



HARTEST

Interim results for the 6 months ended 31 August 2003

Highlights:

- Profit before Goodwill for the period £473,000
- Turnover for the period £9.635million
- Completed disposal of Laboratory Furnishing Division
- 50% sales increase in Carnation Designs
- New Swissray DDR operation officially opened at Peterborough Hospital
- Successful launch of Electronic Patient Data Recording
- Interim dividend of 0.125p

CHAIRMAN'S STATEMENT

It is with pleasure that I present to you our Interim Report for the six months ending 31st August 2003. In line with expectations our operating profit before goodwill for the period was £473,000 on sales of £9.635million. Shareholders will recall that during the period the Company completed the disposal of the Laboratory Furnishings Division and subsequently successfully applied to the Courts for the re-structuring of the balance sheet in July. As a result there is no contribution from that business in this report and the re-structuring of the balance sheet is reflected as an adjustment between the Share Premium Account and the Profit and Loss Account.

During the period the Instrumentation Division continued to make good progress. Sheen, Wallace and Agar all showed steady growth, and whilst the underwater cable testing market at Tinsley is not expected to return until the end of 2004, the sales at Carnation Designs have increased by more than 50% in the period. During November we expect to complete the integration of the ASL range into the Croydon plant, and bring on line a totally new computer system. The management of the Instrumentation Division remains buoyant about the prospects for the remainder of this year and the future and are currently planning new product developments for every brand.

The Medical Division, started the year well, but is currently experiencing some delays to parts of its business. These are due to the extensive bureaucratic requirements associated with the implementation of a number of major NHS capital projects. In contrast, the more regular supply businesses of both Cross Medical and Qados continue to perform very well. In September the new Swissray DDR operation at Peterborough Hospital was officially opened and we also launched the Osiris+ at the Estro Convention in Geneva. Both these products offer the Division exciting growth potential for the future.

I am also pleased to report the successful launch of the Electronic Patient Data Recording, at the Trauma Conference in Harrogate on 3rd November. Although the clients have now delayed the anticipated trials of the equipment until early next year, such is the balance of our trading operations, that there are sufficient compensations for the Board to remain confident that the outcome for the full year will be in line with market expectations.

Against this background, the Board has decided to repeat an interim dividend for the first-half of 0.125 pence per share payable on 1st July 2004.

David Leeming
Chairman

Consolidated Profit and Loss Account

	Half Year to August		Year to
	2003	2002	28-Feb-03
	£000	£000	£000
Turnover			
Existing operations	9,635	7,023	16,509
Acquisitions	0	0	0
Continuing Operations	9,635	7,023	16,509
Discontinued Operations	0	4,254	9,136
	9,635	11,277	25,645
Cost of sales	(6,048)	(6,947)	(16,305)
Gross Profit	3,587	4,330	9,340
Net Operating Expenses - normal	(3,114)	(3,987)	(8,386)
- goodwill	(144)	(140)	(294)
	(3,258)	(4,127)	(8,680)
Operating profit			
Existing Operations	329	100	362
Acquisitions	0	0	0
Continuing Operations	329	100	362
Discontinued Operations	0	103	298
	329	203	660
Exceptional loss on sale of discontinued operations	0	0	(824)
Profit / (Loss) before finance charges	329	203	(164)
Net Interest Payable	(70)	(129)	(271)
Profit / (Loss) before taxation	259	74	(435)
Tax	(100)	(64)	(94)
Profit / (Loss) for the Period	159	10	(529)
Dividends	(149)	(139)	(288)
Retained (Loss) for the Period	10	(129)	(817)
Earnings per share - basic and fully diluted	0.133p	0.009p	(0.46p)
Earnings per share before goodwill amortisation & Exceptional loss	0.254p	0.135p	0.52p
Dividends per share	0.1250p	0.1250p	0.2500p

Group Balance Sheet

	Half Year to August		Year to
	2003	2002	28-Feb-03
	£000	£000	£000
Fixed Assets			
Development costs, patents and trademarks	162	89	122
Goodwill	5,611	6,642	5,789
Negative goodwill	0	0	(44)
Intangible	5,773	6,731	5,867
Tangible	2,587	2,998	2,643
	<u>8,360</u>	<u>9,729</u>	<u>8,510</u>
Current Assets			
Stock	3,006	3,410	2,870
Debtors due within one year	3,970	6,606	5,023
Debtors due after one year	600	82	700
Cash at bank and in hand	0	1,275	20
	<u>7,576</u>	<u>11,373</u>	<u>8,613</u>
Creditors			
Creditors falling due within 1 year	(6,453)	(10,222)	(7,281)
	<u>1,123</u>	<u>1,151</u>	<u>1,332</u>
Net Current Assets			
	<u>1,123</u>	<u>1,151</u>	<u>1,332</u>
Total assets less current Liabilities	9,483	10,880	9,842
Creditors			
Creditors falling due after more than 1 year including convertibles	(1,545)	(2,675)	(1,914)
Provision for liabilities and charges	(300)	(330)	(300)
	<u>7,638</u>	<u>7,875</u>	<u>7,628</u>
Net Assets			
	<u>7,638</u>	<u>7,875</u>	<u>7,628</u>
Capital and reserves			
Called up share capital	1,194	1,112	1,194
Share Premium	0	7,617	7,895
Revaluation Reserve	81	0	81
Profit & Loss account	6,363	(854)	(1,542)
	<u>7,638</u>	<u>7,875</u>	<u>7,628</u>
Shareholders Funds			
	<u>7,638</u>	<u>7,875</u>	<u>7,628</u>

Group Cash Flow Statement

	2003 £000	2002 £000	Year to 28-Feb-03 £000
Net Cash Inflow from Operating activities	1,024	809	2,267
Interest received	3	0	2
Interest paid	(70)	(94)	(183)
Finance lease interest paid	(21)	(39)	(74)
Net cash outflow from returns on investments and servicing of finance	(88)	(133)	(255)
Taxation	0	0	(190)
Capital Expenditure and financial investment			
Purchase of tangible fixed assets	(69)	(57)	(134)
Sale of tangible fixed assets	19	59	90
Purchase of intangible fixed assets	(59)	(118)	(186)
Net cash outflow from capital expenditure and financial investment	(109)	(116)	(230)
Acquisitions and disposals			
Purchase of subsidiary	0	(1,169)	(2,073)
Purchase of trade	0	(132)	(232)
Disposal of subsidiaries	0	0	270
Net Cash Outflow from Acquisitions and Disposals	0	(1,301)	(2,035)
Equity dividends paid	0	(183)	(489)
Net Cash Inflow/(Outflow) before financing	827	(924)	(932)
Financing			
Issue of shares	0	0	360
New / (Repayment of) Loans	(332)	970	648
Capital Element of Finance leases / rentals	(60)	(232)	(382)
New finance leases undertaken	(90)	0	(126)
Finance leases transferred	0	0	30
Other	0	0	(1)
Net Cash (Outflow)/Inflow from Financing	0	0	0
	(482)	738	529
(Decrease) / Increase in cash	345	(186)	(403)

Consolidated statement of total recognised gains and losses

	Half Year to August		Year to
	2003	2002	28-Feb-03
	£000	£000	£000
Profit / (Loss) on ordinary activities after taxation	159	10	(529)
Surplus arising on the revaluation of fixed assets	81	0	81
Total recognised gains and losses since last financial statements	240	10	(448)

Support Note for Cash Flow

Net cash flow from operating activities

	Half Year to August		Year to
	2003	2002	28-Feb-03
	£000	£000	£000
Operating Profit	329	203	660
Depreciation	211	264	533
Amortisation	147	143	302
Profit / (Loss) on sale of Fixed Assets	(9)	0	12
(Increase)/decrease in stock	(136)	(255)	21
(Increase)/decrease in debtors	1,152	(942)	(1,320)
Increase/(decrease) in creditors	(670)	1,396	2,059
Net cash inflow/(outflow) from operating activities	1,024	809	2,267

Notes:

1. The financial information in this statement does not constitute statutory accounts. The financial information in respect of the year ended 28th February 2003 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 28th February 2003. 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.

The calculation of earnings per share is based upon earnings attributable to ordinary shareholders of £159,000 divided by 119,359,543, being the number of shares in issue throughout the period.