

Castings p.l.c.

Interim Management Report

Sales for the six months ended 30 September 2011 were £64.0m (2010 - £44.6m) with profit before tax after exceptional items of £10.13m (2010 - £5.12m).

The company has enjoyed good trading conditions throughout the period and it is pleasing to report that our recent investments have made a significant contribution to the results both from the foundries and the machining business. It is encouraging that we have and are winning new business and new customers which gives us confidence for the future.

Certain customers have reported that commercial vehicle production is reducing by 10 to 15% and this has been reflected in some of our customer's schedules. It is still very early to forecast what effect these reductions, and potentially further reductions, will have on the full year results.

The European and world economies are very unstable and unpredictable. As in previous periods of uncertainty, the company is well prepared to react to customer's changing demands.

The company is continuing to invest in machining and foundry improvements and in this respect the new warehouse will be complete by January 2012. This will improve our stock control and logistics to our customers.

An interim dividend of 2.91 pence per share has been declared and will be paid on 6 January 2012 to shareholders who are on the register at 9 December 2011.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since publication of the annual report for the year ended 31 March 2011. A detailed explanation of the risks relevant to the group is on pages 9 and 10 of the annual report.

Cautionary statement

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to enable them to assess the group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

This IMR contains certain forward-looking statements. These are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

The IMR has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Castings plc and its subsidiary undertakings when viewed as a whole.

By order of the board:

BRIAN J. COOKE
Chairman
24 November 2011

Castings p.l.c.
Lichfield Road
Brownhills
West Midlands
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Consolidated Statement of Comprehensive Income

For six months ended 30 September 2011
(Unaudited)

	Half year to 30 September 2011 £'000	Half year to 30 September 2010 £'000	Year to 31 March 2011 £'000
Revenue	63,991	44,598	105,368
Cost of sales	<u>(46,838)</u>	<u>(34,020)</u>	<u>(77,526)</u>
Gross profit	17,153	10,578	27,842
Distribution costs	(876)	(673)	(1,909)
Administrative expenses			
Excluding exceptional	(6,211)	(4,852)	(10,942)
Exceptional	-	-	352
Total administrative expenses	<u>(6,211)</u>	<u>(4,852)</u>	<u>(10,590)</u>
Profit from operations	10,066	5,053	15,343
Finance income	<u>64</u>	<u>69</u>	<u>158</u>
Profit before income tax	10,130	5,122	15,501
Income tax expense	<u>(2,634)</u>	<u>(1,434)</u>	<u>(3,849)</u>
Profit for the period attributable to the equity holders of the parent company	7,496	3,688	11,652
Other comprehensive expense for the period:			
Change in fair value of available for sale financial assets	(6)	(22)	-
Net actuarial loss and movement in unrecognised surplus on defined benefit pension schemes	-	-	(409)
Tax effect of gains and losses recognised directly in equity	<u>2</u>	<u>6</u>	<u>-</u>
Total other comprehensive income for the period (net of tax)	<u>(4)</u>	<u>(16)</u>	<u>(409)</u>
Total comprehensive income for the period attributable to the equity holders of the parent company	<u>7,492</u>	<u>3,672</u>	<u>11,243</u>
Earnings per share attributable to the equity holders of the parent company			
Basic and diluted	<u>17.18p</u>	<u>8.45p</u>	<u>26.71p</u>

Consolidated Balance Sheet

30 September 2011
(Unaudited)

	30 September 2011 £'000	30 September 2010 £'000	31 March 2011 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	56,961	53,622	55,889
Financial assets	461	452	467
	<u>57,422</u>	<u>54,074</u>	<u>56,356</u>
Current assets			
Inventories	10,474	9,743	11,402
Trade and other receivables	28,585	20,590	30,956
Cash and cash equivalents	16,657	14,763	13,707
	<u>55,716</u>	<u>45,096</u>	<u>56,065</u>
Total assets	<u>113,138</u>	<u>99,170</u>	<u>112,421</u>
LIABILITIES			
Current liabilities			
Trade and other payables	21,141	18,726	25,113
Current tax liabilities	2,151	1,384	1,546
	<u>23,292</u>	<u>20,110</u>	<u>26,659</u>
Non-current liabilities			
Deferred tax liabilities	5,747	5,334	5,647
Total liabilities	<u>29,039</u>	<u>25,444</u>	<u>32,306</u>
Net assets	<u>84,099</u>	<u>73,726</u>	<u>80,115</u>
Equity attributable to equity holders of the parent company			
Share capital	4,363	4,363	4,363
Share premium account	874	874	874
Other reserve	13	13	13
Retained earnings	78,849	68,476	74,865
Total equity	<u>84,099</u>	<u>73,726</u>	<u>80,115</u>

Consolidated Cash Flow Statement

For six months ended 30 September 2011
(Unaudited)

	Half year to 30 September 2011 £'000	Half year to 30 September 2010 £'000	Year to 31 March 2011 £'000
Cash flows from operating activities			
Profit before income tax	10,130	5,122	15,501
Adjustments for:			
Depreciation	2,877	2,390	5,606
Profit on sale of property, plant & equipment	-	-	(26)
Interest received	(64)	(69)	(120)
Excess of employer pension contributions over income statement charge	-	-	(409)
Decrease/(increase) in inventories	928	(1,925)	(3,584)
Decrease/(increase) in receivables	2,371	(1,853)	(12,219)
(Decrease)/increase in payables	(3,972)	4,055	10,442
Cash generated from operating activities	12,270	7,720	15,191
Tax paid	(1,927)	(155)	(2,099)
Interest received	64	69	120
Net cash generated from operating activities	10,407	7,634	13,212
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,949)	(4,428)	(9,907)
Proceeds from disposal of property, plant and equipment	-	2	15
Proceeds from disposal of financial assets	-	18	32
Net cash used in investing activities	(3,949)	(4,408)	(9,860)
Cash flow from financing activities			
Dividends paid to shareholders	(3,508)	(3,181)	(4,363)
Net cash used in financing activities	(3,508)	(3,181)	(4,363)
Net increase/(decrease) in cash and cash equivalents	2,950	45	(1,011)
Cash and cash equivalents at beginning of period	13,707	14,718	14,718
Cash and cash equivalents at end of period	16,657	14,763	13,707

Consolidated Statement of Changes in Equity
(Unaudited)

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2011	4,363	874	13	74,865	80,115
Total comprehensive income for the period ended 30 September 2011	-	-	-	7,492	7,492
Dividends	-	-	-	(3,508)	(3,508)
At 30 September 2011	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>78,849</u>	<u>84,099</u>

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2010	4,363	874	13	67,985	73,235
Total comprehensive income for the period ended 30 September 2010	-	-	-	3,672	3,672
Dividends	-	-	-	(3,181)	(3,181)
At 30 September 2010	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>68,476</u>	<u>73,726</u>

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2010	4,363	874	13	67,985	73,235
Total comprehensive income for the year ended 31 March 2011	-	-	-	11,243	11,243
Dividends	-	-	-	(4,363)	(4,363)
At 31 March 2011	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>74,865</u>	<u>80,115</u>

Notes

1. GENERAL INFORMATION

Castings plc (the "Company") is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the "group").

The principal activities of the group are the manufacture of iron castings and machining operations.

The financial information for the year ended 31 March 2011 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2011 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2010 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498 (2) or (3) of the Companies Act 2006.

This report has not been audited and has not been reviewed by independent auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

2. ACCOUNTING POLICIES

The annual financial statements of Castings plc are prepared using the recognition and measurement principles of IFRSs as endorsed by the European Union. The condensed set of financial statements has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Basis of preparation

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the group's latest annual audited financial statements.

3. SEASONALITY OF OPERATIONS

The directors do not consider there to be any significant seasonality or cyclicity to the results of the group.

4. SEGMENT INFORMATION

For internal decision making purposes, the group is organised into three operating companies which are considered to be the operating segments of the group. Castings plc and William Lee Limited are aggregated into Foundry Operations and CNC Speedwell Limited is the Machining Operation.

The following shows the revenues, results and total assets by reportable segment for the half year to 30 September 2011.

	Foundry operations £'000	Machining £'000	Elimination £'000	Total £'000
Revenue from external customers	59,401	4,590	-	63,991
Inter-segmental revenue	9,353	5,775	-	15,128
Segmental result	<u>8,228</u>	<u>1,838</u>	-	<u>10,066</u>
Unallocated costs: Finance income				<u>64</u>
Profit before income tax				<u>10,130</u>
Total assets	<u>109,104</u>	<u>21,364</u>	<u>(17,330)</u>	<u>113,138</u>
Non-current asset additions	<u>2,864</u>	<u>1,085</u>	-	<u>3,949</u>
Depreciation	<u>1,458</u>	<u>1,419</u>	-	<u>2,877</u>

The following shows the revenues, results and total assets by reportable segment for the half year to 30 September 2010.

	Foundry operations £'000	Machining £'000	Elimination £'000	Total £'000
Revenue from external customers	40,463	4,135	-	44,598
Inter-segmental revenue	5,295	4,442	-	9,737
Segmental result	<u>3,503</u>	<u>1,550</u>	-	<u>5,053</u>
Unallocated costs: Finance income				<u>69</u>
Profit before income tax				<u>5,122</u>
Total assets	<u>96,037</u>	<u>20,710</u>	<u>(17,577)</u>	<u>99,170</u>
Non-current asset additions	<u>909</u>	<u>3,519</u>	-	<u>4,428</u>
Depreciation	<u>1,270</u>	<u>1,120</u>	-	<u>2,390</u>

The following shows the revenues, results and total assets by reportable segment for the year ended 31 March 2011.

	Foundry operations £'000	Machining £'000	Elimination £'000	Total £'000
Revenue from external customers	97,163	8,205	-	105,368
Inter-segmental revenue	14,429	11,701	-	26,130
Segmental result	11,593	3,410	(421)	14,582
Unallocated costs:				
Exceptional credit for the recovery of Icelandic deposits previously written off				196
Release of provision for Industrial Tribunal costs				156
Excess of employer pension contributions over statement of comprehensive income charge				409
Finance income				158
Profit before income tax				15,501
Total assets	104,311	20,781	(12,671)	112,421
Non-current asset additions	3,419	6,488	-	9,907
Depreciation	2,882	2,724	-	5,606

5. DIVIDENDS

Amounts recognised as distributions to shareholders in the period:

	Half year to 30 September 2011 £'000	Half year to 30 September 2010 £'000
Final dividend of 8.04p for the year ended 31 March 2011 (2010 - 7.29p) per share	3,508	3,181

The directors have declared an interim dividend in respect of the financial year ending 31 March 2012 of 2.91 pence per share (2011 - 2.71p), which will be paid on 6 January 2012.

6. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. There are no share options or other potentially issuable shares; hence the diluted earnings per share is the same calculation.

	Half year to 30 September 2011 £'000	Half year to 30 September 2010 £'000	Year to 31 March 2011 £'000
Profit after tax	<u>7,496</u>	<u>3,688</u>	<u>11,652</u>
Weighted average number of shares	<u>43,632,068</u>	<u>43,632,068</u>	<u>43,632,068</u>
Earnings per share – basic and diluted	<u>17.18p</u>	<u>8.45p</u>	<u>26.71p</u>

Statement of Directors' Responsibilities

The directors confirm that the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Castings plc are listed on the following page.

By order of the Board

S J Mant FCA
Group Finance Director
24 November 2011