NEWS RELEASE

AVON RUBBER p.l.c.

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Strictly embargoed until 07.00 1 December 2005

Preliminary results for the year ended 30 September 2005

	30 Sept 2005 £Millions	30 Sept 2004 £Millions
TURNOVER	**239.7**	239.2
TOTAL OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION (i)	**7.6**	10.8
TOTAL OPERATING (LOSS)/PROFIT	**(1.3)**	10.1
PROFIT BEFORE TAX, EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION (i)	**6.1**	9.4
(LOSS)/PROFIT BEFORE TAX	**(2.8)**	8.7
(LOSS)/PROFIT AFTER TAX	**(3.7)**	7.0
(LOSS)/EARNINGS PER SHARE:		
Basic	**(14.1)p**	25.1p
Before exceptional items and goodwill amortisation (i)	**16.0p**	27.6p
Diluted	**(14.1)p**	23.5p
DIVIDENDS PER SHARE	**8.5p**	8.5p

NOTE:
(i) Management believes that reporting results before exceptional items and goodwill amortisation provides further information for an understanding of the Group's performance.

- **Improved year on year performance in Automotive**
  - **new global structure implemented**
- **Lower profits in Protection & Engineered Products, but**
  - **first production order placed on JSGPM**
  - **acquisition of ISI has created new business opportunities in Protection**
- **Board streamlined with reduced central management costs**
- **Dividend maintained**

Commenting on the results, Terry Stead, Chief Executive said: "The Group is in a period of transition as we begin to realise the growth opportunities from our Protection activities to alter the balance between Automotive and Protection and Engineered Products.

We now have a streamlined organisation focused on cash management and cost control. We shall continue to invest, particularly in the future Protection and Engineered Products opportunities and expect to deliver enhanced performance over the next two to three years."

For further enquiries, please contact:

Avon Rubber p.l.c	
Terry Stead, Chief Executive	020 7067 0700
Peter Slabbert, Finance Director	(until 2:00pm)
	From 2 December 01225 896871
(Local/Trade Press)	
Jayne Hunt	01225 896869
Weber Shandwick Square Mile	
Richard Hews	020 7067 0700
Rachel Taylor	
Stephanie Badjonat	

An analyst meeting will be held at 09.30 this morning at the offices of Weber Shandwick Square Mile, Fox Court, 14 Gray's Inn Road, London, WC1X 8WS.

NOTES TO EDITORS: Avon Rubber p.l.c. is an international polymer engineering group adding value through material, manufacturing and industry sector expertise. The Group is currently capitalised at approximately £48 million.

Avon is a significant supplier to the world's automotive, engineering, dairy and defence markets – manufacturing high performance elastomer products.

Introduction

As previously anticipated, most of our markets remained challenging during the year. We realised the projected benefits from our move to a global automotive business but, in a year of transition and investment in future growth, we have seen results eroded from some of our non automotive operations. Consequently, we achieved a profit before tax, goodwill amortisation and exceptional items of £6.1 million down from £9.4 million in 2004. After exceptional operating charges of £8.2 million (2004: £nil), we recorded a loss before taxation of £2.8 million (2004: profit £8.7 million).

Significant steps have been taken during the year, particularly in the final quarter, to deliver a more efficient and effective organisation. Automotive's transformation from separate North American and European businesses into a single global operation is now complete. Our non Automotive businesses have been grouped together as Protection and Engineered Products. The Board has been streamlined and we have reduced central management costs and devolved as many functions as possible to the businesses.

In Automotive it has been pleasing to see our strategy delivering improved year on year performance (before exceptional items) despite our markets remaining unrelentingly difficult. The new market facing global structure is enabling more efficient and cost effective management and an improved operating focus. This, combined with the continuing progress of our low labour cost operations, particularly in Portugal, Mexico and the Czech Republic together with successful new product introductions, has enabled sales to grow by 5.5% to £185.0 million (2004: £175.3 million) and operating profit before exceptional items to increase from £3.0 million in 2004 to £6.2 million in 2005.

In Protection & Engineered Products, we have seen substantially lower volumes with sales falling from £63.9 million in 2004 to £54.7 million in 2005. Sales of respirators, which had benefited significantly from higher than normal volumes in 2003 and 2004 as a result of the unsettled security environment, slowed considerably. This was further accentuated by the introduction of a new standard in the USA, with which Avon was required to comply. An upturn in the final quarter of our financial year, the receipt of the first production order under the Joint Services General Purpose Mask Programme (JSGPM) for production in 2006, the investment in new products and programmes during 2005 and the acquisition of International Safety Instruments Inc. (ISI) in June 2005 demonstrated positive progress for the future.

Results

Sales at £239.7 million were up from £239.2 million in 2004 with Automotive up by £9.7 million at £185.0 million and Protection & Engineered Products down £9.2 million at £54.7 million. Gross profit reduced from 16.3% in 2004 to 15.5% largely due to higher raw material and energy costs while operating expenses before exceptional items increased by 4.6%. As a result, operating profit, before exceptional items of £8.2 million (2004: £nil) and goodwill amortisation of £0.8 million (2004: £0.7 million), reduced by £3.2 million to £7.6 million (2004: £10.8 million). Operating loss after exceptional items and goodwill amortisation was £1.3 million (2004: profit £10.1 million).

Net interest increased to £2.5 million (2004: £2.2 million) as net borrowings increased and interest rates (in particular the US$) rose. Other finance income arising from the FRS17 pension accounting increased to £1.0 million (2004: £0.8 million). This resulted in a profit before tax and exceptional items of £5.3 million (2004: £8.7 million) and a loss on ordinary activities after exceptional items of £2.8 million (2004: profit of £8.7 million).

Exceptional charges of £8.2 million were incurred; £6.4 million related to the restructuring of our European Automotive operations including the factory closure of Calaf, Spain and the reorganisation of the Group's central and divisional management structures. £1.8 million related to bad debt provisions in respect of the MG Rover administration (announced in April 2005) and the Delphi Corporation (Delphi) Chapter 11 reorganisation of October 2005. The benefits of the various reorganisation activities (which are now complete) remain on course to be delivered in line with expectations.

The taxation charge represents an effective rate of 32% on profits before exceptional items (2004: 19%). This is a more normal rate, with the 2004 charge reduced by the recognition of deferred tax assets on taxation losses previously not recognised principally in respect of our now profitable business in Orizaba, Mexico. Future tax rates will be affected by the geographic split of profits.

Earnings per share before exceptional items and goodwill amortisation were 16.0p (2004: 27.6p) and basic loss per share was 14.1p (2004: earnings per share of 25.1p).

Four years of cash generation totalling £35.2 million had reduced our net debt to £29.7 million in 2004. In 2005, our focus on investment in future growth in Protection, in particular the cash cost acquisition of ISI of £11.4 million and the cash cost of the exceptional charge of £3.0 million resulted in net debt increasing by £22.0 million to £51.7 million (£2004: £29.7 million). Net capital expenditure (including capitalised development expenditure) of £11.0 million, was £1.2 million above depreciation and amortisation charges of £9.8 million. We accelerated our investment in future opportunities, particularly in the Protection business in the second half of the year. This programme of development will continue into 2006. Working capital increased by £5.7 million while trade working capital as a percentage of sales increased to 14.0% (2004: 12.1%) due to higher year on year final quarter sales.

Acquisition

As part of our strategy of developing the respiratory protection business to become a significant part of the Group, we announced the purchase of ISI in June (at a cost of $22.7 million). This acquisition provided the Group with key self-contained breathing apparatus (SCBA) technology used primarily by fire services. It complements our existing product range and provides expanded distribution networks. To date, ISI is performing in line with expectations and has already created opportunities to tender for further significant new defence programmes.

Automotive

A 5.5% increase in sales to £185.0 million (2004: £175.3 million) and a more than doubling in operating profit before exceptional items to £6.2 million (£2004: £3.0 million) reflects the success of our low cost manufacturing strategy, the benefits of a global automotive structure and our pursuit of operational excellence. This represents a significant achievement in a generally flat market. While material and energy costs showed large increases during the year, these were more than offset by our cost reduction programmes and continued growth in low labour cost areas.

In North America, sales rose from £73.1 million to £77.3 million with the water hose business, principally from Orizaba, Mexico, being the primary driver. Operating profit before exceptional items in North American Automotive increased to £3.9 million (2004: £3.7 million). The targeting of the “New Domestics” remains our long-term focus although we continue to have significant business with the traditional Big 3 (Ford, General Motors and Daimler Chrysler). Volumes to these customers held up reasonably well despite our customers’ generally weaker sales figures.

The launch of our new GREENbar™ fuel hose, designed to meet environmental regulations now applicable to small engines, exceeded expectations in the final quarter of the financial year. Continued growth is expected in 2006.

While the Chapter 11 reorganisation entered into by Delphi caused us to provide £0.7 million against outstanding receivables, we do not expect a significant impact going forward as they continue to trade at normal levels.

In European Automotive, operating profits (before exceptional items) of £2.3 million were £3.0 million above the £0.7 million loss in 2004 on sales of £107.7 million (2004: £102.2 million). The administration of MG Rover reduced sales in the second half by £1.5 million and resulted in a provision against stock and outstanding debt of £1.1 million (charged as an exceptional operating expense). Significant operating improvements, particularly in our French facility, as well as reduced overhead costs were the drivers of the improved performance. Development of our new water hose facility in Turkey has commenced and we expect it to come on stream early in calendar year 2006.

Protection & Engineered Products

Sales were down £9.2 million at £54.7 million (2004: £63.9 million) due to lower development income as we completed the System Development and Demonstration phase of the JSGPM programme in March 2005 and lower respirator and European dairy sales. This resulted in a disappointing performance from our UK facility. An operating profit (before exceptional items) of £0.7 million resulted (2004: £7.1 million) as we resourced for future growth opportunities and were unable to adjust overheads quickly enough to compensate for this fall in sales elsewhere. The overhead cost reduction of £2.5 million announced in July will help to alleviate this.

In Protection, we have continued to invest for the future in mask and filter production. The JSGPM move from development to production phase was delayed by new U.S. Government contracting procedures but we now have an initial low rate production contract and will commence manufacture in 2006.

We will also commence production of our newly developed rapid escape hood in early 2006 which we expect to generate considerable interest from the emergency services.

Order books are buoyant at our fabrications operation in Mississippi, particularly for its flexible liquid storage tanks. Improvements in manufacturing were, however, interrupted by the effects of hurricane Katrina. As a result, they recorded a disappointing outcome for the year although the outlook for 2006 remains encouraging.

Hi-Life in the USA achieved some growth in its mature market and continues to deliver excellent operational performance.

Dividend

The Board is recommending an unchanged final dividend of 4.8p per share (2004: 4.8p per share) which will be paid on 27 January 2006 to ordinary shareholders on the register on 13 January 2006. When added to the interim dividend of 3.7p per share (2004: 3.7p per share) the total dividend is unchanged at 8.5p per share (2004: 8.5p per share). The Board believes this is appropriate against the background of this year’s results, but is still committed to a progressive dividend policy.

Outlook

The Group is in a period of transition as we begin to realise the growth opportunities from our Protection activities to alter the balance between Automotive and Protection and Engineered Products.

Our automotive operations continue to perform well in tough markets and to generate cash. Our operation in Orizaba, Mexico is expected to see increasing levels of demand and we anticipate further growth for our GREENbar™ product. We are continuing our development of low cost operations with the opening of a facility in Turkey. Whilst recent indications, particularly in North America, mean that market conditions are likely to be even more demanding, we expect Automotive to generate the cash to fund our investment for future growth.

In Protection and Engineered Products, we have acquired ISI, have started delivery of the new US military respirator, developed and brought to production a new rapid escape hood and started investment in filter production. We expect JSGPM demand to grow progressively over the next two to three years, with significant volumes starting in the second half of 2006.

We now have a streamlined organisation focused on cash management and cost control. We shall continue to invest, particularly in the future Protection and Engineered Products opportunities and expect to deliver enhanced performance over the next two to three years.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2005

	Note	2005 Before exceptional items £'000	2005 Exceptional items (note 3) £'000	2005 Total £'000	2004 Total £'000
Turnover	2	**239,735**	**-**	**239,735**	239,212
Cost of sales		**(202,553)**	**-**	**(202,553)**	(200,110)
Gross profit		**37,182**	**-**	**37,182**	39,102
Net operating expenses (including £802,000 (2004: £681,000) goodwill amortisation)		**(30,460)**	**(8,158)**	**(38,618)**	(29,124)
Group operating (loss)/profit		**6,722**	**(8,158)**	**(1,436)**	9,978
Share of profits of joint venture and associate		**111**	**-**	**111**	138
Total operating (loss)/profit: Group and share of joint venture	2	**6,833**	**(8,158)**	**(1,325)**	10,116
Interest receivable		**193**	**-**	**193**	138
Interest payable		**(2,703)**	**-**	**(2,703)**	(2,345)
Other finance income		**1,010**	**-**	**1,010**	776
(Loss)/profit on ordinary activities before taxation		**5,333**	**(8,158)**	**(2,825)**	8,685
Taxation	4	**(1,715)**	**841**	**(874)**	(1,658)
(Loss)/profit on ordinary activities after taxation		**3,618**	**(7,317)**	**(3,699)**	7,027
Minority interests		**(115)**	**-**	**(115)**	(389)
(Loss)/profit for the financial year		**3,503**	**(7,317)**	**(3,814)**	6,638
Dividends	5	**(2,341)**	**-**	**(2,341)**	(2,245)
Retained (loss)/profit for the financial year		**1,162**	**(7,317)**	**(6,155)**	4,393
Rate of dividend				**8.5p**	8.5p
(Loss)/earnings per ordinary share	6				
Basic				**(14.1)p**	25.1p
Before exceptional items		**13.0p**			25.1p
Before goodwill amortisation and exceptional items		**16.0p**			27.6p
Diluted				**(14.1)p**	23.5p

All of the Group's turnover and operating (loss)/profit was generated from continuing activities.

There is no material difference between the profit as stated above and that calculated on an historical cost basis.

CONSOLIDATED STATEMENT
OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 September 2005

	2005 **£'000**	2004 £'000
(Loss)/profit for the year	**(3,814)**	6,638
Actuarial gain/(loss) recognised in retirement benefit schemes	**3,974**	(1,083)
Movement on deferred tax relating to retirement benefit liabilities	**(6,275)**	330
Net exchange difference on overseas investments	**606**	(672)
Total recognised (losses)/gains for the year	**(5,509)**	5,213

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for the year ended 30 September 2005

	2005 **£'000**	2004 £'000
Opening shareholders' funds as previously stated	**63,751**	80,728
Prior year adjustment	**-**	(20,318)
Opening shareholders' funds restated	**63,751**	60,410
(Loss)/profit for the year	**(3,814)**	6,638
Dividends	**(2,341)**	(2,245)
Actuarial gain/(loss) recognised in retirement benefit schemes	**3,974**	(1,083)
Movement on deferred tax relating to retirement benefit liabilities	**(6,275)**	330
Movement in respect of employee share scheme	**(620)**	(19)
Goodwill resurrected on disposal of subsidiary	**-**	392
New share capital subscribed	**297**	-
Net exchange difference on overseas investments	**606**	(672)
Closing shareholders' funds	**55,578**	63,751

CONSOLIDATED BALANCE SHEET
At 30 September 2005

	2005	2004 (restated see note 1)
	£'000	£'000
Fixed assets		
Intangible assets	**25,715**	14,595
Tangible assets	**83,715**	85,330
Investments	**146**	68
	109,576	99,993
Current assets		
Stocks	**24,004**	20,983
Debtors - amounts falling due within one year	**51,963**	44,137
Debtors - amounts falling due after more than one year	**604**	617
Investments	**5,017**	4,118
Cash at bank and in hand	**3,902**	5,767
	85,490	75,622
Creditors		
Amounts falling due within one year	**(85,293)**	(71,934)
Net current assets	**197**	3,688
Total assets less current liabilities	**109,773**	103,681
Creditors		
Amounts falling due after more than one year	**(25,909)**	(15,332)
Provisions for liabilities and charges	**(6,865)**	(4,294)
	(32,774)	(19,626)
Net assets excluding pension liability	**76,999**	84,055
Pension liability	**(20,656)**	(19,654)
Net assets including pension liability	**56,343**	64,401
Capital and reserves		
Share capital	**28,121**	27,824
Share premium account	**34,070**	34,070
Revaluation reserve	**1,751**	2,213
Capital redemption reserve	**500**	500
Profit and loss account	**(8,864)**	(856)
Equity shareholders' funds	**55,578**	63,751
Minority interests (equity interests)	**765**	650
Capital employed	**56,343**	64,401

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2005

	Note	2005 £000	2004 £000
Net cash flow from operating activities	7	**8,374**	21,728
Returns on investments and servicing of finance		**(2,687)**	(2,367)
Taxation			
Corporation tax paid		**(2,350)**	(1,994)
Capital expenditure and financial investment			
Net capital expenditure		**(7,072)**	(6,970)
Capitalised development expenditure		**(3,906)**	(2,384)
Acquisitions and disposals			
Sale of operations		**-**	1,884
Purchase of shares in subsidiary undertakings		**-**	(1,189)
Purchase of subsidiary undertaking		**(11,652)**	-
Cash acquired		**257**	-
Equity dividends paid		**(2,293)**	(2,172)
Net cash (outflow)/inflow before use of liquid resources and financing		**(21,329)**	6,536
Management of liquid resources			
Increase in investments treated as liquid resources		**(874)**	(270)
Financing			
Issue of ordinary share capital		**297**	-
Net movement in loans and finance leases		**20,058**	(7,690)
Purchase of own shares		**-**	(449)
Decrease in net cash		**(1,848)**	(1,873)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash		**(1,848)**	(1,873)
Net movement in loans and finance leases		**(20,058)**	7,690
Movement in liquid resources		**874**	270
Amortisation of loan issue costs		**(14)**	(92)
Exchange differences		**(986)**	2,340
Movement in net debt in the period		**(22,032)**	8,335
Net debt at the beginning of the period	8	**(29,687)**	(38,022)
Net debt at the end of the period	8	**(51,719)**	(29,687)

1. NOTES TO THE PRELIMINARY ANNOUNCEMENT

(a) The figures and financial information for the year ended 30 September 2005 do not constitute the statutory financial statements for that year. Those financial statements have not yet been delivered to the Registrar, nor have the auditors yet reported on them.

(b) The preliminary announcement has been prepared using accounting policies that are consistent with the policies detailed in the financial statements for the year ended 30 September 2004 (except as noted below), and was approved by the Board of Directors on 30 November 2005.

Warranty provisions of £1,946,000 (2004: £2,344,000) have been reclassified from creditors amounts falling due within one year to provisions for liabilities and charges as this presentation better reflects the nature of the underlying liabilities.

Amounts previously disclosed as other reserves relating to shares held by the ESOP trust have been reclassified as a deduction from the profit and loss reserve. The amount deducted in 2005 is £1,597,000 (2004: £977,000).

(c) The Company's existing bank facilities are in the process of being renegotiated. The Group has agreed commercial terms for these new facilities and the banks have confirmed their commitment to them based upon an agreed detailed term sheet. The Group and its lenders expect to complete legal documentation in the near future.

2. Segmental Information
for the year ended 30 September 2005

		2005 30 Sept 05 £'000	2004 30 Sept 04 £'000
a)	**Turnover by destination**		
	Europe	**130,448**	127,562
	North America	**104,548**	105,471
	Rest of World	**4,739**	6,179
		239,735	239,212
b)	**Turnover by origin**		
	Europe	**135,085**	135,067
	North America	**104,650**	104,145
		239,735	239,212
	Operating profit/(loss) by origin before exceptional operating items		
	Europe	**(365)**	1,903
	North America	**7,198**	8,213
		6,833	10,116
	Exceptional operating items		
	Europe	**(7,393)**	-
	North America	**(765)**	-
		(8,158)	-
	After exceptional operating items		
	Europe	**(7,758)**	1,903
	North America	**6,433**	8,213
		(1,325)	10,116
c)	**Turnover by business sector**		
	Automotive components	**185,028**	175,308
	Protection & Engineered Products	**54,707**	63,904
		239,735	239,212
	Operating profit by business sector before exceptional operating items		
	Automotive components	**6,157**	2,996
	Protection & Engineered Products	**676**	7,120
		6,833	10,116
	Exceptional operating items:		
	Automotive components	**(7,203)**	-
	Protection & Engineered Products	**(955)**	-
		(8,158)	-
	After exceptional operating items		
	Automotive components	**(1,046)**	2,996
	Protection & Engineered Products	**(279)**	7,120
		(1,325)	10,116

3. The exceptional charge during the year ended 30 September 2005 consists of:

		£'000
Automotive		
Europe	Reorganisation costs	5,347
	Provision against MG Rover balances	1,091
North America	Reorganisation costs	65
	Provision against Delphi balance	700
Protection & Engineered Products		
Europe	Reorganisation costs	955
		8,158

The cash effect of the reorganisation costs was £3,000,000

4. The taxation charge based on the results for the year comprises:

	2005 £'000	2004 £'000
Current tax		
UK corporation tax on profits of the year at 30% (2004: 30%)	**-**	(128)
Overseas taxes	**1,237**	2,713
Over provision in previous years	**(62)**	(434)
	1,175	2,151
Deferred tax		
Origination and reversal of timing differences	**(301)**	(493)
	874	1,658

5. If approved, payment of the final dividend on the ordinary shares will be made on 27 January 2006 to shareholders on the register at the close of business on 13 January 2006. The total proposed final dividend will be £1,315,000 (2004: £1,268,000).

6. Basic loss per share amounts to 14.1p (2004: earnings 25.1p) and is based on a loss after taxation and deduction of minority interests of £3,814,000 (2004: profit £6,638,000) and 26,963,971 ordinary shares (2004: 26,472,000) being the weighted average of the shares in issue during the year.

Earnings per share before exceptional items amounts to 13.0p (2004: 25.1p) and is based on profit for the year (adjusted to add back exceptional items) of £3,503,000 (2004: £6,638,000).

Earnings per share before goodwill amortisation and exceptional items amounts to 16.0p (2004: 27.6p) and is based on profit for the year (adjusted to add back goodwill amortisation and exceptional items) of £4,305,000 (2004: £7,319,000).

The company has dilutive potential ordinary shares in respect of the Sharesave Option Scheme and Performance Share Plan. The diluted loss per share is not materially different to the basic loss per share.

Adjusted earnings per share figures have been calculated in addition to basic and diluted figures since, in the opinion of the directors, these provide further information for an understanding of the Group's performance.

7. Net cash flow from operating activities

	2005 £000	2004 £000
Operating (loss)/profit	**(1,325)**	10,116
Goodwill amortisation	**802**	681
Depreciation	**8,513**	8,935
Amortisation of development and loan issue costs	**1,317**	1,292
Movement in working capital and other provisions	**(84)**	249
Other movements	**(849)**	455
Net cash flow from operating activities	**8,374**	21,728

8. Analysis of net debt

	As at 1 Oct 04 £'000	Cash flow £'000	Amortisation of loan issue costs £'000	Exchange movements £'000	Acquisitions £'000	As at 30 Sep 05 £'000
Cash at bank and in hand	5,767	(2,183)	-	61	257	3,902
Overdrafts	(1,277)	78	-	(18)	-	(1,217)
Debt due after 1 year	(14,931)	(9,399)	(14)	(410)	-	(24,754)
Debt due within 1 year	(23,361)	(10,660)	-	(644)	-	(34,665)
Finance leases	(3)	1	-	-	-	(2)
Current asset investments	4,118	874	-	25	-	5,017
	(29,687)	(21,289)	(14)	(986)	257	(51,719)

9. Copies of the directors' report and the audited financial statements for the year ended 30 September 2005 will be posted to shareholders by 20 December 2005 and may be obtained thereafter from the Company's registered office at Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.