



CHAPELTHORPE
plc

Chapelthorpe plc is a leading manufacturer of industrial products which are supplied to niche markets worldwide. The business is organised into three divisions, namely Fibres, Specialist Coatings and Umbrella Frames.

The **Fibres** division supplies polypropylene fibre to the automotive, floorcoverings, technical textiles, geotextiles and home furnishings markets.

The **Specialist Coatings** division supplies vinyl coated paper and plastisols to the wallcoverings industry.

The **Umbrella Frames** division supplies frames to the sun and sports umbrella markets.

DIVISIONS

FIBRES

This division is involved in the manufacture of coloured polypropylene fibres and filament yarns which are supplied to a wide variety of end markets worldwide including automotive, floorcoverings, construction, food, environmental, technical products, industrial and filtration, geotextiles and home furnishings.

High performance coloured polypropylene fibres produced by us vary in gauge from 1 to 300 denier. They possess particular qualities such as colour consistency and fastness, strength and durability, all being key features demanded by customers in a number of our markets, especially automotive.

Our Fibres division is the largest producer of coloured polypropylene staple fibre in Europe and North America and is also the leading supplier to the US automotive industry.

SPECIALIST COATINGS

This division is primarily involved in the manufacture of coated base paper and plastisols for the wallcoverings industry worldwide. Our products are available in a wide range of substrate types from paper to non-woven, some of which are also available in pre-pasted format.

Our Specialist Coatings business is the leading independent supplier in Europe and supplies products for end use in both the domestic and commercial markets. Customers include virtually all major wallpaper manufacturers and printers in the world's largest markets of Western Europe, North America and Russia.

Exceptionally difficult trading conditions resulting in an underlying* operating loss of £445,000 (2005: profit £1,232,000). Post exceptional loss of £6,976,000 (2005: £244,000)

No interim dividend proposed; full year dividend unlikely given trading conditions

Relocation of Umbrella Frames operation proceeding satisfactorily; gross proceeds of £9.0m (£7.3m net of relocation costs) from Penistone site targeted for final quarter of year ending 31 March 2007

Committed to achieving a more financially robust Group with a clear focus on the global Fibres businesses

* before exceptional items

UMBRELLA FRAMES

This division is involved in the manufacture of specialist frames for sun, rain, sports, golf and promotional umbrellas.

02

CHAIRMAN'S STATEMENT



INTRODUCTION

We indicated in our trading statement dated 20 September 2006 that trading conditions had worsened in the first six months of this financial year mainly due to continued high raw material prices and energy costs which had reduced both volumes and margins. Consequently this has restricted the Group's ability to generate free cash flow and, therefore, the Board confirms its previous statement not to declare an interim dividend (2005: 0.33p per share).

On 3 November 2006 the Board announced the administration of the largest customer for vinyl based paper of its Specialist Coatings division, which will not only impact the future trading results of the division but would also give rise to a £0.7m bad debt charge in relation to the amount now considered irrecoverable from this customer, net of expected recoveries from insurance.

BUSINESS REVIEW

Sales were £57.2m (2005: £58.8m) and underlying earnings before interest, tax, depreciation and amortisation ("EBITDA") fell to £1.5m (2005: £3.5m) with an underlying operating loss (before exceptional items) of £0.4m (2005: underlying operating profit of £1.2m).

In addition, exceptional charges of £6.5m were incurred during the period principally as a result of the bad debt charge in the Specialist Coatings division, costs relating to the commencement of the relocation of the Umbrella Frames business and impairment provisions of £4.8m against the carrying value of goodwill. Whilst not considered necessary at this time, if trading conditions remain depressed, the carrying value of goodwill will be re-assessed at the year end audit which may give rise to a larger impairment provision for the year as a whole.

The resultant loss before tax was £7.7m (2005: £1.2m) and the loss per share increased to 3.67p from 0.46p in the previous half year.

FIBRES

Sales for the period were £43.2m (2005: £43.0m) generating an underlying operating profit of £0.2m (2005: £1.2m). Sales volumes were 8% down on the comparable period last year.

Cutbacks in US automotive production continue to affect our US Fibres business with a 20% fall in volumes compared to the same time last year. We continue to penetrate the transplant market which is offsetting, in part, weaker demand from the

"Big Three". We are also continuing to trial our flooring products with the major automotive manufacturers. Initial feedback remains positive and we are confident that this represents an opportunity in the medium term. Our needlepunch business in the US performed well with volumes increasing 3% over the same period last year.

Our European Fibres business has continued to struggle to maintain both margins and volumes, particularly in Austria, whilst polymer prices have remained at record highs. There is evidence that some end users have switched to lower cost alternatives, such as polyester, creating further downward pressure on volumes. In addition, we have not been able to pass on rises in UK energy costs to our customers, which have risen by approximately 40% compared to the same period last year.

The re-organisation of our UK Fibres business, which was a consequence of the sale of half of the Drighlington site in West Yorkshire in February 2006, was completed in July and the streamlined business is now fully operational.

SPECIALIST COATINGS

Sales for the period fell by 7% to £11.5m (2005: £12.4m) which generated a reduced underlying operating profit of £0.2m (2005: £0.5m). On 3 November 2006 we announced that the largest vinyl base customer of the Specialist Coatings division, Premier Decorative Products Limited ("PDP"), had entered administration. We have made an exceptional bad debt provision in these results of approximately £0.7m which represents the gross debt net of expected recoveries from insurance.

The ongoing trading impact is much more difficult to quantify at this stage. PDP accounted for over a quarter of the division's turnover. Although we are currently trading with the administrator, future demand remains almost entirely dependent on whether or not the business is sold as a going concern.

Whilst we have to hope that the administrator will be successful and that PDP continues to trade, we are developing a contingency plan for the restructuring of Specialist Coatings. This may be necessary depending on the outcome of the administration. Such restructuring will be significant, as with any business that suffers the potential loss of a quarter of its turnover. Accordingly, the results for the UK Specialist Coatings business for the year as a whole are highly dependent on events over the next few months or so.

"We remain committed to completing structural change in the composition of the Group. We aim to have a smaller, but more financially robust Group, with a clear focus on the global Fibres businesses."

By contrast the market in Continental Europe has performed better and our exports have improved year on year. Royalty income from Russia has grown to £264,000 in the first half (2005: £138,000) as the business of our trading partner continues to grow. We are currently exploring other opportunities in this geographical region.

UMBRELLA FRAMES

Sales for the period were £2.5m (2005: £3.5m) on a 40% fall in volumes which resulted in an increased underlying operating loss of £0.4m (2005: £0.1m).

As predicted, the performance of the Umbrella Frames business has been affected not only by the decline in sales volumes but also by the disruption being caused in the run up to its relocation. We have continued to downscale and reshape the business to achieve a sustainable and profitable operation once it has been relocated.

The relocation of the business from its Penistone site to new leasehold premises in the Barnsley area is proceeding satisfactorily and is expected to be completed by the end of our financial year.

BORROWINGS

Borrowings increased from £15.2m to £18.0m for the six months ended 30 September 2006. Gearing at that date stood at 70% (30 September 2005: 60%). The increase in borrowings was principally due to incurring exceptional costs of £0.7m together with net interest payments of £0.7m and the payment of last year's final dividend amounting to £1.5m.

Financing costs of £0.7m (2005: £0.9m) includes bank interest payable of £0.7m (2005: £0.8m) which equates approximately to an effective interest rate of 6.2% (2005: 5.6%) on average daily borrowings of £23.0m (2005: £28.0m).

As previously announced we expect to complete the sale of the Penistone site by the end of the financial year, which will allow a significant reduction in borrowings for the year as a whole.

STRATEGY

Part of our strategy over recent years has been debt reduction and in particular, securing the £9.0m gross proceeds (£7.3m net of relocation costs) from the sale of the Penistone site will be significant in that regard. Following its relocation we aim to dispose of the Umbrella Frames business at the soonest practicable time.

We remain committed to completing structural change in the composition of the Group. We aim to have a smaller, but more financially robust Group, with a clear focus on the global Fibres businesses. This change requires the support of both our bankers and pension fund trustees with whom we are in active discussions. We want to more closely align our current borrowings with the geographical location of the Group's assets and trading cash flows.

TRADING OUTLOOK

Trading at the beginning of the second half continues to be exceptionally difficult in our Fibres businesses with weak volumes in the US automotive sector coupled with eroded margins and stiff competition in Europe where raw material prices remain high. We have seen some evidence that raw material prices are beginning to ease. However, it remains to be seen if feedstock prices will eventually come down in line with the oil price, allowing a sustained fall in prices in both Europe and the US.

As outlined above, until the future of PDP becomes clear, it is impossible to estimate the impact that this will have on the divisional results for the year.

Demand continues to fall in our Umbrella Frames business as further business has moved to the Far East. Consequently we are taking a more cautious view of volumes for the forthcoming selling season.

The combination of all these factors will undoubtedly have a significant impact on both our second half performance and full year result. Given these circumstances it is unlikely that the Board will recommend a dividend be paid for the full year.



JOHN STANDEN
Non-executive Chairman
1 December 2006

04

CONSOLIDATED INCOME STATEMENT (UNAUDITED) HALF YEAR ENDED 30 SEPTEMBER 2006

		Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Continuing operations				
Revenue	2	57,229	58,841	123,658
Cost of sales		(50,853)	(50,278)	(105,616)
Gross profit		6,376	8,563	18,042
Operating expenses		(13,352)	(8,807)	(19,131)
Operating (loss) profit				
Operating (loss) profit before exceptional items		(445)	1,232	3,235
Exceptional items	3	(6,531)	(1,476)	(4,324)
Operating loss	2	(6,976)	(244)	(1,089)
Financial expenses		(775)	(989)	(1,904)
Financial income		62	56	92
Net financing costs	4	(713)	(933)	(1,812)
Loss before taxation		(7,689)	(1,177)	(2,901)
Taxation		350	267	1,766
Loss for the period attributable to equity shareholders		(7,339)	(910)	(1,135)
Loss per share				
Basic and diluted	5	(3.67)p	(0.46)p	(0.57)p

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE (UNAUDITED) HALF YEAR ENDED 30 SEPTEMBER 2006

		Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Actuarial (losses) gains on defined benefit pension schemes		(142)	168	2,770
Deferred tax on actuarial (losses) gains		—	(50)	(1,294)
Exchange differences on translation of foreign operations		(1,869)	1,198	1,922
Gains (losses) in fair value of hedging derivatives		203	92	(114)
Net (expense) income recognised directly in equity		(1,808)	1,408	3,284
Loss for the period		(7,339)	(910)	(1,135)
Total recognised income and expense for the period (attributable to equity shareholders)		(9,147)	498	2,149
Adjustment in respect of adoption of IAS 32 and IAS 39		—	(751)	(751)
Total recognised income and expense for the period		(9,147)	(253)	1,398

CONSOLIDATED BALANCE SHEET (UNAUDITED) 30 SEPTEMBER 2006

05

	30 September 2006 Notes £000	30 September 2005 £000	31 March 2006 £000
Non-current assets			
Goodwill	4,201	12,061	9,274
Property, plant and equipment	30,552	38,142	33,681
Other non-current assets	554	554	569
Other financial assets	18	—	11
Deferred tax assets	—	1,331	—
	35,325	52,088	43,535
Current assets			
Inventories	14,569	13,734	15,025
Trade and other receivables	19,650	22,360	25,741
Current tax assets	—	1,084	205
Other financial assets	260	232	86
Cash and cash equivalents	4,167	2,926	8,133
	38,646	40,336	49,190
Freehold properties held for resale	2,179	2,923	2,179
	40,825	43,259	51,369
Current liabilities			
Trade and other payables	(17,553)	(19,977)	(23,415)
Current tax liabilities	(448)	(825)	(390)
Other financial liabilities	(11)	(83)	(73)
Borrowings and bank overdrafts	(9,207)	(8,810)	(9,303)
	(27,219)	(29,695)	(33,181)
Net current assets	13,606	13,564	18,188
Non-current liabilities			
Retirement benefit obligations	(3,368)	(5,828)	(3,391)
Other financial liabilities	(800)	(800)	(800)
Borrowings	(12,954)	(15,239)	(14,078)
Provisions and other liabilities	(1,364)	(1,111)	(1,546)
Deferred tax liabilities	(4,808)	(7,441)	(5,621)
	(23,294)	(30,419)	(25,436)
Net assets	25,637	35,233	36,287
Shareholders' equity			
Called up share capital	10,202	10,202	10,202
Share premium reserve	1,251	1,251	1,251
Other reserves	393	1,541	2,059
Retained earnings	13,791	22,239	22,775
Total shareholders' funds	8 25,637	35,233	36,287

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
HALF YEAR ENDED 30 SEPTEMBER 2006

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
	Notes		
Cash flows from operating activities			
Cash (used in) generated from operations	7	(85)	450
Tax received		215	369
Interest received		76	54
Interest paid		(810)	(1,031)
Net cash (used in) generated from operating activities		(604)	(158)
Cash flows from investing activities			
Purchases of property, plant and equipment		(663)	(113)
Proceeds from sale of property, plant and equipment		—	24
Net cash (used in) generated from investing activities		(663)	(89)
Cash flows from financing activities			
Repayment of borrowings		(1,336)	(1,332)
Repayment of capital element of finance leases		—	—
Dividends paid to ordinary shareholders		(1,539)	(1,538)
Net cash used in financing activities		(2,875)	(2,870)
Net (decrease) increase in cash and cash equivalents		(4,142)	(3,117)
Cash and cash equivalents at beginning of the period		1,519	(370)
Exchange (losses) gains on cash and cash equivalents		(78)	266
Cash and cash equivalents at end of the period		(2,701)	(3,221)
		1,519	

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (UNAUDITED) HALF YEAR ENDED 30 SEPTEMBER 2006

07

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Net movement in cash and cash equivalents	(4,142)	(3,117)	1,704
Decrease in debt and lease financing	1,336	1,332	2,649
Change in net debt from cash flows	(2,806)	(1,785)	4,353
Exchange adjustments	60	375	112
Movement in net debt in the period	(2,746)	(1,410)	4,465
Net debt at start of period	(15,248)	(19,713)	(19,713)
Net debt at end of period	(17,994)	(21,123)	(15,248)

NOTES TO THE INTERIM ACCOUNTS HALF YEAR ENDED 30 SEPTEMBER 2006

1. BASIS OF PREPARATION

The interim financial statements of Chapelthorpe plc for the half year ended 30 September 2006 are unaudited and do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The financial information has been prepared on the basis of the accounting policies set out in the Group's annual report and accounts for the year ended 31 March 2006. The comparative results for the year ended 31 March 2006 are abridged, and as such do not represent statutory accounts. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. SEGMENTAL REPORTING

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

At 30 September 2006, the Group is organised on a worldwide basis into three business segments: Fibres, Specialist Coatings and Umbrella Frames.

	Fibres £000	Specialist Coatings £000	Umbrella Frames £000	Unallocated £000	Group £000
Half year ended 30 September 2006					
Continuing operations					
Revenue	43,205	11,548	2,476	—	57,229
Operating profit (loss) before exceptional items	228	215	(427)	(461)	(445)
Exceptional items	(1,180)	(4,372)	(932)	(47)	(6,531)
Operating loss	(952)	(4,157)	(1,359)	(508)	(6,976)
Net financial expense				(713)	(713)
Loss before taxation	(952)	(4,157)	(1,359)	(1,221)	(7,689)
Taxation					350
Loss for the period					(7,339)
Half year ended 30 September 2005					
Continuing operations					
Revenue	42,959	12,423	3,459	—	58,841
Operating profit (loss) before exceptional items	1,218	471	(105)	(352)	1,232
Exceptional items	—	(292)	(1,184)	—	(1,476)
Operating profit (loss)	1,218	179	(1,289)	(352)	(244)
Net financial expense				(933)	(933)
Profit (loss) before taxation	1,218	179	(1,289)	(1,285)	(1,177)
Taxation					267
Loss for the period					(910)

2. SEGMENTAL REPORTING CONTINUED

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS CONTINUED

Year ended 31 March 2006	Fibres £000	Specialist Coatings £000	Umbrella Frames £000	Unallocated £000	Group £000
Continuing operations					
Revenue	89,216	26,113	8,329	—	123,658
Operating profit (loss) before exceptional items	2,743	1,254	(17)	(745)	3,235
Exceptional items	(2,280)	(708)	(1,336)	—	(4,324)
Operating profit (loss)	463	546	(1,353)	(745)	(1,089)
Net financial expense				(1,812)	(1,812)
Profit (loss) before taxation	463	546	(1,353)	(2,557)	(2,901)
Taxation					1,766
Loss for the period					(1,135)

The taxation credit and net financial expense have not been allocated to individual segments.

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

The Group operations are based in two main geographical regions being Europe and North America. The UK is the home of the parent.

The revenue analysis in the table below is based on the location of the customer:

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Continuing operations			
Europe	34,224	36,332	76,360
North America	19,284	19,950	41,951
Australasia and Far East	2,938	1,951	3,947
Rest of the World	783	608	1,400
	57,229	58,841	123,658

3. EXCEPTIONAL ITEMS

During the period, the Group has incurred a number of exceptional costs. These costs represent the following items:

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
European Fibres restructuring	80	—	1,194
Specialist Coatings restructuring	—	292	353
Specialist Coatings bad debt provision	672	—	—
Relocation of Umbrella Frames	932	66	80
Umbrella Frames restructuring	—	569	682
Profit on sale of properties	—	—	(2,181)
Costs incurred in connection with ongoing sale of Umbrella Frames business and assets	—	549	574
Provision for onerous lease in Specialist Coatings operation	—	—	622
Goodwill impairment	4,800	—	3,000
Costs incurred in connection with strategic review	47	—	—
Net costs relating to exceptional items	6,531	1,476	4,324

The goodwill impairment charge comprised £3.7m in respect of the Specialist Coatings division and £1.1m in respect of the Fibres division.

The taxation impact of these exceptional items was £nil (credit of £402,000 half year to 30 September 2005; credit of £1,467,000 year ended 31 March 2006).

NOTES TO THE INTERIM ACCOUNTS CONTINUED
HALF YEAR ENDED 30 SEPTEMBER 2006

4. NET FINANCING COSTS

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Interest payable			
Bank loans, overdrafts and short term facilities	701	787	1,503
Preference share dividends	23	23	46
Other interest	47	64	91
	771	874	1,640
Interest receivable			
Bank and other deposits	(46)	(13)	(67)
Other interest	(16)	(43)	(25)
	(62)	(56)	(92)
Net borrowing costs	709	818	1,548
Interest on pension scheme liabilities	4	115	264
Net financing costs	713	933	1,812
Interest payable	771	874	1,640
Interest payable on pension scheme liabilities	4	115	264
Total financial expense	775	989	1,904
Interest receivable	(62)	(56)	(92)
Total financial income	(62)	(56)	(92)
Net financing costs	713	933	1,812

5. EARNINGS PER SHARE

	Basic and diluted loss per share			Basic and diluted (loss)/earnings before exceptionals per share		
	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Loss for the period	(7,339)	(910)	(1,135)	(7,339)	(910)	(1,135)
Exceptional items	—	—	—	6,531	1,476	4,324
Tax effect of exceptional items	—	—	—	—	(402)	(1,467)
(Loss) earnings attributable to ordinary shareholders	(7,339)	(910)	(1,135)	(808)	164	1,722
Weighted average number of ordinary shares in issue during the period*	199,915	199,737	199,776	199,915	199,737	199,776
Basic and diluted (loss) earnings per ordinary share (pence)	(3.67)	(0.46)	(0.57)	(0.40)	0.08	0.86

* excluding shares held by the Chapelthorpe plc 1996 Employee Benefit Trust.

The effect of the exceptional items on the earnings per share for the current period is a loss of 3.27p (loss of 0.54p half year to 30 September 2005; loss of 1.43p year ended 31 March 2006).

6. DIVIDENDS

There will be no interim dividend for 2006/07 (interim 2005/06: 0.33p per ordinary share; final 2005/06: 0.77p).

Ordinary dividends paid in the period totalled £1,539,000 (£1,538,000 half year to 30 September 2005; £2,198,000 year ended 31 March 2006).

7. CASH (USED IN) GENERATED FROM OPERATIONS

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Operating loss	(6,976)	(244)	(1,089)
Depreciation	1,953	2,237	4,311
Charge in respect of employee share scheme	36	45	108
Profit on sale of fixed assets (excluding properties)	—	(14)	(13)
Working capital:			
– Decrease (increase) in inventories	50	488	(619)
– Decrease (increase) in debtors	4,872	1,920	(1,274)
– (Decrease) increase in creditors	(5,711)	(3,310)	193
Decrease in provisions	(13)	(8)	(23)
Decrease in retirement benefit obligations	(118)	(180)	(216)
	(5,907)	934	1,378
Exceptional items:			
– Restructuring			
– amount recognised in period	80	861	2,229
– amount paid in period	(327)	(1,210)	(1,559)
– Costs incurred in connection with ongoing sale of Umbrella Frames business and assets			
– amount recognised in period	—	549	574
– amount paid in period	—	(138)	(808)
– Costs incurred in connection with relocation of Umbrella Frames business and assets			
– amount recognised in period	932	66	80
– amount paid in period	(135)	—	—
– Costs incurred in connection with strategic review			
– amount recognised in period	47	—	—
– amount paid in period	(47)	—	—
– Future costs of vacant leasehold property			
– amount recognised in period	—	—	622
– amount paid in period	(200)	(262)	(474)
– Costs of EGM held on 18 March 2005			
– amount paid in period	—	(350)	(350)
– Profit on sale of properties			
– amount recognised in period	—	—	(2,181)
– Impairment of goodwill			
– amount recognised in period	4,800	—	3,000
– Specialist Coatings bad debt provision			
– amount recognised in period	672	—	—
Cash (used in) generated from operations	(85)	450	2,511

NOTES TO THE INTERIM ACCOUNTS CONTINUED
HALF YEAR ENDED 30 SEPTEMBER 2006

8. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Share capital £000	Share premium reserve £000	Cash flow hedging reserve £000	Foreign currency translation reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2005	11,002	1,251	—	(335)	487	24,574	36,979
Adjustment in respect of adoption of IAS 32 and IAS 39	(800)	—	99	—	—	(50)	(751)
Balance at 1 April 2005	10,202	1,251	99	(335)	487	24,524	36,228
Loss for the period	—	—	—	—	—	(910)	(910)
Currency translation adjustments	—	—	—	1,198	—	—	1,198
Employee share schemes	—	—	—	—	—	45	45
Actuarial gains on pension scheme	—	—	—	—	—	168	168
Deferred tax on actuarial gains	—	—	—	—	—	(50)	(50)
Hedging reserve transfers	—	—	92	—	—	—	92
Ordinary dividends	—	—	—	—	—	(1,538)	(1,538)
Balance at 30 September 2005	10,202	1,251	191	863	487	22,239	35,233
Balance at 31 March 2005	11,002	1,251	—	(335)	487	24,574	36,979
Adjustment in respect of adoption of IAS 32 and IAS 39	(800)	—	99	—	—	(50)	(751)
Balance at 1 April 2005	10,202	1,251	99	(335)	487	24,524	36,228
Loss for the period	—	—	—	—	—	(1,135)	(1,135)
Currency translation adjustments	—	—	—	1,922	—	—	1,922
Employee share schemes	—	—	—	—	—	108	108
Actuarial gains on pension scheme	—	—	—	—	—	2,770	2,770
Deferred tax on actuarial gains	—	—	—	—	—	(1,294)	(1,294)
Hedging reserve transfers	—	—	(114)	—	—	—	(114)
Ordinary dividends	—	—	—	—	—	(2,198)	(2,198)
Balance at 31 March 2006	10,202	1,251	(15)	1,587	487	22,775	36,287
Balance at 1 April 2006	10,202	1,251	(15)	1,587	487	22,775	36,287
Loss for the period	—	—	—	—	—	(7,339)	(7,339)
Currency translation adjustments	—	—	—	(1,869)	—	—	(1,869)
Employee share schemes	—	—	—	—	—	36	36
Actuarial losses on pension scheme	—	—	—	—	—	(142)	(142)
Hedging reserve transfers	—	—	203	—	—	—	203
Ordinary dividends	—	—	—	—	—	(1,539)	(1,539)
Balance at 30 September 2006	10,202	1,251	188	(282)	487	13,791	25,637

9. RETIREMENT BENEFITS

The Group operates a number of pension schemes. The major scheme is in the UK and is of the defined benefit type, although this is now closed to new members.

The last full actuarial valuation of the major UK scheme was carried out by a qualified independent actuary at 5 April 2005 and this has been updated to 30 September 2006.

The amounts recognised in the income statement for the UK defined benefit scheme are analysed as follows:

	Half year 30 September 2006 £000	Half year 30 September 2005 £000	Year 31 March 2006 £000
Current service cost	(219)	(223)	(482)
Interest on pension scheme liabilities	(1,287)	(1,351)	(2,681)
Expected return on pension scheme assets	1,283	1,236	2,505
Past service costs	—	(243)	(332)
Curtailement gains	—	89	46
	(223)	(492)	(944)

The net of "interest on pension scheme liabilities" and "expected return on pension scheme assets" above has been included within "interest on pension scheme liabilities" in net financing costs. All other amounts are included in operating expenses.

The amount of actuarial losses recognised in the Statement of Recognised Income and Expenses in respect of the UK scheme is £142,000 (£168,000 gain in half year to 30 September 2005; £2,770,000 gain in year to 31 March 2006).

In addition, in Austria, there are leaving indemnities which represent a defined benefit on retirement. All other pension schemes which are operated by the Group are of a defined contribution type.

