Rotork p.l.c.

2012 Half Year Results

	HY 2012	HY 2011	% change	OCC *[2] % change
Revenue	**£245.9m**	£199.4m	+23.3%	+17.1%
Adjusted*[1] operating profit	**£61.7m**	£50.3m	+22.8%	+17.0%
Profit before tax	**£58.1m**	£49.6m	+17.2%	+16.9%
Adjusted*[1] profit before tax	**£61.7m**	£50.7m	+21.9%	+16.2%
Basic earnings per share	**47.8p**	40.9p	+16.9%	+17.1%
Adjusted*[1] basic earnings per share	**50.8p**	41.7p	+21.8%	+16.5%
Interim dividend	**16.40p**	14.50p	+13.1%	

*[1] Adjusted figures are before the amortisation of acquired intangible assets
*[2] OCC is organic constant currency

Key Points

- Record first-half revenue and profit in each division
- Order intake up 18.2%
- Order book at a record high of £177.7m, up 13.0% from December
- Successful integration of 2011 acquisitions
- New product launches in each division, including IQ3 in Controls
- Continued investment for growth
- Interim dividend increased by 13.1%

Peter France, Chief Executive, commenting on the results, said:

"Rotork has continued to perform well during these challenging economic conditions. Order intake, revenue and profit are at record levels. We continue to invest in our infrastructure, product development and sales coverage to support the longer term growth projections of the business and our continued expansion into the wider flow control market.

Whilst recognising the challenging economic environment, our record order book and diverse end market exposure provide the Board with confidence of achieving further progress in the full year. We are anticipating, as in previous years, that the Group's performance in 2012 will be weighted towards the second half and that margins will remain similar to those seen in 2011."

For further information, please contact:

Rotork p.l.c. Tel: 01225 733200
Peter France, Chief Executive
Jonathan Davis, Finance Director

FTI Consulting Tel: 020 7269 7291
Nick Hasell / Susanne Yule

Review of operations

Business Review

Rotork has performed well in the six months to 30 June 2012, with each division achieving record order intake, revenue and profit for a first half trading period. The order book is 13.0% higher than last December at £177.7m. Order intake was 18.2% higher than the comparator period, with the strongest growth in the Gears division. Revenue at £245.9m was up 23.3% and adjusted operating profit was 22.8% higher at £61.7m.

The global economic climate has impacted a number of our businesses and we have seen a slowdown in order placement in countries such as India and China. Nevertheless, we achieved record order intake in the first half of 2012, with our diverse end-user market and geographic coverage enabling us to focus on markets and geographies where growth is the strongest. The visibility of projects in the second half is good and we expect our markets in the Middle East, South America, USA and Russia to remain active.

Whilst revenues have been strong we have experienced some higher costs. Continued upgrade and investment in facilities, product launches and general inflationary pressures have all impacted the profit margin. We have also experienced a headwind in terms of currency in the period. This has been partially offset by operational gearing and has resulted in an adjusted operating margin of 25.1%. Revenue will be weighted to the second half of 2012 and for the full year we expect the adjusted operating margin to be similar to 2011.

On 28 June 2012 we completed the purchase of a new factory in Leeds that will house Rotork Gears and the main office of Rotork UK, our sales and marketing operation. We are anticipating a total capital cost, including purchase and fit-out of the building, to be in the region of £6m, representing the major capital project in the year. Due to this expansion, the refurbishment of our second facility in Bath, and other projects, such as the roll out of our new IT system, we anticipate capital spend for the year to be higher than last year at £12-14m.

Rotork Site Services, our after-sales and support activity, continues to grow. We have signed a number of preventative maintenance contracts in the period and continue to pursue further significant opportunities. We view investment in after-sales and support as a key differentiator in our ability to provide our customers with best in class products and services.

Rotork Instruments, the division created at the end of 2011 through the acquisition of Fairchild, has made a good start to the year, and is performing in line with expectations.

Financial results

The impact of last year's acquisitions on these results is significant, with £16m of incremental revenue in the period. However currency has been a headwind, reducing reported revenue by £4m. Our two main trading currencies have moved in opposite directions compared with the first half of last year, with the euro weakening 8% and the US dollar strengthening 2% relative to sterling. Revenue growth excluding acquisitions and restated at the exchange rates of the comparative period is therefore 17.1% rather than the headline 23.3% reported. The combined impact of currency and acquisitions on adjusted operating margin is minimal, increasing it by 10 basis points to 25.2%.

Net cash balances of £56m are £8m higher than December 2011, with the payment of the £20m final dividend the most significant outflow. Capital expenditure is first half weighted this year with £8m spent so far. Net working capital has increased £2m since last December and represents 25% of annualised revenue compared with 27% at the year end.

The Group effective tax rate remains similar to last year at 28.7%. Adjusted basic earnings per share is 50.8p, a 21.8% increase but due to the higher intangible amortisation charge following last year's acquisitions, the basic earnings per share is 47.8p, a 16.9% increase.

Operating Review

The first half of 2012 saw the launch of a number of important products which will fuel future organic growth. We also continued the integration of the six acquisitions we completed last year. Acquisitions remain an important part of our growth strategy and we continue to look for suitable companies or products that will support our long-term strategic and financial goals.

Rotork Controls

£m	H1 2012	H1 2011	Change	OCC*[2] Change
Revenue	146.2	129.4	+13.0%	+11.4%
Adjusted*[1] operating profit	46.6	42.9	+8.7%	+8.2%
Adjusted operating margin	31.9%	33.1%	-120 bps	-90 bps

Order intake was a record in the first half, 7.1% higher than the first half of last year, resulting in an order book of £95.9m, 5.1% ahead of last December. Growth in Asia and the Far East has slowed as activity in India and China remained subdued in the second quarter. However, there was stronger growth in our markets in the USA, Latin America and Russia, whilst Australia has started to see the benefit of unconventional gas projects, leading to increased sales of Rotork Process Control (RPC) actuators. China and India are traditionally strong power markets for Rotork, and as we have seen this market slow, sales efforts in those countries have switched to the more active oil and gas and water markets. At the same time, there has been good growth in the water market in the UK and USA.

During the period, we launched our next generation flagship electric actuator, the IQ3, which brings a number of enhancements to this key product. The RPC range has also been expanded with the launch of the CMA, extending the family of process control actuators. We have received the first orders for both these products and deliveries will start in the second half. We have also moved into our new plant in Chennai, India, with both the factory and RIDEC (Rotork Innovation Design and Engineering Centre) teams now housed together in a world-class facility.

Our investment in product development and launches, facilities and people to support further growth has led to a reduction in divisional operating margin compared with the previous year. These investments are important for the long-term growth of the division and will enable us to maintain our market leadership and technological advantage by combining the most innovative product range with unmatched local support.

Rotork Fluid Systems

£m	H1 2012	H1 2011	Change	OCC*[2] Change
Revenue	71.4	53.1	+34.6%	+31.3%
Adjusted*[1] operating profit	9.2	4.9	+88.0%	+91.3%
Adjusted operating margin	12.9%	9.2%	+370 bps	+420 bps

This division had the highest revenue growth in the period, up 34.6%, partly because 2011 was very second half weighted. Order intake was 26.2% ahead of the comparative period and 14.2% ahead of the second half of last year with the order book a record at £69.0m, 21.0% higher than December.

The growth has been geographically broad based, with oil and gas still the dominant end market. Russia and Australia have been positive as has China, where our RFS sales channels are less well developed. In Mexico we have made the first deliveries on the large pipeline order which we won last year and Flow-Quip, our US liquid pipelines business, has had a strong start to the year. K-Tork, the business in Dallas, USA, which we purchased last July, has made a positive contribution in the period and its products have now been launched to our global sales teams. Overall, North America and Asia Pacific were the fastest growing regions, with Asia Pacific overtaking the Middle East as the largest end destination.

The operating margin for RFS was 12.9%, a 370 basis points improvement on the comparable period last year. Investment in facilities, product development and product launches in the period have added cost but our target margin for this division remains 15%.

Rotork Gears

£m	H1 2012	H1 2011	Change	OCC*[2] Change
Revenue	25.3	21.5	+18.1%	+17.5%
Adjusted*[1] operating profit	5.6	4.7	+19.7%	+18.6%
Adjusted operating margin	22.0%	21.7%	+30 bps	+20 bps

Gears order intake was a record half year increasing 29.7%, with all of our Gears operations experiencing good growth. This resulted in a closing order book of £11.8m, a 49.4% increase from December. The highest growth was in the domestic Chinese market, supplied by our Shanghai factory, and for the subsea and larger gearboxes supplied by our factory in Italy.

In Houston, because the Gears operation has already outgrown its facility, additional space has now been taken on to allow further development of the stocking and finishing centre to serve the US market. This will provide the capacity to target new key accounts whilst maintaining service levels. Elsewhere Gears has also been expanding its sourcing team, which will ensure continued close control of material costs, and increasing the number of R&D engineers, which will accelerate the rate of product development. A new manual gearbox range was launched in the period which will generate new business in the second half.

Rotork Instruments

£m	H1 2012
Revenue	8.3
Adjusted*[1] operating profit	2.7
Adjusted operating margin	32.6%

Rotork Instruments was created at the end of 2011 with the acquisition of Fairchild and has made a good start to the year, performing in line with expectations. With sales into a number of end markets not served by the other divisions, the introduction of Instruments accounts for the increase in sales to the range of end markets we classify as Other. Integration of the business is proceeding to plan and progress is being made in developing the sales channels and supporting purchasing and product development initiatives.

Principal risks and uncertainties

The Group has an established risk management process as part of the corporate governance framework set out in the 2011 Annual Report & Accounts. We regularly review the principal risks and uncertainties facing our businesses and examine the potential impacts on our processes and procedures. The risk management process is described in detail on pages 26 and 27 of the 2011 Annual Report & Accounts. We identify risks in the form of strategic, operational and financial risks and set out mitigations and improvements to our processes and procedures as necessary to adapt to these.

The Group has reviewed these risks and concluded that they remain applicable to the second half of the financial year. The risks identified include volatility of exchange rates and political instability in a key end-market and in this context the Board continues to carefully monitor developments in the Eurozone. Whilst we do not have a direct presence in Greece, we do have facilities in many other Eurozone countries, including Spain and Italy, and the Eurozone represents an important customer base, with approximately 30% of our revenues euro denominated. Our hedging policy in respect of the euro is unchanged and we continue to cover up to 75% of our forecast currency exposure using forward contracts. However, we have reduced the cash we hold in euros, returning this to the UK and converting to sterling.

We believe that the broad spread of geographic markets which we serve limits the risks associated with instability in any given territory and we will continue to monitor developments to ensure that we are well-placed to mitigate the effects of any instability if it arises.

The Board

In May 2012 we welcomed Sally James to the board of Rotork plc. as a non-executive director. Sally is also a non-executive director of UBS Limited and UBS Securities France SA, Towry Ltd and a Governor of the College of Law London. She is an independent Member of Council of the University of Sussex and chairs its Audit Committee. Previously Sally held a number of senior legal roles in Investment Banks in London and Chicago including Managing Director and General Counsel for UBS Investment Bank. She has also held the position of Bursar at Corpus Christi College, Cambridge. Sally is a member of the Audit, Remuneration and Nomination Committees.

Statement of Directors' Responsibilities

The Directors confirm that this condensed consolidated interim financial information 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, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Rotork p.l.c. are listed in the Rotork p.l.c. Annual Report & Accounts for 31 December 2011 with the exception of Sally James who joined the Board in May 2012. A list of current directors is maintained in the About Us section of the Rotork website: www.rotork.com.

Dividend

The interim dividend is to be increased by 13.1% to 16.4p per ordinary share and will be paid on 28 September 2012 to shareholders on the register at the close of business on 31 August 2012. Our dividend policy remains to grow core dividends generally in line with earnings and then supplement core dividends with additional dividends when projected cash requirements show we are able to do so. The 2011 final dividend of 22.75p per ordinary share was paid on 21 May at a cash cost of £19.7m.

Outlook

Whilst recognising the challenging economic environment, our record order book and diverse end market exposure provide the Board with confidence of achieving further progress in the full year. We are anticipating as in previous years that the Group's performance in 2012 will be weighted towards the second half and that margins will remain similar to those seen in 2011.

By order of the Board

Peter France
Chief Executive
30 July 2012

Consolidated Income Statement

Unaudited

	Notes	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Revenue	2	**245,871**	199,415	447,833
Cost of sales		**(129,992)**	(104,846)	(236,359)
Gross profit		**115,879**	94,569	211,474
Other income		**62**	37	194
Distribution costs		**(2,395)**	(1,726)	(4,020)
Administrative expenses		**(55,416)**	(43,651)	(95,589)
Other expenses		**(13)**	(11)	(59)
Operating profit before the amortisation of acquired intangible assets		**61,745**	50,273	115,921
Amortisation of acquired intangible assets		**(3,628)**	(1,055)	(3,921)
Operating profit	2	**58,117**	49,218	112,000
Financial income	3	**3,483**	3,765	7,590
Financial expenses	3	**(3,485)**	(3,381)	(7,040)
Profit before tax		**58,115**	49,602	112,550
Income tax expense	4			
UK		**(4,989)**	(3,939)	(9,728)
Overseas		**(11,715)**	(10,324)	(22,421)
		(16,704)	(14,263)	(32,149)
Profit for the period		**41,411**	35,339	80,401
		pence	pence	pence
Basic earnings per share	6	**47.8**	40.9	93.0
Adjusted basic earnings per share	6	**50.8**	41.7	96.2
Diluted earnings per share	6	**47.6**	40.8	92.6

Consolidated Statement of Comprehensive Income and Expense

Unaudited

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Profit for the period	**41,411**	35,339	80,401
Other comprehensive income and expense			
Foreign exchange translation differences	**(3,015)**	2,894	(2,484)
Actuarial loss in pension scheme net of tax	**-**	-	(8,499)
Effective portion of changes in fair value of cash flow hedges	**591**	(803)	207
Income and expenses recognised directly in equity	**(2,424)**	2,091	(10,776)
Total comprehensive income for the period	**38,987**	37,430	69,625

Consolidated Balance Sheet

Unaudited

	Notes	**30 June 2012 £000**	30 June 2011 £000	31 Dec 2011 £000
Property, plant and equipment		**36,379**	27,143	31,954
Intangible assets		**102,499**	46,717	106,784
Deferred tax assets		**12,993**	11,594	13,244
Derivative financial instruments		**545**	-	315
Other receivables		**1,490**	1,339	1,556
Total non-current assets		**153,906**	86,793	153,853
Inventories	*7*	**72,239**	58,121	62,928
Trade receivables		**91,558**	76,126	96,734
Current tax		**1,841**	1,899	988
Derivative financial instruments		**1,592**	521	677
Other receivables		**9,814**	8,723	8,461
Cash and cash equivalents		**56,185**	90,202	48,557
Total current assets		**233,229**	235,592	218,345
Total assets		**387,135**	322,385	372,198
Ordinary shares	*8*	**4,338**	4,335	4,338
Share premium		**7,905**	7,431	7,835
Reserves		**11,500**	18,292	13,924
Retained earnings		**220,793**	184,518	198,072
Total equity		**244,536**	214,576	224,169
Interest-bearing loans and borrowings		**160**	125	229
Employee benefits		**24,798**	16,920	28,142
Deferred tax liabilities		**12,305**	3,719	12,782
Provisions		**2,246**	1,796	2,218
Total non-current liabilities		**39,509**	22,560	43,371
Bank Overdraft		**-**	-	38
Interest-bearing loans and borrowings		**86**	23	85
Trade payables		**40,518**	31,431	38,742
Employee benefits		**6,502**	5,005	9,624
Current tax		**16,427**	15,186	13,225
Derivative financial instruments		**177**	1,001	614
Other payables		**34,979**	28,610	38,360
Provisions		**4,401**	3,993	3,970
Total current liabilities		**103,090**	85,249	104,658
Total liabilities		**142,599**	107,809	148,029
Total equity and liabilities		**387,135**	322,385	372,198

Consolidated Statement of Changes in Equity

Unaudited

	Issued equity capital £000	Share premium £000	Translation reserve £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
Balance at 31 December 2010	**4,334**	**7,389**	**14,100**	**1,644**	**457**	**175,927**	**203,851**
Profit for the period	-	-	-	-	-	35,339	35,339
Other comprehensive income							
Foreign exchange translation differences	-	-	2,894	-	-	-	2,894
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(803)	-	(803)
Total other comprehensive income	-	-	2,894	-	(803)	-	2,091
Total comprehensive income	-	-	2,894	-	(803)	35,339	37,430
Transactions with owners, recorded directly in equity							
Equity settled share based payment transactions net of tax	-	-	-	-	-	(671)	(671)
Share options exercised by employees	1	42	-	-	-	-	43
Own ordinary shares acquired	-	-	-	-	-	(2,184)	(2,184)
Own ordinary shares awarded under share schemes	-	-	-	-	-	3,157	3,157
Dividends	-	-	-	-	-	(27,050)	(27,050)
Balance at 30 June 2011	**4,335**	**7,431**	**16,994**	**1,644**	**(346)**	**184,518**	**214,576**
Profit for the period	-	-	-	-	-	45,062	45,062
Other comprehensive income							
Foreign exchange translation differences	-	-	(5,378)	-	-	-	(5,378)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	1,010	-	1,010
Actuarial loss on defined benefit pension plans net of tax	-	-	-	-	-	(8,499)	(8,499)
Total other comprehensive income	-	-	(5,378)	-	1,010	(8,499)	(12,867)
Total comprehensive income	-	-	(5,378)	-	1,010	36,563	32,195
Transactions with owners, recorded directly in equity							
Equity settled share based payment transactions net of tax	-	-	-	-	-	476	476
Share options exercised by employees	3	404	-	-	-	-	407
Own ordinary shares acquired	-	-	-	-	-	(1,001)	(1,001)
Dividends	-	-	-	-	-	(22,484)	(22,484)
Balance at 31 December 2011	**4,338**	**7,835**	**11,616**	**1,644**	**664**	**198,072**	**224,169**

Consolidated Statement of Changes in Equity (continued)

Unaudited

	Issued equity capital £000	Share premium £000	Translation reserve £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
Balance at 31 December 2011	**4,338**	**7,835**	**11,616**	**1,644**	**664**	**198,072**	**224,169**
Profit for the period	-	-	-	-	-	41,411	41,411
Other comprehensive income							
Foreign exchange translation differences	-	-	(3,015)	-	-	-	(3,015)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	591	-	591
Total other comprehensive income	-	-	(3,015)	-	591	-	(2,424)
Total comprehensive income	-	-	(3,015)	-	591	41,411	38,987
Transactions with owners, recorded directly in equity							
Equity settled share based payment transactions net of tax	-	-	-	-	-	(36)	(36)
Share options exercised by employees	-	70	-	-	-	-	70
Own ordinary shares acquired	-	-	-	-	-	(2,050)	(2,050)
Own ordinary shares awarded under share schemes	-	-	-	-	-	3,114	3,114
Dividends	-	-	-	-	-	(19,718)	(19,718)
Balance at 30 June 2012	**4,338**	**7,905**	**8,601**	**1,644**	**1,255**	**220,793**	**244,536**

Consolidated Statement of Cash Flows

Unaudited

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Profit for the period	**41,411**	35,339	80,401
Amortisation of acquired intangible assets	**3,628**	1,055	3,921
Amortisation of development costs	**464**	366	732
Depreciation	**2,567**	2,139	4,479
Equity settled share based payment expense	**877**	609	1,251
Net profit on sale of property, plant and equipment	**(38)**	(26)	(129)
Financial income	**(3,483)**	(3,765)	(7,590)
Financial expenses	**3,485**	3,381	7,040
Income tax expense	**16,704**	14,263	32,149
	65,615	53,361	122,254
Increase in inventories	**(10,456)**	(8,625)	(11,402)
Decrease / (increase) in trade and other receivables	**2,075**	(5,538)	(26,791)
Increase in trade and other payables	**1,183**	2,812	18,537
Difference between pension charge and cash contribution	**(3,242)**	(2,490)	(2,929)
Increase / (decrease) in provisions	**494**	(614)	(436)
(Decrease) / increase in employee benefits	**(3,224)**	(4,365)	1,692
	52,445	34,541	100,925
Income taxes paid	**(14,442)**	(9,307)	(27,754)
Cash flows from operating activities	**38,003**	25,234	73,171
Purchase of property, plant and equipment	**(7,649)**	(3,319)	(10,143)
Development costs capitalised	**(924)**	(492)	(1,328)
Proceeds from sale of property, plant and equipment	**74**	169	274
Acquisition of subsidiaries, net of cash acquired	**280**	(2,070)	(59,876)
Contingent consideration paid	**(150)**	-	(41)
Interest received	**403**	338	694
Cash flows from investing activities	**(7,966)**	(5,374)	(70,420)
Issue of ordinary share capital	**70**	42	450
Purchase of ordinary share capital	**(2,050)**	(2,184)	(3,185)
Interest paid	**(20)**	(20)	(117)
Repayment of amounts borrowed	**(49)**	-	(421)
Repayment of finance lease liabilities	**(25)**	(35)	(54)
Dividends paid on ordinary shares	**(19,718)**	(27,050)	(49,534)
Cash flows from financing activities	**(21,792)**	(29,247)	(52,861)
Net increase in cash and cash equivalents	**8,245**	(9,387)	(50,110)
Cash and cash equivalents at 1 January	**48,519**	97,881	97,881
Effect of exchange rate fluctuations on cash held	**(579)**	1,708	748
Cash and cash equivalents at end of period	**56,185**	90,202	48,519

Notes to the Half Year Report

1. Status of condensed consolidated interim statements, accounting policies and basis of significant estimates

General information

Rotork p.l.c. is a company domiciled in England.

The Company has its primary listing on the London Stock Exchange.

The condensed consolidated interim financial statements for the 6 months ended 30 June 2012 and 30 June 2011 are unaudited and the auditors have not reported in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The information shown for the year ended 31 December 2011 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, statutory accounts for the year ended 31 December 2011 were approved by the Board on 27 February 2012 and delivered to the Registrar of Companies. The Auditors' report on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 31 December 2011 are available from the Company's registered office or website, see note 15.

Basis of preparation

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as 'the Group').

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial information. In forming this view, the directors have considered trading and cash flow forecasts, financial commitments, the significant orderbook with customers spread across different geographic areas and industries and the significant net cash position.

1. Status of condensed consolidated interim statements, accounting policies and basis of significant estimates (continued)

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are discussed in the financial statements for the year ended 31 December 2011.

Accounting policies

The accounting policies applied and significant estimates used by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2011.

New accounting standards and interpretations

The amendments to IFRS 7 Financial Instruments: disclosures are applicable for the financial year ending 31 December 2012. Application of this standard has not had any material impact on the disclosures, net assets or results of the Group.

Recent accounting developments

The following standards and interpretations were issued but are not yet effective and have not been adopted as application was not mandatory for the year (and in some cases not yet endorsed for use in the EU):

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 (amendment) - Employee benefits
- IAS 1 Financial Statement presentation (amendments)

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the net assets or results of the Group.

2. Analysis by Operating Segment:

Half year to 30 June 2012

	Controls £000	**Fluid Systems £000**	**Gears £000**	**Instruments £000**	**Elimination £000**	**Unallocated £000**	**Group £000**
Revenue from external customers	**146,221**	**71,438**	**19,915**	**8,297**	**-**	**-**	**245,871**
Inter segment revenue	**-**	**-**	**5,419**	**-**	**(5,419)**	**-**	**-**
Total revenue	**146,221**	**71,438**	**25,334**	**8,297**	**(5,419)**	**-**	**245,871**
Operating profit before amortisation of acquired intangible assets	**46,611**	**9,182**	**5,575**	**2,702**	**-**	**(2,325)**	**61,745**
Amortisation of acquired intangibles assets	**(368)**	**(1,196)**	**(109)**	**(1,955)**	**-**	**-**	**(3,628)**
Operating profit	**46,243**	**7,986**	**5,466**	**747**	**-**	**(2,325)**	**58,117**
Net financing expense							**(2)**
Income tax expense							**(16,704)**
Profit for the period							**41,411**

Half year to 30 June 2011

	Controls £000	Fluid Systems £000	Gears £000	Instruments £000	Elimination £000	Unallocated £000	Group £000
Revenue from external customers	129,438	53,061	16,916	-	-	-	199,415
Inter segment revenue	-	-	4,543	-	(4,543)	-	-
Total revenue	129,438	53,061	21,459	-	(4,543)	-	199,415
Operating profit before amortisation of acquired intangible assets	42,861	4,885	4,658	-	-	(2,131)	50,273
Amortisation of acquired intangibles assets	(80)	(975)	-	-	-	-	(1,055)
Operating profit	42,781	3,910	4,658	-	-	(2,131)	49,218
Net financing income							384
Income tax expense							(14,263)
Profit for the period							35,339

Year to 30 December 2011

	Controls £000	Fluid Systems £000	Gears £000	Instruments £000	Elimination £000	Unallocated £000	Group £000
Revenue from external customers	277,957	132,624	35,816	1,436	-	-	447,833
Inter segment revenue	-	-	10,777	-	(10,777)	-	-
Total revenue	277,957	132,624	46,593	1,436	(10,777)	-	447,833
Operating profit before amortisation of acquired intangible assets	92,085	17,077	10,336	394	-	(3,971)	115,921
Amortisation of acquired intangibles assets	(890)	(2,277)	(18)	(736)	-	-	(3,921)
Operating profit	91,195	14,800	10,318	(342)	-	(3,971)	112,000
Net financing income							550
Income tax expense							(32,149)
Profit for the year							80,401

2. Operating segments (continued)

Revenue from external customers by location of customer

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
UK	**19,337**	15,033	25,703
Rest of Europe	**70,228**	60,326	148,513
USA	**54,869**	38,082	87,144
Other Americas	**21,784**	16,609	38,256
Rest of the World	**79,653**	69,365	148,217
	245,871	199,415	447,833

3. Net financial (expense) / income

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Interest income	**349**	359	746
Expected return on assets in the pension schemes	**3,005**	3,338	6,739
Foreign exchange gain	**129**	68	105
	3,483	3,765	7,590
Interest expense	**(59)**	(29)	(116)
Interest charge on pension scheme liabilities	**(3,197)**	(3,240)	(6,468)
Foreign exchange loss	**(229)**	(112)	(456)
	(3,485)	(3,381)	(7,040)

4. Income taxes

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ended 31 December 2012 is 28.7% (the effective tax rate for the year ended 31 December 2011 was 28.6%).

The Group continues to expect its effective corporation tax rate to be higher than the standard UK rate due to higher tax rates in the US, China, Canada, France, Germany, Italy, Japan and India.

5. Dividends

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
The following dividends were paid in the period per qualifying ordinary share:			
22.75p final dividend *(2011: 19.75p)*	**19,718**	17,065	17,097
14.5p interim dividend	**-**	-	12,543
Additional interim dividend of 11.5p paid June 2011	**-**	9,985	9,948
Additional interim dividend of 11.5p paid December 2011	**-**	-	9,946
	19,718	27,050	49,534
The following dividends per qualifying ordinary share were declared / proposed at the balance sheet date:			
22.75p final dividend	**-**	-	19,736
16.4p interim dividend declared *(2011: 14.5p)*	**14,229**	12,571	-
Additional dividend of 11.5p to be paid in December 2011	**-**	10,000	-
	14,229	22,571	19,736

The interim dividend of 16.4 pence will be payable to shareholders on 28 September 2012 to those on the register on 31 August 2012.

6. Earnings per share

Earnings per share is calculated using the profit attributable to the ordinary shareholders for the period and 86.6m shares *(six months to 30 June 2011: 86.5m; year to 31 December 2010: 86.5m)* being the weighted average ordinary shares in issue.

Diluted earnings per share is calculated using the profit attributable to the ordinary shareholders for the period and the weighted average ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares under the Group's option schemes, Sharesave plan and Long-term incentive plan.

Adjusted basic earnings per share is calculated using the profit attributable to the ordinary shareholders for the year after adding back the after tax amortisation charge.

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Net profit attributable to ordinary shareholders	**41,411**	35,339	80,401
Amortisation	**3,628**	1,055	3,921
Tax effect on amortisation at effective rate	**(1,043)**	(303)	(1,120)
Adjusted net profit attributable to ordinary shareholders	**43,996**	36,091	83,202
Weighted average number of ordinary shares during the year	**86,571**	86,476	86,486
Adjusted basic earnings per share	**50.8p**	41.7p	96.2p

7. Inventories

	30 June 2012 £000	30 June 2011 £000	31 Dec 2011 £000
Raw materials and consumables	**43,832**	35,075	40,609
Work in progress	**12,146**	10,131	13,209
Finished goods	**16,261**	12,915	9,110
	72,239	58,121	62,928

8. Share capital and reserves

The number of ordinary 5p shares in issue at 30 June 2012 was 86,763,000 (30 June 2011: 86,690,000; 31 December 2011: 86,750,000).

The Group acquired 101,010 of its own shares through purchases on the London Stock Exchange during the period, (30 June 2011: 128,162; 31 December 2011: 193,261). The total amount paid to acquire the shares was £2,050,000 (30 June 2011: £2,184,000; 31 December 2011: £3,185,000), and this has been deducted from shareholders equity. The shares are held in trust for the benefit of Directors and employees for future payments under the Share Incentive Plan and Long-term incentive plan. All issued shares are fully paid.

Awards under the Group’s long-term incentive plan and share investment plan vested during the period and 55,539 and 138,493 shares respectively were transferred to employees.

Employee share options schemes: options exercised during the period to 30 June 2012 resulted in 12,817 ordinary 5p shares being issued (30 June 2011: 8,731 shares), with exercise proceeds of £70,000 (30 June 2011: £43,000). The weighted average market share price at the time of exercise was £20.14 (30 June 2011: £17.19) per share.

9. Interest-bearing loans and borrowings

The following loans and borrowings were issued and repaid during the six months ended 30 June 2012:

	Year of maturity	**Interest rate**	**Carrying value £000**
Balance at 1 January 2012			314
Movement in the period:			
Loans	2012-16	0%	(49)
Repayment of finance leases	2012-15	3% - 8%	(25)
Exchange differences			6
Balance at 30 June 2012			**246**

10. Related parties

The Group has a related party relationship with its subsidiaries and with its directors and key management. A list of subsidiaries is shown in the 2011 Annual Report & Accounts. Transactions between key subsidiaries for the sale and purchase of products or between the subsidiary and parent for management charges are priced on an arms length basis.

Sales to subsidiaries and associates of BAE Systems plc, a related party by virtue of non-executive director IG King's directorship of that company, totalled £2,000 during the period to 30 June 2012 (First half 2011: £nil; Full year 2011: £29,000) and £2,000 was outstanding at 30 June 2012 (30 June 2011: £Nil; 31 December 2011: £Nil).

11. Key management emoluments

The emoluments of those members of the management team, including directors, who are responsible for planning, directing and controlling the activities of the Group are:

	First half 2012 £000	First half 2011 £000	Full year 2011 £000
Emoluments including social security costs	**2,138**	1,852	3,782
Post employment benefits	**227**	199	392
Share based payments	**591**	451	844
	2,956	2,502	5,018

12. Share-based payments

A grant of shares was made on 1 March 2012 to selected members of senior management at the discretion of the Remuneration Committee. The key information and assumptions from this grant were:

	Equity Settled TSR condition	**Equity Settled EPS condition**
Grant date	1 March 2012	1 March 2012
Share price at grant date	£20.71	£20.71
Shares / Share equivalents under scheme	59,993	59,993
Vesting period	3 years	3 years
Expected volatility	27.6%	27.6%
Risk free rate	0.5%	0.5%
Expected dividends expressed as a dividend yield	2.4%	2.4%
Probability of ceasing employment before vesting	5% p.a.	5% p.a.
Fair value	£12.49	£19.36

The basis of measuring fair value is consistent with that disclosed in the 2011 Annual Report & Accounts.

13. Events Post Balance Sheet Date

There have been no significant events after the 30 June 2012 which would materially impact either the Consolidated Income statement or the Consolidated Balance Sheet.

14. Shareholder information

This interim report is being sent to shareholders who requested it and copies are available to the public from the Registered Office at the address below. The interim report is also available on the Rotork website at www.rotork.com.

General shareholder contact numbers:

Shareholder General Enquiry Number (UK):	0871 384 2030
International Shareholders – General Enquiries:	(00) 44 121 415 7047

For enquires regarding the Dividend Reinvestment Plan (DRIP) contact:

The Share Dividend Team
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0871 384 2268

15. Group information

Secretary and registered office:
Stephen Rhys Jones
Rotork plc
Rotork House
Brassmill Lane
Bath
BA1 3JQ

Company website:
www.rotork.com

Investor Section:
http://www.rotork.com/en/investors/index/

16. Financial Calendar

31 July 2012	Announcement of half year financial results for 2012
29 August 2012	Ex-dividend date for 2012 interim dividend
31 August 2012	Record date for 2012 interim dividend
28 September 2012	Payment date for 2012 interim dividend