



CHAPELTHORPE

Interim Report 2000

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Highlights of the Period

- Turnover increased by 21% to £70m (1999: £58m)
- Increased sales from North America
- Acquisition of American Fibers and Yarns in July, allows accelerated penetration of strategically important US automotive market
- New umbrella frame production capacity to allow for increased penetration of US and European markets and provides considerable organic growth potential
- Reorganisation of Specialist Coatings operations in the UK provides base for improved future operational performance
- Performance of Asota in line with expectations
- Interim dividend maintained at 0.63p per share
- Purchase and cancellation of 9.7 million ordinary shares which enhanced earnings for the remaining shareholders
- No firm proposals yet received regarding possible offer for the Company, shareholders will be kept informed of developments

Chairman's Interim Statement

The results for the six months to 30 September 2000 reflect the adverse macro economic factors currently affecting operations, namely the strength of sterling against European currencies and the sharp increase in the cost of raw materials – particularly those related to oil prices, both of which remain outside our control. Counter action, where possible, has been taken to mitigate this continuing adverse impact on performance. However, this action has led to the current results being further affected by exceptional items, mainly attributable to the reorganisation of the Specialist Coatings division in the UK and, in particular, the costs relating to mothballing one of the manufacturing units.

In addition, we have continued our declared strategy of growing our North American operations by the acquisition of the staple fibre business and assets of the American Fibers and Yarns Company, as described below.

Results

Turnover in the six months to 30 September 2000 rose to £70.0m (1999: £58.0m), an increase of £12.0m, assisted by a full six-month contribution from Asota, when compared with the same period last year. Increased sales, mainly from North America, compensated for the decline in domestic sales arising from the continuing depressed trading conditions prevailing for our customers in the wallcoverings and carpet markets. Pre-exceptional operating profit, before goodwill amortisation, was £4.0m compared with £6.0m in the same period last year, reflecting the two principal factors which have been referred to above.

After taking account of a higher interest charge of £1.2m (1999: £0.7m), arising from the increase in borrowings relating to the acquisition of Asota and American Fibers and Yarns, and the amortisation of goodwill resulting mainly from the Chamberlain and Asota acquisitions, pre-tax profits before exceptional items fell to £2.3m from £5.1m in 1999. A £10.0m exceptional charge has been recorded in relation to costs arising from the cessation of operations at Chamberlain Coatings' facility. This charge includes the full write down of tangible fixed assets and an impairment review of goodwill, in accordance with FRS11, and provisions for ongoing site, lease and other reorganisation costs. The fixed assets will be retained for potential use in the future and negotiations are ongoing to mitigate the outstanding lease costs.

After exceptional items the pre-tax loss for the period was £7.9m compared with a pre-tax profit of £4.9m in 1999. Earnings per share, pre-exceptional items, fell to 0.67p (1999: 1.64p), whilst, post exceptional items, losses per share were 3.40p, compared with earnings per share in 1999 of 1.36p.

Purchase of own shares

Following the authority granted to us by shareholders to purchase up to 15% of the issued share capital of the Company, 9,746,556 ordinary shares were purchased and cancelled between 9 June and 18 July 2000, which represented 4.5% of the issued share capital, at that time. These share buy backs, given that the cost of capital is significantly below the cost of dividends, are earnings enhancing and as long as these circumstances prevail, subject to regulatory constraints, we will consider additional share purchases up to our authorised level when appropriate. Following the above cancellation of ordinary shares, the number of shares now in issue stands at 204,040,900.

Dividends

Your Board is declaring an unchanged interim dividend of 0.63p per share, which will be payable on 12 February 2001 to shareholders on the register as at 15 December 2000. Following the introduction of the Dividend Reinvestment Plan (the "Plan") in July 2000, shareholders will once again have the opportunity to reinvest the whole of their cash dividends in the purchase of additional shares in the Company in the open market at competitive dealing rates. The last date for election to participate in the Plan is 22 January 2001.

Balance Sheet

The recent share buy backs referred to above and the exceptional reorganisation and impairment provisions have been the main contributory factors in the reduction of shareholders' funds to £54.9m (1999: £61.2m). This reduction when coupled with the increase in borrowings necessary to complete the acquisition in the USA has resulted in gearing of 76.9%. This level of borrowings was well within our agreed facilities.

On 14 November 2000 revised banking facilities were put in place, which provide longer term funding, resulting in a debt profile maturing over a period of years and which is more appropriate to the Group's requirement.

Chairman's Interim Statement

Acquisition

On 31 July 2000 our US subsidiary, Drake Extrusion, Inc., completed the strategically important acquisition of the staple fibre business and assets of the American Fibres and Yarns Company ("AFY") for a cash consideration of US \$8.7m (excluding costs). AFY is the preferred supplier of coloured polypropylene fibre to the US automotive industry, in particular to General Motors and Chrysler, and is an excellent fit for our existing business. We are currently a supplier to Ford of coloured polypropylene fibre, which is used in the kick panels, parcel shelves and boot linings of motor vehicles and this acquisition will accelerate our penetration into this important market segment. The business, which is currently based at Spartanburg, South Carolina, has been integrated into our US fibres division.

Half-year review

As shareholders will be well aware, the economic climate over the past two to three years has resulted in increasingly challenging trading conditions for ourselves and our UK customers. The strength of sterling over this period against European currencies has had a major negative impact on our UK export led manufacturing businesses and our export volumes have been maintained only at the expense of margin. In addition to this impact on our export business, our UK customers' businesses have become increasingly affected by import penetration.

Shareholders will also be aware that since 1995, when we first developed a manufacturing base on a greenfield site in the USA, we have taken a number of strategic steps to develop stronger businesses outside the UK. The timeliness of those steps is becoming more apparent day by day. The duration of the problems in the UK is extremely difficult to gauge and largely outside our control. Consequently, our UK businesses have been streamlined but, being largely capital intensive operations, they still retain the capability to exploit rapidly any significant increase in demand.

Specialist Coatings

This division is principally involved in the manufacture of vinyl coated base paper and plastisols, mainly for the wallcoverings industry worldwide. Turnover in the period was £24.2m (1999: £25.3m) and operating profit before exceptional items and goodwill amortisation was £1.3m (1999: £2.6m).

UK and Europe

In the last Annual Report we commented that the domestic retail wallpaper market was the worst in living memory and sadly there has been no sign of any improvement, if anything, the market has worsened. In addition, the strength of sterling has provided a number of opportunities for our European competitors, particularly from France, to supply the UK market. Despite these factors the division managed a good sales performance in direct exports to European manufacturers, albeit at lower margins than we would have liked.

We do not anticipate that the second half of the year will bring about any recovery in the domestic market as volumes are expected to remain flat. However, we do believe that better operational performance will arise following the recent reorganisation of our UK manufacturing facilities.

North America

Our business in Canada continues to perform satisfactorily as a consequence of our ability to respond to changing demand directed to heavier vinyl and more specialised products.

The US market has been less buoyant than anticipated and currency has been the major determinant. The relative strength of the US dollar has allowed some import penetration. Consequently, we have taken the opportunity to change the specification on our second coating line, prior to its commissioning, in order to optimise the opportunities in the commercial market for more value added specialist products, not readily available through imports. This line is now expected to be fully operational by early 2001.

Fibres

This division is involved in the manufacture of coloured polypropylene fibres and filament yarns which are supplied to the floorcoverings, automotive, technical textiles, geotextiles and home furnishings markets worldwide. Turnover was £40.3m (1999: £25.5m) and operating profit pre-exceptional items and goodwill amortisation was £1.7m (1999: £2.1m).

UK and Europe

Raw material cost increases and the rise in the value of sterling made for extremely tough conditions in most of our markets. In particular, the weakness in the

Chairman's Interim Statement

UK carpet sector, subjected to increased penetration of imported products, impacted on profitability. Despite the reorganisation of our UK businesses and the concentration of the majority of production at one site, the continued squeezing of export margins has seen operating profits fall. Conversely, the acquisition of Asota has been very beneficial with the major factors impacting on our UK businesses working to our advantage in Continental Europe. This business performed in line with expectations and, although having only been part of the Group for just over 12 months, it now makes a significant contribution to the division's profitability.

North America

Overall, the fibres business in the US continues to perform satisfactorily although increases in the cost of raw materials are having a negative effect. As the build up phase in our Martinsville facility will be completed in the second half of the year, we will be in a better position to maximise the return on our strategic investment. The acquisition of AFY represents a great opportunity for us in the US automotive markets and will enable us to develop our business still further. We will continue to work closely with our customers and suppliers to ensure that we are in the best possible position to reap the full benefit of this acquisition.

Umbrella Frames

This division is involved in the manufacture of specialist frames for sun and sporting umbrellas. Turnover in the period was £5.6m (1999: £5.4m) and operating profit pre-exceptional items was £1.0m (1999: £1.3m). Comparative figures exclude Shaw Export Services, which was sold in July 1999. Despite the strength of sterling, our position as market leader in Europe remains unchallenged and new markets have been opened up in Eastern Europe and South America. Profitability, however, has suffered in order to prevent business being lost to major competitors, predominantly based in Europe. With additional capacity coming on stream, the constraints restricting further penetration of the US and European markets will be removed and the potential for continued organic growth is substantial.

Update on possible offer for the Company

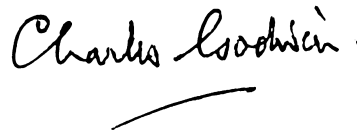
On 21 November 2000, it was announced that Brian Leckie, the Chief Executive, had been given

permission to approach funders with a view to making an offer for the Company. As previously announced, a committee of independent Directors has been formed to consider any proposal when received and shareholders will be kept informed of developments.

Outlook

Over the past three years we have concluded a number of strategically important moves to reduce our dependence on manufacturing in the UK whilst at the same time building and developing important businesses in North America and Europe. Despite the high level of activity on these fronts, our UK businesses, and in particular, the export led ones, have still suffered from the twin impact of the strength of sterling and increased raw material costs, damaging turnover and margin. In our trading statement, issued 31 August 2000, we indicated that we expected these negative conditions to improve as the year progressed and looked forward to a much improved second half. Thus far neither of these external factors have moved in our favour. However, we still have grounds for belief that raw material price pressure may well ease in the final quarter, although we expect our operational performance in the second half of the year will still be below our previously expected levels.

Looking to the future, the strengthening of our North American businesses combined with the success of our Austrian operation gives us grounds for cautious optimism. We will continue to optimise the return on the significant strategic investments made in our businesses as well as examining other opportunities to maximise shareholder value.



Charles Godwin
Chairman
30 November 2000

Consolidated Profit and Loss Account

Half-year ended 30 September 2000

	Notes	Operating activities 2000 £000	Exceptional items 2000 £000	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
Turnover	2	70,044	–	70,044	58,010	125,545
Operating profit						
continuing operations		4,013	–	4,013	6,025	12,528
exceptional items		–	(7,504)	(7,504)	–	(1,742)
goodwill amortised		(437)	(3,002)	(3,439)	(281)	(725)
Total operating profit	2, 6	3,576	(10,506)	(6,930)	5,744	10,061
Exceptional items relating to disposals of businesses	6	–	297	297	(221)	(386)
Profit on sale of property		–	–	–	–	1,740
Interest		1,228	–	1,228	660	1,698
(Loss) profit on ordinary activities before taxation						
Profit before taxation and exceptional items		2,348	–	2,348	5,084	10,105
Exceptional items		–	(10,209)	(10,209)	(221)	(388)
Total (loss) profit on ordinary activities before taxation		2,348	(10,209)	(7,861)	4,863	9,717
Taxation on (loss) profit on ordinary activities						
Taxation on profit before exceptional items		930	–	930	1,660	2,091
Taxation relating to exceptional items		–	(1,788)	(1,788)	354	–
Total taxation on (loss) profit on ordinary activities		930	(1,788)	(858)	2,014	2,091
(Loss) profit for the period		1,418	(8,421)	(7,003)	2,849	7,626
Dividends:						
Preference				23	23	46
Ordinary				1,184	1,346	5,465
				1,207	1,369	5,511
Retained (deficit) profit				(8,210)	1,480	2,115
(Loss) earnings per ordinary share						
Half-year ended 30 September 2000						
– basic (pence)	8	0.67	(4.07)	(3.40)		
– diluted (pence)	8	0.67	(4.07)	(3.40)		
Half-year ended 30 September 1999						
– basic (pence)	8	1.64	(0.28)	1.36		
– diluted (pence)	8	1.64	(0.28)	1.36		
Year ended 31 March 2000						
– basic (pence)	8	3.80	(0.18)	3.62		
– diluted (pence)	8	3.80	(0.19)	3.61		

Consolidated Balance Sheet

30 September 2000

	30 September 2000 £000	30 September 1999 £000	31 March 2000 £000
Fixed assets			
Intangible assets	14,381	17,455	16,384
Tangible assets	64,919	61,439	64,304
	79,300	78,894	80,688
Current assets			
Stocks	17,257	12,703	12,634
Debtors	36,355	37,547	40,080
Cash at bank and short-term deposits	6,685	6,828	8,637
	60,297	57,078	61,351
Creditors			
Amounts falling due within one year	70,916	63,244	69,531
Net current (liabilities)	(10,619)	(6,166)	(8,180)
Total assets less current liabilities	68,681	72,728	72,508
Creditors			
Amounts falling due after more than one year	3,191	6,159	3,503
Provisions for liabilities and charges	10,565	5,299	5,949
Deferred income	–	38	35
Net assets	54,925	61,232	63,021
Capital and reserves			
Called up share capital	11,002	11,471	11,489
Reserves	43,923	49,761	51,532
Total shareholders' funds	54,925	61,232	63,021
Attributable to:			
Equity interests	54,125	60,432	62,221
Non-equity interests	800	800	800
	54,925	61,232	63,021

Consolidated Cash Flow Statement

Half-year ended 30 September 2000

	Notes	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
Net cash inflow from operating activities	3	1,782	4,400	10,664
Returns on investments and servicing of finance				
Interest received		102	207	345
Interest paid		(1,316)	(913)	(2,124)
Interest element of finance lease rental payments		(2)	(3)	(9)
Dividends paid on non-equity shares		(23)	(23)	(46)
Net cash (outflow) from returns on investments and servicing of finance		(1,239)	(732)	(1,834)
Taxation		(1,178)	(5,554)	(4,086)
Capital expenditure				
Purchases of tangible fixed assets		(1,816)	(7,771)	(13,816)
Sales of tangible fixed assets		4	64	76
Sales of properties held for resale		6,357	—	—
		4,545	(7,707)	(13,740)
Acquisitions and disposals				
Disposals of businesses		—	3,856	3,939
Purchases of businesses	7	(6,303)	(10,291)	(10,370)
		(6,303)	(6,435)	(6,431)
Equity dividends paid		(4,066)	(2,237)	(3,414)
Financing				
Purchase of own shares		(2,956)	—	—
Issue of ordinary share capital		—	4	7
Costs of share issues		(5)	(3)	(15)
Increase in short-term deposits		—	(3,955)	—
Loans advanced		3,973	—	—
Repayment of amounts borrowed		(5,296)	(5,000)	(12,744)
Capital element of finance lease rental payments		(5)	(54)	(129)
Net cash (outflow) from financing		(4,289)	(9,008)	(12,881)
(Decrease) in cash	4	(10,748)	(27,273)	(31,722)

Total Recognised Gains and Losses

Half-year ended 30 September 2000

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
(Loss) profit for the period	(7,003)	2,849	7,626
Exchange translation adjustments on foreign currency net investments	3,075	(706)	338
Total recognised gains and losses for the period	(3,928)	2,143	7,964

Movement in Shareholders' Funds

Half-year ended 30 September 2000

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
(Loss) profit for the period	(7,003)	2,849	7,626
Dividends	(1,207)	(1,369)	(5,511)
Scrip dividend adjustments	–	1,822	1,941
	(8,210)	3,302	4,056
Purchase of own shares	(2,956)	–	–
Issue of ordinary share capital	–	4	7
Costs of share issues	(5)	(3)	(15)
Goodwill reinstated on disposal of business	–	1,428	1,428
Exchange translation adjustments on foreign currency net investments	3,075	(706)	338
(Decrease) increase in shareholders' funds	(8,096)	4,025	5,814
Shareholders' funds at 1 April 2000	63,021	57,207	57,207
Shareholders' funds at 30 September 2000	54,925	61,232	63,021

Notes to the Interim Accounts

1. Basis of preparation

The interim accounts for the half-year ended 30 September 2000 have been prepared using accounting policies consistent with those set out in the 2000 Report & Accounts and are unaudited. The consolidated profit and loss account, cash flow statement and statement of total recognised gains and losses for the year ended 31 March 2000 and the consolidated balance sheet as at that date are an abridged version of the full historical cost accounts which received an unqualified report by the auditors and have been filed with the Registrar of Companies.

2. Turnover and operating profit

Area of activity

	Turnover			Pre-exceptional operating profit		
	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
	Continuing operations					
Specialist Coatings	24,160	25,347	49,153	1,330	2,622	5,034
Fibres	40,260	25,481	61,359	1,723	2,095	4,395
Umbrella Frames	5,624	7,182	15,033	960	1,308	3,099
	70,044	58,010	125,545	4,013	6,025	12,528
Goodwill amortised				(437)	(281)	(725)
	70,044	58,010	125,545	3,576	5,744	11,803

Geographical area

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000	
	Region of origin						
	Continuing operations						
United Kingdom	33,805	37,860	76,107	1,597	3,973	7,892	
North America	25,911	19,572	38,848	1,755	2,036	3,915	
Europe	10,328	578	10,590	661	16	721	
	70,044	58,010	125,545	4,013	6,025	12,528	
Goodwill amortised				(437)	(281)	(725)	
	70,044	58,010	125,545	3,576	5,744	11,803	

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000	
	Region of destination			
	United Kingdom	19,989	22,500	43,005
Europe	21,081	14,623	40,580	
North America	26,938	19,907	39,576	
Africa and Middle East	491	355	562	
Australia and Far East	1,545	625	1,822	
	70,044	58,010	125,545	

Following the acquisition of the staple fibre business of American Fibres and Yarns Company, the business, operational and management systems of this facility were totally integrated within an existing operation. Therefore, it has not been possible to separately identify the results of the acquired business. These results are combined within the continuing operations of the Fibres division.

Notes to the Interim Accounts

3. Reconciliation of operating profit to net cash inflow from operating activities

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
Operating profit before exceptional items	3,576	5,744	11,803
Depreciation	3,478	2,914	6,064
Amortisation of goodwill	437	281	725
Net cash (outflow) in respect of operating exceptional items	(480)	—	—
Net cash (outflow) in respect of prior year aborted acquisition bid	(1,409)	—	(540)
Net cash (outflow) in respect of previous fundamental reorganisation	(3)	(773)	(743)
Capital grants transfer	(5)	(6)	(9)
(Increase) in stocks	(2,502)	(1,550)	(1,405)
Decrease (increase) in debtors	596	805	(662)
(Decrease) in creditors	(1,906)	(3,015)	(4,569)
Net cash inflow from operating activities	1,782	4,400	10,664

4. Reconciliation to net debt

	Half-year 30 September 2000 £000	Half-year 30 September 1999 £000	Year 31 March 2000 £000
(Decrease) in cash in the period	(10,748)	(27,273)	(31,722)
Decrease in debt and finance leasing	1,328	9,009	12,873
Change in net debt from cash flows	(9,420)	(18,264)	(18,849)
Loans relating to business acquired	—	(4,713)	(4,713)
Exchange adjustments	207	(302)	469
Movement in net debt in the period	(9,213)	(23,279)	(23,093)
Net debt at 1 April 2000	(33,044)	(9,951)	(9,951)
Net debt at 30 September 2000	(42,257)	(33,230)	(33,044)

5. Analysis of net debt

	1 April 2000 £000	Cash flow £000	Other non-cash £000	Exchange movement £000	30 September 2000 £000
Cash at bank and in hand	8,637	(2,205)		253	6,685
Overdrafts and short-term facilities	(30,515)	(8,543)		21	(39,037)
		(10,748)			
Debt due after more than one year	(3,496)	—	291	16	(3,189)
Debt due within one year	(7,584)	1,323	(291)	(83)	(6,635)
Finance leases	(86)	5			(81)
		1,328			
	(33,044)	(9,420)		207	(42,257)

Notes to the Interim Accounts

6. Exceptional items

As part of a Group reorganisation during the period, the business of Chamberlain Coatings Limited was transferred to Speciality Coatings (Darwen) Limited and production ceased at Chamberlain's premises in Bishop Auckland.

An analysis of the exceptional costs in relation to the closure of the Bishop Auckland operation and other reorganisation costs for the period ended 30 September 2000 is as follows:

	Chamberlain Coatings £000	Costs relating to reorganisation £000	Costs relating to prior year aborted acquisition bid £000	2000 Total £000
Impairment provisions provided:				
Intangible fixed assets	(3,002)	–	–	(3,002)
Tangible fixed assets	(2,359)	–	–	(2,359)
Debtors	(128)	–	–	(128)
Provisions for liabilities	(4,321)	–	–	(4,321)
Capital grants	30	–	–	30
	(9,780)	–	–	(9,780)
Other costs (paid) relating to operating exceptional items	(220)	(82)	(209)	(511)
Other costs (accrued) relating to operating exceptional items	–	(215)	–	(215)
Costs relating to operating exceptional items	(10,000)	(297)	(209)	(10,506)
Release of provision against deferred consideration from prior year disposal	–	300	–	300
(Loss) relating to previous fundamental reorganisation	–	(3)	–	(3)
Costs relating to non-operating exceptional items	–	297	–	297
Total exceptional items	(10,000)	–	(209)	(10,209)

Reconciliation to cash flow statement

	Chamberlain Coatings £000	Costs relating to reorganisation £000	Costs relating to prior year aborted acquisition bid £000	2000 Total £000
Costs (paid) above	(220)	(82)	(209)	(511)
Net cash (outflow) relating to costs provided in previous years	–	(178)	(1,200)	(1,378)
Net cash (outflow) relating to operating exceptional items	(220)	(260)	(1,409)	(1,889)
Net cash (outflow) relating to previous fundamental reorganisation	–	(3)	–	(3)
	(220)	(263)	(1,409)	(1,892)

Notes to the Interim Accounts

7. Acquisition of business

On 31 July 2000 the Group acquired the staple fibre business and assets of American Fibers and Yarns Company, a producer of coloured polypropylene fibre for supply primarily to the automotive industry.

Goodwill arising during the period, the majority of which relates to the acquisition of the staple fibre business of American Fibers and Yarns Company, has been capitalised as an intangible asset in the balance sheet and is being amortised over a period of 20 years.

Analysis of the provisional fair values of the net assets acquired

	Provisional fair value to the Group £000
Tangible fixed assets	1,930
Stocks	1,767
Debtors	2,441
Creditors due within one year	(24)
Net assets	6,114
Consideration:	
Cash (including costs)	7,564
Goodwill arising on acquisition	1,450
Cash flows relating to the acquisition	£000
Cash outflow on acquisition of business:	
Consideration	7,564
Less costs accrued	(1,264)
Cash outflow relating to prior year acquisition	3
Consideration per cash flow statement	6,303

Notes to the Interim Accounts

8. (Loss) earnings per ordinary share

	Basic earnings per share			Earnings per share before exceptional items		
	Half-year	Half-year	Year	Half-year	Half-year	Year
	30 September	30 September	31 March	30 September	30 September	31 March
	2000	1999	2000	2000	1999	2000
	£000	£000	£000	£000	£000	£000
(Loss) profit for the period	(7,003)	2,849	7,626	(7,003)	2,849	7,626
Dividends on preference shares	(23)	(23)	(46)	(23)	(23)	(46)
Exceptional items	–	–	–	8,421	575	388
(Loss) earnings attributable to ordinary shareholders	(7,026)	2,826	7,580	1,395	3,401	7,968
Weighted average number of ordinary shares in issue during the period (000's)	206,867	207,716	209,463	206,867	207,716	209,463
(Loss) earnings per ordinary share (pence)	(3.40)	1.36	3.62	0.67	1.64	3.80

	Diluted earnings per share		
	Half-year	Half-year	Year
	30 September	30 September	31 March
	2000	1999	2000
	£000	£000	£000
(Loss) profit for the period	(7,003)	2,849	7,626
Dividends on preference shares	(23)	(23)	(46)
(Loss) earnings attributable to ordinary shareholders	(7,026)	2,826	7,580
Weighted average number of ordinary shares in issue during the period (000's)	206,867	207,716	209,463
Dilutive effect of share options (000's)	–	290	224
Adjusted weighted average number of ordinary shares in issue during the period (000's)	206,867	208,006	209,687
(Loss) earnings per ordinary share (pence)	(3.40)	1.36	3.61

The effect of the exceptional items on the earnings per share for the current period is (4.07)p (1999: (0.28)p).



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