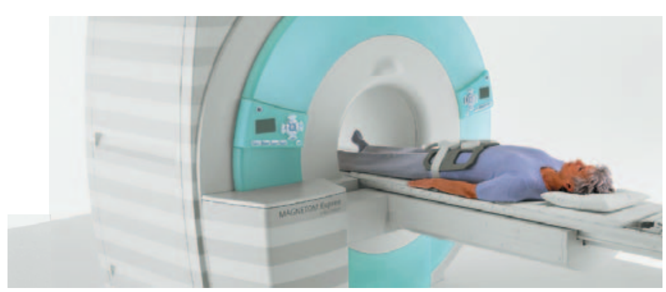
Avingtrans plc

engineering technology group

INTERIM REPORT

SIX MONTHS ENDED 30 NOVEMBER 2013



Avingtrans plc

("Avingtrans" or the "Group")

Interim results for the six months ended 30 November 2013

Avingtrans plc, which designs, manufactures and supplies critical components, modules and associated services to the aerospace, energy and medical sectors, today announces its interim results for the six months ended 30 November 2013.

Corporate Highlights
- Acquisition of Maloney Metalcraft from Exterran in July 2013, for a cash consideration of £1

Financial Highlights
- Revenue increased by 90% to £32.2m (H1 2013: £16.9m)
- Order book remains at record levels, driven mainly by Aerospace
- EBIT increased to £2.9m, including an overall net £1.3m profit from the Maloney acquisition (H1 2013: £0.3m)
- Profit after tax was £3.0m, including £1.7m net from the acquisition of Maloney (H1 2013: £6.5m, including £6.1m profit on disposal of Jena Tec)
- Diluted earnings per share from continuing operations was 10.4 pence per share (H1 2013: 1.5 pence per share).
- Cash generated from operations was £0.9m, before Maloney cash outflow £0.9m since acquisition (H1 2013: £0.3m)
- Continuing to invest in capability and capacity: £2.8m in the period (H1 2013: £1.6m)
- Net debt was £3.4m (31 May 2013: £2.9m). Gearing was unchanged, at 10%
- An enhanced Interim dividend of 0.9 pence per share (H1 2013: 0.7 pence)

Highlights of Continuing Operations
Aerospace growth boosted by acquisitions, with an increase in revenues of 110% versus H1 2013
- Full effect of Farnborough and Derby acquisitions in 2013 coming through
- Hinckley new product introduction site now fully operational
- C&H steady progress continues, with new "barrelling" capability bedding-in well
- Composites loss was much reduced and the EU "Clean Skies" project progresses to plan
- Pipe production in China commenced and was approved by Rolls Royce
- Quality & Delivery performance becoming best-in-class for key customers

Energy and Medical division revenues increased by 62%, boosted by the Maloney acquisition
- New Divisional MD and other senior management changes completed
- The acquisition of Maloney Metalcraft affords us critical mass in the Oil & Gas sector
- The Maloney potential prospect bank value is already in excess of £100m
- Metalcraft China £1.0m phase 1 investment completed. Production ramp up is being paced by demand from Siemens in China, this is taking longer than they had anticipated.
- Crown's markets are gradually improving and the business was close to break even in H1

Commenting on the results, Roger McDowell, Chairman, said:
"Our continuing clear focus on the Aerospace, Energy and Medical markets is already paying-off in the case of Aerospace, where acquisitions for Sigma in Derby and Farnborough are performing to expectations and the Composites business is improving. As we expected, it has been a busy first half at Energy and Medical, where integration of the Maloney acquisition and the Chinese operational expansion have fully occupied the new divisional MD and senior management team. Whilst it is too early to see the results of these activities at Maloney, investors will be pleased to note the substantial potential pipeline of business that is building there, with the current prospect bank exceeding £100m of opportunities. Crown's fortunes have also improved, with a close to break-even first half and an improving prospect bank. Our strategy is, therefore, on track and our confidence is underlined by our continued dividend progression."

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About Avingtrans plc:
Avingtrans has become a significant organisation in the design, manufacture and supply of critical components, systems and associated services to global industrial markets from **two divisions: Aerospace and Energy and Medical.**

Aerospace

Sigma Components Ltd – UK and China
Sigma is a market leader in rigid and flexible pipe assemblies and components for prestigious aerospace customers such as Rolls Royce, Safran and Meggitt. Sigma also manufactures precision prismatic components and composite components for the aerospace industry from its purpose-built facilities in the UK and Chengdu, China. Sigma Components operates from a number of sites, as follows:

Hinckley, UK: centre for rigid pipe assemblies and components and new product introduction.

Derby, UK: (formerly Aerotech Tubes): satellite facility to Hinckley, producing pipe assemblies

Farnborough, UK (formerly PFW): centre for fabrications, ducts and other complex assemblies

Chengdu, China: centre for precision prismatic components, now also producing pipe assemblies

Buckingham, UK: centre for composite parts and machining services to customers in Aerospace, F1/Motorsport and industrial markets.

Sandiacre, UK (C&H): centre for precision polishing and specialist finishing of aero-engine turbine blades, compressor blades and vanes for the power generation industries.

Energy and Medical

Stainless Metalcraft Ltd – Chatteris, UK and Chengdu, China
Provider of safety-critical equipment for the energy, medical, science and research communities, worldwide, specialising in precision pressure and vacuum vessels and associated fabrications, sub-assemblies and systems.

Maloney Metalcraft Ltd – Aldridge, UK (formerly Exterran UK)
Designs, manufactures and services oil and gas extraction and processing equipment, including process plant for dehydration, sweetening, drying and compression.

Crown International Ltd – Portishead, UK
Designs and manufactures market-leading pole and support systems for roadside signage and safety cameras, rail track signalling and gantries.

Chairman's Statement

Exciting times continue at Avingtrans, with the integration and improvement of three recent acquisitions, world-class supply chain initiatives, new manufacturing IT systems and further expansion in China all vying for attention. This represents a materially increased investment plan – a commitment of £2.8m this year already. The Company has invested accordingly in skills, with the addition of several new senior managers, including a new divisional Managing Director for Energy and Medical – Austen Adams. We are delighted to welcome these new recruits to Avingtrans.

The Aerospace acquisitions are already bedding-in well and helping us to build upon our market leading position. With Farnborough and also the Composites business improving their profitability in particular, the overall EBIT for the division is returning to respectable levels, though we are not complacent about this and we expect further improvement. The core Aerospace businesses have also performed in line with expectations, so the result here demonstrates pleasing progress. Customers are recognising Sigma as a valued partner, with best-in-class product quality and delivery performance and significant improvements being made in the last twelve months.

Turning to Energy and Medical, the volume of change in the first half means we are yet to see the financial results come through (excluding any one-off profits associated with the acquisition of Maloney from Exterran). New senior management, integration of Maloney and Metalcraft, reinvigoration of prospect pipelines and further investment in China for Siemens are all elements of an intense, synchronised change programme and we believe it will take until the next financial year for this to settle into a sustainably profitable trend that investors would be satisfied with.

Both divisions have enthusiastically embraced the government sponsored world-class supply chain initiative, "Sharing in Growth" (SiG) and we have been further assisted in this regard by our key customer, Rolls Royce. This multi-year programme sets both divisions on a path to excellence which we believe will enhance the long term sustainable returns for investors and cement us as a supply partner of choice for our major customers. We have grasped the opportunity to combine the SiG programme with the implementation of a major manufacturing systems upgrade across the Group.

Whilst all these simultaneous changes do create a certain strain on the organisation, we believe that this combination of improvements will optimise the performance of Sigma and Metalcraft and put the Group on a sustainable path to further profitable growth. If we did not embrace these changes, we believe that our future could be constrained by our current system and process limits. Hence the investment in strengthening our management teams, to accelerate the transformation.

Our commitment to the Civil Aerospace, Energy and Medical Imaging markets is resolute and these markets continue to provide an abundance of opportunities. The recently acquired Maloney business arrived with a very limited prospect pipeline, but we have already identified over £100m of opportunities in the Oil & Gas sector, as well as the early win of £3.5m of contracts from Porvair.

Excluding the exceptional one-off effects from Maloney, profits in the first half, were broadly in line with our expectations, with revenues up by 90% overall versus the first half of last year. We anticipate the usual stronger second half performances in revenues and margins, with Aerospace continuing to hone improvements from its greater scale of operations, Metalcraft's integration gaining traction, and assisted by a better performance by Crown, which is seeing steady market recovery.

The enhanced Interim dividend, once again demonstrates our commitment to a progressive dividend policy and improving overall shareholder returns.

Finally, on behalf of our customers and investors, I would like to take this opportunity to thank all of our employees for their hard work and dedication to deliver quality engineering products and services, especially at this time of significant change across the group.

Roger McDowell
Chairman
26 February 2014

Business Review
Group Performance

Revenue: Acquisitions coming through
Civil aerospace was the key driver of our increased revenues, which were up by 90% overall, to £32.2m (H1 2013: £16.9m), with the year on year effect of Farnborough and Derby being significant, as well as early revenue from Maloney.

Profit: Aerospace already improving, Energy and Medical in transition
Profit figures are supported by the "bargain profit" and initial operating losses associated with the acquisition of Maloney from Exterran. Aerospace profits were better than planned, with Farnborough and Composites showing significant improvement and further progress expected in the second half. The Energy and Medical division result was flattered by the Maloney one-off profit on the one hand, but offset by initial operating losses and activities surrounding the Maloney integration on the other. In the first half, the Metalcraft result also absorbed set-up costs in China for Siemens. Crown's result improved, with the business close to break-even in H1. Overall gross margins were temporarily down to 18.4 % (H1 2013: 23.3%), although excluding Maloney were 23.2%. EBIT increased to £1.6m, excluding the overall Maloney effect (H1 2013: £0.3m). The total profit for the first half, including Maloney, was £3.0m (H1 2013: £6.5m, including £6.1m from the sale of Jena Tec).

Earnings per Share (EPS): Underlying improvement continues
Adjusted diluted earnings per share for the period ending 30 November 2013 was 2.1 pence per share (H1 2013: 1.5 pence per share) based on weighted average number of shares of 28,327,057 (H1 2013: 26,940,368). Diluted earnings per share from continuing operations was 10.4 pence per share (H1 2013: 1.5 pence per share).

Funding and Liquidity: stable debt position
The net cash flow from operations was £Nil, after £0.9m cash outflow from Maloney (H1 2013: £0.3m).
Net debt at 30 November 2013 stood at £3.4m, (31 May 2013: £2.9m). ***Gearing*** was 10% - unchanged from the previous year end position.

Dividend: consistent progression
The Board has recommended an Interim dividend of 0.9 pence per share (H1 2013: 0.7 pence per share) which will be paid on 13 June 2014 to shareholders on the register at 6 June 2014, reinforcing our commitment to a progressive policy.

Operations
Aerospace Division (Sigma Components)
The global civil aerospace sector is sustaining its remarkable growth rate in 2014 and looks set to continue for the foreseeable future, driven by the replacement of obsolete aircraft by more fuel efficient, next generation models and by the continuing rise in air passenger traffic in Asia. This is putting strain onto the aircraft and engine makers, as well as their supply chains, notably in the UK, where civil aerospace is a strategically important market for the country as a whole.

The UK government recognised this and has put in place a world-class supply chain development initiative called "Sharing in Growth" (SiG), supported by the key industry players – notably Rolls Royce. Sigma is a proactive member of this programme and we anticipate using it to our benefit to streamline the business into a world class pipe, tube and duct supplier over the next three years. The expected SiG investment in our business amounts to over £2.0m, matched by our commitment in kind to training, development, process capability, etc.

Coupled with this programme, we are rolling out a new Enterprise Resource Planning (ERP) system called Epicor across the group. In Aerospace, we are pleased with the initial successful installation of the system in Farnborough. Other Aerospace sites are progressing with their deployment plans for Epicor in the second half of this year and early into next year. Customers already recognise Sigma as a trusted partner and this development programme will enhance relationships still further.

The acquired businesses at Derby and Farnborough have integrated into the division well, with performances on target. The Composites business is on a steadily improving path, as it grows once more. Results in other parts of the division were as expected in the first half. Lifted by the recent acquisitions, divisional sales increased by 110% versus the first half of 2013. The order book remains very strong and discussions are on-going with both existing and potential customers regarding further contract extensions and long term agreements.

With Farnborough recovering and Composites improving, Aerospace margins returned to almost 10% overall in H1 (2013: 7%) and we expect the improvement to continue in the second half.

Following significant growth in the division and to prepare for the future, some management reorganisation and strengthening was completed in the first half and we anticipate further recruitments to bolster the team in the coming months.

Summarising activities at the Aerospace sites:

- Hinckley grew solidly and we completed the commissioning of our new product introduction site, which is now running smoothly.
- Derby's integration is complete, now operating as a satellite to Hinckley, to avoid unnecessary duplication of overheads. Quality and delivery performance is much improved.
- Farnborough's positive improvement track continued and the site grew steadily. Quality and delivery performance is also much improved here since acquisition and the implementation of the new Epicor system is largely complete and operating successfully.
- Chengdu continued to grow and develop as planned. Pipe production and assembly is underway and has been approved by Rolls Royce in the period.
- Buckingham (Composites) sales grew positively in the first half and the business losses narrowed significantly. We expect this trend to continue in the second half. We are very pleased with progress on the EU "Clean Skies" contract, won in 2012.
- Sandiacre's (C&H, Polishing) relentless progress carried on in H1, with the "barrelling" capability fully bedded-in and delivering benefits to customers.

Energy & Medical Division (Metalcraft, Maloney Metalcraft and Crown)

A very significant change programme for Metalcraft commenced at the start of the year with the purchase of Maloney Metalcraft (Aldridge) from Exterran for £0.4m. Cash of £1 was paid for the share capital of Exterran (UK) Limited. The consideration also includes £359k relating to contractual retention bonuses as set out in the SPA This business was purchased in a knowingly distressed state and needs significant on-going attention and investment to restore its pipeline of sales. Early indications are that the prospect pipeline is building well, with potential sales prospects already exceeding £100m over the next two to three years, building on early wins with Porvair. Of course, we will not win all of these sales, but the trends and signs are promising.

We are in the process of integrating this business with Metalcraft (Chatteris and Chengdu) to form a unified entity, focused on the Energy (notably Oil and Gas and Nuclear) and Medical (MRI Imaging) sectors. To this end, we have appointed a new divisional managing director - Austen Adams - and made other senior management changes, to strengthen this team for the challenges ahead.

Another key step in the change programme was for Metalcraft to join the government sponsored Civil Nuclear "Sharing in Growth" (SiG) initiative, which is similar to the Aerospace SiG programme, mentioned previously. This three year plan has the same basic objective: to create world-class supply chain companies in the nuclear sector. However, the lessons learned for Metalcraft are equally applicable to its other activities in the broader Energy and Medical markets.

Like Sigma, Metalcraft has used the SiG programme as a catalyst for IT systems (ERP) renewal. In the case of Metalcraft, the implementation of the system will extend into the next financial year.

Finally, Metalcraft has been busy in China, setting up production facilities for the new Siemens MRI product, under the direction of a new general manager. Whilst the new facility has not yet been "officially" opened, installation of the first phase of capital equipment is complete, with an investment thus far of £1.0m. For reasons beyond our control, transfer of volume production to China has not been as soon as originally planned. Our expansion plans remain intact, however, as this is only the second part of a long term strategic plan for the business there.

Meanwhile, the situation at Crown is encouraging, with a more or less breakeven performance in the first half derived from on-going modest growth and a pleasing rebirth of prospects in the transport infrastructure market, both in the UK and internationally.

Divisional sales were up by 62% versus the first half of last year, though it should be noted that the majority of the increase is attributable to the addition of the Maloney sales in the period. Although the profit looks significant for H1, at £1.3m, this is all attributable to the net "bargain profit" under IFRS deriving from the Maloney acquisition from Exterran. Stripping this out, the division made a loss in the first half, having supported additional restructuring costs and set up costs in China. Underlying all this, we have made significant changes in H1, but it is clear that the fruits of these changes will not be seen until the next financial year.

Summarising the position at the Energy & Medical sites:

- Metalcraft, Chatteris: Modest sales growth in H1, but a disappointing loss was produced, albeit with some justification - eg: senior management changes, integration and restructuring costs, additional costs for product transfer to China and the initial foray into the SiG programme for Civil Nuclear. We expect performance to slowly improve in the second half.
- Metalcraft, Chengdu: Successful initial completion of facilities for Siemens for MRI component production, tempered by the fact that the programme has suffered further delays beyond our control, resulting in start-up losses this year.
- Maloney Metalcraft. Aldridge: Initial contracts won with Porvair £3.5m are underway and activity is focused on rebuilding a significant prospect pipeline to drive the business forward from next financial year. No significant surprises in the integration process so far, but this is very much a business still in recovery at this time.
- Crown, Bristol: modest growth continued with an improving performance as a result and encouraging prospects re-emerging in transport infrastructure.

Outlook

Our transformation of the group is proceeding largely to plan in our chosen structural growth markets, allowing for some short term phasing. With robust, long term blue-chip customer relationships, we remain confident about the future of Avingtrans and we look forward with confidence to the second half and beyond.

Our strategy is demonstrably working in Aerospace and the transformation process is well under way in Energy and Medical, although the benefits of this are not expected to be seen until next year. Our exceptional customer base and visibility of longer term earnings continue to offer a degree of protection to cyclical markets. We remain well placed to benefit from further consolidation.

Sigma Components and **Metalcraft** are already leaders in their niche markets, albeit that the two divisions are at different stages of their respective journeys to become exceptional suppliers. Both are striving to be world class supply chain partners, providing customers with outstanding quality, delivery and value for money and investors with consistent investment returns.

Roger McDowell	**Steve McQuillan**	**Stephen King**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**
26 February 2014	26 February 2014	26 February 2014

Consolidated Income Statement (Unaudited)
for the six months ended 30 November 2013

	6 months to 30 Nov 2013 £'000	6 months to 30 Nov 2012 £'000	Year to 31 May 2013 £'000
Revenue	**32,195**	16,948	45,280
Cost of sales	**(26,278)**	(12,999)	(33,624)
Gross profit	**5,917**	3,949	11,656
Distribution costs	**(753)**	(341)	(712)
Administrative expenses	**(4,596)**	(3,131)	(8,777)
Share based payment expense	**(24)**	(15)	(40)
Acquisition costs	**(172)**	(50)	(288)
Restructuring costs	**(130)**	-	-
Start up losses - China	**(149)**	-	-
Bargain purchase on acquisition (Note 5)	**2,916**	-	-
Amortisation of intangibles from business combinations	**(69)**	(69)	(283)
Operating profit	**2,940**	343	1,556
Finance income	**1**	-	6
Finance costs	**(75)**	(143)	(225)
Profit before taxation	**2,866**	200	1,337
Taxation (Note 3)	**89**	57	(37)
Profit after tax from continuing operations	**2,955**	257	1,300
Profit after tax from discontinued operations	**-**	6,279	6,197
Profit for the financial period	**2,955**	6,536	7,497
Earnings per share :			
From continuing operations			
- Basic	**10.7p**	1.0p	4.9p
- Diluted	**10.4p**	1.0p	4.8p
From continuing and discontinued operations			
- Basic	**10.7p**	25.1p	28.3p
- Diluted	**10.4p**	24.3p	27.6p

Consolidated statement of comprehensive income (Unaudited)
for the six months ended 30 November 2013

	6 months to 30 Nov 2013 £'000	6 months to 30 Nov 2012 £'000	Year to 31 May 2013 £'000
Profit for the period	**2,955**	6,536	7,497
Exchange differences on translation of foreign operations	**22**	(284)	(308)
Exchange differences recycled on disposal	**-**	(585)	(399)
Total comprehensive income for the period	**2,977**	5,667	6,790

Consolidated cash flow statement (Unaudited)
for the six months ended 30 November 2013

	6 months to 30 Nov 2013 £'000	6 months to 30 Nov 2012 £'000	Year to 31 May 2013 £'000
Operating activities			
Cash flows from operating activities	**(17)**	302	405
Finance costs paid	**(74)**	(180)	(262)
Income tax repaid/(paid)	**174**	(366)	(637)
Net cash inflow/(outflow)from operating activities	**83**	(244)	(494)
Investing activities			
Acquisition of subsidiary undertakings (Note 5)	**2,039**	(1,889)	(3,746)
Disposal of subsidiary undertakings	**-**	12,429	12,398
Finance income	**1**	-	6
Purchase of intangible assets	**(669)**	(263)	(765)
Purchase of property, plant and equipment	**(2,110)**	(1,370)	(2,072)
Proceeds from sale of property, plant and equipment	**56**	-	7
Net cash (used in)/ generated by investing activities	**(683)**	8,907	5,828
Financing activities			
Equity dividends paid	**(189)**	-	(260)
Repayments of bank loans	**(329)**	(268)	(536)
Repayments of obligations under finance leases	**(322)**	(704)	(994)
Proceeds from issue of ordinary shares	**137**	-	253
Borrowings raised	**373**	1,584	1,584
Net cash (outflow)/ inflow from financing activities	**(330)**	612	47
Net (decrease)/ increase in cash and cash equivalents	**(930)**	9,275	5,381
Cash and cash equivalents at beginning of period	**2,681**	(2,353)	(2,353)
Effect of foreign exchange rate changes	**(13)**	(842)	(347)
Cash and cash equivalents at end of period	**1,738**	6,080	2,681

Cashflows from operating activities (Unaudited)
for the six months ended 30 November 2013

	6 months to 30 Nov 2013 £'000	6 months to 30 Nov 2012 £'000	Year to 31 May 2013 £'000
Profit before income tax from continuing operations	**2,866**	200	1,337
Profit before income tax from discontinued operations	**-**	274	274
Adjustments for:			
Depreciation of property, plant and equipment	**635**	617	1,126
Amortisation of intangible assets	**435**	341	830
Profit on disposal of property, plant and equipment	**(30)**	-	-
Finance income	**(1)**	-	(6)
Finance expense	**75**	180	262
Share based payment charge	**24**	20	40
Bargain purchase on acquisition (Note 5)	**(2,916)**	-	-
Changes in working capital			
(Increase)/decrease in inventories	**(704)**	(1,018)	(2,259)
(Increase)/decrease in trade and other receivables	**(450)**	(306)	(2,798)
Increase /(decrease) in trade and other payables	**46**	(9)	1,593
Other non cash changes	**3**	3	6
Cash (outflow)/inflow from operating activities	**(17)**	302	405

Summarised consolidated balance sheet (Unaudited) at 30 November 2013

	30 Nov 2013 £'000	30 Nov 2012 £'000	31 May 2013 £'000
Non current assets			
Goodwill	**9,557**	9,487	9,557
Other intangible assets	**2,541**	2,357	2,307
Property, plant and equipment	**12,867**	9,171	10,338
Investment property	**-**	600	-
Deferred tax	**70**	76	70
	25,035	21,691	22,272
Current assets			
Inventories	**11,701**	7,006	10,048
Trade and other receivables	**19,875**	10,894	16,478
Current tax asset	**26**	-	40
Cash and cash equivalents	**7,991**	10,509	8,881
	39,593	28,409	35,447
Total assets	**64,628**	50,100	57,719
Current liabilities			
Trade and other payables	**(18,327)**	(8,947)	(14,219)
Obligations under finance leases	**(657)**	(595)	(593)
Borrowings	**(6,996)**	(5,149)	(6,943)
Current tax liabilities	**(515)**	(504)	(539)
Total current liabilities	**(26,495)**	(15,195)	(22,294)
Non-current liabilities			
Borrowings	**(2,533)**	(3,147)	(2,859)
Obligations under finance leases	**(1,079)**	(1,336)	(1,091)
Deferred tax	**(1,057)**	(1,043)	(960)
Total non-current liabilities	**(4,669)**	(5,526)	(4,910)
Total liabilities	**(31,164)**	(20,721)	(27,204)
Net assets	**33,464**	29,379	30,515
Equity			
Share capital	**1,380**	1,302	1,353
Share premium account	**10,818**	9,787	10,305
Capital redemption reserve	**814**	814	814
Merger reserve	**402**	402	402
Translation reserve	**(218)**	(402)	(240)
Other reserves	**180**	180	180
Investment in own shares	**(1,000)**	(281)	(597)
Retained earnings	**21,088**	17,577	18,298
Total equity attributable to equity owners of the parent	**33,464**	29,379	30,515

Consolidated statement of changes in equity (Unaudited)
at 30 November 2013

	Share capital account £'000	Share premium account £'000	Capital redemp-tion reserve £'000	Merger reserve £'000	Trans-lation reserve £'000	Other reserves £'000	Investme nt in own shares £'000	Retained earnings £'000	Total £'000
At 1 June 2012	1,302	9,787	814	402	467	180	(281)	11,021	23,692
Share-based payments	-	-	-	-	-	-	-	20	20
Transactions with owners	-	-	-	-	-	-	-	20	20
Profit for the period	-	-	-	-	-	-	-	6,536	6,536
Other comprehensive income									
Recycled on disposal of subsidiaries	-	-	-	-	(585)	-	-	-	(585)
Exchange rate gain	-	-	-	-	(284)	-	-	-	(284)
Total comprehensive income for the year	-	-	-	-	(869)	-	-	6,536	5,667
At 30 Nov 2012	1,302	9,787	814	402	(402)	180	(281)	17,577	29,379
At 1 Dec 2012	1,302	9,787	814	402	(402)	180	(281)	17,577	23,379
Shares issued	51	518	-	-	-	-	-	-	569
Dividend paid	-	-	-	-	-	-	-	(260)	(260)
Investment in own shares	-	-	-	-	-	-	(316)	-	(316)
Share-based payments	-	-	-	-	-	-	-	20	20
Transactions with owners	51	518	-	-	-	-	(316)	(240)	13
Profit for the period	-	-	-	-	-	-	-	961	961
Other comprehensive income									
Exchange rate gain	-	-	-	-	162	-	-	-	162
Total comprehensive income for the year	-	-	-	-	162	-	-	961	1,123
At 31 May 2013	1,353	10,305	814	402	(240)	180	(597)	18,298	30,515
At 1 June 2013	1,353	10,305	814	402	(240)	180	(597)	18,298	30,515
Shares issued	27	513	-	-	-	-	-	-	540
Dividend paid	-	-	-	-	-	-	-	(189)	(189)
Investment in own shares	-	-	-	-	-	-	(403)	-	(403)
Share-based payments	-	-	-	-	-	-	-	24	24
Transactions with owners	27	513	-	-	-	-	(403)	(165)	(28)
Profit for the period	-	-	-	-	-	-	-	2,955	2,955
Other comprehensive income									
Exchange rate gain	-	-	-	-	22	-	-	-	22
Total comprehensive income for the year	-	-	-	-	22	-	-	2,955	2,977
At 30 Nov 2013	**1,380**	**10,818**	**814**	**402**	**(218)**	**180**	**(1,000)**	**21,088**	**33,464**

Notes to the half year statement
30 November 2013

1. Basis of preparation

The Group's interim results for the six month period ended 30 November 2013 are prepared in accordance with the Group's accounting policies which are based on the recognition and measurement principles of International Financial Reporting Standards ('IFRS') as adopted by the EU and effective, or expected to be adopted and effective, at 31 May 2014. As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS34 'Interim financial reporting'.

These interim results do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. The unaudited interim financial statements were approved by the Board of Directors on 26 February 2014 and will shortly be available on the Group's website at http://www.avingtrans.plc.uk/pages/reports.html.

The consolidated financial statements are prepared under the historical cost convention as modified to include the revaluation of financial instruments. The accounting policies used in the interim financial statements are consistent with IFRS and those which will be adopted in the preparation of the Group's annual report and financial statements for the year ended 31 May 2014. The statutory accounts for the year ended 31 May 2013, which were prepared under IFRS, have been filed with the Registrar of Companies. These statutory accounts carried an unqualified Auditors' Report and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.

2. Segmental analysis

	Aerospace	Energy and Medical	Unallocated Central items	Total
	£'000	£'000	£'000	£'000
6 months ended 30 Nov 2013				
Revenue	**20,491**	**11,704**	**-**	**32,195**
Operating profit/(loss)	**2,007**	**1,254**	**(321)**	**2,940**
Year ended 31 May 2013				
Revenue	29,141	16,139	-	45,280
Operating profit/(loss)	1,949	258	(651)	1,556
6 months ended 30 Nov 2012				
Revenue	9,771	7,177	-	16,948
Operating profit/(loss)	698	(25)	(330)	343

Notes to the half year statement (continued)
30 November 2013

3. Taxation

The taxation credit/(charge) is based upon the expected effective rate for the year ended 31 May 2014.

4. Earnings per share

Basic earnings per share is based on the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares, being the CSOP and EMI share options.

	6 months to 30 Nov 2013 No	6 months to 30 Nov 2012 No	Year to 31 May 2013 No
Weighted average number of shares – basic	**27,587,564**	26,030,577	26,463,694
Share Option adjustment	**739,493**	909,791	737,649
Weighted average number of shares – diluted	**28,327,057**	26,940,368	27,201,343
	£'000	£'000	£'000
Earnings from continuing operations	**2,955**	257	1,300
Share based payments	**24**	20	40
Acquisition costs	**172**	50	288
Restructuring costs	**130**	-	-
Start up losses - China	**149**	-	-
Bargain purchase on acquisition (Note 5)	**(2,916)**	-	-
Amortisation of intangibles	**69**	69	283
Adjusted earnings from continuing operations	**583**	396	1,911
From continuing operations:			
Basic earnings per share	**10.7p**	1.0p	4.9p
Adjusted basic earnings per share	**2.1p**	1.0p	4.8p
Diluted earnings per share	**10.4p**	1.5p	7.2p
Adjusted diluted earnings per share	**2.1p**	1.5p	7.0p
Earnings from discontinued operations	**-**	6,279	6,197
From discontinued operations:			
Basic earnings per share	**-**	24.1p	23.4p
Diluted earnings per share	**-**	23.3p	22.8p
Earnings attributable to shareholders	**2,955**	6,536	7,497
Adjusted earnings attributable to shareholders	**583**	6,675	8,108
Basic earnings per share	**10.7p**	25.1p	28.3p
Adjusted basic earnings per share	**2.1p**	25.6p	30.6p
Diluted earnings per share	**10.4p**	24.3p	27.7p
Adjusted diluted earnings per share	**2.1p**	24.8p	29.8p

The Directors believe that the above adjusted earnings per share calculation from continuing operations is the most appropriate reflection of the Group performance.

Notes to the half year statement (continued)
30 November 2013

5. Acquisition of subsidiary

On 3 July 2013 the group acquired 100 percent of the issued share capital of Exterran (UK) Limited (subsequently changing its name to Maloney Metalcraft Ltd. The provisional fair value of net assets acquired at the date of acquisition were as follows:

	£'000
Provisional Net Assets	**3,275**
Bargain purchase on acquisition	**(2,916)**
Total consideration paid	**359**
Settled by:	
Cash	-
Retention bonuses accounted for as consideration	359
	359
Cash acquired in Net Assets	**(2,398)**
Net cash received relating to the acquisition	**(2,039)**

Cash of £1 was paid for the share capital of Exterran (UK) Limited. Consideration also includes £359k relating to contractual retention bonuses as set out in the SPA that under IFRS 3 have been accounted for as consideration for the assets acquired.

As a consequence of buying the business in a distressed state, the Directors consider that no intangible assets have been acquired.

The impact of the Maloney Metalcraft acquisition on the Consolidated income statement is as follows:

	£'000
Revenue	**3,900**
Gross profit	**(638)**
Overheads	**(756)**
Acquisition costs	**(172)**
Operating loss	**(1,566)**
Bargain purchase on acquisition	**2,916**
Overall effect on the Consolidated income statement	**1,350**

The operating loss of £1,566k above is offset by a bargain purchase credit arising on consolidation in the income statement of £2,916k.

Since acquisition Maloney Metalcraft contributed the following to the Group's cashflows:

	£'000
Operating cashflows	(917)
Investing activities	(215)
Financing activities	-