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Hampson Industries PLC

Proposed Acquisition of Composite Horizons, Inc. Proposed Vendor Placing of 7,745,098 new ordinary shares at 153 pence per share

Hampson Industries PLC ("Hampson" or the "Company"), the international aerospace and precision engineering group, today announces the proposed acquisition of Composite Horizons, Inc ("CHI") (the "Acquisition") for a total initial consideration of USD22.8 million (GBP12.0 million). Hampson also announces an underwritten vendor placing of 7,745,098 new Ordinary Shares at a price of 153 pence per share (the "Vendor Placing") to raise approximately GBP11.8 million before expenses. The proceeds of the Vendor Placing will be applied to fund, in part, the consideration payable on completion of the Acquisition. The balance of the consideration will be settled from an extension of the Company's existing debt facilities which will also provide the Company with additional capital for investment in its automotive turbocharger business. The Vendor Placing has been fully underwritten by Investec Bank (UK) Limited ("Investec") and Arbuthnot Securities Limited ("Arbuthnot").

A further variable element of consideration may be payable or repayable to Hampson based on CHI's financial performance over the two year period ending 31 December 2008. The maximum total consideration payable cannot exceed USD32 million (GBP16.8 million). The initial consideration is subject to adjustment depending on the working capital of CHI at completion. The sale and purchase agreement (the "Acquisition Agreement") is conditional, upon, inter alia, the expiry of the thirty day waiting period imposed by the Exon-Florio provision. The Exon-Florio provision is administered by the Committee on Foreign Investments in the United States. The Company will update shareholders in due course in relation to this approval.

CHI is a privately owned business based in Covina, California, with over 30 years of experience in the engineering, development and manufacture of complex geometry, advanced composite components. CHI specialises in high temperature polymer composites, a niche technology primarily for high performance gas turbine engine applications and structural airframe components where greater strength and temperature resistance properties are required.

Around this core competency CHI manufactures components and assemblies for a diverse range of aerospace applications for both military and commercial aircraft, launch vehicle and satellite structures as well as gas turbine engines. CHI also produces light-weight composite components for the medical industry, including components for digital radiography, CT, PET and radiation therapy.

The acquisition of CHI is consistent with Hampson's strategic push into higher margin, higher growth composite materials, which are increasingly replacing metals in aerospace manufacturing.

CHI's capabilities are highly complementary to those of Hampson's existing businesses, particularly its US subsidiaries, Texstars Inc. and Coast Composites Inc., which were acquired in the last two years. They include very high temperature autoclave moulding, compression moulding, resin transfer ("RTM") and vacuum assist resin transfer moulding ("VARTM"), as well as hand lay-up and assembly and 5-axis machining and finishing.

In addition, the Acquisition brings access to a number of important aerospace programmes such as the F-35 (Joint Strike Fighter), F/A-22 (Raptor) and Boeing 777 on which Hampson was previously not well represented. It also brings access to a number of unmanned, satellite and space programmes that provide a further source of growth.

CHI's unadjusted audited accounts for the year ended 31 December 2005 reported total revenue of USD14 million (GBP7.4 million), profit before tax (after vendor remuneration) of USD1.0 million (GBP0.5 million) and gross assets of USD5.2 million (GBP2.8 million).

The Acquisition is expected to be earnings enhancing in the first twelve months of ownership.

Kim Ward, Chief Executive of Hampson Industries PLC, commented:

"We welcome CHI to the Hampson Group as we continue to execute our clearly-focussed growth strategy and develop our portfolio of defensible, niche businesses offering state-of-the-art manufacturing technologies and world-class innovation.

"CHI brings cutting-edge, high temperature composite technologies and gives us a broader, deeper portfolio of products and customer programmes in our core aerospace market. We are also very excited by the further potential for cross-selling brought by CHI, as each acquisition we make offers additional, complementary customers and products."

The Vendor Placing has been fully underwritten by Investec and Arbuthnot pursuant to the terms of an agreement entered into by the Company, Investec and Arbuthnot (the "Placing Agreement"). The Vendor Placing is conditional, inter alia, on the admission of the new Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market ("Admission"), and the Acquisition Agreement being completed in all respects (save for any condition relating to the Placing Agreement being unconditional and payment of the consideration). On Admission, the new Ordinary Shares will rank pari passu in all respects with the existing ordinary shares in Hampson.

Investment in Automotive

The Company intends to use £3.0 million of its enlarged debt facilities to fund progressive investment in the expansion of capacity in its Precision Automotive division, a global leader in the manufacture of small, critical-tolerance components for automotive turbochargers.

Demand for turbochargers has grown rapidly in recent years as a result of progressively tightening vehicle emission restrictions and the rapid penetration of more fuel-efficient, diesel-engined vehicles. Future demand is expected to continue to rise as a result, inter-alia, of increasing sales of diesel-engined passenger cars and light trucks in the North American market.

Admission, Settlement and Dealings

Application has been made to the UK Listing Authority for the new Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the new Ordinary Shares to be admitted to trading on its Main Market. It is expected that Admission will become effective and that dealings will commence at 8.00am on the third business day following the receipt of the Exon-Florio regulatory clearance and that CREST accounts will be credited on that date. A further announcement will be made in due course.

Further Information

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Nothing in this announcement should be construed as a profit forecast or be interpreted to mean that the future earnings per share or profits of Hampson will necessarily be greater than the historic published earnings per share.

This announcement does not constitute or form part of an offer or a solicitation of an offer to purchase or subscribe for, underwrite or otherwise acquire any rights, shares or other securities. The new Ordinary Shares have not been nor will they be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state, province, district, territory or other jurisdiction of the United States, Canada, Australia, Japan or the Republic of Ireland and no regulatory clearances in respect of the New Ordinary Shares have been or will be applied for in any such jurisdiction. The new Ordinary Shares are not being, and may not be, offered, sold, taken up, renounced or delivered, directly or indirectly within or into the United States, Canada, Australia, Japan or the Republic of Ireland or their respective territories or possessions.