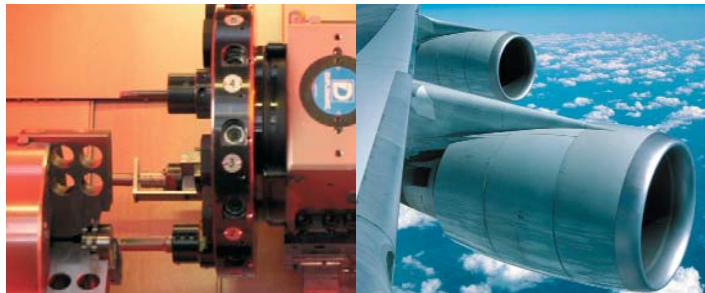


Avingtrans plc

engineering technology group

INTERIM RESULTS SIX MONTHS TO 30 NOVEMBER 2005



Chairman's Statement

I am pleased to announce the results of Avingtrans Plc for the six months ending 30 November 2005. The period was largely concerned with managing our continuing operations, developing new trading links at home and abroad, investing in and upgrading our plant and manufacturing systems and exploring new opportunities for the future. No acquisitions were completed during the period although a number of companies that are of interest continued to be reviewed.

Demand for the Group's products was generally strong throughout the period. Stainless Metalcraft delivered a record number of MRI scanner bodies and components and completed the delivery of a significant order for the EU scientific research community. Order intake and backlog continued at high levels. Sales and earnings at C&H, our aerospace component finishing facility, and at Jena, manufacturers of new and replacement ballscrew actuators and spindles for the medical, aerospace and machinery industry exceeded management expectations. However, sales and earnings were below expectations at Crown, our road speed camera pole manufacturer, where the Governmental report on speed cameras slowed traditional UK speed camera installations for some months.

As a consequence of the above, the Company recorded the highest level of order intake, turnover, profitability, net assets and earnings per share since joining AIM in June 2002.

Financial performance

Turnover for the six months ended 30th November 2005 was £15.7 million (2004: £7.9 million) an increase of 99%. Earnings before interest, tax depreciation and goodwill amortisation (EBITDA) was £1,983,000 (2004: £989,000) an increase of 101%.

Operating Profit for the period was £1,358,000 (2004: £676,000) an increase of 109%. Profit before tax for the period increased 109% to £1,168,000 (2004: £559,000).

The Company had a positive cash flow from operations during the period of £987,000 (2004: £1,384,000). During the period, the Company made bank debt repayments of £302,000. The net debt at 30 November 2005 was £4,584,000 (2004: £5,114,000), with gearing reduced to 41.5% (2004: 54.7%).

An exchange rate gain of £52,000 (2004: £64,000) was recorded through the reserves in the period.

Earnings per share

Earnings per share, for the period ended 30 November 2005, before goodwill amortisation was 7.0p (2004: 6.0p) a 16.6% increase. Basic earnings per share was 5.7p (2004: 4.8p) and fully diluted earnings per share was 5.3p (2004: 4.8p), increases of 18.7% and 10.4% respectively.

The weighted average number of Ordinary shares in issue during the period was 14,262,086 (2004: 7,998,268).

Dividend

The Board has agreed a dividend of 0.5p for the half year to be paid on 12 May 2006 to shareholders on the register at 7 April 2006.

Six months review

Stainless Metalcraft continued to strengthen its position as a leading supplier of MRI scanner bodies to the international MRI scanner industry being appointed a tier one supplier to its major customer, Siemens. Deliveries of MRI scanner bodies during the period were at record levels. Significant developments were also made on projects for the EU and UK research and scientific community with delivery of high integrity components for the CERN nuclear fusion project in Switzerland, projects for Rutherford Appleton Laboratories in the UK and an underwater pressurised rescue vessel for the UK MOD. Work continues on improving the manufacturing site at the Chatteris plant, including the re-cladding of the exterior of the buildings as part of the programme of energy cost saving started in

2004 as cost of gas and electricity supplies continue to escalate. Additionally, the manufacturing facilities have been upgraded with the installation of a new computer controlled welding robot and two new state of the art computer controlled production machines. Management are reviewing additional opportunities within the EU and UK aerospace industries. Several senior employee visits were also made to Mainland China and talks are continuing with a UK company on the opportunities that may exist in that country.

Order intake and sales at Jena, through its operations in Germany the UK and USA, continued to increase during the period as a result of the improved economic situation in Germany and the development and expansion of the new Jena Group initiative to provide a one stop service and repair of ballscrews, bearings and spindles in the UK. Part of this programme was the completion of the installation at the Sherwood Park facility in Nottinghamshire of a new computer controlled testing facility for high value, high frequency spindles servicing aerospace manufacturing in the UK and EU.

C&H sales and order intake grew strongly during the six months under review with new customers in the aerospace airframe sector and continuing growth in our turbine blade finishing activities for aero engines and land based turbines.

Activity at Crown UK Limited, reduced as a result of the slow down of traditional camera post supply in the UK, concentrated on overseas opportunities and the introduction of digital cameras for Transport for London. During the period, there was renewed enquiry and tendering activity for posts for Railway signalling applications for the next programme of installations on the West Coast line.

Two prototype camera housings for use on a new programme for the detection of occupancy levels in motor vehicles were manufactured and delivered to sites in the UK for extended trials. These housings were supplied in support of a newly formed Avingtrans Subsidiary Company, Vehicle Sensor Technology Limited, which has signed an exclusive worldwide 5 year renewable supply and service agreement with Vehicle Occupancy Limited, the owner of a patented system for the detection of the number of people in a motor vehicle. The system, where deployed, will make it easier to enforce priority lanes for car sharing initiatives and for differential tolling on roads, bridges, tunnels and car parks.

Current Trading and Prospects

All divisions of the Company with the exception of Crown UK are continuing to trade to or above expectations with C&H, Jena and Stainless Metalcraft developing strong order books. The softening in the UK market for roadside speed camera poles was widely forecast as the Government reviewed its options for traffic speed detection and control but deepened progressively as the report was delayed. The report is now published and orders for traditional camera posts and the new digital camera posts are beginning to pick up again. Orders are also expected for Railway signal posts in the second half of the year and Crown looks forward to a much improved second half.

Unexpected and material increases in the cost of energy supplies and raw materials are of concern for the second half, but cost reduction and productivity upgrade programmes are under constant review in an effort to minimise the effects of the extra costs.

The awarding of Tier 1 supplier status to Stainless Metalcraft by Siemens and the signing of a 5 year supply and service agreement with Vehicle Occupancy Limited for new type camera housings give rise for optimism for the remainder of the year and the longer term future.

K.M.Baker

Chairman

9 February 2006

Consolidated Profit and Loss Account

	Note	6 mths to 30 Nov 2005 Unaudited £'000	6 mths to 30 Nov 2004 Unaudited £'000	12 mths to 31 May 2005 Audited £'000
Turnover				
Group turnover – continuing operations		15,701	7,929	24,329
Operating profit before amortisation				
Continuing operations		1,537	775	2,542
Amortisation of goodwill		(179)	(99)	(278)
Group operating profit		1,358	676	2,264
Profit on ordinary activities before interest		1,358	676	2,264
Net interest payable and similar charges		(190)	(117)	(295)
Profit on ordinary activities before taxation		1,168	559	1,969
Tax on profit on ordinary activities	3	(355)	(177)	(668)
Profit for the period		813	382	1,301
Dividend		-	-	(71)
Retained profit for the period		813	382	1,230
Earnings per share	4			
Basic		5.7p	4.8p	11.2p
Diluted		5.3p	4.8p	10.6p

Statement of Total Recognised Gains and Losses

	6 mths to 30 Nov 2005 Unaudited £'000	6 mths to 30 Nov 2004 Unaudited £'000	12 mths to 31 May 2005 Audited £'000
Profit for the financial period	813	382	1,301
Other recognised gains and losses			
Currency translation gain	52	64	37
Total recognised gains/(losses) relating to the period	865	446	1,338

Summarised Consolidated Balance Sheet

	At 30 Nov 2005 Unaudited £'000	At 30 Nov 2004 Unaudited £'000	At 31 May 2005 Audited £'000
Fixed assets			
Intangible assets	6,560	6,951	6,739
Tangible assets	6,113	4,997	5,869
Investments	26	59	26
	<u>12,699</u>	<u>12,007</u>	<u>12,634</u>
Current assets			
Stocks	4,935	4,323	4,566
Debtors due within one year	5,270	5,627	5,495
Cash at bank and in hand	682	672	909
	<u>10,887</u>	<u>10,622</u>	<u>10,970</u>
Creditors: Amounts falling due within one year	<u>(8,561)</u>	<u>(9,191)</u>	<u>(9,437)</u>
Net current assets	<u>2,326</u>	<u>1,431</u>	<u>1,533</u>
Total assets less current liabilities	<u>15,025</u>	<u>13,438</u>	<u>14,167</u>
Creditors: Amounts falling due after more than one year	<u>(3,801)</u>	<u>(3,783)</u>	<u>(3,801)</u>
Provisions for liabilities and charges	<u>(190)</u>	<u>(307)</u>	<u>(197)</u>
Net assets	<u>11,034</u>	<u>9,348</u>	<u>10,169</u>
Capital and reserves			
Called up share capital	713	713	713
Share premium account	3,783	3,783	3,783
Capital redemption reserve	813	813	813
Other reserves	180	180	180
Profit and loss account	5,545	3,859	4,680
Equity shareholders' funds	<u>11,034</u>	<u>9,348</u>	<u>10,169</u>

Consolidated Cash Flow Statement

	6 mths to 30 Nov 2005 Unaudited £'000	6 mths to 30 Nov 2004 Unaudited £'000	12 mths to 31 May 2005 Audited £'000
Net cash inflow from operating activities	987	1,384	3,917
Returns on investment and servicing of finance			
Net interest	(206)	(119)	(249)
Net cash outflow from returns on investment and servicing of finance	(206)	(119)	(249)
Taxation paid	(275)	(162)	(266)
Capital expenditure and financial investment			
Purchase of fixed assets	(57)	(96)	(589)
Sale of fixed assets	3	5	31
Purchase of fixed asset investments	-	-	-
Net cash outflow from capital expenditure and financial investment	(54)	(91)	(558)
Acquisitions and disposals			
Purchase of subsidiary undertakings	(100)	(8,035)	(8,159)
Net cash acquired with subsidiaries	-	5	5
Purchase of unincorporated business	-	-	-
Net cash outflow from acquisitions and disposals	(100)	(8,030)	(8,154)
Equity dividends	(71)	-	-
Financing			
Issue of share capital	-	4,144	4,144
New Loans	-	2,895	2,896
Repayment of loan capital	(292)	(722)	(1,165)
Capital element of finance lease payments	(273)	(130)	(354)
Net cash (outflow)/inflow from financing	(565)	6,187	5,521
(Decrease)/increase in cash	(284)	(831)	211

Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	6 mths to 30 Nov 2005 £'000	6 mths to 30 Nov 2004 £'000	12 mths to 31 May 2005 £'000
Operating profit	1,358	676	2,264
Depreciation of tangible fixed assets	446	214	627
Amortisation of intangible assets and goodwill	179	99	278
(Profit)/loss on disposal of tangible fixed assets	(3)	(2)	1
Impairment of Investment	-	-	33
Increase in stocks	(314)	(303)	(764)
Decrease/(increase) in debtors	261	(1,132)	(1,016)
(Decrease)/increase in creditors	(940)	1,832	2,494
Net cash inflow from operating activities	987	1,384	3,917

NOTES

1. This interim report was neither audited nor reviewed by the auditors. It was approved by the Board on 8 February 2006. It has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the year ended 31 May 2005.

The figures for the year to 31 May 2005 were derived from the statutory accounts for that year. The statutory accounts for the year ended 31 May 2005 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 2006.
4. Earnings per share has been calculated using the weighted average number of 14,262,086 Ordinary Shares in issue during the period (2004: 7,998,268) (Audited 2005: 11,588,530).

Basic earnings per share before goodwill amortisation was 7.0p (2004: 6.0p) (Audited 2005: 13.6p)

5. Analysis of Net Debt

	1 June 2005 £'000	Cash flow £'000	Inception of loans and finance leases £'000	Exchange movement £'000	30 Nov 2005 £'000
Cash at bank and in hand	909	(209)	-	(18)	682
Bank overdraft	(173)	(75)	-	(1)	(249)
Cash	<u>736</u>	<u>(284)</u>	<u>-</u>	<u>(19)</u>	<u>433</u>
Debt	(3,468)	302	-	-	(3,166)
Hire purchase leases	(1,485)	263	(628)	(1)	(1,851)
	<u>(4,953)</u>	<u>565</u>	<u>(628)</u>	<u>(1)</u>	<u>(5,017)</u>
Net debt	<u>(4,217)</u>	<u>281</u>	<u>(628)</u>	<u>(20)</u>	<u>(4,584)</u>

6. Reconciliation of movements in Shareholders' Funds

	6 mths to 30 Nov 2005 Unaudited £'000	6 mths to 30 Nov 2004 Unaudited £'000	12 mths to 31 May 2005 Audited £'000
Profit for the financial period	813	382	1,301
Other recognised gains and losses relating to the period	52	64	37
Dividends	-	-	(71)
Proceeds of share issue	-	4,144	4,144
Increase in shareholders' funds	<u>865</u>	<u>4,590</u>	<u>5,411</u>
Opening shareholders' funds	<u>10,169</u>	<u>4,758</u>	<u>4,758</u>
Closing shareholders' funds	<u>11,034</u>	<u>9,348</u>	<u>10,169</u>

Avingtrans plc
Precision House
Derby Road Sandiacre
Nottingham
England
NG10 5HU

Tel: 0115 949 9020
Fax: 0115 949 9024
Email: info@avingtrans.plc.uk

www.avingtrans.plc.uk