



For immediate release

22 June 2009

Porvair plc
Interim results for the six months ended 31 May 2009

Porvair plc ("Porvair"), the specialist filtration and environmental technology group, today announces its interim results for the six months ended 31 May 2009.

Key features

- Porvair has delivered results in line with recent expectations.
 - Revenues up 5% to £27.0m (2008: £25.6m).
 - Break-even at profit before tax and exceptional items (2008: profit of £1.9m). The loss before tax was £0.6m (2008: profit of £1.9m).
 - Cash generated from operations £2.0m (2008: £1.1m).
 - Net debt reduced by £0.7m to £16.0m (30 November 2008: £16.7m).
- Results are dominated by significant changes in market conditions, particularly in the US, where demand in some automotive, aluminium and general industrial segments fell by as much as 50%.
- In response, decisive management action has been taken. Staff numbers in some US operations have been cut by 40%. These, and other actions, give rise to exceptional restructuring costs of £0.6m.
- Many parts of the business, however, are showing resilience and trading well:
 - Energy and nuclear remediation demand is strong for the balance of the year and into 2010.
 - Industrial process contract wins have been good.
 - Life science filtration is trading in line with expectations.
 - Seal Analytical, acquired in 2008, is now fully integrated and is trading well.
- New products and projects are making good progress:
 - 40% of aluminium customers have converted to the new aluminium filter.
 - New foundry filter trials are running well.
 - Initial production runs of the new energy storage component were successful.

Commenting on the outlook, Ben Stocks, Chief Executive, said:

"Looking ahead we see opportunities for Porvair. Although trading conditions in Metals Filtration have been difficult, it appears that demand has stabilised, albeit at levels well below those seen for more than a decade. Moreover there has been an acceleration in the uptake of new products in Metals Filtration. These are better filters sold at higher margins and will improve both our competitive position and financial performance. With a lower cost base this division is positioned to improve in the remainder of 2009.

"Microfiltration is proving its resilience. It too has areas of weaker demand and recessionary pressure, but these are offset by a good order book for energy and industrial process projects. Seal Analytical is trading well.

"On balance the Board believes that with its spread of markets served, new product introductions and revised US cost base, Porvair will prosper when conditions improve."

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Porvair plc

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A copy of the presentation that accompanies these results is available at www.porvair.com.

Chief Executive's review

Overview

Porvair has been through a difficult period, particularly in the US. Since the middle of 2008 aluminium prices have halved and global inventories doubled. Aluminium producers have made record production cuts. North American car and light truck production dropped over 50% in the first quarter of 2009. Some aircraft build programmes have been cut by 20%. General industrial production in many segments is well down.

This swift deterioration was most keenly felt in Porvair's US operations where the Group had to adjust quickly, cutting costs and accelerating new product roll-outs. However, cash generation remained positive throughout and once restructuring actions were complete the Group finished the period trading profitably. The Board believes that Porvair is now in position to prosper when recessionary pressures ease.

Results for the six months to 31 May 2009 reflect these volatile trading conditions. For the Group as a whole, sales revenues were up 5% to £27.0m (2008: £25.6m). However, the divisional split is more unconstructive. The Microfiltration division reported sales revenues up 19%. Taking out acquisition effects like-for-like revenues were down 13%. This was principally due to timing of large orders falling later in 2009 than in 2008, but weakening demand in some US and general industrial segments also contributed. Metals Filtration sales revenues are reported as being down 13%, but in its operating currency (US dollars) revenue reduced by 35%. Such low levels of demand – not seen since 1993 – led to operating losses in Metals Filtration. Restructuring, including a 40% reduction in staff, was carried out swiftly in response.

Losses incurred in the US were offset by profits made elsewhere. Overall the loss before tax was £0.6m (2008 profit of £1.9m). Discounting exceptional restructuring costs of £0.6m the Group broke even in the period.

Cash generation was good, with tight management of capital expenditure, inventories and debt collection. £1.3m (2008: £0.7m) was generated from operating activities. Net borrowings have reduced by £0.7m to £16.0m (30 November 2008: £16.7m). The Group has satisfactorily renegotiated its banking facilities.

Progress with new products has been encouraging. 40% of our aluminium customers have converted to the new proprietary filter launched in 2008. This product is being offered at a price premium based on superior technical performance. The new iron foundry filter is in advanced customer qualifications and is performing well. First deliveries of our energy storage component have been made. Gasification and nuclear filter demand is strong with orders to be delivered in the remainder of 2009.

Porvair's activities and strategy

Porvair specialises in filtration and related environmental technology. We operate two divisions. The Microfiltration division comprises the Porvair Filtration Group, Porvair Sciences and Seal Analytical. It principally serves aviation, laboratory and energy markets. The Metals Filtration division serves global aluminium, NAFTA iron foundry and super-alloy markets.

The Group manufactures in the UK, US and Germany and sales are global.

Porvair's strategy for the creation of growth and sustainable shareholder value is to:

- Develop filtration and environmental technology positions in markets where typically:
 - specialist design or engineering skills win business;
 - regulation or quality accreditation requirements mandate product use;

- consumable products are often replaced as part of a maintenance routine in order to protect more costly downstream components;
- products, once designed into a specification, have very long lifecycles.
- Broaden the range of products Porvair delivers to key market segments, particularly in aviation, aluminium, energy and laboratories as these all have good long term growth characteristics.
- Acquire complementary businesses that meet financial and commercial criteria.
- Maintain an appropriately funded balance sheet and generate sufficient cash to sustain a progressive dividend policy.

Operating review

Microfiltration

Revenue at the Microfiltration division, based in the UK and Europe, grew 19% to £17.5m (2008: £14.7m). Taking out acquisition impacts however, like-for-like revenues fell 13%. The principal cause of this fall was the timing of certain larger projects which shipped in the first half of 2008 and are scheduled to ship in the second half of 2009. Some US and general industrial demand also weakened in the period. Aviation revenue was ahead of the prior year. These adjustments to sales mix caused a reduction in reported margins. Operating profit was £2.1m (2008: £2.4m) before charging £0.2m of exceptional restructuring charges.

The Microfiltration division's order book is currently £2.0m higher than the prior year and is supported by account wins and new project work. Some aviation and general industrial order schedules are now slipping but energy filtration demand remains strong, notably in gasification and nuclear remediation. We are pleased to have won several substantial new contracts in the nuclear market which will be delivered in the second half of the year.

Current trading at Seal Analytical ('Seal'), the water analysis business acquired in 2008, is encouraging with a strong sales performance in Asia. Seal's UK production facilities and offices have been closed and operations transferred to other existing Microfiltration sites. Operating efficiencies have been improved in Germany and the US and the acquisition integration process is now largely complete.

Metals Filtration

As outlined in the Overview above, trading conditions for Metals Filtration in the US have been tough. Revenue fell to \$14.1m (2008: \$21.8m), its lowest level for 15 years, hit by reductions in North American automotive and global aluminium production.

In terms of profitability it was the speed of the decline in revenue that did the damage. The division had planned for a slower 2009 and was in line with expectations to the end of January. However, the rate of daily sales fell precipitously in February to levels that required a complete recalibration of business activity. Employee numbers were cut by 40%. Remaining staff responsibilities were realigned. Salaries have been temporarily reduced, as have certain pension arrangements. As a consequence, Metals Filtration incurred an operating loss of \$1.6m (2008: profit of \$0.7m) before exceptional restructuring charges of \$0.6m. Since April, daily sales rates have been relatively stable and have improved a little recently.

Despite the volatility, progress with new products has been excellent:

- Conversions to our new proprietary aluminium filter – the first innovation in this market for 25 years – have been made steadily throughout the period. 40% of our customer base is now converted. The new filter offers superior performance and materials handling characteristics and

is being offered at a premium price. In recognition of its superior performance it has been awarded the American Ceramics Society's environmental product of the year for 2009.

- Sales of the Nickel-Cobalt filter have continued to increase and the production is now fully converted to the new filter.
- Progress has been made on the advanced battery component. The production line was commissioned in the early part of the year and the first full production runs have been delivered to the customer. Scale up of production is expected in the final quarter of the financial year.
- A new foundry filtration product is at the early commercial production stage with most customers taking samples for trial. Commercial sales are expected to start in the second half of the year.

Metals Filtration's lower cost base and new products make it well placed to turnaround once there is a modest improvement in automotive and aluminium production.

Earnings per share and dividends

The loss per share for the period was 1.0p (2008: earnings of 3.2p). Earnings per share before exceptional items were 0.1p and the exceptional restructuring charges incurred a loss per share of 1.1p.

In the Board's opinion, the Group has shown a good measure of resilience in managing through the challenges of the last six months and will continue to do so in the months ahead. As a consequence the Board is again declaring an interim dividend of 1.0p (2008: 1.0p) in keeping with the Group's dividend policy.

Cash flow

Cash generated from operations was £2.0m (2008: £1.1m), the lower profitability in the period being offset by a reduction in working capital of £1.1m (2008: outflow of £1.7m).

Net interest paid was £0.5m (2008: £0.2m) reflecting the impact of the additional borrowings taken on to finance the acquisition of Seal Analytical in the second half of 2008 and the higher cost of US dollar borrowings as a result of the weakness of Sterling. £0.2m (2008: £0.2m) was paid in tax in line with the prior year.

£1.0m (2008: £1.5m) was invested in capital expenditure on tangible and intangible fixed assets, £0.7m (2008: £1.4m) relates to plant and equipment and £0.3m (2008: £0.1m) relates to intangible assets, mainly development costs capitalised on the new product developments in Metals Filtration.

Finally, borrowings reduced by £0.3m as a result of retranslating dollar denominated borrowings at \$1.61:£1 compared with a rate of \$1.53:£1 at 30 November 2008, giving closing net borrowings of £16.0m (30 November 2008: £16.7m).

Banking arrangements

Renegotiation of the Group's banking facilities with Barclays has been satisfactorily completed. The revised banking arrangements will provide the flexibility to support the Group's future development. In summary, the revised arrangements include:

- Reconfirmation of all of the existing facilities available until July 2011;
- Amendment of the Group's covenant arrangements; and
- Revised margins on the facilities of between 2.75% and 3.25% above LIBOR but no additional fees.

Outlook

Looking ahead we see opportunities for Porvair. Although trading conditions in Metals Filtration have been difficult, it appears that demand has stabilised, albeit at levels well below those seen for more than a

decade. Moreover there has been an acceleration in the uptake of new products in Metals Filtration. These are better filters sold at higher margins and will improve both our competitive position and financial performance. With a lower cost base this division is positioned to improve in the remainder of 2009.

Microfiltration is proving its resilience. It too has areas of weaker demand and recessionary pressure, but these are offset by a good order book for energy and industrial process projects. Seal Analytical is trading well.

On balance the Board believes that with its spread of markets served, new product introductions and revised US cost base, Porvair will prosper when conditions improve.

Related parties

There were no related party transactions in the six months ended 31 May 2009.

Principal risks

Each division considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are reviewed by the Board and updated at least annually. The principal risks and uncertainties for the remaining six months of the financial year are discussed below. Further details of the Group's risk profile analysis can be found in the Annual Report for the year ended 30 November 2008.

The aerospace market has traditionally been a very steady business as the product cycles are very long and the Group offers a broad range of products, which are used both for new build and routine maintenance. The Group has visibility on order schedules at least six months in advance but orders are only firm six weeks ahead. A further downturn in the aerospace market could result in the revenue for the year being lower than the amount anticipated by the current order schedules.

The Group has developed a component for an advanced lead acid battery; it has installed capacity and begun production under a multi-year contract with its customer. The Group expects production to increase in the final quarter of the year. There remains a risk that the customer may not be able to scale up its production or achieve sales of the battery in line with its own forecasts, which could have an adverse impact on its near term requirements from the Group.

Forward looking statements

Certain statements in this Interim Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

**Consolidated balance sheet
As at 31 May**

	Note	As at 31 May		As at
		2009	2008	30 November
		Unaudited £'000	Unaudited £'000	Audited £'000
Non-current assets				
Property, plant and equipment	5	9,458	8,023	9,870
Goodwill and other intangible assets	5	38,063	28,212	38,604
Deferred tax asset		1,203	630	751
Other receivable		1,357	1,185	1,261
		50,081	38,050	50,486
Current assets				
Inventories		9,202	7,798	9,970
Trade and other receivables		9,572	8,807	11,078
Derivative financial instruments		395	-	-
Cash and cash equivalents		2,509	599	2,501
		21,678	17,204	23,549
Current liabilities				
Trade and other payables		(9,340)	(6,794)	(9,201)
Current tax liabilities		(466)	(670)	(372)
Bank overdraft and loans		(582)	(600)	(582)
Finance lease liabilities		(126)	-	(164)
Derivative financial instruments		(126)	(9)	(283)
		(10,640)	(8,073)	(10,602)
Net current assets		11,038	9,131	12,947
Non-current liabilities				
Bank loans		(17,693)	(9,723)	(18,316)
Finance lease liabilities		(124)	-	(169)
Retirement benefit obligations		(3,653)	(1,568)	(3,704)
Provisions for other liabilities and charges	6	(62)	(57)	(60)
Other non-current liabilities		-	(79)	-
		(21,532)	(11,427)	(22,249)
Net assets		39,587	35,754	41,184
Capital and reserves				
Share capital	7	841	814	841
Share premium account	7	34,024	32,765	34,024
Cumulative translation reserve	8	708	(3,343)	1,295
Retained earnings	8	4,014	5,518	5,024
Total equity		39,587	35,754	41,184

The interim financial statements on pages 6 to 14 were approved by the Board of Directors on 19 June 2009 and were signed on its behalf by:

Ben Stocks
Group Chief Executive

Christopher Tyler
Group Finance Director

The accompanying notes are an integral part of these interim financial statements.

**Consolidated cash flow statement
For the six months ended 31 May**

	Note	Six months ended 31 May	
		2009 Unaudited £'000	2008 Unaudited £'000
Cash flows from operating activities			
Cash generated from operations	9	2,023	1,107
Interest received		-	105
Interest paid		(514)	(331)
Tax paid		(169)	(152)
Net cash generated from operating activities		1,340	729
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		-	(796)
Purchase of property, plant and equipment	5	(649)	(1,357)
Purchase of intangible assets	5	(313)	(157)
Proceeds from sale of property, plant and equipment		2	5
Net cash (used in) investing activities		(960)	(2,305)
Cash flows from financing activities			
(Repayment) of borrowings		(244)	(250)
Dividends paid to shareholders	4	-	(488)
Capital element of finance leases		(83)	(9)
Net cash (used in) financing activities		(327)	(747)
Net increase/(decrease) in cash and cash equivalents	10	53	(2,323)
Effects of exchange rate changes		(45)	29
Cash and cash equivalents at the beginning of the period		8	(2,294)
Cash and cash equivalents at the end of the period		2,501	2,893
		2,509	599

The accompanying notes are an integral part of these interim financial statements.

Notes to the accounts

1. Segmental analyses

Primary reporting format – business segments

As at 31 May 2009, the Group is organised on a worldwide basis into two main business segments:

- 1) Metals Filtration
- 2) Microfiltration

Six months ended 31 May 2009 - Unaudited	Metals Filtration	Microfiltration	Other unallocated	Group
	£'000	£'000	£'000	£'000
Revenue	<u>9,486</u>	<u>17,509</u>	<u>-</u>	<u>26,995</u>
Operating (loss)/profit before exceptional items	(1,102)	2,130	(505)	523
Exceptional items	<u>(433)</u>	<u>(204)</u>	<u>-</u>	<u>(637)</u>
Operating (loss)/profit	(1,535)	1,926	(505)	(114)
Finance costs	<u>-</u>	<u>-</u>	<u>(485)</u>	<u>(485)</u>
(Loss)/profit before income tax	(1,535)	1,926	(990)	(599)
Income tax credit	<u>-</u>	<u>-</u>	<u>190</u>	<u>190</u>
(Loss)/profit for the period	<u>(1,535)</u>	<u>1,926</u>	<u>(800)</u>	<u>(409)</u>
Six months ended 31 May 2008 - Unaudited	Metals Filtration	Microfiltration	Other unallocated	Group
	£'000	£'000	£'000	£'000
Revenue	<u>10,903</u>	<u>14,700</u>	<u>-</u>	<u>25,603</u>
Operating profit/(loss)	327	2,437	(614)	2,150
Finance costs	<u>-</u>	<u>-</u>	<u>(224)</u>	<u>(224)</u>
Profit/(loss) before income tax	327	2,437	(838)	1,926
Income tax expense	<u>-</u>	<u>-</u>	<u>(611)</u>	<u>(611)</u>
Profit/(loss) for the period	<u>327</u>	<u>2,437</u>	<u>(1,449)</u>	<u>1,315</u>

The Other unallocated segment mainly comprises Group corporate costs not directly allocated, some research and development costs not directly allocated, new business development costs and general financial services.

Segment assets and liabilities

At 31 May 2009 - Unaudited

	Metals Filtration £'000	Microfiltration £'000	Other unallocated £'000	Group £'000
Segmental assets	33,019	33,489	1,385	67,893
Long term receivable	-	-	1,357	1,357
Cash and cash equivalents	-	-	2,509	2,509
Total assets	33,019	33,489	5,251	71,759
Segmental liabilities	(2,543)	(5,936)	(1,757)	(10,236)
Retirement obligations	-	-	(3,661)	(3,661)
Borrowings	-	-	(18,275)	(18,275)
Total liabilities	(2,543)	(5,936)	(23,693)	(32,172)

At 31 May 2008 - Unaudited

	Metals Filtration £'000	Microfiltration £'000	Other unallocated £'000	Group £'000
Segmental assets	22,561	30,564	345	53,470
Long term receivable	-	-	1,185	1,185
Cash and cash equivalents	-	-	599	599
Total assets	22,561	30,564	2,129	55,254
Segmental liabilities	(2,572)	(4,015)	(1,022)	(7,609)
Retirement obligations	-	-	(1,568)	(1,568)
Borrowings	-	-	(10,323)	(10,323)
Total liabilities	(2,572)	(4,015)	(12,913)	(19,500)

At 30 November 2008 - Audited

	Metals Filtration £'000	Microfiltration £'000	Other unallocated £'000	Group £'000
Segmental assets	29,737	39,781	755	70,273
Long term receivable	-	-	1,261	1,261
Cash and cash equivalents	-	-	2,501	2,501
Total assets	29,737	39,781	4,517	74,035
Segmental liabilities	(3,248)	(5,812)	(1,189)	(10,249)
Retirement obligations	-	-	(3,704)	(3,704)
Borrowings	-	-	(18,898)	(18,898)
Total liabilities	(3,248)	(5,812)	(23,791)	(32,851)

Secondary reporting format – geographical segments

Revenue

	Six months ended 31 May			
	2009		2008	
	By destination Unaudited £'000	By origin Unaudited £'000	By destination Unaudited £'000	By origin Unaudited £'000
United Kingdom	7,266	13,073	7,349	14,204
Continental Europe	3,810	2,800	3,699	-
Americas	12,488	11,073	12,766	11,399
Asia	2,935	49	1,220	-
Australasia	227	-	301	-
Africa	269	-	268	-
Continuing operations	26,995	26,995	25,603	25,603

2. Exceptional items

Exceptional items of £0.6m (2008: £nil) relate to restructuring and redundancy costs incurred in reorganising the Group's operations. £0.4m was incurred in Metals Filtration and £0.2m was incurred in Microfiltration.

3. Earnings/(loss) per share

	Six months ended 31 May					
	2009 Unaudited			2008 Unaudited		
	Earnings £'000	Weighted average number of shares	Per share amount Pence	Earnings £'000	Weighted average number of shares	Per share amount Pence
Earnings per share before exceptional items attributable to ordinary shareholders	26	42,073,640	0.1	1,315	40,698,476	3.2p
Deduct: Exceptional items	(435)	42,073,640	(1.1)	-	-	-
Basic EPS – (Losses)/earnings attributable to ordinary shareholders	(409)	42,073,640	(1.0)	1,315	40,698,476	3.2p
Effect of dilutive securities – share options	-	-	-	-	25,984	-
Diluted EPS	(409)	42,073,640	(1.0)	1,315	40,724,460	3.2p

4. Dividends per share

	Six months ended 31 May			
	2009 Unaudited		2008 Unaudited	
	Per share	£'000	Per share	£'000
Final dividend paid	-	-	1.20p	488
Final dividend approved	1.25p	526	-	-

The Directors have declared an interim dividend of 1.0p per share (2008: 1.0p) to be paid on 11 September 2009 to shareholders on the register at the close of business on 7 August 2009. The ex-dividend date for the shares is 5 August 2009.

5. Capital expenditure

Six months ended 31 May 2009 - Unaudited

	Property, plant and equipment	Goodwill and other intangible assets	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Opening net book amount at 1 December 2008	9,870	38,604	48,474
Additions	649	313	962
Disposals	(3)	-	(3)
Depreciation, amortisation and other movements	(1,058)	(854)	(1,912)
Closing net book amount at 31 May 2009	<u>9,458</u>	<u>38,063</u>	<u>47,521</u>

Six months ended 31 May 2008 - Unaudited

	Property, plant and equipment	Goodwill and other intangible assets	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Opening net book amount at 1 December 2007	6,722	27,138	33,860
Additions	1,357	157	1,514
Acquisitions	444	594	1,038
Disposals	(7)	-	(7)
Depreciation, amortisation and other movements	(493)	323	(170)
Closing net book amount at 31 May 2008	<u>8,023</u>	<u>28,212</u>	<u>36,235</u>

6. Provisions for other liabilities and charges

	Six months ended 31 May	
	2009	2008
	Unaudited	Unaudited
	£'000	£'000
At 1 December	60	133
Charged to consolidated income statement:		
- Unwinding of discount	2	2
- Used during period	-	(78)
At 31 May	<u>62</u>	<u>57</u>

The £78,000 utilised in the six month period ended 31 May 2008, related to a building sublet in 2006 and surrendered in January 2008. The provision at 31 May 2009 relates to a discounted dilapidations provision for leased property which is expected to reverse in 2027.

7. Share capital and premium

	Number of shares (thousands)	Ordinary shares Unaudited £'000	Share premium account Unaudited £'000	Total Unaudited £'000
At 1 December 2007	40,699	814	32,765	33,579
At 31 May 2008	40,699	814	32,765	33,579
At 1 December 2008	42,074	841	34,024	34,865
At 31 May 2009	42,074	841	34,024	34,865

Shares were issued in the second half of 2008 as part of the consideration for the acquisition of Seal.

8. Other reserves

	Cumulative translation reserve Unaudited £'000	Retained earnings Unaudited £'000
At 1 December 2007	(3,824)	4,665
Profit for the period attributable to shareholders	-	1,315
Direct to equity:		
Dividends paid	-	(488)
Share based payments net of tax	-	26
Exchange differences	481	-
At 31 May 2008	(3,343)	5,518
At 1 December 2008	1,295	5,024
Loss for the period attributable to shareholders	-	(409)
Direct to equity:		
Dividends approved	-	(526)
Share based payments net of tax	-	51
Interest rate swap hedge	-	(126)
Exchange differences	(587)	-
At 31 May 2009	708	4,014

9. Cash generated from operations

	Six months ended 31 May	
	2009 Unaudited £'000	2008 Unaudited £'000
Operating (loss)/profit	(114)	2,150
Pension cash movement	(39)	(182)
Share based payments	51	75
Depreciation and amortisation	1,002	772
Loss on disposal of property, plant and equipment	1	2
Operating cash flows before movement in working capital	901	2,817
Decrease/(increase) in inventories	666	(751)
Decrease/(increase) in trade and other receivables	1,097	(390)
(Decrease) in payables	(641)	(491)
(Decrease) in provisions	-	(78)
Decrease/(increase) in working capital	1,122	(1,710)
Cash generated from operations	2,023	1,107

10. Reconciliation of net cash flow to movement in net debt

	Six months ended 31 May	
	2009	2008
	Unaudited	Unaudited
	£'000	£'000
Net increase/(decrease) in cash and cash equivalents	53	(2,323)
Effects of exchange rate changes	334	(380)
Decrease/(increase) in borrowings	244	(50)
Decrease/(increase) in finance leases	83	(138)
Net debt at the beginning of the period	(16,730)	(6,971)
Net debt at the end of the period	(16,016)	(9,862)

11. Exchange rates

Exchange rates for the US dollar during the period were:

	Average rate to 31 May 09 Unaudited	Average rate to 31 May 08 Unaudited	Closing rate at 31 May 09 Unaudited	Closing rate at 30 Nov 08 Audited
US dollar	1.48	2.00	1.61	1.53

12. Seasonality

The results for the six months ended 31 May 2009 are impacted by a lower number of working days in the first six months of the year than in the second half of the year. The number of working days is 7% lower in the first six months of the year compared to the second half of the year.

13. Basis of preparation

Porvair is a public limited company registered in the UK and listed on the London Stock Exchange.

This unaudited condensed half-yearly financial information for the six months ended 31 May 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 November 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 November 2008, as described in those financial statements. Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no new standards, amendments to standards or interpretations that are mandatory for the first time for the year ending 30 November 2009, which have a significant impact on the Group.

These interim financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain current assets, financial assets and financial liabilities held for trading and derivative contracts, which are held at fair value.

The preparation of interim financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

These interim financial statements and the comparative figures do not constitute full accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 November 2008, which include an unqualified audit report, no emphasis of matter paragraph and no statements under sections 237(2) or (3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

This report will be available at Porvair plc's registered office at 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN and on the Company's website www.porvair.com.

Statement of directors' responsibilities

The directors confirm that this condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the year and any material changes in the related party transactions described in the last annual report.

The directors of Porvair plc are listed in the Porvair plc Annual Report for 30 November 2008. There have been no changes in directors in the period. A list of current directors is maintained on the Porvair plc website www.porvair.com.

By order of the board

Ben Stocks
Group Chief Executive

Christopher Tyler
Group Finance Director

19 June 2009

Independent review report to Porvair plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2009, which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 13, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
19 June 2009

Notes:

The maintenance and integrity of the Porvair plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.