NEWSRELEASE

DIPLOMA PLC

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FOR IMMEDIATE RELEASE

12 May 2014

ANNOUNCEMENT OF HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2014

"Strong Underlying Performance"

	Unaudited Six months ended 31 March 2014 £m	Unaudited Six months ended 31 March 2013 £m	
Revenue	**148.6**	139.7	***+6%***
Adjusted operating profit[(1)]	**27.8**	27.0	***+3%***
Adjusted operating margin[(1)]	**18.7%**	19.3%	
Adjusted profit before tax[(1),(2)]	**27.6**	26.9	***+3%***
Profit before tax	**24.2**	23.8	***+2%***
Profit after tax	**17.0**	16.7	***+2%***
Free cash flow[(3)]	**13.0**	12.1	***+7%***
		Pence	
Adjusted earnings per share[(1),(2)]	**17.5**	17.0	***+3%***
Basic earnings per share	**14.9**	14.7	***+1%***
Interim dividend per share	**5.4**	5.0	***+8%***

(1) Before acquisition related charges.
(2) Before fair value remeasurements.
(3) Before cash payments on acquisitions and dividends.

Financial Highlights

- Underlying revenue and adjusted operating profit increased by **9%** and **7%** respectively, after adjusting for currency effects and acquisitions.
- Significant strengthening in UK sterling limited growth in reported revenue and adjusted operating profit to **6%** and **3%** respectively.
- Adjusted profit before tax and EPS both increased by **3%** to **£27.6m** and **17.5p**, respectively.
- Free cash flow increased by **7%** to **£13.0m** helped by lower capital expenditure as Group's Investment for Growth programme reduces.
- Acquisition expenditure of **£11.4m**; net funds of **£8.0m** at the end of March.
- Interim dividend increased by **8%** to **5.4p** per share reflecting confidence in Group's growth prospects.

Operational Highlights

- Life Sciences revenues increased by 10% on an underlying basis with good growth achieved in both the Healthcare and European Environmental businesses.

- Seals revenues increased by 5% on an underlying basis reflecting strong performance from Industrial OEM businesses and modest growth in Aftermarket businesses. Acquisition of Kentek Oy extends reach of Group's Aftermarket Seals businesses to Finland, Russia and Baltic States.

- Controls revenues increased by 11% on an underlying basis reflecting a strong recovery in UK and German markets and in Aerospace and Motorsport sectors in particular.

- Final stages of Group's Investment for Growth programme with work now focussed on completing the implementation of the new ERP project across the Canadian Healthcare businesses. Benefits of programme expected to start accruing from second half of year.

Commenting on the results for the period, Bruce Thompson, Diploma's Chief Executive said:

"The Diploma businesses have made good progress during the first half with a strong underlying revenue performance across all three Sectors. Whilst the significant strengthening of UK sterling has affected the Group's reported results, the underlying performance demonstrates the strength of the Group's proven business model which delivers GDP plus levels of revenue growth with sustainable attractive margins and strong free cash flow.

The Board remains confident of future growth as the recent Investment for Growth programme provides the platform to benefit from continued underlying growth, supported by attractive and value creating acquisitions."

Note:
Diploma PLC uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include adjusted operating profit, adjusted profit before tax, adjusted earnings per share and free cash flow. The narrative in this Announcement is based on these alternative measures and an explanation is set out in Note 2 to the condensed consolidated financial statements in this Half Year Announcement.

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NOTE TO EDITORS:

Diploma PLC is an international group of businesses supplying specialised technical products and services to the Life Sciences, Seals and Controls industries.

Diploma's businesses are focussed on supplying *essential products* and services which are funded by the customers' operating rather than their capital budgets, providing recurring income and stable revenue growth.

Our businesses then design their individual business models to closely meet the requirements of their customers, offering a blend of high quality customer service, deep technical support and value adding activities. By supplying *essential solutions*, not just products, we build strong long term relationships with our customers and suppliers, which support attractive and sustainable margins.

Finally we encourage an entrepreneurial culture in our businesses through our decentralised management structure. We want our managers to feel that they have the freedom to run their own businesses, while being able to draw on the support and resources of a larger group. These *essential values* ensure that decisions are made close to the customer and that the businesses are agile and responsive to changes in the market and the competitive environment.

The Group employs ca. 1,300 employees and its principal operating businesses are located in the UK, Germany, US, Canada and Australia.

Over the last five years, the Group has grown adjusted earnings per share at an average of ca. **17%** p.a. through a combination of organic growth and acquisitions. Diploma is a member of the FTSE 250 with a market capitalisation of ca. **£750m**.

Further information on Diploma PLC can be found at www.diplomaplc.com

HALF YEAR REVIEW TO 31 MARCH 2014

The Diploma businesses have made good progress during the first half of the year with a strong underlying performance in each of the three Sectors. On an underlying basis, after adjusting for acquisitions and for currency effects on translation, Group revenues increased by 9%.

The largest contribution to underlying revenue growth has been from Controls, where trading activity has improved strongly in both the UK and Germany with revenues increasing by 11% on an underlying basis. In Life Sciences, revenues increased by 10% on an underlying basis with strong growth being achieved in both the Healthcare and the European Environmental businesses. Seals has continued to deliver good revenue growth, with underlying revenues increasing by 5%.

Despite the strong underlying performance, the significant strengthening of UK sterling against most major currencies in which the Group operates has impacted the results of the overseas businesses when translated into UK sterling. With ca. 75% of the Group's revenues generated outside the UK and with a modest contribution from acquisitions, reported Group revenues for the Half Year increased by 6% in UK sterling over the prior comparable period.

Acquisitions remain an integral part of the Group's growth strategy with additional resources focused on strengthening and converting the pipeline of opportunities, which remains promising. During the period, the Group spent ca. £11m on acquisitions, completing the acquisition of 80% of Kentek Oy, adding three small bolt-on businesses to the European Seals and Controls operations and purchasing part of the outstanding minority interests in the Australian Healthcare businesses. This represents an increased spend on acquisitions relative to the prior year, although lengthy transaction and due diligence processes continue to delay the completion of opportunities in the acquisition pipeline.

Adjusted operating margins were 18.7%, compared with 19.3% for the first half of 2013 and 18.7% for the second half of 2013, which in part reflects the mix between the Sectors. In addition, gross margins have been impacted by transactional currency effects, although some of this was offset by tight control of underlying operating costs across the Group. The Group's Investment for Growth programme is now substantially complete, with the only major ongoing programme being the roll-out of the new ERP system across the Canadian Healthcare businesses. The benefits of these investments should start to accrue in the second half of the year to partly mitigate the impact of currency effects on gross margins and the lower initial operating margins from acquired businesses.

RESULTS AND DIVIDENDS

In the six months ended 31 March 2014, Group revenue increased by 6% to £148.6m (2013: £139.7m). Adjusted operating profit increased by 3% to £27.8m (2013: £27.0m) and adjusted operating margins were 18.7% (2013: 19.3%). After adjusting for the incremental contribution from acquisitions and for currency effects on translation, revenue and adjusted operating profit increased by 9% and 7% respectively.

Adjusted profit before tax increased by 3% to £27.6m (2013: £26.9m) and adjusted earnings per share increased by 3% to 17.5p (2013: 17.0p). On a reported basis, profit before tax was £24.2m (2013: £23.8m) and basic earnings per share were 14.9p (2013: 14.7p).

Free cash flow in the half year has been strong, with lower capital expenditure as the Group's Investment for Growth programme reduces. Operating cash flow reduced by 7% to £22.6m (2013: £24.4m) reflecting a higher investment in working capital. However, the Group's free cash flow for the period increased by £0.9m to £13.0m (2013: £12.1m) as capital expenditure reduced to £0.8m (2013: £2.6m). At 31 March 2014, the Group had net cash funds of £8.0m.

The Group continues to follow a progressive dividend policy, which targets dividend cover towards two times on an adjusted EPS basis. The Directors have declared an increased interim dividend up 8% to 5.4p per share (2013: 5.0p), reflecting the Board's continuing confidence in the Group's growth prospects. The dividend will be payable on 18 June 2014 to shareholders on the register on 23 May 2014.

OPERATING REVIEW

Life Sciences

The Life Sciences businesses are suppliers of consumables, instrumentation and related services to the healthcare and environmental industries.

	Half Year		
	2014	**2013**	
Revenue	**£46.6m**	£46.7m	-
Adjusted operating profit	**£10.6m**	£11.0m	*- 4%*
Adjusted operating margin	***22.7%***	*23.6%*	

Revenues increased by 10% in constant currency terms; however, compared with the prior comparable period, UK sterling strengthened by 13% against the Canadian dollar and by 20% against the Australian dollar. After including these currency effects on translation, revenues remained broadly unchanged in UK sterling terms.

Adjusted operating margins in the first half fell slightly as gross margins in the Healthcare businesses weakened. These margins are being increasingly impacted on a transactional basis by the substantial depreciation of the Canadian and Australian dollar against the US dollar and the Euro, which are the currencies in which their products are mostly purchased. Gross margins in these businesses will soften further during the second half of the year as the more favourable currency hedging contracts start to expire. Local management are working closely with suppliers and customers to reduce the impact on gross margins, as well as managing operating costs tightly.

The DHG group of ***Healthcare*** businesses, which account for ca. 80% of Sector revenues, increased underlying revenues by 8% in constant currency terms. The Canadian Healthcare businesses increased revenues by 7%, with very strong consumable and service revenues, more than offsetting weaker capital revenues. Somagen was the strongest performer with increased consumable revenues across its key suppliers and boosted by the supply of testing kits used in the roll-out of colorectal cancer screening programmes across three Provinces. AMT's core Electrosurgery business continued to grow steadily, building on the successful introduction of the new Penevac 1 product (combined electrode and smoke evacuation device). AMT also made good progress in its MI (minimally invasive) Surgery division, consolidating its position in the supply of specialised surgical instruments and devices used in laparoscopic and other MI Surgery procedures. Vantage continued to generate good growth in revenues from consumables used in endoscopy reprocessors and argon plasma coagulation units; though capital equipment sales reduced against strong prior year comparatives.

Good progress was made with the implementation of the major new ERP project across the Canadian Healthcare businesses. Somagen successfully completed the installation of its new system in February 2014 with minimum disruption to the business. The implementation at Vantage is now underway and will benefit from experience gained at Somagen; plans are to go live at Vantage by the end of this calendar year, before completing the implementation in AMT early next year.

The Australian Healthcare businesses increased revenues by 16% on a constant currency basis. Following the integration last year of operations and back office functions in Melbourne, DSL and BGS are successfully operating as distinct sales and marketing businesses, benefitting from the efficiencies and critical mass of a shared services group. In January 2014, the Group spent £0.3m on acquiring 6% of the outstanding minority interest in DSL and discussions are in process regarding the purchase of the remaining 14% minority shareholding.

In Europe, the a1-group of ***Environmental*** businesses, which account for ca. 20% of Sector revenues, saw revenues increase by 16% in both UK sterling and Euro terms. In the a1-CBISS business, significant revenue growth was achieved in the sales of CEMS (continuous emissions monitoring systems) for both alternative energy and conventional electricity generating stations. The a1-envirosciences business generated good sales of analytical instruments in the UK and Germany, while increasing the penetration of its laboratory enclosure systems across Europe. The business also enjoyed an increase in service revenues following the investment in engineering staff last year.

Seals

The Seals businesses are suppliers of hydraulic seals, gaskets, cylinders, components and kits for heavy mobile machinery and industrial equipment.

	Half Year		
	2014	**2013**	
Revenue	**£54.9m**	£50.5m	*+9%*
Adjusted operating profit	**£9.3m**	£9.1m	*+2%*
Adjusted operating margin	***16.9%***	*18.0%*	

Revenues increased by 5% over the prior comparable period on an underlying basis which is in constant currency terms and before acquisitions. Including the currency effects on translation (principally the strengthening of UK sterling against the US dollar) and the initial contributions from acquisitions completed in the half year (Kentek Oy, Ramsay Services and AB Seals), headline revenues in UK sterling increased by 9%.

Operating margins in the Seals businesses reduced by 110 basis points to 16.9%, reflecting lower operating margins on the initial contribution from Kentek Oy and slightly higher underlying operating costs, which should reduce in the second half of the year.

The ***Aftermarket*** businesses, which account for ca. 55% of Sector revenues, increased revenues by 2% on an underlying basis, after adjusting for currency effects and acquisitions.

In North America, the HFPG Aftermarket businesses (Hercules, Bulldog and HKX) reported revenues broadly flat in US dollar terms, with contrasting performance in domestic and export markets. In the US and Canadian markets, Aftermarket revenue growth was ca. 2% against a background of a slow steady growth in the broader economy. Further growth in replacement seals was constrained by extreme weather conditions in the second quarter and the re-equipping of the construction machinery rental fleets with more modern, emissions-compliant machines. HKX however benefitted from this re-equipping process in North America, as many of the new excavators required HKX attachment kits. To generate growth, Hercules is continuing to add seal products and kits to broaden equipment coverage and to target new segments, including Aerial lifts and Mining. HFPG's Aftermarket export revenues decreased by 8% as a result of weakness in emerging markets in South and Central America and in the Middle East.

In Europe, the FPE Group increased revenues by 14%, with good organic growth from its operations in the UK and the Netherlands and an initial contribution from AB Seals, a small bolt-on acquisition completed in February 2014. AB Seals is a small seals distributor based in Gravesend, Kent which strengthens the market position of the FPE Group in the South of England.

In January 2014, the Group completed the acquisition of 80% of Kentek Oy, having received approval from the competition authorities in Russia. Kentek Oy is a specialised distributor of filters and related products, used in heavy mobile machinery and industrial equipment applications. The business is based in Finland with operations in Russia and the Baltic States and extends the reach of the Group's Aftermarket Seals businesses into these new and emerging markets. Kentek Oy sales performance since acquisition has been in line with expectations, though the weakening Russian rouble has impacted results in UK sterling terms.

The ***Industrial OEM*** businesses, which account for the remaining 45% of Sector revenues, increased revenues by 9% on an underlying basis, after adjusting for currency effects and acquisitions.

In North America, RT Dygert, All Seals and J Royal increased revenues by 10% in US dollar terms. The core Industrial OEM customer base in each of these businesses is performing well, with most of the increase being generated from new projects at existing and new accounts. With improving weather, sales to the water meter, pool and spa and construction equipment sectors are again growing and sales have also increased to catalogue accounts, where enhanced web-based marketing efforts at several accounts have helped increase their sales of kits.

In Europe, M Seals increased revenues by 4% on an underlying basis, with good growth in the recovering Danish market and steady growth in Sweden against a strong prior year comparator. Sales of large bearing seals to Chinese wind power customers remained subdued and held back revenues in this market. In December 2013, M Seals acquired Ramsay Services, a small Industrial OEM Seals business based in Newcastle, UK. Ramsay will open up new growth opportunities in the UK for M Seals and will strengthen capabilities in Oil & Gas and Aerospace markets.

Controls

The Controls businesses are suppliers of interconnect products (specialised wiring, harness components, connectors and fasteners) and fluid control components for technically demanding applications.

	Half Year		
	2014	**2013**	
Revenue	**£47.1m**	£42.5m	*+11%*
Adjusted operating profit	**£7.9m**	£6.9m	*+14%*
Adjusted operating margin	***16.8%***	*16.2%*	

Revenues increased by 11% over the prior comparable period on an underlying basis, which is after adjusting for modest currency effects and for the acquisitions of Sacee in October 2013 and of Rayquick in November 2012. Headline revenues also increased by 11% in UK sterling.

Adjusted operating margins increased by 60 basis points to 16.8%. Gross margins remained broadly stable across the businesses, but operational leverage began to improve as the benefits of the recent Investment for Growth programme helped underlying operating costs.

The ***Interconnect*** businesses together account for ca. 70% of Sector revenues. The businesses supply high performance wiring, harness components, connectors and fasteners, used in technically demanding applications, often in harsh environments. In the half year, Interconnect revenues increased by 11% in UK sterling terms; after adjusting for acquisitions and for currency effects, revenues increased by 10%.

Clarendon was the strongest performer in the Sector with revenues increasing by ca. 30% and with growth equally strong in its core Motorsport and Civil Aerospace markets. In Motorsport, Clarendon benefited from the new Formula 1 regulations introducing the new turbo powered engines and affecting both chassis and engine builders as the requirement increases for higher performance, temperature resistant fasteners. In Civil Aerospace, following the integration last year of the Amfast acquisition, Clarendon is benefiting from a buoyant market and building its position as a leading supplier of fasteners to the aircraft seating market.

The IS-Group and Filcon increased underlying revenues by 7%. The businesses benefited from the improving general industrial economies in the main markets of UK and Germany and generated strong revenue growth from a range of industrial applications. In the more specialised sectors which the businesses serve, Motorsport again generated strong revenue growth, benefiting from both the Formula 1 regulation changes and the scheduled replacement of electrical harnesses in NASCAR. Good progress was also made in the Energy sector in Germany, with a full half year contribution from Rayquick and increased investment in the electricity distribution infrastructure. Defence & Military Aerospace markets in general remained challenging, but the IS-Group succeeded in generating good revenue growth from a range of specialised support and upgrade programmes for military helicopters, submarines and armoured vehicles.

In October 2013, Filcon acquired the assets and goodwill of Sacee which has successfully been absorbed into Filcon's operations in Munich. The Sacee business brings the expertise of supplying specialist connectors to the space satellite sector.

The Hawco Group of ***Fluid Controls*** businesses accounts for ca. 30% of Sector revenues and supplies temperature, pressure and fluid control products, with a high proportion of its products being supplied to the Food and Beverage industry. The Hawco Group increased revenues by 14% benefiting from an improving industrial economy in the UK, from increased export sales and from positive trends in several focus segments. The Commercial Refrigeration segment generated good revenue growth for Hawco and there were good revenues from refit programmes, as the major food retailers invested in refrigerated displays to improve efficiencies in existing stores. Hawco also benefited from the continued expansion of internet food shopping and the subsequent increase in demand for refrigeration equipment used in home delivery vans. Abbeychart's revenue growth was mainly driven by the Coffee segment (where single cup brewing equipment is replacing larger vending machines) and the Catering segments of the market.

The new ERP system which was implemented successfully in Hawco last year is now being rolled-out to Abbeychart and will go live in the second half of the year. This will provide a powerful, integrated system giving efficiencies across the Hawco Group, while allowing the individual businesses to retain distinct customer-facing identities.

FINANCE

Free cash flow

The Group generated free cash flow of £13.0m (2013: £12.1m) during the half year, with the improvement largely arising from a reduction in capital expenditure, as the Group moved to the final stages of its Investment for Growth programme.

Operating cash flow fell to £22.6m (2013: £24.4m), as the stronger trading environment and certain operational priorities led to a larger investment in working capital of £6.6m, compared with £4.2m in the comparable period. The Group's metric of working capital to revenue increased slightly to 17.3% compared with 16.7% at 30 September 2013, when working capital is generally at its lowest point.

Tax payments in the first half of the year reduced to £7.0m (2013: £8.9m), having benefited from amended phasing of tax instalments in Canada compared with last year and from tax relief on the exercise of outstanding LTIP awards in 2013. The Company also made a contribution of £1.8m to the Diploma Employee Benefit Trust in connection with outstanding LTIP awards.

Capital expenditure of £0.8m (2013: £2.6m) included £0.3m on the new ERP system being implemented in the Canadian Healthcare businesses which represents the last major project in the Investment for Growth programme. The remaining £0.5m of capital expenditure included £0.2m of field equipment in support of customer contracts at hospitals and £0.2m of tooling in the Seals businesses.

Net funds

At 31 March 2014, the Group had net funds of £8.0m, comprising cash balances of £13.0m less borrowings of £5.0m, compared with net funds of £19.3m at 30 September 2013. The reduction in net cash funds of £11.3m was after spending £11.4m (2013: £1.5m) on acquisitions and £12.2m (2013: £11.7m) on dividends paid to ordinary and minority shareholders.

Acquisition expenditure of £11.4m comprised £11.0m on acquiring new businesses, £0.3m on acquiring minority interests and £0.1m on deferred consideration, as described further in notes 10 and 11 in the notes to the financial statements.

The borrowings were drawn down during the period to fund working capital and the final dividend at a time when cash resources are seasonally more limited. The Group is currently finalising documentation relating to a new three year committed multicurrency credit facility for £25m, which will replace the existing facility of £20m which expires on 30 June 2014.

With this new facility available from 1 July 2014 and on the basis of current financial projections and after considering sensitivities, the Directors are confident that the Group has sufficient resources to fund its operations for the foreseeable future. The condensed set of consolidated financial statements has therefore been prepared on a going concern basis.

Exchange rates

A significant proportion of the Group's revenues (ca. 75%) are derived from businesses located outside the UK, principally in the US, Canada, Australia and Continental Europe. With UK sterling strengthening against most of the major currencies in which the Group operates, the impact on the Group of translating the results of the Group's overseas businesses into UK sterling has been to reduce Group revenues by £7.3m and Group adjusted operating profit by £1.8m, compared with the same period last year. At current spot foreign exchange rates, there will be a similar impact on reported results for the second half of the year.

The Healthcare businesses have also been impacted by the substantial depreciation of the Canadian dollar and Australian dollar against the currencies in which these businesses purchase their products. These transactional exposures impact the gross margin of these businesses, although a substantial amount of this exposure is hedged through the use of forward exchange contracts. These contracts have helped mitigate much of the depreciation in these currencies in the first half; however the impact on gross margins will increase in the second half of the year as these contracts begin to reflect more current exchange rates. Transactional currency exposures in the rest of the Group's businesses are generally not material.

RISKS AND UNCERTAINTIES

The risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as those described in detail in pages 32-35 of the 2013 Annual Report & Accounts. In summary these are:

- Strategic risks – a downturn in major markets, loss of key suppliers and/or major customers, product liability and loss of key personnel;
- Operational risks – major damage to premises, loss of IT systems; and
- Financial and Accounting risks – foreign currency risk and inventory obsolescence.

The Directors consider that the principal risks and uncertainties have not changed since the publication of the 2013 Annual Report & Accounts and that they remain relevant for the second half of the financial year. In particular, since a large proportion of the Group's revenue and profits are generated overseas, movements in the foreign exchange rates of these territories remain a principal risk to financial performance.

CURRENT TRADING AND OUTLOOK

The Diploma businesses have made good progress during the first half with a strong underlying revenue performance across all three Sectors. Whilst the significant strengthening of UK sterling has affected the Group's reported results, the underlying performance demonstrates the strength of the Group's proven business model which delivers GDP plus levels of revenue growth with sustainable attractive margins and strong free cash flow.

The Board remains confident of future growth as the recent Investment for Growth programme provides the platform to benefit from continued underlying growth, supported by attractive and value creating acquisitions.

BM Thompson

Chief Executive Officer
12 May 2014

Responsibility Statement of the Directors in respect of the Half Year Report 2014

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU; and
- the Half Year Report includes a fair review of the information required by:

  a) DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report & Accounts that could do so.

The Directors of Diploma PLC and their respective responsibilities are listed in the Annual Report & Accounts for 2013. There have been no changes in the period.

By Order of the Board

BM Thompson	**NP Lingwood**
Chief Executive Officer	Group Finance Director
12 May 2014	12 May 2014

Condensed Consolidated Income Statement
For the six months ended 31 March 2014

	Note	**Unaudited 31 March 2014 £m**	Unaudited 31 March 2013 £m	Audited 30 Sept 2013 £m
Revenue	3	**148.6**	139.7	285.5
Cost of sales		**(93.9)**	(86.8)	(178.6)
Gross profit		**54.7**	52.9	106.9
Distribution costs		**(3.1)**	(3.2)	(6.4)
Administration costs		**(27.2)**	(25.5)	(51.8)
Operating profit	3	**24.4**	24.2	48.7
Financial expense, net	4	**(0.2)**	(0.4)	(0.2)
Profit before tax		**24.2**	23.8	48.5
Tax expense	5	**(7.2)**	(7.1)	(13.7)
Profit for the period		**17.0**	16.7	34.8
Attributable to:				
Shareholders of the Company		**16.8**	16.5	34.5
Minority interests		**0.2**	0.2	0.3
		17.0	16.7	34.8
Earnings per share				
Basic and diluted earnings	6	**14.9p**	14.7p	30.7p

Alternative Performance Measures (note 2)	Note	**31 March 2014 £m**	31 March 2013 £m	30 Sept 2013 £m
Operating profit		**24.4**	24.2	48.7
Add: Acquisition related charges	9	**3.4**	2.8	5.6
Adjusted operating profit	3	**27.8**	27.0	54.3
Deduct: Net interest expense	4	**(0.2)**	(0.1)	-
Adjusted profit before tax		**27.6**	26.9	54.3
Adjusted earnings per share	6	**17.5p**	17.0p	34.8

Condensed Consolidated Statement of Income and Other Comprehensive Income
For the six months ended 31 March 2014

	Unaudited 31 March 2014 £m	Unaudited 31 March 2013 £m	Audited 30 Sept 2013 £m
Profit for the period	**17.0**	16.7	34.8
Items that will not be reclassified to Consolidated Income Statement			
Actuarial gains on defined benefit pension schemes	**-**	-	0.2
Deferred tax on items that will not be reclassified	**-**	-	-
	-	-	0.2
Items that may be reclassified to Consolidated Income Statement			
Exchange rate adjustments on foreign currency net investments	**(8.4)**	7.3	(2.5)
Exchange rate adjustments on minority interests	**-**	0.1	-
Gain/(loss) on fair value of cash flow hedges	**0.1**	(0.1)	-
Net changes to fair value of cash flow hedges transferred to Consolidated Income Statement	**-**	(0.1)	(0.2)
Deferred tax on items that may be reclassified	**-**	0.1	0.1
	(8.3)	7.3	(2.6)
Total comprehensive income for the period	**8.7**	24.0	32.4
Attributable to:			
Shareholders of the Company	**8.5**	23.7	32.1
Minority interests	**0.2**	0.3	0.3
	8.7	24.0	32.4

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 March 2014

	Share capital	Transl. reserve	Hedging reserve	Retained earnings	Share-holders' equity	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 October 2012	5.7	18.7	0.2	141.2	**165.8**	1.4	**167.2**
Total comprehensive income	-	7.3	(0.2)	16.6	**23.7**	0.3	**24.0**
Minority interest acquired	-	-	-	-	**-**	(0.1)	**(0.1)**
Share-based payments	-	-	-	0.6	**0.6**	-	**0.6**
Purchase of own shares	-	-	-	(0.6)	**(0.6)**	-	**(0.6)**
Dividends	-	-	-	(11.5)	**(11.5)**	(0.2)	**(11.7)**
At 31 March 2013	5.7	26.0	-	146.3	**178.0**	1.4	**179.4**
Total comprehensive income	-	(9.8)	-	18.2	**8.4**	-	**8.4**
Share-based payments	-	-	-	(0.1)	**(0.1)**	-	**(0.1)**
Tax on items recognised directly in equity	-	-	-	0.6	**0.6**	-	**0.6**
Purchase of own shares	-	-	-	(4.1)	**(4.1)**	-	**(4.1)**
Dividends	-	-	-	(5.9)	**(5.9)**	-	**(5.9)**
At 30 September 2013	5.7	16.2	-	155.0	**176.9**	1.4	**178.3**
Total comprehensive income	-	(8.4)	0.1	16.8	**8.5**	0.2	**8.7**
Acquisition of subsidiaries	-	-	-	-	**-**	1.5	**1.5**
Minority interest put option	-	-	-	(1.5)	**(1.5)**	-	**(1.5)**
Minority interests acquired	-	-	-	0.2	**0.2**	(0.2)	**-**
Share-based payments	-	-	-	0.4	**0.4**	-	**0.4**
Purchase of own shares	-	-	-	(1.8)	**(1.8)**	-	**(1.8)**
Dividends	-	-	-	(12.1)	**(12.1)**	(0.1)	**(12.2)**
At 31 March 2014	**5.7**	**7.8**	**0.1**	**157.0**	**170.6**	**2.8**	**173.4**

Condensed Consolidated Statement of Financial Position
As at 31 March 2014

	Note	**Unaudited 31 March 2014 £m**	Unaudited 31 March 2013 £m	Audited 30 Sept 2013 £m
Non-current assets				
Goodwill	9	**78.8**	83.1	78.5
Acquisition intangible assets	9	**29.7**	31.4	26.7
Other intangible assets		**0.8**	0.7	0.8
Investment		**0.7**	0.7	0.7
Property, plant and equipment		**13.0**	14.0	13.9
Deferred tax assets		**2.0**	3.0	2.1
		125.0	132.9	122.7
Current assets				
Inventories		**52.3**	48.7	46.7
Trade and other receivables		**47.7**	45.0	42.8
Cash and cash equivalents	8	**13.0**	14.3	19.3
		113.0	108.0	108.8
Current liabilities				
Trade and other payables		**(43.2)**	(38.8)	(40.0)
Current tax liabilities		**(2.5)**	(2.3)	(1.7)
Other liabilities	11	**(2.1)**	(2.5)	(2.0)
Borrowings	8	**(5.0)**	(7.0)	-
		(52.8)	(50.6)	(43.7)
Net current assets		**60.2**	57.4	65.1
Total assets less current liabilities		**185.2**	190.3	187.8
Non-current liabilities				
Retirement benefit obligations		**(4.5)**	(5.1)	(4.7)
Other liabilities	11	**(3.0)**	(1.3)	(1.0)
Deferred tax liabilities		**(4.3)**	(4.5)	(3.8)
Net assets		**173.4**	179.4	178.3
Equity				
Share capital		**5.7**	5.7	5.7
Translation reserve		**7.8**	26.0	16.2
Hedging reserve		**0.1**	-	-
Retained earnings		**157.0**	146.3	155.0
Total shareholders' equity		**170.6**	178.0	176.9
Minority interests		**2.8**	1.4	1.4
Total equity		**173.4**	179.4	178.3

Condensed Consolidated Cash Flow Statement
For the six months ended 31 March 2014

	Note	**Unaudited 31 March 2014 £m**	Unaudited 31 March 2013 £m	Audited 30 Sept 2013 £m
Cash flows from operating activities				
Cash flow from operations	7	**22.6**	24.4	55.9
Interest paid, net		**(0.1)**	(0.2)	(0.2)
Tax paid		**(7.0)**	(8.9)	(14.8)
Net cash from operating activities		**15.5**	15.3	40.9
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)	10	**(11.0)**	(1.1)	(1.2)
Deferred consideration paid	11	**(0.1)**	-	(0.6)
Purchase of property, plant and equipment		**(0.6)**	(2.4)	(4.1)
Purchase of other intangible assets		**(0.2)**	(0.2)	(0.5)
Proceeds from sale of property, plant and equipment		**0.1**	-	-
Net cash used in investing activities		**(11.8)**	(3.7)	(6.4)
Cash flow from financing activities				
Acquisition of minority interests	10	**(0.3)**	(0.4)	(0.4)
Dividends paid to shareholders		**(12.1)**	(11.5)	(17.4)
Dividends paid to minority interests		**(0.1)**	(0.2)	(0.2)
Purchase of own shares by EBT		**-**	(0.6)	(1.7)
Notional purchase of own shares on exercise of share options		**(1.8)**	-	(3.0)
Proceeds/(repayment) of borrowings, net	8	**5.0**	3.5	(3.5)
Net cash used in financing activities		**(9.3)**	(9.2)	(26.2)
Net (decrease)/increase in cash and cash equivalents	8	**(5.6)**	2.4	8.3
Cash and cash equivalents at beginning of period		**19.3**	11.4	11.4
Effect of exchange rates on cash and cash equivalents		**(0.7)**	0.5	(0.4)
Cash and cash equivalents at end of period		**13.0**	14.3	19.3

Alternative Performance Measures (note 2)		**31 March 2014 £m**	31 March 2013 £m	30 Sept 2013 £m
Net (decrease)/increase in cash and cash equivalents		**(5.6)**	2.4	8.3
Add:	Dividends paid to shareholders	**12.1**	11.5	17.4
	Dividends paid to minority interests	**0.1**	0.2	0.2
	Acquisition of subsidiaries/minority interests	**11.3**	1.5	1.6
	Deferred consideration paid	**0.1**	-	0.6
Less:	(Proceeds)/repayment of borrowings, net	**(5.0)**	(3.5)	3.5
Free cash flow		**13.0**	12.1	31.6
Net funds				
Cash and cash equivalents		**13.0**	14.3	19.3
Borrowings		**(5.0)**	(7.0)	-
Net funds		**8.0**	7.3	19.3

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 March 2014

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Diploma PLC (the "Company") is a company registered and domiciled in England and Wales. The condensed set of consolidated financial statements (the "financial statements") for the six months ended 31 March 2014 comprises the Company and its subsidiaries (together referred to as the "Group").

The comparative figures for the financial year ended 30 September 2013 are not the Group's statutory accounts for that financial year within the meaning of section 434 of the Companies Act 2006. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The figures for the six months ended 31 March 2013 were extracted from the 2013 Half Year Report, which was unaudited.

The Group's audited consolidated financial statements for the year ended 30 September 2013 are available on the Company's website (*www.diplomaplc.com*) or upon request from the Company's registered office at Diploma PLC, 12 Charterhouse Square, London, EC1M 6AX.

1.1 Statement of compliance
The financial statements included in this Half Year Announcement for the six months ended 31 March 2014 have been prepared on a going concern basis and in accordance with *IAS 34, Interim Financial Reporting* as adopted by the European Union and the Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority. The financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 30 September 2013.

This set of Half Year financial statements were approved by the Board of Directors on 12 May 2014; they have not been reviewed or audited by the Company's auditor.

1.2 Significant accounting policies
The accounting policies applied by the Group in this set of financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 30 September 2013, with the exception of the first time adoption of IAS19 (revised).

The revisions to IAS19, which will be adopted for the first time in the year ending 30 September 2014, impact the Consolidated Income Statement due to a change in the interest rate used to calculate the return on the pension scheme assets. For the six months ended 31 March 2014 the effect of adopting this revision is to increase the net interest expense by £0.2m, with a corresponding reduction in the profit after tax. The change is not considered material to the Group's financial statements and accordingly the comparative figures have not been restated.

In addition, the amount included in the Half Year Report in respect of taxation has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period. In the audited consolidated financial statements for the full year, the taxation balances are based on draft tax computations.

1.3 Estimates and judgements
The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates and judgements made by management in applying the Group's accounting policies and the key sources of uncertainty that have the most significant effect on the amounts included within these financial statements, were the same as those that applied to the Group's audited consolidated financial statements for the year ended 30 September 2013. These were set out on page 97 of the 2013 Annual Report & Accounts.

2. ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative (non-Generally Accepted Accounting Practice ("non-GAAP")) financial measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and as such, these measures are important and should be considered alongside the IFRS measures. The following non-GAAP measures are referred to in this Half Year Announcement.

2.1 Adjusted operating profit

At the foot of the Condensed Consolidated Income Statement, "adjusted operating profit" is defined as operating profit before amortisation and impairment of acquisition intangible assets, acquisitions expenses and adjustments to deferred consideration (collectively, "acquisition related charges"). The Directors believe that adjusted operating profit is an important measure of the underlying operational performance of the Group.

2.2 Adjusted profit before tax

At the foot of the Condensed Consolidated Income Statement, "adjusted profit before tax" is separately disclosed, being defined as profit before tax and before the costs of restructuring or rationalisation of operations, the profit or loss relating to the sale of businesses or property, fair value remeasurements under IAS 39 in respect of future purchases of minority interests and acquisition related charges. The Directors believe that adjusted profit before tax is an important measure of the underlying performance of the Group.

2.3 Adjusted earnings per share

"Adjusted earnings per share" is calculated as the total of adjusted profit before tax, less income tax costs, but excluding the tax impact on the items included in the calculation of adjusted profit and the tax effects of goodwill in overseas jurisdictions, less profit attributable to minority interests, divided by the weighted average number of ordinary shares in issue during the period. The Directors believe that adjusted earnings per share provide an important measure of the underlying earning capacity of the Group.

2.4 Free cash flow

At the foot of the Condensed Consolidated Cash Flow Statement, "free cash flow" is reported, being defined as net cash flow from operating activities, after net capital expenditure on fixed assets and including proceeds received from business disposals, but before expenditure on business combinations/investments and dividends paid to both minority shareholders and the Company's shareholders. The Directors believe that free cash flow gives an important and consistent measure of the cash flow of the Group, available for future investment.

3. BUSINESS SEGMENT ANALYSIS

Segmental information is presented in this Half Year Announcement in respect of the Group's business segments, which is the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure. The geographic segment reporting represents results by origin. The Group's financial results have not, historically, been subject to significant seasonal trends. In the year ended 30 September 2013, the Group earned 49% of its annual revenues and 50% of its annual adjusted operating profits in the first six months of the year.

	Revenue			Adjusted operating profit			Operating profit		
	31 Mar 2014 £m	31 Mar 2013 £m	30 Sept 2013 £m	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m
By Sector									
Life Sciences	**46.6**	46.7	93.2	**10.6**	11.0	20.9	**9.4**	9.5	18.1
Seals	**54.9**	50.5	106.1	**9.3**	9.1	19.5	**7.5**	8.1	17.5
Controls	**47.1**	42.5	86.2	**7.9**	6.9	13.9	**7.5**	6.6	13.1
	148.6	139.7	285.5	**27.8**	27.0	54.3	**24.4**	24.2	48.7
By Geographic Area									
United Kingdom	**41.9**	36.0	74.8	**7.0**	5.9	12.0			
Rest of Europe	**24.5**	19.7	40.1	**3.6**	3.0	6.3			
North America	**82.2**	84.0	170.6	**17.2**	18.1	36.0			
	148.6	139.7	285.5	**27.8**	27.0	54.3			

In the six months ended 31 March 2014 the newly acquired businesses of Kentek, Ramsay and AB Seals described in Note 10, contributed £3.8m to revenue, £0.5m to adjusted operating profit and, after acquisition related costs of £0.7m, led to a reduction in operating profit of £0.2m. The results of these businesses are included within the Seals sector and primarily within the geographic area of Rest of Europe. The newly acquired business of Sacee, which is included in the Controls sector and within the Rest of Europe, contributed £0.1m to revenue.

	Total assets			Total liabilities			Net assets		
	31 Mar 2014 £m	31 Mar 2013 £m	30 Sept 2013 £m	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m
By Sector									
Life Sciences	**84.6**	95.4	89.2	**(14.5)**	(13.6)	(14.7)	**70.1**	81.8	74.5
Seals	**81.3**	71.1	67.0	**(11.8)**	(10.1)	(11.6)	**69.5**	61.0	55.4
Controls	**54.4**	53.7	50.6	**(16.8)**	(14.3)	(13.7)	**37.6**	39.4	36.9
Unallocated assets/(liabilities)	**17.7**	20.7	24.7	**(21.5)**	(23.5)	(13.2)	**(3.8)**	(2.8)	11.5
	238.0	240.9	231.5	**(64.6)**	(61.5)	(53.2)	**173.4**	179.4	178.3

Segment assets exclude cash and cash equivalents, deferred tax assets and corporate assets that cannot be allocated on a reasonable basis to a business segment. Segment liabilities exclude borrowings, retirement benefit obligations, deferred tax liabilities and corporate liabilities that cannot be allocated on a reasonable basis to a business segment. These items that cannot be allocated on a reasonable basis to a business segment are shown collectively as "unallocated assets/ (liabilities)".

3. BUSINESS SEGMENT ANALYSIS (continued)

	Capital expenditure			Depreciation		
	31 Mar 2014 £m	31 Mar 2013 £m	30 Sept 2013 £m	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m
By Sector						
Life Sciences	**0.5**	1.4	2.8	**0.6**	0.7	1.4
Seals	**0.2**	0.4	0.9	**0.4**	0.3	0.7
Controls	**0.1**	0.8	0.9	**0.2**	0.2	0.4
	0.8	2.6	4.6	**1.2**	1.2	2.5

4. FINANCIAL EXPENSE, NET

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
Interest and similar income			
- interest receivable on short-term deposits	**-**	-	0.1
- notional interest on defined benefit pension scheme	**-**	0.1	0.2
	-	0.1	0.3
Interest expense and similar charges			
- bank commitment fees	**(0.1)**	(0.1)	(0.1)
- interest payable on bank borrowings	**-**	(0.1)	(0.2)
- notional interest on defined benefit pension scheme	**(0.1)**	-	-
	(0.2)	(0.2)	(0.3)
Net interest expense	**(0.2)**	(0.1)	-
- fair value remeasurements of put options (note 11)	**-**	(0.3)	(0.2)
Financial expense, net	**(0.2)**	(0.4)	(0.2)

The notional interest on defined pension scheme reflects the revision to IAS 19 which was adopted for the first time in the current reporting period. The comparative figures have not been restated as the amounts are not material to the Group, as described further in note 1.2.

5. TAXATION

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
UK corporation tax	**1.4**	1.4	2.8
Overseas tax	**5.8**	5.7	10.9
Total tax on profit for the period	**7.2**	7.1	13.7

Taxation on profits before tax has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period. The effective rate of taxation on profit before tax for the period remained unchanged at 29.8% (2013: 29.8%). The Group's adjusted effective rate of tax on adjusted profit before tax decreased to 27.9% (2013: 28.3%) largely driven by a further reduction in the UK corporate tax rate to 21% from 23% in 2013.

6. EARNINGS PER SHARE

Basic and diluted earnings per share
Basic and diluted earnings per ordinary 5p share are calculated on the basis of the weighted average number of ordinary shares in issue during the period of 112,839,759 (2013: 112,318,231) and the profit for the period attributable to shareholders of £16.8m (2013: £16.5m). There were no potentially dilutive shares.

Adjusted earnings per share
Adjusted earnings per share, defined in note 2, are calculated as follows:

	31 Mar 2014 pence per share	31 Mar 2013 pence per share	30 Sept 2013 pence per share	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m
Profit before tax				**24.2**	23.8	48.5
Tax expense				**(7.2)**	(7.1)	(13.7)
Minority interests				**(0.2)**	(0.2)	(0.3)
Earnings for the period attributable to shareholders of the Company	**14.9**	14.7	30.7	**16.8**	16.5	34.5
Acquisition related charges	**3.0**	2.4	4.9	**3.4**	2.8	5.6
Fair value remeasurements	**-**	0.3	0.2	**-**	0.3	0.2
Tax effects on goodwill, acquisition intangible assets and fair value remeasurements	**(0.4)**	(0.4)	(1.0)	**(0.5)**	(0.5)	(1.1)
Adjusted earnings	**17.5**	17.0	34.8	**19.7**	19.1	39.2

7. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
Operating profit	**24.4**	24.2	48.7
Acquisition related charges (note 9)	**3.4**	2.8	5.6
Adjusted operating profit	**27.8**	27.0	54.3
Depreciation or amortisation of tangible and other intangible assets	**1.2**	1.2	2.5
Share-based payments expense	**0.4**	0.6	0.5
Cash paid into defined benefit schemes	**(0.2)**	(0.2)	(0.3)
Operating cash flow before changes in working capital	**29.2**	28.6	57.0
Increase in inventories	**(3.9)**	(0.8)	(0.9)
Increase in trade and other receivables	**(5.4)**	(3.0)	(2.5)
Increase/(decrease) in trade and other payables	**2.7**	(0.4)	2.3
Cash flow from operating activities, before acquisition expenses	**22.6**	24.4	55.9

8. NET FUNDS

The movement in net funds during the period is as follows:

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
Net (decrease)/increase in cash and cash equivalents	**(5.6)**	2.4	8.3
(Proceeds)/repayment of borrowings	**(5.0)**	(3.5)	3.5
	(10.6)	(1.1)	11.8
Effect of exchange rates	**(0.7)**	0.5	(0.4)
Movement in net funds	**(11.3)**	(0.6)	11.4
Net funds at beginning of period	**19.3**	7.9	7.9
Net funds at end of period	**8.0**	7.3	19.3
Comprising:			
Cash and cash equivalents	**13.0**	14.3	19.3
Borrowings	**(5.0)**	(7.0)	-
Net funds at end of period	**8.0**	7.3	19.3

The Group has a committed £20m revolving bank facility, together with an option to increase this by a further £20m (subject to market pricing) which expires on 30 June 2014. A new three year committed £25m revolving bank facility, with a similar option to increase this by a further £25m, is currently being finalised.

At 31 March 2014, the Group had utilised £5.0m of this facility which was repaid in full on 22 April 2014. Interest on this facility is payable at 150bps over LIBOR.

9. GOODWILL AND INTANGIBLE ASSETS

	Goodwill £m	**Acquisition intangible assets £m**
At 1 October 2012	79.8	32.2
Acquisitions	0.5	0.6
Amortisation charge	-	(2.8)
Exchange adjustments	2.8	1.4
At 31 March 2013	83.1	31.4
Acquisitions	-	-
Amortisation charge	-	(2.8)
Exchange adjustments	(4.6)	(1.9)
At 30 September 2013	78.5	26.7
Acquisitions (note 10)	4.7	7.2
Amortisation charge	-	(2.7)
Exchange adjustments	(4.4)	(1.5)
At 31 March 2014	**78.8**	**29.7**

Goodwill of £4.7m and acquisition intangible assets of £7.2m arose on the acquisition of businesses in the period and principally related to the Seals sector. The goodwill represents the product know-how held by employees and the prospects for revenue growth from new customers. The acquisition intangible assets relate to supplier and customer relationships and these assets are being amortised over five to ten years.

Acquisition related charges of £3.4m (2013: £2.8m), which are charged to the Consolidated Income Statement, comprised £2.7m (2013: £2.8m) of amortisation of acquisition intangible assets and £0.7m (2013: £Nil) of acquisition expenses.

10. ACQUISITION OF SUBSIDIARIES

On 13 January 2014, the Group acquired 80% of Kentek Oy ("Kentek") for maximum consideration of £11.0m (€13.3m). The initial cash paid on acquisition was £8.9m (€10.7m) and a further £0.8m (€1.0m) is payable based on net assets at completion. Deferred consideration of up to £1.3m (€1.6m) is also payable depending on the operating profit of Kentek in the 12 months ending 31 December 2014. The fair value of the 20% minority interest in Kentek, together with the related put/call option, has been calculated based on the net present value of the projected performance of the business between 2015 and 2018, when the option becomes exercisable.

On 19 December 2013, the Group acquired Ramsay Services Limited ("Ramsay") for a maximum consideration of £1.4m. The initial cash paid on acquisition was £1.3m and up to a further £0.1m is payable depending on the gross profit of Ramsay in the 12 months ended 31 May 2014. On 28 February 2014, the Group acquired A.B. Seals Limited ("AB Seals") for £0.5m and on 17 October 2013, the Group acquired certain assets and goodwill from Sacee International SAS, based in France, for a maximum consideration of £0.3m (€0.3m), of which £0.2m (€0.2m) was paid on completion.

Acquisition expenses of £0.7m were incurred on these acquisitions, of which £0.6m related to the acquisition of Kentek, including local stamp duty taxation.

Set out below is an analysis of the provisional net book values and fair values relating to these acquisitions.

	Kentek		Other		Total	
	Book value £m	**Fair value £m**	**Book value £m**	**Fair value £m**	**Book value £m**	**Fair value £m**
Acquisition intangible assets	-	6.0	-	1.2	-	7.2
Deferred tax on intangible assets	-	(1.2)	-	(0.2)	-	(1.4)
Property, plant and equipment	0.2	0.2	-	-	0.2	0.2
Inventories	2.9	2.6	0.3	0.3	3.2	2.9
Trade and other receivables	1.0	0.9	0.2	0.2	1.2	1.1
Trade and other payables	(1.6)	(1.7)	(0.2)	(0.2)	(1.8)	(1.9)
Net assets acquired	2.5	6.8	0.3	1.3	2.8	8.1
Goodwill	-	4.0	-	0.7	-	4.7
Minority share of net assets (including goodwill)	-	(1.5)	-	-	-	(1.5)
	2.5	9.3	0.3	2.0	2.8	11.3
Cash paid		8.9		2.0		10.9
Cash acquired		(0.4)		(0.2)		(0.6)
Expenses of acquisition		0.6		0.1		0.7
Net cash paid, after acquisition expenses		**9.1**		**1.9**		**11.0**
Additional consideration payable (note 11)		0.8		0.2		1.0
Less: Expenses of acquisition		(0.6)		(0.1)		(0.7)
Total consideration		**9.3**		**2.0**		**11.3**

From the date of acquisition to 31 March 2014, the newly acquired Kentek business contributed £3.6m to revenue and £0.4m to adjusted operating profit and the other newly acquired businesses contributed £0.3m to revenue and £0.1m to adjusted operating profit. If these businesses had been acquired at the beginning of the financial year, they would have contributed £8.3m to revenue and £0.9m to adjusted operating profit, in aggregate; however these amounts should not be viewed as indicative of the results of these businesses that would have occurred, if these acquisitions had been completed at the beginning of the year.

11. OTHER LIABILITIES

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
Future purchases of minority interests	**4.0**	2.9	2.8
Deferred consideration	**1.1**	0.9	0.2
	5.1	3.8	3.0
Analysed as:			
Due within one year	**2.1**	2.5	2.0
Due after one year	**3.0**	1.3	1.0

The movement in the liability for future purchases of minority interests is as follows:

	31 March 2014 £m	31 March 2013 £m	30 Sept 2013 £m
At 1 October	**2.8**	3.2	3.2
Put option entered into during the period	**1.5**	-	-
Acquisition of minority interest	**(0.3)**	(0.6)	(0.6)
Unwinding of discount	**0.1**	0.1	0.3
Fair value remeasurements	**(0.1)**	0.2	(0.1)
At end of period	**4.0**	2.9	2.8

At 31 March 2014, the Group retained put options to acquire minority interests in Kentek, M Seals, HPS and DSL. As described in note 10, a put/call option was recognised during the period at a value of £1.5m (€1.9m) in respect of the 20% minority interest in Kentek, acquired on 13 January 2014. On 13 January 2014, the Group acquired 6% of the outstanding minority interest in DSL for £0.3m (A$0.5m); the outstanding 14% minority interest is likely to be acquired later in the current financial year.

At 31 March 2014, the estimate of the financial liability to acquire the outstanding minority shareholdings was reassessed by the Directors, based on their current estimate of the future performance of these businesses and to reflect foreign exchange rates at 31 March 2014. The put options to acquire the minority interests held in DSL and HPS are likely to be exercised within the next six months; the put option to acquire the minority interest held in M Seals is exercisable in October 2015 and the put option relating to Kentek is exercisable in three tranches between 2015 and 2018.

At 31 March 2014, deferred consideration of £1.1m included £0.8m (€1.0m) payable to the vendor of Kentek, £0.1m payable to the vendor of Ramsay and £0.1m (€0.1m) payable to the vendor of Sacee, as described further in note 10. In addition a third and final instalment of deferred consideration of £0.1m (A$0.2m) is payable to the vendor of BGS, having paid a second instalment of deferred consideration of £0.1m (A$0.2m) during the first half of the year. All these amounts are expected to be paid in the next twelve months.

12. DIVIDENDS

	31 Mar 2014 pence per share	31 Mar 2013 pence per share	30 Sept 2013 pence per share	**31 Mar 2014 £m**	31 Mar 2013 £m	30 Sept 2013 £m
Amounts recognised and paid in the period						
- Final dividend of the prior year, paid in January	**10.7**	10.2	10.2	**12.1**	11.5	11.8
- Interim dividend, paid in June	**-**	-	5.0	**-**	-	5.6
	10.7	10.2	15.2	**12.1**	11.5	17.4

The Directors have declared an increased interim dividend of 5.4p per share (2013: 5.0p) which will be paid on 18 June 2014 to shareholders on the register on 23 May 2014. The total value of the dividend will be £6.1m (2013: £5.6m).

13. EXCHANGE RATES

The following exchange rates have been used to translate the results of the overseas businesses:

	Average			**Closing**		
	31 March 2014	31 March 2013	30 Sept 2013	**31 March 2014**	31 March 2013	30 Sept 2013
US dollar (US$)	**1.65**	1.58	1.56	**1.67**	1.52	1.62
Canadian dollar (C$)	**1.78**	1.58	1.59	**1.84**	1.54	1.66
Australian dollar (A$)	**1.82**	1.52	1.58	**1.80**	1.46	1.73
Euro (€)	**1.20**	1.20	1.19	**1.21**	1.18	1.20