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Cape plc
("Cape" or the "Group")

UNAUDITED PRELIMINARY RESULTS: 12 months ended 31 December 2010

Cape plc (AIM: CIU), the international provider of essential non-mechanical support services to the energy and resources sectors, announces its results for the twelve months ended 31 December 2010.

Financial summary

	FY 2010	FY 2009	Growth	
			AER	CER
Revenue	£650.1m	£655.1m	-0.8%	-4.2%
Adjusted profit before tax ⁽¹⁾	£69.1m	£60.7m	+13.8%	+10.2%
Profit/(loss) before tax	£63.1m	£(15.6)m		
Adjusted operating profit margin ⁽²⁾	12.0%	10.8%	+120 bps	
Profit/(loss) after tax	£52.6m	£(1.5)m		
Adjusted diluted earnings per share ⁽³⁾	42.6p	37.5p	+13.6%	
Diluted earnings/(loss) per share	41.0p	(3.4)p		
Dividend for the year	12.0p	Nil		
Net debt ⁽⁶⁾	£52.9m	£113.6m	-53.4%	

AER – Actual exchange rates; CER – Constant 2009 exchange rates⁽¹⁰⁾

Highlights

- Adjusted profit before tax⁽¹⁾ up 13.8% to £69.1m (2009: £60.7m) at AER (increase of 10.2% at CER)
- Adjusted operating profit margin⁽²⁾ improved to 12% (2009: 10.8%)
- Adjusted diluted earnings per share⁽³⁾ up 13.6% to 42.6p (2009: 37.5p)
- Basic earnings per share increased to 42.6p (2009: (3.5)p)
- Free cash flow⁽⁴⁾ up 17.4% to £68.0m (2009: £57.9m) with operating cash conversion⁽⁵⁾ of 103.1% (2009: 95.9%)
- Balance sheet continues to strengthen, with net debt⁽⁶⁾ halved to £52.9m (2009: £113.6m) and ratio of net debt to adjusted EBITDA⁽⁸⁾ reducing to just 0.6 times (2009: 1.3 times)
- Proposed final dividend of 8.0p per share (2009: nil) making a full year dividend of 12.0p (2009: nil)
- On track for return to London Stock Exchange Main Market in Q2 2011
- Forthcoming appointment of Tim Eggar as Cape's new non-executive Chairman⁽¹⁸⁾
- 6% growth in order book with over 63% of consensus 2011 revenues⁽⁹⁾ now secured

Commenting on the results, Martin May, Chief Executive of Cape, said:

"Cape delivered a robust operating and financial performance in 2010 with a 13.8% increase in adjusted PBT⁽¹⁾ and a 13.6% increase in adjusted diluted EPS⁽³⁾. These results highlight the strength of our international footprint across strategically important growth markets within the energy sector. Strong growth in the Far East/Pacific Rim region, where revenues grew by 26.0% at CER⁽¹⁰⁾, largely offset the expected lower revenues in the Gulf/Middle East and UK regions.

Looking ahead, as the pause in global Exploration and Production (E&P) capex we saw in 2009/10 gives way to a return to growth, we expect demand for our construction support services to initiate a period of growth from the second half of 2011. Whilst the maintenance (Production Support) services market is not expected to grow as strongly as the capital funded Engineering and Construction (E&C) projects market, we anticipate growth will be driven by the commissioning of new plants in emerging markets, the maintenance of ageing infrastructure in mature markets and the increasing focus of plant operators on safety.

These factors contribute to a very encouraging outlook for Cape as we look forward to a sustained period of high earnings growth from mid 2011 through to 2015.”

Analyst meeting

The company will be presenting to a meeting of analysts at 9.30am today. The presentation will be available on the company's website later today at <http://www.capeplc.com/cape/pages/investors>

- 1 Adjusted PBT comprises profit/(loss) before tax of £63.1m (2009: loss of £15.6m), adjusted for the IDC charge of £0.4m (2009: £74.2m), IDC finance income of £1.0m (2009: £0.8m), unwind of discount in respect of IDC provision £4.0m (2009: nil) and amortisation of intangible assets of £2.6m (2009: £2.9m).
- 2 Adjusted operating profit margin is calculated as operating profit before other items of £78.2m (2009: £70.6m) divided by revenue of £650.1m (2009: £655.1m).
- 3 Adjusted diluted earnings per share is calculated by dividing EBITA, net of tax, by the weighted average number of ordinary shares in issue during the year adjusted to assume conversion of all potentially dilutive ordinary shares.
- 4 Free cash flow is defined as cash generated from operations of £98.5m (2009: £84.4m) adjusted for the impact of net interest paid of £8.2m (2009: £10.7m), tax paid of £11.5m (2009: £7.6m), net capital expenditure of £11.6m (2009: £8.9m) and the amortisation of the bank fee of £0.8m (2009: £0.7m).
- 5 Operating cash conversion is defined as cash generated from operations of £98.5m (2009: £84.4m) divided by adjusted EBITDA⁽⁸⁾.
- 6 Net debt is calculated by deducting borrowings of £148.7m (2009: £180.3m) from cash and cash equivalents of £95.8m (2009: £66.7m).
- 7 Ratio of net debt to adjusted EBITDA⁽⁸⁾ is calculated by dividing the net debt⁽⁶⁾ figure at the year end of £52.9m (2009: £113.6m) by the adjusted EBITDA⁽⁸⁾ of £95.5m (2009: £88.0m).
- 8 Adjusted EBITDA is calculated by adding back depreciation of £17.4m (2009: £15.8m) to EBITA⁽¹¹⁾ of £78.1m (2009: £72.2m).
- 9 Based on 2011 consensus revenues of £705.0m.
- 10 Constant currency figures reflect actual 2010 results retranslated using the foreign currency exchange rates used for the 2009 reporting. The average exchange rates for the year ended 31 December 2010 were GBP/AUD 1.6901 and GBP/USD 1.5526 (2009: GBP/AUD 1.9828 and GBP/USD 1.5513).
- 11 EBITA comprises profit/(loss) before interest and taxation of £75.1m (2009: £(4.9)m), adjusted for IDC charge of £0.4m (2009: £74.2m) and amortisation of intangible assets of £2.6m (2009: £2.9m).
- 12 Gearing is net debt⁽⁶⁾ divided by total equity.
- 13 Return on Managed Assets (ROMA) is calculated as operating profit before other items of £78.2m (2009: £70.6m) divided by managed assets⁽¹⁴⁾.
- 14 Managed assets is calculated by deducting the trade and other payables of £100.3m (2009: £95.7m) from the sum of property, plant and equipment of £154.3m (2009: £142.9m), inventories of £8.8m (2009: £17.3m) and trade and other receivables of £170.1m (2009: £156.0m).
- 15 Interest cover is calculated by dividing the operating profit before other items of £78.2m (2009: £70.6m) by the finance costs (excluding unwind of discount in respect of IDC provision of £4.0m (2009: nil)) of £9.1m (2009: £12.3m).
- 16 Asset replacement ratio is calculated by dividing the capex spend for the year £12.4m (2009: £11.6m) by depreciation charge £17.4m (2009: £15.8m)
- 17 Effective tax rate is tax on ongoing operations of £14.6m (2009: £13.9m) divided by adjusted PBT⁽¹⁾
- 18 The appointment of Tim Eggar is expected to take effect on 1 May 2011 and an announcement on such date will include appropriate disclosures under AIM Rule 17.

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Chairman's Statement

Another strong profit and cash flow performance

2010 has been another year of solid progress for Cape. The results exceeded our expectations with a record adjusted PBT⁽¹⁾ of £69.1 m (2009: £60.7m). Adjusted diluted earnings per share⁽³⁾, which have more than quadrupled over the past five years, increased by a further 13.6% to 42.6 pence (2009: 37.5 pence) making five consecutive years of uninterrupted earnings growth.

Cape's impressive cash generation continued throughout the year and enabled us to halve the year end net debt⁽⁶⁾ to £52.9m (2009: £113.6m). Balance sheet gearing⁽¹²⁾ reduced to 14.3% (2009: 42.4%) and the ratio of net debt to adjusted EBITDA⁽⁷⁾ reduced to 0.6 times (2009: 1.3 times). The de-gearing performance has been excellent with a reduction in net debt⁽⁶⁾ of £146.1m from the £199.0 m peak reported in June 2008.

A continuing transformation

At the same time as delivering strong earnings growth and cash generation, substantial progress has been made in transforming Cape into a leading international services provider to the energy and resources sectors. Our business is now concentrated primarily on the downstream part of the energy sector, including power generation, and this development was recognised by our recent reclassification into the London Stock Exchange's Oil Equipment and Services sector. We continue to pursue a clear strategy of focusing on our core non-mechanical services offering across strategically attractive locations. The Group now has a well-balanced portfolio of revenue streams with over 56% of revenues derived from recurring maintenance and production support activities which are essential operating expenditures (opex) of plant operators. The balance of revenues come from large committed projects in the energy and resources sectors where we operate as a service provider to major engineering and construction (E&C) contractors.

As previously announced, Cape plans to move from AIM to the LSE's Main Market in the second quarter of 2011. As part of this process, the Board has closely examined the current corporate structure. Over the past five years, the geographic mix of the Group's business has become increasingly international, with over 67% of profits now generated from outside the UK. The Board expects the growth of the business over the next five years to be driven primarily from our operations in international markets, particularly the Pacific Rim and Middle East regions.

The Board has therefore concluded that Cape and its shareholders would be better served through an international holding company structure that best supports the Group's operational and financial management. The Board believes that the most appropriate structure is for the new Group holding company to be Jersey incorporated and UK listed with its tax residence in Singapore.

The new holding company, which is to be called Cape plc, will have the same Board and management team as the current Cape business, although increased time will be spent in Singapore. The Board will comply with the provisions of the UK Corporate Governance Code applying to Main Market premium listed companies and will be subject to the UK Takeover Code. As such, this move will not cause any substantive changes to corporate governance or investor protection measures. Cape plc will be listed on the London Stock Exchange and is expected to be eligible for inclusion in FTSE's UK Index Series.

This proposed new corporate structure will be implemented via a Court sanctioned Scheme of Arrangement. It is expected that a Circular setting out full details of the proposals will be sent to shareholders during the second quarter of 2011. A prospectus in relation to Cape Plc (the "Prospectus") will also be published and both documents will be available on Cape's website, www.capeplc.com.

Proposed Dividend

In October 2010 Cape paid its first dividend in 10 years with an interim distribution of 4 pence per share.

The Board is recommending a Final Dividend of 8 pence per Ordinary share (2009: nil) to give a total dividend of 12 pence in respect of the year ended 31 December 2010 (2009: nil) reflecting our continued confidence in the longer term prospects for the Group. Subject to approval by shareholders at a General Meeting of the Company which is anticipated to be convened for 25 May 2011, the Final Dividend of 8 pence per Ordinary share will be paid on 3 June 2011 to shareholders on the register at the record date of 13 May 2011.

Board of Directors

As announced last year, with the increasing international focus of the business, the Board recognised it would be beneficial to broaden the Board with the appointment of two additional non-executive Directors.

I am therefore delighted to announce the forthcoming appointment of Tim Eggar as our new non-executive chairman.

Tim had a distinguished parliamentary career from 1979 to 1997 which included the key Government appointment of Minister for Energy from 1992 to 1996. He has extensive international experience including being Global Head of Integrated Energy Corporate Finance at ABN AMRO, Chief Executive of Monument Oil and Gas, Chairman of Harrison Lovegrove, Chairman of Indago Petroleum and Chairman of Nitol Solar.

Tim will take up his appointment with Cape with effect from 1 May 2011 and I shall step down from the Board at that point.

Further, as announced on 6 January 2011, Michael Merton was appointed as a non-executive director and Chairman of the Audit Committee. Michael has significant experience in the international resources industry, having spent the majority of his executive career at Rio Tinto, where he held senior operational roles around the world.

Over the past several months, the Nominations Committee of the Board has overseen the process of appointing both Tim and Michael. This process produced a number of outstanding candidates and we were delighted that Tim and Michael agreed to accept the Board's offers. Both have a wealth of relevant experience and possess the qualities the Company is looking for to help lead Cape's ambitious growth plans.

Also as previously announced, David Robins, the Senior Independent Director and Chairman of the Audit Committee, has stepped down from the Cape Board effective today. David Robins has been a Non-executive Director for five years and the Board would like to place on record its thanks to David for his contribution during this period of considerable growth for Cape.

The Board will continue to evaluate further opportunities to strengthen the Board with potential future additions as appropriate, particularly in light of the Group's growth and increased presence in the Far East / Pacific Rim region.

The Cape team

The Board and I would like to express our collective appreciation to all Group employees for their strong commitment and unflagging efforts in 2010; for their focus on safety, operational excellence and delivery to our customers. In my final statement to shareholders as Chairman, I would also like to thank Martin May and his executive team for their continued successful leadership of the business and for their achievement in delivering such a strong performance for the sixth year running.

Outlook and prospects

The Board expects a return to organic revenue growth from the second half of 2011, and, as capital expenditure in the global energy sector begins to increase, we look forward to a sustained period of high earnings growth from mid 2011 towards 2015.

Sean O'Connor
Chairman
2 March 2011

Chief Executive's review

Over the past five years the Group has been transformed. Our 2010 EBITA⁽¹¹⁾ was six times higher than the equivalent 2005 figure and 8.2% above the prior year, our EBITA margin was twice that in 2005 and we have a strong balance sheet with gearing⁽¹²⁾ reduced to 14.3%.

Cape is now a world leader in the provision of essential non-mechanical services to both plant operators in the maintenance of large industrial assets and to large engineering and construction (E&C) contractors with construction support services. By focusing on our core services and through a mix of both organic growth and strategic acquisitions in selective high growth markets, we have built a world class industrial services business.

Overview of performance in 2010

Cape delivered an excellent operational performance in 2010. Working directly with International Oil Companies (IOC's), National Oil Companies (NOC's), power generators, and resource companies, we provided essential maintenance services on 245 industrial assets in 2010. We also assisted in the safe delivery of 58 major construction projects in the year.

Adjusted profit before tax⁽¹⁾ increased by 13.8% to £69.1m (2009: £60.7m) including a £2.5m reduction in net finance costs, before the IDC, to £9.0m (2009: £11.5m) and a £2.2 m (2009: £8.3m) benefit from favourable foreign exchange movements. The EBITA⁽¹¹⁾ (excluding exchange) therefore increased by £3.7m or 5.1%.

Our cash generated from operations was again outstanding at £98.5m (2009: £84.4m) with net debt⁽⁶⁾ reducing from £113.6m to £52.9m.

Regional overview

The Group continues to segment its business on a geographical basis.

For the twelve months ended 31 December:

Region	Revenue (£m)		EBITA ¹¹ (£m)		
	2010	2009	2010	2009	Growth
UK	273.4	304.7	28.0	25.4	10.2%
Gulf / Middle East	137.7	170.7	35.4	38.6	(8.3)%
CIS, Med & North Africa	51.0	48.4	7.8	6.1	27.9%
Far East / Pacific Rim	188.0	131.3	14.8	7.9	87.3%
Total before central costs	650.1	655.1	86.0	78.0	10.3%
Income from joint venture	-	-	(0.1)	1.6	
Central costs	-	-	(7.8)	(7.4)	
Total	650.1	655.1	78.1	72.2	8.2%

Our revenues in the Far East/Pacific Rim Region grew by 26.0% at CER⁽¹⁰⁾ largely offsetting the anticipated revenue reduction of 19.3% at CER in the Gulf/Middle East Region. However, the strong margin performance seen in the first half in the Gulf/Middle East continued throughout the year resulting in an EBITA⁽¹¹⁾ reduction in the region of only 8.5% at CER⁽¹⁰⁾.

As reported at the half year, the proportion of Group profits generated from outside the UK remains at 67% of Group operating profit before central costs (2009: 67%).

The performance of each of the four regions is discussed further in the Operating Review below.

Strategy update

A year ago, I outlined the progress we had made against our key objectives. We were determined to deliver consistent and outstanding service to our customers while at the same time reducing the costs of running the business. Achieving a high level of profit to cash conversion from our activities and strengthening our balance sheet were the key financial objectives.

Our growth strategy continues to focus on five strategic objectives.

1. Capture increasing levels of maintenance and capital spending to maintain and extend the life of ageing energy infrastructure in the UK.
2. Build positions of scale in high growth international markets such as Gulf/Middle East and Far East/Pacific Rim.
3. Capitalise on the increasing industry trend towards sourcing cost effective bundled multi-disciplinary services from a single source provider.
4. Maintain our uncompromising safety proposition and continuously strive to provide injury free project execution.
5. Build on Cape's world class reputation and track record for consistent project execution and delivery on time and on budget.

During the second half of 2010, we re-examined the validity of these objectives and how we saw the business developing over the next five years. With delivery of the margin expansion and de-gearing of the past three years, the emphasis is now on achieving controlled value enhancing growth.

We have a high performing business focused on a compelling combination of services and our exposure to both opex and capex trends in the energy and mineral resources sectors provides us with attractive growth opportunities. On the opex side, we have market leading positions in the UK oil and gas and power generation sectors, together with a strong position in the mining and mineral processing sector in Australia. On the construction services side we have positions of scale in two of the three big E&C markets; downstream in the Middle East and gas/LNG in the Far East/Pacific Rim. Our smaller positions in the CIS and North Africa also provide interesting opportunities.

Developing the capability of our organisation and people

Key to our growth ambition is the continued development of our people. In 2010 we launched "Capepeople" – a shared vision and set of values which acknowledge that it is our people that are at the heart of the business. "Capepeople" is focussed around the three pillars of: Opportunity, Capability and Commitment; and it is these three pillars that will drive our commitment to ensure Cape is the employer of choice in our industry and continues to deliver world class service for our customers.

Our performance is not only measured in terms of financial numbers but also by the service level and peace of mind we bring to our customers. We have best in class operational teams with a wealth of experience gained over many years with Cape. The majority of our management team have been promoted from within, having worked their way through the ranks and in some cases have over 20 years experience with Cape. Building on this expertise, in 2010 we introduced our "Future Leaders Programme" which provides in depth management development for future leaders. These group-led development programmes supplement the already well established programmes in our regional businesses; for example supervisor training and skills competency.

Cape's commitment to safety

We can never be complacent about safety. It is pleasing to report that it has also been another record year in terms of our health and safety performance, with the lost time injury frequency rate of only 0.032 per 100,000 hrs worked (2009: 0.065 per 100,000 hrs worked).

Safety is at the core of everything we do. Our client's activities around the world are often in the most hostile climates and due to the nature of their operations they expect only the highest of safety standards. Our world-class, sustainable safety performance has been delivered due to our continued investment in our safety framework by extending our systems, culture and performance across the entire footprint.

The total recordable lost time injury frequency rates have been reduced by 46% from the previous 2009 record and since 2007 there is an average reduction of around 22% each year. This dramatic improvement brings our performance a large step closer to our ultimate goal of "Zero accidents, no harm to our people and the environment". The success to date has only been delivered by investing in our systems and people and expecting only exemplary operational safety wherever we operate in the world.

Key risks and uncertainties

The key risks and uncertainties for the Group are described on pages 33 to 35 of the Group's Annual Report and Accounts 2009.

Outlook and prospects

Looking ahead, as the pause in global E&P capex we saw in 2009/10 gives way to a return to growth, we expect demand for our construction support services to commence a sustained period of growth from the second half of 2011. Whilst the maintenance (Production Support) market is not expected to grow as strongly as the capital funded E&C projects market, we anticipate growth will be driven by the commissioning of new plants in growth markets, the maintenance of ageing infrastructure in mature markets and the increasing focus of plant operators on safety.

As we enter the new up-cycle for our construction support services markets, particularly downstream Gulf/Middle East region and gas/LNG in the Far East/Pacific Rim region, we believe Cape is ideally positioned to deliver top-line growth. The opportunities presented currently by the construction of two of the world's largest LNG projects in Australia are on our horizon and Cape has been pre-qualified to tender for work on both the Gorgon and the Papua New Guinea LNG terminals due to commence construction in 2012. The lengthy qualification, contract award, revenue cycle continues to provide us with excellent revenue visibility with over 63% of consensus 2011 revenues⁽⁹⁾ now secured.

I wish to join our Chairman in expressing appreciation to all who work for Cape for their contribution to a very busy and successful year. All have played a part in strengthening the business for our next phase of growth and we can look forward to an exciting future for the Cape Group.

Martin K May
Chief Executive Officer
2 March 2011

UK Region

The UK Region again contributed 32.6% of EBITA⁽¹¹⁾ with the stronger margin performance more than offsetting the decline in revenue.

EBITA⁽¹¹⁾ increased by 10.2% to £28.0m (2009: £25.4m) despite the 10.3% reduction in revenue to £273.4m (2009: £304.7m). As discussed at the half year, the performance reflects the closure of the hire & sales division last year and the restructuring of the region into three autonomous business units. With the restructuring now complete, the underlying strength of Cape's business in the UK is clearly visible in these numbers.

Some 94% of the UK Region's revenues (2009: 84% of revenues) were derived from plant maintenance or production support activities and were therefore met from clients' operational budgets.

Onshore revenues were down 11.6% at £149.7m (2009: £169.3m) reflecting the lower outage (shutdown) spend, following deferral of a number of outage programmes at sites such as RWE Fawley, EDF West Burton and RWE Didcot, and the deferral of non essential capital investment across the power generation sector.

Offshore revenues reduced by 13.0% to £97.6m (2009: £112.2m) principally reflecting the completion of the BG Armada Field Life Extension Integrity Upgrade project. We established a presence in both the Netherlands and Norway in 2010 with initial progress achieved with the award of the Total E&P contract in the Dutch sector announced in March.

Our stand alone Environmental Services unit (Cape DBI) delivered a 12.5% revenue increase to £26.1m (2009: £23.2m) driven by a particularly strong performance in the offshore sector where we successfully delivered our now technically proven 'on-line' sand separator cleaning processes. This bespoke technology is now contracted with Shell and Nexen for the next three years.

Cape's excellent safety performance continued to be recognised by our clients in 2010 with a number of prestigious safety awards.

Forward order book and secured revenue

The UK region's order book has remained close to prior year levels with some 66% of the region's 2011 planned revenues now secured (2009: 71%).

2011 Preview

Overall we expect a modest increase in activity levels in the UK over those seen last year as a result of the record number of major outages in the power generation sector in both fossil fuel and nuclear stations planned for 2011.

Offshore we are confident we can maintain our market share in the UK Continental Shelf and we will continue to develop opportunities in the Norwegian and Dutch sectors.

Gulf/Middle East Region

The Gulf/Middle East Region contributed 41.2% of EBITA⁽¹¹⁾ (2009: 48.5%) reflecting the impact of the slowdown in construction activity across the region.

Revenues declined by 19.3% (CER⁽¹⁰⁾: -19.3%) to £137.7 m (2009: £170.7m), although EBITA⁽¹¹⁾ remained more resilient at £35.4m (2009: £38.6m).

Some £91.0m (65%) of revenues were related to construction support activities down from nearly 70% in 2009 reflecting the expected decline from the highs of last year as projects completed across the region. Cape was active on 29 major construction projects in the region including Pearl GTL in Qatar, Kayan, Karan Gas, National Chevron Philips (NCP) and Ma'aden in Saudi Arabia and Emal and Borouge II in the UAE.

We continued to build on our dominant position in the maintenance and shutdown market across the region. Cape increased its maintenance portfolio to 72 sites (2009: 63 sites).

Cape again secured all the shutdown work available in the UAE and completed its first shutdown in Oman at the Sohar refinery.

Safety Awards

Cape completed almost 28 million man hours in the region with just one Lost Time Incident (LTI). This achievement was again recognised by our clients across the region with numerous awards.

Forward order book and secured revenue

The region's order book is now 28% higher than at the beginning of 2010. There has been an increase in project awards in the second half of 2010 and activity within the downstream onshore sector is expanding. Some 65% of planned 2011 revenues have now been secured (2009: 60%).

Significant awards for construction support services in KSA include packages on Karan Gas and the Manifa Gas Facilities in addition to the Jubail Export Refinery project. The most active market for E&C activities in the region is however the UAE where packages are secured on the ADCO SAS development project, Borouge III, Habshan 5, Ruwais 4th NGL train, IGD project and the Fertil 2 Ammonia/ Urea expansion project.

In 2011 Cape established a foothold in India, winning its first work providing access and insulation services at Petronet's LNG Terminal at Cochin.

2011 Preview

With our highest level of secured work since September 2008, and with increasing tendering activity in our Northern and Southern Gulf markets, we anticipate a return to growth in 2012. Several key E&C project awards are expected during 2011 for commencement in 2012.

We also see opportunities to continue to strengthen our maintenance and shutdown activities. Iraq will also be a potential growth area for our services in 2011, with work already being undertaken for Worley Parsons on behalf of BP at Rumaila and a number of other requests for our support are under consideration.

Far East/Pacific Rim Region

Revenue increased by 43.2% (CER⁽¹⁰⁾: +26.0%) to £188.0m (2009: £131.3m) making it the Group's largest revenue generating region outside the UK.

EBITA⁽¹¹⁾ nearly doubled to £14.8m (2009: £7.9m) representing 17.2% (2009: 9.9%) of the Group's EBITA⁽¹¹⁾.

The transformation of our business in the region continued throughout the year. As expected we have experienced significant revenue growth (CER⁽¹⁰⁾: +37.8%) in our industrial services businesses which accounted for 88% (2009: 83%) of our revenues in the region. Some 34% of revenues were derived from maintenance and shutdown activities with 47% relating to construction support activities driven by large, capially funded LNG and petrochemical projects.

We have continued to invest in our established training facilities in both the Philippines and Australia during the year to ensure we are best placed to provide the increasing numbers of highly trained operatives our clients demand.

Onshore industrial services revenues increased 42% (CER⁽¹⁰⁾: 26%) to £145.5m (2009: £102.8m) driven by our work on the two significant oil & gas contract awards received last year, Woodside's Pluto LNG project in Karratha, Australia and the ExxonMobil Singapore Parallel Train (SPT) project at Jurong Island, Singapore. We expect our activities on both of these major projects to wind down and complete in the second half of the year.

Whilst our onshore construction support revenues doubled in 2010 it was particularly pleasing to also grow maintenance and shutdown revenues by 87%. We now provide maintenance services at 15 sites in the region.

Offshore revenues in the region more than trebled to £20.7m (2009: £6.6m) which reflects major shutdown works completed on our two principal maintenance contracts with ConocoPhillips Bayu-Undan in the Timor Sea and the Shell Malampaya platform in the South China Sea. As indicated last year, the management of Cape's Offshore business for the region moved from the Philippines to Australia. As expected, tendering activity has increased as a result of this move and we expect a steady stream of contract awards in 2011.

As anticipated, our Access Solutions business, which is entirely focused on commercial and residential construction markets in Australia, continued to be impacted by the difficult market conditions. Revenues remained flat at £21.8m (2009: £21.9m) on a headline basis although on a CER⁽¹⁰⁾ basis revenues declined by 15%. As reported at the half year pricing has remained fiercely competitive as a result of the continued downturn in the commercial and residential construction markets right across Australia and we do not now expect to see any pick up until the end of the year at the earliest.

Forward order book and secured revenue

The region's order book increased by 4% in the year largely reflecting the progress with major construction projects. Secured revenues now represent some 50% (2009: 48%) of 2011 planned revenues.

2011 Preview

We expect little change in activity levels until the final quarter of 2011 as current major projects progress towards completion. We expect continued growth in the second half and into 2012, with the benefit of increasing tendering activity. Several major projects in the gas/LNG and resources sectors are now in early stage construction or have achieved final investment decision and we anticipate award of contracts for Cape's range of services to be made during the course of the year.

CIS Mediterranean & North Africa

Our smallest region contributed 9.0% of EBITA⁽¹¹⁾ (2009: 9.7%). Revenues increased by 5.4% to £51.0m (2009: £48.4m) with EBITA⁽¹¹⁾ increasing by 27.9% to £7.8m (2009: £6.1m).

The vast majority, some 91% (2009: 92%) of the region's revenues were derived from construction support services.

Cape's activities in the CIS countries in 2010 were again concentrated on construction support activities at Kashagan and Karachaganak in Kazakhstan, and Odoptu and Chayevo in Sakhalin, Russia.

In addition to Kazakhstan and Sakhalin, Cape made progress in expanding its operations further in 2010. As announced on 1 July 2010, Cape established a joint venture in Azerbaijan with state oil company SOCAR. The joint venture was awarded its first contract with the Amec-Tekfen-Azfen (ATA) Alliance to provide access services for the fabrication of West Chirag Platform topsides. We also registered a branch in Turkmenistan during the year, where offices will be opened in 2011.

In August last year, we announced that we had been awarded a contract valued in excess of €27m (£22.5m) for the provision of insulation works for the Sonatrach GL3-Z LNG Project in Arzew, Algeria. This award marked the first major LNG project contract win for Cape in North Africa since the Damietta LNG project in Egypt in 2002. The work is now expected to commence in the second quarter of 2011. This was another significant award for Cape, in the strategically important LNG sector.

Forward order book and secured revenue

The region's order book increased by 49% over prior year levels with some 54% of the region's 2011 planned revenues now secured.

2011 Preview

Activity levels in the region are expected to increase in the second half as a result of the announced project wins in Azerbaijan and Algeria.

Activity levels in Kazakhstan are expected to continue at current levels through the first half of 2011, reducing in the second half as the current projects complete. The next major project in Kazakhstan is the follow on phase of the TengizChevrOil (TCO) development which is not expected to commence until 2012.

FINANCIAL REVIEW

Total adjusted PBT⁽¹⁾ increased by 13.8% to £69.1m (2009: £60.7m) from revenues of £650.1m (2009: £655.1m). This improvement was driven by an 8.2% increase in EBITA⁽¹¹⁾ to £78.1m (2009: £72.2m) combined with a reduced finance charge.

Adjusted diluted earnings per share increased by 13.6% to 42.6p (2009: 37.5p). Basic earnings per share increased to 42.6p (2009: loss per share of 3.5p).

The profit after tax of £52.6m compares with a loss of £1.5m in 2009 reflecting the booking of the discounted, post tax, industrial disease provision of £50.8m.

These headline results have again benefitted from favourable exchange movements and in particular the strength of the Australian Dollar relative to sterling. The overall foreign exchange impact has been to increase revenues by £22.4m or 3.6% and adjusted operating profits by £2.2m, equivalent to 1.3p per share.

Operating and free cash flow

The Group's strong operating cash generation continued throughout the year with a full year cash generated from operations of £98.5m (2009: £84.4m) representing an operating cash conversion rate⁽⁵⁾ of 103.1% (2009: 95.9%). After servicing of debt, taxation and capital expenditure the Group's free cash flow⁽⁴⁾ was £68.0m (2009: £57.9m). The net finance charge (excluding interest earned on the restricted IDC Scheme funds and the unwind of the discount relating to future asbestos provision) reduced to £9.0m (2009: £11.5m) with interest cover⁽¹⁵⁾ increasing to 8.6 times (2009: 5.7 times).

As expected, the seasonal working capital outflow in the first half reversed in the second half resulting in a full year working capital inflow of £1.8m (2009: £7.3m outflow). With little growth capex in the period, the Asset Replacement Ratio⁽¹⁶⁾ fell to 71.3% (2009: 73.4%) reflecting the level of maintenance capex requirements of the business. After interest, taxation and capital expenditure the Group's free cash flow⁽⁴⁾ increased by 17.4% to £68.0m (2009: £57.9m).

Capital structure and new debt facility

The Group's year-end net debt⁽⁶⁾ excluding the ring fenced IDC Scheme funds reduced year on year by 54% to £52.9m (2009: £113.6m) including finance lease obligations of £10.3m (2009: £14.6m). Balance sheet gearing⁽¹²⁾ reduced to 14.3% (2009: 42.4%) and the ratio of net debt to adjusted EBITDA⁽⁸⁾ has fallen to 0.6 times (2009: 1.3 times).

As announced on 6 January 2011, the Group successfully refinanced its banking facilities through to June 2015. The new unsecured £220m syndicated credit facility with Lloyds Banking Group, Barclays Bank, National Australia Bank and HSBC, acting as joint mandated lead arrangers, provides Cape with a strong financial platform and the flexibility to support future growth.

Return on Managed Assets (ROMA)⁽¹³⁾ increased to 33.6% (2009: 32.0%) and the Group's investment in receivables and work in progress increased to 100 days (2009: 96 days).

Finance charges

The net finance charges, before IDC, of £9.0m (2009: £11.5m) included finance lease interest of £1.0m (2009: £1.7m) and amortisation of loan issue costs of £0.8m (2009: £0.7m) in respect of commitment and ancillary fees under the Group's Senior debt facility. The Group's effective interest rate on borrowings reduced to 5.45% (2009: 6.09%) with interest cover⁽¹⁵⁾ increasing to 8.6 times (2009: 5.7 times). The decrease in effective interest rate was primarily due to an increase in UK denominated debt not hedged and thus benefiting from the low UK LIBOR rates.

During October, the Group's GBP denominated interest rate swap reduced by £7.5m so at year end it had a £52.5m (2009: £60.0m) swap in place that converted the interest rate on its GBP denominated debt from a floating LIBOR rate to a fixed interest rate of 5.145%. In addition, the Group had a swap in place converting the interest rate on \$30.0m of its US dollar denominated debt from a floating USD LIBOR rate to a fixed interest rate of 3.23%; this expired in January 2011.

Provision for estimated future asbestos related liabilities and Scheme funds

The provision for future asbestos related IDC claims is a discounted pre-tax provision using a discount rate of 5%, consistent with prior reviews.

The deferred tax asset related to this provision is shown within the deferred tax balance. The unwinding of the discount applied to the future asbestos related provision is included under finance costs in the income statement.

The triennial independent actuarial assessment of the Group's unpaid and uninsured UK asbestos related claims was completed in January this year. This is the third such review the Scheme actuaries have undertaken the previous assessments being undertaken in both 2004 and 2007. The provision held continues to reflect the central estimate of the total future discounted liabilities, net of insurance recoveries, out to 2080.

Illustrated below is the undiscounted, discounted and post-tax information of the provision held, net of insurance recoveries:

	At 31 December 2010 £m
Undiscounted provision	191.1
Discount	(109.4)
Discounted pre tax provision	81.7
Deferred tax	(22.1)
Discounted post-tax provision	59.6

The ring-fenced Asbestos Scheme funds reduced by £2.2m (2009: £3.7m) to £31.6m (2009: £33.8m) comprising entirely of settlements and costs paid to claimants. Whilst accrued interest of £1.0m (2009: £0.8m) was earned on Scheme Funds, the longer fixed term deposits resulted in no cash interest being received in the period.

Based on the actuarial assessment Scheme funds would be sufficient to cover the cost of claims for the next 9 years.

Tax charge and effective tax rate

The Group's tax charge in 2010 for the continuing operations (excluding JV's) increased to £14.6m (2009: £13.9m) with an underlying effective tax rate⁽¹⁷⁾ of 21.1% (2009: 23.5%). This decrease predominately relates to a change in the mix of source of profit generation and the reduction in tax rates of overseas' jurisdictions (e.g. Qatar and Sakhalin). Tax paid in the period increased to £11.5m (2009: £7.6m) due to many jurisdictions making payments on account for estimated profits during 2010.

The Group's total tax charge for the year is £10.8m (2009: credit £14.1m), comprising a current tax charge of £12.6m (2009: £9.9m) and a deferred tax credit of £1.8m (2009: credit £24.0m).

Balance sheet

Shareholders' funds at 31 December 2010 increased by £99.5m to £364.2m (2009: £264.7m) and reflect both the retained profits for the year of £52.6 m and the impact of foreign exchange.

The translation reserve increased by £50.9m to £115.1m (2009: £64.2m) driven by the continued strengthening of the Australian dollar relative to sterling with a closing exchange rate of AUD 1.53 (2009: AUD 1.80). The translation reserve reflects the 34% appreciation in the Australian dollar against sterling since the acquisitions in Australia were completed in 2007 at an exchange rate of AUD 2.32.

The Group's intangible assets, which had a year-end book value of £241.5m (2009: £210.5m), comprises acquired goodwill that arose on acquisitions, in particular the three strategic acquisitions in Australia in 2007. The increase in the value of intangible assets during the year was entirely due to the movement in foreign exchange rates.

The Group completed a goodwill impairment test based on value in use calculations which estimate the recoverable amounts of the Group's Cash Generating Units. The test demonstrated that no impairment was necessary.

The Group had a year end Property, Plant and Equipment balance of £154.3m (2009: £142.9m). Additions of £12.4m (2009: £11.6m) were made during the year and the depreciation charge for the year was £17.4m (2009: £15.8m). The most significant proportion, some £129.5m (2009: £117.5m), relates to access and scaffolding equipment. The Group's real property assets totalled £19.3m (2009: £17.1m) and include £2.0m in respect of 130 acres of land adjacent to the M25 in Uxbridge.

Current trade and other receivables increased by £14.1m to £170.1m (2009: £156.0m). At the year end trade receivables represented 60.9 days (2009: 62.7 days) of invoicing.

Non-current provisions of £87.0m (2009: £85.6m) primarily relate to industrial disease liabilities comprising £10.7m (2009: £9.7m) in respect of the estimated costs of settling notified claims and £71.0m (2009: £70.5m) in respect of the additional provision raised for the estimated future liability.

Pensions

The Defined Benefit Pension Scheme had a net surplus of £13.2m as at 31 December 2010 (2009: £10.7m), this continues to be restricted to nil in the accounts under IFRIC 14.

Dividend

The Board is recommending a Final Dividend of 8 pence per Ordinary share (2009: nil) to give a total dividend of 12 pence in respect of the year ended 31 December 2010 (2009: nil) reflecting our continued confidence in the longer term prospects for the Group. Subject to approval by shareholders at the General Meeting of the Company which is being convened for 25 May 2011, the Final Dividend of 8 pence per Ordinary share will be paid on 3 June 2011 to shareholders on the register at the record date of 13 May 2011.

Unaudited consolidated income statement

for the year ended 31 December 2010

		2010	2009
	Notes	Total £m	Total £m
Continuing operations			
Revenue		650.1	655.1
Operating profit before other items		78.2	70.6
Amortisation of intangible assets		(2.6)	(2.9)
Industrial disease costs		(0.4)	(74.2)
Operating profit/(loss)		75.2	(6.5)
Share of post tax (losses)/profits from joint ventures		(0.1)	1.6
Total operating profit/(loss)		75.1	(4.9)
Finance income ^(a)	2	1.1	1.6
Finance cost ^(b)	2	(13.1)	(12.3)
Profit/(loss) before tax		63.1	(15.6)
Income tax expense		(10.8)	14.1
Profit/(loss) from continuing operations		52.3	(1.5)
Discontinued operations			
Profit attributable to discontinued operations		0.3	–
Profit/(loss) for the year		52.6	(1.5)
Attributable to:			
Owners of the parent		49.5	(4.1)
Non controlling interest		3.1	2.6
		52.6	(1.5)
Earnings/(loss) per share for profit attributable to the equity holders of the parent			
From continuing and discontinued operations			
– Basic	4	42.6p	(3.5)p
– Diluted	4	41.0p	(3.4)p
From continuing operations			
– Basic	4	42.3p	(3.5)p
– Diluted	4	40.7p	(3.4)p

(a) Includes £1.0m (2009: £0.8 m) of Scheme interest (note 2)

(b) Includes £4.0m (2009: nil) unwind of discount in respect of IDC provision (note 2)

Unaudited consolidated statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Profit/(loss) for the year		52.6	(1.5)
Other comprehensive income:			
Currency translation differences		50.7	17.9
Actuarial gain recognised in the pension scheme		1.6	0.2
Movement in restriction of retirement benefit asset in accordance with IAS 19		(2.3)	(0.7)
Cash flow hedges – fair value gains		0.3	2.1
Net investment hedges – fair value (losses)/gains		(0.6)	2.3
Deferred tax on hedges/options		0.8	(1.2)
Other comprehensive income for the year, net of tax		50.5	20.6
Total comprehensive income		103.1	19.1
Attributable to:			
Owners of Cape plc		100.2	16.6
Non controlling interest		2.9	2.5
		103.1	19.1

Unaudited consolidated balance sheet

at 31 December 2010

	Notes	2010 £m	Restated ^(d) 2009 £m
Non current assets			
Intangible assets		241.5	210.5
Property, plant and equipment	6	154.3	142.9
Investments accounted for using equity method		0.1	0.1
Retirement benefit asset		0.1	0.1
Deferred income tax asset		43.2	35.7
		439.2	389.3
Current assets			
Inventories		8.8	17.3
Trade and other receivables		170.1	156.0
Cash – IDC ^(c) Scheme funds (restricted)		31.6	33.8
Cash and cash equivalents ^(d)	7	95.8	66.7
		306.3	273.8
Liabilities			
Current liabilities			
Borrowings ^(d)		(34.4)	(45.4)
Derivative financial instruments		(4.1)	(4.4)
Trade and other payables		(100.3)	(95.7)
Current income tax liabilities		(13.1)	(11.3)
		(151.9)	(156.8)
Net current assets		154.4	117.0
Non current liabilities			
Borrowings		(114.3)	(134.9)
Retirement benefit liabilities		(6.7)	(5.6)
Deferred tax liabilities		(16.8)	(12.5)
IDC ^(c) provision		(81.7)	(80.2)
Other provisions		(5.3)	(5.4)
		(224.8)	(238.6)
Net assets		368.8	267.7
Equity attributable to owners of Cape plc			
Share capital		33.5	33.3
Share premium account		10.8	9.2
Special reserve		1.0	1.0
Other reserves		(3.1)	(3.6)
Translation reserve		115.1	64.2
Retained earnings		206.9	160.6
Equity attributable to owners of Cape plc		364.2	264.7
Non controlling interest		4.6	3.0
Total equity		368.8	267.7

(c) IDC refers to the Industrial Disease Claims which are funded using the Scheme cash

(d) Cash and current borrowings have been restated for the reclassification of a short term loan facility to current borrowings (£13.4m) which was netted against cash balance in the prior year.

Unaudited consolidated statement of changes in equity at 31 December 2010

	Share Capital & premium £m	Special Reserve * £m	Retained Earnings £m	Translation reserve £m	Other reserves £m	Total £m	Non controlling interest £m	Total £m
At 1 January 2009	41.5	1.0	163.6	46.2	(6.8)	245.5	0.7	246.2
Comprehensive income:								
(Loss)/profit for the year	–	–	(4.1)	–	–	(4.1)	2.6	(1.5)
Other comprehensive income:								
Currency translation differences	–	–	–	18.0	–	18.0	(0.1)	17.9
Cash flow hedges – fair value gains in year	–	–	–	–	2.1	2.1	–	2.1
Net investment hedges – fair value gains in year	–	–	–	–	2.3	2.3	–	2.3
Deferred tax on hedges	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Actuarial gain recognised in the pension scheme	–	–	0.2	–	–	0.2	–	0.2
Movement in restriction of retirement benefit asset in accordance with IAS 19	–	–	(0.7)	–	–	(0.7)	–	(0.7)
Total comprehensive (expense)/income for the year ended 31 December 2009	–	–	(4.6)	18.0	3.2	16.6	2.5	19.1
Transactions with owners:								
Reduction in minority interest	–	–	–	–	–	–	(0.2)	(0.2)
Share options								
– proceeds from shares issued	1.0	–	–	–	–	1.0	–	1.0
– value of employee services	–	–	1.6	–	–	1.6	–	1.6
	1.0	–	1.6	–	–	2.6	(0.2)	2.4
At 31 December 2009	42.5	1.0	160.6	64.2	(3.6)	264.7	3.0	267.7
At 1 January 2010	42.5	1.0	160.6	64.2	(3.6)	264.7	3.0	267.7
Profit for the year	–	–	49.5	–	–	49.5	3.1	52.6
Other comprehensive income:								
Currency translation differences	–	–	–	50.9	–	50.9	(0.2)	50.7
Cash flow hedges – fair value gains in year	–	–	–	–	0.3	0.3	–	0.3
Net investment hedges – fair value losses in year	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Deferred tax on hedges/options	–	–	–	–	0.8	0.8	–	0.8
Actuarial gain recognised in the pension scheme	–	–	1.6	–	–	1.6	–	1.6
Movement in restriction of retirement benefit asset in accordance with IAS 19	–	–	(2.3)	–	–	(2.3)	–	(2.3)
Total comprehensive income/(expense) for the year ended 31 December 2010	–	–	48.8	50.9	0.5	100.2	2.9	103.1
Transactions with owners:								
Dividends	–	–	(4.7)	–	–	(4.7)	–	(4.7)
Reduction in minority interest	–	–	–	–	–	–	(1.3)	(1.3)
Share options								
– proceeds from shares issued	1.8	–	–	–	–	1.8	–	1.8
– value of employee services	–	–	2.2	–	–	2.2	–	2.2
	1.8	–	(2.5)	–	–	(0.7)	(1.3)	(2.0)
At 31 December 2010	44.3	1.0	206.9	115.1	(3.1)	364.2	4.6	368.8

* The Special Reserve was created in 2007 by court order upon cancellation of the share premium and retained deficit. The Special Reserve is undistributable and restrictions exist over its use.

Unaudited consolidated statement of cash flows

for the year ended 31 December 2010

	Notes	2010 £m	Restated 2009 £m
Cash flows from operating activities			
Cash generated from operations	5	98.5	84.4
Interest received		0.1	1.2
Interest received on restricted funds		–	(0.5)
Total interest received		0.1	0.7
Interest paid		(8.3)	(11.4)
Tax paid		(11.5)	(7.6)
Net cash inflow from operating activities		78.8	66.1
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	6	0.3	1.1
Purchase of property, plant and equipment	6	(11.9)	(10.0)
Purchase of intangible assets		–	(0.3)
Net cash used in investing activities		(11.6)	(9.2)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		1.8	1.0
Additional drawing on revolving facility		3.6	–
Finance lease principal payments		(6.1)	(9.0)
Dividends paid to Company shareholders		(4.7)	–
Repayment of borrowings ^(d)		(34.3)	(20.4)
Settlement of loan notes		–	(3.7)
Dividend paid to non controlling interest		(1.3)	(0.2)
Net cash used in financing activities		(41.0)	(32.3)
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		3.3	(2.2)
Net increase in cash, cash equivalents and bank overdrafts		29.5	22.4
Cash, cash equivalents and bank overdrafts at beginning of year ^(d)		66.3	43.9
Cash, cash equivalents and bank overdrafts at end of year	7	95.8	66.3
Reconciliation of net cash flow to movement in net debt (excluding IDC Scheme funds)^(e)			
Net increase in cash and cash equivalents		29.5	22.4
Repayment of borrowings ^(d)	8	34.3	20.4
Settlement of loan notes		–	3.7
Movement in obligations under finance leases		5.5	7.4
Additional drawing on revolving facility		(3.6)	–
Other movements in net debt during the year		(5.0)	(2.0)
Movements in net debt during the year		60.7	51.9
Net debt (excluding IDC Scheme funds)^(e) – opening		(113.6)	(165.5)
Net debt (excluding IDC Scheme funds)^(e) – closing		(52.9)	(113.6)

(d) Cash and current borrowings have been restated for the reclassification of a short term loan facility to current borrowings (£13.4m) which was netted against cash balance in the prior year.

(e) Net debt (excluding IDC Scheme funds) is calculated by deducting current and non current borrowings from cash and cash equivalents.

1. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention; as modified by the accounting for derivative financial instruments at fair value through profit or loss; and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The same accounting policies and methods of computation are followed as in the latest published audited accounts for the year ended 31 December 2009, which are available on the Company’s website at www.capeplc.com.

Of the new standards, amendments and interpretations that are in issue and mandatory for the financial year end to 31 December 2010, there is no financial impact on this condensed consolidated financial report.

The preliminary results for the year ended 31 December 2010 are unaudited. The financial information set out in the announcement does not constitute the Company’s IFRS statutory accounts for the years ended 31 December 2010 or 31 December 2009 as defined by Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2009 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies.

The statutory accounts for the year ended 31 December 2010 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.

2. Finance income and costs

	2010 £m	2009 £m
Interest income:		
– Short-term bank deposits	0.1	0.8
– Interest on Scheme funds	1.0	0.8
Finance income	1.1	1.6
Interest expense:		
– Bank borrowings	(8.1)	(10.5)
– Finance leases	(1.0)	(1.7)
– Other	–	(0.1)
– IDC unwind of provision	(4.0)	–
Finance costs	(13.1)	(12.3)
Net finance costs	(12.0)	(10.7)

3. Segment information

Management has determined the operating segments based on the reports reviewed by the Group Board (Chief Operating Decision Maker) that are used to make strategic decisions. The Board considers the business from a geographic perspective.

The segment information for the year ended 31 December 2010 is as follows:

2010	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Group £m
Continuing operations						
Revenue	273.4	137.7	51.0	188.0	–	650.1
Operating profit/(loss) before other items	28.0	35.4	7.8	14.8	(7.8)	78.2
Amortisation of intangible assets	(0.3)	–	–	(2.3)	–	(2.6)
IDC costs	–	–	–	–	(0.4)	(0.4)
Operating profit/(loss)	27.7	35.4	7.8	12.5	(8.2)	75.2
Share of post tax loss of joint ventures	–	–	(0.1)	–	–	(0.1)
Total operating profit/(loss)	27.7	35.4	7.7	12.5	(8.2)	75.1
Finance income						1.1
Finance costs						(13.1)
Profit before tax						63.1
Taxation						(10.8)
Profit from continuing operations						52.3
Discontinued operations						
Profit attributable to discontinued operations						0.3
Attributable to:						
Owners of the parent						49.5
Non controlling interest						3.1
						52.6

There are no significant inter-segment sales.

2009	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Group £m
Continuing operations						
Revenue	304.7	170.7	48.4	131.3	–	655.1
Operating profit/(loss) before other items	25.4	38.6	6.1	7.9	(7.4)	70.6
Amortisation of intangible assets	(0.5)	–	–	(2.4)	–	(2.9)
IDC costs	–	–	–	–	(74.2)	(74.2)
Operating profit/(loss)	24.9	38.6	6.1	5.5	(81.6)	(6.5)
Share of post tax profits of joint ventures	–	–	1.6	–	–	1.6
Total operating profit/(loss)	24.9	38.6	7.7	5.5	(81.6)	(4.9)
Finance income						1.6
Finance costs						(12.3)
Loss before tax						(15.6)
Taxation						14.1
Loss from continuing operations						(1.5)
Discontinued operations						
Loss attributable to discontinued operations						–
Attributable to:						
Owners of the parent						(4.1)
Non controlling interest						2.6
						(1.5)

There are no significant inter-segment sales.

Other segment items included in the income statement are as follows:

	2010						2009					
	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Group £m	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Group £m
Depreciation	3.8	5.1	2.0	6.5	–	17.4	4.1	4.8	1.4	5.5	–	15.8
Amortisation	0.3	–	–	2.3	–	2.6	0.5	–	–	2.4	–	2.9

Segment assets consist primarily of property, plant and equipment, investments, intangible assets, inventories and trade and other receivables. Unallocated assets comprise deferred taxation and cash.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings including related hedging transactions.

The segment assets and liabilities at 31 December 2010 and capital expenditure for the year then ended are as follows:

	United Kingdom £m	Gulf/ Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Unallocated £m	Group £m
Assets – continuing	78.2	83.3	27.3	369.7	46.0	139.0	743.5
Assets – discontinued	2.0	–	–	–	–	–	2.0
Total assets	80.2	83.3	27.3	369.7	46.0	139.0	745.5
Non current assets included within total assets are as follows:							
Continuing	25.7	26.3	10.4	319.4	12.2	43.2	437.2
Discontinued	2.0	–	–	–	–	–	2.0
Total non current assets	27.7	26.3	10.4	319.4	12.2	43.2	439.2
Liabilities – continuing	27.7	34.4	10.5	30.8	89.5	182.7	375.6
Liabilities – discontinued	1.1	–	–	–	–	–	1.1
Total liabilities	28.8	34.4	10.5	30.8	89.5	182.7	376.7
Capital expenditure – property, plant & equipment	1.1	4.3	2.0	4.5	–	–	11.9
Capital expenditure – intangible assets	–	–	–	–	–	–	–

Segment assets and liabilities are reconciled to the Group assets and liabilities as follows:

	Assets £m	Liabilities £m
Segment assets/liabilities	606.5	194.0
Unallocated:		
– Deferred tax	43.2	16.8
– Current tax	–	13.1
– Cash	95.8	–
– Current borrowings	–	34.4
– Non current borrowings	–	114.3
– Derivatives	–	4.1
Total assets/liabilities	745.5	376.7

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

	United Kingdom £m	Gulf/ Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central Costs £m	Unallocated £m	Group £m
Assets – continuing	85.0	84.9	24.0	310.2	54.5	102.4 ^(d)	661.0
Assets – discontinued	2.1	–	–	–	–	–	2.1
Total assets	87.1	84.9	24.0	310.2	54.5	102.4	663.1
Non current assets included within total assets are as follows:							
Continuing	28.5	23.7	9.4	276.0	13.8	35.9	387.3
Discontinued	2.0	–	–	–	–	–	2.0
Total non current assets	30.5	23.7	9.4	276.0	13.8	35.9	389.3
Liabilities – continuing	34.6	37.1	4.0	21.3	88.6	208.5 ^(d)	394.1
Liabilities – discontinued	1.3	–	–	–	–	–	1.3
Total liabilities	35.9	37.1	4.0	21.3	88.6	208.5	395.4
Capital expenditure – property, plant & equipment	2.7	3.0	1.4	4.5	–	–	11.6
Capital expenditure – intangible assets	0.3	–	–	–	–	–	0.3

Segment assets and liabilities are reconciled to the Group assets and liabilities as follows:

	Assets £m	Liabilities £m
Segment assets/liabilities	560.7	186.9
Unallocated:		
– Deferred tax	35.7	12.5
– Current tax	–	11.3
– Cash	66.7 ^(d)	–
– Current borrowings	–	45.4 ^(d)
– Non current borrowings	–	134.9
– Derivatives	–	4.4
Total assets/liabilities	663.1	395.4

(d) Cash and current borrowings have been restated for the reclassification of a short term loan facility to current borrowings (£13.4m) which was netted against cash balance in the prior year.

4. Earnings/(loss) per ordinary share

The basic profit per share calculation for the year ended 31 December 2010 (2009: earnings per share) is based on the profit after tax attributable to ordinary shareholders of £49.5m (2009: loss of £4.1m) divided by the weighted average number of ordinary 25p shares of 116,268,784 (2009: 115,427,015).

The diluted profit per share calculation for the year ended 31 December 2010 (2009: diluted earnings per share) is based on the profit after tax of £49.5m (2009: loss of £4.1m) divided by the diluted weighted average number of ordinary 25p shares of 120,819,330 (2009: 118,038,129).

Share options are considered potentially dilutive as the average share price during the year was above the average exercise prices.

	2010 Shares	2009 Shares
Basic weighted average number of shares	116,268,784	115,427,015
Adjustments:		
Weighted average number of outstanding share options	4,550,546	2,611,114
Diluted weighted average number of shares	120,819,330	118,038,129

	2010		2009	
	Earnings £m	EPS pence	(Loss) / earnings £m	EPS pence
Basic earnings/(loss) per share				
Continuing operations	49.2	42.3	(4.1)	(3.5)
Discontinued operations	0.3	0.3	–	–
Basic earnings/(loss) per share	49.5	42.6	(4.1)	(3.5)
Diluted earnings/(loss) per share				
Continuing operations	49.2	40.7	(4.1)	(3.4)
Discontinued operations	0.3	0.3	–	–
Diluted earnings/(loss) per share	49.5	41.0	(4.1)	(3.4)
Adjusted basic earnings/(loss) per share				
Earnings/(loss) from continuing operations	49.2	42.3	(4.1)	(3.5)
Amortisation	2.6	2.3	2.9	2.5
Exceptional items	–	–	–	–
IDC related costs and interest income	3.4	2.9	73.4	63.6
Tax effect of adjusting items	(3.8)	(3.3)	(21.4)	(18.5)
Exceptional Australian tax credit	–	–	(6.6)	(5.7)
Adjusted basic earnings per share	51.4	44.2	44.2	38.4
Adjusted diluted earnings/(loss) per share				
Earnings/(loss) from continuing operations	49.2	40.7	(4.1)	(3.4)
Amortisation	2.6	2.2	2.9	2.4
Exceptional items	–	–	–	–
IDC related costs and interest income	3.4	2.8	73.4	62.2
Tax effect of adjusting items	(3.8)	(3.1)	(21.4)	(18.1)
Exceptional Australian tax credit	–	–	(6.6)	(5.6)
Adjusted diluted earnings per share	51.4	42.6	44.2	37.5

The adjusted earnings per share calculations have been calculated after excluding the impact of amortisation, exceptional items, IDC related costs and interest income, the tax impact of these items and an exceptional tax credit received in Australia predominantly arising on the consolidation of PCH assets in Australia which was acquired during 2007.

Options are dilutive at the profit from continuing operations level and so, in accordance with IAS 33, have been treated as dilutive for the purpose of diluted earnings per share.

5. Cash generated from operations

(a) Reconciliation of Group operating profit to net operating cash flow from operating activities

	2010 £m	2009 £m
Cash flows from operating activities		
Continuing operations		
Operating profit/(loss) for the year	75.2	(6.5)
Depreciation	17.4	15.8
Amortisation of intangibles	2.6	2.9
Share option charge	2.2	1.6
Loss on sale of property, plant and equipment	0.1	1.4
Difference between pension charge and cash contributions	(0.7)	(0.5)
Share of profit of associates	(0.1)	1.6
Decrease/(increase) in inventories	3.9	(0.5)
Decrease in trade and other receivables	0.2	22.4
(Decrease) in trade and other payables	(2.3)	(29.2)
(Decrease)/increase in provisions (excluding deferred tax)	(0.4)	71.2
Industrial disease costs paid	0.4	4.2
Cash generated from continuing operations	98.5	84.4
Discontinued operations		
Profit for the year	0.4	–
Decrease in provisions	(0.4)	–
Cash outflow from discontinued operations	–	–
Cash generated from operating activities	98.5	84.4

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2010 £m	2009 £m
Net book amount	0.4	2.5
Loss on disposal of property, plant and equipment	(0.1)	(1.4)
Proceeds from disposal of property, plant and equipment	0.3	1.1

(b) Analysis of cash flows relating to restricted funds

	2010 £m	2009 £m
At 1 January	33.8	37.5
Payment of Scheme creditors	(2.2)	(4.1)
Operating costs	–	(0.1)
Interest received	–	0.5
At 31 December	31.6	33.8

6. Property, plant and equipment

During the year ended 31 December 2010, the Group acquired assets with a cost of £12.4m (2009: £11.6m) and received proceeds from asset sales of £0.3m (2009: £1.1m) giving net capital expenditure of £12.1m (2009: £10.5m). The capital expenditure of £11.9m (2009: £10.0m) shown in the cash flow statement represents the actual cash outflow and therefore excludes purchases funded through finance leases of £0.5m (2009: £1.6m).

7. Cash and cash equivalents

For the purpose of the consolidated cash flow statements, cash and cash equivalents are comprised of the following:

	2010 £m	2009 £m
Cash at bank and in hand	95.8	66.7
Bank overdrafts	–	(0.4)
Cash, cash equivalents and bank overdrafts in the statement of cash flows	95.8	66.3

8. Repayment of borrowings

The repayment of borrowings shown in the cash flow statement represents a scheduled repayment under the Group's Senior Debt facility, in addition to a £13.4m tranche of the Ancillaries under the same Facility.