Avingtrans plc
engineering technology group

INTERIM REPORT
SIX MONTHS ENDED 30 NOVEMBER 2016

Avingtrans plc

(“Avingtrans” or the “Group”)

Interim results for the six months ended 30 November 2016

Avingtrans plc, which designs, manufactures and supplies critical components, modules and associated services to the energy, medical and industrial sectors, today announces its preliminary results for the six months ended 30 November 2016.

Financial Highlights

- Revenue from continuing operations increased by 11% to £9.6 m (2016 H1: £8.6m)
- Adjusted group EBITDA advanced to breakeven (loss 2016 H1: £0.7m)
- Adjusted profit before tax improved to a loss of £0.2m (loss 2016 H1: £1.2m)
- Adjusted diluted loss per share from continuing operations 0.4p (loss 2016 H1: 3.6p)
- Cash outflow from operating activities £3.5m (2016 H1: £0.5m)
- Net cash reduced to £27.8m (31 May 2016: Net cash £51.0m), following successful tender offer which returned £19.4m to shareholders
- Interim dividend increased by 9%, to 1.2p per share (2016 H1: 1.1p)

Energy and Medical revenues up 11%, EBIT improved to breakeven in H1

- Improving sales in continuing businesses – up 11% vs prior year
- Divisional adjusted EBITDA of £0.5m, against prior year loss (loss 2016 H1: £0.2m)
- Significant improvement in performance of Composite Products business
- First Sellafield 3M3 (three-metre-cubed) prototype box delivered and fully approved
- Chatteris facilities redevelopment for Sellafield is on time and on budget
- Order book is strengthening: £9m / 10 year contract with Wuhan, China for NMR cryostats
- China facility gearing-up for new contracts with Wuhan and Bruker
- Post period end, acquisition of Scientific Magnetics Ltd, Abingdon, for £0.35m

Commenting on the results, Roger McDowell, Chairman, said:
“The successful tender offer was completed in early November 2016 and resulted in £19.4m being returned to shareholders. This was less cash than anticipated – a positive vote - leaving the group with cash balance of almost £28m, to enable future M&A and organic growth opportunities. M&A activity is now a principal focus of the management team, as we seek to build on past successes.

Operationally, progress with Sellafield and other new customers is on track and we were delighted to welcome the Sellafield team to the official opening of the new facility for 3M3 box manufacture at Chatteris, at the end of the first half. The Energy and Medical division performed in line with management expectations in the period and we look forward to the coming months, as we begin to capitalise on the recent contract wins with Sellafield, Rapiscan, Bruker and EDF.”

“Our attractive structural growth markets and durable customer relationships mean that we remain optimistic about the future of Avingtrans.”

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About Avingtrans plc:
Avingtrans is engaged in the provision of highly engineered components, systems and services to the energy, medical, industrial and traffic management industries worldwide.

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
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.

Composite Products Ltd - Buckingham, UK
Centre for composite technology, parts and assemblies, serving customers in industrial markets.

Chairman's Statement

Following a momentous prior year, in which we successfully disposed of our Aerospace division, we have now entered a rebuilding period, as previously communicated. We successfully completed the tender offer in the first half, returning £19.4m to shareholders. This was less cash than anticipated – a positive vote - leaving the group with a cash balance of almost £28m, to enable future M&A and organic growth opportunities.

Despite the current geopolitical uncertainties, we believe that the strength of our balance sheet puts us in a good position – we are not under any pressure to make acquisitions and it is a good time to have a healthy cash position. We are excited to note that, post period end, we acquired the business Scientific Magnetics Ltd, a manufacturer of superconducting magnet systems and cryogenics for MRI and other markets, for £0.35m. This small, but strategic acquisition, will act as the cornerstone of our vertical integration strategy in the medical market.

As is often the case, our Energy and Medical business is expected to be second half weighted, having won important projects in FY16, which we are in the process of ramping up – notably the on-going pre-production phase of Sellafield 3M3 Box operations at Metalcraft. So far, this is progressing positively, with Sellafield recently approving the first 3M3 prototype unit. Crown is also expected to enjoy a stronger second half, with new projects expected to convert to sales during this period.

As investors will be aware, the Sellafield project is the precursor to a significant expansion of long term business in the nuclear decommissioning sector. This first contract is for 1,100 waste storage containers over 10 years (worth £47m in revenue). We believe that Metalcraft remains well-placed to be a key partner for Sellafield in this programme over the next 30 years and to participate in further contracts in the sector, as and when these are tendered.

Thus, we consider that a long term partnership is developing with Sellafield, utilising Metalcraft's expertise in producing high integrity vessels and containers, on schedule and budget, as we have proven for many other markets. This is potentially transformational for the Energy business over the next few years. We are pleased with progress on other recently won contracts - especially with Rapiscan, which has improved the performance of Composite Products in Buckingham substantially.

New contract preparations are also proceeding to plan in China, concerning Bruker and Wuhan, for "NMR" (Nuclear Magnetic Resonance) vacuum vessel products.

During the period, we continued to invest in skills – especially apprentices - as part of our on-going journey towards world-class manufacturing capability. Our efforts have been recently rewarded at regional and national apprentice awards ceremonies and at the Nuclear Decommissioning Authority's (NDA) Supply Chain Awards, where we won the prestigious Minister's Award. Our Metalcraft business now ranks amongst the top 100 apprentice providers in the UK. I am particularly proud of our skills investment, as we continue to cultivate high quality engineering careers for young people.

In addition to the cash returned to shareholders in the period, the Board has declared an increased interim dividend, of 1.2 pence per share, once again underlining our commitment to consistently improve returns to our shareholders.

On behalf of our valued customers, our loyal investors and the Board, I would like to thank our employees for their continued dedication and hard work during the last few months, as we seek to transform Avingtrans once again and we all look forward towards the next exciting growth phase.

Roger McDowell
Chairman
27 February 2017

Strategic Review
Group Performance
Growth Strategy (PIE)

We are a precision engineering group, operating in differentiated, specialist niches in the supply chains of many of the world's best known engineering original equipment manufacturers. Our strategy is to build market-leading niche positions in our chosen sectors – currently Energy and Medical. Over the longer term, our acquisition strategy has enabled our businesses to develop the critical mass necessary to achieve market leadership.

Our core businesses have the capability to engineer products in Europe and produce those products partly, or wholly in Asia, allowing the Company and our customers to access low cost sourcing at minimum risk, as well as positioning us neatly in the development of the Chinese and Asian markets for our products. Metalcraft is well established in China, providing integrated supply chain options for our customers.

We have strengthened our capability to manage sophisticated outsourced manufacturing programmes for our customers, which has enabled us to build stronger and more durable long term relationships with the prospect of further sales growth. We remain focused on markets where we can sustain a competitive advantage and where the regulatory and technical requirements provide competitive barriers to entry.

The Group's clear objective is to continue the proven strategy of "buy and build" in regulated engineering niche markets, where we see consolidation opportunities, which can lead to significantly increased shareholder returns over the medium to long term. At the appropriate time we will seek to crystallise these gains with periodic sales of businesses at advantageous valuations and return the proceeds to shareholders. We call this strategy PIE – "Pinpoint-Invest-Exit". Previous deals - not least the recent disposal of Sigma - have clearly demonstrated the success of this approach, producing substantial increases in shareholder value. We have built strong brands and value from smaller constituent parts, we have demonstrated well-developed deal-making skills and we have also shown that we do not overpay for assets. The strategy to "buy and build" around smaller deals and consolidate relevant niches has significant potential to generate growth and shareholder value, as demonstrated with Sigma and JenaTec. Having built successful Avingtrans businesses in Germany, the USA and China, as well as the UK, M&A prospects will not be confined to the domestic market.

New Divisional Structure
In order to give greater structure and focus to the Group's growth strategy we will organise the operational management and financial reporting of the business around two core sectors: Energy and Medical. Both divisions have distinct markets and technological features making this organisational change a logical step:

Energy: where we are developing our position as a leading European supplier of energy industry process modules, vertically integrating this capability with the vessel manufacturing capability at Metalcraft and the recently acquired assets of Whiteley Read Engineering Ltd. This same vertical integration capability lends itself strongly to the nuclear decommissioning, life extension and "new nuclear" markets - in particular, nuclear waste storage containers - as well as a variety of other niches in the renewable energy sector.

Medical: Metalcraft's cryogenic vacuum vessel manufacturing pedigree, spanning over 40 years, makes us a supplier of choice to OEMs in markets where this capability is critical; notably in magnetic resonance imaging, nuclear magnetic resonance, proton therapy and related sectors. We enjoy a global market leading position in this particular supply niche. The recent acquisition of Scientific Magnetics Ltd adds considerable technology and engineering capability in MRI and NMR and underpins the potential to concentrate our medical businesses into a stand-alone division.

When the preliminary results for the year ending 31 May 2017 are published, management will also report on the operational and financial performance of the two divisions.

Operations

Energy and Medical Division (Metalcraft, Maloney Metalcraft, Composite Products, Crown)

The effects of the low oil price have now worked through at Maloney and we have most of our remaining resources focused elsewhere, following a residual phase of restructuring implemented in the period. We are now focused on the growth areas in the energy market, for example: energy storage; carbon capture; and nuclear power life extension and decommissioning.

As noted above, the initial modest fruits of recent contract wins began to mature in the period, with revenues increasing by 11% versus 2016 first half, a trend which we expect to continue in the second half. This resulted in a positive EBITDA for the division, in line with management expectations and representing a welcome improvement versus last year's first half loss, with notable improvement at Composite Products, Buckingham (retained after the Aerospace disposal).

Despite the recent oil price issues, the US Energy Information Administration forecasts a 48% increase in global energy consumption (between 2012 and 2040) mainly driven by population growth. This is positive for Metalcraft and Maloney, since we have interests in various parts of the energy cycle, from primary extraction, to generation, alternative energy storage and decommissioning. Decommissioning activities are steadily gathering pace, as this very long term issue is slowly grasped by the UK government and others around the world.

The demographics of a growing and ageing world population are encouraging for the medical imaging and diagnostics markets, so the business is well placed to benefit from external market drivers. There have been notable changes of ownership in some of the key players in the MRI sector recently, with Cannon acquiring Toshiba's Medical business unit post period end for $6bn and Siemens putting their Healthcare business up for sale. We continue to see new entrants penetrating the Chinese medical imaging market, which, in general, we view positively. These developments indicate that the sector will continue to spend money on developing new products and imaging techniques – eg the improved MRI diagnostic procedure for prostate cancer, as reported recently.

Summarising developments in the period, at the Energy and Medical businesses:

- Metalcraft, Chatteris: business with Siemens and Cummins in the UK was again steady. The £47m, 10-year contract with Sellafield Ltd, to produce 3M3 boxes, for the storage of intermediate level nuclear waste, is progressing to plan. We have made excellent progress with facilities refurbishment and pre-production tests. The production set-up and prototyping phase will continue in the current financial year, with series production expected to commence in calendar 2018. Metalcraft is well-placed to be a key partner for Sellafield in this programme. The total number of 3M3 boxes required is now expected to be in excess of 70,000 over the entire programme life, worth an estimated £3bn, according to Sellafield's own estimates.

- Metalcraft, Chengdu: results for the unit continued to improve year on year and we made good progress with the existing customers, as well as preparing for the new contracts with Bruker and Wuhan for "NMR" vessels.

- Maloney Metalcraft, Aldridge: as noted elsewhere, the oil price effects continued to affect the business in the period, though this has now largely washed though, with a limited restructuring completed, to stabilise our position in the new $50 a barrel oil reality. The gas project contracts with Samsung and JGC Gulf International Co. Ltd progressed substantially in the period. Both have taken longer to complete than previously anticipated, due to customer originated programme changes. Work also commenced on the EDF contract.

Operations (continued)
Energy and Medical Division (continued)

- Crown, Portishead: Crown had a steady, if subdued first half. The "FET" carbon abatement trial in Wales concluded successfully and we are working to turn this application into a product of the future with FET. This technology promises to make small to medium diesel generators "clean", which is important in a future where the energy grid is more fragmented and localised. Other prospects with FET are also progressing, albeit slowly.

- Composite Products, Buckingham: performance in the period improved markedly, versus H1 last year, as we began volume deliveries to Rapiscan. The second half performance will be similar and we anticipate further volume growth in the next financial year.

- Whiteley Read Engineering Ltd, Rotherham: This small assets acquisition has already proven its worth, by successfully completing overspill activities from Maloney and Metalcraft, as well as widening our customer base in the Energy sector.

- Scientific Magnetics Ltd, Abingdon: acquired in February 2017, this niche supplier of high power superconducting magnets and cryogenics brings considerable engineering capability, at a time when we expect to see new breakthrough technologies impacting the magnet designs of the future.

Financial Performance

Key Performance Indicators

The Group uses a number of financial key performance indicators to monitor the business, as set out below.

Revenue: continuing operations beginning to see impact of prior contract wins
Full year Group **revenue** of continuing operations was up by 11%, to £9.6m (2016 H1: £8.6m). Energy and Medical are beginning the ramp up of output for various recent contract wins, albeit modest improvement in H1.

The proportion of revenue derived from long term agreements (LTAs) of three years plus is increasing. We exited the previous financial year with almost £60m of LTAs signed and have since signed the Wuhan contact worth £9m and an extended contract with Siemens.

Profit: improving margins on rising volumes
Gross margins were 15.0% (2016 H1: 9.8%), improving as the margin mix of new contracts seeps in.

Adjusted **EBITDA** of continuing operations advanced significantly, to £0.5m (loss 2016 H1: £0.2m), as anticipated, due to increased turnover and improving product mix. The Composite Products performance improved considerably in H1, on rising demand.

Loss per Share: Improved for continuing operations.
Adjusted diluted loss per share for continuing operations improved to 0.4p, from a loss in 2016 H1 of 3.6p.

Funding and Liquidity: Balance sheet strong with Net Cash – tender offer returned £19.4m
The net **cash outflow** from operating activities was £3.5m (2016 H1: £0.5m), primarily due to Sigma disposal costs, as previously highlighted. **Net Cash** at the period end stood at £27.8m (31st May 2016: £51.0m) following the return of £19.4m (pre costs) of cash to shareholders via the tender offer. Having initially looked to return up to £28m, the Group's resultant cash position is therefore approximately £8m above prior expectations.

Dividend: steady progress continues
The Board again voted to underline our progressive dividend policy and we are pleased to be able to recommend an improved interim dividend of 1.2 pence per share (2016 H1: 1.1 pence per share). We intend to continue on this progressive path, subject to the outcome of our M&A activities. The dividend will be paid on 16 June 2017, to shareholders on the register at 26 May 2017.

People

Good governance dictates that the non-executive directors should be replaced periodically. As previously announced, Jeremy Hamer retired from the Avingtrans Board at the AGM in November. He is replaced as Audit Committee Chair by Les Thomas. The Board warmly thanks Jeremy for his very valuable contribution to Avingtrans over many years and we wish him the very best for the future.

Post period end, we have appointed a new General Manager for Metalcraft China. Significantly, he is a Chinese national, meaning that all Metalcraft employees there are Chinese, for the first time.

There were no other Board or top team management changes in the period, but we continued to develop and reinforce our management team in Energy and Medical. Skills availability remains challenging, but we do not expect to be unduly constrained by any shortages and we continue to invest in skills – e.g. through apprenticeships - notably at our training centre at Chatteris. Metalcraft's apprentice development has recently been recognised with regional and national awards.

Outlook

The Group is a niche engineering market leader in the Energy, Medical and Industrial sectors. Recent activity under our "Pinpoint-Invest-Exit" (PIE) strategy, such as the Sigma sale last year, demonstrates that we can produce excellent returns and deliver real proceeds back to shareholders. We will continue to be uncompromising about delivering value and we are not afraid to sell and return capital, as and when the timing is right.

Our investment in operational excellence continues to produce significant new business wins that support our results and provide good visibility of longer term earnings. We have an excellent customer base which we can build upon and differentiated product niches to exploit. We are very well placed to benefit from further market consolidation.

Our Energy and Medical businesses are clear leaders in their chosen markets, providing customers with consistent quality, as part of a world class supplier journey. Our Chinese presence is also providing a crucial additional competitive advantage.

With attractive structural growth markets and durable customer relationships, we remain optimistic about the future for Avingtrans. Future acquisition efforts will be conducted rigorously, with an underpinning ethos that any deal should be for the benefit of all stakeholders and should build sustainable long-term value. Investors are asked to endorse our strategy and join us in the next exciting phase of our development.

Roger McDowell	**Steve McQuillan**	**Stephen King**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**
27 February 2017	27 February 2017	27 February 2017

Consolidated Income Statement (Unaudited)
for the six months ended 30 November 2016

	6 months to 30 Nov 2016 £'000	6 months to 30 Nov 2015 £'000	Year to 31 May 2016 £'000
Revenue	**9,593**	8,606	21,177
Cost of sales	**(8,155)**	(7,763)	(18,028)
Gross profit	**1,438**	843	3,149
Distribution costs	**(321)**	(280)	(699)
Share based payment expense	**(7)**	(13)	(21)
Tender share buyback costs	**(199)**	-	-
Restructuring costs	**(183)**	(176)	(272)
Net proceeds on disposal of property	**-**	444	446
Other administrative expenses	**(1,454)**	(1,686)	(2,830)
Total administrative expenses	**(1,843)**	(1,431)	(2,677)
Operating loss	**(726)**	(868)	(277)
Finance income	**159**	1	554
Finance costs	**(22)**	(39)	(82)
(Loss)/profit before taxation	**(589)**	(906)	245
Taxation (Note 3)	**103**	166	175
(Loss)/profit after taxation from continuing operations	**(486)**	(740)	420
Profit after taxation from discontinued operations	**-**	1,763	30,716
(Loss)/profit for the financial period	**(486)**	1,023	31,136
(Loss)/earnings per share:			
From continuing operations			
- Basic	**(1.9)p**	(2.7)p	1.5p
- Diluted	**(1.9)p**	(2.7)p	1.5p
From continuing and discontinued operations			
- Basic	**(1.9)p**	3.7p	112.3p
- Diluted	**(1.9)p**	3.7p	111.4p

Consolidated statement of comprehensive income (Unaudited)
for the six months ended 30 November 2016

	6 months to 30 Nov 2016 £'000	6 months to 30 Nov 2015 £'000	Year to 31 May 2016 £'000
(Loss)/profit for the period	**(486)**	1,023	31,136
Exchange differences on translation of foreign operations	**11**	(83)	(283)
Exchange differences recycled on disposal of subsidiary undertakings			477
Total comprehensive (loss)/ income for the period	**(475)**	940	31,330

Consolidated cash flow statement (Unaudited)
for the six months ended 30 November 2016

	6 months to 30 Nov 2016 £'000	6 months to 30 Nov 2015 £'000	Year to 31 May 2016 £'000
Operating activities			
Cash flows from operating activities	**(3,466)**	(645)	7,885
Finance costs paid	**(22)**	(68)	(146)
Income tax repaid	**-**	198	52
Net cash (outflow)/inflow from operating activities	**(3,488)**	(515)	7,791
Investing activities			
Acquisition of subsidiary undertakings	**-**	-	(3,500)
Disposal of subsidiary undertakings	**-**	-	53,677
Finance income	**159**	1	554
Purchase of intangible assets	**(146)**	(323)	(766)
Purchase of property, plant and equipment	**(82)**	(348)	(1,062)
Proceeds from sale of intangible assets	**-**	-	9
Proceeds from sale of property, plant and equipment	**-**	1,283	1,319
Net cash (used)/generated by investing activities	**(69)**	613	50,231
Financing activities			
Equity dividends paid	**(305)**	(277)	(830)
Repayments of bank loans	**(244)**	(790)	(4,156)
Repayments of obligations under finance leases	**(149)**	(380)	(1,176)
Proceeds from issue of ordinary shares	**283**	5	32
Purchase of shares - tender buyback	**(19,383)**	-	-
Borrowings raised	**-**	187	1,651
Net cash outflow from financing activities	**(19,798)**	(1,255)	(4,479)
Net (decrease)/increase in cash and cash equivalents	**(23,355)**	(1,157)	53,543
Cash and cash equivalents at beginning of period	**52,923**	(361)	(361)
Effect of foreign exchange rate changes	**(265)**	(46)	(259)
Cash and cash equivalents at end of period	**(29,303)**	(1,564)	52,923

Cashflows from operating activities (Unaudited)
for the six months ended 30 November 2016

	6 months to 30 Nov 2016 £'000	6 months to 30 Nov 2015 £'000	Year to 31 May 2016 £'000
(Loss)/profit before income tax from continuing operations	**(589)**	(906)	245
Profit before income tax from discontinued operations	**-**	2,143	3,878
Adjustments for:			
Depreciation of property, plant and equipment	**246**	664	1,520
Amortisation of intangible assets	**86**	582	983
Profit on disposal of property, plant and equipment	**-**	(498)	(489)
Finance income	**(159)**	(1)	(554)
Finance expense	**22**	68	146
Research and Development Expenditure Credit	**-**	(134)	(168)
Share based payment charge	**7**	22	36
Bargain purchase on acquisition	**-**	-	(172)
Changes in working capital			
Increase in inventories	**(539)**	(1,926)	(2,327)
(Increase)/decrease in trade and other receivables	**(33)**	1,837	(556)
(Decrease)/increase in trade and other payables	**(2,509)**	(2,498)	5,339
Other non cash changes	**2**	2	4
Cash (outflow)/inflow from operating activities	**(3,466)**	(645)	7,885

Summarised consolidated balance sheet (Unaudited) at 30 November 2016

	30 Nov 2016 £'000	30 Nov 2015 £'000	31 May 2016 £'000
Non current assets			
Goodwill	**4,550**	9,557	4,550
Other intangible assets	**991**	3,184	930
Property, plant and equipment	**4,654**	11,371	4,668
Deferred tax	**6**	64	6
	10,201	24,176	10,154
Current assets			
Inventories	**3,622**	12,655	3,046
Trade and other receivables: amounts falling due within one year	**6,270**	17,196	6,141
Trade and other receivables: amounts falling due within after year	**1,450**	-	1,450
Current tax asset	**85**	16	85
Cash and cash equivalents	**34,674**	5,115	56,503
	46,101	34,982	67,225
Total assets	**56,302**	59,158	77,379
Current liabilities			
Trade and other payables	**(4,307)**	(11,721)	(6,908)
Obligations under finance leases	**(245)**	(684)	(295)
Borrowings	**(5,549)**	(7,809)	(3,911)
Current tax liabilities	**(129)**	(510)	(129)
Total current liabilities	**(10,230)**	(20,724)	(11,243)
Non-current liabilities			
Borrowings	**(986)**	(2,176)	(1,075)
Obligations under finance leases	**(77)**	(583)	(176)
Deferred tax	**(128)**	(800)	(132)
Total non-current liabilities	**(1,191)**	(3,559)	(1,383)
Total liabilities	**(11,421)**	(24,283)	(12,626)
Net assets	**44,881**	34,875	64,753
Equity			
Share capital	**916**	1,386	1,387
Share premium account	**11,173**	10,877	10,903
Capital redemption reserve	**814**	814	814
Merger reserve	**-**	402	-
Translation reserve	**3**	(285)	(8)
Other reserves	**180**	180	180
Investment in own shares	**(1,000)**	(1,000)	(1,000)
Retained earnings	**32,795**	22,501	52,477
Total equity attributable to equity owners of the parent	**44,881**	34,875	64,753

Consolidated statement of changes in equity (Unaudited) at 30 November 2016

	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 2015	1,385	10,873	814	402	(202)	180	(1,000)	21,733	34,185
Shares issued	1	4	-	-	-	-	-	-	5
Dividend paid	-	-	-	-	-	-	-	(277)	(277)
Share-based payments	-	-	-	-	-	-	-	22	22
Transactions with owners	1	4	-	-	-	-	-	(255)	(250)
Profit for the period	-	-	-	-	-	-	-	1,023	1,023
Other comprehensive income									
Exchange rate loss	-	-	-	-	(83)	-	-	-	(83)
Total comprehensive income for the year	-	-	-	-	(83)	-	-	1,023	940
At 30 Nov 2015	1,386	10,877	814	402	(285)	180	(1,000)	22,501	34,875
At 1 Dec 2015	1,386	10,877	814	402	(285)	180	(1,000)	22,501	34,875
Shares issued	1	26	-	-	-	-	-	-	27
Dividend paid	-	-	-	-	-	-	-	(553)	(553)
Transfer on disposal	-	-	-	(402)	-	-	-	402	-
Share-based payments	-	-	-	-	-	-	-	14	14
Transactions with owners	1	26	-	(402)	-	-	-	(137)	(512)
Profit for the period	-	-	-	-	-	-	-	30,113	30,113
Other comprehensive income									
Exchange rate loss	-	-	-	-	(200)	-	-	-	(200)
Recycled on disposal	-	-	-	-	477	-	-	-	477
Total comprehensive income for the year	-	-	-	-	277	-	-	30,113	30,390
At 31 May 2016	1,387	10,903	814	-	(8)	180	(1,000)	52,477	64,753
At 1 June 2016	1,387	10,903	814	-	(8)	180	(1,000)	52,477	64,753
Shares issued	13	270	-	-	-	-	-	-	283
Tender share buyback	(484)	-	-	-	-	-	-	(18,898)	(19,382)
Dividend paid	-	-	-	-	-	-	-	(305)	(305)
Share-based payments	-	-	-	-	-	-	-	7	7
Transactions with owners	(471)	270	-	-	-	-	-	(19,196)	(19,397)
Loss for the period	-	-	-	-	-	-	-	(486)	(486)
Other comprehensive income									
Exchange rate gain	-	-	-	-	11	-	-	-	11
Total comprehensive income for the year	-	-	-	-	11	-	-	(486)	(475)
At 30 Nov 2016	**916**	**11,173**	**814**	**-**	**3**	**180**	**(1,000)**	**32,795**	**44,881**

Notes to the half year statement
30 November 2016

1. Basis of preparation

The Group's interim results for the six month period ended 30 November 2016 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 2017. 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 29 February 2017 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 2017. The statutory accounts for the year ended 31 May 2016, which were prepared under IFRS, have been filed with the Registrar of Companies. These statutory accounts carried an unqualified Auditor's Report and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.

2. Segmental analysis

	Energy and Medical	Unallocated Central items	Total
	£'000	£'000	£'000
6 months ended 30 Nov 2016			
Revenue	**9,593**	**-**	**9,593**
Operating loss	**(49)**	**(677)**	**(726)**
Year ended 31 May 2016			
Revenue	21,177	-	21,177
Operating profit/(loss)	59	(286)	(227)
6 months ended 30 Nov 2015			
Revenue	8,606	-	8,606
Operating (loss)	(428)	(440)	(868)

Notes to the half year statement (continued)
30 November 2016

3. Taxation

The taxation credit/(charge) is based upon the expected effective rate for the year ended 31 May 2017.

4. (Loss)/earnings per share

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

For diluted (loss)/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 2016 No	6 months to 30 Nov 2015 No	Year to 31 May 2016 No
Weighted average number of shares – basic	**25,576,758**	27,712,449	27,725,452
Share Option adjustment	**203,867**	106,901	230,934
Weighted average number of shares – diluted	**25,780,625**	27,819,350	27,956,386
	£'000	£'000	£'000
(Loss)/earnings from continuing operations	**(486)**	(740)	420
Share based payments	**7**	13	21
Restructuring costs	**183**	176	272
Tender share buyback costs	**199**	-	-
Net proceeds on disposal of property	**-**	(444)	(446)
Adjusted (loss)/earnings from continuing operations	**(97)**	(995)	267
From continuing operations:			
Basic (loss)/earnings per share	**(1.9)p**	(2.7)p	1.5p
Adjusted basic (loss)/earnings per share	**(0.4)p**	(3.6)p	1.0p
Diluted (loss)/earnings per share	**(1.9)p**	(2.7)p	1.5p
Adjusted diluted (loss)/earnings per share	**(0.4)p**	(3.6)p	1.0p
Earnings from discontinued operations	**-**	1,763	30,716
Basic earnings per share	**-**	6.4p	110.8p
Diluted earnings per share	**-**	6.3p	109.9p
(Loss)/earnings attributable to shareholders	**(97)**	1,023	31,136
Basic (loss)/earnings per share	**(1.9)p**	3.7p	112.3p
Diluted (loss)/earnings per share	**(1.9)p**	3.7p	111.4p

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