquid storage tank business. This non-core business was included in Avon Protection. The business was classified as discontinued in 2018.

2.3 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings 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 shares in respect of the Performance Share Plan. Adjusted earnings per share removes the effect of exceptional items, defined benefit scheme pension costs, the amortisation of acquired intangible assets and discontinued operations, reflecting the basis on which the business is managed and measured on a day to day basis.

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

Weighted average number of shares	**As at 31 Mar 2019**	As at 31 Mar 2018	As at 30 Sep 2018
Weighted average number of ordinary shares in issue used in basic calculations (thousands)	**30,516**	30,498	30,511
Potentially dilutive shares (weighted average) (thousands)	**214**	182	218
Fully diluted number of ordinary shares (weighted average) (thousands)	**30,730**	30,680	30,729

Earnings	**As at 31 Mar 2019**	As at 31 Mar 2018	As at 30 Sep 2018
Basic	**2.8**	10.1	21.4
Basic - continuing operations	**2.8**	8.5	19.8
Adjusted	**7.1**	10.0	23.5
Adjusted – continuing operations	**7.1**	10.0	23.5

Earnings per share (pence)	**As at 31 Mar 2019**	As at 31 Mar 2018	As at 30 Sep 2018
Basic	**9.1**	33.1	70.1
Basic – continuing operations	**9.1**	27.9	64.9
Diluted	**9.1**	32.9	69.6
Diluted – continuing operations	**9.1**	27.7	64.4
Adjusted	**23.2**	32.8	77.1
Adjusted – continuing operations	**23.2**	32.8	77.1
Adjusted Diluted	**23.0**	32.6	76.6
Adjusted Diluted – continuing operations	**23.0**	32.6	76.6

2.4. Taxation

	Half year to 31 Mar 2019 £m	Half year to 31 Mar 2018 £m	Year to 30 Sep 2018 £m
Adjusted tax charge	**(1.7)**	(1.6)	(3.7)
Tax credit on Adjustments	**1.1**	0.7	1.9
Total tax charge	**(0.6)**	(0.9)	(1.8)

The effective tax rate for the period is a charge of 18% (31 March 2018: charge of 10%, 30 September 2018: charge of 8%).

The adjusted effective tax rate, where the tax charge and the profit before taxation are adjusted for exceptional items, the amortisation of acquired intangibles and defined benefit pension scheme costs is 19% (31 March 2018: 14%, 30 September 2018: 14%).

Section 3: Funding

The Group has maintained a strong balance sheet in order to fund its growth strategy and make further acquisitions. Additional funding is available via undrawn committed facilities.

Forward exchange contracts are used to hedge material foreign currency risk arising on sales and purchases denominated in a currency other than the subsidiaries functional currency.

The following section provides disclosures about the Group's funding position, including cash, borrowings, and its capital management policies.

3.1 Net finance income

	Half year to 31 Mar 2019 £m	Half year to 31 Mar 2018 £m	Year to 30 Sep 2018 £m
Interest income	**0.2**	0.1	0.2
Interest payable on bank loans and overdrafts	**(0.1)**	(0.1)	(0.2)
	0.1	-	-

Other finance expense

	Half year to 31 Mar 2019 £m	Half year to 31 Mar 2018 £m	Year to 30 Sep 2018 £m
Net interest cost: U.K. defined benefit pension scheme	**(0.5)**	(0.5)	(1.1)
Amortisation of finance fees	**-**	-	(0.1)
	(0.5)	(0.5)	(1.2)

3.2. Analysis of net cash / debt

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

	As at 30 Sep 2018 £m	Cash Flow £m	Exchange movements £m	**As at 31 Mar 2019 £m**
Cash at bank and in hand	46.6	0.1	0.2	**46.9**
Debt due in less than 1 year	(0.1)	-	-	**(0.1)**
	46.5	0.1	0.2	**46.8**

Borrowing facilities

	As at 31 Mar 2019 £m	As at 31 Mar 2018 £m	As at 30 Sep 2018 £m
Total undrawn committed borrowing facilities	**30.6**	26.7	30.7
Bank loans and overdrafts utilised	**0.1**	1.3	0.1
Utilised in respect of guarantees	**0.3**	1.7	0.3
Total Group facilities	**31.0**	29.7	31.1

All facilities are at floating interest rates.

The Group has a revolving credit facility with Barclays Bank and Comerica Bank which expires on 28 June 2021 with an option to extend for a further two years. The interest rate applicable to this facility is dollar LIBOR plus a margin of between 1 and 1.75% depending on leverage and includes financial covenants which are measured on a quarterly basis. The Group was in compliance with its financial covenants during 2019 and 2018.

3.3 Equity

Share Capital	**As at 31 Mar 2019**	As at 31 Mar 2018	As at 30 Sep 2018
Number of shares (thousands)	**31,023**	31,023	31,023
Ordinary shares (£m)	**31.0**	31.0	31.0
Share premium (£m)	**34.7**	34.7	34.7

Own shares held	**No. of shares m**
Balance at 1 October 2018	0.5
Acquired in the year	**0.1**
Disposed of on exercise of employee options	**(0.1)**
At 31 March 2019	**0.5**

At 31 March 2019, 506,274 (30 September 2018: 499,264) ordinary shares were held by a trust in respect of obligations under the 2010 Performance Share Plan. Dividends on these shares have been waived. The market value of the shares held in the trust at 31 March 2019 was £6.6m (30 September 2018: £6.4m). These shares are held at cost as treasury shares and deducted from shareholder equity.

During the period the trust acquired 100,000 ordinary shares (year to 30 September 2018: 100,000) at a cost of £1.3m (year to 30 September 2018: £1.1m).

92,990 shares (year to 30 September 2018: 154,641) shares were used to satisfy awards following the vesting of shares relating to the 2010 Performance Share Plan.

3.4 Dividends

On 1 February 2019, the shareholders approved a final dividend of 10.68p per qualifying ordinary share in respect of the year ended 30 September 2018. This was paid on 15 March 2019 utilising £3.3m of shareholders' funds.

The Board of Directors has declared an interim dividend of 6.94p (2018: 5.34p) per qualifying ordinary share in respect of the year ending 30 September 2019. This will be paid on 6 September 2019 to shareholders on the register at the close of business on 9 August 2019. In accordance with accounting standards, this dividend has not been provided for. It will be recognised in shareholders' funds in the year to 30 September 2019 and is expected to utilise £2.1m (2018: £1.6m) of shareholders' funds.

Section 4: Other

4.1 Cash flows from operations

	Half year to 31 Mar 2019 £m	Half year to 31 Mar 2018 £m	Year to 30 Sep 2018 £m
Continuing operations			
Profit for the period	**2.8**	8.5	19.8
Adjustments for:			
Taxation	**0.6**	0.9	1.8
Depreciation	**2.2**	2.6	4.9
Amortisation of intangible assets	**3.7**	2.8	6.2
GMP equalisation	**2.9**	-	-
Defined benefit pension scheme costs	**0.2**	0.2	0.5
Interest income	**(0.2)**	(0.1)	(0.2)
Finance costs	**0.1**	0.1	0.2
Other finance expense	**0.5**	0.5	1.2
Loss on disposal of property, plant and equipment	**-**	-	0.1
Fair value of share based payments	**(0.1)**	0.6	1.2
(Increase) / decrease in inventories	**(2.6)**	(3.0)	(2.1)
Decrease / (increase) in receivables	**5.7**	1.4	(1.8)
(Decrease) / increase in payables and provisions	**(4.3)**	4.7	6.3
Cash flows from continuing operations	**11.5**	19.2	38.1
Analysed as:			
Cash flows from continuing operations prior to the effect of exceptional operating items	**11.7**	19.2	38.2
Cash effect of exceptional operating items	**(0.2)**	-	(0.1)
Cash flows used in discontinued operations	**-**	(0.2)	(0.2)
Cash flows from operations	**11.5**	19.0	37.9

4.2 Provisions for liabilities and charges

	Property obligations £m
Balance at 30 September 2018	2.8
Provision reversed	**(0.8)**
Payments in period	**(0.1)**
Balance at 31 March 2019	**1.9**

At 31 March 2019 property obligations relate to leased premises of the Group which are subject to dilapidation risks and are expected to be utilised within the next 10 years. Previously property obligations have also included an onerous lease provision in respect of unutilised space at the Group's leased Melksham facility in the U.K.. The remaining provision was released during the period to 31 March 2019 as the facility has become fully utilised. Property provisions are subject to uncertainty in respect of the utilisation, non-utilisation, or subletting of surplus leasehold property and the final negotiated settlement of any dilapidation claims with landlords.

4.3 Exchange rates

The following significant exchange rates applied during the period.

	Average rate H1 2019	**Closing rate H1 2019**	Average rate H1 2018	Closing rate H1 2018	Average rate FY 2018	Closing rate FY 2018
U.S. dollar	**1.294**	**1.309**	1.359	1.408	1.346	1.305
Euro	**1.135**	**1.165**	1.130	1.143	1.132	1.127

Fair value of financial instruments

The fair value of forward exchange contracts is determined by using valuation techniques using period end spot rates, adjusted for the forward points to the contract's value date.

4.4 Principal risks and uncertainties

The principal risks and uncertainties impacting the Group are described on pages 34-37 of our Annual Report 2018 and remain unchanged at 31 March 2019.

They include: strategic initiatives, market threat to core business, talent management, cybersecurity and information technology, customer dependency, financial management, manufacturing risk, compliance and legal matters and political and economic instability.

The potential Group impacts of Brexit, including trade, regulation, people, contracts and intellectual property, were added under the category of political and economic instability risk within the Annual Report 2018. As noted in the Annual Report we are less exposed to the political instability and potential impact on trading from Brexit as our U.S.-based businesses constitutes around seventy percent of the Group. During the period we have taken the opportunity to consolidate all EU commercial operations into our existing Italian facility. The Directors are active in continuing to monitor the potential impacts from the situation.

4.5 Related party transactions

There were no related party transactions during the period or outstanding at the end of the period (2018: £nil) other than compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 30 September 2019