GKN PLC

INTERIM REPORT 2007

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Basis of reporting

The financial statements for the period are shown on pages 8 to 22 and have been prepared using accounting policies which were used in the preparation of audited accounts for the year ended 31 December 2006 and which will form the basis of the 2007 annual report.

Further details on the basis of preparation are shown on page 16.

Measurement and reporting of performance

In this interim report, in addition to statutory measures of profit, we have made reference to profits and earnings excluding the impact of:

- strategic restructuring and impairment charges,
- amortisation of non-operating intangible assets arising on business combinations,
- profits and losses on sale or closure of businesses, and
- changes in fair value of derivative financial instruments,

since we believe they show more clearly the underlying trend in business performance.

Trading profit is defined as operating profit before any of the above.

Closure of business: The 2006 trading profit of the Group, both at the half and full year, has been re-analysed in respect of the results of GKN Sheepbridge Stokes, the UK cylinder liner business which formed a significant component of the Other Automotive segment. The closure of this operation was announced in January 2007. Trading will cease during the second half of the year and its trading results are shown as a separate component of operating profit within the caption 'Profits and losses on sale or closure of businesses'. Sales of the business in the period were £13 million (first half 2006 – £15 million) and are included in total Group sales.

First half 2006 figures have also been re-analysed in respect of amortisation of non-operating intangible assets arising on business combinations. This is now shown as a separate component of operating profit, having previously been included within trading profit on the grounds of materiality.

In the segmental analysis, comparative figures for the Driveline and OffHighway segments have been restated by equal and opposite amounts in respect of two businesses formerly reported in Driveline, the customer and product base of which has become increasingly focused on off-highway applications.

Where appropriate, reference is also made to results excluding the impact of 2006 acquisitions and divestments as well as the impact of currency translation on the results of overseas operations.

Exchange rates used for currencies most important to the Group's operations are:

	Average First Half		Period End		2006 Full Year	
	2007	2006	**June 2007**	June 2006	Average	Period End
Euro	**1.48**	1.46	**1.49**	1.45	1.47	1.48
US Dollar	**1.97**	1.79	**2.01**	1.85	1.84	1.96

The approximate impact on annual trading profit of a 1% movement in the average rate is Euro – £1.2 million, US Dollar – £0.5 million.

In our internal performance reporting we aggregate our share of sales and trading profits of joint ventures with those of subsidiaries. This is particularly important in assessing sales and profit progress in our Driveline and Other Automotive businesses where significant activity takes place in joint ventures. Reference to these combined figures is made, where appropriate, as 'management sales' and 'management trading profits'.

FINANCIAL PERFORMANCE

	As reported (note 1)			Business performance – see notes (1) and (2) below		
	First Half 2007 £m	First Half 2006 £m	Change £m	**First Half 2007 £m**	First Half 2006 £m	Change
Sales – including share of joint ventures				**2,056**	2,001	3%
Less share of joint ventures				**(125)**	(105)	19%
Sales – subsidiaries	**1,931**	1,896	35	**1,931**	1,896	2%
Trading profit – subsidiaries	**137**	125	12	**137**	125	10%
Operating profit	**113**	129	(16)	**137**	125	10%
Share of joint ventures (post-tax)	**12**	8	4	**12**	8	50%
Net financing costs	**(24)**	(15)	(9)	**(24)**	(15)	(60)%
Profit before tax	**101**	122	(21)	**125**	118	6%
Profit after tax	**101**	104	(3)	**122**	98	24%
Earnings per share – p	**14.2**	14.6	(0.4)	**17.2**	13.8	25%

	First Half 2007 p	First Half 2006 p	Change
Interim dividend per share	**4.3**	4.1	5%

Notes

(1) Comparative figures for the first half of 2006 have been re-analysed in respect of amortisation of non-operating intangible assets arising on business combinations together with losses incurred by the UK cylinder liner business which is in the process of completely ceasing operations. Trading results of this business are shown in the Income Statement within ‘Profits and losses on sale or closure of businesses’.

(2) Figures exclude the impact of restructuring and impairment charges, amortisation of non-operating intangible assets arising on business combinations, profits and losses on sale or closure of businesses and changes in fair value of derivative financial instruments. These figures represent underlying performance of continuing businesses.

BUSINESS PERFORMANCE HIGHLIGHTS

> Sales up 3%; profit before tax up 6%; and, helped by a lower tax rate, earnings per share up 25%

> At constant currency sales are up 8% and profit before tax up 10%

> Aerospace and OffHighway both deliver double digit sales and profits growth

> Sinter continues to make good progress with higher sales, profits and margins

> Driveline produces steady results in line with expectations

> New business wins across the Group support above sector growth targets

> Dividend increased by 5% to 4.3p

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

GKN is moving into higher gear in 2007 with all our major businesses making good progress.

The strong pound has had a significant impact on the translation of overseas sales and profits in our reported results. Notwithstanding this, on all key business performance measures we are ahead of the same period last year. Underlying Group profit before tax at £125 million is 6% ahead on total sales of £2,056 million which are 3% ahead. At constant exchange rates, sales are up 8% and profit before tax up 10%. Overall margins have improved and earnings per share are also strongly ahead.

Order books have continued to expand. Driveline, Sinter Metals, OffHighway and Aerospace have all been successful in winning levels of new business which fully support our above sector growth targets.

We have also underpinned those growth targets by launching new, technology led products, making selective bolt-on acquisitions and continuing to invest in a stronger emerging markets presence.

GKN is in good shape and looks to the future with confidence.

Board changes
On 1 June, Marcus Bryson and Andrew Reynolds Smith were appointed to the Board as executive Directors. Marcus Bryson has responsibility for the Group's Aerospace business. Andrew Reynolds Smith has responsibility for our Powder Metallurgy, OffHighway and Industrial Distribution Services businesses. In addition, Nigel Stein has assumed executive responsibility at Board level for the Group's Automotive businesses. He will also retain his current post as Finance Director until the appointment of a successor.

Changes in the composition of the Group
The first half results contain a full six months' contribution from a number of acquisitions made during the course of 2006. These were the OffHighway businesses of Hytecomp AB (June), Rockford Powertrain Inc (August) and Liuzhou Steel Rim Factory (November) together with the Aerospace business Stellex Aerostructures Corporation (September).

Comparison with the first half of 2006 is also affected by the disposal of the GKN Driveline subsidiary Fujiwa Machinery Industry (Kunschan) Company ('Fujiwa') which took place in March 2006.

Where appropriate, reference is made to the impact of these acquisitions and divestments in the remainder of this review.

As reported above, on 16 January 2007 we announced the closure of manufacturing operations of GKN Sheepbridge Stokes Ltd and this business will cease trading in September.

On 29 June 2007 the acquisition of the Teleflex Aerospace Manufacturing Group of Teleflex, Inc. was completed. Its results will be consolidated from that date and there has been no impact on Group results for the first half year.

Group performance

Management sales (subsidiaries and share of joint ventures)
£2,056 million (first half 2006 – £2,001 million)
On a management basis (i.e. including the Group's share of joint ventures) sales of continuing businesses totalled £2,056 million compared with £2,001 million in the same period of last year, an increase of £55 million (3%). The adverse impact of currency on translation was £95 million (5%) and there was a net benefit of £57 million (3%) from acquisitions and divestments. The underlying increase was £93 million (5%).

Sales of subsidiaries £1,931 million (first half 2006 – £1,896 million)
Subsidiaries' sales for the period were £1,931 million (first half 2006 – £1,896 million). The effect of exchange rates on the translation of the sales of overseas subsidiaries was £89 million (5%) negative which was partially offset by the net £57 million (3%) positive impact of 2006 acquisitions and divestments. Excluding these factors, sales of continuing subsidiaries increased by £67 million (4%) with increases in all divisions except Other Automotive, where there was a modest reduction.

Share of sales of joint ventures £125 million (first half 2006 – £105 million)
The Group's share of joint venture sales was £125 million compared with £105 million in the first half of 2006. There were no acquisitions or divestments and the impact of exchange rates was £6 million negative. The underlying increase of £26 million (26%) came from strong growth in Driveline's Chinese joint ventures and in Other Automotive where Emitec saw a sharp increase in demand.

Management trading profit (subsidiaries and joint ventures)
£153 million (first half 2006 restated – £136 million)
The aggregated trading profit of subsidiaries and our share of joint ventures rose from £136 million to £153 million, an increase of £17 million (13%). The translational impact of currency was £5 million negative and there was a net benefit of £9 million from acquisitions and divestments. The underlying increase was £13 million (10%) with a 6% improvement in subsidiaries and strong results from Driveline joint ventures as well as the Other Automotive joint ventures of Chassis Systems Ltd and Emitec.

Trading profit of subsidiaries £137 million (first half 2006 restated – £125 million)
Trading profit of continuing subsidiaries rose to £137 million from £125 million (restated) in the first half of 2006. The impact of currency was £4 million negative which was more than offset by a £9 million net positive contribution from acquisitions and divestments. The underlying increase was £7 million, an improvement of 6%. Within this figure, Driveline was £2 million lower, largely as a result of higher raw material costs, not all of which could be recovered, and the impact of material shortages in Europe.

With conditions in most markets generally favourable compared with the same period last year, all other divisions showed progress. However, this was restricted to some extent as higher raw material costs, particularly in Hoeganaes, were only partially offset by cost savings from strategic restructuring and the favourable impact of progress on certain environmental remediation activities.

Share of trading profit of joint ventures £16 million (first half 2006 — £11 million)
The trading profit of joint ventures increased by £5 million (45%) mainly as a result of the higher sales noted above together with the resolution of outstanding pricing issues in Other Automotive.

The Group's share of post-tax profits of joint ventures increased from £8 million to £12 million.

Divisional performance
The Group operates mainly in the global automotive, off-highway and aerospace markets. Virtually the whole of Driveline and Other Automotive sales are in the automotive market to manufacturers of passenger cars and light vehicles. Some 80% of Powder Metallurgy sales are also to this market with the balance to other industrial customers. OffHighway sells to producers of agricultural, construction and industrial equipment whilst Aerospace sells to manufacturers of military and civil aircraft, aircraft engines and equipment. The Group's performance is heavily influenced by conditions in these markets and the current behaviour of both end markets and costs is discussed in the relevant sections of this report.

Automotive

Markets
In general, automotive markets in the period behaved as anticipated earlier this year.

In the mature markets, production of cars and light vehicles in Western Europe was 1.3% higher than the first half of 2006 at 8.5 million vehicles, Japanese production was up by 0.8% to 5.6 million, while North American production was 4.8% lower at 7.8 million.

In emerging markets, recent growth trends continued with China up by 19.8% to 4.0 million vehicles, India 16.5% to 1.0 million and Brazil 5.7% to 1.3 million.

For the full year, Global Insight-DRI forecasts suggest a slightly more positive pattern in mature markets with Western Europe increasing by 1.7%, Japan by 1.8% and North America down by only 1.4%. Global Insight-DRI's year on year forecasts for emerging markets are for sustained growth of 19.5% in China and 8.1% in Brazil but some slowing is anticipated in India to 12%.

Costs
The major raw material for our automotive businesses is steel (bar and scrap) either directly or through steel based products. During the six months to June, prices for scrap steel and nickel were somewhat higher than had been expected and in most cases the increases could not be fully recovered in the period. There have been recently some signs of easing of nickel prices but, in general, input prices for the year as a whole look likely to be slightly higher than previously anticipated.

GKN Driveline *(Subsidiaries' trading profit £71 million; first half 2006 restated – £76 million)*
GKN Driveline comprises GKN Driveshafts, which is the global leader in the production of constant velocity jointed (CVJ) products for use in light vehicle drivelines, Torque Technology, which produces a wide variety of components aimed at actively managing the flow of torque to the driven wheels and Industrial and Distribution Services (IDS). By comparison with 2006, the results of the double universal joint business whose customer and product base has become increasingly focused on off-highway applications are now reported within that segment. Comparative figures have been restated accordingly.

Driveline subsidiary sales in the period were £969 million compared with £999 million in the first half of 2006. The negative impact of currency translation was significant at £47 million and a further £5 million reduction arose as a result of the 2006 divestment of Fujiwa. Excluding these factors, sales increased by £22 million (2%), mainly as a result of improvements in Torque Technology which benefited from the ongoing recovery of Mitsubishi, its major customer. As anticipated, Driveshafts' underlying sales were flat by comparison with the same period of last year.

Driveline subsidiaries' trading profit of £71 million was £5 million lower than the same period of 2006. Currency accounted for £2 million of the reduction and there was a further reduction of £1 million because of divestments. The remaining £2 million reduction largely reflected the flat sales and raw material issues in Driveshafts where, in addition to increased costs, the higher than expected production levels in Europe led to shortages of certain steel products causing operational inefficiencies and some increased costs of distribution. These additional costs were not fully offset by cost savings from the strategic restructuring programme and improvements in Torque Technology and IDS.

Subsidiaries' margin in the period was 7.3% compared with 7.6% in the first half of 2006.

Driveline joint ventures, the principal one being Shanghai GKN Drive Shaft Company Ltd, saw good growth in both sales and profit so that on a management basis (i.e. including the Group's share of joint ventures) total divisional sales showed £32 million (3%) underlying growth to £1,032 million. On the same basis, trading profit of £79 million compared with £82 million in 2006 which reflected a 1% improvement in underlying performance. Margin of 7.7% compared with 7.8% a year earlier.

Early in the half, Driveshafts announced the final stage of its strategic restructuring plan. Costs charged in the period totalled £9 million, with the total for the year still expected to be some £29 million as actions take place in the second half of the year in line with plan. Benefits remain as anticipated earlier in the year.

During the period, Driveshafts was again successful in obtaining new and replacement business and won some 68% (first half 2006 – 75%) of all available sideshaft business, equating to approximately 50% of the total market. Production of countertrack™ joints for two major European vehicle manufacturers will begin in 2008 and annual volume is expected to grow to some 3 million joints by the end of 2010.

The first production application of the division's torque vectoring technology was announced in July. This will be used in volume application in future BMW vehicles, and interest from major vehicle manufacturers in torque vectoring and other axle control technologies is being actively developed.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT CONTINUED

During the first half, Torque Technology also won business from new customers in China, Europe and South Korea in addition to further orders across all product areas from existing Japanese and US customers.

Other Automotive *(Subsidiaries' trading profit £nil; first half 2006 restated – loss £4 million)*
Following the announced closure of GKN Sheepbridge Stokes the results of which are excluded from the above, subsidiary operations comprise the UK Autostructures business together with the recently established Chinese cylinder liner manufacturer. The businesses manufacture structural chassis components for the passenger car, SUV and light vehicle markets in Western Europe and engine cylinder liners for the North American and, increasingly, Chinese truck markets.

Excluding GKN Sheepbridge Stokes, sales in the period of £44 million were £5 million lower than the first half of 2006, largely as a consequence of customer model changes in the UK.

The division broke even in the half (first half 2006 restated — £4 million loss) as prior period start-up losses were not repeated and residual legacy issues were favourably resolved.

Within joint ventures, Chassis Systems Ltd had a good first half as underlying sales again increased and the finalisation of contractual pricing arrangements provided a one-off benefit.

Emitec continued to benefit from the retrofit activity triggered by the requirements of environmental legislation in Germany in 2006.

On a management basis (i.e. including the Group's share of joint ventures) divisional sales were £104 million compared with £94 million in the first half of 2006 and trading profit increased to £8 million from £1 million in the same period of last year. Margin on a management basis was 7.7% compared with 1.1% in the same period of 2006.

Powder Metallurgy *(Trading profit £15 million; first half 2006 – £13 million)*
Powder Metallurgy produces metal powder (Hoeganaes) and sintered products (Sinter Metals). Approximately 80% of sales are into the automotive market with the balance to a variety of other industrial manufacturers.

Sales in the period were £309 million compared with £313 million in the same period in 2006. Excluding the impact of currency on translation, there was an increase of £14 million (5%) with improvements in both Europe and Asia Pacific but a reduction in North America as a result of the lower level of vehicle production. Programme launches in the second half are anticipated to accelerate growth.

First half trading profit improved to £15 million from £13 million with the underlying figure (excluding currency) also up by £2 million (15%). In Sinter Metals there were increased profits in both the Americas and Europe but there was a reduction in Hoeganaes, largely as a consequence of higher raw material and energy costs not fully recovered in the period.

The division's trading margins in the first half improved to 4.9% from 4.2% in the same period of 2006, with Sinter rising to over 5%. The second half should see continued improvement as Hoeganaes recovers first half cost increases and Sinter Metals sees the further top line growth referred to above.

Approximately £50 million of new business was won in the period which will continue to support the anticipated annual growth rate of 6%-8% for 2008 and beyond. There was also further success in moving Sinter's technology into new product areas and a number of development contracts were entered into with vehicle manufacturers and fellow tier one suppliers.

The final elements of the restructuring programme which were announced in February this year are proceeding according to plan and the final plant closures will be completed during the second half of the year. Following the first half charge of £5 million, the total charge for the year is expected to be in the region of £8 million, in line with earlier expectations.

In China production of the first powder metal parts commenced in line with plan in May, and in Argentina work began on the construction of a new plant to support the anticipated high growth in demand in South America.

OffHighway *(Trading profit £19 million; first half 2006 restated – £13 million)*
OffHighway designs and manufactures steel wheels, gearboxes, axles and driveline systems for the global agricultural, construction, mining and industrial machinery sectors.

European agricultural markets performed strongly with demand up more than 5% by comparison with the first half of 2006, fuelled by a 4% increase in farm incomes in 2006. Current expectations are for demand to remain strong. In the US, agricultural machinery demand was down by 2%-3% but the growing interest in bio-fuels has led to corn planting reaching the highest level for over 60 years and this may lead to increased equipment sales in the next six to twelve months.

In construction the picture has been mixed. In the US, the lower level of housing starts has led to a decline in demand for light and medium construction equipment but demand remained strong in mining and extraction markets. This pattern is expected to continue for the remainder of the year. European and Asia volumes continued to increase.

The major input cost is steel where prices were higher in the first half of 2007 than the same period of 2006. Although pricing agreements are in place which enabled recovery of most of the increases, the timing of their application meant that there was some under-recovery in the period.

Prior period sales and profits have been restated to reflect the transfer of businesses previously reported as part of the Driveline division.

Sales in the first half were £219 million compared with £186 million in the same period of last year. 2006 acquisitions, mainly Rockford Powertrain, accounted for £22 million but currency was £6 million negative leaving the underlying increase at £17 million (9%). The 2006 acquisitions have integrated well and have resulted in a considerably greater presence in the construction sector which now accounts for approximately 30% of divisional sales.

Trading profit also improved significantly to £19 million from £13 million. Acquisitions contributed £4 million so that the underlying increase, after absorbing unrecovered material price increases, was £2 million, largely reflecting the increase in sales.

Margin improved from 7.0% to 8.7%.

During the period, the first deliveries of agricultural power take-off shafts were made from the new factory in Shanghai, and the recently acquired wheels factory in Liuzhou increased sales to Chinese customers. Volume production for export is expected to start later in the year.

GKN Aerospace *(Trading profit £38 million; first half 2006 – £33 million)*
GKN Aerospace is a global first tier supplier of airframe and engine structures, components, assemblies and engineering services to aircraft prime contractors.

The generally buoyant aerospace market conditions of 2006 continued into the first half of 2007 with strength in both civil and military sectors which appears likely to be sustained for some time. During the period Airbus and Boeing delivered 451 aircraft, an increase of 9% over the first half of 2006 and both are anticipating a similar pattern in the second half. Military demand, which is largely driven by US defence spending, is also likely to remain solid in the short term and there are good growth prospects in regional aircraft, as well as business and light jet markets.

Sales in the first half of £377 million were £43 million (13%) higher than the same period of 2006. Currency was £18 million negative while Stellex, acquired in September 2006, added £40 million. The underlying increase of £21 million represented a 7% improvement and arose from increased deliveries across a range of US military programmes.

Trading profit increased by £5 million to £38 million. The impact of currency on translation was £2 million negative and Stellex added £6 million so that the underlying increase was £1 million (3%). The margin improved to 10.1% from 9.9% in the first half of 2006.

During the period, a number of important wins including the Sikorsky CH53K aft transition, Boeing 737/767 winglets and 747-8 exhausts have secured new business which will further underpin future growth. The division was also awarded a £10 million development phase contract for the entire composite fuselage of the Honda business jet where entry into service is planned for 2009.

At the end of June, the division acquired the Aerospace Manufacturing Group of Teleflex, Inc. which has annual sales of approximately £70 million and produces engine cases, fan blades, blisks, impellers and other components for the aerospace engine and power generation markets. The acquisition is in line with the divisional strategy of acquiring complementary technologies and adds products in the hot and rotating areas of the engine to our existing capabilities on critical elements of the cold section.

Corporate costs *(£6 million; first half 2006 – £6 million)*
Corporate costs, which comprise the costs of stewardship of the Group, remained at the same level as the first half of 2006.

Restructuring and impairment charges *(£13 million; first half 2006 – £24 million)*
The first half charges of £13 million mainly related to the final phase of the programme first announced in March 2004 to re-align productive capacity in GKN Driveline, accelerate recovery in Powder Metallurgy and reduce overheads elsewhere in the Group. The restructuring element was £14 million which consisted of £6 million redundancy (first half 2006 – £14 million) and £8 million other reorganisation costs (first half 2006 – £10 million).

In addition, there was a £1 million credit (first half 2006 – £nil) relating to the reversal of a prior year asset impairment at GKN Sheepbridge Stokes. The cost of completing the strategic restructuring programme is estimated at £23 million, most of which is likely to be charged in the second half of 2007.

Amortisation of non-operating intangibles arising on business combinations *(£3 million; first half 2006 restated – £1 million)*
The charge of £3 million in the period was £2 million higher than in the same period of 2006 with the increase arising in respect of intangible assets (e.g. customer contracts and relationships, brands, technological know-how and intellectual property rights) of the Rockford and Stellex acquisitions made in the second half of 2006.

Profits and losses on sale or closure of businesses *(loss £7 million; first half 2006 restated – £nil)*
The loss of £7 million in the period related to the results of the Group's UK cylinder liner business, GKN Sheepbridge Stokes, the closure of which was announced in January 2007 and where trading will cease in the second half of the year. Costs of closure will be partially offset by the profit on disposal of land and buildings where a binding sale agreement now exists. As a consequence, there are unlikely to be further charges in the second half.

Changes in fair value of derivative financial instruments *(£1 million charge; first half 2006 – credit £29 million)*
The Group enters into foreign exchange contracts to hedge much of its transactional exposure. Hedge accounting continues to be applied to a small proportion of these transactions. Where hedge accounting has not been applied, the change in fair value between 1 January 2007 and 30 June 2007, or the date of maturity if earlier, is reflected in the income statement as a component of operating profit and has resulted in a charge of £1 million (first half 2006 – £30 million credit). In addition, between these dates, there were changes in the value of Powder Metallurgy commodity contracts and Aerospace embedded derivatives of, respectively, £1 million credit (2006 – £4 million credit) and £1 million charge (2006 – £5 million charge).

Operating profit *(£113 million; first half 2006 – £129 million)*
Operating profit of £113 million compared with £129 million in the first half of 2006, reflecting the movements discussed above.

Post-tax earnings of joint ventures *(£12 million; first half 2006 – £8 million)*
The post-tax earnings of joint ventures in the period increased to £12 million from £8 million a year earlier. Within this, trading profit improved by £6 million to £16 million with strong growth in Driveline and Other Automotive businesses which are discussed in more detail above.

Net financing costs *(£24 million; first half 2006 – £15 million)*
Net financing costs totalled £24 million (first half 2006 – £15 million) and included financing costs of post-employment benefits of £1 million (first half 2006 – £2 million). The net of interest payable and interest receivable was £23 million (first half 2006 – £13 million). The £10 million increase was largely as a result of lower interest received from the reduced level of surplus funds together with a reduction in the interest benefit from foreign currency debt instruments used to hedge the Group's overseas investments. Whilst the benefit derived from these instruments will be consistent year on year, by comparison with the same period last year, the first half 2007 benefit is £3 million lower due to the impact of exchange rate positions at the respective half year ends.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT CONTINUED

Profit before tax *(£101 million; first half 2006 — £122 million)*
Profit before tax on a statutory basis was £101 million compared with £122 million in the first half of 2006. Excluding the impact of restructuring and impairment charges, amortisation of non-operating intangible assets arising on business combinations, profits and losses on the sale or closure of businesses and changes in fair value of derivative financial instruments, the figure was £125 million (first half 2006 restated – £118 million), an increase of 6%. At constant currency the increase was £11 million (10%).

Taxation *(£nil; first half 2006 — £18 million charge)*
The tax charge for subsidiaries for the period, including deferred taxation, was £nil (first half 2006 – £18 million). Within this figure was a credit for tax relief on restructuring items and profits and losses on sale or closure of businesses of £5 million (first half 2006 – £4 million) and there was a charge of £2 million relating to changes in fair value of derivative financial instruments (first half 2006 – £2 million charge).

Excluding these items, the tax charge as a percentage of profit before tax, before restructuring and impairment charges, amortisation of non-operating assets arising on business combinations, profits and losses on sale or closure of businesses and changes in fair value of derivative financial instruments, is 2.7% compared with 18.2% (restated) in the first half of 2006. This reduction is primarily due to the 2007 tax charge benefiting from the recognition and use of significant previously unrecognised deferred tax assets in respect of losses in the UK, US and Japan totalling £23 million. The recognition of these deferred tax assets has been based upon management projections which indicate an improvement in future taxable profits in the various territories. Other factors affecting the rate include an increase due to a smaller credit from prior year items of £2 million (first half 2006 – £14 million credit) offset by a beneficial impact from profit mix, use of other previously unrecognised deferred tax assets and statutory tax rate reductions.

Minority interests *(£1 million; first half 2006 – £nil)*
The movement of £1 million in the profit attributable to minority interests was largely attributable to the elimination of losses in the recently formed Chinese cylinder liner company.

Earnings per share
Earnings per share were 14.2p (first half 2006 – 14.6p). Before restructuring and impairment charges, amortisation of non-operating intangible assets arising on business combinations, profits and losses on the sale or closure of businesses and changes in fair value of derivative financial instruments, the figure was 17.2p (first half 2006 restated – 13.8p).

Dividend
The Board has decided to pay an interim dividend of 4.3p per share, representing an increase of 5% over the 2006 interim dividend. The cost of the dividend will be £30 million (first half 2006 – £29 million).

The interim dividend will be paid on 28 September 2007 to shareholders on the register at 17 August 2007. Shareholders may choose to use the Dividend Reinvestment Plan (DRIP) to reinvest the interim dividend. The closing date for receipt of new DRIP mandates is 14 September 2007.

Cash Flow
Operating cash flow, which we define as cash generated from operations of £98 million inflow (first half 2006 – £98 million outflow) adjusted for capital expenditure of £89 million (first half 2006 – £106 million) and proceeds from the disposal of fixed assets of £7 million (first half 2006 – £6 million), was an inflow of £16 million compared with an outflow of £198 million (after the £200 million payment into the UK pension scheme) in the first half of 2006.

Within operating cash flow there was an outflow on working capital and provisions of £87 million (first half 2006 – £73 million) reflecting both the usual seasonal factors and some incremental investment in inventory ahead of new Aerospace and Powder Metallurgy programmes.

Capital expenditure on both tangible and intangible assets totalled £89 million (first half 2006 – £106 million). Of this, £80 million (first half 2006 – £93 million) was on tangible fixed assets and was 1.1 times (first half 2006 – 1.3 times) the depreciation charge. The ratio for the full year is expected to be at a similar level.

Expenditure on intangible assets, mainly initial non-recurring costs on Aerospace programmes, totalled £9 million (first half 2006 – £13 million).

Net interest paid totalled £25 million compared with £18 million in the same period last year, reflecting the lower level of surplus funds mainly as a result of the 2006 contribution to the UK pension scheme and acquisitions made in the second half of that year.

Tax paid in the period was £14 million (first half 2006 – £10 million).

Expenditure on acquisitions, net of cash acquired, was £70 million (first half 2006 – £2 million) while the cost of the 2006 final dividend was £61 million (first half 2006 – £59 million).

Period end borrowings totalled £574 million compared with £358 million at 30 June 2006 and £426 million at the end of December 2006.

Post-employment costs
Post-employment costs comprise both pensions and post-employment medical benefits. Details of the amounts included in the balance sheet and the assumptions used in their computation are shown in Note 9 on page 21.

Income Statement
For the six month period, the current service cost included in operating profit was £17 million compared with £19 million in the first half of 2006. The decrease was principally in the UK and Americas mainly as a consequence of the end 2006 valuation assumptions of higher expected returns partially offset by the increase in the discount rate.

Financing charges in respect of post-employment obligations totalled £1 million (first half 2006 – £2 million) and comprised expected returns on pension scheme assets for the period of £74 million (first half 2006 – £68 million) which were more than offset by the £75 million (first half 2006 – £70 million) of notional interest on pension scheme liabilities.

Balance Sheet and funding
The gross deficit of all schemes at 30 June 2007 was £355 million, a £206 million reduction over December 2006, which is shown on the balance sheet as a non-current liability. Discount rate increases in the UK, Americas and Europe reduced liabilities by £235 million from levels at 31 December 2006.

Company contributions for the six months across the Group totalled £21 million and compared with first half 2006 contributions of £221 million which included a £200 million one-off contribution to the UK scheme.

UK post-employment obligations
The gross deficit of £14 million was £174 million lower than the December 2006 year end figure of £188 million. The £208 million reduction in liabilities due to the 70 basis point higher discount rate was partially offset by liability increases arising from other assumption changes. Mortality assumptions underlying the valuation will be reviewed in the second half following the annual publication of scheme specific mortality experience. This is likely to lead to some increase in the reported deficit.

Outlook
Trading in the year to date has been in line with expectations and there is no change in our view of the Group's prospects for the year as a whole.

Second half Automotive production forecasts for Western Europe and North America are slightly above last year's levels, as the sharp volume cutbacks seen in the third quarter of 2006 are not being repeated. Emerging markets look set to continue their strong growth.

Overall OffHighway market conditions should remain supportive whilst Aerospace markets in all sectors are expected to be strong.

Against this background, the Group expects to continue its progress for the year, notwithstanding the impact of high raw material costs and adverse currency translation.

Driveline should see a better level of second half performance than last year due to stronger demand and the benefits of restructuring. Powder Metallurgy is expected to continue its improvement, although the second half of last year benefited from favourable raw material contracts being closed out. OffHighway and Aerospace should both maintain their progress with the acquisition of Teleflex also making a modest contribution to the year.

Order intake and new business wins continue to run at healthy levels and support the Group's confidence in continuing growth.

Roy Brown
Chairman

Sir Kevin Smith
Chief Executive

2 August 2007

CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2007

	Notes	Unaudited **First half 2007** **£m**	Unaudited First half 2006 Restated £m	Full year 2006 Restated £m
	2			
Sales — subsidiaries *	1	**1,931**	1,896	3,634
Trading profit		***137***	*125*	*251*
Restructuring and impairment charges		***(13)***	*(24)*	*(74)*
Amortisation of non-operating intangible assets arising on business combinations		***(3)***	*(1)*	*(3)*
Profits and losses on sale or closure of businesses		***(7)***	*–*	*(4)*
Changes in fair value of derivative financial instruments		***(1)***	*29*	*33*
Operating profit	1/3	**113**	129	203
Share of post-tax earnings of joint ventures	1/4	**12**	8	17
Interest payable		**(30)**	(27)	(57)
Interest receivable		**7**	14	23
Other net financing charges		**(1)**	(2)	(4)
Net financing costs	5	**(24)**	(15)	(38)
Profit before taxation		**101**	122	182
UK taxation		**9**	(2)	10
Overseas taxation		**(9)**	(16)	(15)
Taxation	6	**–**	(18)	(5)
Profit after taxation for the period		**101**	104	177
Profit attributable to minority interests		**1**	–	–
Profit attributable to equity shareholders		**100**	104	177
		101	104	177
Earnings per share — p	7			
Basic		**14.2**	14.6	25.0
Diluted		**14.2**	14.5	24.9
Dividends	8			
Payments to shareholders — £m		**61**	59	88
Interim dividend per share — p		**4.3p**	4.1p	4.1p
Final dividend per share — p		**–**	–	8.7p

There were no discontinued operations in any of the above periods.

* Includes sales of £13 million (first half 2006: £15 million, full year 2006: £27 million) made by the Group's UK cylinder liner manufacturing operation which is in the process of completely ceasing operations.

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007

	Notes	Unaudited 30 June 2007 £m	Unaudited 30 June 2006 £m	31 December 2006 £m
Assets				
Non-current assets				
Intangible assets – goodwill	10	**283**	230	245
– other		**111**	59	111
Property, plant and equipment	12	**1,348**	1,334	1,354
Investments in joint ventures		**93**	82	83
Other receivables and investments including loans to joint ventures		**17**	20	24
Deferred tax assets		**66**	115	114
		1,918	1,840	1,931
Current assets				
Inventories		**515**	469	470
Trade and other receivables		**647**	603	520
Derivative financial instruments		**46**	41	32
Cash and cash equivalents		**206**	411	342
		1,414	1,524	1,364
Assets held for sale		**4**	2	–
Total assets		**3,336**	3,366	3,295
Liabilities				
Current liabilities				
Borrowings		**(54)**	(35)	(39)
Derivative financial instruments		**(12)**	(13)	(11)
Trade and other payables		**(812)**	(766)	(743)
Current income tax liabilities		**(94)**	(108)	(93)
Provisions		**(52)**	(48)	(66)
		(1,024)	(970)	(952)
Non-current liabilities				
Borrowings		**(726)**	(734)	(729)
Deferred tax liabilities		**(72)**	(67)	(63)
Other payables		**(31)**	(24)	(29)
Provisions		**(48)**	(70)	(53)
Post-employment obligations	9	**(355)**	(549)	(561)
		(1,232)	(1,444)	(1,435)
Total liabilities		**(2,256)**	(2,414)	(2,387)
Net assets		**1,080**	952	908
Equity				
Ordinary share capital and share premium		**399**	394	396
Retained earnings and other reserves		**663**	540	496
Total shareholders' equity		**1,062**	934	892
Minority interest – equity		**18**	18	16
Total equity		**1,080**	952	908

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2007

	Notes	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
At 1 January		**908**	901	901
Amounts not recognised in the Income Statement				
Currency variations		**(12)**	(60)	(124)
Derivative financial instruments:				
Transactional hedging		**–**	1	1
Translational hedging		**11**	15	43
Actuarial gains on post-employment obligations including tax:				
Subsidiaries		**128**	78	40
Joint ventures		**–**	–	–
Net profits/(losses) not recognised in the Income Statement		**127**	34	(40)
Profit for the period		**101**	104	177
Total recognised income for the period		**228**	138	137
Transactions with shareholders				
Share issues	13	**3**	1	3
Purchase of treasury shares	13	**–**	(22)	(40)
Dividends	8	**(61)**	(59)	(88)
		(58)	(80)	(125)
Other adjustments				
Share-based payments		**2**	2	5
Minority interests		**–**	(8)	(9)
Accumulated currency variations realised on sale of business		**–**	(1)	(1)
		2	(7)	(5)
At end of period		**1,080**	952	908

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2007

	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
Cash flows from operating activities			
Cash generated from operations (note a)	**98**	(98)	117
Interest received	**4**	8	25
Interest paid	**(29)**	(26)	(58)
Tax paid	**(14)**	(10)	(31)
Dividends received from joint ventures	**3**	2	7
	62	(124)	60
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(89)**	(106)	(230)
Proceeds from sale of property, plant and equipment	**7**	6	13
Acquisitions of subsidiaries (net of cash acquired)	**(70)**	(2)	(126)
Proceeds from sale of businesses (net of cash disposed)	**–**	3	13
Investment loans and capital contributions	**2**	–	1
	(150)	(99)	(329)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	**3**	1	3
Purchase of treasury shares	**–**	(22)	(40)
Finance lease payments	**(1)**	(1)	(1)
Net movement in borrowings	**1**	8	34
Dividends paid to shareholders	**(61)**	(59)	(88)
Dividends paid to minority interests	**–**	–	(1)
	(58)	(73)	(93)
Currency variations on cash and cash equivalents	**1**	(5)	(7)
Movement in cash and cash equivalents (note b)	**(145)**	(301)	(369)
Cash and cash equivalents at 1 January	**328**	697	697
Cash and cash equivalents at end of period (note c)	**183**	396	328

Cash inflows from government capital grants of £1 million (first half 2006: £nil, full year 2006: £3 million) have been offset against purchases of property, plant and equipment and intangible assets.

CONSOLIDATED CASH FLOW STATEMENT — NOTES

FOR THE HALF YEAR ENDED 30 JUNE 2007

Note a: Cash generated from operations

	Unaudited First half 2007 £m	Unaudited First half 2006 Restated* £m	Full year 2006 £m
Cash generated from operations			
Operating profit	**113**	129	203
Adjustments for:			
Amortisation of non-operating intangible assets arising on business combinations	**3**	1	3
Profits and losses on sale of businesses	**–**	(5)	(5)
Changes in fair value of derivative financial instruments	**1**	(29)	(33)
Impairment/reversal of impairment of fixed assets	**(1)**	–	1
Impairment of goodwill	**–**	–	11
Amortisation of government capital grants	**(2)**	(1)	(3)
Depreciation and amortisation	**74**	74	145
Net profits on sale of fixed assets	**(1)**	(1)	(3)
Charge for share-based payments	**2**	2	5
Movement in post-employment obligations	**(4)**	(195)	(204)
Changes in working capital and provisions	**(87)**	(73)	(3)
	98	(98)	117

* See note 2

Cash generated from operations includes a £2 million outflow arising from the Group's UK cylinder liner manufacturing operation which is in the process of completely ceasing operations (first half 2006: £6 million outflow, full year 2006: £14 million outflow). Cash generated from operations in the 2006 comparatives includes the £200 million additional pension contribution which the Group made to its UK pension scheme in March 2006.

Note b: Movement in net debt

	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
Movement in cash and cash equivalents	**(145)**	(301)	(369)
Net movement in borrowings	**(5)**	(8)	(36)
Currency variations on borrowings	**1**	3	34
Finance leases	**1**	1	1
Subsidiaries acquired and sold	**–**	12	9
Movement in period	**(148)**	(293)	(361)
Net debt at beginning of period	**(426)**	(65)	(65)
Net debt at end of period	**(574)**	(358)	(426)

Note c: Reconciliation of cash and cash equivalents

	Unaudited 30 June 2007 £m	Unaudited 30 June 2006 £m	31 December 2006 £m
Cash and cash equivalents per cash flow statement	**183**	396	328
Bank overdrafts included within "Current liabilities — Borrowings"	**23**	15	14
Cash and cash equivalents per balance sheet	**206**	411	342

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2007

1 Segmental analysis

The Group is managed by type of business. Segmental information is provided having regard to the nature of the goods and services provided and the markets served.

FOR THE HALF YEAR ENDED 30 JUNE 2007 (UNAUDITED)

	Driveline £m	Other Automotive £m	Powder Metallurgy £m	OffHighway £m	Aerospace £m	Corporate £m	Total £m
Sales – subsidiaries *	969	57	309	219	377	–	1,931
EBITDA	110	2	30	24	51	(6)	211
Depreciation and impairment charges	(38)	(2)	(15)	(5)	(10)	–	(70)
Amortisation of intangible assets	(1)	–	–	–	(3)	–	(4)
Trading profit/(loss)	71	–	15	19	38	(6)	137
Restructuring	(9)	–	(5)	–	–	–	(14)
Other impairments	–	1	–	–	–	–	1
Amortisation of business combination non-operating intangibles	–	–	–	(1)	(2)	–	(3)
Profits and losses on sale or closure of businesses	–	(7)	–	–	–	–	(7)
Changes in fair value of derivative financial instruments	(1)	–	–	–	–	–	(1)
Operating profit/(loss)	61	(6)	10	18	36	(6)	113
Share of post-tax earnings of joint ventures	7	5	–	–	–	–	12
Other segment items							
Capital expenditure (including acquisitions)							
Property, plant and equipment	39	1	15	4	25	–	84
Intangible assets	1	–	–	–	8	–	9
Other non-cash expenses (share-based payments)	1	–	–	–	–	1	2

* Other Automotive includes sales of £13 million (first half 2006: £15 million, full year 2006: £27 million) made by the Group's UK cylinder liner manufacturing operation which is in the process of completely ceasing operations.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2007

1 Segmental analysis continued

FOR THE HALF YEAR ENDED 30 JUNE 2006 (RESTATED / UNAUDITED)

	Driveline £m	Other Automotive £m	Powder Metallurgy £m	OffHighway £m	Aerospace £m	Corporate £m	Total £m
Sales – subsidiaries	999	64	313	186	334	–	1,896
EBITDA	116	(2)	28	17	46	(6)	199
Depreciation and impairment charges	(39)	(2)	(15)	(4)	(10)	–	(70)
Amortisation of intangible assets	(1)	–	–	–	(3)	–	(4)
Trading profit/(loss)	76	(4)	13	13	33	(6)	125
Restructuring	(16)	–	(8)	–	–	–	(24)
Other impairments	–	–	–	–	–	–	–
Amortisation of business combination non-operating intangibles	(1)	–	–	–	–	–	(1)
Profits and losses on sale or closure of businesses	5	(5)	–	–	–	–	–
Changes in fair value of derivative financial instruments	9	–	4	1	15	–	29
Operating profit/(loss)	73	(9)	9	14	48	(6)	129
Share of post-tax earnings of joint ventures	6	2	–	–	–	–	8
Other segment items							
Capital expenditure (including acquisitions)							
Property, plant and equipment	43	3	20	5	12	–	83
Intangible assets	1	–	–	1	11	–	13
Other non-cash expenses (share-based payments)	1	–	–	–	–	1	2

Restatement of comparative data

i) Double Universal Joint business transfer: With effect from 1 January 2007 the Group's Double Universal Joint activities in Italy and Uruguay have been managed within our OffHighway segment having previously been included within Driveline. Segmental analyses presented in this note represent the current period structure. Previously reported analyses have been restated.

ii) Cessation of UK cylinder liner manufacturing operation: In January 2007 the Group announced its intention to cease manufacturing at its UK cylinder liner operation. This operation constitutes a major proportion of the Group's Other Automotive segment. The losses of this business have been re-analysed from trading profit to profits and losses on sale or closure of businesses.

iii) Amortisation of non-operating intangible assets: As outlined in the 2006 Annual Report, the analysis of operating profit was amended to separately identify the amortisation arising on non-operating intangible assets (e.g. brands and trademarks, proprietary technological know-how, intellectual property rights and customer contracts and relationships) arising on business combinations. This re-analysis has resulted in an amendment to the comparative interim published results in respect of the amortisation charge arising from the Group's acquisition in April 2004 of TFS Japan. The impact of this re-analysis has been to increase 2006 interim trading profit by £1 million with no impact on operating profit.

The impact of these restatements is shown as follows:

	As previously reported			Restated		
	Driveline £m	Other Automotive £m	OffHighway £m	Driveline £m	Other Automotive £m	OffHighway £m
For the half year ended 30 June 2006 (unaudited)						
Sales	1,011	64	174	999	64	186
Trading profit/(loss)	76	(9)	12	76	(4)	13
Operating profit/(loss)	74	(9)	13	73	(9)	14
For the year ended 31 December 2006						
Sales	1,906	120	331	1,884	120	353
Trading profit/(loss)	140	(10)	23	138	(1)	25
Operating profit/(loss)	107	(10)	24	105	(10)	26

1 Segmental analysis continued
FOR THE YEAR ENDED 31 DECEMBER 2006 (RESTATED)

	Driveline £m	Other Automotive £m	Powder Metallurgy £m	OffHighway £m	Aerospace £m	Corporate £m	Total £m
Sales – subsidiaries	1,884	120	582	353	695	–	3,634
EBITDA	215	4	60	34	95	(12)	396
Depreciation and impairment charges	(74)	(5)	(28)	(9)	(21)	–	(137)
Amortisation of intangible assets	(3)	–	(1)	–	(4)	–	(8)
Trading profit/(loss)	138	(1)	31	25	70	(12)	251
Restructuring	(37)	–	(24)	–	–	(2)	(63)
Other impairments	(11)	–	–	–	–	–	(11)
Amortisation of business combination non-operating intangibles	(1)	–	–	(1)	(1)	–	(3)
Profits and losses on sale or closure of businesses	5	(9)	–	–	–	–	(4)
Changes in fair value of derivative financial instruments	11	–	(1)	2	21	–	33
Operating profit/(loss)	105	(10)	6	26	90	(14)	203
Share of post-tax earnings of joint ventures	12	5	–	–	–	–	17
Other segment items							
Capital expenditure (including acquisitions)							
Property, plant and equipment	96	7	49	12	30	–	194
Intangible assets	3	–	1	2	27	–	33
Other non-cash expenses (share-based payments)	2	–	1	–	1	1	5

All business segments shown above are continuing. EBITDA is earnings before interest, tax, depreciation and amortisation.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2007

2 Basis of preparation

The interim consolidated financial statements of GKN plc are as at and for the six months ended 30 June 2007 and comprise the results, assets and liabilities of the Company and its subsidiaries (the ''Group'') and the Group's interests in jointly controlled entities.

These interim consolidated financial statements have been prepared in accordance with the Listing Rules of the Financial Services Authority. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2006. These interim consolidated financial statements were approved by the Board of Directors on Wednesday 1 August 2007.

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2006. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2006.

Comparative information has been presented as at and for the six months ended 30 June 2006 and as at and for the 12 months ended 31 December 2006. Certain items in the comparatives have been restated, full details are reported in note 1. The impact of the restatements on previously reported results is set out below:

	First half 2006		Full year 2006	
	As previously reported	Restated	As previously reported	Restated
Trading profit (£m)	119	125	242	251
Operating profit (£m)	129	129	203	203
Profit after taxation for the period (£m)	104	104	177	177
Basic earnings per share — total (p)	14.6	14.6	25.0	25.0
Net cash from operating activities (£m)	(124)	(124)	60	60
Net assets (£m)	952	952	908	908

The comparative figures for the year ended 31 December 2006 do not constitute statutory accounts for the purpose of s240 of the Companies Act 1985. A copy of the Group statutory accounts for the year ended 31 December 2006 has been delivered to the Registrar of Companies and contained unqualified auditors' reports in accordance with s235 of the Companies Act 1985 and did not contain statements made under either s237(2) or 237(3) of the Companies Act 1985, in respect of both the Group and the Company.

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2006 are available upon request from the Company's registered office at Ipsley House, Ipsley Church Lane, Redditch, Worcestershire, B98 0TL or at www.gkn.com.

3 Operating profit

The analysis of the non-trading components of operating profit is shown below:

3a Restructuring and impairment charges

	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
Goodwill impairment	**–**	–	(11)
Tangible fixed asset impairments/reversals	**1**	–	(1)
Other asset write-downs	**–**	–	(1)
	1	–	(13)
Redundancy costs including post-employment charges and curtailments	**(6)**	(14)	(35)
Reorganisation costs including property surpluses	**(8)**	(10)	(26)
	(13)	(24)	(74)

Restructuring

In the first half of 2007 the Group initiated the final phases of its strategic restructuring programme, as well as continuing the execution of previously announced restructuring actions. This has led to a net restructuring charge of £14 million in the first half. First half 2007 activity has included the announced closure of a North American Powder Metallurgy production facility and the continuation of the strategic fixed headcount reduction programme in Driveline which primarily impacts its European operations. Redundancy charges include £1 million in respect of estimated UK pension augmentation charges. Reorganisation costs includes the costs incurred in transferring and rationalising production facilities, capabilities and capacity within both Driveline and Powder Metallurgy divisions. In the period a net £2 million surplus has arisen on the disposal of a UK Powder Metallurgy facility that became surplus to operational requirements as a consequence of the restructuring.

In the six months ended 30 June 2006 the restructuring charges arose primarily in respect of the announced closure and/or downsizings of four Driveline facilities (£6 million), Driveline strategic fixed headcount reductions (£10 million) and the announced closure of three Powder Metallurgy manufacturing facilities (£8 million).

The segmental analysis of restructuring charges in first half 2007 is set out in note 1.

Cash outflow in respect of 2007 and earlier periods' strategic restructuring actions in the first half of 2007 was £20 million (first half 2006: £27 million, full year 2006: £57 million). The disposal of the surplus property noted above generated a net £4 million cash inflow.

Other impairments

The £1 million impairment reversal recognised in the first half of 2007 arose in relation to the Group's UK cylinder liner manufacturing operation. The business has reached an unconditional agreement to dispose of its land and buildings and consequently the previously recognised impairment has been reversed to restate the asset at the lower of cost and realisable value. No other impairments arose in the first half of 2007. The 2006 full year goodwill impairment arose in Driveline.

3b Amortisation of non-operating intangible assets arising on business combinations

	Unaudited First half 2007 £m	Unaudited First half 2006 Restated* £m	Full year 2006 £m
Intellectual property rights	**(1)**	(1)	(1)
Customer contracts and relationships	**(2)**	–	(1)
Proprietary technological know-how	**–**	–	(1)
	(3)	(1)	(3)

* See note 2

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2007

3 Operating profit continued

3c Profits and losses on sale or closure of businesses

	Unaudited		
	First half 2007 £m	First half 2006 Restated* £m	Full year 2006 Restated* £m
Profits and losses on closure of businesses			
Trading losses of the UK cylinder liner manufacturing operation	**(7)**	(5)	(9)
Profits and losses on sale of businesses			
Sale of Fujiwa China	**–**	5	5
	(7)	–	(4)

No business disposals occurred in the six months ended 30 June 2007. The prior year disposal relates to the sale of the Group's 60% shareholding in Fujiwa to its business partner, Lioho Corporation. The consideration for the disposal was £15 million.

3d Derivative financial instruments

	Unaudited		
	First half 2007 £m	First half 2006 £m	Full year 2006 £m
Forward currency and commodity contracts	**–**	34	38
Embedded derivatives	**(1)**	(5)	(5)
	(1)	29	33

The amounts in respect of embedded derivatives primarily represent the period movement in the value of the embedded derivatives in commercial contracts, between European Aerospace subsidiaries and customers and suppliers outside the USA, which are denominated in US dollars, where the dollar is not routinely used, as defined in IAS 39, in such contractual arrangements.

* See note 2

4 Joint ventures

	Unaudited		
	First half 2007 £m	First half 2006 £m	Full year 2006 £m
Group share of results of joint ventures			
Sales	**125**	105	208
Operating costs and other income	**(109)**	(94)	(187)
Net financing costs	**–**	–	(1)
Profit before taxation	**16**	11	20
Taxation	**(4)**	(3)	(3)
Share of post-tax earnings	**12**	8	17
Segmental analysis of the Group share of joint venture sales and trading profit			
Sales			
Driveline	**63**	58	113
Other Automotive	**60**	45	92
OffHighway	**2**	2	3
	125	105	208
Trading profit			
Driveline	**8**	6	13
Other Automotive	**8**	5	8
OffHighway	**–**	–	–
	16	11	21

5 Net financing costs

	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
Interest payable	**(30)**	(27)	(57)
Interest receivable	**7**	14	23
Other net financing charges:			
Expected return on pension scheme assets	**74**	68	136
Interest on post-employment obligations	**(75)**	(70)	(140)
	(1)	(2)	(4)
	(24)	(15)	(38)

6 Taxation

	Unaudited First half 2007 £m	Unaudited First half 2006 £m	Full year 2006 £m
Analysis of charge in period			
Current tax			
Current period	**18**	18	38
Utilisation of previously unrecognised tax losses and other assets	**(1)**	(1)	(2)
Adjustments in respect of prior periods	**(2)**	(1)	(3)
Net movement on provisions for uncertain tax positions	**1**	(6)	(15)
	16	10	18
Deferred tax	**(18)**	6	(15)
Deferred tax on changes in fair value of derivative financial instruments	**2**	2	2
Total tax charge for the period	**–**	18	5
Tax on items included in equity			
Deferred tax on post-employment obligations	**71**	56	67
Tax in respect of restructuring and impairment charges and sale or closure of businesses included in total charge for the period			
Current tax	**(3)**	(1)	(6)
Deferred tax	**(2)**	(3)	(8)

The first half 2007 deferred tax credit is principally due to the recognition of previously unrecognised deferred tax assets in respect of losses in the UK, US and Japan totalling £23 million. The recognition of these deferred tax assets has been based on management projections which indicate an improvement in future taxable profits in the various territories.

The tax charge arising on profits before the non-trading components of operating profit as identified in note 3 was £3 million (2006: £20 million) giving an effective tax rate of 2.7% (2006: 18.2% restated). This change in the effective rate is predominantly attributable to the recognition of deferred tax assets referred to above. Other factors affecting the rate include an increase due to smaller credit from prior year items of £2 million (2006: £14 million credit) offset by a beneficial impact from profit mix and statutory tax rate reductions.

7 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by the Company and held as treasury shares.

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. The Company has only one category of dilutive potential Ordinary Shares: share options.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2007

7 Earnings per share continued

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Earnings per share are computed as follows:

	Unaudited								
	First half 2007			First half 2006			Full year 2006		
	Earnings £m	**Weighted average number of shares m**	**Earnings per share p**	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
Basic eps:									
Profit attributable to ordinary shareholders	**100**	**702.9**	**14.2**	104	711.9	14.6	177	708.8	25.0
Dilutive securities:									
Dilutive potential Ordinary Shares	**–**	**1.9**	**–**	–	6.7	(0.1)	–	2.1	(0.1)
Diluted eps	**100**	**704.8**	**14.2**	104	718.6	14.5	177	710.9	24.9

Adjusted earnings per share

Earnings per share before non-trading components of operating profit, as analysed in note 3, which the Directors consider gives a useful additional indicator of underlying performance, is calculated on earnings for the period adjusted as follows:

	Unaudited					
			Restated*			
	First half 2007		First half 2006		Full year 2006	
	£m	**p**	£m	p	£m	p
Profit attributable to equity shareholders	**100**	**14.2**	104	14.6	177	25.0
Charges/(credits) included in operating profit:						
Restructuring and impairment charges	**13**	**1.9**	24	3.4	74	10.5
Amortisation of non-operating intangible assets arising on business combinations	**3**	**0.4**	1	0.2	3	0.4
Profits and losses on sale or closure of businesses	**7**	**1.0**	–	–	4	0.6
Changes in fair value of derivative financial instruments	**1**	**0.1**	(29)	(4.1)	(33)	(4.7)
Taxation on charges/(credits) included in operating profit	**(3)**	**(0.4)**	(2)	(0.3)	(12)	(1.7)
Adjusted earnings attributable to equity shareholders	**121**	**17.2**	98	13.8	213	30.1
Diluted adjusted earnings per share attributable to equity shareholders		**17.2**		13.6		30.0

* See note 2

8 Dividends

	Unaudited		
	First half 2007 £m	First half 2006 £m	Full year 2006 £m
Equity dividends paid in the period			
Final 8.7p (2006: 8.2p) per share	**61**	59	59
Interim (2006: 4.1p) per share	**–**	–	29
	61	59	88

An interim dividend of 4.3p per share (2006: 4.1p per share) has been declared by the Directors. Based on shares ranking for dividend at 30 June 2007 the interim dividend is anticipated to absorb resources amounting to £30 million (2006: £29 million).

9 Post-employment obligations

Actuarial assessments of the key defined benefit pension and post-employment medical plans (representing 95% of liabilities and 97% of assets) were carried out as at 30 June 2007.

Post-employment obligations as at the period end comprise:

	Unaudited		
	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Pensions – funded and unfunded	**(281)**	(470)	(485)
Medical – funded and unfunded	**(74)**	(79)	(76)
	(355)	(549)	(561)

The overall position in respect of defined benefit funded pension schemes and unfunded pension and medical post-employment obligations was:

	Unaudited						
	30 June 2007						
	UK £m	**Americas £m**	**Europe £m**	**ROW £m**	**Total £m**	30 June 2006 £m	31 December 2006 £m
Gross deficits	**(14)**	**(95)**	**(238)**	**(8)**	**(355)**	(549)	(561)
Related deferred tax asset	**–**	**19**	**16**	**–**	**35**	112	102
Net post-employment obligations	**(14)**	**(76)**	**(222)**	**(8)**	**(320)**	(437)	(459)

Assumptions

Actuarial assessments of all the principal defined benefit retirement plans were carried out as at 30 June 2007. The major assumptions used were:

	UK %	**Americas %**	**Europe %**	**ROW %**
At 30 June 2007				
Rate of increase in pensionable salaries	**4.3**	**3.5**	**2.5**	**2.0**
Rate of increase in payment and deferred pensions	**3.4**	**2.0**	**1.75**	**n/a**
Discount rate	**5.8**	**6.1**	**5.3**	**2.5**
Inflation assumption	**3.3**	**2.5**	**1.75**	**1.0**
Rate of increases in medical costs:				
initial	**8.0**	**10.0**	**n/a**	**n/a**
long term	**4.5**	**5.0**	**n/a**	**n/a**
At 30 June 2006				
Rate of increase in pensionable salaries	4.4	3.5	2.5	2.0
Rate of increase in payment and deferred pensions	3.0	2.0	1.5	n/a
Discount rate	5.2	6.2	4.8	2.5
Inflation assumption	2.9	2.5	1.5	1.0
Rate of increases in medical costs:				
initial	9.5	10.0	n/a	n/a
long term	4.3	5.0	n/a	n/a
At 31 December 2006				
Rate of increase in pensionable salaries	4.1	3.5	2.5	2.0
Rate of increase in payment and deferred pensions	3.2	2.0	1.75	n/a
Discount rate	5.1	5.9	4.7	2.5
Inflation assumption	3.1	2.5	1.75	1.0
Rate of increases in medical costs:				
initial	8.0	10.0	n/a	n/a
long term	4.5	5.0	n/a	n/a

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2007

10 Goodwill and business combinations (unaudited)
On 29 June 2007 the Group completed the acquisition of the aerospace manufacturing group of Teleflex Inc., in a mixed trade and asset and entity deal, for a fair value consideration of £70 million. The businesses acquired provide manufacturing and engineering services from operations in the US, Mexico, France and the UK. Goodwill arising in respect of this acquisition amounted to £41 million. Fair value amounts remain provisional.

11 Related party transactions (unaudited)
In the ordinary course of business, sales and purchases of goods take place between subsidiaries and joint venture companies priced on an 'arm's length' basis. Sales of product by subsidiaries to joint ventures in the first half of 2007 totalled £35 million (first half 2006: £36 million). The amount due at the period end in respect of such sales was £9 million (June 2006: £10 million). Purchases by subsidiaries from joint ventures in the first half of 2007 totalled £9 million (first half 2006: £3 million). The amount due at the period end in respect of such purchases was £2 million (June 2006: £2 million). At 30 June 2007, a Group subsidiary was owed £5 million (June 2006: £8 million) by a joint venture in respect of a loan, bearing interest at EURIBOR plus 1%. In addition, a Group subsidiary had £5 million receivable from (June 2006: £2 million payable to) a joint venture in respect of a short-term financing facility, which bears interest at LIBOR plus 2% (June 2006: LIBOR less 0.125%).

12 Property, plant and equipment (unaudited)
During the six months ended 30 June 2007 the Group acquired assets with a cost of £84 million (first half 2006: £83 million) including assets acquired through business combinations of £13 million (first half 2006: £nil). Assets with a carrying amount of £6 million (first half 2006: £3 million) were disposed of during the six months ended 30 June 2007. Except as reported in note 3a, no material reversal of prior period impairments arose in the six months ended 30 June 2007 and 30 June 2006. As at 30 June 2007 Group capital commitments amounted to £50 million (June 2006: £55 million).

13 Other financial information (unaudited)
Adjustments made to the carrying value of inventories across the Group in the six months ended 30 June 2007 and 30 June 2006 were not significant. Amounts written off and provided for and charged to the Income Statement in respect of customer financial difficulties amounted to £nil (2006: £1 million).

1,627,294 Ordinary Shares of the Company were issued in the six months ended 30 June 2007 (first half 2006: 200,414) which generated a cash inflow of £3 million (first half 2006: £1 million). The Group concluded its share buy-back programme in 2006 purchasing 13,439,142 shares in the year of which 7,121,850 were purchased in the first half. These transactions were completed at net costs of £40 million and £22 million respectively.

INDEPENDENT REVIEW REPORT TO GKN PLC

Introduction
We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 2.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
1 August 2007

Notes:

(a) The maintenance and integrity of the GKN plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SHAREHOLDER INFORMATION

2007 interim dividend
The interim dividend of 4.3p per ordinary share (2006 – 4.1p) is payable on 28 September 2007 to ordinary shareholders on the register on 17 August 2007.

Key dates

Ordinary shares quoted ex-dividend	15 August 2007
2007 interim dividend record date	17 August 2007
Final date for receipt of DRIP mandate forms (see below)	14 September 2007
2007 interim dividend payment date	28 September 2007
DRIP share certificates, share purchase statements and tax vouchers despatched	11 October 2007
CREST participant accounts credited with DRIP shares	12 October 2007

Dividend reinvestment plan
Under the dividend reinvestment plan (DRIP), shareholders can mandate to reinvest cash dividends paid on their ordinary shares in further GKN plc ordinary shares. Shareholders who would like to receive details of the DRIP should contact the Share Dividend Team at Lloyds TSB Registrars (see inside back cover for contact details) or visit the Shareview website (www.shareview.co.uk). New DRIP mandates and any withdrawals of existing mandates must be received by Lloyds TSB Registrars by 14 September 2007 to be valid for the 2007 interim dividend.

GKN website and share price information
Information on GKN, including this interim report, annual reports, results announcements and presentations together with the GKN plc share price updated every 20 minutes, is available on GKN's website at www.gkn.com. The latest GKN share price is also available within the UK from the Financial Times' Cityline service by telephoning 0906 843 2696. Calls are charged at 60p per minute.

Shareholding enquiries and information
Administrative enquiries relating to shareholdings should be addressed to GKN's registrar, Lloyds TSB Registrars (see inside back cover). Correspondence should refer to GKN plc and include the shareholder's full name, address and, if available, the 8-digit reference number which can be found on GKN plc share certificates.

By visiting the Lloyds TSB Registrars' Shareview website at www.shareview.co.uk, shareholders can view information on their shareholdings and recent dividends, obtain guidance on transferring shares and receiving shareholder documents electronically (see overleaf), update their personal details (including changing address details) and set up a new dividend mandate or change their existing mandate.

SHAREHOLDER INFORMATION CONTINUED

Share dealing service
A telephone dealing service has been arranged with Stocktrade which provides a simple way of buying or selling GKN plc ordinary shares. Full details can be obtained by telephoning 0845 601 0995 (+44 131 240 0414 from outside the UK) and quoting reference Low Co139.

Also, Lloyds TSB Registrars offers Shareview Dealing, a service for UK residents to buy or sell GKN plc ordinary shares on the internet or by phone. Further details can be obtained from www.shareview.co.uk/dealing or by telephoning 0870 850 0852. Lloyds TSB Registrars is a division of Lloyds TSB Bank plc, authorised and regulated by the Financial Services Authority and a signatory to the Banking Codes.

Please note that the value of shares can fall and you may get back less than you invest. If you are in any doubt about the suitability of an investment, please consult a professional adviser.

GKN single company ISA
Lloyds TSB Registrars operates a single company ISA in which GKN plc ordinary shares can be held in a tax efficient manner. Full details and an application form can be obtained by telephoning Lloyds TSB Registrars' ISA Helpline on 0870 24 24 244 or by visiting the Shareview website (see inside back cover). Investors should note that the value of any tax benefit will vary according to individual circumstances and the tax rules relating to ISAs may change in the future. If you are in any doubt you should seek professional advice.

GKN American Depositary Receipts
GKN has a sponsored Level 1 American Depositary Receipt (ADR) programme for which The Bank of New York acts as Depositary. Each ADR represents one GKN plc ordinary share. The ADRs trade in the US over-the-counter (OTC) market under the symbol GKNLY. When dividends are paid to shareholders, the Depositary converts such dividends into US dollars, net of fees and expenses, and distributes the net amount to ADR holders. For enquiries, The Bank of New York can be contacted by telephone on +1-888-BNY-ADRS (toll-free for US residents) or +1-212-815-3700 (for international residents), via their website at www.adrbny.com or by e-mail enquiry to shareowners@bankofny.com.

Receipt of shareholder documents
Following an amendment to company law introduced by the Companies Act 2006, and a subsequent amendment to the Company's Articles of Association approved by shareholders at the 2007 annual general meeting, shareholder documents are only sent in hard copy to those shareholders who have made an election to receive documents in this form. (All shareholders, regardless of any such elections, will continue to receive dividend documentation in hard copy.) This allows the Company to reduce costs and its impact on the environment. Shareholders who have not elected to receive documents in hard copy will receive a letter at the time of their publication advising that they are available electronically (usually on the Company's website) and how to access them.

Also, shareholders can elect to be notified of the publication of documents by e-mail. The e-mail will contain a link to the relevant page on the website, providing shareholders with easy access to the document which can then be read or printed. By electing for this option, shareholders will receive documents more speedily, avoiding the possibilities of delays in the postal system. Shareholders who would like to register for this option can do so via the GKN or Shareview websites (see inside back cover) and will need to provide their 8-digit reference number which can be found on GKN plc share certificates.

Unsolicited mail
GKN is obliged by law to make its share register publicly available and as a consequence some shareholders may have received unsolicited mail. If you wish to limit the amount of such mail you should contact the Mailing Preference Service whose address is FREEPOST 29 LON20771, London W1E 0ZT. Alternatively they may be contacted by telephone on 0845 703 4599, via their website at www.mpsonline.org.uk or by e-mail addressed to mps@dma.org.uk.

Taxation
Market values of GKN plc ordinary shares, 'B' shares (issued and redeemed under the return of capital in 2000) and Brambles Industries plc ordinary shares (issued in connection with the demerger of GKN's Industrial Services businesses in 2001) for Capital Gains Tax (CGT) purposes are as follows:

First day of trading market values[(a)]

	GKN ordinary shares	'B' shares	Brambles ordinary shares
30 May 2000[(b)]	914.5p (98.736774%)	11.7p (1.263226%)	–
7 August 2001[(c)]	282.5p (43.943224%)	–	360.375p (56.056776%)

1965/1982 market values

	GKN ordinary shares unadjusted for 'B' shares or demerger[(d)]	GKN ordinary shares adjusted for 'B' shares but not demerger[(e)]	GKN ordinary shares adjusted for 'B' shares and demerger[(e)]	'B' shares[(e)]	Brambles ordinary shares[(e)]
6 April 1965	116.175p	114.707p	50.406p	1.468p	64.301p
31 March 1982	104.870p	103.545p	45.501p	1.325p	58.044p

(a) The stated market values are used to allocate the base cost of GKN ordinary shares, on the basis of the relative percentages specified, between GKN ordinary shares and 'B' shares and between GKN ordinary shares and Brambles ordinary shares in calculating any CGT liability under the 'B' share return of capital and the Industrial Services businesses demerger arrangements. Worked examples and guides to the general tax position of United Kingdom shareholders under these arrangements are given in the circulars dated 20 April 2000 and 22 June 2001 respectively (copies of which are available on request from GKN's Corporate Centre) and are available on GKN's website at www.gkn.com.

(b) Being the first day of trading of the 'B' shares.

(c) Being the first day of trading of the Brambles ordinary shares. From this date, the market price of GKN ordinary shares reduced to reflect the value of the businesses demerged into the Brambles Group.

(d) Adjusted for subsequent rights and capitalisation issues (prior to the issue of 'B' shares on 30 May 2000) and the two for one GKN ordinary share split in May 1998.

(e) If the GKN ordinary shares in respect of which the 'B' shares/Brambles ordinary shares were issued were held by you on 6 April 1965 or 31 March 1982, you will be deemed to have also held the 'B' shares/Brambles ordinary shares on such date. In such cases, the 1965/1982 market values (adjusted as described in note (d)) are apportioned between GKN ordinary shares and 'B' shares and, if you also received Brambles ordinary shares, between GKN ordinary shares and Brambles ordinary shares using the relative percentages specified above in respect of the first day of trading market values. The apportioned market values are shown in the table.

Note: Following the unification of Brambles' dual listed companies structure and with effect from 24 November 2006, outstanding Brambles Industries plc shares were exchanged for the same number of shares in Brambles Ltd (Australia). Brambles Ltd shares are traded on the London Stock Exchange as Brambles Ltd Crest Depositary Interests (CDIs).

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The interim results were announced on 2 August 2007. This Interim Report was published on 9 August 2007.

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www.gkn.com