

29 September 2009



DouglasBay Capital plc
("DouglasBay", "the Group" or "the Company")

Interim results for the six months to 30 June 2009

DouglasBay Capital (AIM: DBAY), the active value investment company announces half year results for the six months to 30 June 2009.

Summary

- Resilient performance by TDG, DouglasBay's first major investment, despite difficult market conditions:
 - Underlying operating profit in line with last year's strong results, before property lease and DouglasBay management charges, an outturn ahead of most far larger competitors. This represents an impressive achievement against a decline in TDG turnover of 12% with the industrial chemicals sector hardest hit.
 - Total operating costs reduced by an estimated £20.0m on an annualised basis.
 - Important new business secured and Hungarian operations commenced.
- DouglasBay underlying operating profit of £7.2m. Underlying operational cash generation of £5.9m.
- Deleveraging continuing – net debt reduced by 16% to a period end figure of £108.5m. Additional property disposal post period end of £16.4m.
- Formation of DouglasBay Property Company with in-house real estate development expertise to accelerate the active management of the Group's property portfolio.
- New corporate identity and change of name from LIT Plc.

David Panter, Chairman, said, " We have had three priorities during the year to date: first, to implement our plans to refocus and streamline TDG; second to deleverage the Group using value released from the sale of TDG properties; and third, to put in place the infrastructure at DouglasBay to enable us to make further investments in companies in our chosen sectors.

"The second half is historically the stronger period for TDG and I look forward to reporting full year results demonstrating further cash generation, a continuing reduction in net debt and progress on our plans to acquire additional investments."

Alex Paiusco, Chief Executive Officer said, "Our investment in TDG is going to plan, in spite of the weak economic backdrop, and we are well positioned to enjoy the fruits of our work once market conditions recover. The more active management of TDG's property portfolio is a key element of our value creation strategy and we expect the recent establishment of a dedicated DouglasBay Property Group to enable even faster progress to be achieved"

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Chairman's Statement

We have had three priorities during the year to date: first, to implement our plans to refocus and streamline TDG; second to deleverage the Group using value released from the sale of TDG properties; and third, to put in place the infrastructure at DouglasBay to enable us to make further investments.

Our progress at TDG is set out in detail in the Review of Operations by DouglasBay's Chief Executive, Alex Pausco, below. Our focus on deleveraging, and therefore creating value for shareholders, is demonstrated by the 16%, or £21.1m, reduction in net borrowing in the period. Finally we have established a central team to drive forward our growth strategy, bringing together the wide range of skills we believe necessary to acquire, revitalise and manage active value investment opportunities.

Results

Revenues for the six months to 30 June 2009 were £327.8m. Because DouglasBay was only established at the end of 2008, there are no comparative figures available. However, set against TDG's reported first half 2008 revenues of £371.0m, this outturn represents a decline of some 12%, a creditable achievement in one of the most hostile trading environments in many years. By far the largest proportion of the decline resulted from TDG's bulk chemicals business which was most affected by the downturn in industrial production.

Underlying operating profit, before rationalisation costs of £4.2m and other exceptional operating costs of £0.9m, was £7.2m. This translated into a loss before tax of £1.8m, after net finance costs of £3.9m. The exceptional rationalisation costs resulted from the restructuring programme at TDG. Cash generation was much improved, with free cash flow before additional pensions contributions of £2.6m, compared to an outflow in the first half of last year at TDG of £4.9m. In addition, cash generation was supplemented by £17.9m of property disposals.

TDG owns a substantial portfolio of real estate assets in the UK and mainland Europe. In order to extract maximum value from these assets the Group has established DouglasBay Property Group. This company will manage the Group's properties going forward, selectively developing and then selling or renting out those assets.

At this stage in the Group's development, the Board is not declaring a dividend for the period.

Prospects

The Board considers that the executive management team at DouglasBay, and the team at TDG, have successfully progressed our strategy to generate and release value from our first major acquisition. The release of value will allow the Group to continue to deleverage, therefore creating value for shareholders. The completion of the restructuring of TDG will see the focus move subsequently to organic growth, a process that has already begun. The cost savings put in place will result in a higher proportion of revenues falling straight to the bottom line.

The successful delivery of the first phase of our plans for TDG, together with the recently established central management team at DouglasBay, will enable the Group to pursue more actively the investment opportunities that undoubtedly exist in the current environment. Additional investments will not only provide the potential for the team to use its collective skills to unlock value for shareholders but will also create a Group that is diversified by sector as well as geography.

The second half is historically the stronger for TDG and I look forward to reporting full year results demonstrating further cash generation, a continuing reduction in net debt and progress on our plans to pursue additional investments. On behalf of the Board I would like to thank the management and staff at Group level but especially at TDG for their hard work in designing and successfully executing the changes necessary to revitalise the business.

David Panter

Non-executive Chairman
28 September 2009

Review of Operations

DouglasBay

Since its creation in October 2008, the DouglasBay team has worked hard and constructively and I am pleased to update shareholders on the considerable progress made at TDG, our first major investment, together with work on projects in other non-logistics sectors.

The present economic climate continues to generate attractive investment opportunities and DouglasBay is assessing a number of prospects on this front.

Progress with TDG

I am pleased to report an encouraging set of results for TDG in the first six months of the year compared with a strong first half in 2008 and against a trading environment that has been extremely challenging, particularly in the chemicals sector where the decline of industrial activity in the UK and Spain has been especially severe.

Underlying operating profits of £7.6m (2008: £9.2m) on revenue of £327.8m (2008: £371.0m) compare very favourably with our global and pan-European logistics competitors. Before planned property lease costs and DouglasBay management charges totalling £1.6m, first half operating performance was £9.2m, thus in line with the strong comparable period last year. The former TDG Contract Logistics division performed well despite the challenging market conditions, fully offsetting the impact of the downturn suffered in the Chemicals business. This was an impressive achievement that further reinforces our confidence in the growth prospects of TDG.

The first half has seen the implementation of several changes across the company, all intended to more rapidly realise the profit growth and cash generation potential that underpinned our rationale for acquiring the business in October last year.

We have successfully restructured from two divisions into one and re-organised by product and service offering. The London office has been closed and the finance function transferred to a consolidated head office organisation in Manchester. Just as importantly, a new entrepreneurial culture is now firmly embedded company-wide, focused on cash generation, return on investment and rigorous control of costs. It is a great credit to the TDG management team, led by Mike Branigan, that this ambitious change agenda has been successfully delivered without any disruption to customer service.

In addition to cost management, we place a major emphasis on business development and I am pleased to report that we have secured significant new business in the first half, including two major blue chip awards in the UK, and shortly after the period end two further sizeable awards, the benefits of which should be seen in the second half and next year. In addition we have generated an encouraging pipeline of new opportunities.

We have invested in the establishment of a sales and marketing capability in Hungary, as well as securing access to a world class warehousing facility on a flexible variable cost basis, thereby establishing an important foothold in the fast developing Central and Eastern European market. Our intention is to continue to strengthen our strong marketing efforts, better utilising our competitive cost base and skills, in order to gain new business in both traditional and new markets. We remain excited and fully committed to the company and the logistics sector, which we believe has strong fundamentals driven by the growth of global trade and the ongoing trend towards outsourcing.

As planned, during the first half we started to selectively dispose of ownership in land and buildings, starting with the Dutch warehouse facility at Veenendaal, sold for £17.9m, thus generating cash to de-leverage the Group. Together with our strong emphasis on better asset utilisation, improved return on investment and cash generation, we have been able to reduce overall debt by £21.1m over the six month period. Additionally, since the half year we have secured a second property disposal, further reducing net debt by £16.4m. This more active management of TDG's property portfolio is a key element of our value creation strategy

and we expect the recent establishment of a dedicated DouglasBay Property Group to enable even faster progress to be achieved.

In short, our investment in TDG is going to plan, in spite of the weak economic backdrop, and we are well positioned to enjoy the fruits of our work once market conditions recover.

TLIT

In the aftermath of the global economic crisis, the Sri Lankan Rupee was left overvalued and consequently tea prices slumped. As a result, the price of some of our quoted investments on the Colombo Stock Exchange fell as at 30 June 2009 which we have reflected in these Interim Accounts. Although tea prices have subsequently risen due to poor crop yields in major tea producing countries, high inflation and new wage agreements have mitigated much of the benefit. We continue our efforts to realise these investments when market conditions permit.

Outlook

As a result of measures taken at TDG in the first six months to improve productivity and cost effectiveness, we look forward to a second half that should reflect the traditionally most active market period for the company, as well as benefits from additional profit improvement programmes already initiated.

On the property front, the establishment of DouglasBay Property Group, as well as signs of improved investor sentiment in the commercial property sector generally, should enable additional disposals and therefore further de-leveraging of the Group. In turn, this should enhance our ability to consider additional investment opportunities as we grow our portfolio of businesses.

Alex Pausco

Chief Executive Officer
28 September 2009

Financial Review

Introduction

This is the first six month report for DouglasBay. The previous report issued in June 2009 covered the short trading period from the acquisition of TDG in October 2008 up until 31 December 2008. In order to make meaningful comparisons the first half of 2009 is compared to the first half of TDG in 2008, although the company was not under DouglasBay ownership at that time.

DouglasBay

Operational cash generation at TDG was £7.5m and the sale and leaseback of the Dutch warehousing facility at Veenendaal generated a further cash inflow of £17.9m. When taking into account the impact of exceptional costs, DouglasBay's net debt reduced from £129.6m at 31 December 2008 to £108.5m at 30 June 2009. Over the same period net assets fell from £101.4m to £90.6m, due to a reduction in the asset value of the TDG defined benefit pension scheme (£6.8m), the decline in market value of quoted TLIT investments (£0.7m) and the impact of the strength of sterling on European assets held by TDG (£3.4m). Central management and administration costs were as planned and amounted to £0.7m for the half year.

Group financing

The Group's debt finance is provided by an asset backed facility from a syndicate led by Burdale Financial Limited, which matures in October 2013. At 31 December 2008 borrowings under the Burdale property facility totalled £97.7m (translated at year end exchange rates), since when £4.7m has been repaid in line with the facility agreement and a further £16.0m repaid following the sale of the Dutch warehousing facility at Veenendaal. The balance of borrowings outstanding at 30 June was £74.3m (at half year exchange rates). Further property sales are planned and one completion, for £16.4m, has already been achieved since the half year end.

The balance of the Burdale facility is for up to £80.0m secured against trade receivables and a further £4.0m against equipment, of which £2.0m had been repaid as at 30 June 2009.

A working capital facility of £10.0m is provided by funds managed by Laxey Partners of which £9.0m has been drawn down. An additional facility of up to £16.0m is available from funds managed by Laxey Partners if required.

Overall, the net debt of the Group has reduced from £129.6m to £108.5m over the six months to 30 June 2009, a 16% reduction.

TDG

The first six months of this year saw many changes, as set out in the Operational Review, as the business was restructured to achieve greater efficiencies and re-aligned in the face of very challenging economic and market conditions. The costs to effect these changes were £4.2m, which when combined with other non recurring costs of £0.9m, produced exceptional costs of £5.1m in total during the six month period. These have been classified as exceptional in arriving at the underlying operating profit of £7.6m for the six months to 30 June 2009. The savings are now starting to come through and although they had some beneficial impact on the first half there will not be a full impact until the second half and subsequent periods. It is projected that the measures taken to date will reduce total costs by some £20.0m on an annualised basis. This has been partially offset in 2009 by recessionary effects on revenue.

Revenue for the six months to 30 June was £327.8m, down 12% from £371.0m in the prior year. The recessionary effect was particularly significant in TDG's chemicals sector businesses since these more directly reflect industrial activity both in the UK and in Spain. Despite its cyclicity, this specialised sector remains a key focus for TDG given its market leading position and high barriers to entry.

Our major emphasis on cash generation, and a critical appraisal of capital expenditure plans, has had a significant effect on cash flow and this cultural change is now well embedded in the TDG business. Free cash flow increased to £0.8m in the first half of 2009, compared to an outflow of £7.4m in the comparable period in 2008.

TLIT

As stated in the Operational Review, the market value of our quoted investments reduced by £0.7m from 31 December 2008. The TLIT investments consist of £4.8m in quoted companies and £1.2m of shares in unquoted companies. Neither have been easy to liquidate due to market conditions but we are seeking to do so when circumstances permit.

Outlook

Traditionally TDG's operating activity is greater in the second half than in the first, and this anticipated increase in revenue together with a fuller effect of implemented cost reductions should have a significant impact on both revenue and operating profit. With a strong finance function and strengthening balance sheet, DouglasBay is well placed to consider further developments.

Geoff Bicknell

Chief Financial Officer
28 September 2009

Consolidated income statement

Six months ended 30 June 2009

	Notes	6 months to 30 June 2009 £'m
Continuing operations		
Revenue	4	327.8
Underlying operating profit		
7.2		
Amortisation of acquisition intangibles	6	(0.2)
Rationalisation costs	6	(4.2)
Impairment of trade receivables	6	(0.6)
Loss on sale of properties	6	(0.1)
Operating profit		
2.1		
Finance costs	7	(4.4)
Finance income	7	0.5
Loss before tax		
(1.8)		
Tax on loss on continuing operations		
Isle of Man tax	8	-
Overseas tax	8	(1.1)
		(1.1)
Loss for the period		
(2.9)		
Attributable to:		
Equity holders of the parent		(3.1)
Minority interest		0.2
(2.9)		

Consolidated balance sheet
30 June 2009

	Notes	30 June 2009 £'m
Assets		
Non-current assets		
Goodwill		27.2
Acquisition intangibles		35.6
Other intangible assets		7.4
Property, plant and equipment	10	177.1
Investments		6.2
		253.5
Current assets		
Stocks		2.6
Trade and other receivables		116.6
Current tax assets		0.2
Restricted cash balances	11	2.1
Deposits and guarantees	11	1.8
Cash	11	3.7
		127.0
Liabilities		
Current liabilities		
Trade and other payables		138.7
Current tax liabilities		4.2
Financial liabilities:		
Borrowings	11	16.1
Provisions		4.8
		163.8
Net current liabilities		(36.8)
Non-current liabilities		
Financial liabilities:		
Borrowings	11	100.0
Retirement benefit obligations		1.5
Deferred tax liabilities		16.5
Other non-current liabilities		0.6
Provisions		7.5
		126.1
Net assets		90.6
Equity		
Ordinary shares		66.9
Share premium		66.9
Hedging and translation reserves		(3.6)
Retained earnings		(40.0)
Capital and reserves		90.2
Minority interest		0.4
Total equity		90.6

Consolidated cash flow statement

Six months ended 30 June 2009

	Notes	6 months to 30 June 2009 £'m
Cash flows from operating activities		
Cash generated from operations	12	0.8
Interest paid		(4.8)
Tax paid		(2.6)
Net cash from operating activities		(6.6)
Cash flows from investing activities		
Interest received		0.5
Purchase of property, plant and equipment and intangibles		(3.1)
Proceeds from disposals of property, plant and equipment		21.9
Deferred consideration for the purchase of businesses		(1.3)
Acquisition of businesses		(0.3)
Net cash inflow from investing activities		17.7
Cash flows from financing activities		
Drawdown of secured borrowings		6.0
Increase in borrowings from majority shareholder		9.0
Repayment of secured borrowings		(37.8)
Repayment of term unsecured borrowings		(0.3)
Loan to majority shareholder		(2.0)
Dividends paid to minority interests		(0.2)
Net cash outflow from financing activities		(25.3)
Net decrease in cash and cash equivalents		(14.2)
Effect of exchange rate changes		(1.0)
Cash and cash equivalents brought forward		21.3
Cash and cash equivalents at end of period	13	6.1
Reconciliation of net debt		
Net decrease in cash and cash equivalents		(14.2)
Decrease in debt		32.1
Change in net debt from cash flows		17.9
Effect of exchange rate changes		3.2
Decrease in net debt during the period		21.1
Net debt brought forward		(129.6)
Net debt at end of period	11	(108.5)

Consolidated statement of recognised income and expense
Six months ended 30 June 2009

	6 months to 30 June 2009 £'m
Loss for the period	(2.9)
Net exchange adjustments offset in reserves net of tax	(3.9)
Actuarial losses on defined benefit pension schemes net of tax	(8.5)
Net losses recognised directly in equity	(12.4)
Non-owners changes in equity	
Deferred taxation on actuarial losses on defined benefit pension schemes	1.7
Unrealised depreciation of investment	(0.7)
Net gain recognised directly in equity	1.0
Total recognised income and expense for the period	(14.3)
Attributable to:	
Equity holders of the parent	(14.5)
Minority interests	0.2
	(14.3)

Notes

1. Basis of preparation

These unaudited interim consolidated financial statements do not constitute statutory accounts and have been prepared on a basis consistent with the Group's accounting policies as set out in the 2008 Annual Report and Accounts. This condensed consolidated interim financial information has not been externally reviewed or audited.

These interim consolidated financial statements have been prepared in accordance with AIM Listing Rules and in accordance with IAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial information should be read in conjunction with the statements for the period ended 31 December 2008.

These financial statements have been prepared on a going concern basis and the Directors consider that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Directors have prepared base case and sensitised cash flow projections for the period to September 2010 which are based on certain assumptions and show the Group is capable of operating within the existing financing arrangements whilst meeting the required covenant tests within the financing arrangements. The Group's debt finance is provided by an asset backed facility from a syndicate led by Burdale Financial Limited, maturing in October 2013; a £10.0m working capital facility provided from funds managed by Laxey Partners repayable in July 2010, £9.0m of which has been drawn to date; and an additional facility of up to £16.0m available from Laxey Partners funds if required.

The following new and amended standards became effective in the period which had an impact on these interim financial statements: IFRS 8 'Operating Segments' and IAS 1 'Presentation of Financial Statements'

These interim consolidated financial statements have been prepared under historical cost convention, except for the revaluation of land and buildings to fair value at the date of transition (which is treated as deemed cost under IFRS) and the measurement of certain balances at fair value.

The Directors consider the underlying profit and underlying earnings per share provide additional meaningful information on underlying performance to shareholders. The terms "underlying profit" and "exceptional item" are not defined terms under IFRS and may not be comparable with similarly titled profit measures reported by other companies. Underlying operating profit is not intended to be a substitute for, or superior to, GAAP measurements of profit. The term "underlying" refers to the relevant measure being reported excluding exceptional items, and amortisation of acquisition intangibles. Exceptional items are items which are both material and non recurring and are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide a better indication of the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include the restructuring of the businesses, the integration of new businesses, gains or losses on the disposal of businesses and asset impairments and corporate costs.

2. Comparatives

DouglasBay Capital plc (formerly LIT plc) was incorporated in May 2008 and commenced trading when its shares were admitted to AIM on 2nd October 2008. TDG Ltd and TLIT were acquired in October 2008, as a consequence no comparatives are presented for the half year to 30 June 2009

3. Currency translation

All amounts denominated in overseas currencies for the consolidated income statement have been translated into sterling at the appropriate average rates for the period. Period end rates have been used to translate all overseas amounts included in the consolidated balance sheet.

4. Segmental analysis

Primary segments – business activities				
6 months ended 30 June 2009	TDG £'m	TLIT £'m	Central management £'m	Total £'m
Revenue				
Gross sales	327.8	-	-	327.8
Inter-segment sales	-	-	-	-
Sales to external customers	327.8	-	-	327.8
Segment results				
Underlying operating profit	7.6	-	(0.4)	7.2
Amortisation of acquisition				
Intangibles	(0.2)	-	-	(0.2)
Loss on sale of properties	(0.1)	-	-	(0.1)
Impairment of trade receivables	(0.6)	-	-	(0.6)
Rationalisation costs	(4.2)	-	-	(4.2)
Operating profit	2.5	-	(0.4)	2.1
Finance costs - net				(3.9)
Loss before tax				(1.8)
Tax				(1.1)
Loss from continuing operations				(2.9)
Capital expenditure	3.8	-	-	3.8
Depreciation and amortisation	8.6	-	-	8.6
	TDG £'m	TLIT £'m	Central management £'m	Total £'m
Balance sheet as at 30 June 2009				
Assets:				
Segment assets	364.7	6.0	0.6	371.3
Cash and cash equivalents	7.4	0.2	-	7.6
Loan to associate company	0.4	-	1.0	1.4
Tax and deferred tax balances	-	-	0.2	0.2
Consolidated total assets	372.5	6.2	1.8	380.5
Liabilities:				
Segment liabilities	152.3	0.1	0.7	153.1
Financial liabilities	114.8	1.3	-	116.1
Tax and deferred tax balances	20.7	-	-	20.7
Consolidated total liabilities	287.8	1.4	0.7	289.9
Net assets	84.7	4.8	1.1	90.6

Secondary segments - geographical analysis

6 months to
30 June 2009
£'m

Revenue	
Sales to external customers	
United Kingdom	226.5
Spain	29.6
Ireland	28.5
The Netherlands	24.3
Belgium	14.6
Other Europe	4.3
	327.8

5. Consolidated net operating costs

6 months to
30 June 2009
£'m

Raw materials, consumables and other external charges	161.2
Staff costs:	
Wages and salaries	93.8
Social security costs	9.6
Other pension costs	3.1
Redundancy costs	4.4
	110.9
Other operating charges	43.4
Depreciation of property, plant and equipment:	
Owned assets	7.0
Amortisation of acquisition intangibles	0.2
Amortisation of other intangibles	1.4
Profit on sale of non-current assets	0.3
Loss on sale of property	0.1
Bad debt provision	0.6
Amortisation of government grants	(0.1)
Foreign exchange	0.7
	10.2
Total	325.7

6. Consolidated exceptional operating costs

6 months to
30 June 2009
£'m

Rationalisation costs	(4.2)
Amortisation of acquisition intangibles	(0.2)
Impairment of trade receivables	(0.6)
Loss on sale of properties	(0.1)
	(5.1)

7. Consolidated finance costs/(profit)

	6 months to 30 June 2009 £'m
Interest expense:	
Secured loans	3.3
Finance lease rental payments	0.1
Interest payable to immediate parent company	0.4
Other financial charges:	
Unwinding of discount on the liability for insurance claims	0.1
Other finance costs	0.5
	<hr/> 4.4
Interest receivable:	
Interest receivable	(0.3)
Foreign exchange	(0.2)
	<hr/> (0.5)
	<hr/> 3.9

8. Consolidated tax

Analysis of tax charge in the period	6 months to 30 June 2009 £'m
Current tax:	
Isle of Man income tax	-
Overseas tax	0.2
	<hr/> 0.2
Deferred tax :	
Isle of Man deferred tax	-
Overseas tax	0.9
	<hr/> 0.9
Tax charge on continuing activities	<hr/> 1.1
Analysed as:	
Tax on headline earnings	1.1
Tax credit on exceptional operating (profit)/cost	-
Tax charge on continuing and discontinued activities	<hr/> 1.1

9. Consolidated loss per share

The calculation of basic loss per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of £3.1m and a weighted average number of ordinary shares outstanding of 1,337,815,633 reflecting the period over which earnings per share has been calculated (1 January 2009 until 30 June 2009).

There was no dilution effect in the period ended 30 June 2009.

	6 months to 30 June 2009
Weighted average number of shares	<hr/> 1,337,815,633

Earnings per share	6 months to 30 June 2009 £m
Loss attributable to ordinary shareholders	(3.1)

Earnings per share	pence (0.23)
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Underlying earnings per share

An alternative earnings per share number is set out below, being before any amortisation of acquired intangibles, goodwill impairment and exceptionals plus related tax, since the Directors consider that this provides further information on the underlying performance of the Group.

	6 months to 30 June 2009 pence
Underlying earnings per share	0.43

	6 months to 30 June 2009 £m
Underlying earnings are determined as follows:	
Operating Profit	2.1
Amortisation of acquisition intangibles	0.2
Rationalisation costs	4.2
Impairment of trade receivables	0.6
Loss on sale of fixed assets	0.1
Underlying earnings	7.2

10. Consolidated property, plant and equipment

	6 months to 30 June 2009 £m
Land and buildings	137.9
Vehicles	7.2
Plant and equipment	32.0
	177.1

11. Consolidated net borrowings

	6 months to 30 June 2009 £m
Non current:	
Non redeemable preference shares	(0.3)
Secured bank loans	(98.3)
Property finance leases	(1.4)
	(100.0)
Current:	
Bank overdrafts	(1.5)
Secured bank loans	(8.4)
Additional short term loan facility	(6.0)
Property finance leases	(0.2)
	(16.1)
Borrowings	(116.1)
Deduct:	
Restricted cash balances	2.1
Deposits and guarantees	1.8
Cash	3.7
	7.6
Net debt	(108.5)

12. Reconciliation of operating profit from operations to net cash from operating activities

	6 months to 30 June 2009 £m
Operating profit	2.1
Adjustments for:	
Depreciation of property, plant and equipment	6.9
Impairment of assets	(0.9)
Amortisation of intangible assets	1.6
Gain on disposal of plant and equipment	0.3
Release of investment grants	(0.1)
Foreign exchange	0.6
	10.5
Changes in working capital	
Decrease in stocks	0.2
Increase in debtors	(0.2)
Decrease in creditors	(7.9)
	(7.9)
Increase in working capital	(7.9)
	2.6
Pension deficit funding	(1.8)
Cash generated from continuing activities before interest and tax	0.8

13. Analysis of cash and cash equivalents

	6 months to 30 June 2009 £m
Restricted cash balances	2.1
Deposits and guarantees	1.8
Cash	3.7
Cash and cash equivalents (balance sheet)	7.6
Bank overdrafts	(1.5)
Cash and cash equivalents (cash flow statement)	6.1

14. Consolidated capital commitments

	As at 30 June 2009 £m
Property, plant and equipment	0.7
Intangible assets	0.1
	0.8

15. Post balance sheet event

On 10 September 2009 the Group sold a property located in Motherwell, Scotland, for a net consideration of £16.4m. The transaction resulted in a profit on disposal of £3.3m.