

Cape plc
Interim Report 2010

2010

cape

Intelligent
solutions
for industrial
services

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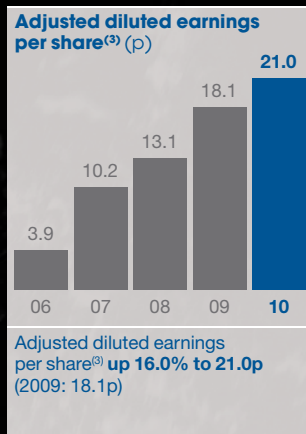
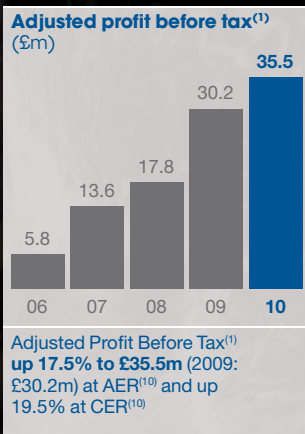
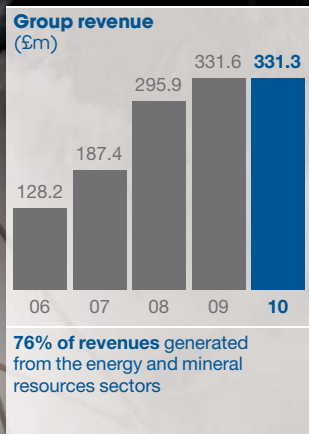
Safe Reliable Intelligent solutions

Cape is an international leader in the provision of essential non-mechanical industrial services focused on the energy and natural resources sectors. The range of multi-disciplinary services includes access systems, insulation, painting, coatings, blasting, industrial cleaning, training and assessment. We provide these services throughout the life cycle of large secure industrial assets.

www.capeplc.com

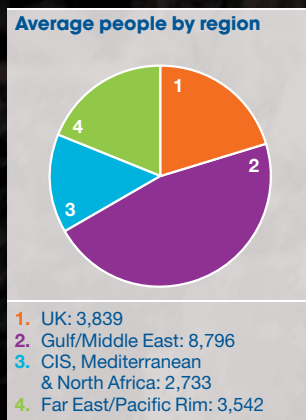
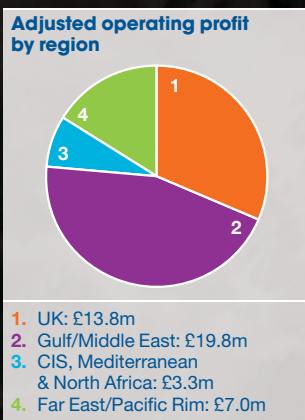
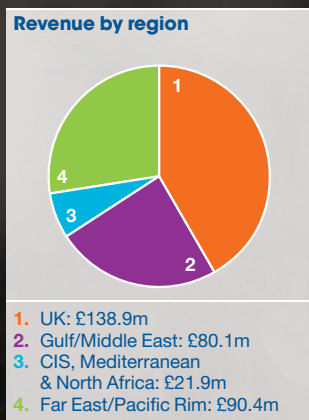
2010 highlights

Financial highlights



- Adjusted operating profit margin⁽²⁾ **increased to 12.1%** (2009: 10.5%) reflecting benefits of geographic diversification and restructuring
- Basic earnings per share **up 30.1% to 21.6p** (2009: 16.6p)
- Free cash flow⁽⁴⁾ **up 20.0% to £19.2m** (2009: £16.0m) with operating cash conversion⁽⁵⁾ of 72.7% (2009: 73.9%)
- Balance sheet continues to strengthen with net debt⁽⁶⁾ **reducing by 37.2% to £95.1m** (2009: £151.5m), with ratio of net debt to annualised adjusted EBITDA⁽⁷⁾ reducing to less than one times (2009: 1.7 times) and to within the Board's stated target range
- Return to dividend list with declared **interim dividend of 4.0p** per share (2009: nil)
- Timetable agreed for **return to Main Market of LSE** in Q2 2011
- Order book **remains at prior year levels** with over 90% of consensus 2010 revenues⁽⁹⁾ now secured

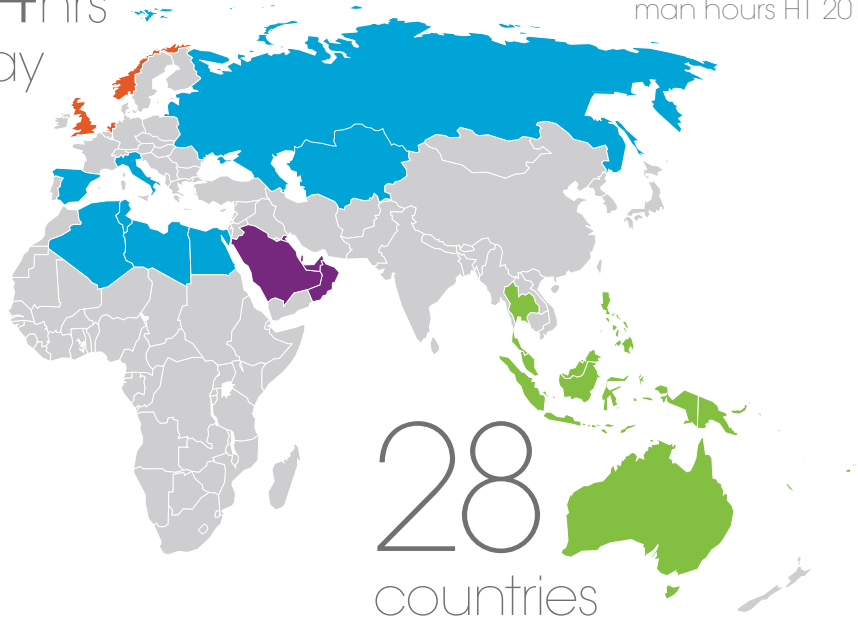
Operating highlights



Regional business units

24hrs
a day

23.4m
man hours H1 2010



● UK ● Gulf/Middle East ● CIS, Mediterranean & North Africa ● Far East/Pacific Rim

Sectors

Oil & Gas Offshore

Cape has extensive offshore experience and capability throughout its international footprint. Activities are focused on fabric maintenance of later cycle production assets (with no exposure to exploration or drilling segments) and include clients such as BP, Shell, Conoco Phillips and BG Group.

Oil & Gas Onshore

Cape works for many leading names within the downstream oil and gas sector, including all the major IOC's (International Oil Companies) and several NOC's (National Oil Companies).

Power Generation

Cape has extensive experience in the power generation sector and works with clients such as British Energy, EDF, RWE, Iberdrola and International Power.

Chemical

Cape currently works for a wide range of chemical and petrochemical clients including ExxonMobil, Dow Corning, INEOS and SABIC.

Minerals and Mining

Cape's clients in the minerals and mining sector include Alcoa, BHP Billiton, Vale Inco and Rio Tinto and its activities are largely performed in Australia and New Caledonia.

Other

Cape's clients in other sectors vary from steel plant operators, defence, local government contractors and commercial construction companies.

UK region

5 countries
4.5m man hours H1 2010
19 principal locations

Gulf/Middle East region

6 countries
13.2m man hours H1 2010
25 principal locations

**CIS, Mediterranean &
North Africa region**

9 countries
2.3m man hours H1 2010
12 principal locations

Far East/Pacific Rim region

8 countries
3.4m man hours H1 2010
28 principal locations

A worker in a blue uniform and black helmet is operating a large pipe at an industrial site. The worker is wearing a black helmet and a blue uniform with a black vest. The worker is holding a large black pipe with a red handle. The background shows a blue sky with white clouds and industrial structures.

Operating
regions

Over the first half of 2010 Cape delivered a record operating and financial performance with an 18% increase in adjusted PBT and a 16% increase in adjusted diluted EPS.

These results reflect the benefits of our bundled service proposition, the Group's recent geographic diversification into Asia and Australasia, and a series of restructuring and cost reduction initiatives.

Our performance





Safety briefing onsite at SABIC, Wilton

First Half Results

Group revenues in the first half were £331.3 million (2009: £331.6 million) and highlighted the benefits of the diversified geographic portfolio with revenues in the Far East/Pacific Rim Region growing by 28.6% at CER⁽¹⁰⁾ largely offsetting the anticipated revenue reduction in the Gulf/Middle East Region.

Cape delivered a strong operating performance in H1 with adjusted PBT⁽¹⁾ increasing by 17.5% to £35.5 million (2009: £30.2 million) driven by an improved operating performance in the UK (+£2.1 million), growth in the Far East/Pacific Rim (+£2.3 million) and reduced finance charges (+£1.9 million). The results reflect both the benefits of the Group's geographic diversification and the results of our innovation and restructuring programmes across the business. Operating margins improved across all our principal regions despite the more competitive pricing environment.

The favourable foreign exchange tailwind provided by the strong Australian dollar, with an average rate of 1.73 to the pound (2009: 2.08), more than offset the weaker US dollar, with an average rate of 1.54 to the pound (2009: 1.48). Adjusted diluted earnings per share⁽⁹⁾ increased by 16.0% to 21.0 pence (2009: 18.1 pence).

Operating cash flow of £35.5 million (2009: £32.5 million) again reflects the strong operating cash conversion of 72.7% (2009: 73.9%) and enabled us to reduce net debt to £95.1 million (2009: £151.1 million). The balance sheet continues to strengthen with gearing⁽¹²⁾ reduced

to 31.8% (2009: 58.9%) and the ratio of net debt to annualised adjusted EBITDA⁽⁸⁾ reducing to one times⁽⁷⁾ (2009: 1.7 times) and to within the Board's target range of up to one times.

Strategic update

The results in the first half clearly show the benefits of the Group's strategy to develop the business internationally in markets which offer higher margins, attractive growth prospects, political stability and where we can maintain or establish a leading market position of scale. The ability to maintain Group revenues despite the slowdown/reduction in global oil and gas capex reflects the benefits of our strategy and geographic diversification which have helped de-risk the Group.

In mature markets we continue to focus on operating at the lowest possible cost, delivering savings for our clients and maximising cash flow. We completed the reorganisation of the Group's operating business unit structure that commenced last year. Management across our business has been redeployed and strengthened again with a number of new senior hires. At the half year we launched and invested in "Cape People" to demonstrate our commitment to our key management group. This initiative will over time produce our future business leaders.

Interim management report

continued



Safety is our number one priority

In early August we held our annual Group Safety Conference with safety managers from each business unit attending over a two day period. Over the last few years we have made safety a key differentiator through investment in people, equipment, processes, policies and procedures. The payback is clear to see in our key performance indicators with a reduction in both minor injuries and lost time injuries. We set the standard in our sector right across our footprint and have world-class accident frequency rates. Over the second half we will continue our focus and investment in this key area of our business.

As previously signalled, the Directors consider that the Main Market of the London Stock Exchange would be a more appropriate location for the Company's share listing. We have been working towards this objective and are pleased to announce that Cape subject only to market conditions and regulatory approvals will seek a full listing in the second quarter of 2011.

Segmental Review

The Group reports the financial results of its eleven business units from a geographic perspective under four reporting regions. [Figure 1](#).

Figure 1

Region	Revenue (£m)		Revenue growth %		Adjusted EBITA ⁽¹⁾ (£m)		Adjusted EBITA ⁽¹⁾ growth %	
	2010	2009	AER	CER	2010	2009	AER	CER
UK	138.9	144.1	(3.6)%	(3.6)%	13.8	11.7*	17.9%	17.9%
Gulf/Middle East	80.1	102.7	(22.0)%	(19.2)%	19.8	20.6	(3.9)%	(0.5)%
CIS, Mediterranean & North Africa	21.9	23.2	(5.6)%	(2.2)%	3.3	3.9	(15.4)%	(12.8)%
Far East/Pacific Rim	90.4	61.6	46.8%	28.6%	7.0	4.5	55.6%	51.1%
Total before central costs	331.3	331.6	(0.1)%	(2.4)%	43.9	40.7	7.9%	9.3%
Central costs	–	–	–	–	(3.8)	(4.5)*	(15.6)%	(15.6)%
Total	331.3	331.6	(0.1)%	(2.4)%	40.1	36.2	10.8%	12.4%

* Prior period restated for £0.9 million of costs now taken in the central costs.



Fawley refinery, Southampton, UK



Safety comes first and last at Cape

UK Region

£138.9m

Revenue

The UK Region contributed 31% of Group adjusted EBITA (2009: 29%) with the first half results reflecting the completion of a number of low margin projects and the benefits of our restructuring activities last year.

Adjusted EBITA increased by 17.9% to £13.8 million (2009: £11.7* million) despite a 3.6% reduction in revenue to £138.9 million (2009: £144.1 million). The closure of the hire & sales division last year and the restructuring of the region into three autonomous business units has delivered annualised cost savings of £3.2 million. EBIT is ahead of target with all three business units delivering increased profitability in H1.

Following completion of the restructuring and rationalisation programme, the real strength of Cape's UK business is increasingly apparent with 93% of revenues (2009: 84% of revenues) now derived from plant maintenance (opex) activities.

The UK region's order book has remained consistent since the beginning of the year with some 90% of the region's 2010 planned revenues now secured.

The health and safety performance improved again with no Lost Time Injuries (LTIs) during the period and the all injury Accident Frequency Rate (AFR) improving by 23% against H1 2009. Cape also received the 2009 'Contractor of the Year award' from Total UK in recognition of its strong health and safety culture.

Onshore Industrial Services

UK Onshore revenues were down 6.2% at £78.1 million (2009: £83.3 million) reflecting the completion and demobilisation of several major projects including South Hook LNG, Marchwood CCGT, Fiddlers Ferry FGD and SABIC LDPE and the exit from the hire & sales business. In addition a number of shutdown 'outages' have been deferred, cancelled or de-scoped as power station operators seek to work their assets harder. The loss of these revenues was partially mitigated by the award of significant contracts and renewals including:

- Queen Elizabeth Class Aircraft Carriers with a project life through to 2018
- Ferrybridge Power Station 2010 Outage
- A multiple contract award from RWE npower for the provision of industrial services at four of its UK power stations over three to four years.

Offshore Industrial Services

Revenues in the UK Offshore business reduced by 5.6% to £47.2 million (2009: £50.0 million) reflecting the completion of the BG Armada Field Life Extension Integrity Upgrade contract and the loss of work on certain BP Onshore assets. However these were mitigated by the award of the BP Offshore North Sea contract and the BP Aurora Insulation Project at Sullom Voe Terminal.

* Prior period restated for £0.9 million of costs now taken in the central costs.

Interim management report

continued

The business is yet to see the benefit of the four newly awarded BP assets (as part of the North Sea contract award). Given their recent commencement, this will manifest in the second half of the year.

Notable awards during the period included contracts for:

- BP Offshore North Sea Contract with a five-year term
- Total E&P Netherlands with a three-year term
- Heerema Marine Contractors contract extension.

In line with the strategic plan to develop the Offshore business beyond the UK Sector, a presence was established in both The Netherlands and Norway in H1. Initial progress has been achieved with the award of the Total E&P contract in the Dutch sector announced in March.

Environmental Services

The Environmental Services business (Cape DBI) delivered a 25.9% revenue increase to £13.6 million (2009: £10.8 million) driven by a particularly strong performance in the offshore sector.

Contract awards and renewals during the period included a three-year term contract with Huntsman Polyurethanes Teesside.



Painting services, Qatar

Gulf/Middle East Region

£80.1m

Revenue

The Gulf/Middle East Region was again the largest contributor to Group adjusted EBITA, contributing 45% of Group operating profit (2009: 51%). Cape's performance in the Gulf/Middle East has been affected in the first half by the slowdown in project activity. Revenues in the region declined by 22.0% (CER: -19.2%) to £80.1 million (2009: £102.7 million), although adjusted EBITA remained more resilient at £19.8 million (2009: £20.6 million) largely reflecting the increase in higher margin shutdown activity.

The Gulf/Middle East's order book has grown some 13% since the start of the year, with some 94% of the region's 2010 planned revenues now secured.

All three of our business units in the region saw revenue retrenchment with only Qatar reporting profits ahead of last year.

Qatar

Revenues in Qatar reduced by 4.6% at CER to £36.3 million (2009: £39.5 million). Whilst project activity declined by 23%, increased maintenance and shutdown activities partially mitigated this with substantial shutdown contracts at QP Refinery, NGL 1&2, NGL 3, RasGas, Qafco, along with RasGas Train 6. These were all substantial high manpower, high volume shutdowns over short duration periods.



Refractory services, Kobe, Bahrain



Sheet metal fabrication using automated MABI machine, Cape's facility Jubail, Saudi Arabia

Cape was awarded new term maintenance contracts at QP Dukhan along with the renewal of the existing contract with the Transfield Worley TRAGS JV at RasGas.

Some 44% of the first half revenue was project work at Pearl GTL, Q-Chem, Qatargas 2, Ras Laffan Olefins, QAFCO 4 Expansion and RasGas expansion.

Northern Gulf

Revenues in the Northern Gulf (Saudi Arabia, Bahrain and Kuwait) reduced by 32.5% at CER to £22.6 million (2009: £34.5 million), this being largely due to high value projects completing in early 2009 in Kuwait, along with the large project in Bahrain on the GILC aluminium plant completing at the end of 2009.

H1 2010 was affected by the slowdown of projects notably in Kuwait, and Bahrain returning to more normal levels following the successful completion of the major project in GILC.

Shutdowns and maintenance activities were lower in Saudi Arabia driven by the two-year cycle for a number of shutdowns and the postponement of certain non-essential work.

Cape's major project in the Northern Gulf, the Saudi Kayan project is now nearing completion. However, we received project awards from Hyundai Heavy Industries on the Karan Gas Facilities along with an award from GS Engineering on the Manifa Gas Facilities. In addition we were awarded project works with Samsung Engineering on the BAPCO refinery in Bahrain. All of these awards should contribute to revenue in the second half.

Southern Gulf

Revenues in the Southern Gulf reduced by 23.3% at CER to £21.2 million (2009: £28.7 million) driven by reductions in the level of shutdown activity in Abu Dhabi and project work in Oman.

Shutdown revenues in Abu Dhabi accounted for just 5% of the Southern Gulf revenues compared with 39% in 2009. This cyclical reduction was anticipated as the timing of major shutdowns is typically between 2-3 years. Core maintenance revenues remained at or above 2009 levels.

Project activity in Abu Dhabi increased above the levels seen in 2009, with large works on Borouge II for CCIC being completed, along with new projects with EMAL and Emirates Steel.

In Oman, revenues reduced reflecting a lack of project activity. This was partially mitigated by the winning of six new maintenance contracts during late 2009 into 2010 and which will increase core maintenance revenues in coming years. The most significant maintenance contract won in Oman is on the Oxy site in Mukhaizna.

Looking forward, our major projects in Qatar will largely complete in 2010. However, we are seeing increasing tendering activity in our Northern and Southern Gulf markets with several key project awards expected during H2 2010 for commencement in 2011. We also see opportunities to continue to strengthen our maintenance activities throughout the region during H2 2010 and into 2011.



Karachaganak, Kazakhstan

CIS, Mediterranean & North Africa Region

£21.9m

Revenue

Revenues in the CIS, Mediterranean & North African Region fell by 5.6% (CER: -2.2%) to £21.9 million (2009: £23.2 million) with operating profits reducing to £3.3 million (2009: £3.9 million). The region contributed 7.5% of total Group operating profit (2009: 9.6%).

Almost all activities in the period related to the CIS business unit with the Mediterranean & North African business unit revenues reducing to £0.5 million (2009: £1.8 million).

The region's order book has decreased slightly since the year end and secured revenues now represent over 95% of 2010 consensus revenues⁽⁹⁾. Overall we anticipate that activity levels will remain at the current levels in the second half.

CIS

Revenues from Cape's operations in the CIS countries remained broadly flat (CER: +3.5%) at £21.4 million (2009: £21.4 million) and main activities continue to be concentrated on Kashagan and Karachaganak in western Kazakhstan and Odoptu and Chayevoy in Sakhalin.

As announced on 1 July 2010, Cape has established a joint venture in Azerbaijan with state oil company SOCAR. With facilities in the country, we are now bidding on a number of contracts where work is expected to commence towards the end of the year or early next year.

Due to delays in the further development at Karachaganak and Kashagan, we now anticipate our activity levels in Kazakhstan will reduce in the second half and are unlikely to pick up until the Tengiz expansion project commences possibly in early 2012.

In the meantime, we anticipate that the reduction in Kazakhstan will be partially offset by growth in Azerbaijan operations in 2011.

Mediterranean & North Africa

Following completion of Adriatic LNG last year the focus has been on bidding works in North Africa. As announced last month, Cape has been awarded a contract valued in excess of €27.0 million (£22.5 million) for insulation works for the Sonatrach GL3-Z LNG Project in Arzew, Algeria and work will commence in the first quarter of 2011. With several announced projects, Algeria and North Africa remains a medium term growth market.



Blasting services, Kwinana, Australia



Skills training and assessment, Cape's training facility, The Philippines

Far East/Pacific Rim Region

£90.4^m

Revenue

In the Far East/Pacific Rim, now representing 16% (2009: 11%) of the Group's adjusted EBITA, revenue increased by 46.8% (CER: +28.6%) to £90.4 million (2009: £61.6 million) and adjusted EBITA increased by 55.6% (CER: +51.1%) to £7.0 million (2009: £4.5 million).

Both the Onshore and Offshore Industrial Services businesses in the region made considerable progress in the first half. As anticipated our Access Solutions business which serves the commercial and residential construction markets in Australia, has still to experience any improvement in market conditions.

The region's order book has continued to grow with an increase of 7% over year end 2009 levels and secured revenues now represent some 90% of 2010 consensus revenues⁽⁹⁾. We anticipate activity levels will remain at the current levels in the second half. Based on the tendering activity, further growth is likely to be seen in the second half of 2011.

Onshore Industrial Services

Revenues increased 44.6% (CER: 22.7%) to £70.7 million (2009: £48.9 million) 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. Both of these projects are expected to continue at current levels into 2011.

Our Onshore maintenance revenues grew year on year by 28.0% but, with the growth in project revenues, reduced in relative terms to 29.1% of revenues (2009: 33.0% of revenues). With the exception of the BP refinery at Kwinana in Australia, our maintenance revenues are entirely derived from the mining services sector.

Offshore Industrial Services

Our Offshore revenues in the region increased fourfold to £9.1 million (2009: £2.3 million) and 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.

We anticipate activity levels will fall back to our core maintenance services on these assets in the second half. Looking further ahead, we are now actively tendering offshore opportunities in Australia and would expect these to lead to contract awards in the second half of 2011.



Alcoa Pinjarra refinery, Western Australia

Access Solutions

As anticipated, our Access Solutions business, which is entirely focused on commercial and residential construction markets in Australia, has continued to be impacted by the difficult market conditions. Although revenues increased by 1.9% on a headline basis to £10.6 million (2009: £10.4 million), on a CER basis revenues declined by 12.5%.

Pricing has remained fiercely competitive in the commercial and residential construction markets right across Australia and, as previously commented, we do not expect to see any pick up until the end of the year at the earliest.

Financial Review

The Group's strong operating cash generation in 2009 continued into the first half with operating cash flow of £35.5 million (2009: £32.5 million) representing an operating cash conversion rate⁽⁵⁾ of 72.7% (2009: 73.9%). The net finance charge (excluding Scheme interest) reduced to £4.6 million (2009: £6.0 million) with interest cover⁽¹⁵⁾ increasing to 8.5 times (2009: 5.4 times).

The working capital outflow in the first half of £14.1 million (2009: £12.1 million) was largely driven by growth in the Far East/Pacific Rim region. With little growth capex in the period the Asset Replacement Ratio⁽¹⁸⁾ fell to 49.4% (2009: 80.8%) reflecting the level of maintenance capex requirements of the business. After interest, taxation and capital expenditure the Group's free cash flow increased by 20.0% to £19.2 million (2008: £16.0 million).

Return on Managed Assets (ROMA)⁽¹³⁾ continued to improve increasing to 34.1% (2009: 31.4%).

Capital structure and debt reduction

The Group's net debt, excluding the ring fenced IDC Scheme funds, reduced year on year by 37.2% to £95.1 million (2009: £151.5 million) including finance lease obligations of £11.8 million (2009: £19.0 million) with balance sheet gearing⁽¹²⁾ reducing to 31.8% (2009: 58.9%). The ratio of net debt to adjusted EBITDA has fallen to less than 1.0 times (2009: 1.7 times) and is now within the Board's target range of up to one times.

IDC Scheme

Scheme funds reduced by £0.9 million (2009: £1.7 million) to £32.9 million (2009: £35.8 million) comprising entirely of settlements paid to claimants. Whilst accrued interest of £0.5 million (2009: £0.5 million) was earned on Scheme funds, the longer fixed term deposits resulted in no cash interest being received in the period.



Rope access services, Longannet power station, UK



Fabrication, Cape's yard Mesaieed, Qatar

Tax charge and effective tax rate

The tax charge in the period increased to £8.0 million (2009: £6.8 million) with an effective tax rate of 23% (2009: 25%). The effective tax charge has decreased as a result of profits being generated in lower tax jurisdictions as well as the significant reduction in tax rates in countries such as Qatar. Tax paid in the period increased to £7.9 million (2009: £5.3 million); this increase predominately relates to the final settlement of 2009 liabilities and increased payments on account for forecast profits in 2010 in both the Gulf/Middle East and Far East/Pacific Rim regions.

Dividend

As signalled earlier in the year, it is the Board's intention to recommence paying dividends at a level that it believes is sustainable throughout economic cycles. Reflecting the Group's first half performance and the Board's confidence in the long term prospects for the Group, an interim dividend of 4 pence per share is declared. The interim dividend will be paid on 8 October 2010 to ordinary shareholders on the register at 17 September 2010.

Outlook and prospects

With the high level of shutdown activity in the first half and with the stronger comparatives from the second half of last year, we expect little growth in EPS in the second half of the year. The strong first half and the high level of revenue visibility gives us confidence that the full year outcome will be at least in line with the Board's expectations. Looking further ahead, we do not anticipate a return to sustained organic revenue growth until at least the second half of 2011. Consequently we continue to focus on laying the foundations for our future growth agenda including selective bolt on acquisitions that both underpin our strategy and broaden our bundled service proposition.

Sean O'Connor
Chairman

Martin K May
Chief Executive Officer

8 September 2010

Note: for all references see inside back cover.

Consolidated income statement

for the half year ended 30 June 2010

	Notes	Unaudited half year ended 30 June 2010 £m	Unaudited half year ended 30 June 2009 £m	Year ended 31 December 2009 £m
Continuing operations				
Revenue		331.3	331.6	655.1
Operating profit before other items		40.1	34.7	70.6
Amortisation of intangible assets		(1.3)	(1.4)	(2.9)
Industrial disease costs		–	(2.0)	(74.2)
Operating profit/(loss)		38.8	31.3	(6.5)
Share of post tax profits from joint ventures		–	1.5	1.6
Total operating profit/(loss)		38.8	32.8	(4.9)
Finance income*		0.6	0.8	1.6
Finance costs		(4.7)	(6.4)	(12.3)
Profit/(loss) before tax		34.7	27.2	(15.6)
Taxation		(8.0)	(6.8)	14.1
Profit/(loss) from continuing operations		26.7	20.4	(1.5)
Profit attributable to discontinued operations		0.4	–	–
Profit/(loss) for the period		27.1	20.4	(1.5)
Attributable to:				
Equity shareholders		25.0	19.1	(4.1)
Minority interest		2.1	1.3	2.6
		27.1	20.4	(1.5)
Earnings per share for profit attributable to equity shareholders				
From continuing and discontinued operations				
Basic	4	21.6p	16.6p	(3.5)p
Diluted	4	20.8p	16.3p	(3.4)p
From continuing operations				
Basic	4	21.2p	16.6p	(3.5)p
Diluted	4	20.4p	16.3p	(3.4)p

* Includes £0.5 million accrued interest on Scheme funds

Statement of comprehensive income

for the half year ended 30 June 2010

	Unaudited half year ended 30 June 2010 £m	Unaudited half year ended 30 June 2009 £m	Year ended 31 December 2009 £m
Profit/(loss) for the period	27.1	20.4	(1.5)
Other comprehensive income			
Currency translation differences	6.5	(13.5)	17.9
Actuarial (loss)/gain recognised in the pension scheme	(1.8)	(2.7)	0.2
Movement in restriction of retirement benefit asset in accordance with IAS 19	1.5	2.5	(0.7)
Cash flow hedges – fair value (losses)/gains	(1.0)	1.6	2.1
Net investment hedges – fair value (losses)/gains	(1.2)	2.7	2.3
Deferred tax on hedges	0.6	(1.2)	(1.2)
Other comprehensive income for the period, net of tax	4.6	(10.6)	20.6
Total comprehensive income for the period	31.7	9.8	19.1
Attributable to:			
Equity shareholders	29.3	8.7	16.6
Minority interest	2.4	1.1	2.5
	31.7	9.8	19.1

Consolidated balance sheet

at 30 June 2010

	Notes	Unaudited 30 June 2010 £m	Unaudited 30 June 2009 £m	31 December 2009 £m
Non current assets				
Intangible assets		209.2	188.3	210.5
Property, plant and equipment	6	141.2	140.4	142.9
Investments accounted for using equity method		0.1	0.7	0.1
Retirement benefit asset		0.1	0.1	0.1
Deferred tax asset		36.9	10.6	35.7
		387.5	340.1	389.3
Current assets				
Inventories		10.1	12.5	17.3
Trade and other receivables		187.5	178.2	156.0
Cash – IDC* Scheme funds (restricted)		32.9	35.8	33.8
Cash and cash equivalents	9	60.4	32.7	53.3
		290.9	259.2	260.4
Liabilities				
Current liabilities				
Financial liabilities				
– Borrowings		(34.4)	(35.8)	(32.0)
– Derivative financial instruments		(5.4)	(5.0)	(4.4)
Trade and other payables		(103.3)	(109.9)	(95.7)
Current tax liabilities		(11.5)	(11.6)	(11.3)
		(154.6)	(162.3)	(143.4)
Net current assets		136.3	96.9	117.0
Non current liabilities				
Financial liabilities				
– Borrowings		(121.1)	(148.4)	(134.9)
Retirement benefit liabilities		(6.5)	(5.1)	(5.6)
Deferred tax liabilities		(12.9)	(11.7)	(12.5)
IDC* provision		(79.2)	(9.7)	(80.2)
Other provisions		(5.0)	(4.7)	(5.4)
		(224.7)	(179.6)	(238.6)
Net assets		299.1	257.4	267.7
Shareholders' equity				
Called up share capital		33.3	33.3	33.3
Share premium account		9.3	8.7	9.2
Special reserve		1.0	1.0	1.0
Other reserves		65.2	29.2	60.6
Retained earnings		186.3	183.4	160.6
Total shareholders' equity		295.1	255.6	264.7
Minority interest in equity		4.0	1.8	3.0
Total equity		299.1	257.4	267.7

* IDC refers to the Industrial Disease Claims which are funded using the Scheme cash

Statement of changes in equity

for the half year ended 30 June 2010

	Share capital £m	Share premium £m	Special reserve £m	Retained earnings £m	Other reserves £m	Total £m	Minority interest £m	Total £m
At 1 January 2009	33.1	8.4	1.0	163.6	39.4	245.5	0.7	246.2
Profit for the period	–	–	–	19.1	–	19.1	1.3	20.4
Other comprehensive income:								
Currency translation differences	–	–	–	–	(13.3)	(13.3)	(0.2)	(13.5)
Cash flow hedges – fair value gains in period	–	–	–	–	1.6	1.6	–	1.6
Net investment hedges – fair value gains in period	–	–	–	–	2.7	2.7	–	2.7
Deferred tax on hedges	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Actuarial loss recognised in the pension scheme	–	–	–	(2.7)	–	(2.7)	–	(2.7)
Movement in restriction of retirement benefit asset in accordance with IAS 19	–	–	–	2.5	–	2.5	–	2.5
Total comprehensive income for the period ended 30 June 2009	–	–	–	18.9	(10.2)	8.7	1.1	9.8
Transactions with owners:								
– shares issued	0.2	0.3	–	–	–	0.5	–	0.5
– value of employee services	–	–	–	0.9	–	0.9	–	0.9
	0.2	0.3	–	0.9	–	1.4	–	1.4
At 30 June 2009 (unaudited)	33.3	8.7	1.0	183.4	29.2	255.6	1.8	257.4
At 1 January 2009	33.1	8.4	1.0	163.6	39.4	245.5	0.7	246.2
(Loss)/profit for the period	–	–	–	(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 losses in period	–	–	–	–	2.1	2.1	–	2.1
Net investment hedges – fair value losses in period	–	–	–	–	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 income for the period ended 31 December 2009	–	–	–	(4.6)	21.2	16.6	2.5	19.1
Transactions with owners:								
Reduction in minority interest	–	–	–	–	–	–	(0.2)	(0.2)
Share options								
– proceeds from shares issued	0.2	0.8	–	–	–	1.0	–	1.0
– value of employee services	–	–	–	1.6	–	1.6	–	1.6
	0.2	0.8	–	1.6	–	2.6	(0.2)	2.4
At 31 December 2009	33.3	9.2	1.0	160.6	60.6	264.7	3.0	267.7

Statement of changes in equity

for the half year ended 30 June 2010

continued

	Share capital £m	Share premium £m	Special reserve £m	Retained earnings £m	Other reserves £m	Total £m	Minority interest £m	Total £m
At 1 January 2010	33.3	9.2	1.0	160.6	60.6	264.7	3.0	267.7
Profit for the period	-	-	-	25.0	-	25.0	2.1	27.1
Other comprehensive income:								
Currency translation differences	-	-	-	-	6.2	6.2	0.3	6.5
Cash flow hedges – fair value loss in period	-	-	-	-	(1.0)	(1.0)	-	(1.0)
Net investment hedges – fair value loss in period	-	-	-	-	(1.2)	(1.2)	-	(1.2)
Deferred tax on hedges	-	-	-	-	0.6	0.6	-	0.6
Actuarial loss recognised in the pension scheme	-	-	-	(1.8)	-	(1.8)	-	(1.8)
Movement in restriction of retirement benefit asset in accordance with IAS 19	-	-	-	1.5	-	1.5	-	1.5
Total comprehensive income for the period ended 30 June 2010	-	-	-	24.7	4.6	29.3	2.4	31.7
Transactions with owners:								
Reduction in minority interest	-	-	-	-	-	-	(1.4)	(1.4)
Share options								
– proceeds from shares issued	-	0.1	-	-	-	0.1	-	0.1
– value of employee services	-	-	-	1.0	-	1.0	-	1.0
	-	0.1	-	1.0	-	1.1	(1.4)	(0.3)
At 30 June 2010 (unaudited)	33.3	9.3	1.0	186.3	65.2	295.1	4.0	299.1

Consolidated cash flow statement

for the half year ended 30 June 2010

	Notes	Unaudited half year ended 30 June 2010 £m	Unaudited half year ended 30 June 2009 £m	Year ended 31 December 2009 £m
Cash flows from operating activities				
Cash generated from operating activities	7	35.5	32.5	84.4
Interest received		–	0.6	1.2
Interest received on restricted funds		–	(0.2)	(0.5)
Net interest received		–	0.4	0.7
Interest paid		(4.3)	(6.2)	(11.4)
Tax paid		(7.9)	(5.3)	(7.6)
Net cash inflow from operating activities		23.3	21.4	66.1
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	6	0.2	0.9	1.1
Purchase of property, plant and equipment	6	(3.8)	(5.0)	(10.0)
Purchase of intangible assets		–	(0.3)	(0.3)
Dividend paid to minority interest		(1.4)	–	(0.2)
Net cash used in investing activities		(5.0)	(4.4)	(9.4)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		0.1	–	1.0
Finance lease principal payments		(3.4)	(3.1)	(9.0)
Additional drawings on revolving facility		0.4	–	–
Repayment of borrowings	8	(10.0)	(12.1)	(20.4)
Settlement of loan notes		–	(3.7)	(3.7)
Net cash used in financing activities		(12.9)	(18.9)	(32.1)
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		2.1	(3.7)	(2.2)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		7.5	(5.6)	22.4
Opening cash, cash equivalents and bank overdrafts		52.9	30.5	30.5
Closing cash, cash equivalents and bank overdrafts	9	60.4	24.9	52.9
Reconciliation of net cash flow to movement in net debt (excluding IDC Scheme funds)*				
Net increase/(decrease) in cash and cash equivalents		7.5	(5.6)	22.4
Repayment of borrowings		10.0	12.1	20.4
Additional drawing on revolving facility		(0.4)	–	–
Settlement of loan notes		–	3.7	3.7
Movement in obligations under finance leases		2.9	1.8	7.4
Other movements in net debt		(1.5)	2.0	(2.0)
Movement in net debt during the period		18.5	14.0	51.9
Net debt* (excluding IDC Scheme funds) – opening		(113.6)	(165.5)	(165.5)
Net debt* (excluding IDC Scheme funds) – closing		(95.1)	(151.5)	(113.6)

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

Notes to the financial statements

1. General information

The financial information included in this interim financial report for the six months ended 30 June 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. A copy of the Group's annual report and accounts for the year ended 31 December 2009, which were prepared under IFRS have been delivered to the Registrar of Companies and include an auditors' report which was unqualified.

Copies of this interim report are available from the offices of Cape plc, 9 The Square, Stockley Park, Uxbridge, Middlesex UB11 1FW, and on the Company's website at www.capeplc.com, in addition to the paper version posted to shareholders. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Basis of preparation

The interim financial report has 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. This interim financial report does not comply with IAS 34 'Interim Financial Reporting', which is not currently required to be applied under AIM rules.

The same accounting policies and methods of computation are followed in the interim financial statements as the latest published audited accounts, 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.

3. Segment information

Six months ended 30 June 2010 (unaudited)

	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central costs £m	Group £m
Continuing operations						
Revenue	138.9	80.1	21.9	90.4	–	331.3
Operating profit/(loss) before other items	13.8	19.8	3.3	7.0	(3.8)	40.1
Amortisation of intangible assets	(0.2)	–	–	(1.1)	–	(1.3)
Operating profit/(loss)	13.6	19.8	3.3	5.9	(3.8)	38.8
Share of post tax profits of joint ventures	–	–	–	–	–	–
Total operating profit/(loss)	13.6	19.8	3.3	5.9	(3.8)	38.8
Finance income						0.6
Finance costs						(4.7)
Profit before tax						34.7
Taxation						(8.0)
Profit from continuing operations						26.7
Discontinued operations						
Profit attributable to discontinued operations	–	–	–	–	0.4	0.4
						27.1
Attributable to:						
Equity shareholders						25.0
Minority interests						2.1
						27.1

There are no significant inter-segment sales between segments

Notes to the financial statements

continued

3. Segment information (continued) Six months ended 30 June 2009 (unaudited)

	United Kingdom £m	Gulf/Middle East £m	CIS, Med & NA £m	Far East/ Pacific Rim £m	Central costs £m	Group £m
Continuing operations						
Revenue	144.1	102.7	23.2	61.6	–	331.6
Operating profit/(loss) before other items*	11.7	20.6	2.4	4.5	(4.5)	34.7
Amortisation of intangible assets	(0.2)	–	–	(1.2)	–	(1.4)
IDC costs	–	–	–	–	(2.0)	(2.0)
Operating profit/(loss)	11.5	20.6	2.4	3.3	(6.5)	31.3
Share of post tax profits of joint ventures	–	–	1.5	–	–	1.5
Total operating profit/(loss)	11.5	20.6	3.9	3.3	(6.5)	32.8
Finance income						0.8
Finance costs						(6.4)
Profit before tax						27.2
Taxation						(6.8)
Profit from continuing operations						20.4
Attributable to:						
Equity shareholders						19.1
Minority interests						1.3
						20.4

There are no significant inter-segment sales between segments

* In reviewing the segmental analysis, certain costs have been allocated to the UK segment, which we consider are better classified to the head office segment and have been allocated as such during the six months to 30 June 2010. As such, we have restated the prior year segmental disclosure for comparative purposes.

3. Segment information (continued)

Year ended 31 December 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*	27.2	38.6	6.1	7.9	(9.2)	70.6
Amortisation of intangible assets	(0.5)	–	–	(2.4)	–	(2.9)
IDC costs	–	–	–	–	(74.2)	(74.2)
Operating profit/(loss)	26.7	38.6	6.1	5.5	(83.4)	(6.5)
Share of post tax profits of joint ventures	–	–	1.6	–	–	1.6
Total operating profit/(loss)	26.7	38.6	7.7	5.5	(83.4)	(4.9)
Finance income						1.6
Finance costs						(12.3)
Loss before tax						(15.6)
Taxation						14.1
Loss from continuing operations						(1.5)
Attributable to:						
Equity shareholders						(4.1)
Minority interests						2.6
						(1.5)

There are no significant inter-segment sales between segments

* In reviewing the segmental analysis, certain costs have been allocated to the UK segment, which we consider are better classified to the head office segment and have been allocated as such during the six months to 30 June 2010. As such, we have restated the prior year segmental disclosure for comparative purposes.

The segment assets at 30 June 2010 are as follows:

Unaudited	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	83.2	91.0	23.6	321.9	59.3	97.3	676.3
Assets – discontinued	2.1	–	–	–	–	–	2.1
Total assets	85.3	91.0	23.6	321.9	59.3	97.3	678.4

The segment assets at 30 June 2009 are as follows:

Unaudited	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	94.4	91.3	23.4	284.0	60.8	43.3	597.2
Assets – discontinued	2.1	–	–	–	–	–	2.1
Total assets	96.5	91.3	23.4	284.0	60.8	43.3	599.3

Notes to the financial statements

continued

3. Segment information (continued)

The segment assets at 31 December 2009 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	89.0	647.6
Assets – discontinued	2.1	–	–	–	–	–	2.1
Total assets	87.1	84.9	24.0	310.2	54.5	89.0	649.7

Segment assets are reconciled to the Group assets as follows:

	Unaudited 30 June 2010 £m	Unaudited 30 June 2009 £m	31 December 2009 £m
Segment assets	581.1	556.0	560.7
Unallocated:			
– Cash	60.4	32.7	53.3
– Deferred tax	36.9	10.6	35.7
Total assets	678.4	599.3	649.7

4. Earnings per ordinary share

The basic earnings per share calculation for the 6 month period ended 30 June 2010 is based on the profit attributable to equity shareholders of £25.0 million (2009: £19.1 million) divided by the weighted average number of 25p ordinary shares of 116,038,891 (2009: 114,989,087).

The diluted earnings per share calculation for the 6 month period ended 30 June 2010 is based on the profit attributable to equity shareholders of £25.0 million (2009: £19.1 million) divided by the diluted weighted average number of 25p ordinary shares of 120,289,289 (2009: 117,096,841).

Share options are considered potentially dilutive as the average market price during the period was above the average exercise price.

The adjusted earnings per share calculations have been calculated after excluding the impact of amortisation, exceptional items, IDC related costs and interest income and the tax impact of these items.

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. Diluted loss per share is lower than basic loss per share in respect of discontinued operations because of the effect of losses on discontinued operations.

4. Earnings per ordinary share (continued)

	Unaudited half year ended 30 June 2010		Unaudited half year ended 30 June 2009		Year ended 31 December 2009	
	Earnings £m	EPS pence	Earnings £m	EPS pence	Earnings £m	EPS pence
Basic earnings/(loss) per share						
Continuing operations	24.6	21.2	19.1	16.6	(4.1)	(3.5)
Discontinued operations	0.4	0.4	–	–	–	–
Basic earnings per share	25.0	21.6	19.1	16.6	(4.1)	(3.5)
Diluted earnings/(loss) per share						
Continuing operations	24.6	20.4	19.1	16.3	(4.1)	(3.4)
Discontinued operations	0.4	0.4	–	–	–	–
Diluted earnings/(loss) per share	25.0	20.8	19.1	16.3	(4.1)	(3.4)
Adjusted basic earnings per share						
Earnings/(loss) from continuing operations	24.6	21.2	19.1	16.6	(4.1)	(3.5)
Amortisation	1.3	1.1	1.4	1.2	2.9	2.5
IDC related costs and interest income	(0.5)	(0.5)	1.6	1.4	73.4	63.6
Tax effect of adjusting items	(0.2)	(0.2)	(0.9)	(0.7)	(21.4)	(18.5)
Exceptional Australian tax credit	–	–	–	–	(6.6)	(5.7)
Adjusted earnings per share	25.2	21.6	21.2	18.5	44.2	38.4
Adjusted diluted earnings per share						
Earnings/(loss) from continuing operations	24.6	20.4	19.1	16.3	(4.1)	(3.4)
Amortisation	1.3	1.1	1.4	1.2	2.9	2.4
IDC related costs and interest income	(0.5)	(0.4)	1.6	1.3	73.4	62.2
Tax effect of adjusting items	(0.2)	(0.1)	(0.9)	(0.7)	(21.4)	(18.1)
Exceptional Australian tax credit	–	–	–	–	(6.6)	(5.6)
Diluted adjusted earnings per share	25.2	21.0	21.2	18.1	44.2	37.5

5. Interim Dividend

An interim dividend of 4 pence per ordinary share (2009: nil) was approved by the Board on 7 September 2010. The dividend will be paid on 8 October 2010 to all ordinary shareholders on the register at the record date of 17 September 2010.

6. Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired assets with a cost of £4.3 million (2009: £6.3 million) and received proceeds from asset sales of £0.2 million (2009: £0.9 million) giving net capital expenditure of £4.1 million (2009: £5.4 million). The capital expenditure of £3.8million (2009: £5.0 million) shown in the cash flow statement represents the actual cash outflow and therefore excludes purchases funded through finance leases.

Notes to the financial statements

continued

7. Cash flow from operating activities

	Unaudited half year ended 30 June 2010 £m	Unaudited half year ended 30 June 2009 £m	Year ended 31 December 2009 £m
Cash flows from operating activities			
Continuing operations			
Operating profit/(loss) for the period	38.8	31.3	(6.5)
Depreciation	8.7	7.8	15.8
Amortisation of intangibles	1.3	1.4	2.9
Share option charge	1.0	1.0	1.6
Difference between pension charge and cash contributions	(0.3)	(0.2)	(0.5)
Loss/(profit) on sale of property, plant and equipment	0.1	(0.1)	1.4
Share of profit of associates	–	1.5	1.6
Changes in working capital (excluding the effects of acquisitions and disposals)			
Decrease/(increase) in inventories	7.8	1.4	(0.5)
(Increase)/decrease in receivables	(26.2)	(3.1)	22.4
Increase/(decrease) in payables	4.3	(10.4)	(29.2)
(Decrease)/increase in provisions	(0.9)	–	71.2
Operating movements relating to Scheme	0.9	1.9	4.2
Cash generated from continuing operations	35.5	32.5	84.4
Discontinued operations			
Profit for the period	0.4	–	–
Decrease in provisions	(0.4)	–	–
Cash outflow from discontinued operations	–	–	–
Cash generated from operating activities	35.5	32.5	84.4

8. Repayment of borrowings

The repayment of borrowings shown in the cash flow statement represents a £10.0 million scheduled repayment.

9. Cash and cash equivalents

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

	Unaudited half year ended 30 June 2010 £m	Unaudited half year ended 30 June 2009 £m	Year ended 31 December 2009 £m
Cash and cash equivalents	60.4	32.7	53.3
Bank overdraft	–	(7.8)	(0.4)
Cash and cash equivalents including overdraft	60.4	24.9	52.9

10. Contingent liabilities

The Group discloses contingent liabilities in relation to Industrial Disease Claims and guarantees and bonds in the annual report and accounts. Details of these contingent liabilities can be found in the annual report and accounts for the year ended 31 December 2009 in note 33.

11. Post balance sheet event

Following the approval by shareholders at the 2010 Annual General Meeting of the draft contract to repurchase all the 431,906,031 Deferred Shares of 1p ('Deferred Shares') for an aggregate consideration of £1, the Company repurchased and cancelled the Deferred Shares on 20 August 2010.

On 7 September 2010 the Company made full payment of the dividend arrears outstanding on the 250,000 3.5% cumulative preference shares of £1 each.

Directors, officers and advisers

Sean O'Connor¹³⁴

Non-Executive Chairman

Martin K May

Chief Executive

Richard Bingham

Chief Financial Officer

David Robins¹²³⁴⁵

Non-Executive Director

David McManus¹²³⁴

Non-Executive Director

Jeremy Gorman

Group Company Secretary

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Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

1 Non-Executive

2 Audit Committee

3 Remuneration Committee

4 Nomination Committee

5 Senior Independent Non-Executive Director

Notes

- 1 Adjusted PBT comprises profit before tax of £34.7 million (2009: profit of £27.2 million), adjusted for the IDC charge of £nil (2009: £2.0 million), IDC finance income of £0.5 million (2009: £0.4 million) and amortisation of intangible assets of £1.3 million (2009: £1.4 million).
- 2 Adjusted operating profit margin is calculated as adjusted operating profit (before share from joint ventures) of £40.1 million (2009: £34.7 million) divided by revenue of £331.3 million (2009: £331.6 million).
- 3 Adjusted diluted earnings per share is calculated by dividing adjusted operating profit, net of tax, by the weighted average number of ordinary shares in issue during the period adjusted to assume conversion of all potentially dilutive ordinary shares.
- 4 Free cash flow is defined as cash generated from operations adjusted for the impact of industrial disease costs, interest, tax, net capital expenditure, amortisation of bank fee and exceptional costs paid.
- 5 Operating cash conversion is defined as cash generated from operating activities of £35.5 million (2009: £32.5 million) divided by adjusted EBITDA⁽⁶⁾.
- 6 Net debt is calculated by deducting current borrowings of £34.4 million (2009: £35.8 million) and non current borrowings of £121.1 million (2009: £148.4 million) from cash and cash equivalents of £60.4 million (2009: £32.7 million).
- 7 Ratio of net debt to annualised adjusted EBITDA⁽⁶⁾ is calculated by dividing the net debt figure at the period end of £95.1 million (2009: £151.5 million) by twice the adjusted EBITDA⁽⁶⁾ of £48.8 million (2009: £44.0 million).
- 8 Adjusted EBITDA is calculated by adding back depreciation of £8.7 million (2009: £7.8 million) to adjusted operating profit of £40.1 million (2009: £36.2 million).
- 9 Based on 2010 consensus revenues.
- 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 period ended 30 June 2010 were GBP/AUD 1.7291 and GBP/USD 1.5376 (2009: GBP/AUD 2.0817 and GBP/USD 1.4829).
- 11 Adjusted operating profit (EBITA) comprises profit before interest and taxation of £38.8 million (2009: £32.8 million), adjusted for IDC charge of £nil (2009: £2.0 million) and amortisation of intangible assets of £1.3 million (2009: £1.4 million).
- 12 Gearing is net debt divided by total equity.
- 13 Return on Managed Assets (ROMA) is calculated as annualised operating profit (before share from joint ventures) of £40.1 million (2009: £34.7 million) divided by managed assets.
- 14 Managed assets is calculated by deducting the trade and other payables of £103.3 million (2009: £109.9 million) from the sum of property, plant and equipment of £141.2 million (2009: £140.4 million), inventories of £10.1 million (2009: £12.5 million) and trade and other receivables of £187.5 million (2009: £178.2 million).
- 15 Interest cover is calculated by dividing the adjusted operating profit (before share from joint ventures) of £40.1 million (2009: £34.7 million) by the finance costs of £4.7 million (2009: £6.4 million).
- 16 Net profit after tax is profit net of all costs for the period.
- 17 Free cash flow yield is calculated based on free cash flow per share (free cash flow divided by the dilutive weighted average number of ordinary shares) divided by the current share price.
- 18 The asset replacement ratio is calculated by dividing capital expenditure for the period of £4.3 million (2009: £6.3 million) by the depreciation charge of £8.7 million (2009: £7.8 million).



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