Interim Results for the 6 months ended 30 September 2005

Highlights:
- **Group turnover up 4.5% at £9.2 million**
- **£3.1 million cash injection from fundraising**
- **Group on track at half year stage**
- **Increasing confidence over return to stability**

CHAIRMAN'S STATEMENT

I am pleased to report that at the end of the first half of our financial year, the Group met its planned targets and there is increasing confidence in our ability to achieve the performance that the recent restructuring and refinancing of the Group sought to produce.

Results

Group turnover for the period was £9.17 million, up 4.5% on the total of £8.77 million for the corresponding period. Group operating profit before goodwill and exceptional items was £186,000 compared with £292,000 for the comparative period.

Trading

The real sales growth achieved by the Group was secured by good performances from Agar Scientific, Cross Technologies and Hartest Precision, each of which produced sales figures up on the comparative period. Carnation Designs slipped below last year following delays in receipt of anticipated orders for shipment in the first half. Carnation has taken steps to widen its market in the specialised and emergency vehicle sectors and is seeing an encouraging level of enquiries. Similarly Hartest Precision, which has already benefited from new product introductions in the period, expects to see further growth as more planned developments come to market. Agar Scientific continues to deliver a buoyant performance and the Medical Services Division's sales of lasers and specialist x-ray equipment have shown significant increases.

The strong sales growth achieved in the period, together with stable overheads, has helped to compensate for the strengthening dollar, which had an impact on the cost of Medical Service Division imports compared to the comparative period. In other areas of our business, the lower margins reported for the period are a function of the particular sales mix, and not representative of general pricing pressure.

At the half year stage, Group performance was in line with our expectations, in terms of both trading and cash flow.

Exceptional item

In late September, the Group was notified that Administrators had been appointed to Lab Furnishings Limited, the company that had undertaken a management buy-out of the former Laboratory Furniture Division of Hartest in April 2003. In view of this, the Board decided to make full provision against all loans, rent and interest owing from Lab Furnishings. This has been shown as an exceptional charge in the profit and loss account amounting to £650,000.

While it is disappointing to have to make this provision at this stage in the Group's development, it would not have been appropriate to do so at an earlier opportunity. The status of this debt was taken fully into account in the refinancing carried out earlier this year and we believe that the write-off will not materially impair the prospects or financial stability of the Group.

Refinancing

The fundraising launched in March 2005 was successfully completed during the period under review, in April, raising a total of £3.14 million (net of costs). This cash injection has been used to reduce Group borrowing and over-reliance on credit from suppliers, and has led to a substantial reduction in interest cost in the period compared with the corresponding period, and to the reduction in gearing to 16.5% at 30 September 2005 from the year end level of 64.1%. The fundraising also allows the Group to meet its commitments to make scheduled payments of deferred consideration due later in the year under loan notes, totalling £700,000 plus accrued interest, without stretching our available banking facilities. This will further reduce the Group's fixed interest charges over previous periods.

The underlying cash flow from trading was positive, before the planned reduction in creditors, which amounted to approximately £1.0 million.

Prospects

Shareholders will be aware that in recent years the Group has performed substantially better in the second half of the financial year than the first. Group performance in the first half has been in line with our expectations, and the prospects for the second half remain good.

With the reorganisation and the refinancing successfully completed, we are confident that the Group is well on the way to achieving sustainable levels of improved financial performance, and we look forward to developing the Group's interests in our key strategic markets.

David Leeming

Chairman
15 December 2005

Consolidated Profit and Loss Account
For the half year ended 30 September 2005

	Notes	**2005 Half year £'000**	2004 **Half year** £'000	2005 **Full year** £'000
Turnover				
Continuing operations		**9,170**	8,774	18,308
Cost of sales excluding exceptional costs		**(6,067)**	(5,579)	(11,925)
Exceptional cost of sales		**–**	–	(200)
Total cost of sales		**(6,067)**	(5,579)	(12.125)
Gross profit		**3,103**	3,195	6,183
Operating expenses excluding exceptional costs		**(2,917)**	(2,903)	(5,842)
Exceptional operating expenses	*3*	**(650)**	(231)	(365)
Goodwill		**(127)**	(126)	(261)
Net operating expenses		**(3,694)**	(3,260)	(6,468)
Operating (loss) before finance charges		**(591)**	(65)	(285)
Net interest payable		**(40)**	(76)	(224)
(Loss) before taxation		**(631)**	(141)	(509)
Tax	*4*	**1**	(2)	(21)
(Loss) for the period		**(630)**	(143)	(530)
Dividends	*5*	**–**	–	–
Retained (loss) for the period		**(630)**	(143)	(530)
Loss per share	*6*	**(0.080)p**	(0.104)p	(0.390)p
Earnings per share before goodwill amortisation and exceptional loss		**0.019p**	0.156p	0.220p
Dividends per share		**–**	–	–

There are no recognised gains or losses for the six months ended 30 September 2005, or for either comparative period, other than the results shown above, which arose from continuing operations.

Group Balance Sheet
As at 30 September 2005

	Notes	**30 September 2005 £'000**	30 September 2004 £'000	31 March 2005 £'000
Fixed assets				
Intangible - goodwill		**4,017**	4,279	4,144
Tangible		**2,303**	2,269	2,343
		6,320	6,548	6,487
Current assets				
Stock		**3,389**	3,185	3,233
Debtors due within one year		**3,360**	3,321	4,915
Debtors due after one year		**–**	475	400
Cash at bank and in hand		**11**	10	59
		6,760	6,991	8,607
Creditors				
Creditors falling due within one year		**(3,978)**	(5,757)	(8,442)
Net current assets		**2,782**	1,234	165
Total assets less current liabilities		**9,102**	7,782	6,652
Creditors				
Creditors falling due after more than one year including convertibles		**(924)**	(1,730)	(987)
Net assets		**8,178**	6,052	5,665
Capital and reserves				
Called up share capital	*7*	**854**	1,374	1,374
Share premium		**2,902**	475	475
Capital reserve	*7*	**1,236**	–	–
Revaluation reserve		**81**	81	81
Profit & loss account		**3,105**	4,122	3,735
Equity shareholders' funds		**8,178**	6,052	5,665

Group Cash Flow Statement
Six months ended 30 September 2005

	2005 Half year £'000	2004 Half year £'000	2005 Full year £'000
Net cash (outflow)/inflow from operating activities	**(771)**	107	(115)
Interest received	**32**	32	50
Interest (paid)	**(82)**	(73)	(249)
Net cash outflow from returns on investments and servicing of finance	**(50)**	(41)	(199)
Taxation received/(paid)	**1**	(172)	(149)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(51)**	(31)	(219)
Sale of tangible fixed assets	**4**	38	81
Net cash (outflow) / inflow from capital expenditure and financial investment	**(47)**	7	(138)
Equity dividends paid	**–**	(172)	(172)
Net cash (outflow) before financing	**(867)**	(271)	(773)
Financing			
Issue of shares	**3,584**	–	–
Repayment of loans	**(57)**	(782)	(741)
Capital element of finance lease rentals	**(34)**	(173)	(154)
New finance leases undertaken	**–**	58	–
Expenses in connection with share issue	**(440)**	–	–
Net cash inflow/(outflow) from financing	**3,053**	(897)	(895)
Increase/(decrease) in cash	**2,186**	(1,168)	(1,668)

Support Note for Cash Flow

Net cash flow from operating activities

	2005 Half year £'000	2004 Half year £'000	2005 Full year £'000
Operating (loss)	**(591)**	(65)	(285)
Depreciation	**88**	93	194
Amortisation	**127**	126	262
(Loss)/profit on sale of fixed assets	**(1)**	2	(29)
(Increase) in stock	**(156)**	(26)	(75)
Decrease/(increase) in debtors	**1,954**	883	(642)
(Decrease)/increase in creditors	**(2,192)**	(906)	460
Net cash (outflow)/inflow from operating activities	**(771)**	107	(115)

Notes:

1. The financial information in this statement does not constitute statutory accounts. The financial information in respect of the year ended 31 March 2005 has been extracted from the statutory accounts, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237 of the Companies Act 1985.

2. The interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 March 2005. Fixed annual charges are apportioned to the interim period on the basis of time elapsed. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

3. The exceptional operating cost in the six months to 30 September 2005 of £650,000 represents full provision against all amounts owing to the Group from Lab Furnishings Limited in respect of outstanding loan, rent, interest and related costs. The exceptional operating costs in the prior periods consist of employment termination costs and provision for additional royalty costs.

4. The taxation charge for the six months to 30 September 2005 is based on an estimate of the effective rate of taxation for the current year.

5. No interim dividend has been declared in respect of the six months to 30 September 2005.

6. The calculation of earnings per share is based upon the loss attributable to ordinary shareholders of £630,000 divided by 783.6 million, being the weighted average number of 0.1p ordinary shares in issue throughout the period.

7. On 15 April 2005 the Company's Ordinary share capital was subdivided into an equal number of 0.1p Ordinary shares and 0.9p Deferred shares. On the same date the company issued 716.8 million Ordinary shares at 0.5p to satisfy a Placing and Open Offer, raising (net of costs) approximately £3.1 million in cash. Subsequently the 0.9p Deferred shares were redeemed, creating a Capital Reserve of £1.2 million and reducing the nominal value of issued Share Capital to £854,000.