



For immediate release

29 June 2010

Porvair plc
Interim results for the six months ended 31 May 2010

Porvair plc (“Porvair”), the specialist filtration and environmental technology group, today announces its interim results for the six months ended 31 May 2010.

Key features

- Porvair has delivered a strong performance in the period:
 - Revenues up 10% to £29.7m (2009: £27.0m).
 - Profit before tax increased to £1.3m (2009: loss of £0.6m).
 - Cash generated from operations £1.9m (2009: £2.0m).
 - 23% (2009: 13%) of sales revenues attributable to next generation products.
 - Interim dividend maintained at 1.0p (2009: 1.0p) per share.
- The Metals Filtration division has rebounded strongly from a difficult 2009:
 - Revenues in underlying currency up 24%.
 - Improved margins from growing next generation product sales.
 - Lower overheads following the completion of the 2009 restructuring.
- The Microfiltration division continues to trade well:
 - Revenues increased by 5%.
 - Strong contributions from businesses acquired in 2007 and 2008: Seal Analytical, Toolturn and OmniFilter (now re-named PFG Inc.).
 - Order books for the second half are generally healthy:
 - Enquiry levels for nuclear and industrial process filtration are good.
 - A large gasification order has been received for dispatch towards the end of the financial year.
 - In recent weeks aviation filtration schedules have started to increase.
- Management’s expectations for the full year results have been upgraded.

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

“The Board sees plenty of opportunity throughout Porvair. The Metals Filtration division has now launched patented products in each of its key markets and has a satellite plant in China from which to develop Asian sales and manufacturing. In the Microfiltration division the Porvair Filtration business is generating exciting growth through its US operation; while Seal Analytical is achieving growth from geographic expansion, new product introductions and reviving connections with its installed base.

“These are all initiatives on which the Group has been working for some years and the Board is pleased to be seeing them come to fruition and show through in results. Next generation product revenues now represent 23% of total sales.

“Current levels of demand are steady and providing this continues the Group expects to maintain its strategic progress in the second half of the year. Profitability expectations for the full year results have been revised upwards accordingly.”

For further information please contact:

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 started 2010 well and is looking forward to the balance of the year. In the six months to 31 May 2010:

- Sales revenues grew by 10% to £29.7m (2009: £27.0m);
- Profit before tax rebounded to £1.3m (2009: loss of £0.6m);
- Cash generated from operations was £1.9m (2009: £2.0m).

It is now clear that the industrial conditions of early 2009 were by far the worst the Group has ever faced. Demand in almost all markets fell, in the worst cases by over 50%. The challenge was to adjust to these conditions without sacrificing strategic progress. Porvair met that challenge:

- Sales attributable to next generation products, the cornerstone of our plans for organic growth since 2004/5, were 23% of sales revenues in the period (2009: 13%);
- Geographic expansion in key areas has contributed both to sales growth in the period and the current healthy order book;
- Businesses acquired in 2007 and 2008 have performed well and in all three cases are ahead of management's expectations set at the time of acquisition.

Opportunities on which the Group has been working for some years are generating sales growth and improving margins. Management's expectations for the full year performance for the Group have been increased as a result.

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 ('Seal'). 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 principally in the UK, US, Germany and China. Its 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 laboratory supplies. These are all attractive markets with good long term growth characteristics.
- Invest consistently in new products. In this statement these products are referred to as "new (or next) generation products".
- Acquire complementary businesses that meet Group financial and commercial criteria.
- Maintain an appropriately funded balance sheet and generate sufficient cash to sustain a progressive dividend policy.

Operating review

Metals Filtration

Twelve months ago we reported revenues in Metals Filtration down 35% to a 15 year low. Demand since the third quarter of 2009 has been improving steadily. Revenues in the six months to 31 May 2010 are 24% ahead of the prior year in US dollars, but remain 20% below the revenues of the equivalent period in 2008:

	Six months to 31 May			
	2008	2009	2010	2010
	\$'m	\$'m	\$'m	£'m
Sales	21.8	14.1	17.5	11.3
Operating profit/(loss) (before exceptional items in 2009)	0.7	(1.6)	0.4	0.3

Operating profit has improved significantly since 2009. Following its restructuring last year, the division has a much lower cost base. Its next generation products have better margins. For the time being Metals Filtration continues to generate modest losses in its satellite operation in China. However this operation made its first operating profit in April 2010, only eight months after it opened and losses are expected to diminish over the balance of the year. The prospects for this operation are promising.

Progress with next generation products has been good. Almost all existing customers have now switched to the new, patented aluminium filter, Selee CSX™. A multi-year supply contract was signed in April with Alcoa Inc, under which we will supply in excess of 90% of their global cast house filtration needs. The new iron foundry filter received patent approval in the period and customer approvals are increasing monthly. The patented super-alloy filter continues to sell well. The Board has begun a detailed review of options to focus the division around these three proprietary products. This may mean discontinuing certain other lines of business or making further investments in the Chinese facility to transfer some production there.

Microfiltration

Revenue from the Microfiltration division grew 5% to £18.4m (2009: £17.5m) driven by strength in the energy, industrial and laboratory supply markets. Aviation sales were down 19% however, leaving operating profits flat at £2.1m (2009: £2.1m before exceptional items of £0.2m). In recent weeks aviation schedules have started to increase again. We expect to see some recovery in this market in the second half of the year. Sales in the nuclear and gasification markets have been good and orders for the remainder of the year are satisfactory. A large gasification order has been received for dispatch towards the end of the financial year. Enquiry levels for nuclear and industrial process filtration are good. We have had a bright start to the year in the Microfiltration division's US industrial filtration subsidiary, supported by a programme of skills transfer and modest capital investment. Sales from this unit have already surpassed those achieved in the whole of 2009.

Sales at Seal, the water analysis business acquired in 2008, grew 10% in the period. A new discrete water analyser was introduced to the market early in the year and first orders have been received. A sales office has been opened in Shanghai to support our Asian distributors. Seal's German operations will move to new premises in the second half where we expect to be able to improve production and laboratory layouts and so generate manufacturing efficiencies. Seal's US operation, after a quiet 2009, has seen an increase in sales and enquiry levels in 2010. It is also making good progress in reconnecting the business with its extensive installed base of former customers, to whom it will be able to supply consumable parts and service, which is one of the key strategic initiatives set for Seal under Porvair's ownership.

Earnings per share and dividends

The basic and diluted earnings per share for the period were 2.1p (2009: loss per share of 1.0p). The Board is again declaring an interim dividend of 1.0p (2009: 1.0p) per share. The Group has a progressive

dividend policy. In recent years the interim dividend has remained unchanged, with dividend increments declared at the time of the full year results in January in line with that policy.

Cash flow and net debt

Cash generated from operations in the six months to 31 May 2010 was £1.9m (2009: £2.0m). Net interest paid was £0.3m (2009: £0.5m), tax paid was £0.3m (2009: £0.2m) and capital expenditure was £0.6m (2009: £1.0m) leaving a net surplus of £0.6m (2009: £0.4m). Closing net debt at 31 May 2010 was £14.3m (31 May 2009: £16.0m; 30 November 2009: £13.9m).

The Group generally has a stronger cash flow in the second half of the year. Over the twelve month period to 31 May 2010 the Group generated cash of £3.6m (2009: £4.1m spent including the acquisition of Seal) after paying tax, interest and capital expenditure and paid £1.0m (2009: £0.4m) in dividends. The net £2.6m generated (2009: £4.5m spent) was used to repay debt and was partly offset by translating borrowings at the period end exchange rates which increased reported net debt by £0.9m (2009: £1.7m).

Banking

The Group has renewed its banking arrangements to provide facilities until December 2013 on terms that are broadly equivalent to the existing terms. The facilities comprise a US\$15 million revolving credit facility, a £5 million amortising loan, a €1.6 million short term loan and a £2.5 million overdraft facility.

Current trading and outlook

The outlook for Porvair is much improved. Metals Filtration has returned to profitability at levels of demand still well below those seen in 2007 and 2008. Provided that current levels of demand are maintained, net margins in the division will continue to improve as revenues from next generation products grow and the modest losses in the Chinese satellite plant diminish. Microfiltration has been a resilient performer over the last two years and continues to trade well. The Board has noted encouraging signs of improvement in Microfiltration's aviation schedules in recent weeks. Order books for energy and industrial filtration are satisfactory.

The Board sees plenty of opportunity throughout Porvair. The Metals Filtration division has now launched patented products in each of its key markets and has a satellite plant in China from which to develop Asian sales and manufacturing. In the Microfiltration division the Porvair Filtration business is generating exciting growth through its US operation; while Seal Analytical is achieving growth from geographic expansion, new product introductions and reviving connections with its installed base.

These are all initiatives on which the Group has been working for some years and the Board is pleased to be seeing them come to fruition and show through in results. Next generation product revenues now represent 23% of total sales.

Current levels of demand are steady and providing this continues the Group expects to maintain its strategic progress in the second half of the year. Profitability expectations for the full year results have been revised upwards accordingly.

Related parties

There were no related party transactions in the six months ended 31 May 2010.

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 2009.

As was shown in 2009, the Group's order position, although healthy at 31 May 2010, can change quickly in the face of changing economic circumstances. The principal markets served by the Group are: aluminium filtration and US automotive manufacturing in the Metals Filtration division; and aviation,

energy, water analysis and general industrial in the Microfiltration division, all of which are subject to fluctuations which could have a material affect on the Group's results for the balance of 2010.

The Microfiltration division serves several customers whose orders are quite large in relation to Porvair's overall order book. Should any of these be cancelled, delayed, brought forward or increased it may effect the Group's results for the balance of the year.

Forward looking statements

Certain statements in this Half yearly financial 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 income statement
For the six months ended 31 May**

		Six months ended 31 May			
		2010	2009		
		Unaudited	Unaudited		
			Before exceptional items	Exceptional items	Total
		£'000	£'000	£'000	£'000
Continuing operations					
Revenue	1	29,661	26,995	-	26,995
Cost of sales		(19,917)	(18,991)	-	(18,991)
Gross profit		9,744	8,004	-	8,004
Other operating expenses		(8,021)	(7,481)	(637)	(8,118)
Operating profit/(loss)	1	1,723	523	(637)	(114)
Interest payable and similar charges		(577)	(546)	-	(546)
Interest receivable		134	61	-	61
Profit/(loss) before income tax		1,280	38	(637)	(599)
Income tax (expense)/credit		(412)	(12)	202	190
Profit/(loss) for the period attributable to shareholders		868	26	(435)	(409)
Earnings/(loss) per share (basic)	3	2.1p	0.1p	(1.1)p	(1.0)p
Earnings/(loss) per share (diluted)	3	2.1p	0.1p	(1.1)p	(1.0)p

**Consolidated statement of comprehensive income
For the six months ended 31 May**

		Six months ended 31 May	
		2010	2009
		Unaudited	Unaudited
		£'000	£'000
Profit/(loss) for the period		868	(409)
Other comprehensive income			
Exchange differences on translation of foreign subsidiaries		1,970	(587)
Changes in fair value of interest rate swaps held as a cash flow hedge		31	(126)
Net other comprehensive income / (expense)		2,001	(713)
Total comprehensive income / (expense) for the period attributable to shareholders of Porvair plc		2,869	(1,122)

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

**Consolidated balance sheet
As at 31 May**

	Note	As at 31 May		As at
		2010 Unaudited £'000	2009 Unaudited £'000	30 November 2009 Audited £'000
Non-current assets				
Property, plant and equipment	5	9,255	9,458	8,872
Goodwill and other intangible assets	5	39,500	38,063	37,634
Deferred tax asset		2,768	1,203	2,664
Other receivable		-	1,357	1,431
		51,523	50,081	50,601
Current assets				
Inventories		9,277	9,202	8,335
Trade and other receivables		11,820	9,572	8,865
Derivative financial instruments		-	395	100
Cash and cash equivalents		2,795	2,509	3,384
		23,892	21,678	20,684
Current liabilities				
Trade and other payables		(9,496)	(9,340)	(7,945)
Current tax liabilities		(845)	(466)	(735)
Bank overdraft and loans		(1,964)	(582)	(582)
Finance lease liabilities		(92)	(126)	(142)
Derivative financial instruments		(555)	(126)	(245)
		(12,952)	(10,640)	(9,649)
Net current assets		10,940	11,038	11,035
Non-current liabilities				
Bank loans		(14,999)	(17,693)	(16,530)
Finance lease liabilities		(18)	(124)	(40)
Retirement benefit obligations		(8,552)	(3,653)	(8,606)
Provisions for other liabilities and charges	6	(68)	(62)	(65)
		(23,637)	(21,532)	(25,241)
Net assets		38,826	39,587	36,395
Capital and reserves				
Share capital	7	841	841	841
Share premium account	7	34,024	34,024	34,024
Cumulative translation reserve	8	2,393	708	423
Retained earnings	8	1,568	4,014	1,107
Total equity		38,826	39,587	36,395

The interim financial statements on pages 6 to 15 were approved by the Board of Directors on 28 June 2010 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	
		2010 Unaudited £'000	2009 Unaudited £'000
Cash flows from operating activities			
Cash generated from operations	9	1,908	2,023
Interest received		155	-
Interest paid		(485)	(514)
Tax paid		(333)	(169)
Net cash generated from operating activities		1,245	1,340
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(567)	(649)
Purchase of intangible assets	5	(39)	(313)
Proceeds from sale of property, plant and equipment		-	2
Net cash (used in) investing activities		(606)	(960)
Cash flows from financing activities			
(Repayment) of borrowings		(1,284)	(244)
Capital element of finance leases		(72)	(83)
Net cash (used in) financing activities		(1,356)	(327)
Net (decrease)/increase in cash and cash equivalents	10	(717)	53
Effects of exchange rate changes		128	(45)
		(589)	8
Cash and cash equivalents at the beginning of the period		3,384	2,501
Cash and cash equivalents at the end of the period		2,795	2,509

**Consolidated statement of changes in equity
For the six months ended 31 May**

	Share capital Unaudited £'000	Share premium account Unaudited £'000	Cumulative translation reserve Unaudited £'000	Retained earnings Unaudited £'000	Total Unaudited £'000
Balance at 1 December 2008	841	34,024	1,295	5,024	41,184
Total comprehensive expense for the period	-	-	(587)	(535)	(1,122)
Employee share option schemes:					
Value of employee services	-	-	-	51	51
Dividends approved or paid	-	-	-	(526)	(526)
Balance at 31 May 2009	841	34,024	708	4,014	39,587
Balance at 1 December 2009	841	34,024	423	1,107	36,395
Total comprehensive income for the period	-	-	1,970	899	2,869
Employee share option schemes:					
Value of employee services	-	-	-	88	88
Dividends approved or paid	-	-	-	(526)	(526)
Balance at 31 May 2010	841	34,024	2,393	1,568	38,826

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

Notes to the accounts

1. Segmental analyses

The chief operating decision maker has been identified as the Board of Directors. The Board of Directors review the Group's internal reporting in order to assess performance and allocate resources. Management have determined the operating segments based on this reporting.

As at 31 May 2010, the Group is organised on a worldwide basis into two operating segments:

- 1) Metals Filtration
- 2) Microfiltration

Six months ended 31 May 2010 - Unaudited	Metals Filtration	Microfiltration	Other unallocated	Group
	£'000	£'000	£'000	£'000
Revenue	<u>11,307</u>	<u>18,354</u>	<u>-</u>	<u>29,661</u>
Operating profit/(loss)	276	2,080	(633)	1,723
Finance costs	-	-	(443)	(443)
Profit/(loss) before income tax	276	2,080	(1,076)	1,280
Income tax expense	-	-	(412)	(412)
Profit/(loss) for the period	<u>276</u>	<u>2,080</u>	<u>(1,488)</u>	<u>868</u>
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	(433)	(204)	-	(637)
Operating (loss)/profit	(1,535)	1,926	(505)	(114)
Finance costs	-	-	(485)	(485)
(Loss)/profit before income tax	(1,535)	1,926	(990)	(599)
Income tax credit	-	-	190	190
(Loss)/profit for the period	<u>(1,535)</u>	<u>1,926</u>	<u>(800)</u>	<u>(409)</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, tax, and general financial costs.

Segment assets and liabilities

At 31 May 2010 - Unaudited

	Metals Filtration	Microfiltration	Other unallocated	Group
	£'000	£'000	£'000	£'000
Segmental assets	29,424	39,101	4,095	72,620
Cash and cash equivalents	-	-	2,795	2,795
Total assets	29,424	39,101	6,890	75,415
Segmental liabilities	(3,015)	(6,017)	(1,932)	(10,964)
Retirement obligations	-	-	(8,552)	(8,552)
Borrowings	-	(110)	(16,963)	(17,073)
Total liabilities	(3,015)	(6,127)	(27,447)	(36,589)

At 31 May 2009 - Unaudited

	Metals Filtration	Microfiltration	Other unallocated	Group
	£'000	£'000	£'000	£'000
Segmental assets	26,439	40,069	1,385	67,893
Long term receivable	-	-	1,357	1,357
Cash and cash equivalents	-	-	2,509	2,509
Total assets	26,439	40,069	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 30 November 2009 - Audited

	Metals Filtration	Microfiltration	Other Unallocated	Group
	£'000	£'000	£'000	£'000
Segmental assets	25,153	38,646	2,671	66,470
Long term receivable	-	-	1,431	1,431
Cash and cash equivalents	-	-	3,384	3,384
Total assets	25,153	38,646	7,486	71,285
Segmental liabilities	(2,194)	(5,101)	(1,695)	(8,990)
Retirement obligations	-	-	(8,606)	(8,606)
Borrowings	-	(182)	(17,112)	(17,294)
Total liabilities	(2,194)	(5,283)	(27,413)	(34,890)

**Geographical segments
Revenue**

	Six months ended 31 May			
	2010		2009	
	Unaudited		Unaudited	
	By destination	By origin	By destination	By origin
	£'000	£'000	£'000	£'000
United Kingdom	5,693	13,372	7,266	13,073
Continental Europe	4,252	3,419	3,810	2,800
Americas	15,041	12,851	12,488	11,073
Asia	3,989	19	2,935	49
Australasia	285	-	227	-
Africa	401	-	269	-
Continuing operations	29,661	29,661	26,995	26,995

2. Exceptional items

Exceptional items of £637,000 in 2009 related to restructuring and redundancy costs incurred in reorganising the Group's operations, of which £433,000 was incurred in Metals Filtration and £204,000 was incurred in Microfiltration.

3. Earnings/(loss) per share

	Six months ended 31 May					
	2010			2009		
	Unaudited			Unaudited		
	Earnings	Weighted average number of shares	Per share amount	Earnings	Weighted average number of shares	Per share amount
£'000		Pence	£'000		Pence	
Earnings per share before exceptional items attributable to ordinary shareholders	868	42,073,640	2.1	26	42,073,640	0.1
Deduct: Exceptional items	-	-	-	(435)	42,073,640	(1.1)
Basic EPS –						
Earnings/(losses) attributable to ordinary shareholders	868	42,073,640	2.1	(409)	42,073,640	(1.0)
Effect of dilutive securities – share options	-	656	-	-	-	-
Diluted EPS	868	42,074,296	2.1	(409)	42,073,640	(1.0)

4. Dividends per share

	Six months ended 31 May			
	2010		2009	
	Per share	Unaudited £'000	Per share	Unaudited £'000
Final dividend approved	1.25p	526	1.25p	526

The Directors have declared an interim dividend of 1.0p (2009: 1.0p) per share to be paid on 10 September 2010 to shareholders on the register at the close of business on 6 August 2010. The ex-dividend date for the shares is 4 August 2010.

5. Fixed assets

Six months ended 31 May 2010 - Unaudited

	Property, plant and equipment	Goodwill and other intangible assets	Total
	£'000	£'000	£'000
Opening net book amount at 1 December 2009	8,872	37,634	46,506
Additions	567	39	606
Disposals	(1)	-	(1)
Depreciation, amortisation and other movements	(183)	1,827	1,644
Closing net book amount at 31 May 2010	9,255	39,500	48,755

Six months ended 31 May 2009 - Unaudited

	Property, plant and equipment	Goodwill and other intangible assets	Total
	£'000	£'000	£'000
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	9,458	38,063	47,521

6. Provisions for other liabilities and charges

	Six months ended 31 May	
	2010	2009
	Unaudited	Unaudited
	£'000	£'000
At 1 December	65	60
Charged to consolidated income statement:		
- Unwinding of discount	3	2
At 31 May	68	62

The provision at 31 May 2009 and 2010 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	Share premium account Unaudited	Total Unaudited
		£'000	£'000	£'000
At 31 May 2010 and 2009	42,074	841	34,024	34,865

8. Other reserves

	Cumulative translation reserve Unaudited	Retained earnings Unaudited
	£'000	£'000
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
At 1 December 2009	423	1,107
Profit for the period attributable to shareholders	-	868
Direct to equity:		
Dividends approved	-	(526)
Share based payments net of tax	-	88
Interest rate swap hedge	-	31
Exchange differences	1,970	-
At 31 May 2010	2,393	1,568

9. Cash generated from operations

	Six months ended 31 May	
	2010	2009
	Unaudited	Unaudited
	£'000	£'000
Operating profit/(loss)	1,723	(114)
Pension cash movement	(51)	(39)
Share based payments	66	51
Depreciation and amortisation	1,017	1,002
(Profit)/loss on disposal of property, plant and equipment	(1)	1
Operating cash flows before movement in working capital	2,754	901
(Increase)/decrease in inventories	(663)	666
(Increase)/decrease in trade and other receivables	(1,150)	1,097
Increase/(decrease) in payables	967	(641)
(Increase)/decrease in working capital	(846)	1,122
Cash generated from operations	1,908	2,023

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

	Six months ended 31 May	
	2010 Unaudited £'000	2009 Unaudited £'000
Net (decrease)/increase in cash and cash equivalents	(717)	53
Effects of exchange rate changes	(1,007)	334
Decrease in borrowings	1,284	244
Decrease in finance leases	72	83
Net debt at the beginning of the period	(13,910)	(16,730)
Net debt at the end of the period	(14,278)	(16,016)

11. Exchange rates

Exchange rates for the US dollar during the period were:

	Average rate to 31 May 10 Unaudited	Average rate to 31 May 09 Unaudited	Closing rate at 31 May 10 Unaudited	Closing rate at 30 Nov 09 Audited
US dollar	1.55	1.48	1.45	1.64

12. Seasonality

The results for the six months ended 31 May 2010 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 plc is a public limited company registered in the UK and listed on the London Stock Exchange.

This unaudited condensed half-yearly consolidated financial information for the six months ended 31 May 2010 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed half-yearly consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 November 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 November 2009, 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.

The following new standards and amendments to standards are mandatory for the first time for the financial year ending 30 November 2010:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed half-yearly consolidated financial information has been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. See note 1 for further details.

This condensed half-yearly consolidated financial information has 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.

13. Basis of preparation – continued

The preparation of condensed half-yearly consolidated financial information 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 condensed half-yearly consolidated financial information 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.

This condensed half-yearly consolidated financial information and the comparative figures does not constitute full accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 November 2009, which include an unqualified audit report, no emphasis of matter paragraph and no statements under sections 498(2) or (3) of the Companies Act 2006, 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 half-yearly consolidated financial information 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 half-yearly consolidated financial information 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 2009. 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

28 June 2010

Independent review report to Porvair plc

Introduction

We have been engaged by the company to review the condensed half-yearly consolidated financial information in the half-yearly financial report for the six months ended 31 May 2010, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet information as at 31 May 2010, the consolidated cash flow statement, the consolidated statement of changes in equity 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 half-yearly consolidated financial information.

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 half-yearly consolidated financial information 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 half-yearly consolidated financial information 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 half-yearly consolidated financial information in the half-yearly financial report for the six months ended 31 May 2010 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
28 June 2010
Cambridge

Notes:

- (a) 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 condensed half-yearly consolidated financial information since it was initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.