



Interim Statement 2007



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In my first statement as your Chairman, I am pleased to announce that these half year results reflect a period of significant progress for Alba, as we continue to re-position the Group to ensure a sustained recovery in profitability.

In the Board's three year plan, 2007-10, it is anticipated that, as we systematically exit unprofitable business channels and build our specialist electronic divisions, revenues will fall but margins and profits will rise.

The first six months of the current financial year have seen some progress, a trend that we expect to continue as we move forward with our plans. Revenues in the period were £112.1m (2006 : £137.4m) with reduced underlying group losses, from continuing business operations, of £9.6m (2006 : £14.0m).

The Group's new UK strategy is designed to provide a more focused brand positioning with retailers, by seeking to move away from Entry Price Point (EPP) to the higher level premium position, where Grundig is already well established. In this regard, we are pleased that Goodmans has already successfully negotiated new contracts with a number of major high street retailers.

We continue to review our strategic options regarding our JV investment in Grundig. In the meantime, I am pleased to report an

improved performance from this operation in the current period.

As a result of the withdrawal from unprofitable product lines, a shortage of small size LCD screens and an improvement in operational efficiency, inventory levels have fallen sharply to £41.0m (2006 : £96.0m), with a consequent improvement in working capital levels.

The Group's management continues to evaluate a variety of alternatives to best realise value from EPP brands. Negotiations regarding a disposal of the Roadstar business, to the management team for a nominal sum, are well advanced.

The sale of the Leisure Division to Rutland Partners was completed in August. Following the disposal, the Group's net debt position at 30 September, had fallen to £24.1m (2006 : £78.2m) at what is a seasonal peak for demands on the Group's working capital. As previously announced, the Group is actively considering ways to realise additional value from a number of surplus property assets.

The Group's Medical Equipment Devices business continues to develop favourably.

No dividend has been declared at this time but, as stated at the time of our announcement of the results for the year

ended 31 March 2007, this position will be kept under review

Whilst we have made a good start to implementing our plans, we are very aware of the considerable challenges that lie ahead. The management team continues to focus on maximising our brand positioning, optimising our logistical and operational performance, and realising value from surplus assets.

Results for the second half of the current financial year are expected to show a material improvement on last year's performance.

BRIDGET BLOW
Chairman
29 November 2007

Consolidated Income Statement

	Notes	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
Revenue	3	112.1	137.4	297.4
Operating Loss	3	(7.1)	(5.7)	(35.3)
Finance costs	4	0.2	(0.3)	(0.2)
Total Operating loss		(6.9)	(6.0)	(35.5)
Share of results of joint venture		(2.7)	(8.0)	(16.0)
Loss before tax		(9.6)	(14.0)	(51.5)
Tax	5	(0.1)	4.0	9.4
Loss for the period from continuing operations		(9.7)	(10.0)	(42.1)
Profit for the period from discontinuing operations	6	20.5	1.2	4.3
Profit/(Loss) for the period		10.8	(8.8)	(37.8)
Attributable to:				
Equity holders of the parent		10.8	(8.8)	(37.8)
Earnings per share (in pence)	7			
Basic				
- continuing operations		(19.1)p	(19.8)p	(83.2)p
- discontinuing operations		40.4p	2.4p	8.5p
- total		21.3p	(17.4)p	(74.7)p
Diluted				
- continuing operations		(18.9)p	(19.8)p	(83.2)p
- discontinuing operations		40.0p	2.4p	8.5p
- total		21.1p	(17.4)p	(74.7)p

Consolidated Statement of Recognised Income and Expense

Net income recognised directly in equity	0.5	1.2	2.6
Profit/(Loss) for the period	10.8	(8.8)	(37.8)
Total recognised income / (expense) for the period (all attributable to shareholders)	11.3	(7.6)	(35.2)

Group Balance Sheet

	Notes	30 September 2007 (unaudited) £'millions	30 September 2006 (unaudited) £'millions	31 March 2007 (audited) £'millions
Non-current assets				
Goodwill		–	1.2	–
Property, plant & equipment		26.2	17.6	27.2
Investment in joint venture		9.3	20.0	12.0
Total non-current assets		35.5	38.8	39.2
Current assets				
Inventories		41.0	96.0	43.2
Trade receivables and other receivables		49.4	91.6	47.1
Tax recoverable		0.7	4.6	2.3
Cash		0.7	2.4	0.5
Total current assets		91.8	194.6	93.1
Non-current assets classified as held for resale	9	3.7	–	32.9
Total assets		131.0	233.4	165.2
Current liabilities				
Bank borrowings and overdrafts		24.2	74.5	52.9
Trade and other payables		25.0	50.4	31.6
Financial liabilities - derivative financial instruments		–	0.7	2.8
Income tax		0.8	4.9	1.4
Provisions		3.7	6.2	4.4
Total current liabilities		53.7	136.7	93.1
Non-current liabilities				
Bank borrowings and overdrafts		–	6.1	–
Deferred tax		1.0	1.3	1.0
Total non-current liabilities		1.0	7.4	1.0
Liabilities directly associated with non-current assets classified as held for resale	9	4.6	–	9.6
Total liabilities		59.3	144.1	103.7
Total net assets		71.7	89.3	61.5
Equity attributable to equity holders of the parent				
Share capital		5.1	5.1	5.1
Share premium		18.6	18.6	18.6
Investment in own shares		(2.3)	(2.4)	(2.3)
Translation reserve		(10.3)	(1.0)	(6.6)
Hedging reserve		3.3	0.3	(0.9)
Revaluation reserve		8.5	–	8.5
Other reserves		1.7	1.9	1.7
Retained earnings		47.1	66.8	37.4
Total equity	10	71.7	89.3	61.5

Group Cash Flow Statement

	Notes	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
Cashflow from operating activities				
Cash generated from operations	11	(14.7)	(6.3)	24.0
Tax received		1.0	1.1	0.7
Net cash from operating activities		(13.7)	(5.2)	24.7
Cashflows from investing activities				
Interest received		0.7	0.5	1.4
Purchase of property, plant and equipment		(0.1)	(0.1)	(1.1)
Sale of discontinued activity (net)		43.5	-	-
Net cashflow from investing activities		44.1	0.4	0.3
Financing activities				
Finance costs paid		(0.6)	(0.9)	(1.9)
Dividends paid		(1.1)	(1.1)	(5.6)
Repayment of bank loans		-	(5.5)	(24.7)
Movement in bank import advances (net)		(20.1)	8.1	1.9
Net cashflow from financing activities		(21.8)	0.6	(30.3)
Net increase/(decrease) in cash and cash equivalents		8.6	(4.2)	(5.3)
Net foreign exchange differences		(0.4)	(0.1)	1.4
Cash and cash equivalents at beginning of period		(12.2)	(8.3)	(8.3)
Cash and cash equivalents at end of period		(4.0)	(12.6)	(12.2)

1. Basis of preparation

The interim statement for the six months ended 30 September 2007 does not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985 and has not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies.

The interim statement has been prepared using accounting policies consistent with International Financial Reporting Standards, as adopted by the European Union ('IFRS'). The interim statement has been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments (including derivative instruments), which are stated at fair value.

The financial information in respect of the year ended 31 March 2007 has been produced using extracts from the statutory accounts prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ('IFRS') and in accordance with the Companies Act. The statutory accounts for this year have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Sections 237 (2) or (3) of the Companies Act 1985.

The interim statement was approved by the directors on 28 November 2007.

2. Accounting policies

The Group has adopted the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2007 in preparation of this interim statement. All of these policies have been applied consistently throughout the period.

Basis of consolidation

The interim statement consolidates the financial information of Alba plc, its subsidiary undertakings and incorporates the results of its joint venture. The financial information of subsidiaries is prepared for the same reporting period as the parent company using consistent accounting.

(i) Subsidiaries

Subsidiaries are entities over which the Group has control, being the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold in the year are consolidated from the effective date of acquisition or to the effective date of disposal, as appropriate. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values

of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is credited to the income statement in the period of acquisition.

(ii) Joint venture entities

Joint venture entities are those entities over which the Group exercises joint control through a contractual arrangement. The results, assets and liabilities of joint venture entities are incorporated in the financial statements using the equity method of accounting. Investments in joint venture entities are initially carried in the balance sheet at cost and adjusted by post acquisition changes in the Group's share of net assets of the entity, less any impairment in the value of individual investments. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the joint venture entity is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the joint venture entity at the date of acquisition is credited

to the income statement in the period of acquisition.

Disposal groups held for sale

On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to disposal. Profit or loss associated with these assets is classified as "Profit / (Loss) for the period on discontinuing operations". Impairment losses on initial classification as held for sale are also included in this classification, as are any gains and losses on subsequent re-measurement

3. Segment information

a) Primary reporting format -geographical segments.

As a result of the disposal of the Leisure Division, the Group now only operates within Consumer Electronics. Therefore, for management purposes, the Group is now organised into the following management and reporting divisions: UK, Mainland Europe, the Far East and Australasia. These divisions are the basis on which the Group reports its primary segment information as set out on the following page:

Continuing operations:

	Revenue			Group operating profit		
	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
UK	90.2	110.8	248.7	(9.2)	(8.0)	(39.9)
Far East	24.7	35.8	66.5	1.8	2.4	4.2
Australasia	3.0	0.6	4.1	0.3	(0.1)	0.4
	117.9	147.2	319.3	(7.1)	(5.7)	(35.3)
Less inter company turnover	(5.8)	(9.8)	(21.9)			
	112.1	137.4	297.4			

Discontinuing operations:

	Revenue			Group operating profit		
	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
UK	34.4	61.1	129.2	(0.7)	3.2	10.6
Mainland Europe	5.6	14.4	27.0	(0.5)	(0.9)	(2.8)
	40.0	75.5	156.2	(1.2)	2.3	7.8

Discontinuing operations consist of the Leisure Division ("UK") and Roadstar ("Mainland Europe")

	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
4. Finance costs			
Finance costs comprise:			
Interest on bank loans and overdrafts repayable within 5 years	0.5	0.8	1.6
Less: Bank interest receivable	–	–	(0.4)
Interest from joint venture	(0.7)	(0.5)	(1.0)
	(0.2)	0.3	0.2

5. Tax

The taxation charge is based on the estimated effective tax rate for the year as a whole of 1% (2006 : 25%).

6. Profit/(loss) for the period from discontinuing activities

Profit/(loss) for the period from discontinuing activities comprise:

Profit/(loss) from operations:

Leisure Division	(0.7)	2.2	7.4
Roadstar	(0.6)	(1.0)	(3.1)
	(1.3)	1.2	4.3
Gain on disposal of Leisure Division	21.8	–	–
	20.5	1.2	4.3

a) Profit/(loss) from operations:

Leisure Division:

Revenue	34.4	61.1	129.2
Operating Profit/(loss)	(0.7)	3.2	10.6
Tax	–	(1.0)	(3.2)
(Loss)/profit for the period	(0.7)	2.2	7.4

Roadstar:

Revenue	5.6	14.4	27.0
Operating loss	(0.5)	(0.9)	(2.8)
Finance costs	(0.1)	(0.1)	(0.3)
Loss before and after tax	(0.6)	(1.0)	(3.1)

b) Gain on disposal of Leisure Division

	30 September 2007 (unaudited) £'millions
Net assets disposed of	26.0
Attributable goodwill	1.2
	27.2
Profit on disposal	21.8
Total consideration net of costs etc	49.0
Satisfied and to be satisfied by cash, and net cash inflow arising on disposal	49.0

7. Earnings per share

Basic earnings per share are based upon earnings of £10.8 million (2006 : £(8.8) million) and 50,682,142 (2006 : 50,600,547) Ordinary Shares being the average number of Ordinary Shares in issue during the six months ended 30 September 2007 excluding the shares held by The Alba plc ESOP Trust. Basic earnings per share on continuing activities are based upon earnings of £(9.7) million (2006 : £(10.0) million) and on discontinuing activities upon earnings of £20.5 million (2006 : £1.2 million).

Diluted earnings per share are based upon earnings of £10.8 million (2005 : £(8.8) million) and 51,255,379 (2006:51,255,626) Ordinary Shares allowing for the exercise of outstanding share purchase options exercisable at a price below the average fair value during the period and the shares held by The Alba plc ESOP Trust. Diluted earnings per share on continuing activities are based upon earnings of £(9.7) million (2006 : £(10.0) million) and on discontinuing activities upon earnings of £20.5 million (2006 : £1.2 million). Potential Ordinary shares have been excluded from the computation of diluted EPS where these shares would be anti-dilutive.

	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
8. Dividends			
Dividend paid/approved per share in the period 2.25p (2006/7: interim 2.25p, full year 11.0p)	1.1	5.6	5.6

The amount paid during the six months ended 30 September 2007 is in respect of the interim dividend for the year ended 31 March 2007. The amount paid and/or approved during the six months ended 30 September 2006 is in respect of the interim and final dividend for the year ended 31 March 2006. The amount paid and/or approved during the year ended 31 March 2007 is in respect of the interim and final dividend for the year ended 31 March 2006.

9. Non - current assets classified as held for resale

Non-current assets classified as held for resale relate to the Group's Roadstar division. These assets may be analysed as follows as at 30 September 2007:

	£'millions
Current assets	
Inventories	0.9
Trade receivables and other receivables	2.2
Cash	0.6
Total current assets	3.7
Non-current assets classified as held for resale	3.7
Current liabilities	
Bank borrowings and overdrafts	1.2
Trade and other payables	3.2
Provisions	0.2
Total current liabilities	4.6
Liabilities directly associated with non-current assets classified as held for resale	4.6
Total net assets	(0.9)

	Six months ended 30 September 2007 (unaudited) £'millions	Six months ended 30 September 2006 (unaudited) £'millions	Year ended 31 March 2007 (audited) £'millions
10. Reconciliation of movement in consolidated equity			
Total recognised income/(expense) for the period	11.3	(7.6)	(35.2)
Dividends on equity shares	(1.1)	(5.6)	(5.6)
Share based payments	–	0.3	0.1
Net decrease in equity	10.2	(12.9)	(40.7)
Opening equity	61.5	102.2	102.2
Closing equity	71.7	89.3	61.5

11. Note to the consolidated cash flow statement

Cashflow from operating activities:

Operating loss	(7.1)	(5.7)	(35.3)
Adjustment for:			
Depreciation of property, plant & equipment	0.7	0.7	1.5
Operating(loss)/ profit from discontinuing operations	(1.2)	2.3	7.8
IFRS 2 share option charge	–	0.3	0.1
(Increase)/decrease in receivables	(5.0)	(5.7)	14.6
Decrease/(Increase) in inventories	1.0	(3.0)	37.2
(Decrease)/increase in payables	(3.1)	4.8	(1.9)
Cashflow from operating activities	(14.7)	(6.3)	24.0

Net Debt

Cash and cash equivalents	(4.0)	(12.6)	(12.2)
Bank loans	–	(19.2)	–
Bank import advances	(20.1)	(46.4)	(40.2)
	(24.1)	(78.2)	(52.4)

Cash and cash equivalents comprise cash at bank and bank overdrafts all with a maturity of three months or less.

