CHAPELTHORPE
plc

Interim Report 2001

contents

highlights of the period

- Operating profit, before exceptional items and goodwill amortisation, of £3.0m (2000: £4.0m) reflects difficult trading conditions
- Pre-exceptional operating cash flow, after interest, increased by £0.6m over same period last year, despite fall in operating profit, through tighter working capital management
- Interim dividend of 0.25 pence per share covered by pre-exceptional earnings
- Cost reduction programme continued but available capacity maintained for future flexibility
- Integration of American Fibers & Yarns, acquired last year, fully completed
- Single largest contract for supply of coloured polypropylene to US automotive industry won
- Russian coatings venture progressing in line with expectations and on course for production to commence early part of next year

The results for the six months to 30 September 2001 are disappointing. In my last Annual Statement, I drew shareholders' attention to the fact that the markets we serve remained under pressure, and very little has changed in that respect in the first six months of the current year. We have taken remedial action, wherever possible, to respond to the depressed market conditions by reducing our cost base without damaging our ability to respond to improved market conditions when they occur.

However, I also referred, in my AGM statement, to specific bad debts we incurred in our UK wallcoverings division, which were indicative of the difficult trading conditions being experienced in this sector. Since then, as we made clear in our trading statement on 5 October 2001, we have incurred additional bad debts in both our Fibres and Umbrella Frames divisions, which further serves to highlight the problems that our customers are facing in these respective market sectors. Our total exposure across all three divisions, net of credit insurance claims, was substantial and amounted to £1.4m. This material amount has been treated as an operating exceptional item in the results for the first six months of the year.

Our October statement also referred to problems in our US fibres operation caused by the accelerated integration of the American Fibers & Yarns acquisition (AF&Y) and this is clarified in more detail below.

In addition, the recent tragic events in the United States have further adversely affected demand, whilst also increasing the general level of uncertainty in western economies.

RESULTS IN BRIEF

Turnover in the six months to 30 September 2001 fell, principally in Europe, by 5.4% to £66.2m (2000: £70.0m). Operating profits from continuing operations, before exceptional items and amortisation of goodwill, fell to £3.0m (2000: £4.0m).

A £1.5m exceptional charge has been recorded at operating level, which mainly comprises the bad debts previously mentioned, costs associated with the restructuring of the Specialist Coatings and Fibres divisions and the redundancy and severance costs arising from the ongoing cost reduction programme across the Group. This charge is after taking into account a revision to last year's cost provision made in respect of the Bishop Auckland site, following its clearance and subsequent availability for sub-letting.

After exceptional items, operating profit before goodwill amortisation was £1.5m (2000: loss of £6.5m).

The interest charge of £1.5m (2000: £1.2m) reflects the full half-year service cost of the increased borrowings, necessary to complete the AF&Y acquisition last year.

The pre-tax profit after goodwill amortisation, before exceptional items, was £1.1m (2000: £2.3m). After exceptional items, the pre-tax loss for the period was £0.4m compared with a pre-tax loss of £7.9m in 2000. Earnings per share, pre exceptional items, fell to 0.28p (2000: 0.67p) whilst, post exceptional items, losses per share were 0.23p, compared with losses of 3.40p per share in 2000.

DIVIDEND

The level of dividend payments is important for all shareholders, but given the trading performance of the Group in the first half and the uncertain outlook for global economies in the second half, your Board has decided it would be prudent to reduce the interim dividend. Your Board is therefore declaring an interim dividend of 0.25p per share (2000: 0.63p), which will be payable on 11 February 2002 to shareholders on the register as at 14 December 2001. After very careful consideration this level was deemed appropriate, being covered by pre-exceptional earnings, especially as the Board hopes to see a better trading performance in the traditionally stronger second half. If we achieve a sufficiently improved performance in the second half, the Board would hope to be in a position to propose a final dividend significantly larger than the current interim payment, although probably not matching the full final dividend paid last year.

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 through the Company's dividend reinvestment plan. The last date for election to participate in the plan is 21 January 2002.

BALANCE SHEET

Shareholders' funds reduced by £2.4m in the six months of trading to £50.7m. This reduction was largely due to the negative impact of the translation into sterling of foreign currency investments, held mainly in North America, at the half-year. This was despite reducing the exposure by transferring debt from the UK to the US during August.

Despite the £1.0m shortfall in pre-exceptional operating profit, year on year, tighter working capital control has resulted in operating cash flow after interest, excluding the cash cost of exceptional items, being £0.6m better than the same period last year. Consequently, and with stringent control of capital expenditure, borrowings of £43.3m have risen by only £1.7m during the first six months of trading, considerably less than the £2.6m cash cost of exceptional items incurred during the same period, £1.7m of which relates to the previous year's exceptional items. This level of borrowings, which is well within our agreed bank facilities, together with the reduction in shareholders' funds, has increased gearing to 85%, although this is projected to reduce in the second half of the year.

HALF YEAR REVIEW

FIBRES

This division is involved in the manufacture of coloured polypropylene fibres and filament yarns which are supplied to the automotive, floorcoverings, technical textiles, geotextiles and home furnishings markets worldwide. Turnover in the period increased to £42.7m (2000: £40.3m) and operating profit, pre exceptional items and amortisation of goodwill, was £0.6m (2000: £1.7m).

Europe

Difficult trading conditions persist, principally due to continued high raw material costs. The polymer price remained stubbornly high throughout the period, which in turn has put pressure on our margins and profitability. There are indications, however, that the recent fall in the oil price, coupled with the general slowdown in the world economy, will lead to a softening of the key polymer price in our second half.

Sales volumes in the period were slightly higher and our market leading position in coloured polypropylene fibre continues to give us a competitive advantage.

North America

The period under review was dominated by the substantial problems arising from the winning and servicing of, by far, the largest single contract for polypropylene fibre in the US automotive sector, at precisely the same time as we were coping with the problems arising out of the accelerated integration of AF&Y into our Martinsville facility.

As a consequence of these two events, our sales volumes into the US automotive industry increased ten-fold over a period of just a few months. It is not surprising that this dramatic level of growth in the most technically demanding of market sectors led to some operational problems. The management team in this extremely important business has since been strengthened in key areas.

The problems associated with this transitional period are now substantially behind us and we have a business which is, by a considerable margin, the largest operation in its field in North America. It is also virtually the sole supplier to the vitally important US automotive market, where the use of polypropylene fibre is expected to grow over the next few years.

Forecasting prospects in North America is particularly difficult in the current uncertain economic climate. However, it is clear that the US Government recognises the importance of the automotive industry to the US economy as car manufacturers account for over 5% of American GDP. The Government and the industry are doing all they can to help stimulate demand, helped by the fact that the average US monthly vehicle payment is down from 11% of average household earnings 15 years ago to 7% currently. Significant direct discounts and special financing offers, such as interest-free finance, have ensured strong automotive sales in recent months.

SPECIALIST COATINGS

This division is involved in the manufacture of vinyl coated base paper and plastisols for the wallcoverings industry worldwide. Turnover in the period was £19.2m (2000: £24.2m) and operating profit, before exceptional items and amortisation of goodwill, was £1.9m (2000: £1.3m).

Europe

Our last report to shareholders commented on how difficult market conditions were. Subsequently they have deteriorated further and there is no evidence of recovery so far in the current year.

Although sales of our vinyl coated base paper were lower compared to the flat market performance last year, sales of liquid plastisol, used in heavy duty vinyls, did increase significantly. Our decision to close manufacturing operations at Bishop Auckland last year, in order to reduce costs and remain competitive, has been vindicated.

The trading climate has been so harsh that a number of our customers have been forced out of business. Whilst the trading situation is difficult enough, we have also faced the additional problem of substantial bad debts, which we have incurred as a direct result of some of these company closures, in spite of adhering to our policy of obtaining insurance cover, where possible. Of these, two of our customers, with whom we had distribution and marketing agreements for our revolutionary Wonderwall product, went into receivership, leaving the route to market for Wonderwall closed in both the UK and the US. Consequently the Wonderwall project has been shelved.

In the last Annual Report, we indicated that we had reached agreement to install machinery in a customer's premises in Moscow, allowing us to supply the important Russian market, one of the largest markets for wallcoverings in the world. This project is progressing in line with our expectations, some machinery has already been installed and this low cost, low risk venture should see production of vinyl coatings commence in the early part of next year.

North America

The challenging market conditions that existed last year remain, and there has been no improvement whatsoever in the first half of the current year. These market conditions have resulted in volumes being insufficient to enable us to run two plants efficiently and we have, consequently, temporarily mothballed our Martinsville operation and we are servicing our entire North American market demand more economically out of the Canadian operation. When market conditions improve we will be able to re-open our US plant very quickly in order to benefit fully from the increase in volume.

UMBRELLA FRAMES

This business is involved in the design and manufacture of specialist frames for sun and sports umbrellas. Turnover in the period was £4.4m (2000: £5.6m) and operating profit, pre exceptional items and amortisation of goodwill, was £0.5m (2000: £1.0m).

This business has been hit hard by the economic downturn. Advertising budgets worldwide have been slashed and demand for our umbrella frames from the promotional and golf umbrella sectors has been severely affected. The Financial Services sector has for many years been a significant end-customer of our golf umbrella frame, and the dramatic reduction in discretionary advertising spend by this sector in recent months has also contributed to the fall in turnover. Parasol sales have also been affected by the unseasonal wet weather conditions prevailing throughout Northern Europe in the spring and early summer of this year.

The economic uncertainty in North America has delayed our planned push for growth in that market and this, combined with a reduction in sales volumes in Europe, has led us to take action to reduce the cost base as much as possible, while continuing with the vital development of new products. In particular our new Twistilt frame has been very well received but has yet to translate into significant sales.

The business continues to dominate its sector so that, once market conditions return to a more normal operating pattern, we are positioned for growth through the exploitation of new markets, utilising our increased capacity.

OUTLOOK

In light of the current uncertain global economic climate, it is impossible to predict exactly when market conditions will improve. We have taken action to reduce our cost base across the Group, and this will continue while current market conditions persist. We have dealt with most of the internal problems, which beset the Group in the first half, and we look for an improved performance in the second half of the year.

Our strategy of developing and then maintaining key positions in the niche markets in which we operate is still sound and, as prevailing conditions start to become more favourable, we must begin to capitalise on these strong market positions at the earliest opportunity.

Charles Godwin.

Charles Godwin
Chairman
5 December 2001

consolidated profit and loss account

half-year ended 30 September 2001

	Notes	Operating activities **2001** **£000**	Exceptional items **2001** **£000**	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Turnover – continuing operations	2	**66,244**	**–**	**66,244**	70,044	139,417
Operating profit (loss) – continuing operations						
Continuing operations		**2,969**	**–**	**2,969**	4,013	8,701
Exceptional items		**–**	**(1,452)**	**(1,452)**	(7,504)	(10,418)
Amortisation/impairment of goodwill		**(401)**	**–**	**(401)**	(3,439)	(3,832)
Total operating profit (loss)	2, 6	**2,568**	**(1,452)**	**1,116**	(6,930)	(5,549)
Exceptional items relating to disposals of businesses		**–**	**–**	**–**	297	90
Interest		**1,501**	**–**	**1,501**	1,228	2,707
(Loss) on ordinary activities before taxation						
Profit before taxation and exceptional items		**1,067**	**–**	**1,067**	2,348	5,164
Exceptional items		**–**	**(1,452)**	**(1,452)**	(10,209)	(13,330)
Total (loss) on ordinary activities before taxation		**1,067**	**(1,452)**	**(385)**	(7,861)	(8,166)
Taxation on (loss) on ordinary activities				**46**	(858)	416
(Loss) for the period				**(431)**	(7,003)	(8,582)
Dividends:						
Preference				**23**	23	46
Ordinary				**470**	1,184	3,204
				493	1,207	3,250
Retained (deficit)				**(924)**	(8,210)	(11,832)

	Notes	Operating activities	Exceptional items	Total
(Loss) earnings per ordinary share (pence)				
Half-year ended 30 September 2001				
– basic	7	**0.28**	**(0.51)**	**(0.23)**
– diluted	7	**0.28**	**(0.51)**	**(0.23)**
Half-year ended 30 September 2000				
– basic	7	0.67	(4.07)	(3.40)
– diluted	7	0.67	(4.07)	(3.40)
Year ended 31 March 2001				
– basic	7	1.30	(5.53)	(4.23)
– diluted	7	1.30	(5.53)	(4.23)

consolidated balance sheet

30 September 2001

	30 September 2001 £000	30 September 2000 £000	31 March 2001 £000
Fixed assets			
Intangible assets	**13,679**	14,381	14,135
Tangible assets	**63,360**	64,919	66,707
	77,039	79,300	80,842
Current assets			
Stocks	**17,080**	17,257	16,991
Debtors	**34,399**	36,355	38,744
Cash at bank and in hand	**5,351**	6,685	6,572
	56,830	60,297	62,307
Creditors			
Amounts falling due within one year	**38,577**	70,916	47,575
Net current assets (liabilities)	**18,253**	(10,619)	14,732
Total assets less current liabilities	**95,292**	68,681	95,574
Creditors			
Amounts falling due after more than one year	**35,629**	3,191	30,776
Provisions for liabilities and charges	**9,013**	10,565	11,793
Net assets	**50,650**	54,925	53,005
Capital and reserves			
Called up share capital	**11,002**	11,002	11,002
Reserves	**39,648**	43,923	42,003
Total shareholders' funds	**50,650**	54,925	53,005
Attributable to:			
Equity interests	**49,850**	54,125	52,205
Non-equity interests	**800**	800	800
	50,650	54,925	53,005

consolidated cash flow statement

half-year ended 30 September 2001

	Notes	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Net cash inflow from operating activities	3	**1,516**	1,782	8,059
Returns on investments and servicing of finance				
Interest received		**101**	102	246
Interest paid		**(1,158)**	(1,316)	(2,533)
Interest element of finance lease rental payments		**(1)**	(2)	(6)
Dividends paid on non-equity shares		**(23)**	(23)	(46)
Net cash (outflow) from returns on investments and servicing of finance		**(1,081)**	(1,239)	(2,339)
Taxation		**705**	(1,178)	(1,478)
Capital expenditure				
Purchases of tangible fixed assets		**(992)**	(1,816)	(4,154)
Sales of tangible fixed assets		**47**	4	172
Sales of properties held for resale		**–**	6,357	6,357
		(945)	4,545	2,375
Acquisitions and disposals				
Disposals of businesses		**–**	–	460
Purchases of businesses		**(262)**	(6,303)	(7,167)
		(262)	(6,303)	(6,707)
Equity dividends paid		**(2,000)**	(4,066)	(5,333)
Financing				
Purchase of own shares		**–**	(2,956)	(2,956)
Costs of share issues		**–**	(5)	(12)
Loans advanced		**9,790**	3,973	27,018
Repayment of amounts borrowed		**(304)**	(5,296)	(5,595)
Capital element of finance lease rental payments		**(7)**	(5)	(77)
Net cash inflow (outflow) from financing		**9,479**	(4,289)	18,378
Increase (decrease) in cash	4	**7,412**	(10,748)	12,955

total recognised gains and losses

half-year ended 30 September 2001

	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000
(Loss) for the period	**(431)**	(7,003)	(8,582)
Exchange translation adjustments on foreign currency net investments	**(1,431)**	3,075	4,772
Total recognised gains and losses for the period	**(1,862)**	(3,928)	(3,810)

movement in shareholders' funds

half-year ended 30 September 2001

	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000
(Loss) for the period	**(431)**	(7,003)	(8,582)
Dividends	**(493)**	(1,207)	(3,250)
	(924)	(8,210)	(11,832)
Purchase of own shares	**–**	(2,956)	(2,956)
Costs of share issues	**–**	(5)	–
Exchange translation adjustments on foreign currency net investments	**(1,431)**	3,075	4,772
(Decrease) in shareholders' funds	**(2,355)**	(8,096)	(10,016)
Shareholders' funds at 1 April 2001	**53,005**	63,021	63,021
Shareholders' funds at 30 September 2001	**50,650**	54,925	53,005

notes to the interim accounts

1. BASIS OF PREPARATION

The interim accounts for the half-year ended 30 September 2001 have been prepared using accounting policies consistent with those set out in the 2001 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 2001 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.

The Group has complied with the requirements of Financial Reporting Standard 19, which has not had a material impact on the result for the period.

2. TURNOVER AND OPERATING PROFIT

Area of activity

	Turnover			Pre-exceptional operating profit		
	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Continuing operations						
Fibres	**42,678**	40,260	82,123	**611**	1,723	3,820
Specialist Coatings	**19,208**	24,160	44,072	**1,855**	1,330	2,428
Umbrella Frames	**4,358**	5,624	13,222	**503**	960	2,453
	66,244	70,044	139,417	**2,969**	4,013	8,701
Goodwill amortised						
Fibres				**(198)**	(165)	(366)
Specialist Coatings				**(203)**	(272)	(464)
				(401)	(437)	(830)
	66,244	70,044	139,417	**2,568**	3,576	7,871

Geographical area

Region of origin	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Continuing operations						
Europe	**40,613**	44,133	87,381	**3,479**	2,258	5,855
North America	**25,631**	25,911	52,036	**(510)**	1,755	2,846
	66,244	70,044	139,417	**2,969**	4,013	8,701
Goodwill amortised						
Europe				**(366)**	(431)	(779)
North America				**(35)**	(6)	(51)
				(401)	(437)	(830)
	66,244	70,044	139,417	**2,568**	3,576	7,871

Region of destination	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Turnover			
Europe	**38,575**	41,070	82,316
North America	**26,279**	26,938	53,740
Africa and Middle East	**307**	491	588
Australasia and Far East	**1,083**	1,545	2,773
	66,244	70,044	139,417

3. RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Operating profit (loss)	**1,116**	(6,930)	(5,549)
Depreciation	**2,695**	3,478	5,154
Impairment of tangible fixed assets	**269**	–	2,359
Amortisation of goodwill	**401**	437	830
Impairment of intangible fixed assets	**–**	3,002	3,002
Capital grants transfer	**–**	(5)	(35)
(Increase) in stocks	**(333)**	(2,502)	(2,070)
Decrease (increase) in debtors	**3,489**	724	(266)
(Decrease) increase in creditors	**(6,121)**	3,578	4,634
Net cash inflow from operating activities	**1,516**	1,782	8,059

The cash flow impact of the operating exceptional items, as disclosed in Note 6, is a cash outflow of £2,601,000.

4. RECONCILIATION TO NET DEBT

	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000
Increase (decrease) in cash in the period	**7,412**	(10,748)	12,955
(Increase) decrease in debt and finance leasing	**(9,479)**	1,328	(21,346)
Change in net debt from cash flows	**(2,067)**	(9,420)	(8,391)
Exchange adjustments	**406**	207	(187)
Movement in net debt in the period	**(1,661)**	(9,213)	(8,578)
Net debt at 1 April 2001	**(41,622)**	(33,044)	(33,044)
Net debt at 30 September 2001	**(43,283)**	(42,257)	(41,622)

In order to reduce its exposure to future fluctuations in the US Dollar exchange rate, the Group restructured a proportion of its borrowings in the period, by utilising its medium-term US Dollar denominated revolving loan facility.

5. ANALYSIS OF NET DEBT

	1 April 2001 £000	Cash flow **£000**	Other non-cash **£000**	Exchange movement **£000**	**30 September 2001 £000**
Cash at bank and in hand	6,572	**(1,104)**		**(117)**	**5,351**
Overdrafts and short-term facilities	(15,304)	**8,516**		**111**	**(6,677)**
		7,412			
Debt due after 1 year	(30,776)	**(9,790)**	**4,527**	**410**	**(35,629)**
Debt due within 1 year	(2,105)	**304**	**(4,527)**	**2**	**(6,326)**
Finance leases	(9)	**7**	**–**	**–**	**(2)**
		(9,479)			
Total	(41,622)	**(2,067)**	**–**	**406**	**(43,283)**

6. OPERATING EXCEPTIONAL ITEMS

During the period, the Group has incurred a number of exceptional costs. These costs are described in detail below but, in summary, represent the following items:

	Notes	2001 Total £000
Bad debts	a)	**1,434**
UK Specialist Coatings – restructuring costs	b)	**(1,029)**
Redundancy and severance costs	c)	**551**
Other reorganisation costs	d)	**496**
Costs relating to operating exceptional items		**1,452**

The cash flow impact in the period of operating exceptional items is as follows:

	2001 Total £000
UK Specialist Coatings – restructuring costs	**(270)**
Redundancy and severance costs	**(1,385)**
Costs relating to prior year potential offer for the Company	**(219)**
Other reorganisation costs	**(727)**
Net cash (outflow) relating to operating exceptional items	**(2,601)**

a) Bad debts

During the period the Group experienced substantial bad debts across all of its divisions. The Group's exposure to these bad debts, after credit insurance claims, was £1,434,000.

b) UK Specialist Coatings – restructuring costs

During the period the Group undertook further restructuring of the UK Specialist Coatings division with the decision to close the production facility of Darwen Coatings & Adhesives Limited. A provision for termination costs, residual lease costs and other closure costs has been made.

The closure of the Bishop Auckland site was also completed by the Group during the period. As a result of the clearance of the site and its subsequent availability for sub-letting, a revision of the provision for future site costs, established in the year ended 31 March 2001, has been made.

The net operating exceptional credit of £1,029,000 in the period includes both the costs associated with the closure of Darwen Coatings & Adhesives and the revision of the cost provision relating to the Bishop Auckland site.

c) Redundancy and severance costs

During the period the Group incurred £551,000 of exceptional costs associated with redundancy and severance of employee contracts as part of an ongoing cost reduction programme.

d) Other reorganisation costs

The Group also incurred costs of £496,000 in relation to the restructuring programme in the Fibres division, commenced following the acquisition made in the year ended 31 March 2001.

7. (LOSS) EARNINGS PER ORDINARY SHARE

	Basic earnings per share			Earnings per share before exceptional items		
	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000	**Half-year 30 September 2001 £000**	Half-year 30 September 2000 £000	Year 31 March 2001 £000
(Loss) for the period	**(431)**	(7,003)	(8,582)	**(431)**	(7,003)	(8,582)
Dividends on preference shares	**(23)**	(23)	(46)	**(23)**	(23)	(46)
Exceptional items	**–**	–	–	**1,452**	10,209	13,330
Tax effect of exceptional items	**–**	–	–	**(432)**	(1,788)	(2,057)
(Loss) earnings attributable to ordinary shareholders	**(454)**	(7,026)	(8,628)	**566**	1,395	2,645
Weighted average number of ordinary shares in issue during the period (000's)	**200,892**	206,867	203,737	**200,892**	206,867	203,737
(Loss) earnings per ordinary share (pence)	**(0.23)**	(3.40)	(4.23)	**0.28**	0.67	1.30

	Diluted earnings per share		
	Half-year 30 September 2001 £000	Half-year 30 September 2000 £000	Year 31 March 2001 £000
(Loss) for the period	**(431)**	(7,003)	(8,582)
Dividends on preference shares	**(23)**	(23)	(46)
(Loss) attributable to ordinary shareholders	**(454)**	(7,026)	(8,628)
Weighted average number of ordinary shares in issue during the period (000's)	**200,892**	206,867	203,737
Dilutive effect of share options (000's)	**–**	–	–
Adjusted weighted average number of ordinary shares in issue during the period (000's)	**200,892**	206,867	203,737
(Loss) per ordinary share (pence)	**(0.23)**	(3.40)	(4.23)

The effect of the exceptional items on the earnings per share for the current period is (0.51) pence (2000: (4.07) pence).

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