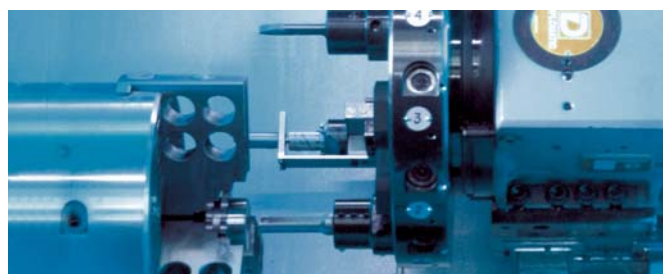


Avingtrans plc

engineering technology group

INTERIM RESULTS SIX MONTHS TO 30 NOVEMBER 2008



Avingtrans plc

("Avingtrans" or the "Group")

Interim results for the six months ended 30 November 2008

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 2008.

Financial Highlights

Turnover decreased by 17% to £17.5m (2008:£21.1m)

Gross profit margin improved to 28% (2008: 26%)

Operating profit margin sustained at 5%

Fully diluted, adjusted¹ EPS of 2.1 pence per share (2008: 4.2 pence per share)

Cash generated from operations, at £1.9m, significantly better than last year (2008: £0.5m)

Continued new investment of £1.3m in the business during the period

Net debt reduced by 31% to £7.5m (31 May 2008: £10.8m) post the successful placing

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

Operational highlights

The Industrial Products Division continues its robust performance with revenues up 22% compared to 2007 and EBIT up 53%. It has received its first significant order from China, securing an estimated £1.8m, five year contract with a major machine tools manufacturer.

Whilst the Energy and Medical Division has seen year on year reductions from Siemens, the business has stabilised and management has successfully negotiated new contract terms and conditions for on-going supply of MRI equipment.

A major £4m Oil and Gas project expected to complete on time by financial year end

In Aerospace, Sigma China has not progressed as quickly as planned, however:

- New local management resolving operational issues
- Sigma received its first order from GE China
- Planned expansion of the facilities is underway.

Pipeline of prospects across all divisions remains promising

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

"The first half of the year proved challenging for the Group. However, whilst we acknowledge that conditions are likely to remain challenging, we remain confident in the robustness of the Group's core businesses and believe that actions taken and planned will enable the Group to deliver improved profitability for the year ended 31 May 2009 over the previous financial year".

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About Avingtrans plc**www.avingtrans.plc.uk**

Avingtrans plc is engaged in the provision of precision engineering components and services to the energy, medical, scientific and research communities, traffic management, automation, machinery and aerospace industries worldwide. It is organized in three business segments:

Aerospace, which is engaged in the manufacture of rigid pipe assemblies and prismatic components for aero engines and precision finishing of aircraft components

Energy and Medical, engaged in the manufacture of machined and fabricated pressure and vacuum vessels and components for the energy, medical, science and research communities and design and manufacture of fabricated poles and cabinets for roadside safety cameras and rail track signalling

Industrial products, which is engaged in the design, manufacture, distribution and service of precision ballscrews, spindles and related linear and rotary products servicing the original equipment and after markets in global industry.

Chairman's Statement

The Group's financial performance has been strongly challenged by global market conditions and, overall, we have seen a mixed picture in our trading so far this year, although we have made substantial progress increasing efficiencies across the business. Notwithstanding short term difficulties, we believe our strategy of building market-leading, niche positions in our defined market sectors will prove to be robust and we continue to pursue it with vigour.

Although Group revenues are down £3.6m compared with the first half of last year, we have cut costs accordingly in all areas to maintain profitability and expect performance to significantly improve in the second half. However, the improvement will not be enough to match our previous expectations, though we still believe we will be ahead of last year. We remain very guardedly optimistic about our prospects throughout the global economic downturn, with a significant pipeline of opportunities developing, albeit rather more slowly than we previously envisaged.

The refreshed management team has the capability to act quickly, as needs arise, to ensure that the Group remains competitive under changing market conditions and is focusing on improving returns for shareholders. Executing our strategy will enable us to deliver strong value growth in future and we believe that our market positions will enable us to come out of the current cycle poised for future growth.

Roger McDowell

Chairman

10 February 2009

Business Review

Group Performance

As anticipated, Group revenue was lower in this half year, coming in at £17.5m (2008: £21.1m). The decrease was mainly down to year on year reductions at Metalcraft associated with the reduced volume of business from Siemens and reduced volumes at Crown, pending approvals of the new SmartPole™ product.

Consequently, operating profit was also down, at £885k (2008: £1,355k). However, we had always expected a strong skew between the first and second half, due to the significant impact of a £4m Oil and Gas project that Metalcraft still expects to complete on time by financial year end. This project also produced a significant skew in inventories and creditors in the first half which will be regularised on completion. An additional impact was from Sigma China, behind expectations, but new local management is resolving operational issues and expansion of facilities has commenced.

Adjusted diluted earnings per share, for the period ending 30 November 2008, was 2.1p (2008: 4.2p).

Funding and Liquidity

The net cashflow from operations was £1,892k (2008: £538k).

Net indebtedness at 30 November 2008 stood at £7.5m, £3.3m lower than at the prior year end. Balance sheet gearing was 38.2%, down from 66.8% at 31 May 2008.

Taxation

As reported in the 2008 Annual Report, following the Finance Act 2008 receiving Royal Assent, the withdrawal of industrial building allowances gives rise to an additional tax charge of £367k for the year ending 31 May 2009. This exceptional charge has been recognised in full at the half year and, thus, creates the loss in the period.

Dividend

The Board believes it is prudent to preserve cash in the business at this time and, consequently, recommends that no dividend should be paid in respect of the half year (2008: 0.5p). Looking forward, the Board will keep the year end dividend under review, taking account of the on-going changes in trading position in our markets.

Operations

The **Energy and Medical Division** has seen a reduction in overall business this year, as the Siemens contract stabilises at a lower level than hitherto. We successfully concluded negotiations with Siemens concerning new long term contract terms and conditions, including a new agreement on pricing for 18 months, lasting until April 2010.

There has been positive movement on the Metalcraft China facility, with our launch customer ready to commence production during 2009.

Prospects in the energy sector remain strong, though the timing of these projects is more difficult to predict; oil price volatility being one key item impacting the phasing of our forward order pipeline. Nuclear sector prospects are also promising, with positive indications on repeat nuclear decommissioning and replacement reprocessing business. Metalcraft has been named as preferred bidder in an enabling contract with Magnox North for commissioning drums for intermediate level waste storage.

The large scale (£4m) Oil and Gas project that we reported on in the last annual report remains on-track for completion by the end of this financial year.

Concerning the Marine sector for pressure vessel equipment, Metalcraft successfully completed 4 diving bells for UK customers and 2 submersible pressure hulls for Far Eastern navies.

Crown UK has received the first test orders for its next generation pole design, including first orders from Redflex Europe, with more expected to follow once the qualification processes are complete. However, order volumes have reduced in the past few months, as OEMs seek to minimise stock positions in anticipation of standardising on the new design, currently undergoing Home Office approval.

Industrial Products has had a very good half year, with revenues up 22% compared with last year. The division is delivering its strategy of developing niche high precision engineered components, coupled with a diversification of its product strategy to include factored products and related equipment, as well as the increase of its production capacity linked to recent investments.

However, we are seeing softening in the global machine tools market, though we do not expect this to materially impact the results of the division in the current financial year. As recently announced, the division is making good progress in developing its Asian business - notably with a significant contract in China - and a number of other geographical sales channels are under development also.

In February 2009, we acquired the assets of the Moss Group for a total consideration of £90k. This fits nicely into the strategy of Jena in the UK, providing access to the servicing and repair aftermarket and specialist machine attachments that compliment the division's high precision Jena Tec product range.

The **Aerospace Division** has been a hive of activity in the last six months. Following the successful placing in October 2008, we have begun to increase the investment in our Chinese business, Sigma, albeit more cautiously in light of the global events over the last few months. The next batch of new machines for the facility is due in the near future and we expect this to enable a substantial increase in capacity.

Sigma continued to grow its order book, gaining approval from GE in Suzhou, China, and securing first orders. Overall, the order book has not developed as fast as we envisaged in China, with a number of prospects delaying decisions due to their own internal issues. As a result, Sigma's volumes are lower than expected and it has not yet broken into profit. Overall, Sigma is behind our first half expectations and new local management is addressing the operational issues to improve performance. Strong interest in our Chinese capability continues to be expressed by a number of major aerospace customers and we still believe that increased orders will allow us to achieve profitability in the coming months.

The B&D Patterns business has continued to improve operationally, though the performance has been tempered by the softening of orders from some of our main customers in the commercial aerospace sector. The cost base of the business has been trimmed accordingly, including consolidating operations onto a single site and we believe that it is now correctly sized for the weaker conditions in the market. Discussions continue on the warranty claim with the former owners of B&D.

C&H had a reasonable six months overall, though they too are seeing some softening in demand, as the aerospace supply chain adjusts to lighter forward order books than in recent years. The new C&H facility in Cheltenham ramped up capacity successfully, providing a range of polishing services, principally to Messier Dowty.

Outlook

Given the current global economic environment, there are inevitably increasing risks of reduced demand in Aerospace and Industrial Products. However, the actions that we are taking to cut costs and insulate ourselves strategically from the changes should provide some degree of resilience to our activity levels within these sectors. Conversely, Energy and Medical is expected to be more stable overall, though a degree of agility is required on our part to adjust to changing conditions in the various sub-sectors that we compete in.

Taking everything into account, whilst we now expect to be below where we anticipated at the start of the financial year, we expect to improve on the Group's profitability for the year ended 31 May 2009 compared to 2008.

In summary, our strategy to focus on niches where we can differentiate our offering will offer some protection to cyclical market exposure, but we cannot assume that we will be able to fully mitigate the current downward trend. Overall, Avingtrans is well placed to benefit from structural changes in our markets and to grow as global industrial markets recover.

Roger McDowell
Chairman
10 February 2009

Steve McQuillan
Chief Executive
10 February 2009

Stephen King
Finance Director
10 February 2009

**Consolidated Income Statement (Unaudited)
for the six months ended 30 November 2008**

	6 months to 30 Nov 2008 £'000	6 months to 30 Nov 2007 £'000	Year to 31 May 2008 £'000
Revenue	17,527	21,137	41,247
Cost of sales	(12,587)	(15,742)	(30,324)
Gross profit	4,940	5,395	10,923
Distribution costs	(479)	(486)	(944)
Administrative expenses	(3,576)	(3,554)	(7,249)
Operating profit before share based payments and amortisation / impairment of intangibles	885	1,355	2,730
Share based payment expense	(18)	(20)	(25)
Amortisation of intangibles from business combinations	(69)	(128)	(137)
Operating profit	798	1,207	2,568
Finance income	-	5	6
Finance costs	(381)	(414)	(880)
Profit before taxation	417	798	1,694
Taxation (Note 3)	(475)	(196)	(549)
(Loss)/profit for the financial year	(58)	602	1,145
(Loss)/earnings per share :			
From continuing operations			
- Basic	(0.2)p	3.4p	6.5p
- diluted	(0.2)p	3.4p	6.4p

All the above results are from continuing operations

**Consolidated statement of total recognised income and expense (Unaudited)
for the six months ended 30 November 2008**

	6 months to 30 Nov 2008 £'000	6 months to 30 Nov 2007 £'000	Year to 31 May 2008 £'000
Exchange differences on translation of foreign operations	240	124	335
Net movement recognised directly in equity	240	124	335
Loss for the period	(58)	602	1,145
Total recognised income and expense for the period	182	726	1,480

**Consolidated cash flow statement (Unaudited)
for the six months ended 30 November 2008**

	6 months to 30 Nov 2008 £'000	6 months to 30 Nov 2007 £'000	Year to 31 May 2008 £'000
Operating activities			
Cash flows from operating activities	1,892	538	2,819
Finance costs paid	(382)	(417)	(902)
Income tax paid	(34)	(235)	(757)
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Net cash inflow/(outflow) from operating activities	1,476	(114)	1,160
Investing activities			
Interest received	-	5	6
Acquisition of subsidiaries	-	-	(16)
Acquisition of investment	-	(215)	(219)
Purchase of intangible assets	(90)	(87)	(411)
Purchase of property, plant and equipment	(1,178)	(201)	(607)
Proceeds from sale of property, plant and equipment	15	1	53
Proceeds from sale of investments	-	19	19
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(1,253)	(478)	(1,175)
Financing activities			
Dividends paid	(132)	(131)	(220)
Repayments of borrowings	(302)	(629)	(1,044)
Repayments of obligations under finance leases	(545)	(423)	(873)
Proceeds from issue of ordinary shares	3,358	33	34
Borrowings raised	469	239	869
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Net cash inflow/(outflow) from financing activities	2,848	(911)	(1,234)
Net increase/(decrease) in cash and cash equivalents	3,071	(1,503)	(1,249)
Cash and cash equivalents at beginning of period	(2,534)	(1,302)	(1,302)
Effect of foreign exchange rate changes	(89)	66	17
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Cash and cash equivalents at end of year	448	(2,739)	(2,534)
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**Cash generated from operations:
for the six months ended 30 November 2008**

	6 months to 30 Nov 2008 £'000	6 months to 30 Nov 2007 £'000	Year to 31 May 2008 £'000
Continuing operations			
Profit before income tax	417	798	1,694
Adjustments for:			
Depreciation	706	673	1,287
Amortisation and impairment of Intangible assets	92	128	227
(Profit) on disposal of property, plant and equipment	(11)	(7)	(20)
(Profit) on disposal /impairment of investment	-	-	(7)
Finance income	-	(5)	(6)
Finance expense	381	414	880
Share based payment charge	18	20	25
Changes in working capital			
(Increase) in inventories	(1,978)	(519)	(327)
(Increase)/decrease in trade and other receivables	(515)	1,188	1,660
Increase/(decrease) in trade and other payables	2,773	(2,171)	(2,619)
Other non cash charges	9	19	25
	<hr/>	<hr/>	<hr/>
Cashflows from operating activities	1,892	538	2,819
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Summarised consolidated balance sheet (Unaudited)
at 30 November 2008**

	30 Nov 2008 £'000	30 Nov 2007 £'000	31 May 2008 £'000
Non current assets			
Goodwill	10,242	10,226	10,242
Other intangible assets	1,817	1,538	1,784
Property, plant and equipment	10,991	10,694	10,560
Deferred tax	24	-	24
Investments	219	215	219
	<u>23,293</u>	<u>22,673</u>	<u>22,829</u>
Current assets			
Inventories	8,636	6,538	6,480
Trade and other receivables	7,557	7,731	6,984
Current tax asset	119	-	196
Cash and cash equivalents	2,533	1,058	548
	<u>18,845</u>	<u>15,327</u>	<u>14,208</u>
Total assets	<u>42,138</u>	<u>38,000</u>	<u>37,037</u>
Current liabilities			
Trade and other payables	(9,910)	(7,747)	(7,278)
Obligations under finance leases	(926)	(701)	(935)
Borrowings	(2,585)	(4,949)	(3,591)
Current tax liabilities	(492)	(824)	(489)
	<u>(13,913)</u>	<u>(14,221)</u>	<u>(12,293)</u>
Non-current liabilities			
Borrowings	(4,749)	(4,800)	(5,034)
Obligations under finance leases	(1,762)	(1,788)	(1,789)
Deferred tax	(1,370)	(945)	(1,003)
Deferred consideration	(750)	(750)	(750)
	<u>(8,631)</u>	<u>(8,283)</u>	<u>(8,576)</u>
Total liabilities	<u>(22,544)</u>	<u>(22,504)</u>	<u>(20,869)</u>
Net assets	<u>19,594</u>	<u>15,496</u>	<u>16,168</u>
Equity			
Share capital	1,232	882	882
Share premium account	9,280	6,271	6,272
Capital redemption reserve	814	814	814
Merger reserve	402	402	402
Translation reserve	538	87	298
Other reserves	180	180	180
Retained earnings	7,148	6,860	7,320
Total equity attributable to equity holders of the parent	<u>19,594</u>	<u>15,496</u>	<u>16,168</u>

**Notes to the half year statement
30 November 2008**

1. Basis of preparation

The Group's interim results for the six month period ended 30 November 2008 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 2009. 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 240(5) of the Companies Act 1985 and are unaudited. The unaudited interim financial statements were approved by the Board of Directors on 9 February 2009 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 2009. The statutory accounts for the year ended 31 May 2008, 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 237(2) or (3) of the Companies Act 1985.

2. Segmental analysis

	Aerospace	Energy and Medical	Industrial Products	Unallocated Central items	Total
	£'000	£'000	£'000	£'000	£'000
6 months ended 30 Nov 2008					
Revenue	5,576	7,342	4,609	-	17,527
Operating profit	3	315	617	(137)	798
Year ended 31 May 2008					
Revenue	12,333	20,863	8,051	-	41,247
Operating profit	484	1,492	808	(216)	2,568
6 months ended 30 Nov 2007					
Revenue	6,005	11,365	3,767	-	21,137
Operating profit	162	806	402	(163)	1,207

Notes to the half year statement (continued)
30 November 2008

3. Taxation

As reported in the 2008 Annual Report, following the Finance Act 2008 receiving Royal Assent the withdrawal of industrial building allowances gives rise to an additional deferred tax charge of £367k for the year ending 31 May 2009. The taxation charge is based upon the expected rate for the year ended 31 May 2009.

4. (Loss)/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 warrants and EMI share options.

	6 months to 30 Nov 2008	6 months to 30 Nov 2007	Year to 31 May 2008
	No	No	No
Weighted average number of shares – basic	18,493,591	17,579,184	17,604,810
Warrant/ Share Option adjustment	24,481	249,435	174,615
Weighted average number of shares – diluted	18,518,072	17,828,619	17,779,425
	£'000	£'000	£'000
(Loss)/earnings attributable to shareholders	(58)	602	1,145
Share based payments	18	20	25
Amortisation of intangibles	69	128	137
Deferred tax charge re abolition of UK IBA's	367	-	-
Adjusted earnings attributable to shareholders	396	750	1,307
Basic earnings per share	(0.2)p	3.4p	6.5p
Diluted earnings per share	(0.2)p	3.4p	6.4p
Adjusted basic earnings per share	2.1p	4.3p	7.4p
Adjusted diluted earnings per share	2.1p	4.2p	7.4p

The Directors believe that the above adjusted earnings per share calculation is a more appropriate reflection of the Group performance. Owing to loss reported in the 6 months ended 30 November 2008 the share options and warrants are not dilutive.