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NEWS RELEASE
24 February 2005

2004/05 Third Quarter Results
For the three months to 31 December 2004

Financial highlights

- Q3 trading in line with expectations
  - Sales for retained[1] businesses at £621 million (Q3 03/04: £637 million)
  - Operating profit[2] of retained businesses at £40 million (Q3 03/04: £26 million)
  - Operating margin[2] of retained businesses 6.4% after corporate costs (Q3 03/04: 4.1%)
  - Corporate costs reduced to £10 million (Q3 03/04: £15 million)
  - Gross debt reduced by £40 million assisted by currency movements

Chief Executive of Invensys, Rick Haythornthwaite, said:

"For the third consecutive quarter, we have delivered overall results that are in line with market expectations.

"The performance improvement programmes at Process Systems and APV are progressing well. A weaker than expected result from the recently merged Controls business was offset by generally better performances elsewhere in the Group.

"Expectations for the year as a whole remain unchanged."

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A conference call and webcast of the Group's third quarter results will take place at 9.00am today. The announcement and webcast presentation are available on www.invensys.com.

Summary Profit and Loss Account	Q3 04/05 £m	Q3 03/04 £m	9m 04/05 £m	9m 03/04 £m
Sales				
- Continuing[3] operations	**684**	701	**2,080**	2,217
- Discontinued[4] operations	**-**	213	**111**	741
- **Total Group**	**684**	914	**2,191**	2,958
- of which: **Retained businesses**	**621**	637	**1,875**	2,023
Operating profit/(loss)[2]				
- Continuing operations	**41**	17	**107**	98
- Discontinued operations	**-**	2	**(3)**	24
- **Total Group**	**41**	19	**104**	122
- of which: **Retained businesses**	**40**	26	**103**	117
Operating exceptional items	**(16)**	(20)	**(149)**	(152)
Goodwill				
- Goodwill amortisation	**(6)**	(12)	**(22)**	(43)
- Goodwill impairment	**-**	-	**(27)**	-
Disposals[5]				
- Profit on sale/closure	**-**	237	**175**	309
- Goodwill on disposal/closure	**-**	(243)	**(462)**	(402)
Net interest payable	**(32)**	(17)	**(101)**	(56)
Other finance charges – FRS17	**(3)**	(5)	**(11)**	(17)
Loss for financial period	**(24)**	(40)	**(501)**	(189)
(Loss)/earnings per share				
- Basic	**(0.4)p**	(1.1)p	**(8.8)p**	(5.4)p
- Total Group before exceptional items, goodwill amortisation and goodwill impairment	**(0.1)p**	(0.2)p	**(0.3)p**	0.6p

Notes:

1 *Retained businesses are Process Systems, Eurotherm, APV, Rail Systems and Controls*

2 *All references to operating profit and operating margin in this announcement are stated before exceptional items, goodwill amortisation and goodwill impairment*

3 *Continuing operations refers to retained businesses and Businesses for sale (principally Lambda and Baker)*

4 *Discontinued operations comprise Powerware, Hansen, Marcam and APV Baker Goldsboro in the first 9 months 04/05 and additionally Metering Systems, Baan & Teccor in FY 03/04*

5 *Disposals and closures of businesses and sale of fixed assets*

Safe Harbor

This announcement contains certain statements that are forward-looking. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by these statements and a number of factors could cause the results and developments to differ materially from those expressed or implied by these forward-looking statements.

Registered office

On Monday 7 March 2005, Invensys plc will be moving its corporate and registered office to the following address:

Portland House
Stag Place
London
SW1E 5BF

All telephone numbers and e-mail addresses remain unchanged.

Q3 results overview

Sales for the retained businesses were £621 million (Q3 03/04: £637 million), up 1% at constant exchange rates (CER). Operating profit was £40 million (Q3 03/04: £26 million), including a negative currency translation adjustment of £1 million, resulting in a Q3 operating margin of 6.4%.

Overall, Group sales for the quarter were £684 million, down 25% compared with Q3 last year, a reduction of 21% at CER. This was mainly due to disposals of businesses in the prior year and first half of the current year. Group operating profit was £41 million, compared with £19 million last year, reflecting strong performances at APV, Process Systems and Businesses for sale together with a reduction in corporate costs, partially offset by a weaker result at Controls.

Operating cash flow for the Group (before restructuring and payment of legacy liabilities) was an inflow of £30 million, representing a 73% cash conversion on operating profit. Free cash flow from operations (before the payment of legacy liabilities) was an inflow of £5 million. Legacy liability payments amounted to £5 million.

Overall, net debt reduced by £18 million to £758 million at 31 December 2004 driven by favourable currency movements. Gross debt fell by £40 million during Q3.

Outlook

The third quarter trading trends have continued into the final quarter. Actions are underway to address the weaker performance in Controls but its results for the full year are likely to be lower than originally anticipated. This weakness is being offset by better performances elsewhere in the Group. Therefore overall expectations for the year as a whole remain unchanged.

Operational review

Process Systems

	Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	**176**	175	**525**	550
Operating profit (£m)	**8**	1	**25**	15
Operating margin (%)	**4.5%**	0.6%	**4.8%**	2.7%

Process Systems continued to benefit from its commitment to technology investment over recent years and the increased customer confidence following the refinancing in March 2004, with good improvements in both orders and sales at CER (excluding IMServ). The 70-week performance improvement programme continues to deliver net productivity improvements, with the external consultant costs starting to fall in the fourth quarter of this financial year and ceasing by the second quarter of next year. The results for the third quarter also benefited from efforts to reduce the volatility of performance between quarters.

Buoyant conditions in EMEA and Latin America together with increasing demand in North America and Asia Pacific resulted in order intake during the third quarter at CER (excluding IMServ) being up 15% compared with Q3 03/04 and up 11% for the first nine months. Orders at CER from our seven largest key accounts rose by 33% during the first nine months and by 28% during Q3, which underpins confidence in the level of returns achievable from the investment in technology. Major orders in the third quarter included Pemex (Burgos Maintenance), Formosa Petrochemical, Lukoil-VNP, Hassi R Mel, Empresas CMPC-Compania Manufacturera de Papeles y Cartones, WE Energies, BASF FINA Petrochem and Cherkassy AZOT.

Third quarter sales, excluding IMServ, were up 9% at CER. The increase in year-on-year sales is mainly due to higher sales in EMEA and North America as well as an improvement in the products business. Year-to-date sales, excluding IMServ, were up 6% at CER compared to last year, reflecting particularly strong growth in Asia Pacific and EMEA, notably in developing regions such as Russia, Kazakhstan and the Middle East.

Sales at IMServ were down 28% at CER during the quarter, primarily reflecting the disposal of the FieldTech operations during the prior year.

An operating profit at Process Systems for the third quarter of £8 million (Q3 03/04: £1 million) resulted in an operating margin of 4.5%, compared to a margin of 0.6% for the same period last year. Much of the improvement came from higher volumes of hardware sales across all regions and an improvement in the sales mix with continued strength in the solutions business and Latin America. The strong trend was reflected in the operating profit for the first nine months of £25 million and an operating margin of 4.8%, compared with 2.7% last year.

Eurotherm

	Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	**31**	29	**91**	89
Operating profit (£m)	**4**	4	**11**	12
Operating margin (%)	**12.9%**	13.8%	**12.1%**	13.5%

Eurotherm produced another good performance despite the effect of adverse currency movements, which is being addressed through tight cost control and changes in supply chain management.

Orders for the third quarter increased by 8% at CER as Eurotherm's main markets continued to experience an upturn with a recovery in the USA and strong growth in Asia Pacific. Compared to Q2, orders were up 5% at CER helped by a rise in demand for systems in Europe.

Eurotherm sales in Q3 of £31 million were 10% higher at CER compared with last year, driven by an increase in demand in North America, continuing strong growth in Asia Pacific and strong systems sales in EMEA.

Operating profit at £4 million was up 26% at CER with an operating margin of 12.9%. This was due mainly to increased sales volume, pricing initiatives and improved supply chain management, partially offset by adverse transactional currency impacts mostly from the high level of Asia Pacific and US sales.

APV

	Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	**87**	88	**261**	281
Operating profit/(loss) (£m)	**7**	(7)	**1**	10
Operating margin (%)	**8.0%**	(8.0)%	**0.4%**	3.6%

APV showed a significant recovery in performance in the third quarter as the benefits of its 50-week performance improvement programme began to come through. Overheads were significantly reduced through the introduction of a single global approach and sales mix improved with renewed focus on aftermarket sales into its large installed customer base. APV has also been able to invest in new valve, heat exchanger and homogenizer product lines aimed at providing the same utility but at greatly reduced cost for developing markets.

Although orders for Q3 fell 24% at CER, this was driven predominantly by the cancellation of an £18 million order booked in Q2, the terms of which are being renegotiated in Q4. Project orders in EMEA declined during the quarter but were offset by growth in Latin America and strength in the heat transfer business, as well as the winning of a major contract from ABB Harbin City in China.

Q3 sales at £87 million were 3% higher at CER, primarily due to growth in Latin America and Asia Pacific. The heat transfer, valve and pump product lines have shown growth due to improved aftermarket service and industrial sales. This was partially offset by slower project sales in EMEA due to reduced capital spending. So far this year, EMEA aftermarket sales grew by approximately 15%, resulting in such sales now representing around 43% of EMEA turnover.

Operating profit at £7 million rose considerably (Q3 03/04: loss of £7 million) assisted by some one-off recoveries. The 50-week performance improvement programme has started to deliver on reducing overheads and the business also benefited from improved gross profit contribution due to stronger project margins in EMEA and the increased focus on the aftermarket. Additionally, the prior year period contained a £5 million legacy project accounting write-down in Japan.

Rail Systems

	Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	**100**	105	**307**	337
Operating profit (£m)	**14**	12	**40**	44
Operating margin (%)	**14.0%**	11.4%	**13.0%**	13.1%

Rail Systems produced a good operational performance in the period with strict cost control in line with the reduction in activity in its major markets of the UK and USA due to continuing order delays outside the Group's control.

The UK order book continued to fall due to delays in placing orders for large signalling renewals by Network Rail. In the USA, the Transportation Bill delay continued to impact orders for rail crossing renewals. Despite these delays, Q3 orders were 36% higher at CER compared with last year, driven by a number of major contract wins totalling over £100 million, such as the train control system for Metro Madrid, the High Speed line Cordoba-Malaga and RENFE Fuentes-Mora in Spain.

Rail Systems' Q3 sales at £100 million were 3% lower at CER compared to Q3 last year. As in Q2, this was mainly due to lower sales resulting from the early termination of a large North American logistics contract and lower UK sales.

Q3 operating profit was £14 million, an increase of 11% at CER compared to Q3 last year, while the operating margin rose to 14.0%, an improvement against prior year and against Q2 (Q3 03/04: 11.4%; Q2 04/05: 12.6%). The rise in margins compared to the prior year was due to an improved sales mix and a number of favourable contract completions, which offset significantly higher bonding and insurance costs.

Controls

		Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	- Climate	**137**	148	**423**	486
	- Appliance	**90**	92	**268**	280
	- Total	**227**	240	**691**	766
Operating profit (£m)	- Climate	**7**	17	**28**	50
	- Appliance	**10**	14	**34**	38
	- Total	**17**	31	**62**	88
Operating margin (%)	- Climate	**5.1%**	11.5%	**6.6%**	10.3%
	- Appliance	**11.1%**	15.2%	**12.7%**	13.6%
	- Total	**7.5%**	12.9%	**9.0%**	11.5%

The merger of the Climate and Appliance businesses has made good progress over the last three months with management structures in place and synergies identified. However operating performance was significantly affected by production issues in Mexicali which led to product recalls and a significantly increased order backlog. Although these issues have now largely been addressed, it is expected that there will be continued impact upon performance in the final quarter of the year and into the first few months of next year.

Third quarter orders of £221 million (Q3 03/04: £232 million) were flat at CER. Growth in EMEA and Latin America was offset by weaker performances in North America and Asia Pacific. Controls' sales in Q3 of £227 million were 1% lower at CER compared to Q3 last year. The reduction against the prior year was primarily due to the continued exit from low margin contracting businesses in the building management segment, mostly affecting sales in North America, the loss of specific contracts and the production issues in Mexicali. Modest sales growth was experienced in most other regions, with particular strength in EMEA.

Q3 operating profit was £17 million, a decrease of £12 million or 41% at CER. The reduction was due mainly to operational issues at the Mexicali plant and some temporary increases in management overheads to support the global restructuring and growth programmes, along with higher insurance and pension costs. These issues offset the increased demand in EMEA and Latin America.

Businesses for sale

	Q3 04/05	Q3 03/04	9m 04/05	9m 03/04
Sales (£m)	**63**	64	**205**	194
Operating profit/(loss) (£m)	**1**	(9)	**4**	(19)
Operating margin (%)	**1.6%**	(14.1)%	**2.0%**	(9.8)%

Businesses for sale principally relate to Lambda and Baker.

Combined Q3 sales were higher at CER. The businesses achieved an operating profit of £1 million for the quarter, compared with a combined loss of £9 million last year.

Lambda sales were higher at CER compared to Q3 last year, primarily due to increased activity in EMEA, although this was partially offset by product rationalisation in the UPS business and the effects of the Nagaoka earthquake. The benefits of the restructuring programmes are starting to have an impact as Q3 operating profit rose compared to the prior year.

Baker's sales were slightly lower at CER compared to Q3 last year, primarily due to lower orders from the biscuit and non-food sectors partially offset by increases in bakery and confectionary.

The sales processes for both businesses are underway and it is anticipated that both will be completed within the next twelve months.

Corporate costs

Reflecting management's drive to improve efficiency, corporate costs during the quarter were £10 million, down from £15 million last year and also lower than the £12 million incurred in Q2.

Financial summary

The Group has recorded a loss this quarter of £24 million compared with a loss of £40 million in Q3 03/04, reflecting improved operating performance. The loss for the nine months of £501 million compares to a loss of £189 million in the prior year, the variance mainly caused by an increased loss on the disposal of operations, higher interest charges and the absence of a tax credit in respect of prior years.

Basic loss per share for the quarter was 0.4p (Q3 03/04: loss 1.1p). Loss per share before exceptional items, goodwill amortisation and goodwill impairment was 0.1p (Q3 03/04: loss 0.2p). Basic loss per share for the nine months was 8.8p (Q3 03/04: loss 5.4p). Loss per share before exceptional items, goodwill amortisation and goodwill impairment was 0.3p (Q3 03/04: profit 0.6p).

Goodwill amortisation and goodwill impairment

Goodwill amortisation fell to £6 million for the quarter and to £22 million for the nine months (Q3 03/04: £12 million; 9m 03/04: £43 million) mainly reflecting the sale of Baan in the prior year and of the Powerware business in Q1 of the current year.

The nine months goodwill impairment charge of £27 million (9m 03/04: £nil) relates to the Meterpoint business within IMServ and was recorded in Q1.

Operating exceptional items

Operating exceptional items in the quarter comprise costs for the Group's restructuring programmes and transition costs. Restructuring costs for the quarter were £13 million (Q3 03/04: £14 million) with the bulk of the charge arising from restructuring projects at APV in EMEA and Controls in North America. Transition costs of £3 million (Q3 03/04: £6 million) include £2 million of personnel costs and £1 million of costs for professional fees and IT-related costs.

Operating exceptional items in the nine months totalled £149 million (9m 03/04: £152 million).

Corporate exceptional items

The corporate exceptional items charge for the quarter was £nil (Q3 03/04: £6 million). No disposals of business occurred during the quarter. For the nine months, the corporate exceptional charge was £287 million (9m 03/04: £93 million).

Net interest expense and taxation

The Q3 interest charge was £32 million (Q3 03/04: £17 million), giving an interest charge for the nine months of £101 million (9m 03/04: £56 million). This is similar to recent quarters but overall the rise in the interest charge compared to the prior year reflects the increased cost of borrowing under facilities agreed as part of the refinancing agreement.

The Q3 tax charge was £7 million compared to a prior year tax charge of £1 million that included a £4 million credit in respect of deferred taxation. The ordinary tax charge for the quarter is based on an allocation of the estimated tax charge for the full year. No tax relief has been attributed to restructuring and corporate exceptionals.

The nine months tax charge was £20 million (9m 03/04: £48 million tax credit).

Cash flow

Free cash inflow in the third quarter was £5 million before payment of legacy liabilities (Q3 03/04: outflow of £51 million). The improvement was driven by reductions in net capital expenditure and working capital outflows.

Net capital expenditure reduced to £15 million (Q3 03/04: £32 million), mostly as a result of the disposal of Hansen Transmissions where there had been a major investment in new facilities. The working capital outflow reduced to £11 million (Q3 03/04: £48 million) as the Group normalises working capital levels in the current year.

Payments made in respect of legacy liabilities of £5 million were made from funds raised in the March 2004 refinancing.

Indebtedness and financing

Net debt reduced at 31 December to £758 million (30 September 2004: £776 million). This reflects a break-even free cash flow after payment of legacy liabilities and is mostly due to the movement in exchange rates affecting the proportion of US dollar debt.

On 24 January 2005, the Group announced an offer to acquire its remaining outstanding 5.500% Notes due 2005 (the "Euro Notes") and 7.125% Notes due 2007 (the Dollar Notes"), to be financed partly from cash and partly from an offering of €65 million of 9.875% Senior Notes due 2011. €47.9 million of Euro Notes and $97.1 million of Dollar Notes were outstanding at the announcement of the offer, including €6.9 million of the Euro Notes already owned by the Group.

At the close of the offer on 22 February 2005, the Group had purchased, agreed to purchase or cancelled €12.8 million of the Euro Notes (including the €6.9 million referred to above) and $95.5 million of the Dollar Notes, leaving €35.1 million of the Euro Notes and $1.6 million of the Dollar Notes outstanding.

Pensions and other legacy liabilities

The Group's pension service cost charge to operating profit for Q3 was £12 million (Q3 03/04: £11 million) and other finance charges were £3 million (Q3 03/04: £5 million). Settlement and curtailment credits were £nil (Q3 03/04: charge of £2 million) and contributions of £12 million were made in the quarter (Q3 03/04: £35 million). Actuarial assessments of pension assets and liabilities have not been updated as at 31 December 2004; the next assessment will be at 31 March 2005. Overall the pension liability has reduced by £4 million to £596 million since Q2 and reduced by £10 million since 31 March 2004.

Other legacy liabilities reduced by £10 million in the quarter, resulting in an overall reduction of £64 million during the nine months. This included £19 million of planned spend against transition costs and a number of smaller settlements.

Notes to Editors:

About Invensys

Invensys is a global automation, controls and process solutions Group. Our products, services, expertise and ongoing support enable intelligent systems to monitor and control processes in many different environments. The businesses within Invensys help customers in a variety of industries - including hydrocarbons, chemicals, oil and gas, power and utilities, rail, construction, environmental control, white goods, telecommunications, paper, food and beverage, dairy, pharmaceuticals and personal care - to perform with greater efficiency, safety and cost-effectiveness.

Process Systems provides products, services and solutions for the automation and optimisation of plant operation in the process industries, such as hydrocarbons (oil and gas), chemicals, power and utilities and metals and mining. Process Systems technologies, including industry-leading brands such as Foxboro, Triconex, SimSci-Esscor and Wonderware, help to make plants function more efficiently and safely.

Process Systems occupies a top-three position in the DCS (Distributed Control System), safety, simulation and HMI (Human-Machine Interface – the software that represents plant information in a comprehensible form) markets; its products are installed in over 50,000 plants across the world.

Eurotherm is a leading global supplier of control, data and measurement solutions and services to industrial and process customers. Eurotherm helps many industries, including plastics, pharmaceuticals, food and beverage and glassmaking, to measure and control variables such as pressure and temperature and record vital data. Eurotherm's product range includes distributed process automation systems and machine control incorporating single and multi-loop control, operator displays, data management and graphic recorders.

APV's knowledge and expertise in the food, beverage, personal care, pharmaceutical and chemical industries has made it a leading supplier of process equipment, turnkey plant solutions and value-increasing services. With nearly 1,000 engineers and 700 sales personnel across 48 countries, APV delivers return on investment across the world and throughout plant life cycles.

Rail Systems is a multinational leader in the design, manufacture, supply, installation, commissioning and maintenance of safety-related rail signalling and control systems, as well as a complete range of rail signalling products. Working directly for rail authorities or with partners or contractors who provide other elements of a complete solution, Rail Systems businesses have established market-leading positions in the USA, UK and Spain.

Controls is a leading global provider of components, systems and services used in appliances, heating, air conditioning/cooling, refrigeration and safety products as well as building systems across a wide range of industries in residential and commercial markets. Controls has more than 16,000 employees and over 40 manufacturing locations worldwide.

Invensys also currently owns two businesses, Lambda and Baker, which are identified for sale.

Lambda is a leading producer of standard and modified power supplies for the industrial automation, test and measurement and telecommunications markets.

Baker provides equipment, services and complete process solutions to the bakery, biscuit, confectionery and snack industries.

The Invensys Group is listed on the London Stock Exchange. With over 35,000 employees operating in 60 countries, Invensys helps customers to improve their performance and profitability, building value for end users and shareholders alike.

Invensys plc
Third quarter announcement 2004/05

Consolidated profit and loss account (unaudited)

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Notes	Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
		Turnover			
2,080	2,217	Continuing operations		684	701
111	741	Discontinued operations		–	213
2,191	2,958		1	684	914
		Operating profit before exceptional items, goodwill amortisation and goodwill impairment			
107	98	Continuing operations		41	17
(3)	24	Discontinued operations		–	2
104	122		1	41	19
(149)	(152)	**Operating exceptional items**	3	(16)	(20)
(45)	(30)	**Operating (loss)/profit before goodwill amortisation and goodwill impairment**		25	(1)
(22)	(43)	Goodwill amortisation		(6)	(12)
(27)	–	Goodwill impairment		–	–
(94)	(73)	**Total operating (loss)/profit**	2	19	(13)
(89)	(66)	Continuing operations	2	19	(10)
(5)	(7)	Discontinued operations	2	–	(3)
(94)	(73)	**Total operating (loss)/profit**	2	19	(13)
		Corporate exceptional items			
–	(31)	Costs of closure		–	–
(1)	(4)	Loss on sale of fixed assets		–	(2)
(286)	(58)	Loss on disposal of operations	4	–	(4)
(381)	(166)	**(Loss)/profit on ordinary activities before interest and taxation**		19	(19)
(101)	(56)	Net interest payable and similar charges		(32)	(17)
(11)	(17)	Other finance charges - FRS 17		(3)	(5)
(493)	(239)	**Loss on ordinary activities before taxation**		(16)	(41)
(20)	48	Taxation on loss on ordinary activities	5	(7)	(1)
(513)	(191)	**Loss on ordinary activities after taxation**		(23)	(42)
12	2	Minority interests - equity		(1)	2
(501)	(189)	**Retained loss for the period**		(24)	(40)
(8.8) p	(5.4) p	**Loss per share (basic and diluted)**	6	(0.4) p	(1.1) p
(0.3) p	0.6 p	**(Loss)/earnings per share (total Group before exceptional items, goodwill amortisation and goodwill impairment)**	6	(0.1) p	(0.2) p
		Average exchange rates for the period			
1.83	1.65	US$ to £1		1.85	1.68
1.47	1.43	Euro to £1		1.45	1.43
197.41	189.14	Yen to £1		196.85	188.18

The results for the period have been translated into sterling at the appropriate average exchange rates.

Invensys plc
Third quarter announcement 2004/05

Consolidated balance sheet (unaudited)

31 March 2004 £m		Notes	31 December 2004 £m	31 December 2003 £m
	Fixed assets			
478	Intangible assets - goodwill		297	538
660	Tangible assets		446	726
1	Investments in associated undertakings		1	3
16	Other investments		16	18
1,155			760	1,285
	Current assets			
376	Stocks		299	417
1,043	Debtors: amounts falling due within one year		925	1,065
38	Debtors: amounts falling due after more than one year		38	89
20	Investments		14	22
566	Cash and short-term deposits	7	772	449
2,043			2,048	2,042
	Creditors: amounts falling due within one year			
(58)	Short-term borrowings		(41)	(459)
(1,065)	Other creditors		(943)	(1,117)
(1,123)			(984)	(1,576)
920	**Net current assets**		1,064	466
2,075	**Total assets less current liabilities**		1,824	1,751
	Creditors: amounts falling due after more than one year			
(1,494)	Long-term borrowings		(1,489)	(1,399)
(23)	Other creditors		(29)	(20)
(1,517)			(1,518)	(1,419)
(256)	Provisions for liabilities and charges		(223)	(308)
302	**Net assets excluding pension liability**		83	24
(606)	Pension liability		(596)	(712)
(304)		1	(513)	(688)
	Capital and reserves			
897	Called up share capital	8	57	875
440	Share premium account		440	15
83	Capital redemption reserve	8	923	83
2,509	Capital reserve		2,860	2,444
(4,398)	Profit and loss account		(4,940)	(4,283)
(469)	**Shareholders' deficit – equity**		(660)	(866)
165	**Minority interests – including non-equity**		147	178
(304)			(513)	(688)
	Period end exchange rates			
1.84	US$ to £1		1.92	1.77
1.50	Euro to £1		1.42	1.42
191.20	Yen to £1		199.14	189.65

The balance sheet has been translated into sterling at appropriate period end exchange rates.

Invensys plc
Third quarter announcement 2004/05

Consolidated cash flow statement (unaudited)

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Notes	Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
(6)	(169)	Net cash (outflow)/inflow from operating activities	7	30	(161)
(58)	(51)	Returns on investments and servicing of finance	7	(2)	(4)
(32)	(67)	Taxation	7	(13)	(17)
(43)	(91)	Capital expenditure and financial investment	7	(15)	(32)
365	417	Acquisitions and disposals	7	(6)	343
226	39	Cash inflow/(outflow) before use of liquid resources and financing		(6)	129
30	(11)	Management of liquid resources	7	(1)	37
		Financing			
(8)	30	(Decrease)/increase in debt	7	(3)	(106)
248	58	**Increase/(decrease) in cash in period**		(10)	60

Reconciliation of net cash flow to movement in net debt (unaudited)

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Notes	Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
248	58	Increase/(decrease) in cash in period		(10)	60
8	(30)	Cash outflow/(inflow) from decrease/(increase) in debt		3	106
(30)	11	Cash (inflow)/outflow from (decrease)/increase in liquid resources		1	(37)
226	39	Change in net debt resulting from cash flows	7	(6)	129
2	–	Transfer of facility costs from prepayments		–	–
(4)	–	Amortisation of facility fees within debt		(1)	–
4	108	Exchange movements	7	25	71
228	147	Movement in net debt in period		18	200
(986)	(1,556)	Net debt at beginning of period	7	(776)	(1,609)
(758)	(1,409)	**Net debt at end of period**	7	(758)	(1,409)

Consolidated statement of total recognised gains and losses (unaudited)

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
(501)	(189)	Loss for the period	(24)	(40)
23	79	Currency translation differences on foreign currency net investments, net of tax	40	65
(47)	89	Actuarial (loss)/gain recognised on pension schemes	–	–
(525)	(21)	**Total recognised (losses)/gains in the the period**	16	25
	(984)	Prior year adjustment - FRS 17		–
	(23)	Prior year adjustment - FRS 5		–
	(1,028)	**Total recognised (losses)/gains relating to the period**		25

Reconciliation of movements in consolidated shareholders' deficit (unaudited)

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
(501)	(189)	Loss for the period	(24)	(40)
23	79	Currency translation differences on foreign currency net investments, net of tax	40	65
1	2	Unvested restricted shares (UITF 17)	(1)	2
(47)	89	Actuarial (loss)/gain recognised on pension schemes	–	–
333	263	Goodwill written back on disposals and closures	–	233
(191)	244	**Net (increase)/decrease in shareholders' deficit for the period**	15	260
(469)	(103)	Opening shareholders' deficit (previously reported)	(675)	(1,126)
–	(984)	Prior year adjustment - FRS 17	–	–
–	(23)	Prior year adjustment - FRS 5	–	–
(469)	(1,110)	Opening shareholders' deficit (restated)	(675)	(1,126)
(660)	(866)	**Closing shareholders’ deficit**	(660)	(866)

Notes (unaudited)

1 Segmental analysis

	Turnover 9 months 2004/05 £m	Turnover 9 months 2003/04 £m	Operating profit * 9 months 2004/05 £m	Operating profit * 9 months 2003/04 £m	Turnover Q3 2004/05 £m	Turnover Q3 2003/04 £m	Operating profit * Q3 2004/05 £m	Operating profit * Q3 2003/04 £m
Business								
Process Systems	525	550	25	15	176	175	8	1
Eurotherm	91	89	11	12	31	29	4	4
APV	261	281	1	10	87	88	7	(7)
Rail Systems	307	337	40	44	100	105	14	12
Controls	691	766	62	88	227	240	17	31
Businesses for sale	205	194	4	(19)	63	64	1	(9)
Corporate costs	–	–	(36)	(52)	–	–	(10)	(15)
Continuing operations	2,080	2,217	107	98	684	701	41	17
Discontinued operations	111	741	(3)	24	–	213	–	2
	2,191	2,958	104	122	684	914	41	19
Geographical analysis by origin								
United Kingdom	319	322	22	32	104	109	10	9
Rest of Europe	564	564	34	40	198	190	13	11
North America	766	918	59	64	244	268	19	8
South America	56	46	8	6	22	18	3	4
Asia Pacific	327	330	18	6	103	105	5	(1)
Africa and Middle East	48	37	2	2	13	11	1	1
Corporate costs	–	–	(36)	(52)	–	–	(10)	(15)
Continuing operations	2,080	2,217	107	98	684	701	41	17
Discontinued operations	111	741	(3)	24	–	213	–	2
	2,191	2,958	104	122	684	914	41	19
Geographical analysis of turnover by destination								
United Kingdom	291	286			95	88		
Rest of Europe	565	567			199	193		
North America	737	907			233	280		
South America	63	53			23	21		
Asia Pacific	344	352			113	109		
Africa and Middle East	80	52			21	10		
Continuing operations	2,080	2,217			684	701		
Discontinued operations	111	741			–	213		
	2,191	2,958			684	914		

* Before exceptional items, goodwill amortisation and goodwill impairment.

Notes (unaudited)

1 Segmental analysis (continued)

	Net operating assets 9 months 2004/05 £m	Net operating assets 9 months 2003/04 £m	Net operating assets FY 2003/04 £m
Business			
Process Systems	328	372	354
Eurotherm	137	147	134
APV	105	95	87
Rail Systems	41	68	46
Controls	371	576	469
Businesses for sale	197	252	219
Corporate costs	(184)	(228)	(158)
Continuing operations	995	1,282	1,151
Discontinued operations	–	377	324
	995	1,659	1,475

	Net operating assets 9 months 2004/05 £m	Net operating assets 9 months 2003/04 £m	Net operating assets FY 2003/04 £m
Geographical analysis by origin			
United Kingdom	231	261	247
Rest of Europe	301	271	273
North America	351	563	419
South America	22	27	20
Asia Pacific	259	369	336
Africa and Middle East	15	19	14
Corporate costs	(184)	(228)	(158)
Continuing operations	995	1,282	1,151
Discontinued operations	–	377	324
	995	1,659	1,475
Borrowings	(1,530)	(1,858)	(1,552)
Cash and short-term deposits	772	449	566
Deferred tax	6	(58)	(6)
Taxation	(160)	(168)	(181)
Pension liability	(596)	(712)	(606)
Net liabilities per consolidated balance sheet	(513)	(688)	(304)

2 Total operating profit/(loss)

	Continuing operations Q3 2004/05 £m	Continuing operations Q3 2003/04 £m	Discontinued operations Q3 2004/05 £m	Discontinued operations Q3 2003/04 £m	Total Q3 2004/05 £m	Total Q3 2003/04 £m
Turnover	684	701	–	213	684	914
Cost of sales	(499)	(525)	–	(169)	(499)	(694)
Gross profit	185	176	–	44	185	220
Distribution costs	(5)	(11)	–	(2)	(5)	(13)
Administrative costs	(139)	(148)	–	(40)	(139)	(188)
Operating profit*	41	17	–	2	41	19
Operating exceptional items	(16)	(19)	–	(1)	(16)	(20)
Goodwill amortisation	(6)	(8)	–	(4)	(6)	(12)
Total operating profit/(loss)	19	(10)	–	(3)	19	(13)

The total restructuring costs of £13 million (Q3 2003/04: £14 million) together with transition costs of £3 million (Q3 2003/04: £6 million) and goodwill amortisation of £6 million (Q3 2003/04: £12 million) are classified as administrative costs, which therefore total £161 million (Q3 2003/04: £220 million).

	Continuing operations 9 months 2004/05 £m	Continuing operations 9 months 2003/04 £m	Discontinued operations 9 months 2004/05 £m	Discontinued operations 9 months 2003/04 £m	Total 9 months 2004/05 £m	Total 9 months 2003/04 £m
Turnover	2,080	2,217	111	741	2,191	2,958
Cost of sales	(1,535)	(1,640)	(91)	(563)	(1,626)	(2,203)
Gross profit	545	577	20	178	565	755
Distribution costs	(14)	(22)	(1)	(5)	(15)	(27)
Administrative costs	(424)	(457)	(22)	(149)	(446)	(606)
Operating profit/(loss)*	107	98	(3)	24	104	122
Operating exceptional items	(149)	(141)	–	(11)	(149)	(152)
Goodwill amortisation	(20)	(23)	(2)	(20)	(22)	(43)
Goodwill impairment	(27)	–	–	–	(27)	–
Total operating loss	(89)	(66)	(5)	(7)	(94)	(73)

* Before exceptional items, goodwill amortisation and goodwill impairment.

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Notes (unaudited)

3 Operating exceptional items

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
(41)	(60)	Restructuring costs	(13)	(14)
(15)	(74)	Transition costs*	(3)	(6)
(63)	(18)	Fixed asset impairment	–	–
(30)	–	Product recall costs**	–	–
(149)	(152)		(16)	(20)
		Restructuring costs by business		
(3)	(10)	Process Systems	(1)	(3)
(1)	(1)	Eurotherm	(1)	–
(11)	(3)	APV	(6)	–
–	(1)	Rail Systems	–	(1)
(17)	(15)	Controls	(3)	(6)
(6)	(13)	Businesses for sale	(1)	(2)
(3)	(6)	Corporate costs	(1)	(1)
(41)	(49)	Continuing operations	(13)	(13)
–	(11)	Discontinued operations	–	(1)
(41)	(60)		(13)	(14)
		Fixed asset impairment by business		
(60)	–	Controls	–	–
(1)	–	Businesses for sale	–	–
(2)	(18)	Corporate costs	–	–
(63)	(18)	Continuing operations	–	–
–	–	Discontinued operations	–	–
(63)	(18)		–	–

*Transition costs relate wholly to the corporate sector.

**Product recall costs are attributable wholly to the Controls business.

4 Loss on disposal of operations

The Group's loss on disposal of operations comprises the following:

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
168	318	Profit on assets divested	–	241
(462)	(374)	Charge of associated goodwill	–	(243)
8	(2)	Settlements and curtailments credit/(charge)	–	(2)
(286)	(58)		–	(4)

5 Taxation on loss on ordinary activities

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
(20)	(25)	Taxation on ordinary activities	(7)	(5)
–	64	Adjustments in respect of prior years	–	–
–	9	Deferred tax	–	4
(20)	48		(7)	(1)

Notes (unaudited)

6 (Loss)/earnings per share

9 months ended 31 December 2004	9 months ended 31 December 2003		Quarter ended 31 December 2004	Quarter ended 31 December 2003
		(Loss)/earnings per share (pence)		
(8.8) p	(5.4) p	Basic	(0.4) p	(1.1) p
(0.3) p	0.6 p	Total Group*	(0.1) p	(0.2) p
(8.8) p	(5.4) p	Diluted	(0.4) p	(1.1) p
		Average number of shares (million)		
5,687	3,500	Basic	5,687	3,500
		(Loss)/earnings (£m)		
(501)	(189)	Basic	(24)	(40)
		Total Group		
104	122	Operating profit*	41	19
(101)	(56)	Net interest payable	(32)	(17)
(11)	(17)	Other finance charges - FRS 17	(3)	(5)
(8)	49	Operating (loss)/profit less finance costs	6	(3)
(20)	(30)	Tax on operating (loss)/profit less finance costs	(7)	(5)
12	2	Minority interests	(1)	2
(16)	21		(2)	(6)

* Before exceptional items, goodwill amortisation and goodwill impairment.

The basic loss per share for the quarter has been calculated using 5,687 million shares (Q3 2003/04: 3,500 million), being the weighted average number of shares in issue during the quarter and the loss after taxation and minority interests of £24 million (Q3 2003/04: £40 million).

(Loss)/earnings per share is also calculated by reference to earnings for the total Group, before exceptional items, goodwill amortisation and goodwill impairment with an underlying tax charge of £7 million (Q3 2003/04: £5 million), since the directors consider that this gives a useful additional indication of underlying performance.

The diluted loss per share has been calculated in accordance with Financial Reporting Standard No 14: Earnings per share (FRS 14) without reference to adjustments in respect of certain share options which are considered to be anti-dilutive.

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Notes (unaudited)

7 Cash flow statement

9 months ended 31 December 2004 £m	9 months ended 31 December 2003 £m		Quarter ended 31 December 2004 £m	Quarter ended 31 December 2003 £m
		Reconciliation of operating (loss)/profit before interest and tax to net cash outflow from operating activities		
(94)	(73)	Total operating (loss)/profit	19	(13)
56	89	Depreciation charge	17	28
90	18	Provision for impairment charged to operating profit	–	18
22	43	Amortisation of goodwill	6	12
–	(3)	Cash costs of closures	–	(1)
(17)	(4)	(Increase)/decrease in stocks	1	9
16	(100)	Decrease/(increase) in debtors	28	(153)
(26)	(95)	Decrease in creditors and provisions	(41)	(37)
(53)	(44)	Movement in pensions	–	(24)
(6)	(169)	**Net cash (outflow)/inflow from operating activities**	30	(161)
		Analysis of cash flows for headings netted in the cash flow statement		
		Returns on investments and servicing of finance		
13	14	Interest received	5	4
(70)	(64)	Interest paid	(7)	(8)
(1)	(1)	Dividends paid to minority interests	–	–
(58)	(51)	**Net cash outflow for returns on investments and servicing of finance**	(2)	(4)
		Taxation		
(4)	(5)	UK corporation tax paid	(3)	(5)
(28)	(62)	Overseas tax paid	(10)	(12)
(32)	(67)	**Net cash outflow for tax paid**	(13)	(17)
		Capital expenditure and financial investment		
(45)	(98)	Purchase of tangible fixed assets	(17)	(33)
2	3	Sale of tangible fixed assets	2	1
–	4	Sale of trade investments	–	–
(43)	(91)	**Net cash outflow for capital expenditure and financial investment**	(15)	(32)
		Acquisitions and disposals		
(1)	(2)	Purchase of subsidiary undertakings	–	(1)
384	423	Sale of subsidiary undertakings	(6)	343
(18)	(4)	Net cash disposed of on sale of subsidiary undertakings	–	–
–	–	Purchase of minority interests	–	1
365	417	**Net cash inflow/(outflow) for acquisitions and disposals**	(6)	343
		Management of liquid resources		
30	(11)	Short-term deposits withdrawn/(made)	(1)	37
30	(11)	**Net cash inflow/(outflow) from management of liquid resources**	(1)	37
		Financing		
		Debt due within one year		
–	307	Increase in short-term borrowings	6	–
(15)	(7)	Repayment of short-term borrowings	–	(107)
		Debt due beyond one year		
103	37	Increase in long-term borrowings	–	–
(95)	(307)	Repayment of long-term borrowings	(9)	–
(1)	–	Capital element of finance lease repayments	–	1
(8)	30		(3)	(106)
(8)	30	**Net cash (outflow)/inflow from financing**	(3)	(106)

Notes (unaudited)

7 Cash flow statement (continued)

Analysis of changes to net debt

Third quarter

	At 1 October 2004 £m	Cash flow £m	Other movements* £m	Exchange movement £m	At 31 December 2004 £m
Cash at bank and in hand	669	(10)		(12)	647
Overdrafts	(1)	–		–	(1)
		(10)			
Debt due within one year	(33)	(6)		(1)	(40)
Debt due after one year	(1,534)	9	(1)	39	(1,487)
Finance leases	(2)	–		–	(2)
		3			
Short-term deposits	125	1		(1)	125
Total	(776)	(6)	(1)	25	(758)
Cash at bank and in hand	669				647
Short-term deposits	125				125
Cash and short-term deposits	794				772

*Other movements comprises £1 million amortisation of facility fees within debt.

9 months

	At 1 April 2004 £m	Cash flow £m	Other movements £m	Exchange movement £m	At 31 December 2004 £m
Cash at bank and in hand	409	245		(7)	647
Overdrafts	(4)	3		–	(1)
		248			
Debt due within one year	(53)	15		(2)	(40)
Debt due after one year	(1,492)	(8)	(2)	15	(1,487)
Finance leases	(3)	1		–	(2)
		8			
Short-term deposits	157	(30)		(2)	125
Total	(986)	226	(2)	4	(758)
Cash at bank and in hand	409				647
Short-term deposits	157				125
Cash and short-term deposits	566				772

8 Share capital

On 6 October 2004, 3,499,780,822 deferred shares of 24p were cancelled, in accordance with their terms of issue. This cancellation has resulted in a transfer of £840 million from share capital to the capital redemption reserve.

9 Financial statements

This unaudited results statement was approved by a duly appointed and authorised committee of the Board of directors on 23 February 2005. This statement does not comprise the statutory accounts of the Group, as defined in section 240 of the Companies Act 1985.

The financial information for the nine months and quarter ended 31 December 2004 has been prepared on the same basis of accounting as for the year ended 31 March 2004. The financial information is unaudited. The statutory accounts of Invensys plc for the year ended 31 March 2004 have been delivered to the Registrar of Companies. The auditors, Ernst & Young LLP, reported on those accounts and their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.