

2005 financial performance and highlights

- › A solid financial performance with sales of continuing businesses up 5% and trading profit up 7%
- › Aerospace delivers 10% increase in sales and 42% increase in trading profit
- › Automotive slightly down as cost pressures offset the benefits of acquisitions
 - Robust performance from Driveline
 - Progress by Powder Metallurgy
- › OffHighway increases sales by 8% and trading profit by 11% and makes further market share gains
- › Driveline achieves first major breakthrough in constant velocity joint technology for 70 years
- › Aerospace strengthens its position on major new aircraft and engine programmes
- › Strong balance sheet, strong order book and benefits of restructuring provide a platform for growth

	As reported under IFRS			As reported excluding items in note 1 below		
	2005 £m	2004 £m	Change £m	2005 £m	2004 £m	Change %
Continuing operations						
Sales	3,648	3,481	167	3,648	3,481	5
Trading profit ¹	228	214	14	228	214	7
Operating profit/(loss)	98	(24)	122	228	214	7
Share of joint ventures (post-tax)	10	16	(6)	10	16	(38)
Net financing costs ²	(35)	(75)	40	(35)	(75)	n/a
Profit/(loss) before tax ²	73	(83)	156	203	155	31
Profit/(loss) after tax ²	59	(115)	174	163	110	48
Earnings per share – p	7.7	(16.1)	23.8	22.1	14.6	51
Total Group						
Profit after tax	59	772	(713)	163	172	(5)
Earnings per share – p	7.7	105.0	(97.3)	22.1	23.1	(4)
Proposed full year dividend per share – p	12.2	11.9	2.5%			

Notes:

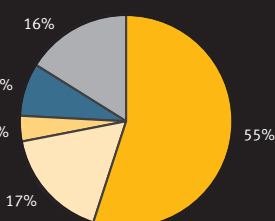
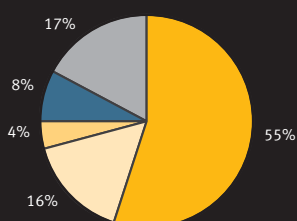
1 Figures exclude the impact of restructuring and impairment charges, profits on the sale of businesses and changes in the fair value of derivative financial instruments.

2 Comparison with 2004 is made difficult because of the treatment of AgustaWestland as a discontinued activity following its disposal at the end of November 2004, with a consequent benefit to the net financing costs of continuing operations in 2005.

Sales by business

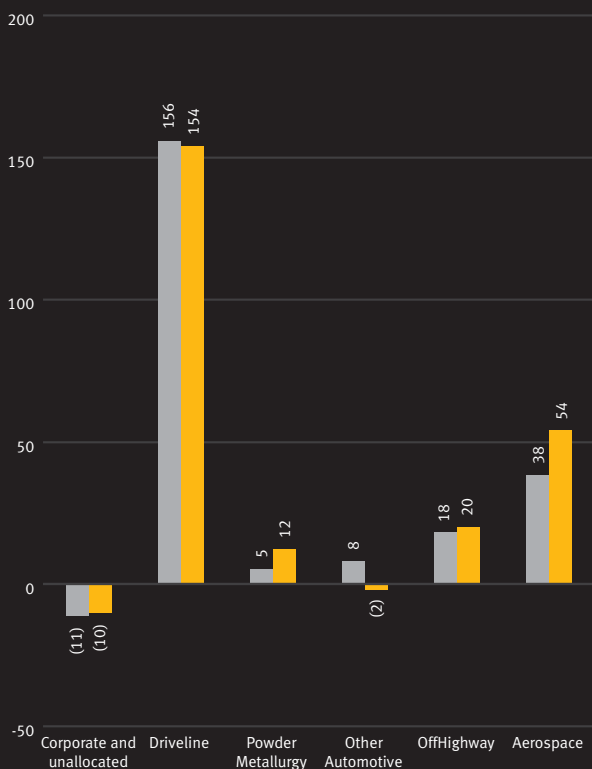
2005 Total £3,648m

2004 Total £3,481m

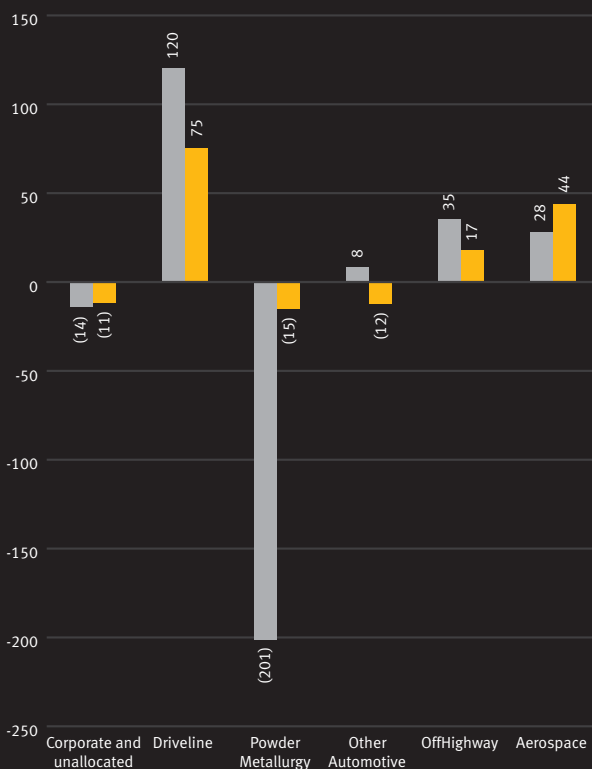


■ Driveline ■ Powder Metallurgy ■ Other Automotive ■ OffHighway ■ Aerospace

Trading profit/(loss)* by division 2004-2005 £m



Operating profit/(loss) by division 2004-2005 £m



■ 2004 ■ 2005

■ 2004 ■ 2005

*Trading profit/(loss) is defined as operating profit before restructuring and impairment charges, profits on sale of businesses and changes in the fair value of derivative financial instruments.