

20 November 2007

## Unaudited half year results for the six month period ended 30 September 2007

Hampson Industries PLC (“Hampson” or the “Group”), the international aerospace and precision engineering group, announces half year results for the six month period ended 30 September 2007.

### Key Highlights

	30 Sept 2007 £'000	30 Sept 2006 £'000	Change %
<b>Continuing operations:</b>			
Revenue	<b>76,346</b>	63,707	<b>20</b>
Trading profit*	<b>10,039</b>	6,526	<b>54</b>
Operating profit	<b>8,258</b>	3,491	<b>137</b>
Profit before tax*	<b>7,087</b>	4,084	<b>74</b>
Profit before tax – statutory basis	<b>5,017</b>	1,132	<b>343</b>
Earnings per share*	<b>4.89p</b>	3.24p	<b>51</b>
Earnings per share – statutory basis	<b>3.37p</b>	0.88p	<b>283</b>
Dividend per share	<b>0.50p</b>	0.00p	
<b>Exchange rates (GBP 1 = USD):</b>			
Average for period	<b>2.00</b>	1.85	
Period end	<b>2.04</b>	1.87	

\* Trading profit, profit before tax and earnings per share are all stated to reflect the continuing operations of the Group before exceptional items, re-measurements and amortisation of intangible assets on acquisition. The Board considers that this measure of profit provides the best view of the underlying trading performance of the Group.

### Financial highlights

- Strong half year results with growth in both revenue and margins
- Revenue grew by 20% to £76.3 million
- Organic revenue growth was 18%
- Trading profit\* increased by £3.5 million to £10.0m, rising 54%
- Trading profit\* margin exceeded 13% of revenue, compared with 10% last year
- Results achieved despite £0.7m adverse currency movement
- Resumption of interim dividend (0.50p)

### Corporate highlights

- Core aerospace markets remain buoyant
- Non-core Industrial division successfully divested
- Major new contract to supply HondaJet
- Recent acquisitions continue to perform above expectations

Commenting on the first half results, Chairman Tony Gilroy said:

“In my final statement as Chairman, I am pleased to announce that the half year results reflect another period of significant progress for the Group, with particular success in our Aerospace businesses.

“In a period that has seen us complete the divestment of our non-core Industrial division and secure a major new contract to supply Honda Aircraft Company Inc., our growth strategy is continuing to deliver tangible positive results despite current dollar weakness. With continuing strong demand in our core markets, our efforts will remain focused on maintaining this momentum in the second half and delivering outstanding value for our shareholders.”

### Further information:

Kim Ward, Chief Executive +44 (0)1384 472 941  
Howard Kimberley, Finance Director +44 (0)1384 472 946  
Jonathan Gollins/Marylene Guernier, M:Communications +44 (0)20 7153 1269

## **Chairman's Statement**

In my final statement as Chairman, I am pleased to announce that the half year results reflect another period of significant progress for the Group, with strong growth in revenue and profit despite further continued weakening of the US dollar over the period.

Revenue has increased by 20% compared to the first half of the previous year and trading profit\* is 54% ahead. The strong first half results have enabled the Board to propose a resumption of interim dividend payments to shareholders.

Our aerospace businesses have performed strongly despite the adverse currency headwinds. In particular, we continue to see the benefits of a culture of continuous and disciplined cost control by our management teams throughout the Group. There is a rigorous focus on operational improvement activities and cost and marketing synergies are leveraged across all of our Group operations. These efforts will remain a major priority going forward as we seek to maximise our returns on existing, as well as planned new investment in support of our growth strategy.

All of our recent acquisitions continue to exceed our expectations and the outlook for our core markets is one of continuing growth.

Against this background, the strong first half results provide a firm foundation on which to build and the Board therefore looks forward with continued confidence to another full year performance showing very positive progress.

I am very pleased that during the four years that I have served as Chairman, Hampson has been transformed both in terms of profitability and strategic direction. The Group is now well positioned in high-growth niche businesses in both aerospace and automotive where good margins are achievable. As this will be my last statement as Chairman, it only remains for me to wish my successor, Chris Geoghegan and his Board and all of Hampson's employees and shareholders, every success for the future.

**Tony Gilroy**  
Chairman  
20 November 2007

*\* In addition to the "statutory" measures of profit reference is made throughout to the impact on the Group's profit and earnings of excluding the following items; restructuring and rationalisation charges, fixed asset impairments, amortisation of intangible assets arising on acquisition and changes in the net fair value of financial instruments. The Directors believe that exclusion of these items allows trends in the underlying performance of the Group's business to be more easily identified and understood. Reference is made throughout to the term "trading profit" which is defined as operating profit excluding all of the fore-going items.*

### **Cautionary Statement**

*This Half Year Report and accompanying announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Hampson's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.*

*There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are: increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.*

*Hampson undertakes no obligation to revise or update any forward looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.*

## **Business Review**

### **Group Performance**

Revenue was £12.6m (20%) higher than in the comparable period of the prior year at £76.3m. In constant currency terms, the increase would have been 24%, of which 18% was due to organic growth in existing operations, and 6% due to the contribution of Composites Horizons Inc. ("CHI"), which was acquired in January 2007 and continues to perform strongly.

At £10.0m, trading profit for the six month period increased by £3.5m (54%). At constant rates of exchange, the increase compared to the first half of 2006 would have been £0.7m greater, being an improvement of £4.2m (65%). After absorbing the impact of currency translation, earnings per share on a management basis were 51% higher at 4.89p per share, with a positive contribution from CHI after financing costs.

### **Net Indebtedness**

Despite higher working capital levels required to support the growth in revenue during the period, net indebtedness at 30 September 2007, at £66.7m, was marginally lower than the position at the previous year end. This was achieved through the continued application of robust cash management disciplines combined with a lower level of capital expenditure.

### **Dividend**

The Board recommends an interim dividend of 0.50p per share to be paid on or around 15 February 2008 to those shareholders on the register on 25 January 2008. This dividend is covered 4.54 times by earnings of the half year.

## **Operational Review**

### **Aerospace Components & Structures**

Revenue in Aerospace Components & Structures was £42.8m, £5.9m (16%) higher than in the same period of the prior year. Trading profit almost doubled to £6.4m, compared to £3.3m in the previous year.

Against a background of continuing strong demand within the commercial aerospace sector in general, the strong half year results reflect across the board operational improvements at all sites, with fabrications & assemblies, machining and shims all ahead of the equivalent period in the prior year.

Following receipt of production certification from the FAA in April 2007, deliveries by Eclipse Aviation of their Eclipse 500 Very Light Jet continue to rise progressively and production levels are being matched to programme requirements.

In September 2007 the Group won an exclusive life-of-programme contract with Honda Aircraft Company Inc. for the manufacture and supply of the complete empennage structural sub-assembly for the new HondaJet advanced light jet, expected to be worth over US\$70m. First production deliveries are expected to commence in 2010.

### **Composites & Transparencies**

Revenue in Composites & Transparencies, at £23.2m, was £5.6m ahead of the prior year, mainly as a result of the impact of including CHI for the full six months. Headline trading profit (after adverse currency effects) of £4.7m, was an improvement of £1.9m compared to the previous period, with £1.3m of this being contributed by CHI.

Excluding the impact of CHI, first half trading profit increased by £0.6m (21%) despite more modest total revenue growth, mainly as a result of the mixture of tooling systems delivered to customers in the period. Stronger growth is expected in the second half with demand levels in general remaining high and further new manufacturing capacity at Coast Composites in Santa Ana, USA, expected to come fully on line as final equipment is delivered and installed.

## **Hampson Industries PLC**

### **Half Year Report 2007**

#### **Automotive Turbocharger**

With continuing pressures for more fuel efficient and environmentally-friendly vehicles, the Automotive Turbocharger division saw demand for its core products continue to rise in the period. As a result, revenue in the period was £1.2m (13%) higher than in the first half of 2006.

As previously reported, results for the first quarter were impacted by excess costs as a result of new programme starts and production inefficiencies which resulted in a trading loss for the six month period of £1.0m. Appropriate corrective measures have now been taken with the result that during its most recent periods the division has traded profitably. Results for the second half are therefore expected to show considerable improvement.

#### **Industrial**

On 27 June 2007, the Industrial division was disposed of in line with our strategy of focussing on those businesses which are positioned with the potential to generate attractive growth and exceed the Group's minimum required rates of return on investment. As a result these operations, which generated a small operating loss in the period, have been disclosed as discontinued activities.

#### **Prospects**

Aerospace markets in general remain very buoyant. Since the start of this financial year, the combined commercial backlog of Boeing and Airbus has grown by a further 18% with production rates continuing to rise. Compared to the same position twelve months ago, the increase is some 40%.

Increased use of composite material technology continues to provide opportunities for further growth in both the military and commercial segments, and with the Group's capabilities now enhanced through the integration of CHI, we remain well positioned to see further benefit from this trend in both aero-structural components and now engines.

Demand for tooling systems for large composite wing and fuselage structures also continues to climb as the result of rate tooling for aircraft entering production such as the B787, derivative versions of existing and new aircraft and pre-production tools for a number of large programmes still in development such as the A350. The increasing size and tolerance requirements of tooling systems now necessary to facilitate production of the large, monolithic structures required by the new generation of largely composite airframes are leading to capacity constraints in the traditional tool manufacturing supply chain. These market conditions are expected to provide a source of opportunity for the Group into the future.

The outlook for the turbocharger business is for a marked improvement in results in the second half with demand levels expected to remain at current levels.

#### **Principal risks and uncertainties**

In common with all trading businesses, the Group is exposed to a variety of risks in the conduct of its normal business operations. Set out on pages 26 to 27 of the Group's annual report for the year ended 31 March 2007 is a summary of some of the most important risks and uncertainties which, in the opinion of the Directors, could impact its performance. These are equally applicable to the current financial year. Although it is not possible to completely record or quantify every material risk that the group faces, on a short term forward looking basis over the remainder of this financial year, the main areas of potential risks and uncertainty include those related to cyclical markets, market competition, customer concentration, programme dependencies & relationships, commercial dispute resolution and litigation and interest rate and foreign exchange risk. The Group seeks to put in place strategies and actions to mitigate the potential effect of these risks wherever practical.

## Condensed Consolidated Income Statement

	Notes	Unaudited		Total £'000
		Half year to 30 Sept 2007 Before exceptional items, re- measurements and amortisation of intangibles* £'000	Half year to 30 Sept 2007 Exceptional items, re- measurements and amortisation of intangibles* £'000	
<b>Continuing operations</b>				
<b>Revenue</b>	3	76,346	-	76,346
<b>Operating profit</b>	4	10,039	(1,781)	8,258
Analysed as:				
<b>Trading profit</b>		10,039	-	10,039
Restructuring and rationalisation charges	5	-	(1,384)	(1,384)
Impairment charges	5	-	-	-
Changes in net fair value of derivative financial instruments – non interest instruments	5	-	-	-
Amortisation of intangible assets on acquisition	5	-	(397)	(397)
Financial income		624	-	624
Financial expense		(3,576)	-	(3,576)
Changes in net fair value of derivative financial instruments – interest instruments	5	-	(289)	(289)
<b>Profit before taxation</b>		7,087	(2,070)	5,017
Taxation	6			(1,806)
<b>Profit after taxation</b>				3,211
<b>Discontinued operations</b>				
Post tax results from discontinued operations	7			(1,048)
<b>Profit for the financial period</b>				2,163
<b>Attributable to:</b>				
- Equity shareholders				2,163
- Minority interests				-
				2,163
<b>Dividends per 25p ordinary share</b>				
Interim dividend per share	8			0.50p
Final dividend per share	8			0.00p
<b>Earnings per 25p ordinary share</b>				
<i>Continuing Operations:</i>				
Earnings per share before exceptional items, re-measurements and amortisation of intangibles*	9			4.89p
Basic	9			3.37p
Diluted	9			3.36p
<i>Total Operations:</i>				
Basic	9			2.27p
Diluted	9			2.26p

\* Re-measurements relate to changes in net fair value of derivative financial instruments required under IAS 39. Amortisation of intangibles relate to amortisation of intangible assets on acquisition required under IFRS 3.

## Condensed Consolidated Income Statement

	Notes	Unaudited		Total £'000
		Half year to 30 Sept 2006**	Half year to 30 Sept 2006**	
		Before exceptional items, re- measurements and amortisation of intangibles*	Exceptional items, re-measurements and amortisation of intangibles*	
		£'000	£'000	
<b>Continuing operations</b>				
<b>Revenue</b>	3	63,707	-	63,707
<b>Operating profit</b>	4	6,526	(3,035)	3,491
Analysed as:				
<b>Trading profit</b>		6,526	-	6,526
Restructuring and rationalisation charges	5	-	(528)	(528)
Impairment charges	5	-	(2,110)	(2,110)
Changes in net fair value of derivative financial instruments – non interest instruments	5	-	(110)	(110)
Amortisation of intangible assets on acquisition	5	-	(287)	(287)
Financial income		186	-	186
Financial expense		(2,628)	-	(2,628)
Changes in net fair value of derivative financial instruments – interest instruments	5	-	83	83
<b>Profit before taxation</b>		4,084	(2,952)	1,132
Taxation	6			(362)
<b>Profit after taxation</b>				770
<b>Discontinued operations</b>				
Post tax results from discontinued operations	7			49
<b>Profit for the financial period</b>				819
<b>Attributable to:</b>				
- Equity shareholders				781
- Minority interests				38
				819
<b>Dividends per 25p ordinary share</b>				
Interim dividend per share	8			0.00p
Final dividend per share	8			0.00p
<b>Earnings per 25p ordinary share</b>				
<i>Continuing Operations:</i>				
Earnings per share before exceptional items, re-measurements and amortisation of intangibles*	9			3.24p
Basic	9			0.88p
Diluted	9			0.87p
<i>Total Operations:</i>				
Basic	9			0.94p
Diluted	9			0.93p

\* Re-measurements relate to changes in net fair value of derivative financial instruments required under IAS 39. Amortisation of intangibles relate to amortisation of intangible assets on acquisition required under IFRS 3.

\*\* Re-presented following the sale of Lattimer Limited and I.S. Parts International Inc., see note 1.

## Condensed Consolidated Income Statement

		Year to 31 March 2007**	Year to 31 March 2007**	Year to 31 March 2007**
	Notes	Before exceptional items, re-measurements and amortisation of intangibles* £'000	Exceptional items, re- measurements and amortisation of intangibles* £'000	Total £'000
<b>Continuing operations</b>				
<b>Revenue</b>	3	138,020	-	138,020
<b>Operating profit</b>	4	16,400	(3,968)	12,432
Analysed as:				
<b>Trading profit</b>		16,400	-	16,400
Restructuring and rationalisation charges	5	-	(1,073)	(1,073)
Impairment charges	5	-	(2,106)	(2,106)
Changes in net fair value of derivative financial instruments – non interest instruments	5	-	(110)	(110)
Amortisation of intangible assets on acquisition	5	-	(679)	(679)
Financial income		935	-	935
Financial expense		(5,990)	-	(5,990)
Changes in net fair value of derivative financial instruments – interest instruments	5	-	(1,164)	(1,164)
<b>Profit before taxation</b>		11,345	(5,132)	6,213
Taxation	6			(2,689)
<b>Profit after taxation</b>				3,524
<b>Discontinued operations</b>				
Post tax results from discontinued operations	7			461
<b>Profit for the financial year</b>				3,985
<b>Attributable to:</b>				
- Equity shareholders				3,985
- Minority interests				-
				3,985
<b>Dividends per 25p ordinary share</b>				
Interim dividend per share	8			0.00p
Final dividend per share	8			0.90p
<b>Earnings per 25p ordinary share</b>				
<i>Continuing Operations:</i>				
Earnings per share before exceptional items, re-measurements and amortisation of intangibles*	9			7.98p
Basic	9			3.95p
Diluted	9			3.93p
<i>Total Operations:</i>				
Basic	9			4.47p
Diluted	9			4.44p

\* Re-measurements relate to changes in net fair value of derivative financial instruments required under IAS 39. Amortisation of intangibles relate to amortisation of intangible assets on acquisition required under IFRS 3.

\*\* Re-presented following the sale of Lattimer Limited and I.S. Parts International Inc., see note 1.

## Condensed Consolidated Balance Sheet

As at	Unaudited		
	30 Sept 2007	30 Sept 2006	31 March 2007
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	59,431	53,817	61,600
Intangible assets	21,543	15,678	22,476
Property, plant and equipment	39,919	39,243	41,305
Deferred tax assets	4,070	2,274	4,877
	<b>124,963</b>	<b>111,012</b>	<b>130,258</b>
<b>Current assets</b>			
Inventories	26,334	25,699	27,361
Trade and other receivables - due within one year	34,264	28,083	35,206
Financial assets - derivatives	-	582	189
Current tax assets	214	-	563
Cash and cash equivalents	13,877	9,729	10,241
	<b>74,689</b>	<b>64,093</b>	<b>73,560</b>
<b>Total assets</b>	<b>199,652</b>	<b>175,105</b>	<b>203,818</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(31,886)	(27,930)	(36,787)
Financial liabilities - derivatives	(1,226)	-	(1,126)
Provisions	(2,343)	(1,497)	(3,073)
	<b>(35,455)</b>	<b>(29,427)</b>	<b>(40,986)</b>
<b>Non-current liabilities</b>			
Financial liabilities - borrowings	(79,031)	(73,314)	(75,568)
Deferred tax liabilities	(8,812)	(4,136)	(8,812)
Retirement benefit liabilities	(137)	(993)	(583)
	<b>(87,980)</b>	<b>(78,443)</b>	<b>(84,963)</b>
<b>Total liabilities</b>	<b>(123,435)</b>	<b>(107,870)</b>	<b>(125,949)</b>
<b>Net assets</b>	<b>76,217</b>	<b>67,235</b>	<b>77,869</b>
<b>Shareholders' equity</b>			
Called up share capital	23,806	21,870	23,806
Reserves	52,333	45,313	53,988
<b>Shareholders' equity</b>	<b>76,139</b>	<b>67,183</b>	<b>77,794</b>
Total shareholders' equity	76,139	67,183	77,794
Minority interest in equity	78	52	75
<b>Total equity</b>	<b>76,217</b>	<b>67,235</b>	<b>77,869</b>

## Condensed Consolidated Cash Flow Statement

	Unaudited		
	Half year to 30 Sept 2007 £'000	Half year to 30 Sept 2006 £'000	Year to 31 March 2007 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	3,679	5,223	18,684
Interest received	624	199	604
Interest paid	(3,395)	(2,293)	(5,506)
Tax paid	(565)	(548)	(1,571)
Net cash from operating activities	343	2,581	12,211
<b>Cash flows from investing activities</b>			
Acquisitions (net of cash acquired)	-	-	(11,493)
Disposals (net of cash disposed)	2,751	30	30
Purchase of property, plant and equipment	(1,710)	(2,456)	(6,410)
Purchase of intangible assets	(436)	(213)	(2,045)
Proceeds on sale of property, plant and equipment	683	-	70
Development costs	(83)	(2,879)	(6,883)
Net cash used in investing activities	1,205	(5,518)	(26,731)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital	-	-	11,347
New borrowings	3,000	6,970	10,500
Finance lease principal payments	(741)	(759)	(1,449)
Finance lease interest payments	(60)	(115)	(191)
Repayments of loans	(20)	-	(1,914)
Net cash flow used in financing activities	2,179	6,096	18,293
Currency variations on cash and cash equivalents	(91)	(206)	(308)
<b>Increase in cash and cash equivalents</b>	<b>3,636</b>	<b>2,953</b>	<b>3,465</b>
Cash and cash equivalents at the beginning of the period	10,241	6,776	6,776
<b>Cash and cash equivalents at the end of the period</b>	<b>13,877</b>	<b>9,729</b>	<b>10,241</b>

## Reconciliation of movement in cash and cash equivalents to movement in net debt

	Unaudited		
	Half year to 30 Sept 2007 £'000	Half year to 30 Sept 2006 £'000	Year to 31 March 2007 £'000
Movement in cash and cash equivalents	3,636	2,953	3,465
Net proceeds of borrowings	(2,980)	(6,970)	(8,586)
Indebtedness acquired as part of acquisition	-	-	(1,850)
Finance lease payments	741	759	1,449
New finance leases	(1,133)	(287)	(425)
Other movements in net debt	(121)	-	845
Movement in period	143	(3,545)	(5,102)
Net debt at beginning of period	(66,794)	(61,692)	(61,692)
<b>Net debt at end of period</b>	<b>(66,651)</b>	<b>(65,237)</b>	<b>(66,794)</b>

Other movements in net debt reflect movements in the unamortised issuance costs in relation to borrowings within the Group.

## Condensed Statement of Recognised Income and Expense

	Unaudited		
	Half year to 30 Sept 2007 £'000	Half year to 30 Sept 2006 £'000	Year to 31 March 2007 £'000
Currency variations	(3,077)	(6,135)	(10,362)
Actuarial gains/(losses) on retirement benefit scheme – gross	-	-	304
Deferred taxation related thereto	-	-	(91)
Net gains/(losses) not recognised in income statement	(3,077)	(6,135)	(10,149)
Profit for the financial period	2,163	781	3,985
Total recognised income/(expense) for the period	(914)	(5,354)	(6,164)
Attributable to:			
- Equity shareholders	(914)	(5,354)	(6,164)
- Minority interests	-	38	-
	(914)	(5,316)	(6,164)

## Notes to the Half Year Report

### 1. Basis of preparation

#### *Basis of preparation*

Hampson Industries PLC (the “Company”) is a Company domiciled in the United Kingdom. The condensed consolidated half year financial statements for the six months ended 30 September 2007 comprise of the Company and its subsidiaries.

These half year condensed consolidated financial statements 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. They do not include all information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2007. The comparative figures for the year ended 31 March 2007 do not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 March 2007 has been 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.

#### *Measurement and performance reporting*

In addition to the “statutory” measures of profit reference is made throughout to the impact on the Group’s profit and earnings of excluding the following items; restructuring and rationalisation charges, fixed asset impairments, amortisation of intangible assets arising on acquisition and changes in the net fair value of financial instruments. The Directors believe that exclusion of these items allows trends in the underlying performance of the Group’s business to be more easily identified and understood. Reference is made throughout to the term “trading profit” which is defined as operating profit excluding all of the fore-going items.

#### *Changes in accounting policies*

Except as described below, the accounting policies and basis of consolidation applied by the Group in these unaudited half year condensed consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2007.

Amendments to IAS 1 “Presentation of Financial Statements: Capital Disclosures” and IFRS 7 “Financial Instruments: Disclosures” are effective for the Group for the year ending 31 March 2008. These require the Group to provide disclosure of the significance of financial instruments on its financial position and performance and additional qualitative and quantitative information about exposure to risks arising from financial instruments. There will be no effect on reported income or net assets.

As this report only contains condensed financial statements, and as there are no material financial instrument related transactions in the period, full IFRS 7 disclosures are not required at this stage. The full IFRS 7 disclosures, including the sensitivity analysis to market risk and capital disclosures required by the amendment to IAS 1, will be given in the annual financial statements.

IFRIC 8 “Scope of IFRS 2”, IFRIC 9 “Re-assessment of embedded derivatives”, IFRIC 10 “Interim financial reporting and impairment” and IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions” are effective for the Group for the year ending 31 March 2008.

#### *Re-presentation of comparatives for presentation purposes*

Due to the disposal of Lattimer Limited and I.S. Parts International Inc. during the period, the results of these undertakings have been classified as discontinued operations and the comparatives for the half year to 30 September 2006 and the year to 31 March 2007 re-presented accordingly.

#### *Critical accounting estimates and judgements*

In the process of applying the Group’s accounting policies, management has made a number of judgements. The process of preparing these half year condensed consolidated financial statements inevitably requires to Group to make estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have the most significant effect on the amounts included with these half year condensed consolidated financial statements were the same as those that applied to the audited consolidated financial statements for the year ended 31 March 2007.

### Seasonality

The Group does not have any revenue or results that are materially impacted by seasonality.

### Approval of half year condensed consolidated financial statements

The half year condensed consolidated financial statements were approved for issue on behalf of the board of directors on 20 November 2007.

## 2. Exchange rates

The principal exchange rates used were as follows:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
Sterling to US Dollar (GBP 1 = USD):			
Average for period	2.00	1.85	1.89
Period end	2.04	1.87	1.97
Sterling to Indian Rupee (GBP 1 = INR):			
Average for period	81.62	85.02	86.07
Period end	81.15	85.73	85.80

Assets and liabilities of overseas undertakings are translated at the rate of exchange ruling at the balance sheet date and the income statement is translated at the average rate of exchange.

## 3. Segmental analysis

### By primary segment – business group

Half year to 30 September 2007	Aerospace Components & Structures £'000	Composites & Transparencies £'000	Automotive Turbocharger £'000	Industrial £'000	Corporate & Unallocated £'000	Total £'000
<b>Continuing operations:</b>						
Segment revenue	42,790	23,173	10,383	-	-	76,346
Segment trading profit/(loss)	6,423	4,674	(955)	-	(103)	10,039
Restructuring and rationalisation charges	(1,132)	-	(182)	-	(70)	(1,384)
Impairment charges	-	-	-	-	-	-
Changes in fair value of derivative financial instruments	-	-	-	-	-	-
Amortisation of intangible assets on acquisition	(82)	(315)	-	-	-	(397)
Segment operating profit/(loss)	5,209	4,359	(1,137)	-	(173)	8,258
Net financing costs	-	-	-	-	(3,241)	(3,241)
Profit/(loss) before taxation	5,209	4,359	(1,137)	-	(3,414)	5,017
Taxation	-	-	-	-	(1,806)	(1,806)
Profit/(loss) for the period after taxation	5,209	4,359	(1,137)	-	(5,220)	3,211
<b>Discontinued operations:</b>						
Post tax results from discontinued operations	-	-	-	(1,039)	(9)	(1,048)
Profit attributable to minority interests	-	-	-	-	-	-
Net profit/(loss) attributable to equity shareholders	5,209	4,359	(1,137)	(1,039)	(5,229)	2,163

### 3. Segmental analysis continued

Half year to 30 September 2006 – (note 1)	Aerospace Components & Structures £'000	Composites & Transparencies £'000	Automotive Turbocharger £'000	Industrial £'000	Corporate & Unallocated £'000	Total £'000
<b>Continuing operations:</b>						
Segment revenue	36,914	17,575	9,218	-	-	63,707
Segment trading profit/(loss)	3,287	2,792	712	-	(265)	6,526
Restructuring and rationalisation charges	(309)	-	(195)	-	(24)	(528)
Impairment charges	(2,110)	-	-	-	-	(2,110)
Changes in fair value of derivative financial instruments	-	-	-	-	(110)	(110)
Amortisation of intangible assets on acquisition	(93)	(194)	-	-	-	(287)
Segment operating profit/(loss)	775	2,598	517	-	(399)	3,491
Net financing costs	-	-	-	-	(2,359)	(2,359)
Profit/(loss) before taxation	775	2,598	517	-	(2,758)	1,132
Taxation	-	-	-	-	(362)	(362)
Profit/(loss) for the period after taxation	775	2,598	517	-	(3,120)	770
<b>Discontinued operations:</b>						
Post tax results from discontinued operations	(18)	-	-	82	(15)	49
Profit attributable to minority interests	-	-	-	-	(38)	(38)
Net profit/(loss) attributable to equity shareholders	757	2,598	517	82	(3,173)	781
<b>For the year ended 31 March 2007 – (note 1)</b>						
	Aerospace Components & Structures £'000	Composites & Transparencies £'000	Automotive Turbocharger £'000	Industrial £'000	Corporate & Unallocated £'000	Total £'000
<b>Continuing operations:</b>						
Segment revenue	80,279	36,573	21,168	-	-	138,020
Segment trading profit/(loss)	11,002	6,659	1,457	-	(2,718)	16,400
Restructuring and rationalisation charges	(737)	(47)	(233)	-	(56)	(1,073)
Impairment charges	(2,106)	-	-	-	-	(2,106)
Changes in fair value of derivative financial instruments	-	-	-	-	(110)	(110)
Amortisation of intangible assets on acquisition	(185)	(494)	-	-	-	(679)
Segment operating profit/(loss)	7,974	6,118	1,224	-	(2,884)	12,432
Net financing costs	-	-	-	-	(6,219)	(6,219)
Profit/(loss) before taxation	7,974	6,118	1,224	-	(9,103)	6,213
Taxation	-	-	-	-	(2,689)	(2,689)
Profit/(loss) for the year after taxation	7,974	6,118	1,224	-	(11,792)	3,524
<b>Discontinued operations:</b>						
Post tax results from discontinued operations	(18)	-	-	504	(25)	461
Profit attributable to minority interests	-	-	-	-	-	-
Net profit/(loss) attributable to equity shareholders	7,956	6,118	1,224	504	(11,817)	3,985

For further details on discontinued operations, see note 7.

#### 4. Operating profit

Reconciliation of revenue to total operating profit:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006 (note 1)	Year to 31 March 2007 (note 1)
	£'000	£'000	£'000
Revenue	76,346	63,707	138,020
Cost of sales	(55,275)	(49,349)	(100,516)
Gross profit	21,071	14,358	37,504
Other income	481	386	402
Distribution costs	(1,955)	(1,202)	(2,856)
Administrative expenses	(11,339)	(10,051)	(22,618)
Operating profit	8,258	3,491	12,432

#### 5. Exceptional items, re-measurements and amortisation of intangibles

##### Restructuring and rationalisation charges

These exceptional items reflect the Group's restructuring and rationalisation costs primarily relating to employment termination and legal costs - £1,384,000 (half year to 30 September 2006: £528,000, year to 31 March 2007: £1,073,000).

##### Impairment charges

During the year the Group undertook a review of the utilisation and carrying values of certain assets. As a result of this £nil (half year to 30 September 2006: £2,110,000, year to 31 March 2007: £2,106,000) of impairment charges were incurred, as follows:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
	£'000	£'000	£'000
Impairment of intangible assets	-	2,110	2,106
Total impairment charges	-	2,110	2,106

The impairment of intangible assets in the prior year was in respect of a terminated contract involving one of the Group's subsidiaries. Action is being taken to recover the value of those assets together with the reimbursement of further costs incurred in relation to the contract that have been expensed as a component of trading profit.

##### Changes in net fair value of derivative financial instruments

IAS 39 requires derivative financial instruments to be valued at the balance sheet date and the fair value reflected in the balance sheet as an asset or liability. Any subsequent change in value is reflected in the Income Statement unless hedge accounting is achieved. Such movements do not affect cash flow or the economic substance of the underlying transaction, and thus to aid in year on year comparability, the change in value has been identified separately. As a result the changes in net fair value of derivative financial instruments were:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
	£'000	£'000	£'000
Charges/(credits) included within operating profit	-	110	110
Charges/(credits) included within net financing costs	289	(83)	1,164
	289	27	1,274

##### Amortisation of intangible assets on acquisition

As required under IFRS 3 'Business Combinations' and IAS 38 'Intangible Assets', intangible assets identified on acquisition have been amortised during the period - £397,000 (half year to 30 September 2006: £287,000, year to 31 March 2007: £679,000).

Exceptional items are included within cost of sales £1,526,000 (half year to 30 September 2006: £2,818,000, year to 31 March 2007: £3,717,000) and administrative expenses £255,000 (half year to 30 September 2006: £217,000, year to 31 March 2007: £251,000).

The net cash outflow from exceptional items charged during the period amounted to £1,384,000 (half year to 30 September 2006: £528,000, year to 31 March 2007: £1,088,000).

## 6. Taxation

The taxation charge for the half year to 30 September 2007 is based on the estimated effective tax rate for the full year to 31 March 2008 of 36% (half year to 30 September 2006: 32%, year to 31 March 2007 43%).

## 7. Discontinued operations

	Half year to 30 Sept 2007	Half year to 30 Sept 2006 (note 1)	Year to 31 March 2007 (note 1)
	£'000	£'000	£'000
Discharge of liabilities associated with previously discontinued operations	(9)	(15)	(25)
Post tax results of disposed businesses	(28)	97	519
Post tax loss on disposal of discontinued operations	(1,011)	(33)	(33)
Post tax results from discontinued operations	<b>(1,048)</b>	49	461

### Disposal of Lattimer Limited and I.S. Parts International Inc.

On 27 June 2007 the Group disposed of its entire 100% shareholding in Lattimer Limited and I.S. Parts International Inc. to Lattimer Holdings Limited. In accordance with IFRS 5 the results of these businesses have been reclassified as discontinued operations for the comparative periods.

As part of the disposal of Lattimer Limited, Hampson Industries PLC disposed of the freehold interest in the property in Southport, UK occupied by the business to Lattimer Limited. The carrying value of the property as at date of disposal was £638,000, and was sold to Lattimer Limited for £620,000, creating a loss on disposal of £18,000.

Within the post tax loss on disposal of discontinued operations for the half year to 30 September 2007 is £81,000 in relation to legal and other professional costs associated with the disposal.

#### *Disposal of Lattimer Limited*

The results of the discontinued operations were as follows:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
	Total £'000	Total £'000	Total £'000
<b>Revenue</b>	<b>670</b>	2,467	4,426
<b>Operating loss</b>	<b>(103)</b>	(11)	(198)
Analysed as:			
<b>Trading loss</b>	<b>(103)</b>	(11)	(183)
Restructuring and rationalisation charges	-	-	(15)
Financial income	-	11	20
Financial expense	(2)	-	-
<b>Loss before taxation</b>	<b>(105)</b>	-	(178)
Taxation	31	20	338
<b>Profit/(loss) after taxation</b>	<b>(74)</b>	20	160

## 7. Discontinued operations continued

The consideration and profit on disposal of Lattimer Limited was as follows:

	£'000
Consideration – satisfied by cash	994
Consideration – deferred	200
<b>Consideration – total</b>	<b>1,194</b>
Goodwill	61
Intangible fixed assets	76
Property, plant and equipment	512
Inventories	1,311
Trade and other receivables	1,031
Cash and cash equivalents	(2,083)
Trade and other payables	(520)
<b>Net assets disposed</b>	<b>388</b>
<b>Profit on disposal of discontinued operations</b>	<b>806</b>

The deferred consideration is payable in 20 instalments commencing in December 2007, and is not contingent on any future performance of the business.

The net cash flows in relation to Lattimer Limited were £382,000 outflow from operating activities (half year to 30 September 2006: outflow £36,000, year to 31 March 2007: outflow £467,000), £23,000 outflow from investing activities (half year to 30 September 2006: outflow £71,000, year to 31 March 2007: outflow £106,000) and £2,039,000 outflow from financing activities (half year to 30 September 2006: outflow £54,000, year to 31 March 2007: outflow £116,000).

*Disposal of I.S. Parts International Inc.*

The results of the discontinued operations were as follows:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
	Total £'000	Total £'000	Total £'000
<b>Revenue</b>	<b>1,039</b>	1,797	3,851
<b>Operating profit</b>	<b>74</b>	116	254
Analysed as:			
<b>Trading profit</b>	<b>74</b>	116	254
Financial income	1	2	6
Financial expense	(1)	-	-
<b>Profit before taxation</b>	<b>74</b>	118	260
Taxation	(28)	(56)	84
<b>Profit after taxation</b>	<b>46</b>	62	344

## 7. Discontinued operations continued

The consideration and loss on disposal of I.S Parts International Inc. was as follows:

	£'000
Consideration – satisfied by cash	994
Consideration – deferred	200
<b>Consideration – total</b>	<b>1,194</b>
Goodwill	37
Intangible fixed assets	14
Property, plant and equipment	563
Inventories	1,358
Trade and other receivables	770
Cash and cash equivalents	1,239
Trade and other payables	(1,069)
<b>Net assets disposed</b>	<b>2,912</b>
<b>Loss on disposal of discontinued operations</b>	<b>(1,718)</b>

The deferred consideration is payable in 20 instalments commencing in December 2007, and is not contingent on any future performance of the business.

The net cash flows in relation to I.S. Parts International Inc. were £155,000 inflow from operating activities (half year to 30 September 2006: inflow £28,000, year to 31 March 2007: outflow £214,000), £21,000 outflow from investing activities (half year to 30 September 2006: outflow £33,000, year to 31 March 2007: outflow £81,000) and £1,084,000 inflow from financing activities (half year to 30 September 2006: inflow £26,000, year to 31 March 2006: inflow £56,000).

### Disposal of Bolsan West Inc.

On 30 August 2006 the Group disposed of its entire 100% shareholding in Bolsan West Inc. to local management. In accordance with IFRS 5 the results of Bolsan West Inc. have been reclassified as discontinued operations for the comparative periods. The results of the discontinued operations were as follows:

	Half year to 30 Sept 2007	Half year to 30 Sept 2006	Year to 31 March 2007
	Total £'000	Total £'000	Total £'000
<b>Revenue</b>	-	191	191
<b>Operating profit</b>	-	21	21
Analysed as:			
<b>Trading profit</b>	-	21	21
<b>Profit before taxation</b>	-	21	21
Taxation	-	(6)	(6)
<b>Profit after taxation</b>	-	15	15

The consideration and loss on disposal of Bolsan West Inc was as follows:

	£'000
<b>Consideration – satisfied by cash</b>	<b>96</b>
Goodwill	15
Plant, property and equipment	6
Inventories	30
Trade and other receivables	74
Cash and cash equivalents	66
Trade and other payables	(62)
<b>Net assets disposed</b>	<b>129</b>
<b>Loss on disposal of discontinued operations</b>	<b>(33)</b>

## 7. Discontinued operations continued

The net cash flows in relation to Bolsan West Inc were £nil from operating activities (half year to 30 September 2006: inflow £78,000, year to 31 March 2007: inflow £78,000), £nil from investing activities (half year to 30 September 2006: £1,000 outflow, year to 31 March 2007: £1,000 outflow) and £nil from financing activities (half year to 30 September 2006: £nil, year to 31 March 2007: £nil).

## 8. Dividends

	Half year to 30 Sept 2007 £'000	Half year to 30 Sept 2006 £'000	Year to 31 March 2007 £'000
<b>Equity dividends paid in the period:</b>			
Previous year final: 0.90p (2006: 0.00p) per 25p ordinary share	857	-	-
Current year interim: 0.00p (2006: 0.00p) per 25p ordinary share	-	-	-
	<b>857</b>	-	-

In addition, the Directors propose that an interim dividend be paid in respect of the financial year ended 31 March 2008 of 0.50p per 25p ordinary share, at a cost of approximately £476,000.

## 9. Earnings per share

### *Basic Earnings per Share*

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

### *Diluted Earnings per Share*

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, adjusted for any dilutive potential ordinary shares.

	Half year to 30 Sept 2007 Earnings £'000	Half year to 30 Sept 2007 Weighted average number of shares number	Half year to 30 Sept 2007 Earnings per 25 pence share pence
<b>Continuing Operations:</b>			
Basic EPS	3,211	95,227,416	3.37
Dilutive potential ordinary shares	-	491,623	(0.01)
Diluted EPS	3,211	95,719,039	3.36
<b>Discontinued Operations:</b>			
Basic EPS	(1,048)	95,227,416	(1.10)
Dilutive potential ordinary shares	-	491,623	0.00
Diluted EPS	(1,048)	95,719,039	(1.10)
<b>Total Operations:</b>			
Basic EPS	2,163	95,227,416	2.27
Dilutive potential ordinary shares	-	491,623	(0.01)
Diluted EPS	2,163	95,719,039	2.26

## 9. Earnings per share continued

	Half year to 30 Sept 2006 (note 1) Earnings £'000	Half year to 30 Sept 2006 Weighted average number of shares number	Half year to 30 Sept 2006 (note 1) Earnings per 25 pence share pence
<b>Continuing Operations:</b>			
Basic EPS	770	87,482,318	0.88
Dilutive potential ordinary shares	-	501,048	(0.01)
Diluted EPS	770	87,983,366	0.87
<b>Discontinued Operations:</b>			
Basic EPS	49	87,482,318	0.06
Dilutive potential ordinary shares	-	501,048	0.00
Diluted EPS	49	87,983,366	0.06
<b>Total Operations:</b>			
Basic EPS	819	87,482,318	0.94
Dilutive potential ordinary shares	-	501,048	(0.01)
Diluted EPS	819	87,983,366	0.93

	Year to 31 March 2007 (note 1) Earnings £'000	Year to 31 March 2007 Weighted average number of shares number	Year to 31 March 2007 (note 1) Earnings per 25 pence share pence
<b>Continuing Operations:</b>			
Basic EPS	3,524	89,179,874	3.95
Dilutive potential ordinary shares	-	551,514	(0.02)
Diluted EPS	3,524	89,731,388	3.93
<b>Discontinued Operations:</b>			
Basic EPS	461	89,179,874	0.52
Dilutive potential ordinary shares	-	551,514	(0.01)
Diluted EPS	461	89,731,388	0.51
<b>Total Operations:</b>			
Basic EPS	3,985	89,179,874	4.47
Dilutive potential ordinary shares	-	551,514	(0.03)
Diluted EPS	3,985	89,731,388	4.44

Earnings per share based on continuing activities before exceptional items, re-measurements and amortisation of intangibles, which the Directors consider gives a useful additional indication of the underlying performance of the Group, is calculated on the earnings adjusted as follows:

	Half year to 30 Sept 2007 Earnings £'000	Half year to 30 Sept 2007 Earnings per 25 pence share pence
<b>Continuing operations:</b>		
Profit attributable to ordinary shareholders	3,211	3.37
Exceptional items, re-measurements and amortisation of intangibles	2,070	2.17
Taxation on exceptional items, re- measurements and amortisation of intangibles	(621)	(0.65)
	4,660	4.89

## 9. Earnings per share continued

	Half year to 30 Sept 2006 (note 1) Earnings £'000	Half year to 30 Sept 2006 (note 1) Earnings per 25 pence share pence
<b>Continuing operations:</b>		
Profit attributable to ordinary shareholders	770	0.88
Exceptional items, re-measurements and amortisation of intangibles	2,952	3.37
Taxation on exceptional items, re-measurements and amortisation of intangibles	(886)	(1.01)
	<b>2,836</b>	<b>3.24</b>
	Year to 31 March 2007 (note 1) Earnings £'000	Year to 31 March 2007 (note 1) Earnings per 25 pence share pence
<b>Continuing operations:</b>		
Profit attributable to ordinary shareholders	3,524	3.95
Exceptional items, re-measurements and amortisation of intangibles	5,132	5.76
Taxation on exceptional items, re-measurements and amortisation of intangibles	(1,540)	(1.73)
	<b>7,116</b>	<b>7.98</b>

## 10. Intangible assets

During the six months ended 30 September 2007 the Group acquired assets with a cost of £519,000 (half year to 30 September 2006: £3,218,000, year ended 31 March 2007: £8,928,000). No assets were acquired through acquisition of subsidiary undertakings (half year to 30 September 2006: £nil, year ended 31 March 2007: £13,199,000).

Assets with a net book value of £3,000 were disposed during the six months ended 30 September 2007 (half year to 30 September 2006: £nil, year ended 31 March 2007: £nil). In addition, assets with a net book value of £188,000 were disposed through the process of disposal of subsidiary undertakings (half year to 30 September 2006: £15,000, year ended 31 March 2007: £15,000).

During the six months ended 30 September 2007, no assets were subject to impairment (half year to 30 September 2006: £2,110,000, year ended 31 March 2007: £2,106,000).

## 11. Property, plant and equipment

During the six months ended 30 September 2007 the Group acquired assets with a cost of £2,843,000 (half year to 30 September 2006: £2,852,000, year ended 31 March 2007: £6,835,000). No assets were acquired through acquisition of subsidiary undertakings (half year to 30 September 2006: £nil, year ended 31 March 2007: £330,000).

Assets with a net book value of £722,000 were disposed during the six months ended 30 September 2007 (half year to 30 September 2006 £2,000, year ended 31 March 2007 £70,000). In addition, assets with a net book value of £1,075,000 were disposed through the process of disposal of subsidiary undertakings (half year to 30 September 2006: £6,000, year ended 31 March 2007: £6,000).

During the six months ended 30 September 2007, no assets were subject to impairment (half year to 30 September 2006: £nil, year ended 31 March 2007: £nil).

As at 30 September 2007 the Group had entered into contractual commitments to purchase assets with a cost of £607,000 (30 September 2006: £946,000, 31 March 2007: £746,000).

## 12. Changes in shareholders' equity

	Reserves								Total
	Share capital	Share premium	Share based payment reserve	Exchange reserve	Other reserves	Retained earnings	Equity interest	Minority interest – equity	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 April 2007	<b>23,806</b>	<b>56,337</b>	<b>321</b>	<b>(7,606)</b>	<b>2,062</b>	<b>2,874</b>	<b>77,794</b>	<b>75</b>	<b>77,869</b>
Issue of ordinary share capital	-	-	-	-	-	-	-	-	-
Transfer from income statement	-	-	-	-	-	<b>2,163</b>	<b>2,163</b>	-	<b>2,163</b>
Dividends	-	-	-	-	-	<b>(857)</b>	<b>(857)</b>	-	<b>(857)</b>
Actuarial gain on retirement benefit liabilities net of deferred tax related thereto	-	-	-	-	-	-	-	-	-
Share based payments	-	-	<b>116</b>	-	-	-	<b>116</b>	-	<b>116</b>
Changes in minority interests	-	-	-	-	-	-	-	<b>3</b>	<b>3</b>
Exchange adjustment	-	-	-	<b>(3,077)</b>	-	-	<b>(3,077)</b>	-	<b>(3,077)</b>
At 30 September 2007	<b>23,806</b>	<b>56,337</b>	<b>437</b>	<b>(10,683)</b>	<b>2,062</b>	<b>4,180</b>	<b>76,139</b>	<b>78</b>	<b>76,217</b>

	Reserves								Total
	Share capital	Share premium	Share based payment reserve	Exchange reserve	Other reserves	Retained earnings	Equity interest	Minority interest – equity	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 April 2006	21,870	46,926	151	2,756	2,062	(1,324)	72,441	40	72,481
Issue of ordinary share capital	-	-	-	-	-	-	-	-	-
Transfer from income statement	-	-	-	-	-	781	781	-	781
Dividends	-	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefit liabilities net of deferred tax related thereto	-	-	-	-	-	-	-	-	-
Share based payments	-	-	96	-	-	-	96	-	96
Changes in minority interests	-	-	-	-	-	-	-	12	12
Exchange adjustment	-	-	-	<b>(6,135)</b>	-	-	<b>(6,135)</b>	-	<b>(6,135)</b>
At 30 September 2006	21,870	46,926	247	<b>(3,379)</b>	2,062	<b>(543)</b>	67,183	52	67,235

## 12. Changes in shareholders' equity continued

	Share capital	Share premium	Reserves			Retained earnings	Equity interest	Minority interest – equity	Total
			Share based payment reserve	Exchange reserve	Other reserves				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 April 2006	21,870	46,926	151	2,756	2,062	(1,324)	72,441	40	72,481
Issue of ordinary share capital	1,936	9,411	-	-	-	-	11,347	-	11,347
Transfer from income statement	-	-	-	-	-	3,985	3,985	-	3,985
Dividends	-	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefit liabilities net of deferred tax related thereto	-	-	-	-	-	213	213	-	213
Share based payments	-	-	170	-	-	-	170	-	170
Changes in minority interests	-	-	-	-	-	-	-	35	35
Exchange adjustment	-	-	-	(10,362)	-	-	(10,362)	-	(10,362)
At 31 March 2007	23,806	56,337	321	(7,606)	2,062	2,874	77,794	75	77,869

## 13. Related party transactions

On 1 April 2007, an Executive Committee of the Board of Directors of Hampson Industries PLC was established, which includes, in addition to the Executive Directors, a number of other senior managers with operational or functional responsibility within the Group. As a result, the Group extended its definition of key management personnel under IAS 24 "Related Party Disclosures" to include those on the Executive Committee. Other than the remuneration of each individual, there have been no other transactions with key management personnel.

During the six months ended 30 September 2007, the Company entered into transactions with its subsidiary undertakings in respect of internal funding loans and provision of normal group services (including IT, accounting and procurement services). Recharges are made for group services based on the utilisation of those services on arms-length terms.

Annual management recharges are levied by the Company to subsidiary undertakings to cover services provided, which for the six months ended 30 September 2007 amounted to £nil (half year to 30 September 2006: £nil, year ended 31 March 2007: £4,374,000). In addition to these services the Company acts as a buying agent for certain group purchases e.g. insurance, which are recharged on an arms-length basis based on utilisation by the subsidiary undertaking.

Recharges are made to subsidiary undertakings for Group loans based on funding provided at an interest rate linked to the prevailing base rate of the country in whose currency the loan is denominated. No recharges are made in respect of balances due to or from otherwise dormant companies. Total interest received by the Company from subsidiary undertakings for the six months ended 30 September 2007 amounted to £4,588,000 (half year to 30 September 2006: £3,833,000, year ended 31 March 2007: £8,008,000) and total interest paid by the Company to subsidiary undertakings for the six months ended 30 September 2007 amounted to £65,000 (half year to 30 September 2006: £133,000, year ended 31 March 2007: £386,000).

No dividends were received by the Company from subsidiary undertakings during the six months ended 30 September 2007 (half year to 30 September 2006: £nil, year ended 31 March 2007: £1,700,000).

### **13. Related party transactions** continued

The amount outstanding from subsidiary undertakings to the Company at 30 September 2007 totalled £112,435,000 (30 September 2006: £105,912,000, 31 March 2007: £119,659,000). Amounts owed to subsidiary undertakings by the Company at 30 September 2007 totalled £9,929,000 (30 September 2006: £9,275,000, 31 March 2007: £6,503,000). The Company had no expense in respect of bad or doubtful debts of subsidiary undertakings during the six months to 30 September 2007 (half year to 30 September 2006: £nil, year to 31 March 2007: £nil).

The Company provides the Group's defined benefit pension schemes, which are closed to accrual of further benefit. At 30 September 2007 both schemes were the responsibility of Hampson Industries PLC.

### **14. Contingent liabilities**

A subsidiary of the Group is pursuing a commercial claim against a third party for wasted costs arising as a result of alleged repudiatory breach of contract and is defending a counterclaim alleging similar breach. Arbitration proceedings are presently on-going and since the outcome remains uncertain at the date of approval of these financial statements it is not practical to estimate its financial effect. It is likely that the outcome will be determined by the date of approval of the Group's financial statements for the year ending 31 March 2008 and any financial impact will be dealt with in those financial statements.

### **15. Other information**

This statement will be posted to shareholders on or around 20 November 2007 and will be available for review at the Group's website shown below. Copies are also available from the Company's registered office, at the address shown below:

#### **Group Headquarters and Registered Office**

Hampson Industries PLC,  
7 Harbour Buildings,  
Waterfront West,  
Dudley Road,  
Brierley Hill,  
West Midlands,  
DY5 1LN.

Tel: +44 (0)1384 485345  
Fax: +44 (0)1384 472962  
Website: [www.hampsongroup.com](http://www.hampsongroup.com)

#### **Registrars and Transfer Office**

Neville Registrars Limited,  
Neville House,  
18 Laurel Lane,  
Halesowen,  
West Midlands,  
B63 3DA.

Tel: +44 (0)121 585 1131