



2006 Interim Results
14 September 2006

Overview

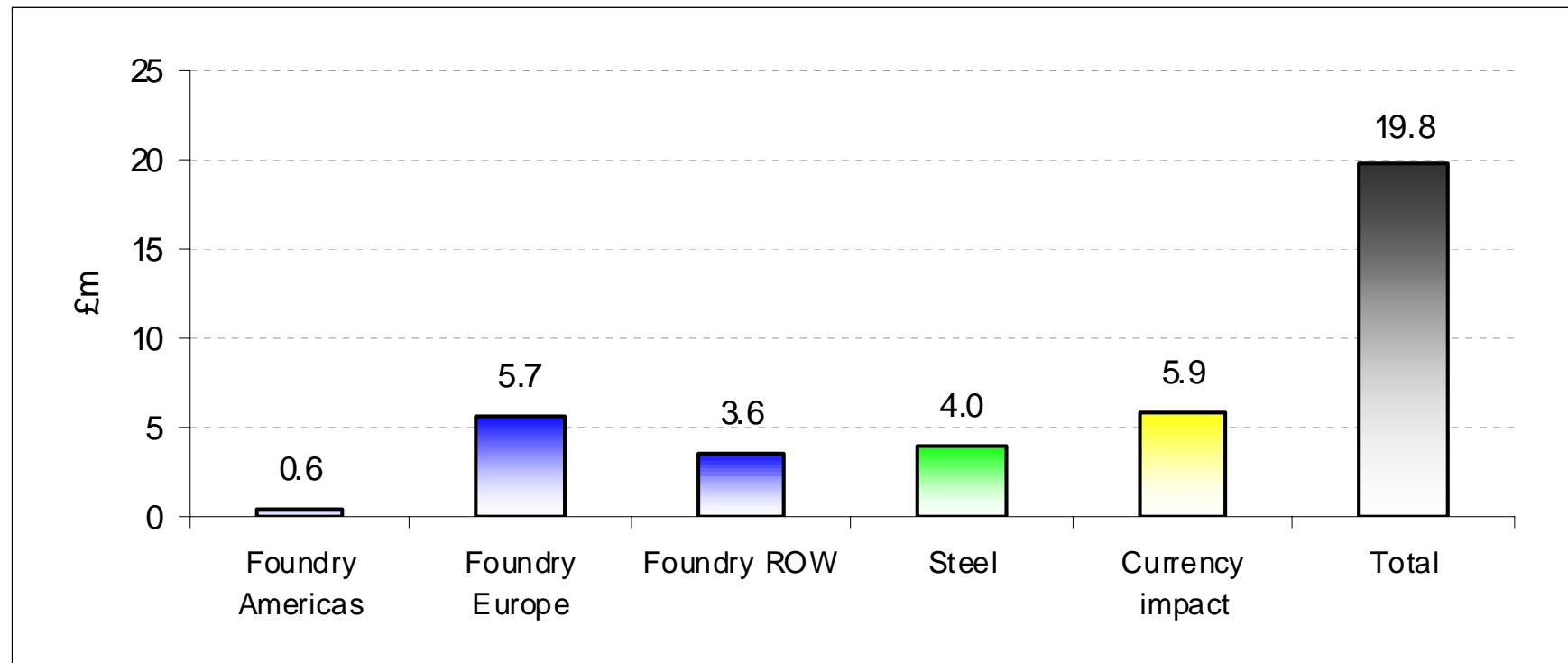


£m	H1 2006	H1 2005	% change
Revenue	210.2	190.4	10.4%
Operating profit	24.8	20.4	21.6%
Operating margin	11.8%	10.7%	
Profit before tax	22.0	17.6	25.0%
EPS (continuing only)	7.7p	6.1p	26.2%
EPS (unadjusted)	7.7p	1.4p	450.0%

All figures in the presentation are shown pre-exceptional items unless stated otherwise

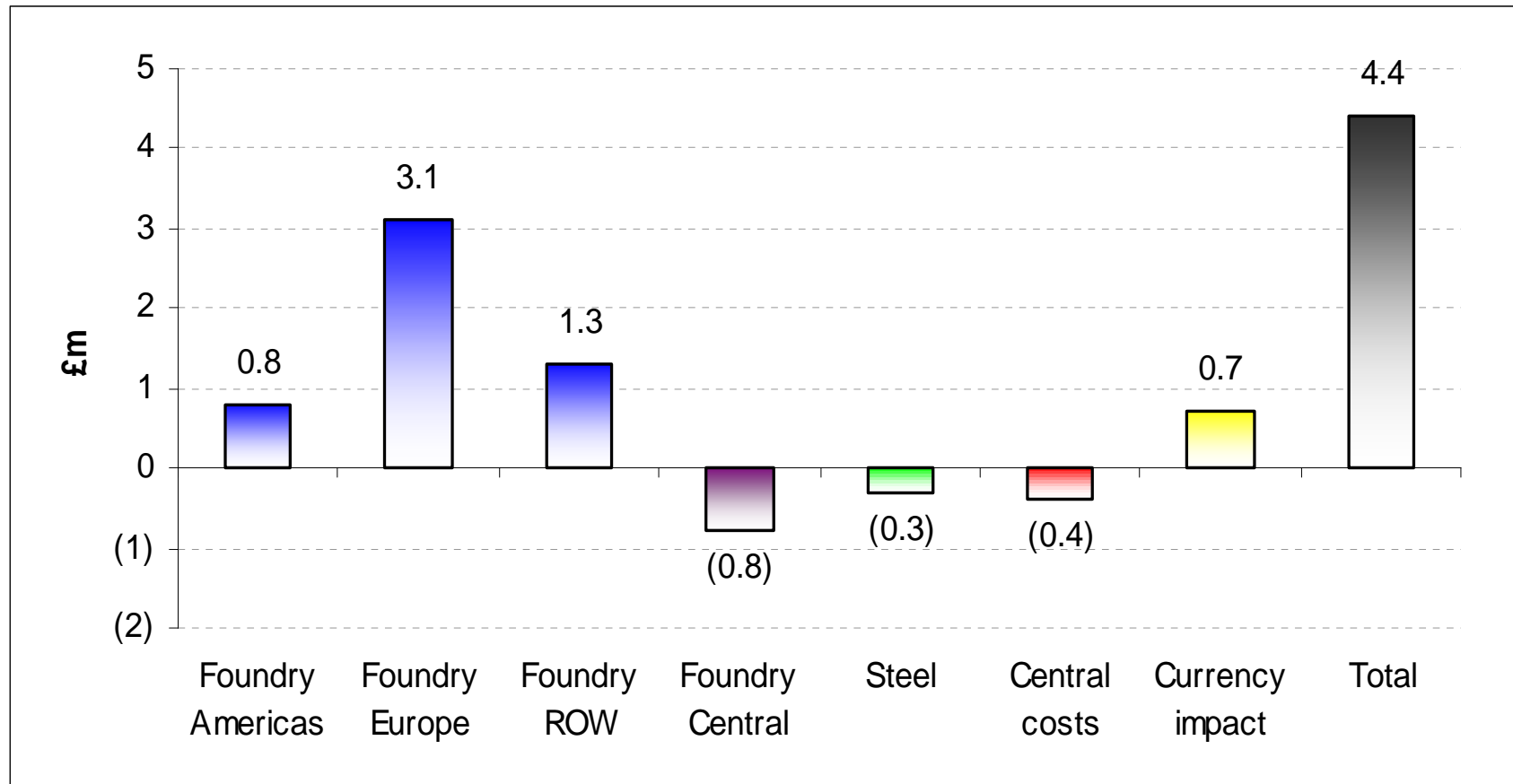
- Revenue and operating profit increased by 10% and 22%
- Earnings per share 7.7p
- Interim dividend per share of 1.54p
- Strong progress in Foundry in both revenue and operating margins
- Good revenue growth in Steel, with continued investment to develop the business

Variance Analysis: Revenue



- Notes:
- Revenue by geographic location of the operation
 - Geographic splits are shown at constant exchange rates

Variance Analysis: Operating Profit



Note: - Geographic splits are shown at constant exchange rates

Foundry – market backdrop

- Germany - Ferrous casting output year on year increase of 5.8% June year to date
(source: German Foundry Association)
- US / Canada – overall casting volumes up around 1%
(source: internal estimates)
- Japan - Ductile iron casting output year on year increase of 5.5% May year to date
(source: Japanese Materials Process Technology Centre)

Foundry



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Revenue	168.6	153.5	158.7	9.8%	6.2%
Operating profit	25.2	20.1	20.8	25.4%	21.2%
Operating margin	14.9%	13.1%	13.1%		

- Strong revenue increase, although moderated to a more sustainable level
- Strong demand in Europe and China
- Operating margins have improved in all regions

Foundry Europe



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Revenue	74.0	68.1	68.3	8.7%	8.3%
Operating profit	13.5	10.4	10.4	29.8%	29.8%
Operating margin	18.2%	15.3%	15.2%		

- 7% revenue growth in Western Europe
- 24% revenue growth Central / Eastern Europe
- Operating margins improved due to higher volumes and prior year selling price increases

Foundry Americas



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Revenue	42.7	38.0	42.1	12.4%	1.4%
Operating profit	4.5	3.2	3.7	40.6%	21.6%
Operating margin	10.5%	8.4%	8.8%		

- US / Canada revenue flat on implementation of margin improvement strategy
- Latin America turnover up 5% with robust demand
- Improved operating margins due to improved mix and selling price increases

Foundry Rest of the World



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Revenue	51.9	47.4	48.3	9.5%	7.5%
Operating profit	11.9	10.4	10.6	14.4%	12.3%
Operating margin	22.9%	21.9%	21.9%		

- Increased revenues in both mature and developing markets
- China continued to grow dramatically with revenue up 34%

Steel - market backdrop

- Europe (EU25) - year on year increase of 4.0% June year to date (source: IISI)
- North America - year on year increase of 4.7% June year to date (source: IISI)

Steel



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Revenue	41.6	36.9	37.6	12.7%	10.6%
Operating profit	1.8	2.1	2.1	(14.3%)	(14.3%)
Operating margin	4.3%	5.7%	5.6%		

- Steel market recovering from the downturn in H2 2005. Increase in revenue of 11% exceeded the market growth
- Decrease in operating profit due to investment in infrastructure and unrecovered increases in energy and material costs
- New facility in China recently opened on time and on budget

Operating Profit



£m	H1 2006	H1 2005 historic rates	H1 2005 constant currency	% change historic rates	% change constant rates
Foundry	25.2	20.1	20.8	25.4%	21.2%
Steel	1.8	2.1	2.1	-14.3%	-14.3%
Central costs	(2.2)	(1.8)	(1.8)	22.2%	22.2%
Total	24.8	20.4	21.1	21.6%	17.5%

Financial Highlights



£m	H1 2006	H1 2005	% change
Revenue	210.2	190.4	10.4%
Operating profit	24.8	20.4	21.6%
Operating margin	11.8%	10.7%	
Net finance costs	(2.8)	(2.8)	0.0%
Interest cover	8.9x	7.3x	
Profit before tax	22.0	17.6	25.0%
<i>Tax rate</i>	39.5%	39.2%	
EPS	7.7p	6.1p	26.2%
EPS (after exceptional items)	7.7p	1.4p	450.0%

- Net interest in line with 2005 with a healthy interest cover
- Tax rates edged up predominantly due to geographic mix of profits

Impact of FX rates



Full Year 2005 Results

£m	@ H1 2005 Rate	@ FY 2005 Rate	@ H1 2006 Rate	@ 2006 Estimate Rate *	@ August 2006 Closing Rate
External turnover	371.7	376.8	383.6	376.4	367.5
EBIT	39.3	39.9	40.8	39.7	38.3
PBT	33.7	34.3	35.2	34.1	32.8
Tax rate	38.0%	37.9%	37.5%	37.8%	38.4%

* Note: - assumes actual rates until August 2006 and then remain constant for remainder of 2006

Balance Sheet



£m	H1 2006	H1 2005	% change	FY 2005
Non-current assets	102.6	101.6	1.0%	106.0
Current assets	151.9	137.2	10.7%	144.9
Total assets	254.5	238.8	6.6%	250.9
Equity	16.1	10.1	59.4%	12.8
Non-current liabilities	158.4	151.9	4.3%	159.1
Current liabilities	80.0	76.8	4.2%	79.0
Total liabilities	238.4	228.7	4.2%	238.1
Total equity & liabilities	254.5	238.8	6.6%	250.9
Net debt	95.7	101.2	-5.4%	94.3

Cash flow from operating activities



£m	H1 2006	H1 2005	% change	FY 2005
Operating profit before exceptionals	24.8	20.4	21.6%	39.9
Depreciation and amortisation	5.5	5.0		10.1
Non cash LTIP charge	0.4	-		0.4
Working capital	(7.2)	(5.5)		(1.3)
Borrowing costs	(2.7)	(2.3)		(5.1)
Income tax paid	(9.1)	(6.5)		(12.7)
Operating cash flow before exceptional items	11.7	11.1	5.4%	31.3
Cash flow from exceptional items	-	(9.6)		(10.3)
Operating cash flow after exceptional items	11.7	1.5	680.0%	21.0

Cash flow



£m	H1 2006	H1 2005	FY 2005
Operating cash flow after exceptional items	11.7	1.5	21.0
Net capital expenditure	(4.6)	(3.6)	(10.6)
Interest received	0.3	0.2	0.5
Returns to shareholders & minorities	(6.2)	(36.1)	(38.7)
Purchase of treasury shares	(1.0)	-	(1.0)
Change in borrowings	(0.4)	37.2	35.0
Change in cash and cash equivalents	(0.2)	(0.8)	6.2

Outlook – Full Year 2006

- Outlook remains positive
- Further trading progress anticipated
- Strength of sterling, if maintained, to impact translation
- Rates of profit growth likely to moderate

Appendix

FX rates



Average exchange rates used for the translation of the income statement

		H1 2005 Actual	FY 2005 Actual	H1 2006 Actual	FY 2006 Reprojn *	August 2006 Closing
Euro zone	€	1.46	1.46	1.45	1.47	1.49
United States	US\$	1.88	1.82	1.79	1.84	1.90
Brazil	Real	4.78	4.44	3.94	4.00	4.06
Japan	Yen	198.6	200.3	206.7	213.5	223.1
China	Renminbi	15.50	14.91	14.38	14.68	15.07
India	Rupee	81.87	80.24	80.59	84.13	88.52
Australia	A\$	2.42	2.39	2.41	2.44	2.49
Canada	C\$	2.31	2.20	2.03	2.07	2.11
Korea	Won	1911	1866	1725	1769	1829
South Africa	Rand	11.55	11.48	11.42	12.42	13.71

* Note: - assumes actual rates until August 2006 and then remain constant for remainder of 2006