



Alexandra®

clothes that mean business

Condensed Interim Report
For the six months ended 31 July 2009

Alexandra plc

is a multinational supplier of workplace clothing dedicated to being the leading service delivery Company in the working apparel and safety critical apparel markets.

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financial highlights

	Six months ended 31 July 2009	Six months ended 31 July 2008	Year ended 31 January 2009
Revenue (£m)	32.3	38.9	74.7
Gross margin* %	33.8	38.1	37.3
Operating profit* (£m)	0.7	3.0	6.1
(Loss) / profit before tax* (£m)	(0.1)	1.9	4.0
(Loss) / earnings per share* (p)	(28.6)	4.1	5.0
Dividend per share** (p)	-	1.5	1.5
Net debt (£m)	26.5	26.1	25.5

* pre exceptional items

**dividends declared in respect of the period

“Following the arrival of the new senior management the Company has embarked on a restructuring of its business to focus on service delivery and streamlining the balance sheet.”

Tim Gifford
Group Chief Executive

- Revenue down 17% in difficult trading conditions
- Gross margin of 33.8% in the period, down from last year (38.1%)
- New management team in place by half year
- £5m of new contract wins in the half
- Restructuring/reorganisation underway with the help of a major firm of consultants to improve efficiency and productivity
- Business being redirected to a focussed service offering so action being taken to reduce inventory levels - write downs of approximately £9m in the period
- The Company and its bankers are in constructive discussions regarding revised terms for the group's principal loans
- No interim dividend proposed

Overview

The Group has continued to feel the effects of the general economic malaise and in the six months to 31 July 2009, turnover was down approximately 17% compared to the same period last year, largely due to customers reducing and delaying orders. In a very competitive environment margins have also come under some pressure and the strength of the US dollar has further eroded gross profit. Despite these difficult circumstances the Group still achieved an operating profit of £0.7m for the period before exceptional items compared to £3m in the first half of last year which had the benefit of a major corporate roll-out.

The Board is confident that there will be an improvement in activity levels in the second half of the year which should go some way to replace the turnover shortfall. Over £5m of new contracts were won in the first half albeit that the full benefit of new contracts will not be felt until the 2010/11 financial year.

Customers have however delayed several roll-outs from the first half which could now add to second-half performance but there may also be further contract delays in the second half.

Following the arrival of the new senior management, the Company has embarked on a restructuring of its business to focus on service delivery and streamlining the balance sheet. External consultants continue to work with management to accelerate the reorganisation of a number of the Group's operations to better align them to the delivery of this focussed service offering.

This planned reorganisation will enable a substantial reduction in the level of inventory required. As a consequence, the results for the six months ended 31 July 2009 include a restructuring charge relating to a net inventory write-down of redundant stock of nearly £9m. Accelerated realisations from the sale of this inventory are expected to generate cash of between £1m and £1.5m, depending on negotiations yet to be concluded. This together with a further write down of nearly £1.4m, in respect of a change in the estimation of inventory values, has resulted in a one-off write down of inventories of approximately £10m.

As at 31 July 2009 net debt was £0.4m higher than at the same point last year and the Board expects net debt at the year end to be at a similar level to the previous year end. The current level of gearing following the stock write-downs has caused a breach of bank covenants which has led to a technical reclassification of bank borrowings into current liabilities pending agreement of revised terms for the Company's principal loans. After making full inquiries and considering the uncertainties that exist the Directors have a reasonable expectation that the Group will secure resources to allow the Group to continue with its programme of change.

Taking into account the current difficult economic conditions and the fact that the Company is undergoing a major restructuring, the Board regards the Company's performance, whilst disappointing to be acceptable in the circumstances. However the Board also believes that it needs to be prudent and conserve cash by not proposing an interim dividend.

Income Statement

Revenue for the six months was £32.3m (2008: £38.9m). Several major customers are delaying roll-outs or simply cutting back on their top-up orders. Several customers were also lost during the period but this can be set against the £5m of new contracts achieved.

Gross Margin for the first half of 33.8% was below last year (2008: 38.1%). The movement in the US\$ from \$1.95:£1 (2008) to \$1.55:£1 severely hit the cost of sales despite the best hedging plans that were in place. Also several suppliers increased their prices by up to 15% in the early part of the half before the results of the 4 point plan could come into effect. The increased costs of operating the Moroccan factory were worsened by the strengthening of the Euro.

Overhead costs before exceptional items fell by 14.4% to £10.2m (2008:£11.8m), mainly due to reducing headcount by 200 full time employees. Closure of the French office and Corporate Apparel in Ireland at the end of last year plus full integration of the Prima buying and merchandising/ product development operations also added to the savings.

Finance charges fell by £0.3m in the period to £0.88m due to lower interest rates netted off against an increase in the pension fund financing cost.

The loss before tax and exceptional items of £(0.1m) (2008: profit £1.86m) resulted from the combined effect of lower sales and margin reduced overheads and finance charges. The reduction in earnings per share to a loss of 28.6p (2008: 4.1p) was limited due to a tax credit.

Balance Sheet

Net borrowings increased to £26.5m (2008: £26.1m) due to the traditional seasonal profile caused by the payment of certain costs such as property rates in the first half together with payments in relation to the termination of the employment contracts of two Directors.

Following the inventory write downs referred to above the value of inventories was significantly lower at £29.1m (2008: £38.5m). Largely as a result of this, gearing increased to 143% (2008: 92.6%). The Board has received strong indications of interest from potential purchasers of the Group's surplus property at Bothwell Park in Scotland and it is expected that a sale of this property in the latter half of the 2010/11 financial year will contribute to a significant reduction in gearing levels in that year.

The current level of gearing has caused a breach of bank covenants which has led to a technical reclassification of bank borrowings into current liabilities pending agreement of revised terms for the Company's principal loans.

Good progress has been made during the period in reducing trade receivables and debtor weeks have fallen by around one week.

The defined benefit pension scheme gross deficit rose by 42% to £12.3m (2008: £8.7m) due to the combined effects of a further reduction in the value of the fund's assets caused by the general fall in equity prices and an increase in the present value of defined obligations as a result of the assumption about discount rates used in the actuarial calculations.

Dividend

The Board is not proposing an interim dividend (2008: 1.5p) as it believes current conditions dictate the need for prudent cash management.

Principal Risks and Uncertainties

The principal risks and uncertainties that could affect the Group have not changed from those set out on pages 6 and 7 of the 2009 Annual Report and Accounts, a copy of which can be obtained at www.alexandra.co.uk. The specific risks and uncertainties that the Board believes are most pertinent to the remainder of the financial year are discussed in more detail in the Market Overview and Outlook section below.

Operational overview

The new management intend to fundamentally change the way the Group manages its operations. There will be a change in focus from product to service. In order to make this transition a program of transformation has been designed and is now being implemented. The result will yield an organisation with a strong sales focus supported by revitalised customer service and account management teams. The recruitment of a Director of Operations should be completed by the end of November and should enable the Group to take a more strategic approach to buying, sourcing and sales and operational planning process.

Market Overview and Outlook

The UK market continues to be difficult and it is likely that there may be further consolidation amongst the vendors serving this market. Prices have stabilised and customer expectations on price are more realistic with an equal emphasis on service and reliability. However, whilst there has undoubtedly been a slow down there are opportunities for the nimble and operationally competent to prosper from current market conditions, with customers starting to return to more normal buying patterns and postponed projects coming back into focus.

Board Changes

As previously announced both Julian Budd and Ken Gibbs left the business on 31 May 2009. They were replaced by Tim Gifford as Chief Executive Officer who was appointed to the Board on 1 July 2009, and Elaine New who, was previously a Non-Executive Director was appointed Finance Director on 1 June 2009.

Stuart Love was appointed to the Board on 1 July 2009 as Sales & Marketing Director.

John Pierce joined the Board as a non-executive director on 10 August 2009 and the Board is actively considering the appointment of an additional Non-Executive Director.

Tim P Gifford
Chief Executive
29 September 2009

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- (i) the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;
- (ii) the half yearly management report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months) and DTR 4.2.8 (disclosure of material related party transactions and changes therein).

At the date of this statement, the Directors are as follows:

A E Watson
T P Gifford (appointed 1 July 2009)
E New
S Love (appointed 1 July 2009)
P M Rosser
J E Pierce (appointed 10 August 2009)

By order of the Board

Tim P Gifford
Chief Executive
29 September 2009

Elaine New
Finance Director
29 September 2009

Advisers

Auditors

Nexia Smith & Williamson LLP
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Bankers

HSBC Bank plc
62 George White Street
Cabot Circus
Bristol
BS1 3BA

Registrars

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Stock Brokers

Arden Partners plc
Nicholas House
3 Laurence Poutney Hill
London
EC4R 0EU

Solicitors

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Condensed Consolidated Income Statement

For the six months ended 31 July 2009

	Note	Before exceptional items £000	Six Months to 31/07/09 Exceptional items (Note 5) £000	Total £000	Six Months to 31/07/08 (restated) Total £000
Revenue		32,296	-	32,296	38,899
Cost of sales		(21,368)	(10,333)	(31,701)	(24,085)
Gross profit		10,928	(10,333)	595	14,814
Distribution costs		(1,710)	-	(1,710)	(1,772)
Administration expenses		(8,488)	(2,503)	(10,991)	(10,005)
Operating profit / (loss) from continuing operations		730	(12,836)	(12,106)	3,037
Finance costs	9	(879)	-	(879)	(1,184)
(Loss) / profit before taxation		(149)	(12,836)	(12,985)	1,853
Taxation	6	37	3,427	3,464	(487)
(Loss) / profit from continuing operations		(112)	(9,409)	(9,521)	1,366
(Loss) / profit for the period on discontinued operations				(48)	3
(Loss) / profit for the period				(9,569)	1,369
(Loss) / earnings per share				(28.6p)	4.1p
(Loss) / earnings per share (basic and diluted)	7			(28.6p)	4.1p
Ordinary dividends paid and proposed	8				
Dividends proposed		-	-	-	1.5p
Dividends paid		-	-	-	4.3p

Figures for the six months ended 31 July 2008 have been restated for discontinued operations

	Note	Before exceptional items	Year to 31/01/09 Exceptional items	Total
		£000	£000	£000
Revenue		74,721	-	74,721
Cost of sales		(46,883)	(225)	(47,108)
Gross profit		27,838	(225)	27,613
Distribution costs		(3,281)	-	(3,281)
Administration expenses		(18,423)	(798)	(19,221)
Operating profit / (loss) from continuing operations		6,134	(1,023)	5,111
Finance costs	9	(2,111)	-	(2,111)
(Loss) / profit before taxation		4,023	(1,023)	3,000
Taxation	6	(838)	289	(549)
(Loss) / profit from continuing operations		3,185	(734)	2,451
(Loss) / profit for the period on discontinued operations				(776)
(Loss) / profit for the period				1,675
(Loss) / earnings per share				
(Loss) / earnings per share (basic and diluted)	7			5.0p
Ordinary dividends paid and proposed	8			
Dividends proposed				0.0p
Dividends paid				5.8p

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2009

	Six Months to 31/07/09	Six Months to 31/07/08	Year to 31/01/09
	£000	£000	£000
Exchange difference on translation of foreign operations	38	11	(32)
Cash flow hedge (fair value gain / (loss) in period)	67	11	(522)
Gains on revaluations of properties	-	-	4,166
Deferred tax on revaluations of properties	-	-	(970)
Actuarial (loss)/gain on defined benefit pension scheme	(5,859)	11	2,126
Deferred tax on actuarial loss / (gain)	1,641	(3)	(595)
Net (loss) / income recognised directly in reserves	(4,113)	30	4,173
(Loss) / profit for the period	(9,569)	1,369	1,675
Total comprehensive (loss) / income for the period	(13,682)	1,399	5,848

Condensed Consolidated Statement of Financial Position

At 31 July 2009

	Note	As at 31/07/09	As at 31/07/08	As at 31/01/09
		£000	£000	£000
Assets				
Non-current assets				
Goodwill		6,857	7,215	6,857
Other intangible assets		2,586	2,694	2,616
Property, plant and equipment		15,427	11,787	15,727
Deferred tax asset		6,231	2,513	1,791
Investments		10	10	10
		31,111	24,219	27,001
Current assets				
Inventories		29,055	38,491	38,692
Trade and other receivables		17,782	23,871	22,493
Derivative financial instruments		-	113	1,478
Cash and cash equivalents		2,473	4,545	4,799
Current tax		241	-	673
		49,551	67,020	68,135
Total assets		80,662	91,239	95,136
Liabilities				
Current liabilities				
Trade and other payables		18,209	22,551	23,713
Current tax liabilities		-	121	-
Derivative financial instruments		703	13	440
Obligations under finance leases		647	825	917
Borrowings and overdrafts		27,678	3,731	11,573
		47,237	27,241	36,643
Non-current liabilities				
Long term borrowings		-	25,256	16,917
Obligations under finance leases		654	847	867
Retirement benefit obligations	10	12,357	8,680	6,218
Deferred tax liabilities		1,415	820	1,955
Provisions		531	193	386
		14,957	35,796	26,343
Total liabilities		62,194	63,037	62,986
Net assets		18,468	28,202	32,150
Equity				
Called up share capital		3,341	3,341	3,341
Share premium account		1,848	1,848	1,848
Revaluation reserve		7,890	4,694	7,890
Other reserves		667	1,128	562
Retained earnings		4,722	17,191	18,509
Total shareholders' equity		18,468	28,202	32,150

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 July 2009

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000
Balance at 1 February 2008	3,341	1,848	5,810	17,241	28,240
Total comprehensive income for the period	-	-	22	1,377	1,399
Dividends paid	-	-	-	(1,437)	(1,437)
Balance at 31 July 2008	3,341	1,848	5,832	17,181	28,202
Total comprehensive income for the period	-	-	2,620	1,829	4,449
Dividends paid	-	-	-	(501)	(501)
Balance at 31 January 2009	3,341	1,848	8,452	18,509	32,150
Total comprehensive income / (loss) for the period	-	-	105	(13,787)	(13,682)
Balance at 31 July 2009	3,341	1,848	8,557	4,722	18,468

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 July 2009

	Six months to 31/07/09	Six months to 31/07/08	Year to 31/01/09
	£000	£000	£000
Cash flows from operating activities			
Profit from continuing operations before exceptional costs	730	3,037	6,134
(Loss) / profit of discontinued operations	(67)	3	(571)
Restructuring costs incurred	(12,836)	-	(1,023)
(Loss) / profit from operating activities	(12,173)	3,040	4,540
Depreciation and amortisation	820	707	1,553
Foreign exchange differences	107	(93)	(213)
(Profit) / loss on sale of fixed assets	2	-	46
Defined benefit pension costs less contributions paid	(251)	(325)	(952)
Decrease / (increase) in inventories	9,633	(1,607)	(1,723)
Decrease in receivables	4,644	3,524	5,107
Decrease in payables	(5,458)	(2,369)	(1,390)
Increase in other provisions	151	26	199
Decrease / (increase) in derivative financial instruments	1,803	-	(1,472)
Cash (absorbed) / generated by operations	(722)	2,903	5,695
Taxes received / (paid)	576	(472)	(885)
Net cash (outflow) / inflow from operating activities	(146)	2,431	4,810
Investing activities			
Purchase of property, plant and equipment	(102)	(200)	(371)
Net proceeds from sale of plant and equipment	2	3	2
Purchase of other intangible assets	(404)	(582)	(964)
Net cash used in investing activities	(504)	(779)	(1,333)
Financing activities			
Interest paid	(377)	(910)	(1,627)
Dividends paid to Company shareholders	-	(1,437)	(1,938)
Repayment of borrowings	(909)	(505)	(910)
Repayment of obligations under finance leases	(482)	(394)	(282)
Net cash flow from financing activities	(1,768)	(3,246)	(4,757)
Net decrease in cash and cash equivalents	(2,418)	(1,594)	(1,280)
Cash and cash equivalents at start of year	4,458	5,691	5,691
Effect of foreign exchange rate changes	(5)	15	47
Cash and cash equivalents at end of period (note 11)	2,035	4,112	4,458

1. Basis of preparation

These condensed financial statements which are for the six months ended 31 July 2009 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Financial Reporting Standards (IFRS) and the information contained therein is in compliance with IAS 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements within the meaning of the Companies Act 2006 and should be read in conjunction with the financial statements of the Group for the year ended 31 January 2009.

In determining the appropriate basis of preparation of the half yearly report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, that is, for at least 12 months from the date of signing this report.

In our 2009 Annual Report published on 28 May 2009, we disclosed that the Company has circa £32.5m bank facilities provided by HSBC comprising several loans with maturity dates ranging from July 2009 to July 2014.

Pursuant to IAS 1 bank borrowings as at 31 July 2009 have been reclassified as current liabilities pending agreement with the Group's bankers of renewed facilities following a breach of covenants due to the exceptional stock write-down.

The Group is, in the ordinary course of its business, in discussions with the existing lenders to re-negotiate the facilities to be more aligned to its future requirements.

The Directors have prepared trading and cash flow forecasts as part of their going concern assessment which project that the total current facilities are not exceeded over the duration of the forecasts.

The forecasts prepared make assumptions in respect of future trading, the achievability of which is dependent on:

- (a) the current economic climate
- (b) the continued ability of the Group to effectively manage its short term working capital

After making enquiries, and considering the matters described above, the Directors have concluded that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing these results. This half yearly report does not include any adjustments that would be required should the going concern basis be inappropriate.

These condensed financial statements were approved by the Board on 29 September 2009. They are unaudited but have been reviewed by the auditors whose report is set out on pages 19 to 20.

The impact of seasonality or cyclicity on operations is not regarded as significant on the condensed financial statements. There have been no changes in estimates of amounts reported in prior periods that have had a material effect in the current period, with the exception of those noted in Note 5.

2. Significant accounting policies

The accounting policies and presentation followed in the preparation of this condensed half yearly report have been applied consistently to all periods in these financial statements and are the same as those applied by the Group in the preparation of its Annual Report for the year ended 31 January 2009, with the exception of those noted below:

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. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the condensed consolidated income statement and the statement of comprehensive income). The Group has elected to present two. The half yearly financial statements have been prepared under the revised disclosure requirements.

IFRS 8 "Operating Segments"

The standard requires that operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and assess their performance. The Group considers that its Chief Operating Decision Maker is its Board of Directors.

IAS 2 "Inventories"

As explained below, the Group has changed its methodology for estimating inventory valuation. Its policy with regard to inventory remains that of capitalising appropriately applicable overhead costs as required under IAS 2 "Inventories".

3. Risks and uncertainties

The principal risks and uncertainties which affect the Group have not changed since 31 January 2009. A detailed explanation of these risks and uncertainties can be found in the Business Review section of the Annual Report and Accounts for the year ended 31 January 2009. The Directors consider that this properly reflects the risks and uncertainties in respect of the second six months of the financial year to 31 January 2010.

4. Segmental reporting

As per IFRS 8 "Segmental Reporting", based on the Group's internal financial reporting structures the Board considers that there is only one operating segment being the sourcing and sale of workplace clothing. Therefore the disclosures have already been given in these financial statements.

5. Exceptional items

The current period exceptional items expensed comprise of:

	Cost of sales £000	Administration Expenses £000	Total £000
Write down of inventory	8,807	-	8,807
Change in estimation of inventory values	1,410	-	1,410
Termination payments including Directors	-	1,161	1,161
Write off of unrecoverable debt	-	548	548
Vacant property provision	-	375	375
Other expenses	116	419	535
	10,333	2,503	12,836

Write down of inventory

To the extent that future events impact the saleability of inventory, provisions for slow moving and obsolete inventories can vary significantly. For example, changes in specifications or regulations may render inventory, previously considered to have a realisable value in excess of cost, obsolete and requiring such inventory to be fully written off. As part of management's re-organisation of the business, there is a significantly lower requirement for inventory necessary to support the on-going needs of the business. As a consequence of this, there has been a write down in inventories of £8,807,000, in line with IAS 2 "Inventories".

Change in estimation of inventory values

As noted at the year end the Group undertook a review of its manufacturing facilities and as a result the production facilities have reduced. Accordingly as a result management have reviewed the techniques associated with their methodology for estimating the overhead costs in inventory. The effect of this has been to adversely impact the Income Statement by £1,410,000. Inventory valuation remains compliant with IAS 2 "Inventories".

Termination payments

In May 2009 JR Budd and KP Gibbs left the Company. Termination payments were made in line with their contractual arrangements. The total cost, including payroll taxes, amounted to £1,019,000. Legal fees of £95,000 were also incurred. Other redundancies totalling £47,000 were also paid.

Write off of unrecoverable debt

Management have performed a review of trade and other receivables and consider that amounts totalling £548,000 are not recoverable and they have therefore been written down accordingly.

Vacant property provision

The Group has increased its property provision by £375,000 for onerous lease obligations, as a result of the impact of the economic downturn on the ability of the Group to sublet various vacant properties.

Other expenses

Other expenses of £419,000 included consultancy and planning fees.

The exceptional items for the year ended 31 January 2009 were:

	Cost of sales £000	Administration Expenses £000	Total £000
Workforce reduction programme	-	599	599
Closure of French Sales office	225	199	424
	225	798	1,023

6. Taxation

Taxation has been calculated on the profit on ordinary activities using the effective tax rate for the current financial year. The effective rate of tax on (loss) / profit from operations including tax adjustments in respect of prior years and changes in tax rates is 26.7% (2008/09: 26.2%), representing the best estimate of the effective rate for the full financial year. The effective tax rate for the year ending 31 January 2009 was 19.1%.

7. Earnings per share

Basic earnings per share is calculated on the (loss) / profit attributable to ordinary shareholders and the weighted average number of shares in issue during the period. Diluted earnings per share is calculated on basic earnings per share adjusted to include an additional number of shares which represents the fair value of the weighted average number of shares under option during the period.

Adjusted earnings per share has been calculated on basic earnings adjusted for discontinued operations and activities, restructuring costs and fixed asset disposals net of tax at the appropriate rate.

7. Earnings per share - continued

The calculation of the basic, diluted and adjusted earnings per share is as follows:

	Six months to 31/07/09 Earnings per share			Six months to 31/07/08 Earnings per share		
	£000	Basic (p)	Diluted (p)	£000	Basic (p)	Diluted (p)
Earnings attributable to ordinary shareholders	(9,569)	(28.6)	(28.6)	1,369	4.1	4.1
Loss / (profit) from discontinued operations and discontinued activities	48	0.1	0.1	(3)	-	-
Restructuring costs (net of tax)	9,409	28.2	28.2	-	-	-
Disposal of fixed assets (net of tax)	2	-	-	-	-	-
(Loss) / profit for adjusted earnings per share	(110)	(0.3)	(0.3)	1,366	4.1	4.1

	Year to 31/01/09 Earnings per share		
	£000	Basic (p)	Diluted (p)
Earnings attributable to ordinary shareholders	1,675	5.0	5.0
Loss from discontinued operations and discontinued activities	776	2.3	2.3
Restructuring costs (net of tax)	733	2.2	2.2
Profit for adjusted earnings per share	3,184	9.5	9.5

The weighted average number of shares used in the basic earnings per share calculation for the period amounted to 33,409,654 (2008: 33,409,654). For the diluted earnings per share calculation the number of shares equalled the weighted average number of shares used in the basic earnings per share calculation plus an additional amount of nil (2008: nil) representing the fair value of the weighted average number of shares under option during the period.

For the year ended 31 January 2009, the weighted average number of shares in issue during the year was 33,409,654 and the diluted weighted average number of shares was 33,409,654.

8. Dividend

	Six months to 31/07/09 £000	Six months to 31/07/08 £000	Year to 31/01/09 £000
Dividend paid and recognised in the period	-	1,437	1,938

The Board does not propose an interim dividend (2008: 1.5p). The total paid during the period is £nil (2008: £501,000).

9. Finance costs

	Six months to 31/07/09 £000	Six months to 31/07/08 £000	Year to 31/01/09 £000
Interest payable (net) on bank loans and overdrafts	265	837	1,397
Interest on obligations under finance leases	83	72	159
Finance cost on retirement benefit liability	531	275	555
	879	1,184	2,111

10. Retirement benefits liability

The Company operates two funded pension schemes in the UK. These are the Alexandra 1994 Pension Fund and the Alexandra Pension Fund. The Alexandra 1994 Pension Fund has both defined benefit and defined contribution sections, although the defined contribution section is relatively small. The defined benefit schemes are closed to new entrants.

This disclosure is in respect of the defined benefit section only.

The Company has opted to recognise all actuarial gains and losses immediately through the Statement of Comprehensive Income.

Full actuarial valuations of the schemes were carried out as at 5 April 2006 and updated to 31 July 2009 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	Six months to 31/07/09	Six months to 31/07/08	Year to 31/01/09
Discount rate	6.2%	6.5%	7.2%
Rate of salary increase	3.3%	3.8%	3.3%
Rate of increase to pensions in payment (where index-linked)	2.9%	3.4%	2.9%
Rate of inflation	3.3%	3.8%	3.3%
Mortality table assumption - non-pensioners	PA92 (C = 2020)	PA92 (C = 2020)	PA92 (C = 2020)
Mortality table assumption - pensioners	PA92 (C = 2010)	PA92 (C = 2010)	PA92 (C = 2010)

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on Government bonds and appropriate risk margins.

The mortality assumption implies the expected future lifetime from age 65 as follows:

Non-pensioner male (years)	19.9	19.9	19.9
Pensioner male (years)	19.0	19.0	19.0
Non-pensioner female (years)	22.8	22.8	22.8
Pensioner female (years)	22.0	22.0	22.0

10. Retirement benefits liability - continued

The assets in the scheme were:

	As at 31/07/09 £000	As at 31/07/08 £000	As at 31/01/09 £000
Equities	20,630	24,662	19,323
Bonds	14,842	14,503	14,048
Cash	58	106	296
Fair value of schemes' assets	35,530	39,271	33,667
Present value of defined obligations	(47,887)	(47,951)	(39,885)
Net liability in balance sheet	(12,357)	(8,680)	(6,218)

Changes in the present value of the defined benefit obligation are as follows:

	Six months to 31/07/09 £000	Six months to 31/07/08 £000	Year to 31/01/09 £000
Benefit obligation at start of period	39,885	49,270	49,270
Service cost	72	141	264
Interest cost	1,409	1,474	2,955
Contributions by plan participants	70	84	156
Actuarial loss / (gain)	8,115	(2,362)	(10,673)
Benefits paid	(1,664)	(656)	(2,087)
Benefit obligation at end of period	47,887	47,951	39,885

Changes in the fair value of plan assets are as follows:

	Six months to 31/07/09 £000	Six months to 31/07/08 £000	Year to 31/01/09 £000
Fair value of plan assets at start of period	33,667	40,529	40,529
Expected return on plan assets	878	1,199	2,400
Actuarial gain / (loss)	2,256	(2,351)	(8,547)
Contributions by employers	323	466	1,216
Contributions by plan participants	70	84	156
Benefits paid	(1,664)	(656)	(2,087)
Fair value of plan assets at end of period	35,530	39,271	33,667

11. Analysis of net debt

	As at 31/07/09 £000	As at 31/07/08 £000	As at 31/01/09 £000
Cash and cash equivalents	(2,473)	(4,545)	(4,799)
Bank overdrafts	438	433	341
Cash and cash equivalents and bank overdrafts	(2,035)	(4,112)	(4,458)
Bank borrowing due within one year	27,240	3,298	11,232
Bank borrowing due in the second year	-	9,190	1,331
Bank borrowing due in the third to fifth year	-	14,834	14,626
Bank borrowing due after five years	-	1,232	960
Finance leases	1,301	1,672	1,784
Total net debt	26,506	26,114	25,475

12. Related party transactions

The Group's significant related parties are its subsidiaries as disclosed in the Annual Report and Accounts for 31 January 2009.

During the period to 31 July 2009, the Board engaged Celerant Consulting Limited, of which Alex Watson is Chairman. Costs of £95,000 have been incurred during the period.

13. General information

The financial information for the year ended 31 January 2009 does not constitute the full financial statements within the meaning of section 240 of the Companies Act 1985. The full financial statements for that year were prepared in accordance with IFRSs as adopted by the European Union, have been filed with the Registrar of Companies. The auditors reported on those financial statements, their report was unqualified, did not contain a statement under either sections 237(2) or section 237(3) of the Companies Act 1985 and did not include references to any matters to which the auditor drew attention by way of emphasis of matter.

The financial information for the six months ended 31 July 2009 and 31 July 2008 is unaudited.

The 2009 Annual Report has been sent to all shareholders. Additional copies are available at the Company's registered office, Alexandra House, Midland Way, Thornbury, Bristol, BS35 2NT. Telephone: (01454) 876003.

The Annual Report can be found on the website of Alexandra plc, www.alexandra.co.uk.

Independent Auditor's Review Report

Independent Review Report to Alexandra plc

1 Introduction

We have been engaged by the Group to review the condensed consolidated set of financial statements in the half-yearly report for the six months ended 31 July 2009 which comprises a condensed consolidated income statement, a condensed consolidated statement of comprehensive income, a condensed consolidated statement of financial position as at 31 July 2009, a condensed consolidated statement of changes in equity, a condensed consolidated statement of cashflows, comparative figures and associated notes.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information in the condensed consolidated set of financial statements.

This report is made solely to the Group in accordance with the terms of our engagement to assist the Group in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our review work, for this report or for the conclusions we have reached.

2 Directors' responsibilities

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

As disclosed in note 1 the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated set of financial statements included in this half yearly report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

3 Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed consolidated set of financial statements in the half yearly report based on our review.

4 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 half yearly 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.

5 Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half yearly financial information does not present fairly, in all material respects, the financial position of the entity as at 31 July 2009 and of its financial performance and its cash flows for the six-month period then ended 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.

6. Emphasis of matter

We draw attention to the following matters:

We have considered the adequacy of the disclosure made in note 1 to the condensed financial statements which describes the uncertainty related to the outcome of the renegotiation of ongoing banking facilities. These matters indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The condensed financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. Our opinion is not qualified in respect of this matter.

As detailed in note 5 to the condensed financial statements, following a change in strategy by the company, certain stock is to be disposed by the company outside of its normal commercial channels. Provision has been made against the carrying value of this stock to reflect managements' best estimate of its net realisable value. However, in the absence of agreed contracts for disposal there is inherent uncertainty as to the net realisable value that can be achieved and accordingly the extent of provision that will be required. Our opinion is not qualified in this respect.

Nexia Smith & Williamson LLP
Registered Auditors, Chartered Accountants
Bristol
29 September 2009

Alexandra plc
Alexandra House, Thornbury, Bristol, BS35 2NT
Tel: 01454 416600 Fax: 01454 411100
e-mail: service@alexandra.co.uk website: www.alexandra.co.uk



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