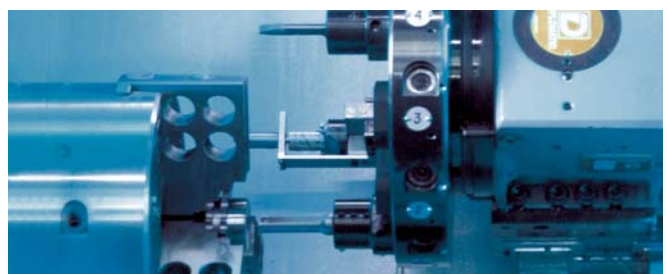


Avingtrans plc

engineering technology group

INTERIM RESULTS SIX MONTHS TO 30 NOVEMBER 2010



Avingtrans plc

("Avingtrans" or the "Group")

Interim results for the six months ended 30 November 2010

Avingtrans plc, which designs, manufactures and supplies critical components and associated services to the medical, energy, industrial and global aerospace sectors, today announces its interim results for the six months ended 30 November 2010.

Financial Highlights (vs previous half year, except where stated)

- Turnover increased by 25% to £16.9m (H1 2010: £13.5m)
- Gross profit margin increased to 28.8% (H1 2010: 22.6%)
- EBITDA improved by 50% to £1.5m (H1 2010: £1.0m)
- Fully diluted, adjusted¹ EPS of 1.8 pence per share (H1 2010: 1.2 pence per share)
- Cash generated from operations reduced to £0.9m (H1 2010: £2.6m)
- Gearing reduced further to 34% (2010 year end: 36%)

¹ – fully diluted earnings per share adjusted to add back amortisation and exceptional items

Operational highlights

The improving picture across our divisions produced a crop of highlights, including the following:

- Sigma China broke into profit over the first six months of this financial year;
- Sigma's recent new long term contract wins are ramping-up well and helping to drive better results - eg: ITA; Eaton; Meggitt
- C&H is introducing new equipment and capabilities for on-going business expansion
- Having signed up the Siemens next generation MRI product supply contract, Metalcraft is on-track to commence volume production next year (worth £5m pa from 2012);
- Crown won further industry awards for its novel motorway signage pole, but new orders are delayed awaiting decisions on letting of government motorway infrastructure contracts;
- In January, post half-year end, Jena Tec won its largest single contract to date, worth £1.8m over 3 years for a European medical equipment OEM, starting in FY12
- Jena Tec experienced strong first half demand in global orders and an encouraging financial performance.

Commenting on the results, Roger McDowell, Chairman, said:

"After an arduous period in the previous financial year, it is pleasing to report on an encouraging first half. Building on the improving position in the second half of last year, we have seen the majority of our markets regenerate positively. Improvements are down in part to global recovery, but also down to the hard work completed within our divisions on capability enhancements over the last 18 months. Recovery has been further assisted by long term contracts with global OEMs that are not dependent on the UK economy. Continued new contract wins support our faith in the Group's long term strategy and underline the reasons why the Board indicated to the market on 17 January 2011 that it expects to exceed previous expectations.

Consequently, we have also concluded that we can commit to a recommencement of the payment of a dividend with the final results this year. I am sure investors will join me in welcoming this news."

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About Avingtrans plc:

Avingtrans has become a significant organisation in the design, manufacture and supply of critical components and associated services to global industrial markets from **three divisions: aerospace, energy and medical and industrial products.**

Aerospace***Sigma Precision Components Ltd – UK and China***

Sigma Precision Components is a market leader in rigid and flexible pipe assemblies and components for prestigious aerospace customers such as Rolls Royce, Messier Dowty and Meggitt. Sigma also manufactures precision prismatic components for the aerospace industry from its purpose-built facilities in the UK and Chengdu, China.

CH Precision Finishers Ltd – UK

C&H provides final polishing and specialist finishing on aeroengine turbine blades, compressor blades and vanes for the power generation industries, operating from two strategically located centres to offer a local service to the UK aerospace industry.

Energy and Medical***Stainless Metalcraft Ltd – UK and China***

Provider of safety-critical equipment for the energy, medical, science and research communities, worldwide, specialising in precision pressure and vacuum vessels and associated sub-assemblies and systems.

Crown International Ltd – UK

Designs and manufactures market-leading pole and support systems for roadside signage and safety cameras, rail track signalling and gantries.

Industrial products***Jena Tec UK, Germany, USA and China***

From specially equipped factories in Germany and the UK, Jena Tec designs, manufactures and services Precision Ballscrews, Spindles and Linear Motion actuation systems for automation and control of CNC machines and precision instrumentation.

Chairman's Statement

From a global manufacturing perspective, we believe that the worst of the downturn is behind us and we are looking forward now with some confidence across a broad spectrum of markets that are delivering encouraging growth. I was pleased to be able to notify the market on 17 January 2011 that we expect to exceed previous expectations.

The carefully targeted cost reduction and efficiency improvement projects undertaken last year have enabled us to rebound strongly from our quiescent state during the recession. This has already resulted in two of the divisions scoring significantly better results than in the previous 12 months and we believe that the Energy and Medical Division will also improve in the second half.

As an engineering business supplying global blue chip OEMs, Avingtrans is largely unconcerned with public spending in the UK. Most of our businesses are seeing increases in their markets and we are more concerned with risks to global commodity pricing and availability than we are with domestic economic concerns. In this respect, we are taking proactive steps to insulate the Group from raw material price increases in particular, though we should note that some of these price increases are being passed on to customers.

Unlike some of our competitors, we took a longer term view regarding the preservation of skills in the business during the recession and we are now reaping rewards from our approach. Our stance has helped us to win new business, including contracts from Siemens in the Medical market and Eaton in the Aerospace market, whilst a new contract for Jena Tec worth £1.8m over three years is the most significant they have ever won. This comes down to good people with scarce skills producing excellent quality products for our customers, in a timely fashion, at a price that is mutually beneficial.

With first half revenues some 25% above the corresponding period in the previous year, we believe that the business is well positioned both for the remainder of this financial year and into FY2012.

Allied to continued global economic growth, the following factors should stand the Group in good stead:

- **all three** of the Group's bigger businesses are on the ground in China and winning new business across Asia. I am delighted to note that Sigma China was able to breakthrough into profit in the first half, with considerable thrust towards a strong second half in prospect;
- **all three** divisions are aggressively pursuing vertical integration strategies that will produce sustained and enhanced margins in the years to come; and
- **all three** divisions continue to focus clearly on the Aerospace, Energy and Medical markets in particular: growth markets with known high quality customer relationships that we can nurture.

While the Board continues to evaluate acquisition opportunities, we will only progress those that are clearly compatible with our core business activities and where we believe that they will enhance shareholder value.

Performance improvements and positive outcomes rely very much on our people. As ever, I thank them for their perseverance throughout the dark days of the recession. Their hard work has honed a stronger organisation, fit for the future.

Roger McDowell
Chairman
9 February 2011

Business Review

Group Performance

Revenue: Return to Growth

Defence rapidly switched to attack over the first 6 months of the year, as most markets saw an on-going positive upswing, driven by global industrial market recovery and this was especially prevalent in the Aerospace and Industrial Divisions. First half turnover increased by 25% to £16.9m (2010: £13.5m). A general market recovery, augmented by recent business wins coming on-stream, was behind the renewed growth in the Aerospace and Industrial Divisions. Recovery was slower in Energy and Medical, due to longer order cycles for large projects at Metalcraft and due to the fact that Crown has slowed in response to government road infrastructure project delays.

Profit: Margins Improving

Targeted cost reductions last year left us leaner and in a strong position to bounce back this year, with gross margins back up to 28.8% (2010: 22.6%). The increasing sales lifted us above critical mass in two divisions, allowing us to benefit from the rising market positions. EBITDA improved by 50% to £1.5m (2010: £1.0m). The underlying improvement was even more marked, as last year's figure included a net £0.9m benefit from settlement of the B&D warranty claim.

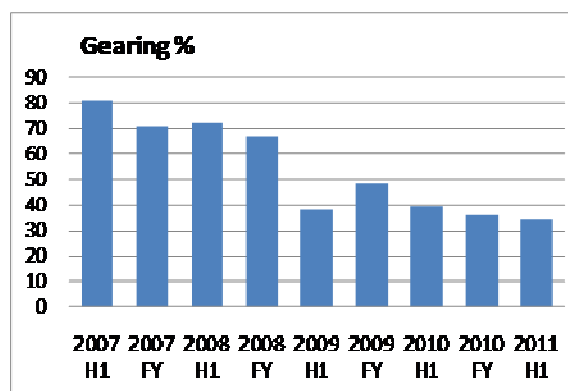
Earnings per Share (EPS): Trending Positively

Adjusted diluted earnings per share for the period ending 30th November 2010 was 1.8 pence per share (2010: 1.2 pence per share) based on weighted average number of shares of 25,551,520 (2010: 25,517,268).

Funding and Liquidity: Debt well under control

The net cash flow from operations reduced to £0.9m (2009: £2.6m). The reduction was partly down to the previous year having included a one-off £0.9m gain from the B&D warranty settlement and partly due to increased working capital needs and timing of project related cash receipts.

Net indebtedness at 30 November 2010 stood at £7.5m, £0.3m lower than at the year end (31 May 2010: £7.8m). Balance sheet gearing was 34%, down from 36% at 31 May 2010. Over the last four and a half years, we have consistently sought to improve the Group's net debt position, reducing the total from a high of £11.2m in the first half of 2007, when the corresponding gearing was 81%.



Dividend: Restoration of a progressive policy

The Board believes it is still prudent to preserve cash in the business at present and, consequently, recommends that no dividend should be paid in respect of the half year (2010: Nil pence). However, looking forward, the Board believes that the time has come to reinstate the dividend and, therefore, we expect to pay a final dividend this financial year.

Operations

Aerospace Division

Whilst European air passenger traffic remained relatively sluggish, IATA reported much improved load factors globally and this improving picture consequently induced higher levels of aircraft production and eventually this has trickled down to component suppliers like Avingtrans. Forward forecasts remain largely positive for air traffic and, delays notwithstanding, new aircraft like the Boeing 787 should positively influence our performance over the coming months and years.

There was no material effect on the supply chain from the Qantas engine failure incident, so conditions seem set fair for a period of renewed growth in the civil aerospace market. Therefore our optimism continues for this sector, given that we have won a number of important contracts over the last 12 months which are now supporting our results improvement.

The newly unified **Sigma Precision Components** business justified the timing of our rebranding decision with growth in the UK and a breakthrough to a first half profit (albeit very modest) in China. The recent long term agreements signed with companies such as Eaton, Meggitt and ITA have begun to bear fruit as new product and component volumes have ramped up in line with expectations. Discussions are on-going with both existing and new customers regarding contract extensions and potential further long term agreements.

The precise cost cutting last year at Sigma UK helped to steady the ship and we are pleased to be in a position where it has been necessary to expand our workforce in the UK once more, whilst avoiding any risk of losing the gains realised during the downturn.

Sigma China is now working hand in glove with Sigma UK to fashion an integrated supply chain for customers between our two facilities. Already, a significant portion of the output of the Chinese plant is being taken up by the UK as we seek to leverage maximum efficiency without sacrificing quality or delivery performance. China's breakthrough into consistent profit stems mainly from the continuing volume ramp up, though continuous improvement initiatives have played their part too.

Orders into our Chinese plant are running well ahead of forecast. We continue to prudently add capacity in China though additional equipment purchases as required and we will be seeking to accelerate this growth over the next year or so.

Sigma China recently passed the AS9100 quality systems audit with no qualification whatsoever: a testament to the hard work of our Aerospace management team, as we metamorphose into a fully fledged global aerospace component supplier.

C&H had a solid performance last year and continues to go from strength to strength. Additional business won in 2010 is contributing to increased output and our contract with Messier Dowty is returning to pre-recession order levels. The business is now starting to grow beyond its traditional Aerospace boundaries, though Aerospace remains the dominant source of new orders. C&H is currently introducing new equipment to enhance capabilities which should catalyse further business growth.

Energy and Medical Division

Macro economic conditions in the Energy market sectors of interest to **Metalcraft** have been trending positively for some time, but the project nature of our business means that there is a lag before this can translate into increased business. For example, whilst we are winning new business in the nuclear sector, higher volume and value contracts continue to be deferred over longer timescales. As for the Medical market, we are of course dependent on developments in the diagnostic imaging space – especially MRI. This market has recovered from recession well, though the bigger impact on Metalcraft is the lead up to the next generation product that we recently won from Siemens, due for volume ramp up in 2012. Consequently, Metalcraft's recovery to date has been more sluggish than elsewhere.

We are pleased that the long term agreement with Cummins in the Power Generation sector is running quite smoothly now and their own forecasts predict an increase in business over the medium term. The customer is also happy with our quality and delivery performance, as volumes have ramped-up. We are now seeking to build on this success by capturing further business from Cummins and other players in this market.

Nuclear contract wins have been confined to the decommissioning arena in the meantime, with important awards from Sellafeld, Costain and Magnox North that we can build on in future, to establish a greater presence in this area. These contracts are mainly for delivery in the second half of the year. With three consortia now in place and aiming to build several new nuclear power plants in the UK over the next decade, Metalcraft is well placed to take advantage by providing a swathe of pressure vessels and associated modules inside and outside the “nuclear island” of each station. Supply chain discussions with AREVA, Westinghouse and others are on-going.

Preparations for the next generation MRI equipment supply to Siemens are well in hand, with prototypes being produced to qualify various aspects of the new design. As previously explained, this new product is expected to be worth up to £5m per annum to Metalcraft, once full production volume is reached, commencing in 2012. In the meantime, orders for existing Siemens systems are in line with forecasts, albeit at a far lower level than a few years ago.

Metalcraft’s operations in Chengdu have developed well over the last six months and we recently appointed a new General Manager specifically for Metalcraft China, in recognition of the importance of this business to our future. Whilst the contribution of this business to our overall results in this financial year will be minimal, we expect that the volume increases over the next 12 to 24 months will make Metalcraft China a solid contributor to the Avingtrans growth story.

At the end of last year, **Crown** successfully delivered all the products from the first variable motorway signage pole (VMC) order from Balfour Beatty (worth £1.25m). The Welsh Assembly Government is very pleased with the product and the product itself continues to win industry awards for innovation. However, public sector budget constraints and delays have meant that there has been no substantial repeat order for the product as yet, despite remarkable domestic and international interest. We are confident that more orders will follow, but predicting when exactly these will come is extremely difficult. Safety camera installations in the UK have also been slow.

As a result, Crown negatively impacted the divisional performance in the first half. We are not expecting substantial improvement in the second half, but this will be mitigated at the divisional level by Metalcraft’s increasing output, driven mainly by various projects in progress at present.

Industrial Products Division

The positive bounce in orders received by **Jena Tec** in the second half of last year continued into this year with order levels now basically back to pre-recession levels and sales were some 73% ahead of the corresponding period last year. The rebound has been particularly marked in Germany, but we have seen growth in the UK and the USA as well. Our German business is getting back to almost full capacity and the positive trend looks set to continue, though we would expect the rate of growth to slow now that the slack in the market has been picked up once more. Just last month, Jena Tec in Germany signed its biggest ever contract for £1.8m worth of precision ballscrews over three years for a client in the medical equipment market space. This will require us to invest in new capacity and we expect to commence deliveries for this new requirement from Q4 of 2011.

In the USA, work that we undertook over the last two years to expand our distribution network is now paying off, as we are seeing increased market penetration and larger contracts are appearing in the mix of business being won. Jena Tec’s Chinese office is now fully operational and we are winning more business in Asia as a result.

At the end of 2010, Jena Tec launched a new valve actuation product range, following the very successful installation of the first set of products at an E.ON power station. It is early days, but we believe that this vertical integration into certain niche areas will produce a valuable new business stream for us.

Finally, last year, Jena Tec secured a £0.6m order with a Tier 1 Automotive supplier to upgrade specialist engine production facilities, building on the enabling acquisition of Moss Group Automation in 2009. This project is progressing well and on-schedule for completion in the second half of the year.

Outlook

With no pronounced “double dip” effect appearing in the manufacturing sector at the time of writing, we can largely look forward with confidence over the remainder of this financial year and the next. Strains are appearing in the pricing of energy and commodities, which we will seek to pass on in the supply chain wherever possible, so as not to erode our margins unduly. Our work on continuous improvement should also enable us to partly offset cost increases and make our quality and delivery performance even more attractive to OEM customers. Apart from Crown, our businesses are largely unaffected by UK government spending constraints, being much more dependent on positive progress in the global manufacturing sectors associated with the Energy, Aerospace and Medical markets.

Our strategic direction continues to enable important new contract wins that support our results in this financial year and beyond. The quality of our customer base remains strong and, therefore, we can take advantage of the on-going economic recovery. The focus on differentiated, highly engineered product niches offers some degree of protection to cyclical markets. We remain well placed to benefit from consolidation in our markets and to continue our rebound as global industrial markets recover. The brand strength of **Metalcraft**, **Sigma** and **Jena Tec** promises to be decisive in the years ahead, especially if we can support our core businesses through appropriate M&A activity.

Roger McDowell
Chairman
9 February 2011

Steve McQuillan
Chief Executive
9 February 2011

Stephen King
Finance Director
9 February 2011

Consolidated Income Statement (Unaudited)
for the six months ended 30 November 2010

	6 months to 30 Nov 2010 £'000	6 months to 30 Nov 2009 £'000	Year to 31 May 2010 £'000
Revenue	16,852	13,453	28,578
Cost of sales	(11,994)	(10,417)	(21,124)
Gross profit	4,858	3,036	7,454
Distribution costs	(548)	(414)	(806)
Administrative expenses	(3,555)	(3,201)	(6,488)
Share based payment expense	(17)	(8)	(19)
Warranty claim	-	932	932
Restructuring costs	(5)	(145)	(145)
Amortisation of intangibles from business combinations	(69)	(69)	(137)
Operating profit	664	131	791
Finance income	-	-	11
Finance costs	(154)	(192)	(332)
Profit/(loss) before taxation	510	(61)	470
Taxation (Note 3)	(148)	288	137
Profit for the financial period	362	227	607
Earnings per share :			
Total and continuing operations			
- Basic	1.4p	0.9p	2.4p
- Diluted	1.4p	0.9p	2.4p

Consolidated statement of comprehensive income (Unaudited)
for the six months ended 30 November 2010

	6 months to 30 Nov 2010 £'000	6 months to 30 Nov 2009 £'000	Year to 31 May 2010 £'000
Profit for the period	362	227	607
Exchange differences on translation of foreign operations	(108)	41	(8)
Total comprehensive income for the period	254	268	599

**Consolidated cash flow statement (Unaudited)
for the six months ended 30 November 2010**

	6 months to 30 Nov 2010 £'000	6 months to 30 Nov 2009 £'000	Year to 31 May 2010 £'000
Operating activities			
Cash flows from operating activities	892	2,626	3,756
Finance costs paid	(154)	(192)	(332)
Income tax repaid	97	140	94
Net cash inflow from operating activities	835	2,574	3,518
Investing activities			
Finance income	-	-	11
Purchase of intangible assets	(112)	(188)	(448)
Purchase of property, plant and equipment	(373)	(540)	(864)
Proceeds from sale of property, plant and equipment	35	18	76
Net cash used in investing activities	(450)	(710)	(1,225)
Financing activities			
Dividends paid	-	-	-
Repayments of borrowings	(336)	(333)	(667)
Repayments of obligations under finance leases	(525)	(668)	(1,226)
Borrowings raised	402	363	580
Net cash outflow from financing activities	(459)	(638)	(1,313)
Net (decrease)/increase in cash and cash equivalents	(74)	1,226	980
Cash and cash equivalents at beginning of period	(1,279)	(2,255)	(2,255)
Effect of foreign exchange rate changes	(48)	(52)	(4)
Cash and cash equivalents at end of period	(1,401)	(1,081)	(1,279)

**Cashflows from operating activities (Unaudited)
for the six months ended 30 November 2010**

	6 months to 30 Nov 2010 £'000	6 months to 30 Nov 2009 £'000	Year to 31 May 2010 £'000
Profit/(loss) before income tax	510	(61)	470
Adjustments for:			
Depreciation of property, plant and equipment	581	736	1,387
Amortisation of intangible assets	207	148	340
Profit on disposal of property, plant and equipment	(34)	(8)	(51)
Finance income	-	-	(11)
Finance expense	154	192	332
Share based payment charge	17	8	19
Changes in working capital			
(Increase)/decrease in inventories	(989)	305	174
(Increase)/decrease in trade and other receivables	(204)	3,025	1,440
Increase/(decrease) in trade and other payables	645	(1,726)	(357)
Other non cash charges	5	7	13
Cashflows from operating activities	892	2,626	3,756

**Summarised consolidated balance sheet (Unaudited)
at 30 November 2010**

	30 Nov 2010 £'000	30 Nov 2009 £'000	31 May 2010 £'000
Non current assets			
Goodwill	10,242	10,242	10,242
Other intangible assets	1,954	1,982	2,050
Property, plant and equipment	9,860	11,210	10,090
Investment property	600	-	600
Deferred tax	38	38	39
Investments	219	219	219
	<u>22,913</u>	<u>23,691</u>	<u>23,240</u>
Current assets			
Inventories	8,154	6,706	6,634
Trade and other receivables	7,669	5,927	7,479
Current tax asset	15	242	64
Cash and cash equivalents	1,711	1,001	1,097
	<u>17,549</u>	<u>13,876</u>	<u>15,274</u>
Total assets	<u>40,462</u>	<u>37,567</u>	<u>38,514</u>
Current liabilities			
Trade and other payables	(7,130)	(4,686)	(5,849)
Obligations under finance leases	(772)	(1,312)	(810)
Borrowings	(3,776)	(2,736)	(3,040)
Current tax liabilities	(670)	(561)	(479)
	<u>(12,348)</u>	<u>(9,295)</u>	<u>(10,178)</u>
Non-current liabilities			
Borrowings	(3,269)	(3,938)	(3,600)
Obligations under finance leases	(1,387)	(1,420)	(1,483)
Deferred tax	(1,393)	(1,416)	(1,413)
Deferred consideration	(108)	(154)	(154)
	<u>(6,157)</u>	<u>(6,928)</u>	<u>(6,650)</u>
Total liabilities	<u>(18,505)</u>	<u>(16,223)</u>	<u>(16,828)</u>
Net assets	<u>21,957</u>	<u>21,344</u>	<u>21,686</u>
Equity			
Share capital	1,274	1,274	1,274
Share premium account	9,534	9,534	9,534
Capital redemption reserve	814	814	814
Merger reserve	402	402	402
Translation reserve	520	677	628
Other reserves	180	180	180
Retained earnings	9,233	8,463	8,854
Equity attributable to owners of the Company	<u>21,957</u>	<u>21,344</u>	<u>21,686</u>

**Consolidated statement of changes in equity (Unaudited)
at 30 November 2010**

	Share capital account £'000	Share premium account £'000	Capital redemp- tion reserve £'000	Merger reserve £'000	Trans- lation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 June 2009	1,274	9,534	814	402	636	180	8,228	21,068
Share-based payments	-	-	-	-	-	-	8	8
Transactions with owners	-	-	-	-	-	-	8	8
Profit for the period	-	-	-	-	-	-	227	227
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange rate gain	-	-	-	-	41	-	-	41
Total comprehensive income for the year	-	-	-	-	41	-	227	268
At 30 Nov 2009	<u>1,274</u>	<u>9,534</u>	<u>814</u>	<u>402</u>	<u>677</u>	<u>180</u>	<u>8,463</u>	<u>21,344</u>
At 1 Dec 2009	1,274	9,534	814	402	677	180	8,463	21,344
Share-based payments	-	-	-	-	-	-	11	11
Transactions with owners	-	-	-	-	-	-	11	11
Profit for the period	-	-	-	-	-	-	380	380
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange rate loss	-	-	-	-	(49)	-	-	(49)
Total comprehensive income for the year	-	-	-	-	(49)	-	380	331
At 31 May 2010	<u>1,274</u>	<u>9,534</u>	<u>814</u>	<u>402</u>	<u>628</u>	<u>180</u>	<u>8,854</u>	<u>21,286</u>
At 1 June 2010	1,274	9,534	814	402	628	180	8,854	21,686
Share-based payments	-	-	-	-	-	-	17	17
Transactions with owners	-	-	-	-	-	-	17	17
Profit for the period	-	-	-	-	-	-	362	362
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange rate loss	-	-	-	-	(108)	-	-	(108)
Total comprehensive income for the year	-	-	-	-	(108)	-	362	254
At 30 Nov 2010	<u>1,274</u>	<u>9,534</u>	<u>814</u>	<u>402</u>	<u>520</u>	<u>180</u>	<u>9,233</u>	<u>21,957</u>

**Notes to the half year statement
30 November 2010**

1. Basis of preparation

The Group's interim results for the six month period ended 30 November 2010 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 2011. 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 8 February 2011 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 2011. The statutory accounts for the year ended 31 May 2010, 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 of the Companies Act 2006.

2. Segmental analysis

	Aerospace	Energy and Medical	Industrial Products	Unallocated Central items	Total
	£'000	£'000	£'000	£'000	£'000
6 months ended 30 Nov 2010					
Revenue	6,027	5,926	4,899	-	16,852
Operating profit/(loss)	506	(74)	538	(306)	664
Year ended 31 May 2010					
Revenue	9,632	12,177	6,769	-	28,578
Operating profit/(loss)	132	(58)	83	634	791
6 months ended 30 Nov 2009					
Revenue	4,859	5,758	2,836	-	13,453
Operating profit/(loss)	4	(294)	(283)	704	131

Notes to the half year statement (continued)
30 November 2010

3. Taxation

The taxation credit/(charge) is based upon the expected effective rate for the year ended 31 May 2011.

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 2010	6 months to 30 Nov 2009	Year to 31 May 2009
	No	No	No
Weighted average number of shares – basic	25,480,577	25,480,577	25,480,577
Share Option adjustment	70,943	36,691	44,478
Weighted average number of shares – diluted	25,551,520	25,517,268	25,525,055
	£'000	£'000	£'000
Earnings attributable to shareholders	362	227	607
Share based payments	17	8	19
Amortisation of intangibles	69	69	137
Adjusted earnings attributable to shareholders	448	304	763
Basic earnings per share	1.4p	0.9p	2.4p
Diluted earnings per share	1.4p	0.9p	3.0p
Adjusted basic earnings per share	1.8p	1.2p	2.4p
Adjusted diluted earnings per share	1.8p	1.2p	3.0p

The Directors believe that the above adjusted earnings per share calculation is a more appropriate reflection of the Group performance.