



Avingtrans plc

**Interim Results
Six months to 30 November 2002**

Highlights

	Six months to 30 November	Six months to 30 November
	2002	2001
	£'000	£'000
Turnover	2,002	Nil
EBITDA	307	(120)
EBIT	162	(120)
Basic EPS	1.6p	(0.2)p
EPS before goodwill amortisation	1.8p	(0.2)p

- Acquisition of Jena Group completed 28 June 2002
- Directors subscribe to 727,273 new shares
- Ken Baker appointed Chairman 30 June 2002
- Integration of Jena Group successfully completed
- Jena appointed exclusive UK agent for leading European spindle manufacturer from 1 January 2003
- Profit and cash generation in line with expectations

Ken Baker, Chairman, commented: "This reporting period includes the first five months of trading after the acquisition of the Jena Group of companies on 28 June 2002, operating in the field of precision equipment and critical services to manufacturing in the UK, Germany and USA. A lot of work has been performed by the Board during that period to integrate the Jena companies and I am delighted to report that the Company was profitable and cash generative during that time, notwithstanding difficult trading conditions and the need to perform a good deal of administrative work to implement the integration. Your Board therefore looks forward with cautious confidence to the future."

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Avingtrans
Interim results for the six months to 30 November 2002

Chairman's Statement

I am pleased to announce the results of Avingtrans plc for the six months ended 30 November 2002. These results are the first following the acquisition by Avingtrans of the Jena Group of companies ("Jena Group"), which were acquired on 28 June 2002. Following this acquisition, Avingtrans' business is in the field of precision equipment and critical services to manufacturing in the UK, Germany and USA.

The period covered by these results includes one month during which the Company had no operating business and income was derived only from interest on bank deposits and five months of trading by the Jena Group. The comparative figures represent a time when Avingtrans had no trading activities and do not represent the performance of the Jena Group.

Results

For the six months ended 30 November 2002 earnings before interest, tax, depreciation, and goodwill amortisation (EBITDA) was £307,000 (2001: £120,000 loss) on turnover of £2,002,000 (2001: nil).

Operating profit for the period was £162,000 (2001: £120,000 loss)

The Company had a positive cash flow from operations during the period of £133,000 and at 30 November 2002, had cash at bank and in hand of £1,204,000 with a net cash balance of £941,000.

Earnings per share

Earnings per share, for the period ended 30 November 2002, before goodwill amortisation, were 1.8p (2001: 0.2p loss).

Earnings per share after goodwill amortisation and full dilution were 1.6p (2001: 0.2p loss)

Dividend

The Board is not recommending a dividend for the half year.

Six months review

Operations during a difficult five months of trading were broadly to expectations. The Jena Group was profitable during the first five months of its ownership by Avingtrans and achieved positive operating cash flows. Profit margins were maintained at acceptable levels due to improved manufacturing efficiency and a redeployment of assets in the USA. A trend of increasing order intake and sales activity levels was observed during the period, starting from a low base at the beginning of the year.

A number of new opportunities for the Company's products and services were processed during the six months under review. New market sectors addressed by the Company as a result include high value equipment spindles in the UK and the supply of polishing and finishing services to the medical equipment sector.

Expenditure on capital equipment during the six months at £73,000, enabling the Company to keep all operating plant and equipment in good working condition and productively effective.

Directors

As previously noted in the annual report for the year ended 30 May 2002 a number of changes and additions were made to the board of directors of the company during the six months ended 30 November 2002.

On 30 June 2002 K.M.Baker, previously a Non-executive Director, was appointed Chairman of the Board. S.M.Bruh, who had previously been an Executive Director and J.J.Hamer have continued as Non-executive Directors. On the same date, S.J.Lawrence, Managing Director of the Jena Group, was appointed to the Board as an Executive Director.

On 2 September 2002, S.M.King joined the Company from PricewaterhouseCoopers and was appointed to the Board as Finance Director and Company Secretary.

Strategy and Prospects

In the 2002 annual report, the Board announced its aim to use its combined experience to build Avingtrans over the next few years with the objectives of generating long-term earnings per share growth, cash generation and a sustainable dividend policy. The acquisition of the Jena Group and its successful integration over the six months ended 30 November 2002 sees the start of this process.

During a difficult trading time the Jena Group has performed well and prospects for the second half of the financial year continue to look favourable with a trend in slowly increasing enquiry levels and orders. Management continues to effect the strategy through the gaining of new business and the launch of new products and services against a background of productivity improvement and efficiency. Management is also seeking to augment this organic growth with suitable acquisitions, a selected number of which are under review.

Over the last six months a good deal of administrative work has been necessary to finalise and close matters arising from prior year's events. This work has now been largely achieved and your Board looks forward with cautious confidence to the future.

K.M.Baker
Chairman

Consolidated Profit and Loss Account

	6 mths to 30 November 2002	6 mths to 30 November 2001	12 mths to 31 May 2002
Note	Unaudited £'000	Unaudited £'000	Audited £'000
Turnover			
Current period acquisitions	2,002	-	-
Operating profit before amortisation	175	-	-
Amortisation of goodwill	(13)	-	-
Operating profit/(loss)			
Current period acquisitions	243	-	-
Continuing operations	(68)	(120)	(498)
Goodwill amortisation	(13)	-	-
Operating profit/(loss)	162	(120)	(498)
Profit/(loss) on ordinary activities before interest	162	(120)	(498)
Net interest payable and similar charges	(3)	109	189
Profit/(loss) on ordinary activities before taxation	159	(11)	(309)
Tax on profit on ordinary activities	3 (50)	-	-
Retained profit for the period	109	(11)	(309)
Earnings per share	4		
Basic	1.6p	(0.2)p	(4.9)p
Basic – before goodwill amortisation	1.8p	(0.2)p	(4.9)p
Diluted	1.6p	(0.2)p	(4.9)p
Diluted – before goodwill amortisation	1.8p	(0.2)p	(4.9)p

Statement of Total Recognised Gains and Losses

	6 mths to 30 November 2002	6 mths to 30 November 2001	12 mths to 31 May 2002
	Unaudited £'000	Unaudited £'000	Audited £'000
Profit for the financial period	109	(11)	(309)
Other recognised gains and losses			
Currency translation loss	(33)	-	-
Total recognised gains relating to the period	76	(11)	(309)

Summarised Consolidated Balance Sheet

	At 30 November 2002 Unaudited £'000	At 30 November 2001 Unaudited £'000	At 31 May 2002 Audited £'000
Fixed assets			
Intangible assets	613	-	-
Tangible assets	<u>1,914</u>	<u>-</u>	<u>-</u>
	<u>2,527</u>	<u>-</u>	<u>-</u>
Current assets			
Stocks	1,430	-	-
Debtors due within one year	605	93	1
Cash at bank and in hand	<u>1,204</u>	<u>4,399</u>	<u>4,080</u>
	<u>3,239</u>	<u>4,492</u>	<u>4,081</u>
Creditors: Amounts falling due within one year	<u>(926)</u>	<u>(153)</u>	<u>(252)</u>
Net current assets	<u>2,313</u>	<u>4,339</u>	<u>3,829</u>
Total assets less current liabilities	<u>4,840</u>	<u>4,339</u>	<u>4,041</u>
Creditors: Amounts falling due after more than one year	<u>(417)</u>	<u>-</u>	<u>-</u>
Provisions for liabilities and charges	<u>94</u>	<u>-</u>	<u>-</u>
Net assets	<u>4,517</u>	<u>4,339</u>	<u>4,401</u>
Capital and reserves			
Called up share capital	352	316	316
Share premium account	3,611	3,247	3,247
Capital redemption reserve	813	813	813
Other reserves	180	180	180
Profit and loss account	<u>(439)</u>	<u>(217)</u>	<u>(515)</u>
	<u>4,517</u>	<u>4,339</u>	<u>4,041</u>

Consolidated Cash Flow Statement

	6 mths to 30 November 2002 Unaudited £'000	6 mths to 30 November 2001 Unaudited £'000	12 mths to 31 May 2002 Audited £'000
Net cash inflow/(outflow) from operating activities	133	(103)	(388)
Returns on investment and servicing of finance			
Net interest	(3)	(1)	189
Net cash (outflow)/inflow from returns on investment and servicing of finance	(3)	(1)	189
Taxation	(158)	-	-
Capital expenditure and financial investment			
Purchase of fixed assets	(73)	-	-
Sale of fixed assets	15	-	-
Net cash outflow from capital expenditure and financial investment	(58)	-	-
Acquisitions and disposals			
Purchase of subsidiary undertakings	(3,374)	-	(212)
Net cash acquired with subsidiaries	50	-	-
Net cash outflow from acquisitions and disposals	(3,324)	-	(212)
Equity dividends	-	-	-
Financing			
Issue of share capital	400	-	-
Repayment of loan capital	(8)	-	-
Capital element of finance lease payments	(89)	-	-
Net cash inflow from financing	303	-	-
(Decrease) in cash	(3,107)	(104)	(411)

Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	6 mths to 30 November 2002 £'000	6 mths to 30 November 2001 £'000	12 mths to 31 May 2002 £'000
Operating profit/(loss)	162	(120)	(498)
Amortisation of intangible assets and goodwill	15	-	-
Depreciation of tangible fixed assets	130	-	-
(Profit) on disposal of tangible fixed assets	(2)	-	-
(Increase) in stocks	(79)	-	-
Decrease/(increase) in Debtors	166	(29)	-
(Decrease)/increase in Creditors	(259)	45	(110)
Net cash inflow/(outflow) from operating activities	133	(104)	(388)

NOTES

1. This interim report was neither audited nor reviewed by the auditors. It was approved by the Board on 20 February 2003. It has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the year ended 31 May 2002.

The figures for the year to 31 May 2002 were derived from the statutory accounts for that year. The statutory accounts for the year ended 31 May 2002 have been delivered to the Registrar of Companies and received an audit report which was unqualified and did not contain statements under s237(2) or (3) of the Companies Act 1985.

2. This statement is being sent to shareholders of the Company and will be available at the Company's Registered Office.
3. The taxation charge is based upon the expected rate for the year ended 31 May 2003.
4. Earnings per share has been calculated using the weighted average number of 6,930,579 Ordinary Shares in issue during the period (2001: 6,322,531) (Audited 2002: 6,322,531).
5. Capitalised goodwill amounting to £621,000 is being amortised over twenty years on a straight line basis. Goodwill has been calculated on book value pending a final review of the fair value of assets acquired during the period.
6. **Analysis of Net Cash**

	1 June 2002	Cashflow	Exchange	30 Nov.
	£'000	£'000	movement	2002
			£'000	£'000
Cash at bank and in hand	4,080	(2,877)	1	1,204
Bank overdraft	(34)	(230)	1	(263)
Cash	4,046	(3,107)	2	941

7. **Reconciliation of movements in Shareholders' Funds**

	6 mths to	6 mths to	12 mths to
	30	30	31 May
	November	November	2002
	2002	2001	2002
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit/(loss) for the financial period	109	(11)	(309)
Currency translation loss	(33)	-	-
Proceeds of share issue	400	-	-
Increase/(decrease) in shareholders' funds	476	(11)	(309)
Opening shareholders' funds	4,041	4,350	4,350
Closing shareholders' funds	4,517	4,339	4,041