28 August 2009

BRITISH POLYTHENE INDUSTRIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

Highlights

- Profits before tax increase 26% to £9.1m (2008: £7.2m)
- Operating profits before restructuring costs up almost 50% to £13.7m (2008: £9.2m)
- Diluted earnings per share before restructuring costs rose 31% to 28.05p (2008: 21.35p)
- Turnover £231.4m (£265.9m) reflecting reduced volumes and drop in raw material prices
- Interim dividend per share reduced to 3.5p (2008: 7.0p) consistent with the realignment of last year's final dividend to reduce borrowings in current economic environment
- Net borrowings reduced to £55m compared to £76m at 31 December 2008
- 2009 outcome expected to show an improvement on 2008

Commenting on the results Cameron McLatchie, Chairman of BPI, said:

“The first half produced a satisfactory outcome during a period of major restructuring.”

“As a result of actions already announced, our capacity is better aligned to demand and, with this reduced cost base, the Group is in a good position to cope with the current challenging economic environment. It is still too early to predict the outcome for 2009, but it does look to be an improvement on 2008 when we had a poor second half. With the timing of our agricultural film sales weighted towards the second quarter, it is inevitable that the second half of the year will not match the first half. July has been a much better month than last year, however the outcome for the full year will depend on the raw material price cycle and whether traditional retail Christmas spend is up to expectations.”

Enquiries

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INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

We indicated at our AGM in May and in our Trading Update on 1 July that results for the first six months would be ahead of the same period last year.

Before restructuring costs, operating profits improved by almost 50% and diluted earnings per share by 31%. During a period of major restructuring, this was a satisfactory outcome.

On turnover of £231.4 million (2008: £265.9 million), our profit before tax was £9.1 million (2008: £7.2 million), resulting in diluted earnings per share of 23.12p (2008: 19.83p). The reduction in turnover was the result of lower volumes and the drop in raw material costs from the high levels we experienced in the first half of 2008, tempered by favourable exchange rate movements. These results are after restructuring costs of £2 million (2008: £0.5 million), which include charges for the closure of Cowdenbeath and the ongoing closure of Stockton.

We have made good progress in reducing net bank borrowings to £55 million from £76 million in December 2008 (June 2008: £65 million). This reflects the lower input costs of raw material, tight control of working capital, benefits from currency movements and the timing of the payment of the 2008 final dividend.

Our balance sheet was impacted by the deficit in the Group Pension Scheme as calculated under IAS 19, net of deferred tax, which increased to £37.6 million as at 30 June (December 2008: £18.4 million). This was mainly driven by higher assumptions on the rate of future inflation and the reduction in the rate used to discount the liabilities of the Scheme.

Following the reduction in the 2008 final dividend, the Board continues to believe that reducing borrowings is appropriate in the current economic environment and has therefore declared an interim dividend of 3.5p (2008: 7p). This dividend will be paid on 18 November to shareholders on the register at the close of business on 23 October 2009.

Last year, at this time, we indicated that raw material prices had reached unprecedented high levels. Since then, the cost of these raw materials dropped sharply and has since risen. Suppliers have imposed increases in both July and August and are justifying this on the basis of the high input costs of naptha in Western Europe. Imports from new plants, particularly in the Middle East, are now starting to increase in volume. In light of patchy demand, it remains to be seen in which direction raw material prices will move.

As a result of actions already announced, our capacity is better aligned to demand and, with this reduced cost base, the Group is in a good position to cope with the current challenging economic environment. It is still too early to predict the outcome for 2009, but it does look to be an improvement on 2008 when we had a poor second half. With the timing of our agricultural film sales weighted towards the second quarter, it is inevitable that the second half of the year will not match the first half. July has been a much better month than last year, however the outcome for the full year will depend on the raw material price cycle and whether traditional retail Christmas spend is up to expectations.

Cameron McLatchie

Chairman

CHIEF EXECUTIVE'S REVIEW

BUSINESS OVERVIEW

Summary

The Group profit from operations, after restructuring costs, increased from £8.7 million to £11.7 million despite reduced volumes and higher restructuring costs due to lower input costs, reduced operating costs and benefits from exchange rates. The contribution from our agricultural business is normally seasonally weighted to the first half and we expect this again to be the case in the current year.

Raw Material Prices

While the average LD Platts price for the first half of 2009 is below 2008, we have experienced several price increases during 2009 as the polymer producers have attempted to restore their margins. Prices increased significantly in July with a small increase in August and a further increase planned for September. Maintenance of these current price levels would appear to be difficult as a result of the reduced demand and the expected arrival of new supply from the Middle East. We have still to see any product from the new polymer plant in the North East of England and product is now not expected until later in 2009.

Sales and Margins

Total sales for the six months were 13% down at £231 million due to reduced demand as a result of the economic downturn and lower polymer prices. This was partially offset by exchange rate movements on the euro.

Margins were restored due to lower input costs and reduced operating costs as we benefited from actions taken in 2008. In 2009, we closed a small factory at Cowdenbeath and started the run down of our large site at Stockton. The sales mix improved as we exited poorer margin business.

Energy Costs

UK energy costs returned to more sensible levels compared to the spike in the fourth quarter in 2008 and should remain around these levels for the rest of 2009.

Sales Volumes

Total sales volumes were down 15% with sales to the construction sector in the UK down by over 25% due to very poor demand from the builders' merchants and brick and block manufacturers.

Sales volumes in the first quarter were poor as we continued to see low demand and evidence of continued destocking. As a whole, the supply chain has seen considerable destocking with minimal stocks now maintained by both our customers and suppliers.

Restructuring

In April, as part of the restructuring of our UK Industrial business, we closed our small loss making site at Cowdenbeath with the loss of 34 jobs and moved the business to other sites. The phased closure of our large Stockton site commenced in January and the manufacture of heavy duty sacks was transferred to Ardeer and Greenock during the period.

Our Mainland European business reduced costs in our operation in the Netherlands and closed the Paris sales office.

Capital Expenditure

Our capital expenditure for the six months at around £5 million was below depreciation with the main spend on a new warehouse at Ardeer and a deposit for a new line to manufacture wide agricultural and horticultural films. Total expenditure for the year will be above depreciation as we build two extrusion halls at Ardeer for the transfer of film lines from Stockton and the new wide line. Discussions continue on selling vacant sites.

Cash Flow and Borrowings

Net borrowings reduced from £76 million at 31 December 2008 to £55 million. The reduction of £21 million included £5 million from the positive effect of currency translation on non-sterling borrowings, which are maintained to hedge the net investment in our overseas subsidiaries.

Cash generated from operations was £7 million higher than 2008. This is due to a combination of the improved operating profits and a £6 million reduction in working capital (2008: £2 million). The working capital improvement is a benefit of continuing tight control and reduced raw material input costs. The cash impact of restructuring costs in the period was £3.0 million (2008: £0.5 million).

Capital expenditure, including computer software, reduced to £5.1 million compared to £7.7 million in the first half of 2008. Nearly £0.2 million was realised from the sale of the Cowdenbeath site. We anticipate total expenditure for 2009 to be ahead of our £15 million spend in 2008.

The reduced final dividend of 7.5p per share was delayed until July and this improved the net cash flow in the period by £3.9 million compared to the first six months of 2008. This change of the dividend payment date has deferred £2 million of cash outgoings into the second half of the year.

Total available facilities are now £113 million following the early repayment of a £20 million term loan which was due for redemption in July 2009.

Pension Fund

The deficit in the UK pension fund increased from £26 million (net £18.4 million) at 31 December 2008 to £52 million (net £37.6 million) at 30 June 2009. The movement in the deficit is analysed below

	£M
Deficit at 31 December 2008	26
Surplus of contributions over current service cost	(1)
Lower than expected return from investments	6
Increase in liabilities due to reduced real yields	21
Deficit at 30 June 2009	**52**

The assets of the scheme were reduced by lower than expected investment returns and the liabilities increased due to lower bond yields and a significant increase in the assumed long term rate of inflation.

Principal Risks & Uncertainties

The 2008 Annual Report sets out the principal risks and uncertainties faced by the Group at December 2008, and details the process in place for managing those risks.

We do not consider these risk factors to have changed significantly, and therefore the principal risks and uncertainties facing the Group for the remaining six months of the year are consistent with those set out in the 2008 Annual Report. However, there may be additional factors which are not currently known to the Group, or which we currently deem immaterial, which may also have an adverse effect on our business.

There have been no significant changes to the risk management process in the interim period.

Liquidity Risk

As highlighted in the risk factors referred to above, the current economic conditions present some challenges in terms of Group performance.

The possibility of further reductions in customer demand is a risk. However, around two thirds of our business is in sectors such as retail food chain, agriculture, healthcare and waste services which should be more resilient to economic downturn.

The risk of customer insolvency has also increased. However, our customers are spread across a wide range of market sectors and geographical regions and no single customer represents more than 3% of Group turnover. We continue to carry some credit insurance in Mainland Europe and in the agricultural sector.

Movements in exchange rates can also be a risk. Weakness of sterling, particularly against the euro, tends to be positive for Group performance. UK exports become more competitive and UK domestic sales are better protected against mainland European competition. Also, profits from our Mainland European operations are worth more in sterling terms. On the other hand, euro denominated borrowings become higher in sterling terms.

We are currently restructuring parts of our UK business to reduce capacity in line with current demand. New banking facilities were agreed in November 2008 which provide improved headroom to carry out this restructuring. The revolving credit elements of the facilities are repayable in November 2011 and some of the asset finance lines extend beyond that. Short-term overdraft facilities are renewable on an annual basis. Where this renewal period falls within 12 months, no matters have been drawn to the attention of the Directors to suggest that renewal may not be forthcoming on acceptable terms.

In view of the uncertainties resulting from current economic conditions, the decision was taken to reduce the final dividend for 2008 to 7.5p (2007 – 15p) to preserve cash and support the balance sheet. These uncertainties continue and the interim dividend for 2009 has similarly been reduced to 3.5p (2008 – 7p).

Going Concern

The Group's projections, taking account of the risks outlined above, show that the Group should be able to operate within its current banking facilities. As a result, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Strategy

Our current strategy is set out in our 2008 Annual Report.

Outlook

The second half continues to look challenging with demand continuing at lower levels and our suppliers seeking raw material price increases. The business has, however, taken the necessary action to reduce capacity in line with demand and lower the cost base.

OPERATING REVIEW

UK & Ireland

	2009	2008
Operating Profit Before Restructuring Costs	£7.8m	£3.9m
Tonnes Sold	109,200	132,200

The UK and Ireland reported an increased operating profit as it reduced operating costs and benefitted from reduced input costs and exchange rate movements.

Lower input costs and the elimination of lower margin business enabled the restoration of margins.

Total operating costs were reduced including a 10% reduction in our direct labour costs reflecting the decisive action taken in 2008 to reduce costs.

Overall volumes fell by 17% as the full effect of the economic downturn impacted across all market sectors. Sales to the construction sector fell by over 25% with an even greater fall in sales to the brick and block sector. Sales of construction films to the builders' merchants were better in the second quarter and we are now hopeful that the bottom of the market has been reached.

Restructuring of our UK business continued with a number of machine moves as we relocated machinery and business to different sites. These moves resulted in significant disruption to the sites involved.

Sales of our new products continued to grow with our 100% recycled Green Sack now approved by a major UK retailer. Our Wrapsmartultra® stretchwrap products continue to gain customers as we demonstrate the environmental benefits.

Sales volumes of our silage products were behind 2008 due to very competitive pricing in Ireland. The very wet weather in the UK from July has restricted access to the fields and, as there is now a shortage of silage, we are hopeful that sales could continue into the autumn.

Scrap availability became more difficult as the Chinese export market recovered and over 70% of plastic waste continues to be exported.

Sales of printed film to the food and drink sector held up reasonably well but the market remains very competitive with margins under pressure. Our second ten colour press was delivered and is fully operational.

Mainland Europe

	2009	2008
Operating Profit Before Restructuring Costs	£5.6m	£4.8m
Tonnes Sold	36,900	40,100

Total sales volumes were down 8% reflecting the economic downturn in Europe. Operating profits in euros were in line with 2008 but the reported sterling profit increased due to the currency movement of the euro against sterling.

The silage market was difficult due to the combination of very dry weather and reduced credit with sales volumes down on 2008. Sales of industrial products were down 10% for the period but were much improved in the second quarter.

Our new stretch line was commissioned in the first quarter and provides new capacity to develop our new products Baletite® and Silotitepro®.

North America

	2009	2008
Operating Profit Before Restructuring Costs	£0.3m	£0.5m
Tonnes Sold	4,900	6,200

The impact of the economic downturn has reduced sales in North America by over 20% with lower demand in all our main markets. In the greenhouse market, new structure sales are significantly down and growers are delaying replacement coverings. In the silage market, lower milk prices and cash flow have led to just in time ordering resulting in lower and delayed sales. The grain bag market has been delayed due to the poor spring weather. We expect to see some recovery of sales volumes in the third quarter.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The interim report is the responsibility of, and has been approved by, the directors of British Polythene Industries PLC.

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;

- the interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of British Polythene Industries PLC are as listed in the 2008 Annual Report with the following changes:

David Warnock	Appointed	18 August 2009
David Harris	Appointed	24 July 2009
Anne Thorburn	Resigned	24 July 2009

By order of the board

John Langlands
Chief Executive

David Harris
Finance Director

CAUTIONARY STATEMENT

This document contains forward-looking statements based on knowledge and information available to the Directors at the date the document was prepared. Although the Directors expectations are based on reasonable assumptions, these statements should be treated with caution due to the inherent uncertainties underlying such forward-looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

British Polythene Industries PLC
Consolidated Income Statement
For the six months ended 30 June 2009

	Note	6 months ended 30 June 2009 (unaudited) £m	2008 (unaudited) £m	Year ended 31 December 2008 £m
Turnover	**3**	**231.4**	265.9	480.7
Profit from operations before restructuring costs	**3**	**13.7**	9.2	12.6
Restructuring costs	**4**	**(2.0)**	(0.5)	(5.4)
Profit from operations		**11.7**	8.7	7.2
Borrowing costs		**(1.8)**	(2.0)	(4.2)
Net retirement benefit financing	**5**	**(0.8)**	0.5	0.9
Net financing costs		**(2.6)**	(1.5)	(3.3)
Profit before tax		**9.1**	7.2	3.9
Tax	**6**	**(3.0)**	(2.0)	(1.1)
Profit for the period		**6.1**	5.2	2.8
Attributable to:				
Equity holders of the parent		**6.1**	5.2	2.8
Earnings per share				
Basic	**8**	**23.24p**	19.83p	10.67p
Diluted	**8**	**23.12p**	19.83p	10.67p
Diluted before restructuring costs	**8**	**28.05p**	21.35p	25.53p

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

	Note	6 months ended 30 June 2009 (unaudited) £m	2008 (unaudited) £m	Year ended 31 December 2008 £m
Profit for the period		**6.1**	5.2	2.8
Cash flow hedges: effective portion of net changes in fair value		**0.6**	-	(0.4)
Actuarial loss on defined benefit pension scheme		**(26.5)**	(7.0)	(12.3)
Movement on translation of overseas undertakings and related borrowings		**(1.1)**	0.4	2.3
Movement on translation of minority interests		**(0.1)**	-	0.2
Tax on components of other comprehensive income	**6**	**7.3**	2.0	3.5
Other comprehensive income for the period		**(19.8)**	(4.6)	(6.7)
Total comprehensive income for the period		**(13.7)**	0.6	(3.9)
Attributable to:				
Equity holders of the parent		**(13.6)**	0.6	(4.1)
Minority interests		**(0.1)**	-	0.2
Total comprehensive income for the period		**(13.7)**	0.6	(3.9)

British Polythene Industries PLC
Consolidated Balance Sheet
At 30 June 2009

	Note	**30 June 2009 (unaudited)**	30 June 2008 (unaudited)	31 December 2008
		£m	£m	£m
Non-current assets				
Goodwill		**0.4**	0.3	0.4
Other intangible assets		**1.8**	1.7	1.8
Property, plant and equipment	**9**	**85.4**	85.6	90.3
Investments		**0.1**	0.1	0.1
Deferred tax assets		**15.2**	3.9	7.3
		102.9	91.6	99.9
Current assets				
Inventories		**49.5**	53.3	62.5
Trade and other receivables		**78.1**	103.0	60.4
Current tax assets		**0.7**	1.1	0.7
Cash at bank		**0.5**	0.1	0.4
		128.8	157.5	124.0
Current liabilities				
Bank overdraft	**10**	**7.8**	12.4	8.4
Other loans and borrowings	**10**	**1.3**	0.6	21.3
Trade and other payables		**74.2**	93.3	61.5
Dividends payable		**2.0**	-	-
Current tax liabilities		**4.3**	3.2	1.0
		89.6	109.5	92.2
Net current assets		**39.2**	48.0	31.8
Total assets less current liabilities		**142.1**	139.6	131.7
Non-current liabilities				
Other loans and borrowings	**10**	**46.5**	51.9	46.7
Retirement and employee benefit obligations	**11**	**53.5**	24.3	27.1
Deferred tax liabilities		**4.0**	3.4	4.0
Deferred government grants		**0.6**	0.9	0.8
		104.6	80.5	78.6
Net assets		**37.5**	59.1	53.1
Equity				
Issued share capital	**12**	**6.6**	6.6	6.6
Share premium account		**25.1**	25.1	25.1
Other reserves	**13**	**8.8**	7.8	9.3
Retained earnings		**(3.3)**	19.4	11.7
Total equity attributable to equity holders of the parent		**37.2**	58.9	52.7
Minority interests		**0.3**	0.2	0.4
Total equity		**37.5**	59.1	53.1

British Polythene Industries PLC
Consolidated Cash Flow Statement
For the six months ended 30 June 2009

	6 months ended 30 June		Year ended
	2009	2008	31 December
	(unaudited)	(unaudited)	2008
	£m	£m	£m
Profit from operations	**11.7**	8.7	7.2
Amortisation of intangible assets	**0.2**	0.3	0.5
Depreciation and impairment of property, plant and equipment	**6.9**	6.3	14.6
IFRS 2 charge in relation to equity settled transactions	**0.1**	-	0.4
Adjustment relating to pensions	**(1.1)**	(1.3)	(3.3)
Operating cash flows before movements in working capital	**17.8**	14.0	19.4
Decrease in inventories	**10.7**	9.4	4.9
(Increase) / decrease in trade and other receivables	**(19.4)**	(37.5)	6.9
Increase / (decrease) in trade and other payables	**14.2**	30.3	(3.4)
Movements in working capital	**5.5**	2.2	8.4
Cash generated from operations	**23.3**	16.2	27.8
Interest paid	**(2.7)**	(1.9)	(4.1)
Income taxes received/ (paid)	**0.3**	(0.2)	(3.3)
Net cash from operating activities	**20.9**	14.1	20.4
Investing activities			
Purchase of property, plant and equipment	**(5.0)**	(7.6)	(14.2)
Capital amount of hire purchase received	**-**	-	5.5
Net purchase of property, plant and equipment	**(5.0)**	(7.6)	(8.7)
Purchase of intangible assets	**(0.1)**	(0.1)	(0.4)
Sales of property plant and equipment	**0.2**	-	-
Net cash used in investing activities	**(4.9)**	(7.7)	(9.1)
Net cash flows before financing	**16.0**	6.4	11.3
Financing activities			
Dividends paid	**-**	(3.9)	(5.8)
Repayment of loan	**(20.0)**	-	-
Net increase in bank loans	**4.4**	2.7	6.9
Repayment of obligations under finance leases/hire purchase	**(0.6)**	(0.6)	(1.5)
Net cash used in financing activities	**(16.2)**	(1.8)	(0.4)
Net (decrease) / increase in cash and cash equivalents	**(0.2)**	4.6	10.9
Cash and cash equivalents at beginning of period	**(8.0)**	(16.2)	(16.2)
Effect of foreign exchange rate changes	**0.9**	(0.7)	(2.7)
Cash and cash equivalents at end of period	**(7.3)**	(12.3)	(8.0)

British Polythene Industries PLC
Consolidated Statement of Changes in Equity
For the period ended 30 June 2009

6 months ended 30 June 2009	**Share Capital (unaudited) £m**	**Share Premium (unaudited) £m**	**Other Reserves [1] (unaudited) £m**	**Retained Earnings [2] (unaudited) £m**	**Attributable to owners of the parent (unaudited) £m**	**Minority Interests (unaudited) £m**	**Total (unaudited) £m**
Balance at 1 January 2009	**6.6**	**25.1**	**9.3**	**11.7**	**52.7**	**0.4**	**53.1**
Total comprehensive income for the period	**-**	**-**	**(0.5)**	**(13.1)**	**(13.6)**	**(0.1)**	**(13.7)**
IFRS 2 charge in relation to equity settled transactions	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Dividends	**-**	**-**	**-**	**(2.0)**	**(2.0)**	**-**	**(2.0)**
Balance at 30 June 2009	**6.6**	**25.1**	**8.8**	**(3.3)**	**37.2**	**0.3**	**37.5**

6 months ended 30 June 2008	Share Capital (unaudited) £m	Share Premium (unaudited) £m	Other Reserves [1] (unaudited) £m	Retained Earnings (unaudited) £m	Attributable to owners of the parent (unaudited) £m	Minority Interests (unaudited) £m	Total (unaudited) £m
Balance at 1 January 2008	6.6	25.1	7.4	23.1	62.2	0.2	62.4
Total comprehensive income for the period	-	-	0.4	0.2	0.6	-	0.6
Dividends	-	-	-	(3.9)	(3.9)	-	(3.9)
Balance at 30 June 2008	6.6	25.1	7.8	19.4	58.9	0.2	59.1

Year ended 31 December 2008	Share Capital £m	Share Premium £m	Other Reserves [1] £m	Retained Earnings £m	Attributable to owners of the parent £m	Minority Interests £m	Total £m
Balance at 1 January 2008	6.6	25.1	7.4	23.1	62.2	0.2	62.4
Total comprehensive income for the period	-	-	1.9	(6.0)	(4.1)	0.2	(3.9)
IFRS 2 charge in relation to equity settled transactions	-	-	-	0.4	0.4	-	0.4
Dividends	-	-	-	(5.8)	(5.8)	-	(5.8)
Balance at 31 December 2008	6.6	25.1	9.3	11.7	52.7	0.4	53.1

1 Refer to note 13 for breakdown of other reserves.
2 As at 31 December 2008 the holding company retained earnings amounted to £21.1m and are not affected by movements in retirement benefit obligations.

British Polythene Industries PLC
Notes to the Consolidated Interim Financial Statements

1. Basis of preparation and accounting policies

British Polythene Industries PLC (the "Company") is a company domiciled and incorporated in the United Kingdom. These interim financial statements ("interim statements") represent the condensed consolidated financial information of the company and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2009. They have been prepared in accordance with the Disclosure and Transparency rules of the UK's Financial Services Authority and the requirements of IAS 34 'Interim Financial Reporting' as adopted by the EU.

The interim report was authorised for issue by the Directors on 27 August 2009.

The interim statements do not constitute financial statements as defined in section 240 of the Companies Act 1985 and do not include all of the information and disclosures required for full annual financial statements. They should be read in conjunction with the Annual Report 2008 which is available on request from the Company's registered office, or from the Company website; www.bpipoly.com.

The comparative figures for the financial year ended 31 December 2008 are not the Company's statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2008, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The interim financial statements for the current and previous period are unaudited. This statement has not been reviewed by the Company's auditors.

The interim statements are prepared on the historical cost basis except for derivative financial instruments, intangible assets acquired through business combinations and the assets and liabilities of the defined benefit pension scheme. These are stated at their fair value.

The interim statements have been prepared on a going concern basis. The reasons for this are outlined in the Operating Review.

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards described below:

IAS 1(revised) 'Presentation of Financial Statements'

The revised standard has resulted in a number of changes in presentation and disclosure, most significantly changing the title of the Consolidated Statement of Recognised Income and Expense to Consolidated Statement of Comprehensive Income and the introduction of the Statement of Changes in Equity as a primary statement. It has had no impact on the reported results or financial position of the group.

Amendment to IAS 23 'Borrowing Costs'

The amendment removes the previously available option to expense all borrowing costs incurred on production of qualifying assets. It has had no impact on the reported results or financial position of the group.

Amendment to IFRS 2 'Share Based Payments – Vesting Conditions and Cancellations'

The amendment clarifies the definition of vesting conditions in relation to share based payments, amongst other matters. It has had no impact on the reported results or financial position of the group.

IFRS 8 'Operating Segments'

The adoption of IFRS 8 has led to a change in the segmental information disclosed. See note 3.

British Polythene Industries PLC
Notes to the Consolidated Interim Financial Statements

The preparation of the interim statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There has been no material change in the estimates and judgements applied in the 2008 Annual Report.

2. Seasonality of operations

Management do not consider the business to be highly seasonal. However, revenues in some sectors are subject to seasonal fluctuations. Sales to the agricultural sector peak in the first half of the year due to seasonal weather conditions.

3. Segment reporting

The Group has adopted IFRS 8 'Operating Segments' with effect from 1 January 2009. IFRS 8 requires operating segments to be identified based on the structure of reporting which is regularly reviewed by the entity's chief operating decision maker in order to allocate resources and assess performance. This marks a shift in principle from the preceding standard, IAS 14, which required an entity to identify two sets of segments (business and geographical) using a risk and rewards based approach.

After undertaking an exercise to assess the impact of the new standard, the Group has concluded that there are three reportable segments; UK and Ireland, Mainland Europe and North America.

UK & Ireland includes all of the UK manufacturing and merchanting activities along with the Irish sales office which distributes predominantly UK manufactured products. It also includes the manufacturing operation in China from which most of the output is exported for sale by the Group in the UK. Mainland Europe comprises the manufacturing and merchanting activities located in Belgium, the Netherlands and France. North America comprises the manufacturing business in Canada with sales throughout North America.

The accounting policies of the reporting segments are the same as those described in Note 1. Inter-segment pricing is determined on an arms length basis.

Segment profit

An analysis of the Group's revenue and results by operating segment for the periods is presented below. The measure of segment profit provided to the chief operating decision maker is profit from operations.

	UK & Ireland		**Mainland Europe**		**North America**		**Total**	
		(unaudited)		(unaudited)		(unaudited)		(unaudited)
6 months ended 30 June	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Turnover								
Total sales	**160.0**	187.9	**64.4**	69.7	**10.0**	10.5	**234.4**	268.1
Inter-segment sales	**(0.6)**	(1.2)	**(2.3)**	(1.0)	**(0.1)**	-	**(3.0)**	(2.2)
External sales	**159.4**	186.7	**62.1**	68.7	**9.9**	10.5	**231.4**	265.9
Profit from operations before restructuring costs	**7.8**	3.9	**5.6**	4.8	**0.3**	0.5	**13.7**	9.2
Restructuring costs	**(1.3)**	(0.5)	**(0.7)**	-	**-**	-	**(2.0)**	(0.5)
Profit from operations	**6.5**	3.4	**4.9**	4.8	**0.3**	0.5	**11.7**	8.7
Net financing costs							**(2.6)**	(1.5)
Profit before tax							**9.1**	7.2
Tax							**(3.0)**	(2.0)
Profit for the period							**6.1**	5.2

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3. Segment reporting (continued)

	UK & Ireland	Mainland Europe	North America	Total
Year ended 31 December	2008	2008	2008	2008
	£m	£m	£m	£m
Turnover				
Total turnover	347.5	113.2	22.8	483.5
Inter-segment sales	(1.5)	(1.2)	(0.1)	(2.8)
External sales	346.0	112.0	22.7	480.7
Profit from operations before restructuring costs	4.5	7.3	0.8	12.6
Restructuring costs	(5.4)	-	-	(5.4)
(Loss)/profit from operations	(0.9)	7.3	0.8	7.2
Net financing costs				(3.3)
Profit before tax				3.9
Tax				(1.1)
Profit for the period				2.8

Segment assets

The Group's assets are analysed by operating segment as follows:

	UK & Ireland		Mainland Europe		North America		Total	
		(unaudited)		(unaudited)		(unaudited)		(unaudited)
6 months ended 30 June	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Inventories and trade and other receivables	**100.6**	126.2	**23.7**	30.8	**11.8**	10.4	**136.1**	167.4
Non-current assets*	**64.4**	64.8	**22.0**	21.5	**1.3**	1.4	**87.7**	87.7
	165.0	191.0	**45.7**	52.3	**13.1**	11.8	**223.8**	255.1
Elimination of intercompany debtors							**(8.5)**	(11.1)
Deferred tax assets							**15.2**	3.9
Current tax assets							**0.7**	1.1
Cash at bank							**0.5**	0.1
Total assets							**231.7**	249.1

* The measure of non-current asset used for segmental reporting comprises goodwill, other intangible assets, investments and property, plant and equipment. It excludes deferred tax assets.

3. Segment reporting (continued)

	UK & Ireland	Mainland Europe	North America	Total
Year ended 31 December	2008	2008	2008	2008
	£m	£m	£m	£m
Inventories and trade and other receivables	90.6	28.8	8.0	127.4
Non-current assets*	64.8	26.2	1.6	92.6
	155.4	55.0	9.6	220.0
Elimination of intercompany debtors				(4.5)
Deferred tax assets				7.3
Current tax assets				0.7
Cash at bank				0.4
Total assets				223.9

* The measure of non-current asset used for segmental reporting comprises goodwill, other intangible assets, investments and property, plant and equipment. It excludes deferred tax assets.

4. Restructuring costs

	6 months ended 30 June		Year ended
	2009	2008	31 December
	(unaudited)	(unaudited)	2008
	£m	£m	£m
Redundancy costs	**1.2**	0.4	2.8
Impairment of property, plant and equipment	**-**	-	1.7
Other machinery and site related costs	**0.8**	0.1	0.9
Restructuring costs	**2.0**	0.5	5.4

5. Net retirement benefit financing

	6 months ended 30 June		Year ended
	2009	2008	31 December
	(unaudited)	(unaudited)	2008
	£m	£m	£m
Expected return on pension scheme assets	**5.0**	6.3	12.5
Interest on pension liabilities	**(5.8)**	(5.8)	(11.6)
Net retirement benefit financing	**(0.8)**	0.5	0.9

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6. Tax

Corporation tax for the interim period is charged at 33% (June 2008: 28%), representing the estimated annual effective tax rate for the full financial year.

Tax on components of other comprehensive income relates solely to tax on actuarial losses on the defined benefit pension scheme.

7. Dividend

	6 months ended 30 June (unaudited)		Year ended 31 December
	2009	2008	2008
	£m	£m	£m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2008 of 7.5p per share	**2.0**	-	-
Final dividend for the year ended 31 December 2007 of 15.0p per share	**-**	3.9	3.9
Interim dividend for the year ended 31 December 2008 of 7.0p per share	**-**	-	1.9
	2.0	3.9	5.8
Proposed interim dividend for the year ending 31 December 2009 of 3.5p (2008: 7.0p) per share	**1.0**	1.9	-

The proposed interim dividend of 3.5p (2008: 7.0p) per share will be paid on 18 November 2009 to shareholders on the register at close of business on 23 October 2009.

The interim dividend was approved by the Board on 27 August 2009 and has not been included as a liability as at 30 June 2009.

8. Earnings per ordinary share

	6 months ended 30 June		Year ended
	2009	2008	31 December
	(unaudited)	(unaudited)	2008
Weighted average number of ordinary shares	**000**	000	000
Issued ordinary shares at 1 January	**26,498**	26,498	26,498
Effect of own shares held	**(249)**	(270)	(257)
Weighted average number of ordinary shares	**26,249**	26,228	26,241
Effect of share options and long-term incentive plan shares in issue	**131**	-	-
Diluted weighted average number of ordinary shares	**26,380**	26,228	26,241
Profit attributable to ordinary shareholders	**£6.1m**	£5.2m	£2.8m
Profit attributable to ordinary shareholders before restructuring costs	**£7.4m**	£5.6m	£6.7m
Basic earnings per ordinary share	**23.24p**	19.83p	10.67p
Diluted earnings per ordinary share	**23.12p**	19.83p	10.67p
Diluted earnings per ordinary share before restructuring costs	**28.05p**	21.35p	25.53p

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9. Property, Plant and Equipment

	30 June 2009 (unaudited) £m	30 June 2008 (unaudited) £m	31 December 2008 £m
Cost			
Balance at 1 January	**320.8**	285.3	285.3
Effect of movements in foreign exchange	**(12.0)**	5.4	25.0
Additions	**5.9**	7.7	14.5
Disposals	**(1.7)**	(0.5)	(4.0)
Balance at end of period	**313.0**	297.9	320.8
Depreciation			
Balance at 1 January	**230.5**	202.8	202.8
Effect of movements in foreign exchange	**(8.2)**	3.7	17.1
Depreciation charge for the period	**6.9**	6.3	12.9
Impairment charge	**-**	-	1.7
Disposals	**(1.6)**	(0.5)	(4.0)
Balance at end of period	**227.6**	212.3	230.5
Carrying amount at end of period	**85.4**	85.6	90.3
Carrying amount at 1 January	**90.3**	82.5	82.5

Capital commitments were as follows:

	30 June 2009 (unaudited) £m	30 June 2008 (unaudited) £m	31 December 2008 £m
Contracts in place for future capital expenditure relating to property, plant and equipment not provided in the financial statements	**6.9**	6.1	5.7

10. Bank and other borrowings

	30 June 2009 (unaudited) £m	30 June 2008 (unaudited) £m	31 December 2008 £m
Amounts falling due within one year:			
Bank overdrafts	**7.8**	12.4	8.4
Other loan	**-**	-	20.0
Hire purchase	**1.3**	0.6	1.3
	9.1	13.0	29.7
Amounts falling due after more than one year:			
Bank loans	**43.2**	31.9	42.8
Other loan	**-**	20.0	-
Hire purchase	**3.3**	-	3.9
	46.5	51.9	46.7

Bank and other borrowings	**55.6**	64.9	76.4

The Other loan of £20m was repaid during the six months to 30 June 2009 in advance of its due date in July.

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11. Retirement and employee benefit obligations

	6 months ended 30 June		Year ended
	2009	2008	31 December
	(unaudited)	(unaudited)	2008
	£m	£m	£m
Fair value of scheme assets	**148.1**	176.1	151.0
Present value of scheme liabilities	**(200.3)**	(198.9)	(176.7)
Deficit in British Polythene defined benefit pension scheme	**(52.2)**	(22.8)	(25.7)
Other employee benefit obligations	**(1.3)**	(1.5)	(1.4)
Retirement and employee benefit obligations	**(53.5)**	(24.3)	(27.1)
Related deferred tax asset	**14.6**	6.4	7.3
	(38.9)	(17.9)	(19.8)

Provision for retirement benefit obligations at 30 June has been calculated on a similar basis to that used at the previous 31 December with the same assumptions other than those detailed below.

Long term inflation assumption	**3.3%**	3.7%	2.6%
Discount rate applied to scheme liabilities	**6.4%**	6.5%	6.5%

12. Share capital

	30 June 2009 (unaudited)	30 June 2008 (unaudited)	31 December 2008
	£m	£m	£m
Allotted called up and fully paid			
Equity			
26,498,160 ordinary shares of 25p each	**6.6**	6.6	6.6

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13. Other reserves

	Capital redemption reserve (unaudited)		Capital reserve (unaudited)		Hedging reserve (unaudited)		Foreign currency translation reserve (unaudited)		Total (unaudited)	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
At 1 January	**7.2**	7.2	**0.5**	0.5	**(0.7)**	(0.3)	**2.3**	-	**9.3**	7.4
Movement during the period	**-**	-	**-**	-	**0.6**	-	**-**	-	**0.6**	-
Movement on retranslation of overseas operations	**-**	-	**-**	-	**-**	-	**(1.1)**	0.4	**(1.1)**	0.4
At 30 June	**7.2**	7.2	**0.5**	0.5	**(0.1)**	(0.3)	**1.2**	0.4	**8.8**	7.8

	Capital redemption reserve 2008	Capital reserve 2008	Hedging reserve 2008	Foreign currency translation reserve 2008	Total 2008
	£m	£m	£m	£m	£m
At 1 January	7.2	0.5	(0.3)	-	7.4
Movement during the period	-	-	(0.4)	-	(0.4)
Movement on retranslation of overseas operations	-	-	-	2.3	2.3
At 31 December	7.2	0.5	(0.7)	2.3	9.3

14. Related parties

There are no related party transactions requiring disclosure. Key management compensation will be disclosed in the 2009 annual financial statements.

15. Interim report

The interim report will be available on the Company website, www.bpipoly.com, from 28 August 2009. The Company's Registered Office is One London Wall, London, EC2Y 5AB.