# AEA TECHNOLOGY PLC

Turning science into profit

Interim Report 1999

AEA TECHNOLOGY
THE INNOVATION BUSINESS

# BUSINESS HIGHLIGHTS

- AGM Batteries production facility in Thurso commissioned
- Electrocat™ Diesel Particulate Filter launched
- Environment wins £3 million of work in China
- £17 million of decommissioning and safety contracts won at Dounreay
- Groundhog™ selected as Millennium product
- Engineering Software wins major contracts from Dow Chemicals and Linde AG

# ONE OF THE WORLD'S LEADING INNOVATION BUSINESSES, AEA TECHNOLOGY TURNS SCIENCE AND ENGINEERING INTO PROFIT.

## FINANCIAL HIGHLIGHTS

| FOR THE HALF-YEAR ENDED 30 SEPTEMBER 1999 | £m | % change |
|---|---|---|
| TURNOVER | 171.3 | +3% |
| OPERATING PROFIT* | 12.4 | +15% |
| PROFIT BEFORE TAX* | 9.5 | +8% |
| FREE CASH FLOW | 3.8 | – |
| ADJUSTED EARNINGS PER SHARE | 7.7p | +13% |
| INTERIM DIVIDEND PER SHARE | 3.8p | +9% |

* stated before £0.6 million (1998: £0.2 million) amortisation of goodwill.

## OVERVIEW

Good progress has been made in recovering from the disappointing second half last year and in re-establishing growth. Profit before tax (before goodwill amortisation) at £9.5m was 8% ahead of last year on turnover up 3%. Operating margin increased by 11%, from 6.5% to 7.2%. The cash position also showed substantial improvement with a free cash inflow of £3.8m against last year's outflow of £26.5m. On the basis of these improvements the interim dividend is raised by 9%, from 3.5p to 3.8p per share.

We continued to work on improving the focus of the business. In July we agreed in principle with BNFL to set up a joint venture that will be a major player in the market for nuclear support technology. Our Nuclear Science and Consulting businesses will move into the joint venture together with a substantial part of the Energy business. BNFL will transfer its Magnox Generation's Technology and Central Engineering Division. The joint venture will have a turnover of some £150m and will employ around 1,350 people. We shall have a majority holding and manage the business as a subsidiary. Subject to regulatory approval, the new business will start operating in April 2000. The Group will continue to identify opportunities to improve the focus of the business.

We continued to seek organic growth from new products, new ventures and new markets. In September we launched Electrocat™, our plasma-based Diesel Particulate Filter, which removes harmful carbon particulates from diesel exhausts and will assist manufacturers to meet the Euro IV European vehicle emission standards coming into force in 2005. Amongst our new ventures, Risk Solutions, our consultancy specialising in high-level risk assessment and management, improved strongly on the back of a major expansion in its client base. In our developing markets, we made significant progress in Canada with an agreement in June with Ontario Power Generation (formerly Ontario Hydro) to provide key management staff to manage its technical support and R&D division, Ontario Power Technologies (OPT), and to prepare it to stand alone as a commercial enterprise. The deal is through the C-SAT consortium in which we are the majority shareholder. The deal provides the consortium with an initial 10% equity share in OPT with an option to purchase up to 50% by 2002. The Group has also continued to make good progress in China providing environmental consultancy.

We continued the transformation of some of our existing businesses. The Batteries business made a significant step in its transition from generator of intellectual property to supplier of specialist batteries. The major investment in a purpose-built facility at Thurso for the manufacture of Lithium-ion cells was completed in July on time. The facility is owned and operated by AGM Batteries Limited, a joint venture with Japan Storage Battery Co., Ltd and Mitsubishi Materials Corporation. Earlier in the year we were chosen as the preferred supplier of primary and rechargeable batteries for a multi-million pound contract to provide the power management system for the British Army's new battlefield communications system (BOWMAN). The contract will be supplied from the Thurso facility. Discussions were well advanced with the leading rail infrastructure and services company Alstom on an international strategic alliance that we expect to deliver a significant boost to our Rail products business.

The Year 2000 programme is running to schedule. Given the complexity of the problem, it is difficult for any organisation to guarantee that no problems will arise. However, based on the progress made to date on Year 2000 activities, the Directors have no reason to believe that Year 2000 issues will be material to the Group's operations and financial position.

And, finally, at the half-year, we redeemed the 'Golden Share' which enabled the Secretary of State for Trade & Industry to prevent any single shareholder from holding more than 15% of our share capital.

## FINANCIAL PERFORMANCE AND CASH FLOW

Turnover increased by 3% from £166.6m to £171.3m. Operating profit, before goodwill amortisation, was 15% ahead of last year at £12.4m. The operating margin improved from 6.5% to 7.2% mainly as a result of strong performance in the Rail and Consulting businesses, recovery in Environment and the further integration of QSA. Profit before tax was 8% ahead of last year with adjusted earnings per share up 13%. Despite the seasonality of the business, a free cash inflow of £3.8m was achieved in the first half compared with an outflow of £26.5m last year. The improvement was secured by the more effective management of working capital together with the sale of property at the Risley site (£14.4m). Net debt at the half-year was £59.2m (1998: £63.1m) with gearing reduced from 152% to 107%. Net interest was covered 6.0 times (1998: 8.6 times).

## TRADING REVIEW

### ENGINEERING SERVICES

Turnover increased by 12.5% from £44.8m to £50.4m. Operating profit rose from £0.8m to £2.8m with margin improving from 1.8% to 5.6%.

The Environment business recovered from its disappointing performance last year. Order flow was strong both in areas of proven strength, such as air quality, and in new areas, such as the contract to manage the DETR's Safety and Health in Buildings programme. Abroad, we continued to build business in China with a further £2.7m of aid-funded projects in the first half. The business, which has reduced headcount by some 10% since last year, further improved focus with the sale of its Analytical Services Group (49 employees) immediately after the half-year end.

Nuclear Engineering operated at a high level of activity in the half-year with additional work undertaken for the United Kingdom Atomic Energy Authority at Dounreay and for British Energy on Health Physics support during the Sizewell B outage. Sales visibility has been improved with the award of a seven year contract, worth £10m, by UKAEA for the provision of decommissioning support services to their Prototype Fast Reactor facility at Dounreay.

### TECHNICAL SERVICES

Turnover increased by 7.4% from £70.7m to £75.9m. Operating profit rose from £2.4m to £3.8m with margin improving from 3.4% to 5.0%.

QSA, acquired from Nycomed Amersham in February 1998, continued the process of disengaging plant and facilities from the Amersham site with relocation within AEA Technology. Integration is progressing to time and cost and financial performance continues to improve. The business moved beyond break-even last year and made a positive contribution in the half-year. In China, our joint venture for the production of smoke detector foils completed plans to move to improved facilities in Shenzhen. Discussions are well advanced for strengthening our position in the expanding medical sources sector.

The Rail business performed strongly and continued to develop its position in the growing UK rail sector. In the first half, new business reflected pressures on Railtrack and the train operating companies to improve operational performance. Sales of products are particularly strong. The product range comprises train-based, track-side and depot-based monitoring and communicating systems for predicting, reporting and reacting to changes in train and track characteristics. The Management Consultancy section of the business grew substantially and is now involved in a wide range of strategic and operational reviews within the UK rail industry. The Signalling business won an important contract from Railtrack to develop software to upgrade the Integrated Electronic Control Centres (IECCs) at 16 signalling control centres around the UK. As the focus moves towards safety issues, the Rail business is well-positioned to provide appropriate support.

Nuclear Science continued to provide technical support to its major customers – BNFL, British Energy and MoD – while initiating the detailed planning required for its move into the joint venture with BNFL Magnox Generation's Technology and Central Engineering Division. The business continued to develop products for the Waste Management, Isotope and Integrity Software markets.

Consulting performed strongly both in its traditional area of nuclear safety and in the newer areas of business risk/continuity and aviation safety. Renewed focus on Internal Control (as a result of the Turnbull report) provides increased opportunities in the business risk area.

The Energy business continued to disappoint despite the recovery in the oil price. There is some evidence that spending budgets still reflect levels set when the oil price was at its weakest and that we are some months away from expenditure reflecting price. The impact is particularly severe where dependence on the North Sea is high. Headcount has been reduced by some 10% but improvement is crucially dependent on top line recovery.

## TECHNICAL PRODUCTS

Turnover declined by 11.9% from £51.1m to £45.0m. Operating profit was down from £7.4m to £5.2m with margin down from 14.5% to 11.6%. Last year's figures include the Instrumentation business which was sold in December 1998.

Batteries continued the process of transformation from a generator of intellectual property to a specialised battery supplier. The process will lead to an inevitable reduction in margin and the compensatory volume has not yet built up from the recently completed facility at Thurso. The first half results reflected this transitional period and were impacted by start-up costs. A key component of volume is the BOWMAN order where delays were experienced in finalisation of the contract with the Archer consortium. In the R&D area, the business continues to work on a number of projects developing Lithium polymer technology for Japanese customers.

Engineering Software continued to grow but not at the rates experienced in the first half last year. Major contracts were won with Dow Chemicals for an on-line optimisation and control project and with Linde AG for HYSYS process simulation software. Recovery in the key oil refining sector is proving slow although there are positive indications of an increase in activity in the second half. Margins were also impacted by increased investment in new code development in the fluid dynamics area. As a result, a number of new products will be launched in the second half-year.

The Products and Systems business continued to make progress. A two-year agreement was signed with the Benetton Formula One motor-racing team to develop new technologies to improve the performance of their cars. A partnership was forged with COM DEV International of Canada to exploit the growing satellite battery market, using our Lithium-ion technology.

## OUTLOOK

We have made progress in re-establishing growth in the business. However, significant work remains to be done before we return to former growth trajectories. In this period of recovery, we shall continue to improve the focus of the business and maintain our commitment to organic growth.

## DIVIDEND

An interim dividend of 3.8p net per share (1998: 3.5p) will be paid on 1 February 2000 to shareholders on the register at close of business on 6 January 2000.

# INDEPENDENT REVIEW REPORT TO AEA TECHNOLOGY PLC

## INTRODUCTION

We have been instructed by the company to review the financial information set out on pages 6 to 12 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

## DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 1999.

PRICEWATERHOUSECOOPERS
Chartered Accountants
London
28 November 1999

# CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

| FOR THE HALF-YEAR ENDED 30 SEPTEMBER 1999 | Notes | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 (audited) £m |
|---|---|---|---|---|
| TURNOVER | | | | |
| Group and share of joint ventures | 2,3,4 | **171.3** | 166.6 | 357.8 |
| Less: share of joint ventures | | **(0.9)** | (0.7) | (3.4) |
| | | **170.4** | 165.9 | 354.4 |
| GROUP OPERATING PROFIT | | **11.8** | 10.6 | 33.1 |
| Share of operating loss in joint ventures | | **–** | – | (0.1) |
| GROUP OPERATING PROFIT AFTER JOINT VENTURES | 3 | **11.8** | 10.6 | 33.0 |
| Share of operating (loss)/profit in associates | | **(0.1)** | 0.1 | 0.1 |
| TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES AND ASSOCIATES | | **11.7** | 10.7 | 33.1 |
| Income from other fixed asset investments | | **–** | – | 1.1 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | | **11.7** | 10.7 | 34.2 |
| Net interest payable | | **(2.8)** | (2.1) | (5.2) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | **8.9** | 8.6 | 29.0 |
| Tax on ordinary activities | 5 | **(2.8)** | (2.7) | (8.7) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | **6.1** | 5.9 | 20.3 |
| Minority interests | | **–** | (0.2) | 0.2 |
| PROFIT FOR THE FINANCIAL PERIOD | | **6.1** | 5.7 | 20.5 |
| Dividends | 6 | **(3.4)** | (3.0) | (9.0) |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD | | **2.7** | 2.7 | 11.5 |
| Earnings per share (pence) | 7 | **7.0p** | 6.6p | 23.7p |
| Diluted earnings per share (pence) | 7 | **6.9p** | 6.3p | 22.7p |
| Adjusted earnings per share (pence) | 7 | **7.7p** | 6.8p | 24.7p |
| Dividend per share (pence) | | **3.8p** | 3.5p | 10.4p |

All results relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

The Group’s operating profit includes £0.6m (£0.2m for the half-year to 30 September 1998 and £0.8m for the year ended 31 March 1999) amortisation of goodwill.

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (UNAUDITED)

| FOR THE HALF-YEAR ENDED 30 SEPTEMBER 1999 | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 (audited) £m |
|---|---|---|---|
| Profit for the financial period | **6.1** | 5.7 | 20.5 |
| Currency translation differences on foreign currency net investments | **1.6** | (0.4) | (0.5) |
| TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD | **7.7** | 5.3 | 20.0 |

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

| AS AT 30 SEPTEMBER 1999 | Notes | **1999 £m** | 1998 £m | Year ended 31 March 1999 (audited) £m |
|---|---|---|---|---|
| FIXED ASSETS | | **77.6** | 87.6 | 91.3 |
| CURRENT ASSETS | | | | |
| Stocks and work in progress | | **27.5** | 26.3 | 24.3 |
| Debtors | | **147.1** | 139.6 | 131.3 |
| Investments | | **–** | 0.2 | 0.2 |
| Cash at bank and in hand | | **23.3** | 11.8 | 21.4 |
| | | **197.9** | 177.9 | 177.2 |
| CREDITORS: amounts falling due within one year | | **(115.9)** | (136.9) | (109.4) |
| NET CURRENT ASSETS | | **82.0** | 41.0 | 67.8 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **159.6** | 128.6 | 159.1 |
| CREDITORS: amounts falling due after more than one year | | | | |
| Borrowings | | **(82.1)** | (55.4) | (77.4) |
| Other creditors | | **(2.5)** | (12.2) | (9.9) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | **(19.7)** | (19.6) | (22.0) |
| NET ASSETS | | **55.3** | 41.4 | 49.8 |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 8 | **8.7** | 8.6 | 8.6 |
| Profit and loss account | | **44.8** | 28.4 | 37.2 |
| Other reserves | | **0.5** | 3.2 | 3.3 |
| EQUITY SHAREHOLDERS' FUNDS | 8 | **54.0** | 40.2 | 49.1 |
| Minority interests – Equity | | **1.3** | 1.2 | 0.7 |
| | | **55.3** | 41.4 | 49.8 |

The Interim Report was approved by the Board on 28 November 1999.

# CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

| FOR THE HALF-YEAR ENDED 30 SEPTEMBER 1999 | Notes | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 (audited) £m |
|---|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Operating profit | | **11.8** | 10.6 | 33.1 |
| Amortisation of intangible fixed assets | | **0.7** | 0.2 | 0.9 |
| Depreciation of tangible fixed assets | | **4.9** | 4.2 | 8.4 |
| Profit on sale of tangible fixed assets | | **(0.4)** | – | (1.4) |
| (Increase) in stocks and work in progress | | **(3.2)** | (5.4) | (6.9) |
| Decrease/(increase) in debtors | | **10.9** | (16.9) | (9.5) |
| (Decrease) in creditors | | **(23.4)** | (8.3) | (7.7) |
| (Decrease) in provisions relating to operating activities | | **(2.4)** | (1.3) | (2.7) |
| Reversal of amounts accrued under the Long-Term Incentive Plan | | **–** | 0.4 | 0.8 |
| NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES | | **(1.1)** | (16.5) | 15.0 |
| Returns on investments and servicing of finance | | **(2.4)** | (2.0) | (4.2) |
| Taxation | | **(2.3)** | (1.6) | (7.7) |
| Capital expenditure and financial investment | | **9.6** | (6.4) | (10.8) |
| FREE CASH INFLOW/(OUTFLOW) | | **3.8** | (26.5) | (7.7) |
| Acquisitions and disposals | | **(6.6)** | (9.1) | (12.9) |
| Equity dividends paid | | **(0.1)** | – | (8.6) |
| CASH OUTFLOW BEFORE FINANCING | | **(2.9)** | (35.6) | (29.2) |
| Financing | | **4.6** | 35.7 | 39.4 |
| INCREASE IN CASH | 9 | **1.7** | 0.1 | 10.2 |

# NOTES TO THE INTERIM REPORT

## 1 BASIS OF PREPARATION

The Interim Report has been prepared using accounting policies consistent with the Annual Report and Accounts for the year ended 31 March 1999.

The interim results are unaudited but have been reviewed by the auditors. Their report is set out on page 5. The full year figures are extracted from the Annual Report and Accounts for the year ended 31 March 1999 on which the auditors gave an unqualified opinion. A copy of the Accounts has been filed with the Registrar of Companies.

The Interim Report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

## 2 GEOGRAPHICAL ANALYSIS OF TURNOVER

Turnover can be analysed by geographical destination as follows:

| | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 £m |
|---|---|---|---|
| UK | **103.9** | 100.4 | 224.5 |
| Europe | **23.9** | 19.2 | 42.4 |
| North America | **31.7** | 29.1 | 58.4 |
| Rest of the World | **11.8** | 17.9 | 32.5 |
| | **171.3** | 166.6 | 357.8 |

Turnover can be analysed by geographical origin as follows:

| | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 £m |
|---|---|---|---|
| UK | **136.0** | 136.1 | 293.2 |
| Europe | **10.5** | 7.7 | 16.7 |
| North America | **18.2** | 21.4 | 45.2 |
| Rest of the World | **6.6** | 1.4 | 2.7 |
| | **171.3** | 166.6 | 357.8 |

# NOTES TO THE INTERIM REPORT

## 3 SEGMENTAL ANALYSIS OF TURNOVER AND OPERATING PROFIT

| | **Half-year 1999** | | Half-year 1998 | | Year ended 31 March 1999 | |
|---|---|---|---|---|---|---|
| | **Turnover £m** | **Operating profit £m** | Turnover £m | Operating profit £m | Turnover £m | Operating profit £m |
| Engineering Services | **50.4** | **2.8** | 44.8 | 0.8 | 96.8 | 5.5 |
| Technical Services | **75.9** | **3.8** | 70.7 | 2.4 | 160.5 | 13.4 |
| Technical Products | **45.0** | **5.2** | 51.1 | 7.4 | 100.5 | 14.1 |
| | **171.3** | **11.8** | 166.6 | 10.6 | 357.8 | 33.0 |

Inter-segment sales eliminated in the analysis above amounted to £3.3m for the half-year to 30 September 1999 (£9.9m for the half-year to 30 September 1998 and £18.4m for the year ended 31 March 1999).

There have been minor changes to the comparative segmental analysis for the half-year ended 30 September 1998 and year ended 31 March 1999.

## 4 CUSTOMER ANALYSIS OF TURNOVER

| | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 £m |
|---|---|---|---|
| UK Government | **34.6** | 34.7 | 77.4 |
| UK Public Sector | **7.8** | 11.2 | 23.6 |
| UK Private Sector | **61.5** | 54.5 | 121.5 |
| Overseas | **67.4** | 66.2 | 135.3 |
| | **171.3** | 166.6 | 357.8 |

## 5 TAXATION

The taxation charge for the half-year ended 30 September 1999 is based on the Group's estimated effective tax rate of 32% for the year ending 31 March 2000 (31.5% for the half-year ended 30 September 1998).

## 6 DIVIDENDS

An interim dividend of 3.8p (1998: 3.5p) net per share will be paid on 1 February 2000 to shareholders registered at the close of business on 6 January 2000.

The final dividend payable in respect of the year ended 31 March 1999 was paid on 1 October 1999.

# NOTES TO THE INTERIM REPORT

## 7 EARNINGS PER SHARE

Earnings per share is calculated as follows:

| | **Half-year 1999** | Half-year 1998 | Year ended 31 March 1999 |
|---|---|---|---|
| Profit for the period (£m) | **6.1** | 5.7 | 20.5 |
| Weighted average number of ordinary shares for the period (m) | **86.5** | 86.4 | 86.4 |
| Earnings per share (p) | **7.0p** | 6.6p | 23.7p |

### DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated as follows:

| | **Half-year 1999** | Half-year 1998 | Year ended 31 March 1999 |
|---|---|---|---|
| Profit for the period (£m) | **6.1** | 5.7 | 20.5 |
| Weighted average number of ordinary shares for the period (m) | **88.4** | 89.9 | 90.1 |
| Diluted earnings per share (p) | **6.9p** | 6.3p | 22.7p |

### ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share is based on the profit for the period before the amortisation of goodwill. The adjusted earnings per share for the half-year ended 30 September 1998 has been restated to eliminate the tax adjustment on goodwill amortised.

## 8 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| FOR THE HALF-YEAR ENDED 30 SEPTEMBER 1999 | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 £m |
|---|---|---|---|
| Opening equity shareholders' funds | **49.1** | 39.8 | 39.8 |
| Issue of share capital | **0.3** | – | 0.2 |
| Profit for the period | **6.1** | 5.7 | 20.5 |
| Dividends | **(3.4)** | (3.0) | (9.0) |
| Goodwill arising on acquisitions before 1 April 1998 | **0.3** | (2.3) | (3.3) |
| Currency translation differences on foreign currency net investments | **1.6** | (0.4) | (0.5) |
| Reversal of amounts accrued under the Long-Term Incentive Plan | **–** | 0.4 | 0.8 |
| Adjustments on the transfer of EBIS from a joint venture to a subsidiary | **–** | – | 0.6 |
| CLOSING EQUITY SHAREHOLDERS' FUNDS | **54.0** | 40.2 | 49.1 |

The revaluation reserve of £3.1m has been realised on the sale of property at the Risley site during the half-year and has been transferred to the profit and loss reserve.

# NOTES TO THE INTERIM REPORT

## 9 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| MOVEMENT IN NET FUNDS/(DEBT) IN THE PERIOD: | **Half-year 1999 £m** | Half-year 1998 £m | Year ended 31 March 1999 £m |
|---|---|---|---|
| Increase in cash in the period | **1.7** | 0.1 | 10.2 |
| Cash (inflow) from increase in debt | **(4.2)** | (35.7) | (39.4) |
| Change in net (debt) resulting from cash flow | **(2.5)** | (35.6) | (29.2) |
| Opening net (debt) at 1 April | **(56.7)** | (27.5) | (27.5) |
| CLOSING NET (DEBT) | **(59.2)** | (63.1) | (56.7) |

| ANALYSIS OF NET FUNDS/(DEBT) | At 1 April 1999 £m | **Cash flow £m** | **At 30 Sept 1999 £m** |
|---|---|---|---|
| Cash net of overdraft | 21.4 | **1.7** | **23.1** |
| (Debt) due after 1 year | (77.4) | **(4.7)** | **(82.1)** |
| (Debt) due within 1 year | (0.7) | **0.5** | **(0.2)** |
| | (56.7) | **(2.5)** | **(59.2)** |

## 10 INTERIM REPORT

The Interim Report is being sent to all shareholders on 2 December 1999 and copies are available to the public at the Registered Office of the Company at 329 Harwell, Didcot, Oxfordshire, OX11 0RA. The Company's registered number is 3095862.

## 11 DIVIDEND REINVESTMENT PLAN

We offer shareholders a Dividend Reinvestment Plan (DRIP) under which shareholders can reinvest their cash dividends in ordinary shares in the Company, bought in the market at competitive dealing rates.

If you have elected to join the DRIP, there is no further action for you to take.

If you would like to join for the first time, please contact our Registrars at the address below. Completed forms returned to the Registrars by 11 January 2000 will apply to the interim dividend payable on 1 February 2000.

Lloyds Bank Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
Telephone 01903 502541

# FINANCIAL CALENDAR

## Year End

31 March 2000

## Dividend

Interim – payable 1 February 2000
Final – payable 2 October 2000

## Results

Interim – preliminary results announcement 29 November 1999
Full year – preliminary results announcement 8 June 2000
Report and Accounts – circulation June 2000
Annual General Meeting – 20 July 2000

The latest financial information on AEA Technology is available on the Internet:
http://www.aeat.co.uk

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