

## Results for the First Quarter of the Financial Year ending 31 January 2010

Key Financials £m Continuing operations (unaudited)	Q1 09/10 £m	Q1 08/9 £m	Q1 growth
Revenue	204.3	199.3	-15% <sup>(a)</sup>
Underlying operating profit <sup>(b)</sup>	17.5	24.2	-41% <sup>(a)</sup>
Total operating profit	13.5	24.2	-54% <sup>(a)</sup>
Underlying profit before tax <sup>(c)</sup>	13.0	20.4	-36%
Total profit before taxation	9.0	24.0	-63%
Underlying earnings per share <sup>(c)</sup>	2.4p	3.9p	-38%
Basic earnings per share	1.7p	4.9p	-65%

### Financial Key Points

- Further sales decline in the first quarter as the fourth quarter trends continued into the current financial year.
- Year on year group sales performance in April and May showed an improvement over March.
- Gross margin stability, 39.4% compared with 39.3% in the fourth quarter, aided by the higher margin characteristics of Electronic Design Engineering (EDE) sales and sales via the web.
- Restructuring actions executed in the quarter in order to accelerate our web transition will deliver an annualised benefit of £6 million (one-off cost of £4 million recognised in the first quarter results).
- Reduction in cost base of £3 million (at constant exchange rates) against the first quarter last year, reflecting the benefit of ongoing cost actions together with those taken in November of last year.
- Strong cash performance - cash generated from operations, excluding restructuring, represented 149% of underlying operating profit compared with 91% achieved in the first quarter of last year. Return on net operating assets was 28%.
- Healthy funding position with £88 million in facility headroom on bank borrowings and a net cash position of £30 million.

### Strategic Highlights

- We are investing for future leadership and the assumptions underlying our strategy continue to be validated even in current markets. In Europe, where our strategy is more embedded, we are outperforming our markets, reflecting the higher growth, higher margin characteristics of EDE and the web.
- Web sales for our distribution businesses grew 5% in the first quarter, with Farnell Europe achieving 53% of total sales via eChannels as our web transition continues apace.
- Our developing international markets have shown strong performance again, with Eastern Europe sales up 56% and sales in India up 167%.
- Our restructuring plans are on track as our accelerated transition to the web positively impacts our journey towards a permanent 2 percentage point reduction in operating expenses as a percentage of sales.
- **element14**, our innovative community for engineering customers was launched subsequent to the quarter end and has been very well received by EDE customers. **element14** is designed to attract new customers to our proposition while extending and deepening our relationships as we invest in innovation and transform into a product, information and services company.

### Commenting on the results, Harriet Green, Chief Executive Officer, said:

“Our results for the first quarter saw a further decline in sales as the market trends we saw in the fourth quarter continued into the current financial year, particularly the continuation of industrial and electronic destocking in the supply chain, as well as reduced activity. However, our year on year sales performance in April and May showed an improvement over March.

“Premier Farnell is investing for leadership as our strategic assumptions continue to be validated despite market conditions. Sales to EDE customers are outperforming Maintenance, Repair and Operation (MRO) sales globally and are less impacted by declining global markets. Our growing portfolio of products and services to meet the demands of this segment is attracting new customers and the demand for web excellence continues as increasing levels of business are transacted via eCommerce channels.

“Our management of costs, strong cash performance and the increasing value our customers attribute to our service has delivered another quarter of gross margin stability and enabled continued investment in the critical areas of our strategy.

“We remain dissatisfied with our performance and are executing our detailed plans to ensure that we will emerge from this difficult period as a stronger, more agile organisation. Through decisive actions to further embed the strategy and strong management of costs, the Board believes that the business is improving its position to seize the opportunities for growth that exist in our chosen segments, now and into the future.”

**For further information, contact:**

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Harriet Green, Chief Executive Officer	Premier Farnell plc	+44 (0) 20 7851 4100
Mark Whiting, Chief Financial Officer		
Richard Mountain	Financial Dynamics (UK)	+44 (0) 20 7269 7121

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Premier Farnell's announcements and presentations are published at [www.premierfarnell.com](http://www.premierfarnell.com), together with business information, the 2009 Annual Report and Accounts, and links to all other Group web sites, including **element14** our new community website for electronic design engineers.

The results for the second quarter of the financial year to 31 January 2010 will be announced on Thursday, 3 September 2009.

Notes:

- (a) Throughout this statement, in order to reflect underlying business performance, sales growth is based on sales per day for continuing businesses at constant exchange rates and for like periods, and growth in operating profit is calculated at constant exchange rates, unless otherwise stated.
- (b) Underlying operating profit excludes restructuring costs of £4.0 million incurred in the quarter (2008/9 Q1: nil).
- (c) Underlying profit before taxation and earnings per share excludes restructuring costs of £4.0 million incurred in the quarter (2008/9 Q1: nil) and excludes gains on the purchase and cancellation of preference shares in the quarter of nil (2008/9 Q1: £3.6 million).
- (d) With effect from 2 February 2009, the Group has adopted IFRS 8, Operating Segments. This has not affected the financial results of the Group, but has resulted in a change to the Group's segmental disclosures. The previous two divisions within the Marketing and Distribution Division have been split into three distribution divisions within MDD with CPC (previously in MDD Europe and Asia Pacific) and MCM (previously in MDD Americas) now both categorised in the Other Distribution Division. Comparatives have been re-presented accordingly.
- (e) All results relate to continuing operations.

## STATEMENT ON FIRST QUARTER OF THE FINANCIAL YEAR ENDING 31 JANUARY 2010

Premier Farnell plc, the leading multi-channel, high service distributor supporting millions of engineers and purchasing professionals globally, announces its results of the first quarter for the financial year ending 31 January 2010.

**Notes:**

(a) Throughout this statement, in order to reflect underlying business performance, sales growth is based on sales per day for continuing businesses at constant exchange rates and for like periods, and growth in operating profit is calculated at constant exchange rates, unless otherwise stated.

(b) Underlying operating profit excludes restructuring costs of £4.0 million incurred in the quarter (2008/9 Q1: nil).

(c) Underlying profit before taxation and earnings per share excludes restructuring costs of £4.0 million incurred in the quarter (2008/9 Q1: nil) and excludes gains on the purchase and cancellation of preference shares in the quarter of £nil (2008/9 Q1: £3.6 million).

(d) With effect from 2 February 2009, the Group has adopted IFRS 8, Operating Segments. This has not affected the financial results of the Group, but has resulted in a change to the Group's segmental disclosures. The previous two divisions within the Marketing and Distribution Division have been split in to three distribution divisions within MDD with CPC (previously in MDD Europe and Asia Pacific) and MCM (previously in MDD Americas) now both categorised in the Other Distribution Division. Comparatives have been re-presented accordingly.

(e) All results relate to continuing operations.

### Chief Executive's Overview

Our results for the first quarter continue to be impacted by the global economic slowdown. We remain dissatisfied with our performance and are executing on detailed plans to ensure that we will emerge from this difficult period as a stronger, more agile organisation ready to seize the opportunities for growth that exist in our chosen segments. Investment in our strategic priorities – Electronic Design Engineering (EDE), the web and internationalisation - is ongoing and has resulted in our market outperformance in Europe. Our singular focus and the execution of our strategy has again demonstrated that the assumptions on which we based it have held true and continue to deliver opportunities for the future. During the first quarter, EDE sales and gross margins have remained stronger than Maintenance, Repair and Operations (MRO), the web continues to be our highest margin channel and the preferred channel by EDEs around the world, and our developing international markets delivered strong sales growth.

Sales per day for the quarter declined 14.9% when compared to the previous year's strong comparator. The gross margin has remained stable at 39.4% compared with 39.3% in the fourth quarter of last year and 39.8% in the first quarter of last year at constant exchange rates, reflecting the higher margin characteristics of EDE sales and sales via the web, and our ability to effectively manage the business through this downturn. At constant exchange rates, underlying operating profit in the quarter was down 40.9% reflecting the sales decline and the operational gearing inherent in the business. On a comparable basis to the fourth quarter, in which we saw a sales decline of 8.4% and an underlying operating profit decline of 29.8%, the operating profit decline relative to the sales decline in the first quarter reflects the benefit of the cost saving actions taken in the fourth quarter.

Compared with the first quarter of last year, underlying operating expenses were down £3 million or 4.5% at constant exchange rates reflecting the nature of our relatively fixed cost base. The year on year profit decrease also reflects the impact of increased pension costs of £1.7 million, and our continuing strategic investments, which increased on the prior year by £0.7 million. Headcount was down year on year by 4.2% and our cost out plans are on track, as we transform our business, to deliver our commitment of a two percentage point reduction in costs as a percentage of sales. Earlier this year, in order to reflect the economic climate, the Group announced that there would be no merit pay awards for the current financial year, a decision affecting all employees and directors.

Sales in February and March saw further deterioration from the fourth quarter, as we continued to see de-stocking and reduced activity levels. The impact of this inventory liquidation has been reflected partly through a reduction in our average order values compared with those experienced in the fourth quarter. Overall transactional volumes, whilst down, have not been as significantly impacted, reflecting the value customers attribute to our high service proposition and as demonstrated by the stable gross margin we have maintained for three and a half years. The fact that our sales decline reflects, in part, a reduction in our average order value is an indication that whilst customers are buying less in the current economic climate, our strategic offering has continued to ensure we maintain strong customer retention and acquisition which further demonstrates that our investments are delivering returns. This phase of de-stocking will at some stage result in a recalibration of the supply chain that will create new opportunities in our markets. Our high-service model, offering next day delivery for over 99% of orders will become even more essential to our customers as they manage their supply chain needs. We have now seen the rate of year on year sales decline levelling out in April and May which both

showed an improvement over March. We continue to look forward to further signs that our sales levels are stabilising, as we remain focused on meeting customer need, taking market share and effectively managing our gross margin and cost base.

The performance in our core markets continues to reflect the extent to which we have successfully progressed our strategic transformation. Our businesses that have a higher proportion of sales from EDE and the web have continued to outperform their markets. In our Farnell European businesses, including the UK, where the EDE and web transformation is more progressed, we reported a sales decline of 11.2%, in comparison to the overall European market reported by DMASS (Distributors and Manufacturers Association of Semiconductor Specialists) which showed a decline of 26.3%. Our Farnell UK business which saw a sales decline of 12.8%, excluding exports, also outperformed the market, with the most recent data from the Association of Franchised Distributors of Electronic Components (AFDEC) indicating a decline of 13.8%, excluding Farnell. In North America, where our transformation is less progressed, Newark's year on year sales performance was down 21.6%. Although in line with the Semiconductor Industry Association (SIA) this is reflective of their higher percentage of MRO sales compared to our other businesses. In order to accelerate our strategic progress in North America, Laurence Bain, Chief Operating Officer, has temporarily relocated to Chicago in order to share his knowledge, from our successes in Europe, and drive our strengthened Newark management team and engaged workforce.

Our strategic investments during the quarter will ensure we emerge from this period stronger, and more aligned to customer needs. During the quarter we added 10,000 new products, focused particularly on the products that our EDE customers require. Key investment in the strategic priorities for our developing markets – China, India and Eastern Europe – and in differentiating innovation, such as **element14**, our new eCommunity, continues to demonstrate our leadership of the high service space. **element14** was launched on 1 June and EDEs are already using the site to share information, collaborate on designs and network with colleagues. The total investment was £0.5 million and since the launch, we have had 500 customers activate accounts and have seen a number of transactions originate through the community. We have also recently developed, in close co-operation with EMA Design Automation, an innovative new coupling interface, DesignLink, that allows design engineers to immediately search and find parts from within their Computer Aided Design (CAD) environment without ever having to leave it, once again strengthening our customer connection. **element14** and DesignLink both demonstrate our commitment to providing customers with more than just product, but also information, enhanced services and tools all in one place. We continue to recruit actively in those areas where we need additional resource and skill to drive our strategy, as our employee profile reflects the shifting emphasis of our business to the web.

## **Web**

Driving business to the web is key to reducing our cost base and we continue to transition business to the web globally. The ongoing reshaping of our business in Europe and North America reflects the changes in customer channel preference as part of our multi-channel sales approach. Web gross margins remain higher than our other channels and overall web sales grew by 4.7% in the quarter. We continue to make strategic investments in our web functionality and our suite of eTools to improve customer experience.

Europe, our most advanced web business, has further accelerated its transition and iBuy, our innovative eProcurement solution, continues to exceed all of our targets and expectations. iBuy will be rolled out in the other regions throughout the year, while investment in analytics tools also enables us to monitor rigorously the performance of our websites and respond quickly to changes in customer behaviour. We are able to measure increasing levels of customer loyalty as customers connect with us many times in a day to collaborate, share and access information as well as purchase products and services. This wider connection with customers will increase further with the launch of **element14**, our online community for design engineers. This is a first for engineers in our industry, as we differentiate our support to this target segment; no longer just selling technology products but partnering with our customers to provide the tools, information, and services to support their development activities earlier in the design cycle. Customer feedback has been overwhelmingly positive. The site can be customised for individual user preference and connects seamlessly with our transactional websites, serving to differentiate us further in our chosen markets.

The web remains a key enabler of our other strategic priorities. By 2012, experts predict that Asian web users, including approximately 490 million Chinese, will outnumber North Americans on the web by 3 to 1, whilst Indian users will become the third largest group online. Web usage in China has more than doubled in the last 2 years to over 250 million, and investment in our APAC web capability continues as the channel gains in significance providing further opportunity for regional growth, customer retention and effective cost to serve.

## **EDE**

The EDE customer segment continues to outperform the MRO customer segment and our evolving proposition continues to attract EDE customers. In Europe new EDE customers increased by 9.8% over the fourth quarter and our strengthening relationship with key Contract Manufacturers has also driven positive performance. Sales to Newark's smaller customer segment declined 13.4% compared with Newark's overall decline of 21.6%. These small customers are predominantly EDEs and we believe less affected by the economic climate which

has been severely impacted by the North American industrial sector, the traditional heartland of MRO customers. We have invested in our contact centre in order to enhance our important one-to-one relationships with customers, as well as provide necessary technical support as we transform into a product information and services business. Each of our businesses began their transformation at a different point and, although Newark has made progress on its EDE journey, the business still relies too heavily on MRO – a significant factor in their below expectation first quarter performance. Investment will continue to change this position, as growing global technical resources further differentiate us in North America.

APAC, with its predominance of EDE customers, saw growth of 40% in one of our top EDE product lines through targeted campaigns. Manufacturers continue to recognise our value in seeding the market with their latest technologies and **element14** will further facilitate this process, as increasing numbers of manufacturers want to engage and be part of the different customer experience we are creating. Panasonic, a leading EDE supplier has just awarded us the Demand Creation Award for Europe and agreed to extend its franchise to APAC.

### **Internationalisation**

Growth in our developing international markets continues at pace as we capitalise on the significant opportunities from our investments in Eastern Europe, China and India. In Eastern Europe strong sales growth continued as we provided more local language support and websites, and our high service, multi-channel approach attracted significant numbers of new customers. Sales in India grew by 167% year on year as the business becomes embedded in to our strategic drive, and mainland China, up 23.6%, once again returned a very solid performance as we have begun to see evidence that the government's internal investment is reaching the small and medium customers in this market – a stark comparison to our experience in North America. In Asia Pacific, our EDE proposition continues to grow and we see great potential for new business opportunity and growth.

### **Other Distribution Businesses**

Both CPC and MCM have continued to respond to the market with price positioning, a strong web presence, high conversion rates, and continued Search Engine Optimisation (SEO) investment to increase traffic to its websites by over 20%. The performance of CPC, which has taken market share in a highly competitive marketplace, reflected their continued drive to the web, and the development of a great product range from international sources. MCM's focus on online and offline marketing has also seen new customers numbers grow significantly and web sales increase.

### **Industrial Products Division**

Whilst TPC and Akron Brass have both been affected by difficult conditions in their traditional domestic markets, they have continued to focus on new products and international markets. Akron Brass has been particularly successful in this activity, delivering a strong performance in the quarter to stabilise the business which, as our only manufacturing business, is significant.

### **Outlook**

Premier Farnell is investing for leadership as our strategic assumptions continue to be validated despite market conditions. Sales to EDE customers are outperforming MRO sales globally and are less impacted by declining global markets. Our growing portfolio of products and services to meet the demands of this segment is attracting new customers and the demand for web excellence continues as increasing levels of business are transacted via eCommerce channels.

Our management of costs, strong cash performance and the increasing value our customers attribute to our service has delivered another quarter of gross margin stability and enabled continued investment in the critical areas of our strategy.

We remain dissatisfied with our performance and are executing our detailed plans to ensure that we will emerge from this difficult period as a stronger, more agile organisation. Through decisive actions to further embed the strategy and strong management of costs, the Board believes that the business is improving its position to seize the opportunities for growth that exist in our chosen segments, now and into the future.

## **Financial Results**

### **Revenue**

Sales for the first quarter were £204.3 million (2008/9: £199.3 million or £240.4 million at constant exchange rates). Sales per day decreased by 14.9% in the quarter, although year on year sales growth for April and May showed an improvement over March. Our strategic assumptions and direction have continued to be confirmed, even in these more difficult market conditions - EDE sales continued to outperform MRO sales in the quarter, web sales continued to grow, up 4.7% in the quarter, and we continued to see growth in our international

markets. The average exchange rate for the US dollar against sterling was \$1.47 (2008/9: \$1.99) and the average exchange rate for the Euro against sterling was Euro 1.11 (2008/9: Euro 1.29).

## **Margins and Operating Profit**

The gross margin in the first quarter was 39.4% (2008/9: 40.1% or 39.8% at constant exchange rates). This compares with 39.3% in the fourth quarter of the prior year reflecting continued stability as we manage our business effectively through the economic downturn.

Despite the economic slowdown, we have continued our strategic direction and invested as appropriate. During the quarter our total revenue investment to drive specific strategic initiatives and support our EDE and web propositions, together with our international expansion, amounted to £3.4 million. Our cost out plans to achieve a permanent two percentage point reduction in operating expenses as a percentage of sales remain on track and our quarter end headcount was 4.2% lower than the same period last year, with underlying operating expenses £3.0 million below prior year at constant exchange rates, despite the impact of increased pension costs and our continuing strategic investments.

Underlying operating profit was £17.5 million (2008/9: £24.2 million), producing an operating margin of 8.6% (2008/9: 12.1%), which reflects both the impact of the sales decline and our continued investment in the strategy. Total operating profit for the quarter was £13.5 million (2008/9: £24.2 million). There was a beneficial impact on operating profit of £5.4 million from the translation of overseas results compared with the prior year, reflecting the relative weakness of sterling. At constant exchange rates, the decrease in underlying operating profit compared with the prior year was 40.9%.

## **Foreign Currency Impact**

A one cent movement in the exchange rate between the US dollar and sterling impacts the Group's operating profit by approximately £200,000 per annum, and a one cent movement in the exchange rate between the Euro and sterling impacts the Group's operating profit by approximately £200,000 per annum.

## **Finance Costs**

Net finance costs in the first quarter were £4.5 million (2008/9: £0.2 million or £3.8 million excluding gains on the purchase and cancellation of preference shares). This comprises net interest payable of £3.4 million (2008/9: £2.7 million), which was covered 5.1 times by underlying operating profit, and a net charge of £1.1 million (2008/9: a net credit of £2.5 million or a charge of £1.1 million excluding gains on the purchase and cancellation of preference shares) in respect of the Company's convertible preference shares. The increase in net interest payable reflects the negative impact of exchange rates, with the benefit of lower interest rates on the Group's bilateral banking facilities (which carry a LIBOR based floating rate of interest) partially offsetting the interest cost of additional borrowings to fund the Group's purchase and cancellation of preference shares in the prior year.

## **Profit Before Tax**

Underlying profit before tax in the first quarter was £13.0 million (2008/9: £20.4 million). Total profit before tax in the first quarter was £9.0 million (2008/9: £24.0 million).

## **Taxation Charge**

The taxation charge from continuing operations for the quarter was at an effective rate of 29.0% (2008/9: 29.0%) of profit before tax, preference dividends and gains on the purchase and cancellation of preference shares.

## **Return on Net Operating Assets and Balance Sheet**

The return on net operating assets for the first quarter was 27.9% before restructuring costs (2008/9: 30.4%), compared with our strategic target of 30% and reflects the impact of the year on year profit reduction.

## **Earnings per Share**

Underlying earnings per share were 2.4 pence (2008/9: 3.9 pence). Total earnings per share for the first quarter were 1.7 pence (2008/9: 4.9 pence).

## Cash Flow and Net Financial Liabilities

Net cash generated from continuing operations in the first quarter was £24.5 million (2008/9: £22.1 million) or £26.0 million excluding the impact of restructuring costs (2008/9: £22.1 million), representing 181% of operating profit or 149% excluding the impact of restructuring costs, compared with 91% achieved in the first quarter of last year. Working capital reduced by £3.1 million in the quarter reflecting a combination of our management of inventory to the sales levels we are experiencing and the impact of lower sales on receivable balances. Free cash flow for the quarter, being cash generated from continuing operations less net capital expenditure, interest, preference dividends and tax, was £21.6 million, or £23.1 million excluding the restructuring costs, (2008/9: £14.8 million).

Net financial liabilities at the end of the first quarter were £266.9 million (1 February 2009: £295.9 million), including £59.6 million (1 February 2009: £59.4 million) attributable to the Company's preference shares. The impact of exchange rates in the period was to reduce net financial liabilities by £5.5 million, principally in relation to our US\$ denominated private placement loan notes.

## Financial Position

Premier Farnell's financial position remains robust with good liquidity and strong free cash flow. In addition to the new £150 million syndicate bank facilities agreed at the end of the last quarter, which expire in January 2013, we have recently entered into a further £20 million bank facility which expires in May 2012. Our facilities now total £170 million which, together with the Group's continuing strong cash generation, continue to provide a good level of operational and financial flexibility to meet the Group's funding requirements. Based on these new facilities, our headroom on bank borrowings at the quarter end would have been £88 million which, together with our net cash position of £30 million, gives us a healthy funding position.

The Group anticipates that the combination of free cash flow, existing cash resources and available bank facilities will enable it to meet the repayment of the US\$66 million Senior Notes which become due in May 2010.

## Pensions

The impact of the prior year end valuations on our defined benefit pension plans have resulted in a net charge to the income statement in the first quarter of £1.2 million, compared with net income of £0.5 million in the first quarter of 2008/9. This primarily reflects the decline in the market value of investments of the US Pension Plan during 2008/9. During the first quarter we reduced further our exposure to the equity markets in the North American plan and we are currently reviewing the structure of our pension plans.

## Operations

With effect from 2 February 2009, the Group has adopted IFRS 8, Operating Segments. This has not affected the financial results of the Group, but has resulted in a change to the Group's segmental disclosures. The previous two divisions within the Marketing and Distribution Division have been split into three distribution divisions within MDD with CPC (previously in MDD Europe and Asia Pacific) and MCM (previously in MDD Americas) now both categorised in the Other Distribution Division. Comparatives have been re-presented accordingly.

## Marketing and Distribution Division (MDD)

(Newark and Farnell businesses including Premier Electronics, CPC and MCM)

	Q1 09/10 £m	Q1 08/9 £m	Q1 growth
Revenue	183.7	181.4	-14.9%
Underlying operating profit*	16.7	23.6	-39.7%
Total operating profit	12.7	23.6	-54.2%
Underlying operating margin %	9.1%	13.0%	
Operating margin %	6.9%	13.0%	

\*excluding restructuring costs of £4.0 million (2008/9: nil)

The Division remains focused on its strategic initiatives which continue to be confirmed even in these more difficult markets. EDE is outperforming MRO, the web continues to attract new customers and our investments in international markets are realising positive sales growth in those territories. Although first quarter sales declined 14.9%, web sales for the Division grew 4.7%, sales in Eastern Europe increased 55.7% and we also saw positive growth in India and Greater China.

The acceleration of our strategic transformation is moving at pace to ensure that we have the appropriate level of resource committed to our growth initiatives. As noted in our year end results announcement in March, action has been taken during the first quarter to restructure our branch network in North America and rationalise our structure in Europe. The benefits from these MDD actions will provide an annualised saving of £6.0 million. Associated one-off costs of £4.0 million have been charged in the quarter.

The underlying operating margin reflects the impact of the sales decline and our relatively fixed cost base, together with the impact of increased pension costs. During the quarter our total revenue investment to support the strategic initiatives for our EDE and web propositions, together with our international expansion, amounted to £3.4 million.

As we accelerate our transition to the web and attract new customers to this content rich channel, total eCommerce sales reached 36% of total sales in the quarter with Farnell Europe at 53%, demonstrating our progress towards achieving between 50% and 70% of sales via eCommerce.

There was a beneficial impact on operating profit in the quarter from the translation of overseas results of £4.1 million, reflecting the relative strength of the US dollar (£2.8 million) and the Euro (£1.3 million).

#### **MDD Americas** (Newark)

	<b>Q1 09/10</b> <b>£m</b>	<b>Q1 08/9</b> <b>£m</b>	<b>Q1</b> <b>growth</b>
Revenue	83.7	80.8	-21.6%
Underlying operating profit*	2.9	7.9	-72.4%
Total operating profit	1.8	7.9	-82.9%
Underlying operating margin %	3.5%	9.8%	
Operating margin %	2.2%	9.8%	

\*excluding restructuring costs of £1.1 million (2008/9: nil)

Sales in MDD Americas for the first quarter declined 21.6%, in line with those reported by the Semiconductor Industry Association. This performance reflects the higher percentage of MRO sales compared to our other businesses and confirms our need to accelerate the transition to EDE and the web. During the quarter, our branch restructuring programme resulted in the closure of 9 branches with a one-off cost of £1.1 million. We have invested significantly in our contact centre to ensure that we are able to continue the important one-to-one customer relationships already established, and our ongoing investment in our web environment will further attract customers to this content rich channel.

Underlying operating margin in the first quarter was impacted by the sales decline, the highly competitive nature of the North American MRO market and our continued investment to restructure the business for the future. In addition, there was an incremental cost of £1.4 million relating to the US pension plan.

The region remains focussed on its EDE strategic initiatives. In the quarter, Newark added 5,000 new EDE products to its range. Newark also launched several new marketing initiatives targeting the EDE customer, including a "New Technologies" catalogue, mailed to over 160,000 EDE customers and the "Tech First" Journal, which is a continuation of a powerful series of technical publications provided globally by Premier Farnell. The journal features the latest news on new products and technologies in the communications sector, with articles from leading and niche communications suppliers, as well as our own technical marketing team.

Newark also continued strategic investments to deliver best in class service through its multiple sales channels. Upgrades to the Newark website include improved search functionality, enhanced eSuite tools such as eQuotes and invoicing, and new Tech Cast training modules to help EDE customers get up to speed on many of today's most complex electronic solutions. During the quarter Newark increased its proportion of sales via eCommerce channels to 21%.

**MDD Europe and Asia Pacific**  
(Farnell and Premier Electronics)

	<b>Q1 09/10</b> <b>£m</b>	Q1 08/9 £m	Q1 <i>growth</i>
Revenue	77.4	79.6	-10.9%
Underlying operating profit*	11.5	13.1	-20.1%
Total operating profit	8.6	13.1	-40.3%
Underlying operating margin %	14.9%	16.5%	
Operating margin %	11.1%	16.5%	

\*excluding restructuring costs of £2.9 million (2008/9: nil)

Sales were down 10.9% in the first quarter with the underlying operating margin at 14.9%, reflecting the impact of the sales decline and the ongoing revenue investments we are making for the future. The reshaping actions announced in March had a one-off cost of £2.9 million in the quarter as the business accelerates its transition to the web.

<b>Revenue by region</b>	<b>Q1 09/10</b> <b>£m</b>	Q1 08/09 £m	<i>Revenue</i> <i>growth</i>
<b>UK (including exports)</b>	27.9	30.7	-8.9%
<b>Mainland Europe</b>	39.8	40.0	-12.8%
<b>Asia Pacific</b>	9.7	8.9	-8.5%

Farnell Europe is the region in the most advanced stage of our strategic transformation. EDE sales outperformed MRO sales during the first quarter with the rate of EDE sales decline being significantly less than the rate of MRO sales decline, compared with the fourth quarter last year. The business continues to invest in its EDE product portfolio, adding 5,000 products in the quarter to strengthen its proposition to this segment. Eastern Europe has continued to deliver significant opportunities for growth, with sales up 55.7% in the quarter, as our multi-channel offering continues to attract new customers. Sales for the Farnell Europe region declined 11.2% in the quarter, compared with the European market (including the UK) which declined by 26.3% according to DMASS.

Farnell sales in the UK, excluding export sales, declined 12.8% in the first quarter, outperforming the UK market which according to the most recent data from AFDEC declined by 13.8%, excluding Farnell .

In the Asia Pacific region, both China and India continued to drive sales growth as we improve the EDE proposition in these markets. In Greater China sales grew 1.0% during the quarter, reflecting our robust EDE offering and ongoing investment to increase our local and regional capability including actions to help drive web sales across the region as a whole. Sales in India increased 167% on the prior year as the business capitalises on the benefits it can now offer as part of the Premier Farnell Group. This business is now in its second year as part of Premier Farnell and continues to deliver on the potential we expected when we completed the acquisition. Our Australian and New Zealand business, which saw first quarter sales increase by 12.6% over the fourth quarter last year, has benefited from the restructuring towards the end 2008/9, as part of the group wide programme, and is now strategically aligned with the opportunities in the local market.

Migration to the web progresses at pace and we are starting to see the benefits from our restructuring. Web sales for MDD Europe and Asia Pacific grew 4.5% in the first quarter, and in Farnell Europe they now account for 53% of total sales, compared to 51% in the fourth quarter. This performance was supported by the success of the web tools we have invested in to support our customers, including iBuy, increased web marketing through search engine optimisation and pay-per-click activity, and a new local language website in Turkey in the quarter.

**Other Distribution Businesses**  
(CPC and MCM)

	<b>Q1 09/10</b> <b>£m</b>	Q1 08/9 £m	Q1 <i>growth</i>
Revenue	22.6	21.0	-1.0%
Total operating profit	2.3	2.6	-17.9%
Operating margin %	10.2%	12.4%	

CPC's sales grew 1.0% in the quarter, reflecting an impressive performance in a very difficult and competitive UK market. This has been achieved through the success of CPC's strategic brand and price positioning with a value for money proposition that is second to none. Investment in search engine optimisation has resulted in a 22.7% increase in traffic to the website during the quarter with web sales growing 17.2% year on year. Web sales now account for 36.2% of total sales. Margins have been maintained through efficient sourcing strategies, including Far Eastern private label ranges.

MCM's sales decreased by 5.8% in the quarter. This reflects the impact of the North American recession on MCM's National Account customers, with sales from small to medium sized customers remaining stable. Continued focus towards both on-line and off-line marketing has resulted in 16,000 new customers being added in the quarter with customer adds to the website up 56%. Strategic pricing actions have been taken based on competitive bench marking surveys which has contributed to the increase in web sales, up 9.1% in the quarter.

## Industrial Products Division (IPD)

(Akron Brass and TPC Wire & Cable)

	Q1 09/10 £m	Q1 08/09 £m	Q1 growth
Revenue	20.6	17.9	-14.5%
Operating profit	3.2	3.5	-33.3%
Operating margin %	15.5%	19.6%	

First quarter sales for our IPD Division declined 14.5%, or 8.2% excluding the Cadillac Electric business which was closed at the end of the prior year. Both Akron Brass and TPC Wire & Cable remain focussed on their successful targeting of opportunities and new markets in order to mitigate the impact of the difficult conditions in their domestic markets.

### Akron Brass

Despite the tough market conditions, Akron Brass achieved a strong first quarter performance with sales down only 3.0% on the prior year supported by its engineered safety solutions business for which the market remains relatively healthy due to order backlog and support from the Obama administration. The success of this business is also demonstrated by Akron's increase in market share through its competitor conversions during the quarter. Sales from the Fire Original Equipment Manufacturers (OEM) markets also helped offset the softness in the Municipal markets. Akron Brass continues to identify new opportunities in international and industrial markets and create new products to support areas where the market is growing. Operating margins remained strong during the quarter.

### TPC Wire & Cable

TPC's first quarter sales declined 26.5%, reflecting the dramatic slowdown in the North American automobile manufacturing and industrial segments serviced by TPC, including manufacturing and steel production where many sites are idle resulting in project and maintenance delays. In order to offset the slowing in its traditional markets, TPC has continued to diversify into new markets and to benefit from the transfer of customers and product of the "Hoffman" range from the Cadillac business last quarter. TPC has also sought to expand into new international markets and a new industrial programme was developed with our local subsidiary in Brazil to sell TPC product in to the Brazilian industrial segment. Operating margins from this business have been impacted by the sales mix and actions to refocus sales towards key growth segments.

*This press release contains certain forward-looking statements relating to the business of the Group and certain of its plans and objectives, including, but not limited to, future capital expenditures, future ordinary expenditures and future actions to be taken by the Group in connection with such capital and ordinary expenditures, the expected benefits and future actions to be taken by the Group in respect of certain sales and marketing initiatives, operating efficiencies and economies of scale. By their nature forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual expenditures made and actions taken may differ materially from the Group's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Group. These factors include, but are not limited to, the implementation of initiatives supporting the Group's strategy, recruitment and integration of new personnel, the implementation of cost-saving initiatives to offset current market conditions, continued use and acceptance of e-commerce programs and systems, the ability to expand into new markets and territories, the implementation of new sales and marketing initiatives, changes in demand for electronic, electrical, electromagnetic and industrial products, rapid changes in distribution of products and customer expectations, the ability to introduce and customers' acceptance of new services, products and product lines, product availability, the impact of competitive pricing, fluctuations in foreign currencies, and changes in interest rates and overall market conditions, particularly the impact of changes in world-wide and national economies. The Group does not intend to update the forward-looking statements made herein.*

## Condensed Consolidated Income Statement

For the first quarter ended 3rd May 2009

	Notes	2009/10 First quarter unaudited £m	2008/9 First quarter unaudited £m	2008/9 Full year audited £m
<b>Continuing operations</b>				
<b>Revenue</b>	2	<b>204.3</b>	199.3	<b>804.4</b>
Cost of sales		<b>(123.8)</b>	(119.3)	<b>(485.6)</b>
<b>Gross profit</b>		<b>80.5</b>	80.0	<b>318.8</b>
Net operating expenses				
- before restructuring costs		<b>(63.0)</b>	(55.8)	<b>(230.0)</b>
- restructuring costs	3	<b>(4.0)</b>	-	<b>(3.4)</b>
<b>Total net operating expenses</b>		<b>(67.0)</b>	(55.8)	<b>(233.4)</b>
Operating profit				
- before restructuring costs		<b>17.5</b>	24.2	<b>88.8</b>
- restructuring costs	3	<b>(4.0)</b>	-	<b>(3.4)</b>
<b>Total operating profit</b>	2	<b>13.5</b>	24.2	<b>85.4</b>
Finance income (interest receivable)		<b>0.1</b>	0.2	<b>0.7</b>
Finance costs				
- <i>interest payable</i>		<b>(3.5)</b>	(2.9)	<b>(12.6)</b>
- <i>preference dividends</i>		<b>(0.9)</b>	(0.9)	<b>(3.5)</b>
- <i>premium on redemption of preference shares</i>		<b>(0.2)</b>	(0.2)	<b>(0.9)</b>
- <i>gain on purchase of preference shares</i>		-	3.6	<b>3.7</b>
Total finance costs		<b>(4.6)</b>	(0.4)	<b>(13.3)</b>
<b>Profit before taxation</b>	3	<b>9.0</b>	24.0	<b>72.8</b>
Taxation	4	<b>(2.9)</b>	(6.2)	<b>(21.1)</b>
<b>Profit for the period (attributable to ordinary shareholders)</b>		<b>6.1</b>	17.8	<b>51.7</b>
<b>Earnings per share</b>				
Basic	5	<b>1.7p</b>	4.9p	<b>14.3p</b>
Diluted		<b>1.7p</b>	4.9p	<b>14.2p</b>
<b>Ordinary dividends</b>				
Interim - proposed				<b>4.2p</b>
Final - proposed				<b>5.2p</b>
Paid				<b>9.4p</b>
Impact on shareholders' funds (£m)				<b>34.0</b>

## Condensed Consolidated Statement of Comprehensive Income

For the first quarter ended 3rd May 2009

	Notes	2009/10 First quarter unaudited £m	2008/9 First quarter unaudited £m	2008/9 Full year unaudited £m
Profit for the period		<b>6.1</b>	17.8	<b>51.7</b>
Net exchange adjustments		<b>(0.1)</b>	1.6	<b>11.6</b>
Actuarial losses on pensions and other post-retirement obligations		-	-	<b>(85.1)</b>
Deferred tax credit on actuarial losses		-	-	<b>31.3</b>
Net (losses)/gains not recognised in the income statement	7	<b>(0.1)</b>	1.6	<b>(42.2)</b>
<b>Total comprehensive income for the period</b>		<b>6.0</b>	19.4	<b>9.5</b>

The accompanying notes form an integral part of this unaudited condensed consolidated financial information.

# Condensed Consolidated Balance Sheet

As at 3rd May 2009

	Notes	3rd May 2009 unaudited £m	4th May 2008 unaudited £m	1st February 2009 audited £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		32.3	31.1	32.5
Other intangible assets		24.7	19.9	25.0
Property, plant and equipment		54.8	54.7	58.1
Retirement benefit assets		-	53.8	-
Deferred tax assets		5.0	0.2	5.0
<b>Total non-current assets</b>		<b>116.8</b>	<b>159.7</b>	<b>120.6</b>
<b>Current assets</b>				
Inventories		185.1	159.9	194.3
Trade and other receivables		119.7	127.0	128.8
Cash and cash equivalents	6	30.3	38.9	39.6
<b>Total current assets</b>		<b>335.1</b>	<b>325.8</b>	<b>362.7</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Financial liabilities	6	(2.4)	(2.2)	(5.1)
Trade and other payables		(88.7)	(91.2)	(94.5)
Current tax payable		(22.3)	(25.6)	(17.4)
<b>Total current liabilities</b>		<b>(113.4)</b>	<b>(119.0)</b>	<b>(117.0)</b>
<b>Net current assets</b>		<b>221.7</b>	<b>206.8</b>	<b>245.7</b>
<b>Non-current liabilities</b>				
Financial liabilities	6	(294.8)	(274.0)	(330.4)
Retirement and other post-employment benefits		(35.1)	(21.3)	(35.3)
Deferred tax liabilities		(6.0)	(32.0)	(6.2)
<b>Total non-current liabilities</b>		<b>(335.9)</b>	<b>(327.3)</b>	<b>(371.9)</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>2.6</b>	<b>39.2</b>	<b>(5.6)</b>
<b>EQUITY</b>				
Ordinary shares		18.3	18.2	18.3
Equity element of preference shares		10.4	10.5	10.4
Share premium		23.8	23.0	23.8
Capital redemption reserve		4.4	4.4	4.4
Hedging reserve		(1.8)	(2.1)	(3.7)
Cumulative translation reserve		15.2	5.3	15.3
Retained earnings		(67.7)	(20.1)	(74.1)
<b>TOTAL EQUITY</b>	7	<b>2.6</b>	<b>39.2</b>	<b>(5.6)</b>

The accompanying notes form an integral part of this unaudited condensed consolidated financial information.

## Condensed Consolidated Statement of Cash Flows

For the first quarter ended 3rd May 2009

Notes	<b>2009/10</b> <b>First</b> <b>quarter</b> <b>unaudited</b> <b>£m</b>	2008/9 First quarter unaudited £m	2008/9 Full year audited £m
<b>Cash flows from operating activities</b>			
Operating profit from continuing operations	13.5	24.2	85.4
Restructuring costs:			
- income statement impact	4.0	-	3.4
- cash impact	(1.5)	-	(2.0)
Non-cash impact of restructuring costs	2.5	-	1.4
Depreciation and amortisation	5.0	4.2	18.0
Changes in working capital	3.1	(5.8)	2.7
Additional pension scheme funding (UK defined benefit plan)	(0.5)	(0.7)	(2.9)
Other non-cash movements	0.9	0.2	(2.3)
Total cash generated from operations	24.5	22.1	102.3
Interest received	0.1	0.2	0.7
Interest paid	(1.1)	(1.4)	(12.4)
Dividends paid on preference shares	-	-	(3.5)
Taxation received/(paid)	0.6	(2.6)	(21.9)
<b>Net cash generated from operating activities</b>	<b>24.1</b>	<b>18.3</b>	<b>65.2</b>
<b>Cash flows from investing activities</b>			
Acquisition of business	-	-	(1.1)
Disposal of business	-	-	0.7
Proceeds from sale of property, plant and equipment	-	-	3.3
Purchase of property, plant and equipment	(1.0)	(1.2)	(7.0)
Purchase of intangible assets (computer software)	(1.5)	(2.3)	(9.1)
<b>Net cash used in investing activities</b>	<b>(2.5)</b>	<b>(3.5)</b>	<b>(13.2)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	-	-	0.9
Purchase of ordinary shares	-	(2.7)	(2.9)
Purchase of preference shares	-	(23.1)	(23.6)
New bank loans	128.1	12.3	29.5
Repayment of bank loans	(158.7)	-	(22.8)
Dividends paid to ordinary shareholders	-	-	(34.0)
<b>Net cash used in financing activities</b>	<b>(30.6)</b>	<b>(13.5)</b>	<b>(52.9)</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>			
	<b>(9.0)</b>	1.3	(0.9)
Cash, cash equivalents and bank overdrafts at beginning of period	39.0	37.6	37.6
Exchange gains	0.3	-	2.3
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b>30.3</b>	<b>38.9</b>	<b>39.0</b>
<b>Reconciliation of net financial liabilities</b>			
Net financial liabilities at beginning of period	(295.9)	(254.1)	(254.1)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(9.0)	1.3	(0.9)
Decrease/(increase) in debt	30.6	(12.3)	(6.7)
Decrease in preference shares	-	26.8	27.4
Premium on redemption of preference shares	(0.2)	(0.2)	(0.9)
Derivative financial instruments	2.1	0.8	(1.5)
Exchange movement	5.5	0.4	(59.2)
<b>Net financial liabilities at end of period</b>	<b>(266.9)</b>	<b>(237.3)</b>	<b>(295.9)</b>

The accompanying notes form an integral part of this unaudited condensed consolidated financial information.

## Notes

### 1 Basis of preparation

The unaudited condensed consolidated financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRSs) and applying the accounting policies disclosed in the Group's 2009 Annual Report and Accounts on pages 81 to 85, except as described below.

The following new standards and amendments to standards are mandatory for the first time for financial years beginning on or after 1 January 2009, and have been adopted by the Group effective from 2 February 2009.

IAS 1 (revised), 'Presentation of financial statements'. The revised standard brings new disclosure requirements regarding 'non-owner changes in equity' and 'owner changes in equity', which are now required to be shown separately. Under this revised guidance the Group has elected to continue to present two performance statements: an income statement and a statement of comprehensive income (previously the 'Statement of Recognised Income and Expense'). These financial statements have been prepared under the revised disclosure requirements. The requirements under the revised standard have not had a significant impact on the Group's financial statements.

IFRS 8, 'Operating segments' (replacing IAS 14, 'Segment reporting'): IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not affected the financial results of the Group, but has resulted in a change to the Group's segmental disclosures. The previous two divisions within the Marketing and Distribution Division (MDD) have been split in to three divisions with CPC (previously in MDD Europe and Asia Pacific) and MCM (previously in MDD Americas) now both categorised as "Other Distribution Businesses". Comparatives have been re-presented accordingly.

The Group's 2009 statutory accounts have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not include a statement under Section 237(2) or (3) of the Companies Act 1985. Copies of the Group's Annual Report and Accounts are available from Premier Farnell plc, 150 Armley Road, Leeds, LS12 2QQ, or from the Company's website at www.premierfarnell.com.

### 2 Segment information (unaudited)

	2009/10 First quarter			2008/9 First quarter (re-presented) £m	2008/9 Full year		
	Before restructuring costs	Restructuring costs	After restructuring costs		Before restructuring costs (re-presented)	Restructuring costs (re-presented)	After restructuring costs (re-presented)
	£m	£m	£m		£m	£m	£m
<b>Revenue</b>							
Marketing and Distribution Division							
Americas	83.7	-	83.7	80.8	335.5	-	335.5
Europe and Asia Pacific	77.4	-	77.4	79.6	303.8	-	303.8
Other Distribution Businesses	22.6	-	22.6	21.0	87.8	-	87.8
Total Marketing and Distribution Division	183.7	-	183.7	181.4	727.1	-	727.1
Industrial Products Division	20.6	-	20.6	17.9	77.3	-	77.3
	204.3	-	204.3	199.3	804.4	-	804.4
<b>Operating profit</b>							
Marketing and Distribution Division							
Americas	2.9	(1.1)	1.8	7.9	31.2	(0.9)	30.3
Europe and Asia Pacific	11.5	(2.9)	8.6	13.1	44.8	(1.8)	43.0
Other Distribution Businesses	2.3	-	2.3	2.6	9.7	(0.2)	9.5
Total Marketing and Distribution Division	16.7	(4.0)	12.7	23.6	85.7	(2.9)	82.8
Industrial Products Division	3.2	-	3.2	3.5	14.3	(0.2)	14.1
Head Office costs	(2.4)	-	(2.4)	(2.9)	(11.2)	(0.3)	(11.5)
	17.5	(4.0)	13.5	24.2	88.8	(3.4)	85.4

Segmental information has been re-presented to reflect the adoption of IFRS 8 (see note 1).

### 3 Profit before taxation (continuing operations)

Profit before taxation is stated after charging/(crediting):

	2009/10 First quarter unaudited £m	2008/9 First quarter unaudited £m	2008/9 Full year audited £m
Restructuring costs	4.0	-	3.4
Share-based payments	0.3	0.8	0.8
Defined benefit pension schemes (net)	1.2	(0.5)	(2.2)

As noted in its year end results announcement on 19th March 2009, the Group has taken further action during the quarter to restructure its branch network in North America and to rationalise its structure in Europe. The one-off cost related to this restructuring was £4.0 million with the annualised benefit of these actions being approximately £6.0 million.

The impact of the prior year end valuations on the Group's defined benefit pension plans have resulted in a net charge to the income statement in the first quarter of £1.2 million, compared to net income of £0.5 million in the first quarter of 2008/9. This reflects primarily the decline in the market value of investments of the US Pension Plan during 2008/9. During the first quarter the Group reduced further its exposure to the equity markets in the North American plan.

#### 4 Taxation

The taxation charge represents an effective tax rate for the period on profit before tax, preference dividends and gain on purchase of preference shares of 29.0% (2008/9: 29.0%), being the estimated effective rate of taxation for the financial year ending 31 January 2010.

#### 5 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders for the period by the weighted average number of ordinary shares in issue during the period, excluding those shares held by the Premier Farnell Executive Trust. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume issue of all dilutive potential ordinary shares, being those share options and awards with a non-market based performance condition granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period, and those shares with a market based performance condition based on the current estimate of the number of shares that will vest under the performance criteria.

Reconciliations of earnings and the weighted average number of ordinary shares used in the calculations are set out below.

	2009/10			2008/9		
	First quarter (unaudited)			First quarter (unaudited)		
	Earnings	Basic per	Diluted per	Earnings	Basic per	Diluted per
	£m	share amount	share amount	£m	share amount	share amount
		pence	pence		pence	pence
<b>Earnings per share</b>						
Profit attributable to ordinary shareholders	6.1	1.7	1.7	17.8	4.9	4.9
Gain on purchase of preference shares	-	-	-	(3.6)	(1.0)	(1.0)
Restructuring costs	4.0	1.1	1.1	-	-	-
Tax attributable to restructuring costs	(1.3)	(0.4)	(0.4)	-	-	-
Profit attributable to ordinary shareholders before gain on purchase of preference shares and excluding restructuring costs	<u>8.8</u>	<u>2.4</u>	<u>2.4</u>	<u>14.2</u>	<u>3.9</u>	<u>3.9</u>
		<b>Number</b>			<b>Number</b>	
Weighted average number of shares		362,443,906			363,049,627	
Dilutive effect of share options		<u>2,623,803</u>			<u>2,799,928</u>	
Diluted weighted average number of shares		<u>365,067,709</u>			<u>365,849,555</u>	

	2008/9		
	Full Year (audited)		
	Earnings	Basic per	Diluted per
	£m	share amount	share amount
		pence	pence
<b>Earnings per share</b>			
Profit attributable to ordinary shareholders	51.7	14.3	14.2
Gain on purchase of preference shares	(3.7)	(1.0)	(1.0)
Restructuring costs	3.4	0.9	0.9
Tax attributable to restructuring costs	(1.0)	(0.3)	(0.3)
Profit attributable to ordinary shareholders before gain on purchase of preference shares and excluding restructuring costs	<u>50.4</u>	<u>13.9</u>	<u>13.8</u>
		<b>Number</b>	
Weighted average number of shares		362,412,369	
Dilutive effect of share options		<u>2,678,546</u>	
Diluted weighted average number of shares		<u>365,090,915</u>	

Earnings per share before the gain on purchase of preference shares and excluding restructuring costs have been provided in order to facilitate year on year comparison.

## 6 Net financial liabilities

	3rd May 2009 unaudited £m	4th May 2008 unaudited £m	1st February 2009 audited £m
Cash and cash equivalents	30.3	38.9	39.6
Unsecured loans and overdrafts	<u>(235.3)</u>	<u>(214.8)</u>	<u>(271.7)</u>
Net financial liabilities before preference shares and derivatives	<b>(205.0)</b>	<b>(175.9)</b>	<b>(232.1)</b>
Preference shares	<b>(59.6)</b>	<b>(59.3)</b>	<b>(59.4)</b>
Derivative financial instruments (net)	<b>(2.3)</b>	<b>(2.1)</b>	<b>(4.4)</b>
Net financial liabilities	<b><u>(266.9)</u></b>	<b><u>(237.3)</u></b>	<b><u>(295.9)</u></b>

Net financial liabilities are analysed in the balance sheet as follows:

### Current assets

Cash and cash equivalents	<u>30.3</u>	<u>38.9</u>	<u>39.6</u>
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### Current liabilities

Bank overdrafts	-	-	(0.6)
Other loans	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>
Derivative financial instruments	<b>(2.3)</b>	<b>(2.1)</b>	<b>(4.4)</b>
	<b><u>(2.4)</u></b>	<b><u>(2.2)</u></b>	<b><u>(5.1)</u></b>

### Non-current liabilities

Bank loans	<b>(79.3)</b>	<b>(98.1)</b>	<b>(109.8)</b>
5.3% US dollar Guaranteed Senior Notes payable 2010	<b>(44.3)</b>	<b>(33.3)</b>	<b>(45.8)</b>
5.9% US dollar Guaranteed Senior Notes payable 2013	<b>(106.7)</b>	<b>(80.3)</b>	<b>(110.4)</b>
Other loans	<b>(4.9)</b>	<b>(3.0)</b>	<b>(5.0)</b>
Preference shares	<b>(59.6)</b>	<b>(59.3)</b>	<b>(59.4)</b>
	<b><u>(294.8)</u></b>	<b><u>(274.0)</u></b>	<b><u>(330.4)</u></b>

In addition to the new £150 million syndicate bank facilities agreed at the end of the last quarter, which expire in January 2013, the Group has recently entered in to a further £20 million bank facility which expires in May 2012. Based on these new bank facilities of £170 million, the Group's headroom on bank borrowings at the end of the first quarter was £88 million.

## 7 Consolidated statement of changes in equity

	2009/10 First quarter unaudited £m	2008/9 First quarter unaudited £m	2008/9 Full year audited £m
Total equity at beginning of period	<b>(5.6)</b>	20.1	20.1
Profit for the period	<b>6.1</b>	17.8	51.7
Other comprehensive income	<b>(0.1)</b>	1.6	(42.2)
Derivative financial instruments	<b>1.9</b>	0.8	(0.8)
Transactions with owners:			
Ordinary dividends paid	-	-	(34.0)
Ordinary shares issued	-	-	0.9
Purchase of ordinary shares	-	(2.7)	(2.9)
Purchase of preference shares:			
- reduction in equity element	-	(4.7)	(4.8)
- gain arising on equity element	-	4.7	4.8
- deferred tax	-	0.8	0.8
Share-based payments	<b>0.3</b>	0.8	0.8
Total transactions with owners	<b><u>0.3</u></b>	<b><u>(1.1)</u></b>	<b><u>(34.4)</u></b>
Total equity at end of period	<b><u>2.6</u></b>	<b><u>39.2</u></b>	<b><u>(5.6)</u></b>

## 8 Exchange rates

The principal average exchange rates used to translate the Group's overseas profits were as follows:

	2009/10 First quarter	2008/9 First quarter	2008/9 Full year
US dollar	<b>1.47</b>	1.99	1.79
Euro	<b>1.11</b>	1.29	1.24