Harrington Group Limited

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Announcement follows re Appendix 4D Half- yearly Report 31 December 2003.

APPENDIX 4D

and Half Yearly Report

HARRINGTON GROUP LIMITED

31 December 2003

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Appendix 4D

and Half yearly report

HARRINGTON GROUP LIMITED

31 DECEMBER 2003

ABN: 18 001 285 230

For announcement to the market

				$'000s
Revenues from ordinary activities	down	39.24%	to	1,271
Loss from ordinary activities after tax attributable to members	up	4.33%	to	(482)
Loss from extraordinary items after tax attributable to members	up	4.33%	to	(482)
Loss for the period attributable to members	up	4.33%	to	(482)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend		
Interim dividend	N/A¢	N/A¢
Previous corresponding period -		
	N/A¢	N/A¢

This half yearly report it is to be read in conjunction with the most recent annual financial report.

Commentary on Results and Explanatory Information

Consolidated Group Loss for the six months ended 31 December 2003 was $481,732 compared to a loss of $462,000 for the corresponding six months ended 31 December 2002.

Advance Conveyors Pty Ltd experienced a drop in sales from $2,092,000 in the corresponding six month period to $1,271,000 in the six months ended 31 December 2003. This drop in sales was offset by a reduction in expenses from ordinary activities from $2,510,000 to $1,677,000. The result reflected the extreme competition in the conveyor manufacturing industry. Advance Conveyors continued its policy of cost reduction and the investigation of improved methods of manufacturing and made some senior management changes at its factory. These changes are expected to result in future financial improvements.

The parent entity has continued work related towards the sale of forestry assets. Logging has commenced at the Jenolan property and funds received are presently placed into a trust account and will be disbursed on a six monthly basis.

The working capital requirements of the Group were in part addressed with the issue of 6,425,000 ordinary shares raising $232,000.

Subsequent to the end of the half year period a further 21,875,000 ordinary shares were issued at 3.5 cents per share raising an additional $765,625.

On 19 February 2004 directors approved the execution of a Heads of Agreement with the USA based MDM Group, Inc to acquire the intellectual property and the exclusive rights to the worldwide commercialisation of ShockRounds, an electric projectile (munitions) technology. Full details of this Heads of Agreement were released to the Australian Stock Exchange on 24 February 2004.

DIRECTORS' REPORT

Your directors submit their report for the six months ended 31 December 2003

Directors

The directors of the Company during the six months and up to the date of this report were:

Mr. Michael B. Silver
Mr. Anthony Silver (Appointed 16 July 2003)
Mr. Francesco Canturi (Appointed 29 September 2003)

Consolidated Group Loss for the six months ended 31 December 2003 was $481,732 compared to a loss of $462,000 for the previous six months ended 31 December 2002.

Advance Conveyors Pty Ltd experienced a drop in sales from $2,092,000 in the previous six month period to $1,271,000 in the six months ended 31 December 2003. This drop in sales was offset by a reduction in expenses from ordinary activities from $2,510,000 to $1,677,000. The result reflected the competitive nature of the conveyor manufacturing industry. As a direct result of the conditions prevailing in the industry two other competitor manufacturers have closed their manufacturing operations. Advance Conveyors continued its policy of cost reduction and the investigation of improved methods of manufacturing. Additionally the senior management changes that have been made are expected to result in future financial improvements.

Harrington is continuing to progress the sales of its forestry interests at Burraga, Lawson and Lithgow. Delays have been occasioned by the time required to register all of Harrington's interests and the necessity to complete the block surveying required for the registration of new plans of subdivision. The directors expect these issues to be finalised in the near future. Logging has commenced on the Jenolan property and funds received are presently placed in a trust account and will be disbursed on a six monthly basis.

The working capital requirements of the Group were in part addressed with the issue of 6,425,000 ordinary shares raising $232,000.

Directors noted the approval on 19 February 2004 for the allotment 21,875,000 shares at 3.5 cents per share being the balance of an issue of 25,000,000 ordinary shares approved at the last Annual General Meeting

It was also noted that on 19 February 2004 directors approved the execution of a Heads of Agreement with the USA based MDM Group, Inc to acquire the intellectual property and the exclusive rights to the worldwide commercialisation of ShockRounds, an electric projectile (munitions) technology. Full details of this Heads of Agreement were released to the Australian Stock Exchange on 24 February 2004.

Rounding

The amounts contained in this report and in the half – year financial report have been rounded to the nearest $1,000 (where rounding is applicable).

Signed in accordance with a resolution of directors.

Franco Canturi
On behalf of the Board of Directors
24 February 2004

Directors' Declaration

In accordance with a resolution of directors of Harrington Group Limited, I state that:

In the opinion of directors:

(a) the financial statements and notes of Harrington Group Limited:

(i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the six months ended on that date of Harrington Group Limited: and

(ii) comply with accounting standard AASB 1029 "Interim Financial Reporting", the Corporations Act 2001, and;

(b) there are reasonable grounds to believe that Harrington Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

Franco Cantori
On behalf of the Board of Directors
Sydney, 24 February 2004

Condensed consolidated statement of financial performance

	Current period - $A'000	Previous corresponding period - $A'000
Revenues from ordinary activities	1,271	2,092
Expenses from ordinary activities	(1,677)	(2.510)
Borrowing costs	(76)	(44)
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	(482)	(462)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	(482)	(462)
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	(482)	(462)
Net profit (loss) attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	(482)	(462)
Non-owner transaction changes in equity		
Increase (decrease) in revaluation reserves		-
Net exchange differences recognised in equity	-	-
Other revenue, expense and initial adjustments	-	-
recognised directly in equity (attach details)	-	-
Initial adjustments from UIG transitional provisions	-	-
Total transactions and adjustments recognised directly in equity	-	-
Total changes in equity not resulting from transactions with owners as owners	(482)	(462)

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	(1.3)	(1.3)
Diluted EPS	N/A	N/A

Condensed consolidated statement of financial position	At end of current period $A'000	As shown in last annual report $A'000	As in last half yearly report $A'000
Current assets			
Cash	45	51	39
Receivables	315	323	275
Investments	-	-	-
Inventories	219	251	226
Tax assets	-	-	-
Other	-	-	-
Total current assets	579	625	540
Non-current assets			
Receivables	-	-	-
Investments (equity accounted)	-	-	-
Other investments	13	8	48
Inventories	339	336	322
Exploration and evaluation expenditure capitalised	-	-	-
Development properties (+mining entities)	-	-	-
Other property, plant and equipment (net)	183	209	276
Intangibles (net)	26	38	51
Tax assets	-	-	-
Other (provide details if material)	-	-	-
Total non-current assets	561	591	697
Total assets	1,140	1,216	1,237
Current liabilities			
Payables	1,019	1,142	940
Interest bearing liabilities	11	11	23
Tax liabilities	-	-	-
Provisions exc. tax liabilities	76	79	74
Other (provide details if material)	-	-	-
Total current liabilities	1,106	1,232	1,037
Non-current liabilities			
Payables	-	-	-
Interest bearing liabilities	741	526	265
Tax liabilities	-	-	-
Provisions exc. tax liabilities	22	23	24
Other (provide details if material)	-	-	-
Total non-current liabilities	763	549	289
Net assets	(729)	(565)	(89)
Equity			
Capital/contributed equity	5,623	5,292	5,243
Reserves	73	86	127
Retained profits (accumulated losses)	(6,425)	(5,943)	(5,459)
Equity attributable to members of the parent entity	(729)	(565)	(89)
Total equity	(729)	(565)	(89)

Condensed consolidated statement of cash flows

	Current period $A'000	Previous corresponding period - $A'000
Cash flows related to operating activities		
Receipts from customers	1,278	1,476
Payments to suppliers and employees	(1,657)	(1,673)
Dividends received from associates	-	-
Other dividends received	-	-
Interest and other items of similar nature received	1	5
Interest and other costs of finance paid	(93)	(44)
Income taxes paid	-	-
Other (provide details if material)	17	41
Net operating cash flows	**(454)**	**(195)**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(1)	-
Proceeds from sale of property, plant and equipment	-	-
Payment for purchases of equity investments	-	(8)
Proceeds from sale of equity investments	-	
Payment for intellectual property	-	(20)
Loans repaid by other entities	-	
Proceeds from sale of shares	2	23
Net investing cash flows	1	(5)
Cash flows related to financing activities		
Proceeds from issues of +securities (shares, options, etc.)	232	100
Proceeds from borrowings	215	-
Repayment of borrowings	-	(203)
Dividends paid	-	-
Proceeds fro convertible note	-	300
Net financing cash flows	447	197
Net increase (decrease) in cash held	(6)	(3)
Cash at beginning of period	40	31
Exchange rate adjustments	-	-
Cash at end of period	34	28

Non-cash financing and investing activities

There were no financing and investing transactions which had a material effect on consolidated assets and liabilities but did not involve cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding period - $A'000
Cash on hand and at bank	45	39
Deposits at call	-	-
Bank overdraft	(11)	(11)
Other (provide details)	-	-
Total cash at end of period	**34**	**28**

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The half yearly report does not include all notes of the type normally included within the annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report

The half yearly financial report should be read in conjunction with the Annual Financial Report of Harrington Group Limited as at 30 June 2003. It is also recommended that the half yearly report should be considered together with any public announcements made by Harrington Group Limited and its controlled entity during the six months ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001, Australian Stock Exchange Listing Rules and Applicable Accounting Standards.

The consolidated financial statements have been prepared on a historical cost basis.

(a) Basis of Accounting

This half yearly financial report is a general purpose financial report and has been prepared in accordance with the Corporations Act 2001, AASB Standards including AASB 1029 "Interim Financial Reporting" and other AASB authoritative pronouncements and Urgent Issues Group Views and other standards acceptable to the Australian Stock Exchange Limited.

The interim financial statements have been prepared in accordance with the historical cost convention. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

For the purpose of preparing the half yearly report the six months has been treated as a discrete reporting period.

(b) Changes in accounting policies

There have been no changes in accounting policies in the six months ended 31 December 2003.

(c) Changes in Estimation method

There have been no changes in estimation method in the six months ended 31 December 2003

(d) Future Funding

The working capital requirements of the Group were in part addressed with the issue of 6,425,000 ordinary shares raising $232,000. Further capital raisings as approved at the last Annual General Meeting are being contemplated by directors.

2 - Profit (loss) from ordinary activities attributable to members

	Current period - $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities after tax	(482)	(462)
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	(482)	**(462)**

3 - Revenue and expenses from ordinary activities

	Current period - $A'000	Previous corresponding period - $A'000
Revenue from sales or services	1,227	2,038
Interest revenue	1	4
Other relevant revenue	43	50
Details of relevant expenses	(1,740)	(2.520)
Depreciation and amortisation excluding amortisation of intangibles	(13)	(34)

Capitalised outlays

Interest costs capitalised in asset values	-	-
Outlays capitalised in intangibles	-	20

4 - Consolidated retained profits

	Current period - $A'000	Previous corresponding period - $A'000
Accumulated losses at the beginning of the financial period	(5,943)	(4,997)
Net profit (loss) attributable to members	(482)	(462)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated losses at end of financial period	**(6,425)**	**(5,459)**

5 - Intangible and extraordinary items

	Consolidated - current period			
	Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside +equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (d)
Amortisation of goodwill	-	-	-	-
Amortisation of other intangibles	(13)	-	-	-
Total amortisation of intangibles	(13)	-	-	-
Extraordinary items (details)	-	-	-	-
Total extraordinary items	-	-	-	-

Ratios

	Current period	Previous corresponding period
Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(37.9)	(22.1)
Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	-	-

Earnings per security (EPS)

	Current period	Previous corresponding period
Basis EPS	(1.3)c	(1.3)c
Diluted EPS	n/a	n/a
Weighted average # shares	38,328,207	34,778,834

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	-1.74c	-0.40c

6 – Discontinuing Operations

There were no discontinued operations during the period

7 – Control gained over entities having material effect

There was no control gained over any entities during the period

8 – Loss of control of entities having material effect

There was no loss of control over any entities during the period

9 – Dividends

No dividends were paid or declared during the period

10 – Total dividend per security

No dividends were paid during the period

11 – Details of aggregate share of profits (losses) of associates and joint venture entities

The economic entity has no material interest in associates or joint ventures either now or during the financial period.

12 – Material interests in entities which are not controlled entities

The economic entity has no material interest in entities which are not controlled and has not received any income or incurred any expenditure in relation to such entities during the period.

13 – Segment reporting

The economic entity operates in one geographic segment, Australia and two industry segments, forestry and conveyor manufacturing. See schedule attached.

14 – Franking credits

Franking credits available are $2,796,066. It is unlikely that any dividends will be paid within the next year.

15 – Contingent liabilities

There are no contingent liabilities

16 – Significant items

There are no items of a significant nature

17 – Subsequent events

Subsequent to the end of the half year period a further 21,875,000 ordinary shares were issued at 3.5 cents per share raising an additional $765,625.

On 19 February 2004 directors approved the execution of a Heads of Agreement with the USA based MDM Group, Inc to acquire the intellectual property and the exclusive rights to the worldwide commercialisation of ShockRounds, an electric projectile (munitions) technology. Full details of this Heads of Agreement were released to the Australian Stock Exchange on 24 February 2004.

17 – Audit

The accounts have been subject to review and the report is attached.

18 – Segment reporting

	Total revenue		Profit after tax Ordinary activities		Total assets	
	31.12.03 $'000s	31.12.02 $'000s	31.12.03 $'000s	31.12.02 $'000s	31.12.03 $'000s	31.12.02 $'000s
(a) Industrial segments						
Materials handling						
- external customers	1,227	2,073	(316)	(329)	705	707
- other segments	4	-	-	-	-	-
Forestry operations						
- external customers	40	19	(166)	(133)	435	530
- other segments	-	-	-	(89)	-	-
Eliminations	-	-	-	89	-	-
	1,271	2,092	(482)	(462)	1,140	1,237
(b) Geographic segments						
-Australian external	1,271	2,092	(482)	(462)	1,140	1.237

RH&A

Richard Hill & Associates
Chartered Accountants &
Business Advisers

Directors

Richard L.S. Hill
B.Comm.F.C.A.

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Independent review report to the members of Harrington Group Limited

Scope

The financial report and directors responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes the financial statements, the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules, the Corporations Act 2001 and the directors' declaration for AVT Holdings Limited for the half year ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that represents fairly the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", the Corporations Act 2001 and the ASX Listing Rules as they relate to the Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, the Corporations Act 2001 and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations sand cashflows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all of the evidence that would be required in an audit, thus the level of assurance given is less than an audit. We have performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian ethical pronouncements and the Corporations Act 2001.

Chartered Accountants

Richard Hill & Associates Pty Ltd
A.C.N. 003 304 023 A.B.N. 06 003 304 023
Level 9, 157 Walker Street, North Sydney NSW 2060
PO Box 92 North Sydney NSW 2059 Australia

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of Harrington Group Limited:

a) does not present fairly the consolidated financial position as at 31 December 2003 and its performance for the half year ended on that date; and
b) is not in accordance with Accounting Standard AASB 1029"Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.

Inherent Uncertainty Regarding Continuation of Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. There is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities as and when they become due and payable and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Richard Hill
Partner
Richard Hill & Associates

Sydney 24th February 2003