Renold plc
('Renold' or the 'Group')

Interim results for the half year ended 30 September 2016 ('the Period')

Renold, a leading international supplier of industrial chains and related power transmission products, announces a robust performance in volatile market conditions.

Financial highlights

- Revenue grew 4.5% on H1 prior year and 9.4% on H2 prior year, showing strong currency benefits (underlying[1] revenue down 4.0% on H1 / up 2.0% on H2)
- Strong performance in Chain division delivering underlying growth in revenue (1.9%) and order intake (4.8%)
- Improving trend in adjusted[2] operating profit:
    - down 11.4% on H1 prior year
    - up 11.1% on H2 prior year
    - down 22.2% on H1 prior year and 1.4% down on H2 prior year on an underlying basis
- Adjusted EPS impact moderated by lower financing costs and low tax rate, down 8% to 2.3p
- Continued investment in capital projects and revenue expenditure to support STEP 2020
- Leverage ratio remains comfortable at 1.3x (1.1x at 31 March 2016)

Financial Summary		**Half year ended**	
	30 Sept 2016 £m	31 Mar 2016 £m	30 Sept 2015 £m
Reported interim results			
Revenue	**88.3**	80.7	84.5
Operating profit	**4.8**	4.3	6.8
Underlying adjusted interim results[3]			
Underlying revenue	**88.3**	86.6	92.0
Underlying adjusted operating profit	**7.0**	7.1	9.0
Profit before tax	**2.7**	2.8	4.6
Basic earnings per share	**0.9p**	0.8p	1.6p
Adjusted earnings per share	**2.3p**	2.2p	2.5p

STEP 2020 strategic plan progress

- Tooth Chain acquisition integration progressing well and trading ahead of expectations
- European Distribution Centre consolidated into sister facility in Germany, completed October 2016, to deliver enhanced customer service and lower our breakeven point
- Announced consultation on proposal to merge the two UK Torque Transmission couplings businesses, to improve efficiency, enhance product capability and deliver better customer service
- Completed sale of property in France for £1.1m post Period end
- Sub-lease of Bredbury facility in August 2016 to save £0.7m of cash p.a. from April 2017

Robert Purcell, Chief Executive of Renold plc, said:

"Our STEP 2020 actions have enabled us to deliver a robust first half performance in volatile market conditions.

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[1] "Underlying" adjusts prior period results to the current period exchange rates to give a like for like comparison.

[2] Throughout these interim results 'adjusted' means after eliminating the effects of exceptional items, IAS 19 pensions costs (including financing charges and scheme administration costs included in operating charges), amortisation of acquired intangible assets and any associated tax thereon.

[3] See overleaf for reconciliation of reported, underlying and adjusted figures.

"Our chain division has maintained its positive momentum by delivering improved results compared to both the first and second halves of last year. Torque Transmission delivered an improved result compared to the second half of last year whilst continuing to experience difficult market conditions. Strong operating cash flows enable continued investment in new equipment and revenue expenditure to support delivery of our STEP 2020 strategic plan. The two restructuring projects completed or announced in the first half will continue to improve our service offering while further lowering our breakeven point.

"In the expectation that current trading patterns persist in the second half, the Board is confident of meeting current market forecasts of full year adjusted operating profit. The business remains well placed to take advantage of any improvement in general trading conditions whilst also being able to deliver progress through self-help measures."

15 November 2016

Reconciliation of reported, underlying and adjusted results

	Revenue			**Operating Profit**		
	H1 2016/17 £m	H2 2015/16 £m	H1 2015/16 £m	**H1 2016/17 £m**	H2 2015/16 £m	H1 2015/16 £m
Reported	**88.3**	80.7	84.5	**4.8**	4.3	6.8
Exchange impact	**-**	5.9	7.5	**-**	0.8	1.1
Underlying	**88.3**	86.6	92.0	**4.8**	5.1	7.9
Exceptional items	**-**	-	-	**1.4**	1.4	0.8
Pension administration costs	**-**	-	-	**0.3**	0.4	0.3
Amortisation of acquired intangible assets	**-**	-	-	**0.5**	0.2	-
Underlying adjusted	**88.3**	86.6	92.0	**7.0**	7.1	9.0

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NOTES FOR EDITORS

Renold is a global leader in the manufacture of industrial chains and also manufactures a range of torque transmission products which are sold throughout the world to a broad range of original equipment manufacturers, end users and distributors. The Company has a well deserved reputation for quality that is recognised worldwide. Its products are used in a wide variety of industries including manufacturing, transportation, energy, steel and mining.

Further information about Renold can be found on the website at: www.renold.com

Chief Executive's Statement

We are pleased to report that we have continued to make good progress with the delivery of our STEP 2020 Strategic Plan despite challenging trading conditions. The trading headwinds that emerged in the second half of the prior year have continued to be felt throughout the first half of the current financial year. However, as a result of our performance improvement initiatives, the Chain division, representing 80% of Group turnover, made progress compared to the first and second halves of the prior year.

Torque Transmission continues to be impacted by the scale of the demand reductions in a number of commodity related end markets which can only be partly offset by efficiencies given the smaller size of the division. Underlying operating profit was maintained at a similar level as the second half of the prior year.

We have also seen an overall increase in order intake in both divisions which supports a more positive outlook for the second half.

Strategic Plan Progress Review

Our STEP 2020 Strategic Plan is built around three overlapping phases: 'Restructuring' in Phase 1, 'Organic Growth' in Phase 2, and 'Acquisitions' in Phase 3. Activity is continuing in all three Phases that will underpin the delivery of our medium term goal of mid-teens operating margins by 2020. The three Phases are described in more detail below.

<u>Phase 1 – 'Restructuring'</u>

We previously set out our plans to maintain focus on manufacturing and business process efficiency throughout Phase 1 of the STEP 2020 Strategic Plan. During the period we announced the relocation of our European Distribution Centre (EDC) from Seclin, France to Uslar, Germany. By 14 November 2016, the project has been largely completed with only the relocation of our local sales people to a new office in Lille outstanding. The project enabled the sale of the old Seclin manufacturing site (see Note 13) realising cash proceeds of £1.1m with 90% of this sum already received and the final 10% expected in the second half of the year.

We recently announced a consultation process with the employees of our UK couplings facility in Halifax. The Torque Transmission division has two couplings facilities in the UK, both of which were in need of significant investment to upgrade their capacity and capabilities. The two sites also shared a number of features that make them candidates for merger. The consultation process is considering the proposal by the Company to transfer the manufacturing activity of the Halifax site to the site in Cardiff which has recently benefitted from significant investment in new equipment. The Halifax site currently employs 42 staff and the consultation process is expected to be complete before the end of the calendar year. If the Couplings merger project goes ahead it is expected to be complete by the end of the fourth quarter of the current financial year.

While slightly later than originally planned, if the Couplings project proceeds, it will deliver improved customer service, enhanced manufacturing capability across the whole of our UK couplings range, the ability to focus management time and investment in one site, and reductions in our cost base. The EDC move will also improve service and lead times as well as reducing our costs.

Strong operating cash flow generation has enabled increasing capital investment in our facilities. A number of projects have been delivered in the period and further investments have been committed to come on stream in the second half and in the next financial year. Capital expenditure in the period of £3.6m was supplemented by two new machines each worth over £1.0m which were acquired under operating leases for use in our Cardiff couplings facility (in a new facility agreed as part of the Group's re-financing in 2015). We have made further progress on our new Group wide Enterprise Resource Planning system ('ERP') with the second site going live in July 2016 and a third site, the newly acquired Tooth Chain business in Gronau, now being prepared for Go Live in December 2016.

These investments will not only deliver savings but also lead to enhancements in our service offering, particularly with respect to 'on time' delivery and shortening lead times that will offer some protection for revenues in the short term and ultimately will support organic growth. The net impact on the cost base of the various initiatives implemented since the start of our three phase plan in 2013 has led to a very significant lowering in the Group's breakeven point. Phase 1 of STEP 2020 has been instrumental in allowing the Group to deliver profitability that is much higher than the business would historically have achieved in similar market conditions to those being experienced today. There remains considerable value to extract through the continued expansion of Phase 1 Restructuring activities.

Phase 2 – 'Organic Growth'
During the Period, we have continued to invest further in growth orientated expenditure such as marketing and product development. This is designed to support the second Phase of STEP 2020, 'Organic Growth'. This has undoubtedly been challenging given market volatility and revenue headwinds in many markets. However, we have managed to protect sales and marketing expenditure to ensure we position the business for growth in the medium to long term. The increased expenditure has included additional depreciation arising from new equipment and the new ERP system.

Our new customer service offices in a number of key European territories are also progressing well with plans to expand our local presence into further European territories. During the period we opened a new sales office in Spain, a Polish office is underway and two further locations are being planned. We also continue to develop our service and product offering and to drive new product management ideas. We have seen Chain Europe underlying orders grow by 10.8% and underlying sales by 1.8% (both excluding the Tooth Chain acquisition) in the Period.

Phase 3 – 'Acquisitions'
In the early years of STEP 2020 we deliberately adopted an opportunistic approach to acquisitions. This reflected the relative immaturity of the Strategic Plan and the need to undertake some significant changes in our management teams as well as the challenge of successfully delivering the closure of the Bredbury manufacturing facility in Manchester. The acquisition of the Tooth Chain business in January 2016 was itself an opportunistic transaction. A robust financing structure is now in place to 2020 with its associated £20m accordion facility and Executive management now have some additional capacity to take a more proactive strategic approach to attractive acquisition opportunities.

Any potential acquisitions would still need to meet key criteria: being easy to integrate with the rest of the Group, capable of running stand alone for a reasonable period of time, or being in a niche or unexploited product or market for Renold. Improvements in our own factory infrastructure and capabilities also mean that consolidation opportunities are now more easily digestible.

The Tooth Chain business, acquired in January 2016, has integrated well into the Group and is performing ahead of management expectations. The Group has successfully expanded sales as planned through Renold's existing international sales presence and network with orders received via the Renold sales network adding growth of just under 10% to the Tooth Chain business in the Period.

Business and Financial Review

Group Results
Trading conditions in the Period were difficult in many markets. Underlying sales were down though encouragingly underlying order intake was slightly ahead compared with the same period in the prior year. Reported sales were up 4.5% (£3.8m) reflecting the strength of the Group's non-sterling denominated revenue streams. Underlying sales (at like for like foreign exchange rates) were down 4.0% (£3.7m) in the Period and adjusted operating profit down 22.2% (£2.0m) compared with the prior year. Order intake in the period grew by 9.2% (0.2% on an underlying basis) and the book to bill ratio was 1.01 (that is, order intake in the period was 1% higher than sales) which suggests the second half may see some improvement.

	Underlying External Revenue		**Underlying Adjusted Operating Profit**		**Adjusted Operating Margin**	
First half year	**2016/17 £m**	2015/16 £m	**2016/17 £m**	2015/16 £m	**2016/17 %**	2015/16 %
Chain	**71.1**	69.8	**8.4**	8.1	**11.8**	11.6
Torque Transmission	**17.2**	22.2	**1.2**	3.9	**7.0**	17.6
Head office costs	**-**	-	**(2.6)**	(3.0)	**-**	-
Total	**88.3**	92.0	**7.0**	9.0	**7.9**	9.8

The two divisions saw very different performances. The Chain division performed ahead of slightly negative expectations with underlying revenue up 1.9% (£1.3m) to £71.1m from £69.8m in the prior year as the division benefitted from the Tooth Chain acquisition completed in the fourth quarter of the prior year. Excluding Tooth Chain, underlying revenue declined by 3.4% (£2.4m). Trading conditions for Torque Transmission were more challenging, with underlying revenue down 22.5% (£5.0m) to £17.2m from £22.2m in the prior year and underlying order intake down 13.7%. These declines were similar to the declines in the immediately preceding half year (H2 2015: down 22.0% and 12.5% respectively). Roughly 5% (£1.0m) of the fall in Torque Transmission underlying sales was expected following the decision in the second half of the prior year to cease a low margin long term supply agreement with one customer. The overall falls in both sales and orders are discussed in more detail in the operating segment reviews below.

Underlying adjusted operating profit fell £2.0m to £7.0m (2015: £9.0m), largely driven by the fall in underlying revenue. Both divisions continue to deliver projects to reduce costs and enhance margins through self-help measures during this period of challenging trading conditions.

Chain

Driven by a focus on manufacturing efficiency, the Chain division continued to make margin and operating profit gains. Underlying sales were up 1.9% (£1.3m) in the period compared with the prior year and the book to bill ratio in the first half was 0.99 showing order intake increasing broadly in line with the uptick in sales.

Regionally the performance was mixed, with underlying sales up in Europe and Australasia but down in all other territories compared with the same period in the prior year. In Europe, underlying sales increased by 17% and orders by 27%. A significant part of this increase was due to the benefit of the Tooth Chain business acquired in the second half of the prior period which generated £3.7m of sales in the period. However, excluding Tooth Chain, European sales still increased by 1.8% and order intake by 11% in the period which is in marked contrast to the fortunes of a number of other businesses in the sector. The gains in Europe were offset by significant falls in the Americas with underlying sales down 8.1% and order intake down 6.2% compared to the prior period as the region experienced destocking from major distributors and a slow down in demand from a number of major OEM's.

The Chain division continued to make gains on the double digit margin milestone achieved in the prior year, with underlying adjusted operating profit margin increasing from 11.6% for the prior year to 11.8%. Adjusted underlying operating profit increased by 3.7% to £8.4m (2015: £8.1m), on 1.9% higher sales. These gains result primarily from the benefit of enhanced margins from the Tooth Chain business and efficiencies made at the Einbeck facility in Germany as well as from a number of other smaller and wide ranging cost reduction projects.

Torque Transmission

Trading conditions in Torque Transmission remained difficult with falls in sales dropping through into operating profits and margins compared to the prior year. Underlying external sales were down 22.5% (£5.0m). However, the book to bill ratio in the period was 1.10 (orders 10% higher than sales) which suggests a moderating outlook for the second half compared to the first.

Underlying sales fell in all Torque Transmission business units. Approximately 5% of the fall in underlying sales was expected following the decision in the second half of the prior year to cease a low margin long term supply contract. In addition, the marine and land based power generation markets were weak globally with commodity related industries also suffering in North America.

The underlying operating profit margin fell from 17.6% to 7.0% as the impact of the fall in revenues dropped through into operating profit. Underlying adjusted operating profit fell £2.7m to £1.2m compared with £3.9m in the prior year. Cost saving projects at all units softened the impact of the fall in sales as we continue to lower the breakeven point for the division. Significant investment in new equipment at the Cardiff couplings facility will provide future efficiency gains as the machines enter production at the end of the second half. If the project to merge the Halifax and Cardiff facilities goes ahead after the employee consultation process then some reasonable cost benefits will also be delivered in the medium term.

Exceptional items
During the period, we announced the relocation of our European Distribution Centre from Seclin, France to Uslar, Germany, enabling the sale of the Seclin site for £1.1m (completed in October 2016: see Note 13). Exceptional redundancy and restructuring costs of £0.4m arose as a result. In addition to releasing the value in the freehold property, the move will generate cost savings in excess of £0.3m per annum.

In addition, £0.6m of upfront costs were incurred in preparatory works leading up to the consultation process on the proposal to merge the UK couplings sites.

The total exceptional charges of £1.4m (2015: £0.8m) are detailed further in Note 4 to the Interim Financial Statements.

Cash Flow and Net Debt

Half year to 30 September	**2016/17 £m**	2015/16 £m
Adjusted Operating Profit	**7.0**	7.9
Add back depreciation and amortisation	**3.1**	2.8
Adjusted EBITDA	**10.1**	10.7
Net Working Capital movement	**(2.6)**	(2.5)
Pension cash costs	**(3.1)**	(2.3)
Movements in provisions	**(0.4)**	(0.7)
Other operating cash flows	**(2.0)**	(1.2)
Net cash flow from operating activities	**2.0**	4.0
Net capital expenditure	**(3.6)**	(5.2)
Net financing costs	**(0.7)**	(1.1)
Other net impacts on net debt	**-**	0.3
Impact of foreign exchange	**(0.4)**	(0.1)
Change in net debt	**(2.7)**	(2.1)
Net Debt (Note 11)	**(26.2)**	(21.6)

Cash of £5.1m was generated by operations before legacy pension cash costs of £3.1m. Net debt in the period increased by £2.7m as a result of the fall in operating profit and cash flows associated with restructuring activity designed to improve the long term position of the Group. Pension cash contributions increased in the period as a result of a one-off £0.5m additional contribution in respect of the medically underwritten buy in projects in the prior year as well as a £0.3m adverse impact of foreign exchange. Second half pension cash flows are therefore expected to be significantly lower and will also benefit from the prior year termination of the Australian defined benefit scheme. Financing cash costs decreased in the period due to the upfront costs associated with the refinancing in May 2015 included in the prior year. Working capital as a ratio of rolling 12 month revenue increased to a period end level of 19.6% (2015: 17.6%) due to planned increases in certain key strategic stock holdings as well as delayed payment patterns from a number of customers in various markets.

Pensions
The Group has a number of defined benefit pension schemes (accounted for in accordance with IAS 19 *Employee benefits)*. The Group's retirement benefit obligations increased from £82.9m (£68.1m net of deferred tax) at 31 March 2016 to £112.4m (£92.6m net of deferred tax) at 30 September 2016. The main reason for the change was the decline in UK corporate bond yields which have in turn led to lower discount rates being applied to the future pension liabilities, falling from 3.5% at 31 March 2016 to 2.3% at 30 September 2016. It is worth noting that the medically under written buy-ins undertaken in the prior year which insured approximately 25% of the total UK pension liabilities, created a 100% effective hedge against the liabilities to which they relate. That is, the increase in these liabilities is perfectly matched by an equal increase in the value of the insurance policies on them.

German discount rates also experienced a fall in the Period from 2.0% at 31 March 2016 to 1.3% at 30 September 2016. It is important to note that the change in discount rates used to value the scheme liabilities has no impact on the cash contributions paid to the schemes. The impact of a weakening in the value of Sterling against the Euro and the US Dollar also had a negative impact on the net liabilities of the overseas schemes, particularly in Germany where the fall in the value of Sterling against the Euro increased the net liability by £2.0m. The impact of the fall in UK discount rates was partially offset by strong asset performance and also by £5.5m of experience gains where mortality and other membership movements were more favourable for the scheme than previously assumed.

The aggregate expense of administering the pension schemes was £0.3m (2015: £0.3m) which is included in operating costs but is excluded in arriving at adjusted operating profit as it relates to closed legacy pension schemes which bear no relation to the ongoing business and its performance. The net financing expense (a non-cash item) on pension scheme balances was £1.3m (2015: £1.3m). It is similarly excluded when calculating adjusted EPS.

Dividend

In light of the continuing investment in capital and revenue expenditure to improve the performance of the business, the Board has decided not to declare an interim dividend. The dividend policy will remain under review as margin and cash flow performance continue to develop. It should be noted that the structure of the Group's pensions liabilities is such that only 25% of any movement in the UK deficit has an impact on the reserves of Renold plc from which any future dividend would be paid.

Going concern

The directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

Directors

Following the announcement that Brian Tenner, the current Group Finance Director will leave the Group on 18 November 2016, Louise Brace, Company Secretary, will be appointed to the Board on an interim basis pending the arrival of Ian Scapens, the newly appointed Group Finance Director. This appointment has been made in accordance with the Company's articles of association which state that the Board must always comprise of at least five directors. Louise will step down from the Board when Ian formally takes up his post in January 2017.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group, as well as the risk mitigating controls put in place, remain those detailed in the 2015/16 Annual Report and Accounts. These include macro-economic and political uncertainty risks as well as various risks relating to Group treasury activities. Key operational risks are raw material prices and other input cost prices.

During the period, foreign exchange rates have continued to be volatile primarily due to the weakening of Pound Sterling in the wake of the Brexit vote. This has had a favourable translation impact on Group revenue and a similar impact on operating profit. A similar impact is expected in the second half if exchange rates remain unchanged. Longer term differences in foreign exchange rates could impact the Group's ability to maintain competitive production prices in certain territories. However, the Group's business and assets are spread across multiple currencies and this provides a form of natural hedge against some currency risks as well as providing some opportunity to move production to different facilities to overcome potential foreign exchange disadvantages. In addition, the Group's treasury and foreign exchange hedging policies are designed to provide a time buffer during which the business can respond to changes in foreign exchange rates.

The valuation of retirement benefit obligations can be significantly impacted by changes to the market based yields on corporate bonds and inflation prospects. The schemes investment strategies provide a partial hedge against these risks, and other de-risking strategies are employed where sensible. However, it should be noted that the actual cash flows to support the pension scheme are more stable and subject to long term funding plans which are reviewed every three years.

Outlook
Early indications of trading conditions since the half year end have been consistent with those seen at the end of the first half. Both sales and orders in October were ahead of the same period in the prior year on an underlying basis and the book to bill ratio was comfortably over 100%. Amidst continued volatility, the translation benefit of weaker sterling is continuing. The Chain division continues to recover whilst Torque Transmission continues to experience volatility though at a reduced level compared to the first half. Continued focus on business efficiency will support the second half operating result. Further investment in capabilities to create organic growth will be maintained.

The foundations of a robust capital structure and increasing management bandwidth now allow the Group to pursue the third 'Acquisitions' phase of STEP 2020 on a more strategic basis. Renold's reputation for technical excellence combined with increasing manufacturing capabilities and capacity following recent investments provide high confidence that any bolt-on acquisitions should be highly value accretive for our shareholders.

In the expectation that current trading patterns persist in the second half, the Board is confident that full year adjusted operating profit will be in line with current market forecasts. The business remains well placed to take advantage of any improvement in general trading conditions while also being able to deliver progress through self-help measures.

Statement of directors' responsibilities

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 interim 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 Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Renold plc are listed in the Annual Report for the year ended 31 March 2016. A list of current directors is maintained on the Group website at www.renold.com.

By order of the Board

Robert Purcell	**Brian Tenner**
Chief Executive	Finance Director
15 November 2016	15 November 2016

RENOLD PLC
Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2016

	Note	**First half 2016/17 (unaudited)**			First half 2015/16 (unaudited)			Full year 2015/16 (audited)		
		Statutory	**Adjustments**	**Adjusted**	Statutory	Adjustments	Adjusted	Statutory	Adjustments	Adjusted
		£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue	3	**88.3**	**-**	**88.3**	84.5	-	84.5	165.2	-	165.2
Operating costs		**(83.5)**	**2.2**	**(81.3)**	(77.7)	1.1	(76.6)	(154.1)	3.1	(151.0)
Operating profit		**4.8**	**2.2**	**7.0**	6.8	1.1	7.9	11.1	3.1	14.2
Operating profit is analysed as:										
Before adjusting items		**4.8**	**-**	**4.8**	6.8	-	6.8	11.1	-	11.1
Exceptional costs	4	**-**	**1.4**	**1.4**	-	0.8	0.8	-	2.2	2.2
Amortisation of acquired intangible assets		**-**	**0.5**	**0.5**	-	-	-	-	0.2	0.2
Pension administration costs		**-**	**0.3**	**0.3**	-	0.3	0.3	-	0.7	0.7
Operating profit		**4.8**	**2.2**	**7.0**	6.8	1.1	7.9	11.1	3.1	14.2
Financing costs		**(0.7)**	**-**	**(0.7)**	(0.8)	-	(0.8)	(1.5)	-	(1.5)
Net IAS 19 financing costs		**(1.3)**	**1.3**	**-**	(1.3)	1.3	-	(2.0)	2.0	-
Discount on provisions		**(0.1)**	**0.1**	**-**	(0.1)	0.1	-	(0.2)	0.2	-
Net financing costs	5	**(2.1)**	**1.4**	**(0.7)**	(2.2)	1.4	(0.8)	(3.7)	2.2	(1.5)
Profit before tax		**2.7**	**3.6**	**6.3**	4.6	2.5	7.1	7.4	5.3	12.7
Taxation	6	**(0.6)**	**(0.5)**	**(1.1)**	(0.9)	(0.4)	(1.3)	(2.0)	(0.2)	(2.2)
Profit for the period		**2.1**	**3.1**	**5.2**	3.7	2.1	5.8	5.4	5.1	10.5
Earnings per share (pence)	7									
Basic		**0.9p**	**1.4p**	**2.3p**	1.6p	0.9p	2.5p	2.4p	2.3p	4.7p
Diluted		**0.9p**	**1.4p**	**2.3p**	1.6p	0.9p	2.5p	2.3p	2.3p	4.6p

RENOLD PLC
Consolidated Statement of Comprehensive Income (continued)
for the six months ended 30 September 2016

		First half 2016/17 (unaudited)			First half 2015/16 (unaudited)			Full year 2015/16 (audited)		
Other comprehensive income/(expense):	Note	**Statutory £m**	**Adjustments £m**	**Adjusted £m**	Statutory £m	Adjustments £m	Adjusted £m	Statutory £m	Adjustments £m	Adjusted £m
Items that may be reclassified to the income statement in subsequent periods:										
Net (loss) / gain on cash flow hedges		**(0.1)**	**-**	**(0.1)**	0.1	-	0.1	-	-	-
Foreign exchange translation differences		**7.5**	**-**	**7.5**	(3.1)	-	(3.1)	1.2	-	1.2
Foreign exchange differences on loans hedging the net investment in foreign operations		**(0.6)**	**-**	**(0.6)**	0.1	-	0.1	(0.2)	-	(0.2)
		6.8	**-**	**6.8**	(2.9)	-	(2.9)	1.0	-	1.0
Items not to be reclassified to the income statement in subsequent periods:										
Re-measurement (losses) on retirement benefit obligations		**(28.4)**	**-**	**(28.4)**	(0.7)	-	(0.7)	(8.1)	-	(8.1)
Tax on re-measurement losses/(gains) on retirement benefit obligations		**4.0**	**-**	**4.0**	(0.6)	-	(0.6)	(0.5)	-	(0.5)
		(24.4)	**-**	**(24.4)**	(1.3)	-	(1.3)	(8.6)	-	(8.6)
Other comprehensive income/(expense) for the period, net of tax		**(17.6)**	**-**	**(17.6)**	(4.2)	-	(4.2)	(7.6)	-	(7.6)
Total comprehensive income/(expense) for the period, net of tax		**(15.5)**	**3.1**	**(12.4)**	(0.5)	2.1	1.6	(2.2)	5.1	2.9
Attributable to:										
Owners of the parent		**(15.5)**	**3.1**	**(12.4)**	(0.6)	2.1	1.5	(2.3)	5.1	2.8
Non-controlling interests		-	-	-	0.1	-	0.1	0.1	-	0.1
		(15.5)	**3.1**	**(12.4)**	(0.5)	2.1	1.6	(2.2)	5.1	2.9

RENOLD PLC
Condensed Consolidated Statement of Financial Position
as at 30 September 2016

	Note	**30 September 2016 (unaudited) £m**	30 September 2015 (unaudited) £m	31 March 2016 (audited) £m
Assets				
Non-current assets				
Goodwill		**25.0**	21.4	22.7
Other intangible fixed assets		**10.0**	6.5	10.3
Property, plant and equipment		**48.6**	40.9	44.4
Deferred tax assets		**21.7**	16.5	17.0
Retirement benefit surplus	8	**-**	0.1	-
		105.3	85.4	94.4
Current assets				
Inventories		**41.2**	36.0	36.3
Trade and other receivables		**34.1**	28.1	30.5
Derivative financial instruments		**-**	0.1	-
Cash and cash equivalents	11	**10.2**	12.2	13.5
		85.5	76.4	80.3
Non-current asset classified as held for sale	13	**1.0**	1.4	1.0
		86.5	77.8	81.3
Total assets		**191.8**	163.2	175.7
Liabilities				
Current liabilities				
Borrowings	11	**(0.7)**	(1.9)	(0.9)
Trade and other payables		**(39.3)**	(33.4)	(36.2)
Current tax		**(2.1)**	(1.9)	(2.2)
Derivative financial instruments		**(0.1)**	-	(0.1)
Provisions		**(3.1)**	(2.2)	(1.7)
		(45.3)	(39.4)	(41.1)
Net current assets		**41.2**	38.4	40.2
Non-current liabilities				
Borrowings	11	**(35.2)**	(31.4)	(35.6)
Preference stock	11	**(0.5)**	(0.5)	(0.5)
Trade and other payables		**(0.2)**	(0.7)	(0.3)
Deferred tax liabilities		**(0.4)**	(0.2)	(0.3)
Retirement benefit obligations	8	**(112.4)**	(76.1)	(82.9)
Provisions		**(2.8)**	(3.6)	(4.5)
		(151.5)	(112.5)	(124.1)
Total liabilities		**(196.8)**	(151.9)	(165.2)
Net (liabilities) / assets		**(5.0)**	11.3	10.5
Equity				
Issued share capital	12	**26.7**	26.6	26.6
Share premium		**29.9**	29.9	29.9
Currency translation reserve		**10.2**	(0.7)	3.3
Other reserves		**0.9**	1.1	1.0
Retained earnings		**(75.4)**	(48.3)	(53.0)
Equity attributable to owners of the parent		**(7.7)**	8.6	7.8
Non-controlling interests		**2.7**	2.7	2.7
Total shareholders' equity		**(5.0)**	11.3	10.5

RENOLD PLC
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 September 2016

	First half		Full year
	2016/17 (unaudited) £m	2015/16 (unaudited) £m	2015/16 (audited) £m
Cash flows from operating activities (Note 9)			
Cash generated by operations	**2.5**	4.5	11.8
Income taxes paid	**(0.5)**	(0.5)	(1.0)
Net cash flows from operating activities	**2.0**	4.0	10.8
Cash flows from investing activities			
Purchase of property, plant and equipment	**(2.7)**	(4.5)	(7.9)
Purchase of intangible assets	**(0.9)**	(0.7)	(1.6)
Consideration paid for acquisition	**-**	-	(3.7)
Net cash flows from investing activities	**(3.6)**	(5.2)	(13.2)
Cash flows from financing activities			
Proceeds from share issue (Note 12)	**0.1**	-	-
Financing costs paid	**(0.7)**	(1.1)	(1.8)
Proceeds from borrowings	**-**	1.0	4.5
Repayment of borrowings	**(1.5)**	(0.5)	(0.5)
Net cash flows from financing activities	**(2.1)**	(0.6)	2.2
Net decrease in cash and cash equivalents	**(3.7)**	(1.8)	(0.2)
Net cash and cash equivalents at beginning of period	**12.4**	12.2	12.2
Effects of exchange rate changes	**0.6**	(0.1)	0.4
Net cash and cash equivalents at end of period	**9.3**	10.3	12.4
Cash and cash equivalents (Note 11)	**10.2**	12.2	13.5
Overdrafts (included in borrowings – Note 11)	**(0.9)**	(1.9)	(1.1)
Net cash and cash equivalents at end of period	**9.3**	10.3	12.4

RENOLD PLC
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 September 2016

	Share capital £m	Share premium account £m	Retained earnings £m	Currency translation reserve £m	Other reserves £m	Attributable to equity holders of parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2015	26.6	29.9	(50.8)	2.3	1.0	9.0	2.6	11.6
Profit for the year	-	-	5.3	-	-	5.3	0.1	5.4
Other comprehensive income/(expense)	-	-	(8.6)	1.0	-	(7.6)	-	(7.6)
Total comprehensive income/(expense) for the year	-	-	(3.3)	1.0	-	(2.3)	0.1	(2.2)
Employee Share Options:								
- value of employee services	-	-	1.1	-	-	1.1	-	1.1
Balance at 31 March 2016	26.6	29.9	(53.0)	3.3	1.0	7.8	2.7	10.5
Profit for the period	-	-	2.1	-	-	2.1	-	2.1
Other comprehensive income/(expense)	-	-	(24.4)	6.9	(0.1)	(17.6)	-	(17.6)
Total comprehensive income/(expense) for the period	-	-	(22.3)	6.9	(0.1)	(15.5)	-	(15.5)
Proceeds from share issue	0.1	-	-	-	-	0.1	-	0.1
Treasury shares held in reserves	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Balance at 30 September 2016	**26.7**	**29.9**	**(75.4)**	**10.2**	**0.9**	**(7.7)**	**2.7**	**(5.0)**
Balance at 1 April 2015	26.6	29.9	(50.8)	2.3	1.0	9.0	2.6	11.6
Profit for the period	-	-	3.6	-	-	3.6	0.1	3.7
Other comprehensive income/(expense)	-	-	(1.3)	(3.0)	0.1	(4.2)	-	(4.2)
Total comprehensive income/(expense) for the period	-	-	2.3	(3.0)	0.1	(0.6)	0.1	(0.5)
Employee Share Options:								
- value of employee services	-	-	0.2	-	-	0.2	-	0.2
Balance at 30 September 2015	26.6	29.9	(48.3)	(0.7)	1.1	8.6	2.7	11.3

Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate information

The interim condensed consolidated financial statements for the six months to 30 September 2016 were approved by the Board on 15 November 2016. These statements have not been audited or reviewed by the Group's auditor pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

Renold plc is a limited liability company, incorporated and registered under the laws of England and Wales, whose shares are publicly traded. The principal activities of the Company and its subsidiaries are described in Note 3 and the performance in the half year is set out in the Interim Management Report.

These interim condensed consolidated financial statements do not constitute statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2016 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

2 Accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim Financial Reporting" as adopted by the European Union. It does not include all of the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2016.

The accounting policies, presentation and methods of computation applied by the Group in these interim condensed consolidated financial statements are the same as those applied in the Group's latest audited annual consolidated financial statements for the year ended 31 March 2016.

Significant accounting judgements, estimates and assumptions

The preparation of these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were of the same type as those applied to the annual consolidated financial statements for the year ended 31 March 2016, namely;

- assumptions used to evaluate the potential impairment of non-financial assets;
- recognition and valuation of deferred tax assets; and
- assumptions used in the valuation of retirement benefit obligations.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 March 2016.

3 Segment information

The Group is organised into business units according to the nature of their products and services. Having considered the management reporting and organisational structure of the Group, the directors have concluded that Renold plc has two reportable operating segments as follows:

- The Chain segment manufactures and sells power transmission and conveyor chain and also includes sales of Torque Transmission product through Chain National Sales Centres; and
- The Torque Transmission segment manufactures and sells Torque Transmission products such as gearboxes and couplings used in power transmission with modest sales of chain products.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The segment results for the period ended 30 September 2016 were as follows:

Period ended 30 September 2016	**Chain** £m	**Torque Transmission** £m	**Head office costs and eliminations** £m	**Consolidated** £m
Revenue				
External revenue	71.1	17.2	-	**88.3**
Inter-segment	0.1	2.3	(2.4)	**-**
Total revenue	71.2	19.5	(2.4)	**88.3**
Adjusted operating profit/(loss)	8.4	1.2	(2.6)	**7.0**
Pension administration costs	-	-	(0.3)	**(0.3)**
Exceptional items	(0.8)	(0.6)	-	**(1.4)**
Amortisation of acquired intangible assets	(0.5)	-	-	**(0.5)**
Segment operating profit/(loss)	7.1	0.6	(2.9)	**4.8**
Net financing costs				**(2.1)**
Profit before tax				**2.7**
Other disclosures				
Working capital	32.4	9.4	(0.6)	**41.2**
Capital expenditure	1.8	1.0	0.8	**3.6**
Depreciation and amortisation	2.1	0.6	0.9	**3.6**

The segment results for the period ended 30 September 2015 were as follows:

Period ended 30 September 2015 (restated)	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External revenue	63.4	21.1	-	**84.5**
Inter-segment	-	1.2	(1.2)	**-**
Total revenue	63.4	22.3	(1.2)	**84.5**
Adjusted operating profit/(loss)	7.2	3.7	(3.0)	**7.9**
Pension administration costs	-	-	(0.3)	**(0.3)**
Exceptional items	(0.1)	(0.4)	(0.3)	**(0.8)**
Segment operating profit/(loss)	7.1	3.3	(3.6)	**6.8**
Net financing costs				**(2.2)**
Profit before tax				**4.6**
Other disclosures				
Working capital	25.8	9.8	(5.6)	**30.0**
Capital expenditure	3.1	1.2	0.9	**5.2**
Depreciation and amortisation	1.6	0.5	0.7	**2.8**

On 1 October 2015, the French Chain business was split and re-categorised to show both Chain and TT business separately. As a result, the segmental analysis for the comparative period has been restated to ensure consistent reporting. The impact of this re-categorisation was to reduce Chain revenue by £0.6m, operating profit by £0.1m and working capital by £0.2m, with corresponding increases in the TT division. All other amounts were unchanged.

The Board also reviews the performance of the business using information presented at consistent exchange rates. The prior year results have been restated using this year's exchange rates as follows:

Period ended 30 September 2015 (restated)	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External revenue	63.4	21.1	-	**84.5**
Foreign exchange	6.4	1.1	-	**7.5**
Underlying external sales	69.8	22.2	-	**92.0**
Adjusted operating profit/(loss)	7.2	3.7	(3.0)	**7.9**
Foreign exchange	0.9	0.2	-	**1.1**
Underlying adjusted profit/(loss)	8.1	3.9	(3.0)	**9.0**

The segment results for the year ended 31 March 2016 were as follows:

Year ended 31 March 2016	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External revenue	126.8	38.4	-	**165.2**
Inter-segment	-	2.7	(2.7)	**-**
Total revenue	126.8	41.1	(2.7)	**165.2**
Adjusted operating profit/(loss)	15.4	5.0	(6.2)	**14.2**
Pension administration costs	-	-	(0.7)	**(0.7)**
Exceptional items	(0.4)	(1.2)	(0.6)	**(2.2)**
Amortisation of acquired intangible assets	(0.2)	-	-	**(0.2)**
Operating profit/(loss)	14.8	3.8	(7.5)	**11.1**
Net financing costs				**(3.7)**
Profit before tax				**7.4**
Other disclosures				
Working capital	23.7	8.8	(2.2)	**30.3**
Capital expenditure	5.1	1.9	1.8	**8.8**
Depreciation and amortisation	3.5	1.1	1.4	**6.0**

The prior year results have been restated using this year's exchange rates as follows:

Year ended 31 March 2016	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External sales	126.8	38.4	-	**165.2**
Foreign exchange	11.5	1.9	-	**13.4**
Underlying external sales	138.3	40.3	-	**178.6**
Adjusted operating profit/(loss)	15.4	5.0	(6.2)	**14.2**
Foreign exchange	1.8	0.1	-	**1.9**
Underlying adjusted operating profit/(loss)	17.2	5.1	(6.2)	**16.1**

4 Exceptional items

	First half		Full year
	2016/17	2015/16	2015/16
	£m	£m	£m
Included in operating costs:			
Acquisition costs – Renold Tooth Chain	**0.2**	-	0.4
Property impairments	**-**	-	0.5
Head office relocation costs	**-**	0.3	0.6
European Distribution centre relocation costs	**0.4**	-	-
Net pension settlement gains	**-**	-	(1.2)
Other restructuring costs	**0.8**	0.5	1.9
Net exceptional costs	**1.4**	0.8	2.2

As part of the acquisition of the Gronau Tooth Chain business, the Group is obliged to pay for some transitional services provided by the Seller's Group until such time as the business moves onto Renold IT systems (expected in the third quarter of the current financial year). These costs are noted above and will cease once the Transitional Services Agreement expires.

The European Distribution Centre in Seclin, France was closed just after the period end. Its activities were consolidated into the warehouse serving the manufacturing facility in Germany. Exceptional costs of £0.4m have been incurred including redundancies and moving costs as the business continues the restructuring of our operating footprint in line with the STEP 2020 Strategic Plan.

The Group has announced an employee consultation process on the future of the UK Couplings business based in Halifax. The Group has proposed that its activities are merged with those in the other UK couplings facility in Cardiff. The proposed project targets potential improvements in customer service, stock management, and cost reductions as well as allowing capital investment to be focussed in one facility rather than spread over two. The consultation process is expected to complete during the third quarter of the financial year. If the project goes ahead it is expected to be largely complete by the end of the financial year. Preparatory work for the proposed project represents the majority of the other restructuring costs noted above with the balance relating to the costs of other STEP 2020 restructuring initiatives incurred in the period.

Prior year exceptional costs

In the prior year, the Group head office was relocated to new premises. Total costs of £0.6m were incurred including £0.3m of dilapidations and the cost of the move itself. Annual benefits in excess of £0.1m per annum are now being delivered.

Other restructuring costs included £0.5m incurred at the Milnrow facility where the business was downsized following the termination of a long term supply agreement in the first half of the year, with an additional £1.4m incurred in the second half of the year for other STEP 2020 restructuring costs including £0.7m in respect of the proposed UK couplings project noted above.

A past service credit of £1.3m arose in Germany following the confirmation that the pension scheme was properly closed to future accrual with effect from 2014. This was offset by a £0.1m settlement loss relating to the liquidation of the Australian pension scheme.

5 Net financing costs

	First half		Full year
	2016/17	2015/16	2015/16
	£m	£m	£m
Financing costs:			
Interest payable on bank loans and overdrafts	**0.6**	0.7	1.3
Amortised financing costs	**0.1**	0.1	0.2
Discount on provisions	**0.1**	0.1	0.2
Total financing costs	**0.8**	0.9	1.7
IAS 19 financing costs	**1.3**	1.3	2.0
Net financing costs	**2.1**	2.2	3.7

6 Taxation

	First half		Full year
	2016/17	2015/16	2015/16
	£m	£m	£m
Current tax:			
- UK	**-**	-	-
- Overseas	**0.4**	0.7	1.5
	0.4	0.7	1.5
Deferred tax:			
- UK	**(0.2)**	(0.1)	(0.3)
- Overseas	**0.4**	0.3	0.8
	0.2	0.2	0.5
Total income tax expense	**0.6**	0.9	2.0

The UK Government announced that it intends to reduce the main rate of corporation tax to 17% with effect from 1 April 2020. This change was substantively enacted in September 2016. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these financial statements which has resulted in a £0.5m deferred tax charge to the statement of other comprehensive income.

The Group's tax charge in future years will be affected by the profit mix, effective tax rates in the different countries where the Group operates and utilisation of tax losses. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries.

7 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period. Diluted earnings per share takes into account the dilutive effect of the options and awards outstanding under the Group's employee share schemes. The calculation of earnings per share is based on the following data:

	First half		Full year
	2016/17 Pence per share	2015/16 Pence per share	2015/16 Pence per share
Basic EPS	**0.9**	1.6	2.4
Diluted EPS	**0.9**	1.6	2.3
Adjusted EPS	**2.3**	2.5	4.7
Diluted adjusted EPS	**2.3**	2.5	4.6
	£m	£m	£m
Profit for calculation of adjusted EPS			
Profit for the financial period	**2.1**	3.6	5.3
Effect of adjusted items, after tax:			
- Exceptional items in operating costs	**1.4**	0.8	2.5
- Pension administration costs included in operating costs	**0.3**	0.3	0.7
- Discount unwind on exceptional items	**0.1**	0.1	0.2
- Amortisation of acquired intangible assets	**0.4**	-	0.2
- Net pension financing costs	**0.9**	0.9	1.5
Profit for the calculation of adjusted EPS	**5.2**	5.7	10.4
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares			
For calculating basic earnings per share	**223,849**	223,065	223,065

Inclusion of the dilutive securities, comprising 6,074,000 (2015: 3,222,000) additional shares due to share options does not change the amounts shown above (2015: no change).

The adjusted earnings per share numbers have been provided in order to give a useful indication of the underlying performance of the business by the exclusion of exceptional items. Due to the existence of unrecognised deferred tax assets, there was no associated tax credit on some of the exceptional charges and in these instances exceptional costs are therefore added back in full.

8 Retirement benefit obligations

The Group's retirement benefit obligations are summarised as follows:

	At 30 September 2016 £m	At 30 September 2015 £m	At 31 March 2016 £m
Funded plan obligations	**(241.6)**	(210.6)	(207.5)
Funded plan assets	**158.1**	157.6	149.1
Net funded plan obligations	**(83.5)**	(53.0)	(58.4)
Unfunded obligations	**(28.9)**	(23.0)	(24.5)
Total retirement benefit obligations	**(112.4)**	(76.0)	(82.9)
Analysed as follows:			
Non-current assets			
Retirement benefit surplus	**-**	0.1	-
Non-current liabilities			
Retirement benefit obligations	**(112.4)**	(76.1)	(82.9)
Net retirement benefit obligation	**(112.4)**	(76.0)	(82.9)
Net deferred tax asset	**19.8**	14.4	14.8
Retirement benefit obligation net of deferred tax	**(92.6)**	(61.6)	(68.1)

The increase in the Group's pre-tax liability from £82.9m at 31 March 2016 to £112.4m at 30 September 2016 primarily reflects the reduction in yields on corporate bonds which impact the discount rates applied to the future pension liabilities. In the UK (92% of the total liabilities), the discount rate fell by 1.2% from 3.5% at 31 March 2016 to 2.3% at 30 September 2016. This was partially offset by strong asset gains in the period generating returns at more than double the expected rate. The UK also benefited from experience gains where actual mortality and inflation experience over the last three years was favourable compared to the assumed rates. The deficit in the overseas schemes increased due in part to the translation impact of weaker Sterling and also experienced an increase in the German scheme deficit due to the decrease in German discount rates from 2.0% at 31 March 2016 to 1.3% at 30 September 2016.

9 Cash generated by operations

	First half		Full year
	2016/17 £m	2015/16 £m	2015/16 £m
Operating profit	**4.8**	6.8	11.1
Depreciation and amortisation	**3.6**	2.8	6.0
Impairment of investment property	**-**	-	0.5
Equity share plans	**-**	0.2	1.1
Treasury shares (Employee Benefit Trust)	**(0.1)**	-	-
(Increase)/decrease in inventories	**(1.7)**	(1.3)	1.7
(Increase)/decrease in receivables	**(1.2)**	1.6	0.7
Increase/(decrease) in payables	**0.3**	(2.8)	(2.1)
Decrease in provisions	**(0.4)**	(0.7)	(1.6)
Past service credit – German pension scheme	**-**	-	(1.3)
Movement on pension plans	**(2.8)**	(2.0)	(4.3)
Movement on derivative financial instruments	**-**	(0.1)	-
Cash generated by operations	**2.5**	4.5	11.8

10 Reconciliation of the movement in cash and cash equivalents to movement in net debt

	First half		Full year
	2016/17 £m	2015/16 £m	2015/16 £m
Decrease in cash and cash equivalents	**(3.7)**	(1.8)	(0.2)
Change in net debt resulting from cash flows	**1.5**	(0.5)	(4.0)
Non-cash movement – refinancing cost capitalised	**-**	0.5	0.5
Non-cash movement – amortisation of refinancing costs	**(0.1)**	(0.2)	(0.2)
Foreign currency translation differences	**(0.4)**	(0.1)	(0.1)
Change in net debt during the period	**(2.7)**	(2.1)	(4.0)
Net debt at start of period	**(23.5)**	(19.5)	(19.5)
Net debt at end of period	**(26.2)**	(21.6)	(23.5)

11 Net Debt

	At 30 September 2016 £m	At 30 September 2015 £m	At 31 March 2016 £m
Cash and cash equivalents	**10.2**	12.2	13.5
Borrowings:			
Bank overdrafts	**(0.9)**	(1.9)	(1.1)
Capitalised costs	**0.2**	-	0.2
Sub-total – current borrowings	**(0.7)**	(1.9)	(0.9)
Bank loans – non-current	**(35.6)**	(31.4)	(36.1)
Capitalised costs	**0.4**	-	0.5
Preference stock	**(0.5)**	(0.5)	(0.5)
Total debt	**(36.4)**	(33.8)	(37.0)
Net debt	**(26.2)**	(21.6)	(23.5)

12 Called up share capital

	At 30 September 2016 £m	At 30 September 2015 £m	At 31 March 2016 £m
Ordinary shares of 5p each	**11.3**	11.2	11.2
Deferred shares of 20p each	**15.4**	15.4	15.4
	26.7	26.6	26.6

At 30 September 2016, the issued ordinary share capital comprised 225,417,740 ordinary shares of 5p each (2015: 223,064,703 shares) and 77,064,703 deferred shares of 20p each (2015: 77,064,703). The deferred shares noted above have had no value or voting rights since the Rights Issue in late 2009 and it is intended to cancel these before the year end. The balance above will be transferred to a non-distributable Capital Reserve at that time.

In July 2016, the Company issued 2,353,037 fully paid ordinary shares of 5p each (2015: nil) at a cost of £117,651.85 to its Employee Benefit Trust to facilitate the exercise of share options by employees across the Company.

13 Post balance sheet events

Sale of Seclin Property – Asset held for sale

After the Period end, the sale was completed of the former manufacturing freehold site located in Seclin, France. This had been recorded on the balance sheet as a "non-current asset held for sale" at a value of £1.0m in these interim financial statements. The site was sold for £1.1m (€1.2m) including a 10% retention pending the results of minor environmental works which should complete in the second half of the current financial year. Net proceeds of £0.9m were received on 25 October 2016.

Proposal to merge the UK couplings facilities

On 8 November 2016 the company announced the start of a consultation process with employees at our Halifax couplings plant. The consultation is on a proposed project to merge the Halifax couplings business with the existing couplings business in Cardiff. The proposed project targets potential improvements in customer service, stock management and cost reductions as well as allowing capital investment to be focussed in one facility rather than spread over two. The consultation process is expected to complete during the third quarter of the financial year. If the project goes ahead it is expected to be largely complete by the end of the financial year.

Ends