

Yule Catto & Co plc

Interim Results for the six months ended 30 June 2009

Profits ahead across all three businesses and further substantial reduction in net debt

Yule Catto & Co plc ("Yule Catto" or the "Group"), the international producer of speciality chemicals, is pleased to announce its interim results for the six months ended 30 June 2009.

HIGHLIGHTS

- Total sales decreased by 9.9% to £269.7m (2008: £299.3m)
- Underlying profit before taxation* increased by 14% to £19.9m (2008: £17.4m)
- Earnings per share* of 10.3p (2008: 8.1p)
- Net borrowings* £113.9m, down £21.5m from 2008 year end
- Polymer Chemicals operating profit up 13%
- Pharma Chemicals operating profit up 7%
- The remaining Impact Chemicals business, William Blythe, also ahead of 2008

* Before special items, as defined in note 16, Glossary of terms

Adrian Whitfield, Chief Executive, commented:

"The Company had a very good first half despite the difficult economic conditions. All three of our businesses delivered operating profits ahead of last year, and we now expect the results for the full year to be slightly ahead of the Boards previous expectations."

24 August 2009

ENQUIRIES:

Yule Catto & Co plc

Adrian Whitfield, Chief Executive
David Blackwood, Group Finance Director

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RESULTS SUMMARY
Six months to 30 June

	Underlying performance ^(a)		IFRS	
	2009 Unaudited £'000	2008 Unaudited £'000	2009 Unaudited £'000	2008 Unaudited £'000
Total sales	269,656	299,311	269,656	299,311
EBITDA ^(b)	32,171	31,705	32,171	31,705
Operating profit	25,071	23,618	25,670	21,341
Profit before taxation	19,903	17,424	16,116	20,376
Net borrowings	(113,939)	(168,816)	(119,534)	(147,340)
Free cash flow ^(c)	12,121	(2,940)	12,121	(2,940)
Earnings per share	10.3p	8.1p	7.7p	10.1p
Dividend per share	0.0p	4.0p	0.0p	4.0p

(a) Underlying performance excludes special items as shown in note 3.

(b) Operating profit before depreciation, amortisation and non-recurring items.

(c) As shown in the reconciliation of net cash flow.

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR and the consolidated financial statements for the six months ending 30 June 2009 are neither audited nor reviewed.

CHAIRMAN'S STATEMENT & BUSINESS REVIEW

Overview

The Group had a very successful first half in 2009 with all three operating divisions delivering improved results over 2008 and underlying group profit before tax up 14%.

The improvement in Polymer Chemicals' operating profit was achieved despite volume declines of some 15%. The business benefited from a strong focus on cost reduction, as well as from weaker sterling and lower raw material costs. Whilst Pharma Chemicals performed a little below our expectations it was still ahead of last year, on generally weaker volumes, and the restructured William Blythe business was also ahead at the half year.

We made further progress on debt reduction and should see further reduction by the year end. We remain confident of achieving our previously indicated target of net debt below £100m before the end of 2010.

Polymer Chemicals

	H1 2009	H1 2008	FY 2008
Sales (£'m)	222.4	251.0	507.1
Operating Profit (£'m)	25.4	22.5	42.4

Polymer Chemicals has manufacturing assets around the world and comprises Dispersion, Latex and various Speciality Polymers. Dispersion Polymers are principally used in surface coatings such as paint and varnish, adhesives such as wood glues and construction applications such as sealants and fillers. SBR latex is used in the manufacture of carpet floor coverings and construction materials such as speciality cement whilst NBR latex is mainly sold into the fast growing nitrile glove market. Speciality Polymers includes rubber, polymers to regulate PVC manufacture and sealants for the motor industry.

The Division achieved a good result in the first half despite the challenging economic environment. Volumes declined by some 15%, and turnover by 11%, but operating profit was ahead by 13%. This was mainly due to the benefit of currency translation, and lower monomer costs, but it was also a result of the effective cost control initiatives we have implemented during the period, which will deliver annualised savings of over £2.5m.

Within Latex, volume declines were most marked in the commodity carpet business. The Nitrile Latex business, which remains an important and high growth market for us, saw lower than average declines of just over 10% for the half year. A rapid decline in the price of the key raw material for Nitrile in the first quarter caused a substantial short-term de-stocking, but volumes were somewhat stronger in the second quarter at only 8% down.

Dispersions, with a substantial exposure to decorative coatings, held up relatively well with volumes only 10% down.

Within Speciality Polymers, our auxiliary polymers products saw volume declines in line with the rest of the business, whilst our speciality lithene business, with its substantial sales into auto, saw volume declines of over 40%, albeit improving towards the end of the first half.

Looking forward, whilst monomer prices are likely to rise, the volume position appears to have settled at some 10-15% below prior year.

Pharma Chemicals

	H1 2009	H1 2008	FY 2008
Sales (£'m)	35.7	32.6	63.9
Operating Profit (£'m)	3.7	3.4	5.3

Pharma Chemicals, from its manufacturing plants in Spain and Mexico, produces a range of Active Pharmaceutical Ingredients (APIs) for the generic and ethical pharmaceutical industries. These products are sold to formulators who produce and distribute the drug in its final physical form. APIs range from anti-bacterial, anti-ulcer, anti-parasitic to heart drugs. The company currently produces over 75 products.

The division delivered an operating profit of £3.7m, 7% ahead of prior year. Volumes were generally lower across the Spanish business, whilst the Mexican business benefited from large, continuing orders for two major APIs.

The transfer of products from Italy and Germany was successfully completed during the period, and the Italian plant has now ceased production and is being closed down. The continuing business saw some benefits from products transferred to its Spanish and Mexican assets, and these benefits should increase going forward.

Impact Chemicals

	H1 2009	H1 2008	FY 2008
Sales (£'m)	11.5	15.7	31.1
Operating Profit (£'m)	0.9	0.5	1.6

Four of the original five Impact Chemicals businesses were sold in 2008, with the proceeds from the last announced sale of £8.25m, for Oxford Chemicals received in January 2009.

The remaining business, William Blythe, is a worldwide supplier of inorganic specialities based on copper, iodine and tin from its UK manufacturing facility. Products are used in a range of applications such as semiconductor manufacture, pharmaceutical actives, non-toxic flame retardant, safety glass coatings and catalysts.

During the period, William Blythe traded ahead of 2009 albeit on generally weaker volumes.

Borrowings, pensions and currency

Net debt decreased from £135m at the year end to £114m at June 2009. Proceeds from the Oxford sale (£8.25m) and lower capex contributed to the reduction. Net debt to EBITDA (last 12 months basis) reduced from 2.3 at the year end to 1.9 at the end of June.

The net deficit on post retirement benefit obligations increased by £10m to £86m, reflecting the lowering of the discount rate from 6.5% to 6.2%.

Reported operating profit benefited by £2.9m from currency translation, with the weakness of sterling in 2009 compared to 2008.

Special items and central costs

Special items in operating profit comprises the losses on the Italian Pharma plant closed at the end of June. Our debt includes £141m of US private placements. These borrowings were raised in US dollars and then "swapped" into sterling using long dated cross currency swaps. Whilst the debt therefore is, economically, sterling debt, the swaps do not meet the technical requirements for hedge accounting, and the mark to market on the swaps, that does not qualify for hedge accounting is shown in special items finance costs. Discontinued items shown in special items is the profit on sale of assets associated with the Impact Chemicals business. Central costs increased during the first half. In the main this is due to accounting requirements of IAS 19 for pensions. This increased central costs by £1.4m at the half year.

Taxation and EPS

The 2009 estimated underlying tax rate is 20%. In 2008, the estimated rate used at the half year was 27%, though the eventual full year rate for 2008 was 15%. These differential half year tax rates produce an increase in reported EPS at the half year of 27%, compared to the increase in PBT of 14%.

Dividend

In line with previous announcements, no interim dividend will be declared for 2009.

Outlook

We have performed well in the first half and continued to successfully deliver against our strategic goals despite the very difficult economic conditions.

Looking to the full year, we expect our Pharma business and William Blythe to continue performing a little ahead of last year. The outlook for Polymers is less certain, with volumes running at some 10 to 15% down on prior year and raw material costs rising. The favourable currency position of the first half has started to unwind as sterling strengthened through the period. However, we remain confident and clearly focused both on continuing to improve the quality and performance of our business, and on further strengthening our balance sheet.

Considering this background, the Board now anticipates the results for the full year to be slightly ahead of its previous expectations.

PETER WOOD
Chairman
24 August 2009

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009			Six months ended 30 June 2008		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited
Continuing operations						
Group revenue	261,812	-	261,812	289,620	-	289,620
Share of joint ventures' revenue	7,844	-	7,844	9,691	-	9,691
Total sales	269,656	-	269,656	299,311	-	299,311
Group revenue	261,812	-	261,812	289,620	-	289,620
Company and subsidiaries before special items	24,870	-	24,870	22,719	-	22,719
Operations sold or closed during the year	-	599	599	-	(2,277)	(2,277)
Company and subsidiaries	24,870	599	25,469	22,719	(2,277)	20,442
Share of joint ventures	201	-	201	899	-	899
Operating profit/(loss)	25,071	599	25,670	23,618	(2,277)	21,341
Interest payable	(5,424)	-	(5,424)	(8,853)	-	(8,853)
Interest receivable	256	-	256	2,659	-	2,659
	(5,168)	-	(5,168)	(6,194)	-	(6,194)
Fair value adjustment	-	(4,386)	(4,386)	-	5,229	5,229
Finance costs	(5,168)	(4,386)	(9,554)	(6,194)	5,229	(965)
Profit before taxation	19,903	(3,787)	16,116	17,424	2,952	20,376
Taxation	(3,939)	-	(3,939)	(4,685)	-	(4,685)
Profit for the year from continuing operations	15,964	(3,787)	12,177	12,739	2,952	15,691
Discontinued operations						
Profit/(loss) for the year from discontinued operations	-	3,233	3,233	-	8,311	8,311
Profit/(loss) for the year	15,964	(554)	15,410	12,739	11,263	24,002
Profit attributable to minority interests	916	-	916	880	-	880
Profit/(loss) attributable to equity holders of the parent	15,048	(554)	14,494	11,859	11,263	23,122
	15,964	(554)	15,410	12,739	11,263	24,002
Earnings per share						
From continuing operations						
Basic	10.3p	(2.6)p	7.7p	8.1p	2.0p	10.1p
Diluted	10.1p	(2.5)p	7.6p	8.0p	2.0p	10.0p
From continuing and discontinued operations						
Basic	10.3p	(0.4)p	9.9p	8.1p	7.8p	15.9p
Diluted	10.1p	(0.4)p	9.7p	8.0p	7.8p	15.8p

Special items

The special items are shown in more detail in note 3.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009 continued

Year ended 31 December 2008

	Underlying performance	Special items	IFRS
	£'000 Audited	£'000 Audited	£'000 Audited
Continuing operations			
Group revenue	584,373	-	584,373
Share of joint ventures' revenue	17,780	-	17,780
Total sales	602,153	-	602,153
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Group revenue	584,373	-	584,373
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Company and subsidiaries before special items	41,577	-	41,577
Operations sold or closed during the year	-	(2,406)	(2,406)
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Company and subsidiaries	41,577	(2,406)	39,171
Share of joint ventures	1,615	-	1,615
Operating profit/(loss)	43,192	(2,406)	40,786
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Interest payable	(15,983)	-	(15,983)
Interest receivable	5,481	-	5,481
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	(10,502)	-	(10,502)
Fair value adjustment	-	8,615	8,615
Finance costs	(10,502)	8,615	(1,887)
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Profit before taxation	32,690	6,209	38,899
Taxation	(4,904)	-	(4,904)
Profit for the year from continuing operations	27,786	6,209	33,995
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Discontinued operations			
Profit/(loss) for the year from discontinued operations	-	22,568	22,568
Profit/(loss) for the year	27,786	28,777	56,563
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Profit attributable to minority interests	1,718	-	1,718
Profit/(loss) attributable to equity holders of the parent	26,068	28,777	54,845
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	27,786	28,777	56,563
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Earnings per share			
From continuing operations			
Basic	17.9p	4.3p	22.2p
Diluted	17.8p	4.2p	22.0p
From continuing and discontinued operations			
Basic	17.9p	19.8p	37.7p
Diluted	17.8p	19.6p	37.4p
Special items			
The special items are shown in more detail in note 3.			

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	<u>30 June 2009</u>	<u>30 June 2008</u>	<u>31 December 2008</u>
	Unaudited £'000	Unaudited £'000	Audited £'000
Non-current assets			
Goodwill	154,027	169,238	154,027
Other intangible assets	715	533	869
Property, plant and equipment	101,660	104,220	118,106
Deferred tax assets	457	762	457
Investment in joint ventures	4,541	3,711	4,948
	<u>261,400</u>	<u>278,464</u>	<u>278,407</u>
Current assets			
Inventories	49,399	59,502	63,507
Trade and other receivables	103,751	125,845	126,136
Cash and cash equivalents	40,270	118,942	26,576
Derivatives at fair value	9,176	388	33,887
	<u>202,596</u>	<u>304,677</u>	<u>250,106</u>
Assets held for sale	-	18,917	7,377
Total current assets	<u>202,596</u>	<u>323,594</u>	<u>257,483</u>
Current liabilities			
Borrowings	(36,078)	(141,814)	(57,972)
Trade and other payables	(111,065)	(147,217)	(152,621)
Current tax liability	(47,104)	(48,902)	(44,528)
Dividends	-	(8,303)	-
Derivatives at fair value	-	(18,812)	-
	<u>(194,247)</u>	<u>(365,048)</u>	<u>(255,121)</u>
Liabilities directly associated with assets classified as held for sale	-	(8,506)	(1,400)
Total current liabilities	<u>(194,247)</u>	<u>(373,554)</u>	<u>(256,521)</u>
Non-current liabilities			
Borrowings	(123,726)	(124,468)	(130,052)
Trade and other payables	(213)	(269)	(167)
Deferred tax liability	(6,032)	(5,390)	(6,899)
Post retirement benefit obligations	(86,116)	(63,126)	(75,559)
	<u>(216,087)</u>	<u>(193,253)</u>	<u>(212,677)</u>
Net assets	<u>53,662</u>	<u>35,251</u>	<u>66,692</u>
Equity			
Called up share capital	14,566	14,566	14,566
Share premium	33,034	33,034	33,034
Capital redemption reserve	949	949	949
Hedging and translation reserve	(6,043)	(10,838)	6,252
Cash flow hedging reserve	1,052	-	678
Retained earnings	2,853	(9,027)	2,056
Equity attributable to equity holders of the parent	<u>46,411</u>	<u>28,684</u>	<u>57,535</u>
Minority interests	7,251	6,567	9,157
Total equity	<u>53,662</u>	<u>35,251</u>	<u>66,692</u>
Analysis of net borrowing			
Cash and cash equivalents	40,270	118,942	26,576
Current borrowings	(36,078)	(141,814)	(57,972)
Non-current borrowings	(123,726)	(124,468)	(130,052)
Net borrowings	<u>(119,534)</u>	<u>(147,340)</u>	<u>(161,448)</u>
Deduct/(add back): special items	5,595	(21,476)	25,966
Net borrowings (underlying performance)	<u>(113,939)</u>	<u>(168,816)</u>	<u>(135,482)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2009.

CONSOLIDATED CASH FLOW FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009		Six months ended 30 June 2008		Year ended 31 December 2008	
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Audited £'000	Audited £'000
Operating						
Cash generated from operations		23,173		16,304		44,299
Interest received	256		2,659		5,481	
Interest paid	(5,726)		(8,912)		(16,835)	
Net interest paid		(5,470)		(6,253)		(11,354)
UK corporation tax (paid) / received	(255)		128		207	
Overseas corporate tax paid	(2,189)		(6,296)		(10,421)	
Total tax paid		(2,444)		(6,168)		(10,214)
Net cash inflow from operating activities		15,259		3,883		22,731
Investing						
Dividends received from joint ventures		111		767		816
Purchase of property, plant and equipment	(4,818)		(9,288)		(17,707)	
Sale of property, plant and equipment	2,124		1,698		2,282	
Net capital expenditure and financial investment		(2,694)		(7,590)		(15,425)
Purchase of businesses	-		(468)		(468)	
Sale of businesses	8,760		10,755		50,676	
Net cash impact of acquisitions and disposals		8,760		10,287		50,208
Net cash inflow/(outflow) from investing activities		6,177		3,464		35,599
Financing						
Equity dividends paid		-		-		(14,129)
Dividends paid to minority interests		(555)		-		(341)
Repayment of borrowings		-		-		(33,512)
Proceeds of non-current borrowings		(701)		-		166
Net cash (outflow)/ inflow from financing activities		(1,256)		-		(47,816)
Increase in cash and bank overdrafts during the year		20,180		7,347		10,514

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO MOVEMENT IN NET BORROWING FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited £'000	Unaudited £'000	Audited £'000
Net cash inflow from operating activities	15,259	3,883	22,731
Dividends received from joint ventures	111	767	816
Net capital expenditure and financial investment	(2,694)	(7,590)	(15,425)
Dividends paid to minority interests	(555)	-	(341)
Free cash flow	12,121	(2,940)	7,781
Net cash impact of acquisitions and disposals	8,760	10,287	50,208
Equity dividends paid	-	-	(14,129)
Exchange movements	662	(5,332)	(8,511)
Movement in net borrowings (underlying performance)	21,543	2,015	35,349

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009			Six months ended 30 June 2008		
	Minority interests	Equity holders of the parent	Total	Minority interests	Equity holders of the parent	Total
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000
Actuarial gains and losses	-	(13,697)	(13,697)	-	(24,248)	(24,248)
Tax on items recognised directly in equity	-	-	-	-	-	-
Exchange differences	(2,267)	(11,921)	(14,188)	(38)	(1,765)	(1,803)
Profit for the year	916	14,494	15,410	880	23,122	24,002
Total recognised (expenditure)/ income for the period	(1,351)	(11,124)	(12,475)	842	(2,891)	(2,049)

	Year ended 31 December 2008		
	Minority interests	Equity holders of the parent	Total
	Audited £'000	Audited £'000	Audited £'000
Actuarial gains and losses	-	(39,111)	(39,111)
Tax on items recognised directly in equity	-	(48)	(48)
Exchange differences	2,055	16,017	18,072
Profit for the year	1,718	54,845	56,563
Total recognised (expenditure)/ income for the period	3,773	31,703	35,476

1. General information

The information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985. The interim results to 30 June 2009 and 2008 are neither audited nor reviewed.

2. Accounting policies

The annual financial statements of Yule Catto & Co plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in the half-yearly financial report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union.

3. Special items

The special items disclosed are made up as follows:

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
Continuing operations			
Operating Loss			
Profit / (loss) arising from the sale or closure of operations	599	(2,277)	(2,406)
Finance costs			
Fair value adjustment	(4,386)	5,229	8,615
Profit for the year from continuing operations	(3,787)	2,952	6,209
Discontinued operations			
Total sales			
Revenue of operations sold or closed during the period	772	36,114	52,900
Operating profit/(loss) of discontinued operations			
Operating profit of operations sold or closed during the period	22	3,281	4,113
Profit/(loss) for the year from discontinued operations	4,315	6,325	20,067
	4,337	9,606	24,180
Taxation			
Taxation on operating profit/(loss) of operations sold or closed during the year	-	(809)	(884)
Taxation on profit/(loss) arising from the sale or closure of operations	(1,104)	(486)	(728)
Profit/(loss) for the year from discontinued operations	3,233	8,311	22,568

4. Segmental analysis

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2009						
Analysis by activity						
Continuing activity						
Polymer Chemicals	214,568	-	214,568	25,193	-	25,193
Share of Polymer joint ventures	7,844	-	7,844	201	-	201
	<u>222,412</u>	<u>-</u>	<u>222,412</u>	<u>25,394</u>	<u>-</u>	<u>25,394</u>
Pharma Chemicals	35,705	-	35,705	3,677	599	4,276
Impact Chemicals	11,539	-	11,539	895	-	895
Total sales	<u>269,656</u>	<u>-</u>	<u>269,656</u>			
Divisional Operating profit				29,966	599	30,565
Unallocated corporate expenses				(4,895)	-	(4,895)
Operating profit				<u>25,071</u>	<u>599</u>	<u>25,670</u>

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2008						
Analysis by activity						
Continuing activity						
Polymer Chemicals	241,307	-	241,307	21,569	-	21,569
Share of Polymer joint ventures	9,691	-	9,691	899	-	899
	<u>250,998</u>	<u>-</u>	<u>250,998</u>	<u>22,468</u>	<u>-</u>	<u>22,468</u>
Pharma Chemicals	32,647	-	32,647	3,422	(1,627)	1,795
Impact Chemicals	15,666	-	15,666	548	(650)	(102)
Total sales	<u>299,311</u>	<u>-</u>	<u>299,311</u>			
Divisional Operating profit				26,438	(2,277)	24,161
Unallocated corporate expenses				(2,820)	-	(2,820)
Operating profit				<u>23,618</u>	<u>(2,277)</u>	<u>21,341</u>

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2008						
Analysis by activity						
Continuing activity						
Polymer Chemicals	489,350	-	489,350	40,829	-	40,829
Share of Polymer joint ventures	17,780	-	17,780	1,615	-	1,615
	<u>507,130</u>	<u>-</u>	<u>507,130</u>	<u>42,444</u>	<u>-</u>	<u>42,444</u>
Pharma Chemicals	63,891	-	63,891	5,265	(1,756)	3,509
Impact Chemicals	31,132	-	31,132	1,634	(650)	984
Total sales	<u>602,153</u>	<u>-</u>	<u>602,153</u>			
Divisional Operating profit				49,343	(2,406)	46,937
Unallocated corporate expenses				(6,151)	-	(6,151)
Operating profit				<u>43,192</u>	<u>(2,406)</u>	<u>40,786</u>

5. Profit or loss arising from the sale or closure of operations

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited £'000	Unaudited £'000	Audited £'000
Profit/(loss) arising from the sale or closure of operations			
Continuing Operations			
Closure of Uquifa's Italian manufacturing site	599	(1,627)	(1,756)
Restructuring of William Blythe Ltd	-	(650)	(650)
	<u>599</u>	<u>(2,277)</u>	<u>(2,406)</u>
Discontinued Operations			
Closure of Holliday Pigments UK manufacturing site	-	-	450
Closure of James Robinson's German manufacturing site	-	(301)	4,523
Sale of James Robinson Limited and James Robinson GmbH	-	5,637	5,637
Sale of James Robinson India Pvt Ltd	-	(362)	(362)
Sale of Holliday Pigments SA and Holliday France SA	-	-	8,265
Sale of Holliday Chemical Espana SA	-	-	409
Sale of PFW Aroma Chemicals BV	-	-	(774)
Sale of Hull site	-	1,351	1,351
Sale of Dieburg site	-	-	568
Sale of Oxford Chemicals Ltd	3,944	-	-
Write back of excess provision of Holliday Encres SA	371	-	-
	<u>4,315</u>	<u>6,325</u>	<u>20,067</u>
	<u>4,914</u>	<u>4,048</u>	<u>17,661</u>

6. Reconciliation of profit from operations to cash generated from operations

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating profit – continuing operations	25,670	21,341	40,786
Operating profit for the year from discontinued operations	4,337	9,606	24,180
Less: share of profit of joint ventures'	(201)	(899)	(1,615)
	<u>29,806</u>	<u>30,048</u>	<u>63,351</u>
Depreciation and amortisation	7,100	8,087	16,890
Profit arising from the sale or closure of operations	(4,914)	(4,048)	(17,661)
Loss / (profit) on sale of fixed assets	96	(81)	79
Share based payments	-	-	470
Cash impact of termination of businesses	(657)	(4,197)	(10,283)
Pension funding in excess of IAS 19 charge	(3,140)	(2,386)	(6,301)
Decrease in inventories	9,295	2,143	1,070
Decrease / (increase) in trade and other receivables	11,783	(13,752)	3,399
(Decrease) / increase in trade and other payables	(26,196)	490	(5,931)
Unrealised exchange (gains) / losses	-	-	(784)
Cash generated from operations	<u>23,173</u>	<u>16,304</u>	<u>44,299</u>

7. Tax

Tax on the underlying profit before taxation for the six month period is charged at 20% (six months ended 30 June 2008: 27%; year ended 31 December 2008: 15%), representing the best estimate of the average annual effective income tax rate expected for the full year. Inclusion of the best estimate for the tax charge on the special items profit before taxation results in a tax rate of 24% (six months ended 30 June 2008: 23%; year ended 31 December 2008: 17%), on the IFRS profit before taxation for continuing operations.

8. Dividends

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited £'000	Unaudited £'000	Audited £'000
Ordinary			
- prior year final of nil pence per share (2007: 5.7 pence)	-	8,303	8,303
- interim (2008: 4.0 pence)			5,826
			<u>14,129</u>
Proposed interim dividend of nil pence per share (2008: 4.0 pence)	-	5,826	
Proposed final dividend (2008: nil pence)			<u>-</u>

9. Earnings per share

	Six months ended 30 June 2009			Six months ended 30 June 2008		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
From continuing operations						
Earnings (Profit attributable to equity holders of the parent)	15,048	(3,787)	11,261	11,859	2,952	14,811
Earnings per share	10.3p	(2.6)p	7.7p	8.1p	2.0p	10.1p
Diluted earnings per share	10.1p	(2.5)p	7.6p	8.0p	2.0p	10.0p
From continuing and discontinuing operations						
Earnings (Profit attributable to equity holders of the parent)	15,048	(554)	14,494	11,859	11,263	23,122
Earnings per share	10.3p	(0.4)p	9.9p	8.1p	7.8p	15.9p
Diluted earnings per share	10.1p	(0.4)p	9.7p	8.0p	7.8p	15.8p
	Year ended 31 December 2008					
	Underlying performance	Special items	IFRS			
	£'000	£'000	£'000			
From continuing operations						
Earnings (Profit attributable to equity holders of the parent)	26,068	6,209	32,277			
Earnings per share	17.9p	4.3p	22.2p			
Diluted earnings per share	17.8p	4.2p	22.0p			
From continuing and discontinued operations						
Earnings (Profit attributable to equity holders of the parent)	26,068	28,777	54,845			
Earnings per share	17.9p	19.8p	37.7p			
Diluted earnings per share	17.8p	19.6p	37.4p			

Diluted earnings per share are calculated using the weighted average number of shares in issue in the year as adjusted for dilutive share options of 146,449,000 (six months ended 30 June 2008: 146,912,000, year ended 31 December 2008: 146,653,000).

10. Defined benefit schemes

The defined benefit plan assets have been updated to reflect their market value as at the 30 June 2009. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Recognised Income and Expense in accordance with the Group's accounting policy.

11. Disposal of subsidiary

The Group disposed of the following interests in Group companies during the six months ended 30 June 2009:

Company name:	Date of sale:	Purchaser:	Division:	Sale type:
Oxford Chemicals Limited	30 January 2009	Third party trade	Impact Chemicals	Assets

The net assets of the companies at the date of disposal were as follows:

	Oxford Chemicals Limited
	<u>£'000</u>
Property, plant and equipment	2,183
Inventories	1,662
Trade receivables	1,347
Trade payables	<u>(1,206)</u>
	3,986
Profit on disposal	<u>3,944</u>
Total consideration	<u>7,930</u>
Satisfied by:	
Cash (net of disposal costs)	<u>7,930</u>
	<u>7,930</u>
Net cash inflow arising on disposal:	
Cash consideration	8,250
Less costs of disposal	<u>(320)</u>
	<u>7,930</u>

The impact of these disposals on the Group's results in the current period and prior periods is disclosed in note 3.

In addition to the £7,930,000 proceeds from the disposal of Oxford Chemicals the Group has also received the deferred consideration on the disposal of James Robinson GmbH of £830,000 during the period.

12. Changes in equity (unaudited)

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Minority interest	Retained earning	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2009	14,566	33,034	949	6,252	678	9,157	2,056	66,692
Profit for the year	-	-	-	-	-	916	14,494	15,410
Actuarial gains and losses	-	-	-	-	-	-	(13,697)	(13,697)
Exchange differences on cash flow hedging deferred to equity	-	-	-	-	374	-	-	374
Exchange differences on translations of overseas operations	-	-	-	(10,569)	-	(2,267)	-	(12,836)
Net investment hedging	-	-	-	(1,726)	-	-	-	(1,726)
Total recognised (expenditure)/income for the period	-	-	-	(12,295)	374	(1,351)	797	(12,475)
Dividends paid	-	-	-	-	-	(555)	-	(555)
At 30 June 2009	14,566	33,034	949	(6,043)	1,052	7,251	2,853	53,662

13. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note.

14. Risks and uncertainties

The Group's principle risks are unchanged from those disclosed in its year end accounts.

The risks include those arising from reduced demand for the Group's products, market competition, legal, export, environmental or other regulatory matters, plant failure, contracts, retirement benefit plan funding and supply chain management together with credit risk, interest rate and exchange rate risk.

15. Further information

The financial information for the year ended 31 December 2008 has been extracted from the statutory accounts, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237 of the Companies Act 1985.

The financial statements were approved by the Board of Directors on 24 August 2009.

This statement can be obtained by the public from the Company's registered office at Temple Fields, Harlow, Essex, CM20 2BH, or on the company website www.yulecatto.com.

Earnings per ordinary share are based on the attributable profit for the period and the weighted average number of shares in issue during the period to 30 June 2009 of 145.7 million (2008: 145.7 million).

16. Glossary of terms

Total sales	Total sales represent the total of revenue from Yule Catto & Co plc, its subsidiaries, and its share of the revenue of joint ventures.
EBITDA	EBITDA is calculated as operating profit before depreciation, amortisation and non-recurring items.
Operating profit	Operating profit represents profit before finance costs and taxation.
Non-recurring items	Non-recurring items are defined as: <ul style="list-style-type: none">• <i>Profit or loss impact arising from the sale or closure of an operation;</i>• <i>Impairment of non-current assets; and</i>• <i>Other non-operating or one-off items.</i>
Special items	The following are disclosed separately as special items in order to provide a clearer indication of the Group's underlying performance: <ul style="list-style-type: none">• Non-recurring items;• Mark to market adjustments in respect of cross currency and interest rate derivatives used for hedging purposes where IAS 39 hedge accounting is not applied;• Revaluation of US dollar loan notes from the rate of the related cross currency swaps to the period end rate; and• The transitional adjustment required to reflect movements in fair value caused by variations in interest rates, and subsequent amortisation thereof, to the extent that these constituted effective hedges under UK GAAP.
Underlying performance	Underlying performance represents the statutory performance of the Group under IFRS, excluding special items.
Free cash flow	Free cash flow represents cash flow before cash impact of acquisitions and disposals, purchase and issue of own shares, equity dividends paid and exchange movements.
Net borrowings	Net borrowings represents cash and cash equivalents together with short and long term borrowings, as adjusted for the effect of related derivative instruments irrespective of whether they qualify for hedge accounting.

Responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

A M Whitfield
Chief Executive

D C Blackwood
Group Finance Director

24 August 2009