NEWSRELEASE

DIPLOMA PLC

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FOR IMMEDIATE RELEASE

14 May 2012

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2012

"A Strong First Half Performance"

	Unaudited Six months ended 31 March 2012 £m	Unaudited Six months ended 31 March 2011 £m	
Revenue	**127.1**	112.6	+13%
Adjusted operating profit(1)	**26.4**	22.1	+19%
Adjusted operating margin(1)	**20.8%**	19.6%	
Adjusted profit before tax(1),(2)	**26.2**	21.9	+20%
Profit before tax	**23.3**	19.3	+21%
Profit for the period	**15.8**	13.2	+20%
Free cash flow	**9.7**	7.3	+33%
	Pence	Pence	
Adjusted earnings per share(1),(2)	**16.1**	13.2	+22%
Basic earnings per share	**13.9**	11.2	+24%
Interim dividend per share	**4.2**	3.5	+20%

(1) Before acquisition related charges.
(2) Before fair value remeasurements.

Financial Highlights

- Revenue increased by **13%** to **£127.1m** (2011: £112.6m) reflecting very strong trading in the Seals sector and further progress in the Life Sciences and Controls sectors.
- Adjusted operating profit increased by **19%** to **£26.4m** (2011: £22.1m); the Group achieved record adjusted operating margin of **20.8%** (2011: 19.6%) driven by the strong operational leverage in the Seals Aftermarket in North America.
- Underlying revenue and operating profits, after adjusting for currency effects and acquisitions, increased by **8%** and **15%** respectively.
- Free cash flow increased to **£9.7m** (2011: £7.3m), despite adverse phasing of tax payments and increases in working capital and capital expenditure. Strong free cash flow forecast for the second half.
- Net debt of **£3.0m**, after significant cash investment of **£15.5m** in acquisitions; a further net cash investment of **£3.1m** was made in acquisitions after the half year end.
- Interim dividend increased by **20%** to **4.2p** per share reflecting the strong improvement in trading.

Operational Highlights

- Strong performance from North American Seals, particularly in the Aftermarket business.
- Continued steady growth in the Healthcare businesses in Canada and Australia; solid contributions from the UK Controls businesses, though Continental European markets more challenging.
- Positive contributions from new businesses acquired during the period, J Royal in the US and Abbeychart in the UK; two further acquisitions after the half year end, JRPP (10%) in China and Amfast in the UK.
- Continuing investment in the Group's facilities, IT infrastructure and in management to support the future growth of the business.

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

"The Group has delivered a very good set of results against challenging comparatives and boosted by the strong activity in the Group's North American Seals businesses. The Group has a resilient business model, a strong balance sheet and is well diversified by geography and business area. With continuing robust trading activity in the Group's major business areas, combined with contributions from new acquisitions, the Board is confident that the Group should make further progress in the second half of the year."

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 Interim 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. 900 employees and its principal operating businesses are located in the UK, Germany, US and Canada.

Over the last five years, the Group has grown adjusted earnings per share at an average of ca. 19% p.a. through a combination of organic growth and acquisitions. Diploma is a member of the FTSE 250 with a market capitalisation of ca. £500m.

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

HALF YEAR REVIEW TO 31 MARCH 2012

Trading has continued to be strong in the first half of 2012 with the North American Seals business being the main driver for growth and with good contributions from the Healthcare and Controls businesses.

The Group's revenues increased by 13% over the prior year comparable period. The results benefited from the acquisition in December 2011 of J Royal Co. Inc. ("J Royal") and a full half year contribution from Carsen Medical Inc. ("CMI") which was acquired in December 2010. There was no material impact on the results from the translation into UK sterling of the results of the overseas businesses. On an underlying basis, after adjusting for the acquisitions, Group revenues increased by 8%.

Adjusted operating profit increased by 19% over the comparable period; adjusting for acquisitions and for currency effects on translation, adjusted operating profit increased by 15%. Adjusted operating margins increased further to 20.8% although these margins will be affected by an increase in operating costs from the continuing investment in the Group's facilities, IT infrastructure and in management.

Operating cash flow of £20.3m was after making a further investment of £7.4m in working capital to support growth; working capital as a percentage of revenue at the end of the period increased to 17.9% compared with the longer term average of ca. 17%. Tax payments and capital expenditure also increased relative to the prior year comparable period; free cash flow for the period was £9.7m, compared with £7.3m in the comparable prior period.

In line with historic trends, free cash flow is expected to be stronger in the second half with working capital reducing and lower tax payments, but this will be moderated by further cash outflows from the investment in new facilities.

ACQUISITIONS

During the period, the Group acquired two businesses, J Royal in the US in December 2011 and Abbeychart Limited ("Abbeychart") in the UK at the end of March 2012. These acquisitions cost a total of £14.7m in the period, net of cash acquired and a further £0.8m was paid in deferred consideration for CMI. After completing these acquisitions and paying dividends, the Group had net debt of £3.0m at 31 March 2012.

The Group also completed two acquisitions after the half year end. On 16 April 2012, £0.6m was invested on completion of the acquisition of a 10% shareholding in JRPP, a related supplier to J Royal in China. On 10 May 2012, the acquisition was completed of Amfast Limited ("Amfast"), a supplier of high performance fasteners to the Aerospace industry in the UK, for net cash at completion of £2.5m.

Acquisitions remain an integral part of the Group's strategy to supplement organic growth and to extend into related markets. The Group's strong balance sheet and free cash flow, supplemented by committed debt facilities, provide the resources for carefully selected, value enhancing acquisitions and we continue to pursue appropriate opportunities.

RESULTS AND DIVIDENDS

In the six months ended 31 March 2012, Group revenue increased by 13% to £127.1m (2011: £112.6m). Adjusted operating profit, which is before acquisition related charges, increased by 19% to £26.4m (2011: £22.1m) and adjusted operating margins increased to 20.8%, compared with 19.6% in the prior year comparable period.

Adjusted profit before tax increased by 20% to £26.2m (2011: £21.9m). Profit before tax on an IFRS basis increased by 21% over the comparable period to £23.3m (2011: £19.3m).

Adjusted earnings per share increased by 22% to 16.1p (2011: 13.2p) and basic earnings per share were 13.9p (2011: 11.2p), with both reflecting the impact of the purchase of certain minority interests during the first half of last year. As a result of the continued strong improvement in trading, the Directors have declared an increased interim dividend of 4.2p per share (2011: 3.5p), payable on 20 June 2012 to shareholders on the register on 25 May 2012.

OPERATING REVIEW

Life Sciences

The Life Sciences businesses are suppliers of consumables, instrumentation and related services to clinical, environmental and industrial applications.

	Half Year		
	2012	**2011**	
Revenue	**£39.7m**	£36.9m	*+8%*
Adjusted operating profit	**£9.3m**	£8.6m	*+8%*
Adjusted operating margin	***23.4%***	*23.3%*	

Life Sciences revenues in the first half of the year increased by 8% over the prior year comparable period, with the results benefiting from a full half year contribution from CMI, acquired in December 2010. Adjusting for this acquisition, for minor currency effects and for the exceptional sale of face-shields in the prior year, underlying sector revenues increased by 5%. The continued growth in the Healthcare businesses was offset by a reduction in the Environmental business revenues. Adjusted operating margins were broadly unchanged at 23.4%.

The DHG group of ***Healthcare*** businesses, which account for over 80% of sector revenues, saw total revenues increase by 13% in both Canadian dollar and UK sterling terms; excluding the CMI acquisition and adjusting for the face shields, underlying growth was 10%.

Somagen increased revenues by 9%, with strong sales of capital equipment adding to the steady growth in the contractual supply of consumable products and service. Somagen has been particularly successful in the pathology area, where long awaited capital funding has become available in several regions. In assisted reproductive technology ("ART"), Somagen has also benefited from meeting the basic infrastructure requirements of new fertility clinics being built in Quebec. Finally, Somagen has used the innovative technologies recently introduced by each of its core suppliers, to secure extensions to reagent rental contracts in several higher volume facilities.

AMT Electrosurgery increased revenue by 12%, after adjusting for the prior year exceptional sale of face shields. Growth has been strong in the core electrosurgery and smoke evacuation products, where new installations have been successfully implemented and utilisation rates continue to increase in existing installations. AMT is also successfully building a surgical group, supplying specialised instrumentation, consumables and accessories for use in laparoscopic surgery and other minimally invasive surgical procedures. AMT already has exclusive distribution arrangements with a number of leading suppliers in this area and is in the process of adding several new suppliers to the portfolio. The BGS electrosurgery business increased revenues by over 30%, with the results now being seen from last year's investment in direct sales resources to replace sub-distributors in Australia, as well as strong growth in New Zealand.

Vantage Endoscopy was established at the end of the last financial year, by combining CMI, acquired earlier in the year, with the existing Endoscopy business from within the AMT Group. The new Vantage business now operates as an independent business within DHG, supplying a complete range of products into GI endoscopy suites in hospitals and clinics across Canada. On a like-for-like basis, Vantage has increased revenues by 8%, with the growth driven by strong sales of endoscope reprocessors, which have boosted capital equipment sales, but also will secure future consumable revenues from the supply of proprietary reagents.

During the period, Vantage successfully completed the installation of endoscopes and reprocessors in support of a large new contract with a regional health authority in Eastern Canada. This contract has required an initial capital investment by Vantage of ca. £0.9m and revenues will be generated over a five year contractual period on an agreed cost per procedure basis. Plans are also now being finalised to relocate the Vantage operations to a new 16,300 square foot facility close to the existing facility in Markham, Ontario. The move is planned for later in 2012 and the total estimated cash cost is ca. £1.0m.

In Europe, the a1-group of ***Environmental*** businesses, which account for less than 20% of sector revenues, experienced a 12% reduction in revenues against a strong prior year comparative. In the a1-envirosciences business in Germany and the UK, demand for elemental analysers for the petrochemical, energy and bulk chemical industries remained positive. However, there was a sharp fall in sales of containment enclosures for handling potent powders in France and Switzerland as laboratory spending slowed; resources have been re-aligned accordingly. CBISS increased revenues in the period, winning both new and replacement equipment and service contracts for its continuous emissions monitoring systems ("CEMS") and making further progress with its expanded range of gas detection products.

Seals

The Seals businesses are suppliers of hydraulic seals, rubber products, gaskets, cylinders and attachment kits used in heavy mobile and industrial machinery.

	Half Year		
	2012	**2011**	
Revenue	**£48.0m**	£37.5m	*+28%*
Adjusted operating profit	**£9.9m**	£6.6m	*+50%*
Adjusted operating margin	***20.6%***	*17.6%*	

Seals sector revenues in the first half of the year increased by 28% over the prior year comparable period both in UK sterling and constant currency terms, as average exchange rates have remained broadly unchanged. Excluding the contribution from the acquisition of J Royal in December 2011, underlying revenue growth was 19%. This growth was achieved from strong activity in both the Aftermarket and Industrial OEM businesses across North America and Europe.

Operating margins in the Seals businesses strengthened by a further 300 basis points, benefiting from continued operational leverage with the strongly increasing revenues. Margins were particularly strong in the North American Aftermarket businesses which helped drive the substantial improvement in sector operating margins, which have increased to 20.6% (2011: 17.6%).

The ***Aftermarket*** businesses, which account for ca. 60% of sector revenues, increased revenues by 21% over the prior year comparable period in both UK sterling and in constant currency terms.

In North America, the Aftermarket businesses within the HFPG group (Hercules, Bulldog and HKX) all benefited from the increased confidence in the general industrial economy. In particular, activity levels were robust in Heavy Construction and Infrastructure projects (though not yet in Residential Construction) and in non-traditional markets such as shale gas exploration and surface mining which require significant site preparation work. Against this healthy market background, the HFPG businesses have been able to use their high levels of customer service to increase market share, while also successfully implementing price increases to compensate for higher product costs. Revenues have also benefited from further product line extension (in particular metric seals) and the continued success of the Seals-on-Demand service, offering same day service for custom machined seals. E-commerce has expanded to 12% of the core Hercules revenues, compared with 8% in the prior year comparable period.

HKX continued its exceptional level of performance from the prior year as sales of excavators and other mobile equipment used in construction continued to grow strongly. Sales to rental fleets have been particularly strong as inventory is replenished following a sell-off of used equipment to overseas markets during the recession. In addition, the excavator manufacturers have been concentrating engineering resources on redesign work to make their equipment compliant with new OSHA legislation for Tier4i machines; this has boosted demand for HKX's attachment kits.

Internationally, Hercules has continued to post double digit growth in revenues in its European operation, as well as in export sales to Latin America and Asia Pacific, and HKX has continued to extend its reach in Australia and Saudi Arabia. Bulldog, however has experienced tougher market conditions in the EMEA region where, with the exception of Saudi Arabia, sales have been depressed by a combination of political unrest and continuing economic uncertainty. FPE has continued to deliver strong growth in both its domestic UK market and in export sales and the expanded line of metal parts for hydraulic cylinders provided a further boost to sales.

The ***Industrial OEM*** businesses, which account for ca. 40% of sector revenues, increased revenues by ca. 40% over the prior year comparable period; adjusting for the acquisition of J Royal and for currency effects, underlying revenue growth was 16%.

In North America, RT Dygert and All Seals delivered a 14% increase in revenue against a strong prior year comparative. This revenue growth has not been fully translated into profit growth as it has proved harder to pass on product cost increases to the Industrial OEM customers. In addition, further investment in facilities and senior management is being made to establish a strong foundation for future growth.

During the period, RT Dygert successfully completed a major reorganisation of its operations, moving into a new facility in Minneapolis and consolidating warehousing and logistics from Chicago into the new facility. The total cash cost of this reorganisation is expected to be ca. £0.4m, of which £0.3m was incurred in the first half of the year. In All Seals, there has been a significant strengthening of resources in the areas of sales, quality management, purchasing and added-value services. These investments will improve customer service levels and operational efficiency while increasing the capacity to cope with continued growth.

In December 2011, the acquisition was completed of the trade and assets of J Royal, a well-established supplier of seals, O-rings and custom moulded and machined parts to industrial OEM customers. J Royal's strong established presence in the Eastern States is proving very complementary with the businesses of RT Dygert in the Mid-West and All Seals on the West Coast of the US.

On 16 April 2012, the acquisition was completed of a 10% shareholding in Kunshan J Royal Precision Products ("JRPP"), a related Chinese supplier to J Royal. JRPP is located near Shanghai in China and manufactures, primarily for J Royal, a range of products and assemblies that are complementary to J Royal's sealing products. JRPP's manufacturing capabilities include machined components, glass lenses, stampings and injection moulded plastics.

As part of these transactions, exclusive distribution agreements were signed between JRPP, J Royal and Diploma's other North American seals businesses. Arrangements are also in place for Diploma to have pre-emptive rights to participate in any future disposal of all or part of the remaining equity of JRPP.

In Europe, M Seals saw an increase of 18% in revenues relative to the prior year comparable period. Sales to M Seals' traditional industrial customers in Denmark remained solid and in Sweden, the operation delivered another period of significant growth. The wholly owned foreign enterprise which M Seals established in Tianjin, China in June 2011, had a very successful half year with strongly growing sales to the developing Chinese wind power sector.

Controls

The Controls businesses are suppliers of specialised wiring, connectors, fasteners and control devices used in a range of technically demanding applications.

	Half Year 2012	**2011**	
Revenue	**£39.4m**	£38.2m	*+3%*
Adjusted operating profit	**£7.2m**	£6.9m	*+4%*
Adjusted operating margin	***18.3%***	*18.1%*	

Controls sector revenues in the first half of the year increased by 3% over the prior year comparable period, with strong performances by the UK businesses, offsetting a softer performance by the German businesses in difficult market conditions. Acquisitions have not contributed to the results in this half year and there has only been a modest impact from the weakening of the Euro relative to UK sterling; therefore underlying growth rates are broadly the same as the headline rates. Operating margins have held steady at 18.3%.

Plans are now being finalised to relocate the principal IS Group operation in the UK to a new 40,000 square foot facility in the Swindon area, close to the existing facility. The move is planned for later in 2012 and the total estimated cash cost is ca. £1.2m. The new facility will give a significant increase in both office and warehouse space and the modern high bay warehouse will allow the IS Group to plan and lay out its operations in a more efficient manner. The increased capacity will support the continued organic growth of the business, as well as the absorption of bolt-on acquisitions.

The largest end user segment for the IS Group and Filcon businesses is ***Defence & Aerospace*** and sales to this segment decreased by 7% compared to the prior year, as the impact of Defence spending reviews is felt in the UK and Germany. These effects are being partly mitigated by the introduction of new relay products and successes with the Foxhound armoured patrol vehicle, Storm Shadow and Fire Shadow missiles, Astute submarine and M777 US Howitzer programmes. The Civil Aerospace sector continues to be encouraging with good demand for wiring and components used in aircraft galleys, seating and in-flight entertainment systems.

On 10 May 2012 the acquisition was completed of Amfast, a supplier of specialised components to the Aerospace industry. Amfast is based in Harpenden in the UK and supplies high performance fasteners and ancillary components to manufacturers of passenger seats, galleys and other interior cabin equipment for civil aircraft. Amfast will be managed as a business within the IS-Group, working closely with Clarendon which supplies similar products into the Motorsport industry.

In ***Motorsport***, revenues increased by over 30%, with strong demand from the F1 teams and major engine manufacturers in the UK and Continental Europe. In the US, the IS Group benefited from new demand generated by the introduction of fuel injection systems to the NASCAR series; there has also been a boost to demand from a change of chassis in the IRL series. There was also strong growth in sales to ***Energy*** customers, driven by customer project wins in the monitoring of sub-sea systems in the oil and gas industries.

The Controls businesses also supply to a range of specialised applications in ***General Industrial*** markets. In total, revenues in these end user markets in the UK and Germany were broadly flat, but the performance varied significantly by geography and market. In the UK, the IS Group achieved double digit growth, with continued strong demand from UK manufacturers operating in specialised technology driven segments and from logistics partners making use of IS Group's added value services. In Germany by contrast, revenues reduced by ca. 10% as the industrial economy slowed and manufacturers' exports were held back by reduced demand from China and the Eurozone economies.

The supply of equipment and components into the ***Food & Beverage*** market is now accounting for an increasing proportion of revenues for the Controls sector. The larger part of the current Hawco Group revenues come from supplying products used in initial installation and subsequent refurbishment, repair and maintenance programmes for equipment supplied to major food retailers, bars, restaurants and fast food franchises.

The Hawco Group's presence in this market has been extended through the acquisition on 30 March 2012 of Abbeychart, a small specialist component distributor located in Faringdon, Oxfordshire, serving the beverage and catering industries. The principal market segments served by Abbeychart are hot drinks and vending machines, pure water and water cooling systems, soft drinks dispensing equipment and catering equipment. Abbeychart supplies a broad range of specialised components which are used by the original equipment manufacturers and by operators and contractors involved in the subsequent operation, repair and maintenance of the equipment. Abbeychart will be managed as a business within the Hawco Group, with considerable scope for cross selling in combination with the other Hawco businesses.

FINANCE

Free cash flow

The Group generated free cash flow of £9.7m (2011: £7.3m) during the half year, with the benefit of a stronger operating cash flow being impacted by higher tax payments and capital investment. Operating cash flow of £20.3m (2011: £14.4m) was after making a further investment in working capital of £7.4m (2011: £8.8m). The increase in working capital is consistent with normal seasonal historic trends; however higher holdings of stock contributed to Group working capital balances at 31 March 2012 increasing to 17.9% of revenue, compared with 16.1% at 30 September 2011 and a longer term average of ca. 17%.

Tax payments in the first half of the year increased to £8.7m (2011: £5.6m) with ca. £1.5m of the increase being caused by the phasing of tax payments; ca. £1.0m of this increase will be recovered in the second half of the year. Capital expenditure was £1.7m (2011: £0.7m), which included £0.9m for endoscopy equipment in support of the hospital contract won by Vantage and £0.2m for acquiring field equipment in support of other customer service contracts in DHG. The investment in new facilities during the period cost £0.2m and £0.4m was spent on warehouse tooling and upgrading the IT environment.

Acquisition of businesses and minority interests

The Group spent £15.5m (2011: £27.4m) on acquiring businesses during the half year, including acquisition expenses of £0.3m, but after cash acquired of £0.8m; the acquisition spend in the comparable period last year included £12.5m on acquiring the outstanding 25% minority shareholding in AMT. On 12 December 2011, the Group acquired the trade and net assets of J Royal for a maximum consideration of £11.8m, before expenses, all of which was paid during the period. The acquisition of Abbeychart from Mr Peter Best was completed on 30 March 2012 for a maximum consideration of £4.0m, before expenses, of which £3.4m was paid on acquisition, with the balance of £0.6m deferred until July 2012, based on the performance of the business during the year ended 31 March 2012. Further cash of £0.8m was paid as deferred consideration to the vendors of CMI, acquired in December 2010.

Subsequent to 31 March 2012, the Group received the required approvals from the statutory authorities in China and completed the purchase of a 10% shareholding in JRPP for cash consideration of £0.6m. In addition, on 10 May 2012 the Group acquired 100% of the issued share capital of Amfast Limited from Mr Clifford Myers and Ms Clair Brotherton for a maximum consideration of £4.3m, including deferred consideration of £0.3m and before cash acquired of £1.5m.

Net debt

At 31 March 2012 the Group had net debt of £3.0m, comprising borrowings of £14.7m and cash funds of £11.7m, compared with net cash funds of £12.2m at 30 September 2011. The reduction in net cash funds of £15.2m was after spending £15.5m on acquisitions; in addition, dividends of £9.6m (2011: £10.9m) were paid during the period to ordinary and minority shareholders.

The borrowings were drawn down during the period from the Group's three year committed multicurrency credit facility of £20m which expires in November 2013. The Group also retains an option to extend this facility to £40m, subject to market pricing. On this basis, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. Therefore they believe that it is appropriate to prepare the accounts on a going concern basis.

Exchange rates

A large proportion of the Group's revenues are derived from businesses located outside the UK, principally in the US, Canada and Continental Europe. However there has been almost no impact on Group revenue and operating profits from the translation of the results of the Group's overseas businesses, since the relevant average exchange rates have remained broadly unchanged from those used in the comparable period last year.

On a transactional basis, gross margins earned in the Canadian Healthcare businesses have benefited in this half year from more favourable forward currency contracts, compared with the same period in 2011, which have been used to purchase products from overseas. Transactional currency differences in the UK have been negligible during the period.

Related Party Transactions

There have been no related party transactions during the first six months of the financial year that have materially affected the financial position or performance of the Group during that period.

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 20-23 of the 2011 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 Group's European businesses are based in Northern Europe with revenues primarily focused on their national markets; a significant change to the use of the Euro would be unlikely to have a material impact on the Group's financial position.

It should be recognised that additional risks not currently known to management, or risks that management currently regard as immaterial, could also have a material adverse effect on the Group's financial condition or the results of operations.

CURRENT TRADING AND OUTLOOK

The Group's resilient business model, supplying essential products and solutions to specialised market segments, supports stable growth in revenues and sustainable attractive margins. With a good geographic spread of activities and supported by a strong balance sheet, the Group is well placed to withstand the effects of general economic uncertainty.

The North American Seals businesses continue to perform strongly, particularly in the Aftermarket. The Healthcare businesses continue to benefit from steady and growing funding in Canada and Australia, with opportunities to develop into new, but related markets. In Controls and Environmental, the UK businesses continue to deliver a robust performance in specialised market segments, though Continental European markets remain challenging.

The Board therefore remains confident that with continued robust trading activity in the Group's major businesses and with contributions from businesses acquired during the year, the Group will make further progress in the second half of the year.

BM Thompson
Chief Executive Officer
14 May 2012

Responsibility Statement of the Directors in respect of the Interim Report 2012

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 Interim 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 2011. There have been no changes in the period.

By Order of the Board

BM Thompson
Chief Executive Officer
14 May 2012

NP Lingwood
Group Finance Director
14 May 2012

Condensed Consolidated Income Statement
For the six months ended 31 March 2012

	Note	**Unaudited 31 March 2012 £m**	Unaudited 31 March 2011 £m	Audited 30 Sept 2011 £m
Revenue	3	**127.1**	112.6	230.6
Cost of sales		**(77.9)**	(69.8)	(142.7)
Gross profit		**49.2**	42.8	87.9
Distribution costs		**(2.8)**	(2.7)	(5.5)
Administration costs		**(22.7)**	(20.4)	(42.0)
Operating profit	3	**23.7**	19.7	40.4
Financial expense, net	4	**(0.4)**	(0.4)	(1.2)
Profit before tax		**23.3**	19.3	39.2
Tax expense	5	**(7.5)**	(6.1)	(11.6)
Profit for the period		**15.8**	13.2	27.6
Attributable to:				
Shareholders of the Company		**15.6**	12.6	27.0
Minority interests		**0.2**	0.6	0.6
		15.8	13.2	27.6
Earnings per share				
Basic and diluted earnings	6	**13.9p**	11.2p	24.0p

Alternative Performance Measures (note 2)	Note	**31 March 2012 £m**	31 March 2011 £m	30 Sept 2011 £m
Operating profit		**23.7**	19.7	40.4
Add: Acquisition related charges	10	**2.7**	2.4	4.8
Adjusted operating profit	3	**26.4**	22.1	45.2
Deduct: Net interest expense	4	**(0.2)**	(0.2)	(0.3)
Adjusted profit before tax		**26.2**	21.9	44.9
Adjusted earnings per share	6	**16.1p**	13.2p	27.9p

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2012

	Unaudited	Unaudited (Restated)	Audited (Restated)
	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
Profit for the period	**15.8**	13.2	27.6
Exchange rate adjustments on foreign currency net investments	**(0.6)**	2.2	0.2
(Losses)/gains on fair value of cash flow hedges	**(0.7)**	(0.3)	1.2
Actuarial losses on defined benefit pension schemes	**-**	-	(0.6)
Tax on other comprehensive income	**0.1**	0.2	0.3
Other comprehensive income for the period	**(1.2)**	2.1	1.1
Total comprehensive income for the period	**14.6**	15.3	28.7
Attributable to:			
Shareholders of the Company	**14.4**	14.7	28.1
Minority interests	**0.2**	0.6	0.6
	14.6	15.3	28.7

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 March 2012

	Share capital	Transl. reserve (Restated)	Hedging reserve	Retained earnings (Restated)	Share -holders' equity (Restated)	Minority interest	Total equity (Restated)
	£m	£m	£m	£m	£m	£m	£m
At 1 October 2010	5.7	20.6	(0.1)	109.9	**136.1**	3.1	**139.2**
Total comprehensive income	-	2.3	(0.3)	12.8	**14.8**	0.6	**15.4**
Share-based payments	-	-	-	0.3	**0.3**	-	**0.3**
Acquisition of minority interest	-	-	-	-	**-**	0.7	**0.7**
Recognition of minority interest put options (note 11)	-	-	-	12.1	**12.1**	-	**12.1**
Purchase of own shares	-	-	-	(0.7)	**(0.7)**	-	**(0.7)**
Dividends	-	-	-	(7.0)	**(7.0)**	(3.9)	**(10.9)**
At 31 March 2011	5.7	22.9	(0.4)	127.4	**155.6**	0.5	**156.1**
Acquisition of minority interest (note 1)	-	(0.1)	-	(13.1)	**(13.2)**	-	**(13.2)**
At 31 March 2011 - restated	5.7	22.8	(0.4)	114.3	**142.4**	0.5	**142.9**
Total comprehensive income	-	(2.0)	1.5	13.9	**13.4**	-	**13.4**
Share-based payments	-	-	-	0.4	**0.4**	-	**0.4**
Purchase of own shares	-	-	-	(0.9)	**(0.9)**	-	**(0.9)**
Dividends	-	-	-	(3.9)	**(3.9)**	-	**(3.9)**
At 30 September 2011 - restated	5.7	20.8	1.1	123.8	**151.4**	0.5	**151.9**
Total comprehensive income	-	(0.6)	(0.7)	15.7	**14.4**	0.2	**14.6**
Exchange adjustments	-	-	-	-	**-**	(0.1)	**(0.1)**
Share-based payments	-	-	-	0.5	**0.5**	-	**0.5**
Dividends	-	-	-	(9.5)	**(9.5)**	(0.1)	**(9.6)**
At 31 March 2012	**5.7**	**20.2**	**0.4**	**130.5**	**156.8**	**0.5**	**157.3**

Condensed Consolidated Statement of Financial Position
As at 31 March 2012

	Note	**Unaudited** **31 March 2012** **£m**	Unaudited (Restated) 31 March 2011 £m	Audited (Restated) 30 Sept 2011 £m
Non-current assets				
Goodwill	9	**78.9**	76.6	74.4
Acquisition intangible assets	9	**30.8**	30.2	27.3
Other intangible assets		**0.7**	0.5	0.7
Property, plant and equipment		**11.4**	11.2	10.7
Deferred tax assets		**3.0**	2.8	2.8
		124.8	121.3	115.9
Current assets				
Inventories		**44.6**	35.8	38.4
Trade and other receivables		**41.7**	39.9	36.3
Cash and cash equivalents	8	**11.7**	11.6	17.8
		98.0	87.3	92.5
Current liabilities				
Trade and other payables		**(36.4)**	(35.6)	(35.2)
Current tax liabilities		**(1.8)**	(2.8)	(2.4)
Other liabilities	11	**(1.8)**	(1.8)	(0.8)
Borrowings	8	**(14.7)**	(12.5)	(5.6)
		(54.7)	(52.7)	(44.0)
Net current assets		**43.3**	34.6	48.5
Total assets less current liabilities		**168.1**	155.9	164.4
Non-current liabilities				
Retirement benefit obligations		**(5.2)**	(5.1)	(5.4)
Other liabilities	11	**(1.3)**	(1.6)	(2.3)
Deferred tax liabilities		**(4.3)**	(6.3)	(4.8)
Net assets		**157.3**	142.9	151.9
Equity				
Share capital		**5.7**	5.7	5.7
Translation reserve		**20.2**	22.8	20.8
Hedging reserve		**0.4**	(0.4)	1.1
Retained earnings		**130.5**	114.3	123.8
Total shareholders' equity		**156.8**	142.4	151.4
Minority interests		**0.5**	0.5	0.5
Total equity		**157.3**	142.9	151.9

Condensed Consolidated Cash Flow Statement
For the six months ended 31 March 2012

	Note	**Unaudited 31 March 2012 £m**	Unaudited 31 March 2011 £m	Audited 30 Sept 2011 £m
Cash flows from operating activities				
Cash flow from operations	7	**20.3**	14.4	40.3
Interest income paid, net		**(0.2)**	(0.3)	(0.5)
Tax paid		**(8.7)**	(5.6)	(12.4)
Net cash from operating activities		**11.4**	8.5	27.4
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)	10	**(14.7)**	(14.0)	(14.8)
Disposal of subsidiaries (net of cash disposed)		**-**	0.2	0.9
Deferred consideration paid	11	**(0.8)**	(0.9)	(0.9)
Purchase of property, plant and equipment		**(1.7)**	(0.6)	(1.3)
Purchase of other intangible assets		**-**	(0.1)	(0.4)
Net cash used in investing activities		**(17.2)**	(15.4)	(16.5)
Cash flow from financing activities				
Acquisition of minority interests		**-**	(12.5)	(12.5)
Dividends paid to shareholders		**(9.5)**	(7.0)	(10.9)
Dividends paid to minority interests		**(0.1)**	(3.9)	(3.9)
Purchase of own shares		**-**	(0.7)	(1.6)
Proceeds from borrowings	8	**10.9**	12.1	12.1
Repayment of borrowings	8	**(1.7)**	-	(6.7)
Net cash used in financing activities		**(0.4)**	(12.0)	(23.5)
Net decrease in cash and cash equivalents		**(6.2)**	(18.9)	(12.6)
Cash and cash equivalents at beginning of period		**17.8**	30.1	30.1
Effect of exchange rates on cash and cash equivalents		**0.1**	0.4	0.3
Cash and cash equivalents at end of period		**11.7**	11.6	17.8

Alternative Performance Measures (note 2)		**31 March 2012 £m**	31 March 2011 £m	30 Sept 2011 £m
Net decrease in cash and cash equivalents		**(6.2)**	(18.9)	(12.6)
Add:	Dividends paid to shareholders/minority interests	**9.6**	10.9	14.8
	Acquisition of subsidiaries/minority interests	**14.7**	26.5	27.3
	Deferred consideration paid	**0.8**	0.9	0.9
Less:	Proceeds from borrowings, net	**(9.2)**	(12.1)	(5.4)
Free cash flow		**9.7**	7.3	25.0
Net (debt)/funds				
Cash and cash equivalents		**11.7**	11.6	17.8
Borrowings		**(14.7)**	(12.5)	(5.6)
Net (debt)/funds		**(3.0)**	(0.9)	12.2

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 March 2012

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Diploma PLC (the "Company") is a company domiciled in the UK. The condensed set of consolidated financial statements (the "financial statements") for the six months ended 31 March 2012 comprises the Company and its subsidiaries (together referred to as the "Group").

The comparative figures for the financial year ended 30 September 2011 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 Group's auditors and delivered to the Registrar of Companies. The report of the auditors 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 of the Companies Act 2006. The figures for the six months ended 31 March 2011 were extracted from the 2011 Interim Report, which was unaudited.

The Group's audited consolidated financial statements for the year ended 30 September 2011 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 Interim Announcement for the six months ended 31 March 2012 have been prepared on a going concern basis and in accordance with *IAS 34, Interim Financial Reporting* as adopted by the European Union. 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 2011.

This set of financial statements were approved by the Board of Directors on 14 May 2012; they have not been reviewed or audited by the Company's auditors.

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 2011. The following new standards, amendments to standards or interpretations are both mandatory for the year ending 30 September 2012 and are relevant to the Group:

- IAS 24 "Related Party Disclosures";
- Amendments to IFRS 7 "Financial Instruments: Disclosures"; and
- Annual improvements to IFRSs issued May 2010.

The Group has considered the impact of these new standards and amendments to existing standards. None have had any significant impact on the results or net assets of the Group.

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 2011. These were set out on pages 72 and 73 of the 2011 Annual Report & Accounts.

1.4 Restated prior year balances

In the year ended 30 September 2011, the Group acquired the outstanding 25% minority interest in AMT Vantage Group Inc and accounted for the difference of £13.1m between the cash paid of £12.5m and the minority interest book value as goodwill. Subsequent to the publication of the 2011 Annual Report & Accounts, it was confirmed that the difference of £13.1m should have been written off directly against total shareholders' equity in accordance with the new IAS 27 "Consolidated Financial Statements", rather than added to goodwill. The Group has therefore corrected this amount in the financial statements in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the balances for goodwill and total shareholders' equity at 31 March 2011 and 30 September 2011 have been restated accordingly.

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 Interim Announcement.

2.1 Adjusted operating profit

At the foot of the 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 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 property, fair value remeasurements under IAS 32 and 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, 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 provides an important measure of the underlying earning capacity of the Group.

2.4 Free cash flow

At the foot of the 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 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 Interim 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. For the year ended 30 September 2011 the Group earned 49% of both its revenues and operating profits in the first six months of the year.

	Revenue			**Adjusted operating profit**			**Operating profit**		
	31 Mar 2012 £m	31 Mar 2011 £m	30 Sept 2011 £m	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m
By Sector									
Life Sciences	**39.7**	36.9	74.4	**9.3**	8.6	17.1	**8.1**	7.3	14.4
Seals	**48.0**	37.5	80.0	**9.9**	6.6	14.9	**8.7**	5.7	13.2
Controls	**39.4**	38.2	76.2	**7.2**	6.9	13.2	**6.9**	6.7	12.8
	127.1	112.6	230.6	**26.4**	22.1	45.2	**23.7**	19.7	40.4
By Geographic Area									
United Kingdom	**33.0**	30.7	61.8	**6.2**	5.7	10.9	**5.8**	5.3	10.0
Rest of Europe	**19.4**	21.0	40.8	**2.6**	3.0	5.8	**2.3**	2.7	5.3
North America	**74.7**	60.9	128.0	**17.6**	13.4	28.5	**15.6**	11.7	25.1
	127.1	112.6	230.6	**26.4**	22.1	45.2	**23.7**	19.7	40.4

The newly acquired business of J Royal contributed £3.3m to revenue, £0.5m to adjusted operating profit and £0.3m to operating profit. The results of this business are included within the Seals sector and within North America. The newly acquired business of Abbeychart, which is included in the Controls sector and within United Kingdom, was acquired on the last day of the period and therefore did not contribute to revenue or adjusted operating profit. Acquisition expenses relating to this business contributed a £0.1m loss to operating profit.

	Total Assets			**Total Liabilities**			**Net Assets**		
	31 Mar 2012 £m	31 Mar 2011 £m	30 Sept 2011 £m	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m
By Sector									
Life Sciences	**86.0**	90.4	83.7	**(10.4)**	(12.7)	(11.9)	**75.6**	77.7	71.8
Seals	**70.0**	54.8	57.0	**(10.0)**	(8.3)	(8.9)	**60.0**	46.5	48.1
Controls	**49.1**	45.5	43.6	**(14.8)**	(14.1)	(13.0)	**34.3**	31.4	30.6
Unallocated assets/(liabilities)	**17.7**	17.9	24.1	**(30.3)**	(30.6)	(22.7)	**(12.6)**	(12.7)	1.4
	222.8	208.6	208.4	**(65.5)**	(65.7)	(56.5)	**157.3**	142.9	151.9

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 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 2012 £m	31 Mar 2011 £m	30 Sept 2011 £m	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m
By Sector						
Life Sciences	**1.3**	0.3	0.8	**0.5**	0.5	1.0
Seals	**0.3**	0.3	0.6	**0.3**	0.4	0.8
Controls	**0.1**	0.1	0.3	**0.2**	0.1	0.3
	1.7	0.7	1.7	**1.0**	1.0	2.1

4. FINANCIAL EXPENSE, NET

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
Interest and similar income			
- interest receivable on short-term deposits	**0.1**	-	0.1
- notional interest on defined benefit pension scheme	**-**	0.1	0.2
	0.1	0.1	0.3
Interest expense and similar charges			
- bank facility and commitment fees	**(0.1)**	(0.3)	(0.3)
- interest payable on bank borrowings	**(0.2)**	-	(0.3)
	(0.3)	(0.3)	(0.6)
Net interest expense	**(0.2)**	(0.2)	(0.3)
- fair value remeasurements of put options (note 11)	**(0.2)**	(0.2)	(0.9)
Financial expense, net	**(0.4)**	(0.4)	(1.2)

5. TAXATION

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
UK tax charge	**1.5**	1.5	2.9
Overseas tax charge	**6.0**	4.6	8.7
Total tax on profit for the period	**7.5**	6.1	11.6

Taxation on profits before tax has been calculated by applying the Directors' best estimate of the annual rate of taxation to taxable profits for the period. The effective rate of taxation on profit before tax for the period increased to 32.2% (2011: 31.6%). The Group's adjusted effective rate of tax on adjusted profit before tax has increased to 30.2% (2011: 29.2%) reflecting a higher proportion of taxable profits in the US, where tax rates are substantially higher than the Group's effective rate and offset lower tax rates in Canada and UK.

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 112,344,437 (2011: 112,532,469) and the profit for the period attributable to shareholders of £15.6m (2011: £12.6m). There were no potentially dilutive shares.

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

	31 Mar 2012 pence per share	31 Mar 2011 pence per share	30 Sept 2011 pence per share	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m
Profit before tax				**23.3**	19.3	39.2
Tax expense				**(7.5)**	(6.1)	(11.6)
Minority interests				**(0.2)**	(0.6)	(0.6)
Earnings for the period attributable to shareholders of the Company	**13.9**	11.2	24.0	**15.6**	12.6	27.0
Acquisition related charges	**2.4**	2.1	4.3	**2.7**	2.4	4.8
Fair value remeasurements	**0.2**	0.2	0.8	**0.2**	0.2	0.9
Tax effects on goodwill, acquisition intangible assets and fair value remeasurements	**(0.4)**	(0.3)	(1.2)	**(0.4)**	(0.3)	(1.3)
Adjusted earnings	**16.1**	13.2	27.9	**18.1**	14.9	31.4

7. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
Profit for the period	**15.8**	13.2	27.6
Depreciation/amortisation of tangible and other intangible assets	**1.0**	1.0	2.1
Acquisition related charges	**2.7**	2.4	4.8
Share-based payments expense	**0.5**	0.3	0.7
Financial expense, net	**0.4**	0.4	1.2
Tax expense	**7.5**	6.1	11.6
Operating cash flow before changes in working capital	**27.9**	23.4	48.0
Increase in inventories	**(3.6)**	(2.8)	(5.5)
Increase in trade and other receivables	**(3.5)**	(6.9)	(3.3)
(Decrease)/increase in trade and other payables	**(0.3)**	0.9	1.4
Cash paid into defined benefit schemes	**(0.2)**	(0.2)	(0.3)
Cash flow from operating activities	**20.3**	14.4	40.3

8. NET (DEBT) / FUNDS

The movement in net (debt)/funds during the period is as follows:

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
Net decrease in cash and cash equivalents	**(6.2)**	(18.9)	(12.6)
Net increase in borrowings	**(9.2)**	(12.1)	(5.4)
	(15.4)	(31.0)	(18.0)
Effect of exchange rates	**0.2**	-	0.1
Movement in net (debt) / funds	**(15.2)**	(31.0)	(17.9)
Net funds at beginning of period	**12.2**	30.1	30.1
Net (debt) / funds at end of period	**(3.0)**	(0.9)	12.2
Comprising:			
Cash and cash equivalents	**11.7**	11.6	17.8
Borrowings	**(14.7)**	(12.5)	(5.6)
Net (debt) / funds at end of period	**(3.0)**	(0.9)	12.2

The Group has a committed £20m revolving bank facility, together with an option to extend this by a further £20m, subject to market pricing; both of these facilities expire on 18 November 2013. At 31 March 2012, the Group had utilised £14.7m of this facility. Interest on this facility is payable at between 150bps and 175bps over LIBOR, depending on the ratio of net debt to EBITDA.

9. GOODWILL AND INTANGIBLE ASSETS

	Note	**Goodwill £m**	**Acquisition intangible assets £m**	**Total £m**
At 1 October 2010		67.3	22.7	90.0
Acquisitions	1	7.7	9.3	17.0
Amortisation charge		-	(2.1)	(2.1)
Exchange adjustments		1.6	0.3	1.9
At 31 March 2011 - restated		76.6	30.2	106.8
Acquisitions		(0.4)	-	(0.4)
Amortisation charge		-	(2.4)	(2.4)
Exchange adjustments		(1.8)	(0.5)	(2.3)
At 30 September 2011 - restated		74.4	27.3	101.7
Acquisitions	10	4.4	6.1	10.5
Amortisation charge		-	(2.4)	(2.4)
Exchange adjustments		0.1	(0.2)	(0.1)
At 31 March 2012		**78.9**	**30.8**	**109.7**

Goodwill acquired of £4.4m comprised £3.0m on the acquisition of J Royal and £1.4m on the acquisition of Abbeychart Limited. Intangible assets of £6.1m were identified in the acquisition of J Royal relating to supplier relationships and customers relationships. These assets are being amortised over 10 years. The additions to goodwill and acquisition intangible assets relate to the Seals (£9.1m) and Controls (£1.4m) sectors. Aggregate goodwill and acquisition intangible assets acquired during the period include £9.1m that will be allowable for a tax deduction in future years.

As described further in Note 1.4, goodwill of £13.1m recognised in the financial statements at 31 March 2011 and 30 September 2011 on acquisition of the outstanding minority interest in AMT, a business in the Life Sciences sector, has been reclassified to total shareholders' equity and the balances at 31 March 2011 and 30 September 2011 restated accordingly.

10. ACQUISITION OF SUBSIDIARIES

On 12 December 2011, the Group acquired the trade and net assets of J Royal Co. Inc. ("J Royal") for a maximum consideration of £11.8m (US$18.4m). The initial cash consideration paid on acquisition was £10.4m (US$16.3m) and a further £1.4m ($2.1m) was paid on 29 March 2012 in final settlement of the performance payment, including a small adjustment for net assets at completion. Acquisition expenses of £0.2m (US$0.3m) were incurred on this acquisition.

On 30 March 2012, the Group acquired 100% of Abbeychart Limited ("Abbeychart") for a maximum consideration of £4.0m. The initial cash paid on acquisition was £3.4m and up to a further maximum of £0.6m is payable depending principally on the operating profit of Abbeychart in the year ended 31 March 2012 and includes an adjustment in respect of net assets at completion. Acquisition expenses of £0.1m were incurred on this acquisition.

Set out below is a provisional analysis of the net book value and fair value of acquisitions and the consideration payable in respect of these acquisitions.

	Abbeychart		**J Royal**		**Total**	
	Book value £m	**Fair value £m**	**Book value £m**	**Fair value £m**	**Book value £m**	**Fair value £m**
Acquisition intangible assets	-	-	-	6.1	-	6.1
Property, plant and equipment	0.2	0.1	0.1	-	0.3	0.1
Inventories	1.4	1.3	1.7	1.8	3.1	3.1
Trade and other receivables	1.4	1.4	1.4	1.4	2.8	2.8
Trade and other payables	(0.9)	(0.9)	(0.6)	(0.6)	(1.5)	(1.5)
Net assets acquired	2.1	1.9	2.6	8.7	4.7	10.6
Goodwill		1.4		3.0		4.4
	2.1	**3.3**	**2.6**	**11.7**	**4.7**	**15.0**
Cash paid		3.4		11.8		15.2
Cash acquired		(0.7)		(0.1)		(0.8)
Expenses of acquisition		0.1		0.2		0.3
Net cash paid, after acquisition expenses		**2.8**		**11.9**		**14.7**
Deferred consideration payable		0.6		-		0.6
Less: Expenses of acquisition		(0.1)		(0.2)		(0.3)
Total consideration		**3.3**		**11.7**		**15.0**

Goodwill of £4.4m which arose on the acquisitions of J Royal and Abbeychart is represented by the product know-how held by employees, prospects for sales growth from new customers and operating cost synergies.

Acquisition related charges of £2.7m (2011: £2.4m) were expensed to the Condensed Consolidated Income Statement for the period and includes £2.4m (2011: £2.1m) for the amortisation charge on acquisition intangible assets; the balance of £0.3m (2011: £0.3m) was for acquisition expenses.

From the date of acquisition to 31 March 2012, the newly acquired business of J Royal contributed £3.3m to revenue and £0.5m to adjusted operating profit. The acquisition of Abbeychart was completed on 30 March 2012 and therefore made no contribution to the results in the period. Prior to acquisition by the Group, Abbeychart had reported unaudited revenues of £6.1m for the year ended 31 March 2011.

If the acquisition of these businesses had been made at the beginning of the financial period, these businesses would have contributed £9.0m to revenue and £0.9m to profit after tax. Profit after tax should not be viewed as indicative of the results of these businesses that would have occurred, if this acquisition had been completed at the beginning of the year.

11. OTHER LIABILITIES

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
Future purchases of minority interests	**2.2**	1.3	2.0
Deferred consideration	**0.9**	2.1	1.1
	3.1	3.4	3.1
Analysed as:			
Due within one year	**1.8**	1.8	0.8
Due after one year	**1.3**	1.6	2.3

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

	31 March 2012 £m	31 March 2011 £m	30 Sept 2011 £m
At 1 October	**2.0**	13.2	13.2
Released to retained earnings	**-**	(12.1)	(12.1)
Notional interest on unwinding of discount	**0.1**	0.1	0.1
Fair value remeasurements	**0.1**	0.1	0.8
At end of period	**2.2**	1.3	2.0

The Group retains put/call options to acquire the outstanding minority shareholdings. At 31 March 2012, the Group retains minority interests in BGS, HPS and M Seals and the put options to acquire these minority interests are exercisable between 1 October 2012 and 31 December 2017.

At 31 March 2012, 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 the businesses and to reflect foreign exchange rates at 31 March 2012. This led to a remeasurement of the fair value of these put options and the liability was increased by £0.2m through a charge to the Condensed Consolidated Income Statement.

Deferred consideration of £0.8m was paid on 20 December 2011 to the vendors of CMI for their performance payment. At 31 March 2012, deferred consideration of £0.9m comprised £0.6m payable to the vendors of Abbeychart Limited and a further £0.3m payable to the vendors of CMI.

12. DIVIDENDS

	31 Mar 2012 pence per share	31 Mar 2011 pence per share	30 Sept 2011 pence per share	**31 Mar 2012 £m**	31 Mar 2011 £m	30 Sept 2011 £m
Amounts recognised and paid in the period						
Final dividend of the prior year, paid in January	**8.5**	6.2	6.2	**9.5**	7.0	7.0
Interim dividend, paid in June	**-**	-	3.5	**-**	-	3.9
	8.5	6.2	9.7	**9.5**	7.0	10.9

The Directors have declared an increased interim dividend of 4.2p per share (2011: 3.5p) payable on 20 June 2012 to shareholders on the register on 25 May 2012. The total value of the dividend will be £4.8m (2011: £3.9m).

13. EXCHANGE RATES

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

	Average			**Closing**		
	31 March 2012	31 March 2011	30 Sept 2011	**31 March 2012**	31 March 2011	30 Sept 2011
US Dollar	**1.58**	1.59	1.61	**1.60**	1.60	1.56
Canadian Dollar	**1.59**	1.59	1.59	**1.60**	1.56	1.62
Euro	**1.19**	1.16	1.15	**1.20**	1.13	1.16

14. SUBSEQUENT EVENTS

On 16 April 2012 the acquisition was completed of a 10% shareholding in Kunshan J Royal Precision Product Inc. (“JRPP”), a Chinese supplier related to J Royal, following receipt of the required approvals from various statutory bodies in China. On completion, cash of £0.6m was paid to the vendors.

On 10 May 2012, the Group acquired 100% of Amfast Limited (“Amfast”) for a maximum consideration of £4.3m, before expenses and cash acquired in the business of £1.5m, but subject to an adjustment in respect of net assets at completion. The initial cash paid was £4.0m and up to a further maximum of £0.3m is payable depending on the gross profits earned from certain customers in the year ended 31 March 2013. In the year ended 31 March 2012 Amfast Limited reported unaudited revenues of £3.8m.

Further disclosures in respect of accounting for this business combination, which will form part of the Controls sector, have not been made as sufficient information was not available prior to the release of this Announcement on 14 May 2012.