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RNS Number:7852I

Pochin's PLC

18 February 2005

Interim results of Pochin's PLC

for the 6 months ended 30 November 2004

Chairman's statement

RESULTS AND DIVIDENDS

I am pleased to report interim profits before tax of #870,000 (2003: #751,000) on turnover of #45.2m (2003: #32.7m). The interim dividend is increased to 2.5p per share (2003: 2.25p).

TRADING

Contracting

This division is making solid progress, demonstrated by the increased turnover and contribution to profits in this half year. The level of forward orders has been maintained, and there is an encouraging level of repeat and negotiated work.

Construction services

I am delighted that the acquisition and successful integration of Raynesway Concrete Pumping, combined with improved efficiencies, has increased turnover and profits in the concrete pumping division in this period. The level of current trading indicates that this improvement is being maintained.

It is, however, disappointing to report that the recovery in Avoidatrench Limited at the start of this financial year proved to be short lived and losses have arisen in the second quarter. We have scaled down the business to meet reduced demand evident in the market and, with a lower operational cost base, some improvement is anticipated in the second half.

Property and joint ventures

Pochin Homes Limited is making good progress, notwithstanding the delays caused by planning issues. Construction is under way on two sites in the Potteries and the level of reservations to date encourages me to believe that completions in the second half will produce an overall profit for the year.

Following successful lettings in the latest medical incubator building, completed by Keele Park Developments Limited in October 2004, we have commenced the next building, which is due for completion in early 2006. This will be the fourth of the buildings developed by our unique public / private partnership with Keele University.

Whilst there were no material disposals in the period, negotiations for the disposal of a number of completed developments are in progress. I anticipate that some of these disposals will be completed by 31 May 2005.

GROUP FINANCE

The acquisitions of Raynesway Concrete Pumping and of the remaining interests in the Bushwing group of companies were both completed early in this half year. The former transaction was largely financed by debt and the Bushwing transaction was financed from group resources.

Expenditure on property developments currently in progress has increased debt during the period and further expenditure will continue to be financed by short-term borrowings over the coming months, notwithstanding receipts from planned disposals.

Short-term development finance of #9m on the first three buildings at Keele Park has been converted into a long-term loan facility, with repayments commencing in November 2006.

PROSPECTS

Profits arising from planned property disposals, together with the overall improvement in the performance of the trading divisions, lead me to anticipate a satisfactory outcome for this financial year.

J H Woodcock
Chairman
18 February 2005

Consolidated Profit and Loss Account

		6 months ended 30 November 2004	6 months ended 30 November 2003	12 months ended 31 May 2004
	Notes	#'000	#'000	#'000
Turnover				
Group and share of joint ventures		45,174	33,141	78,307
Less: share of joint ventures		-	(454)	(12,397)
	3	45,174	32,687	65,910
Cost of sales		(40,220)	(29,081)	(58,178)
Gross profit		4,954	3,606	7,732
Operating expenses		(5,483)	(4,297)	(8,931)
Other operating income		1,775	1,766	3,359
Operating profit		1,246	1,075	2,160
Share of operating (loss)/profit in joint ventures		(138)	(165)	3,270
Share of operating profit in associates		167	180	365
Net interest		(405)	(339)	(715)
Profit on ordinary activities before taxation	3	870	751	5,080
Tax on profit on ordinary activities	4	(331)	(279)	(1,938)
Profit on ordinary activities after taxation		539	472	3,142

Equity minority interest		(13)	(13)	(28)
Profit for the financial period		526	459	3,114
Dividends	5	(520)	(468)	(1,435)
Retained profit/(loss) for the period		6	(9)	1,679
Earnings per share (basic)	6	2.6p	2.3p	15.3p
Earnings per share (diluted)	6	2.6p	2.2p	15.3p
Statement of Total Recognised Gains and Losses				
Profit for the financial period		526	459	3,114
Unrealised deficit on revaluation of investment properties - group		-	(2)	(104)
Unrealised deficit on revaluation of investment properties - joint ventures		-	(13)	-
Total gains recognised since last period		526	444	3,010
Note of Historical Cost Profits and Losses				
Reported profit on ordinary activities before taxation		870	751	5,080
Realisation of revaluation surpluses of previous years - group		52	52	242
Realisation of revaluation surpluses of previous years - joint ventures		-	-	641
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts		30	101	155
Historical cost profit on ordinary activities before taxation		952	904	6,118

Historical cost profit retained for the period after taxation, minority interest and dividends	88	144	2,717
	-----	-----	-----
Consolidated Balance Sheet			
at		As at	As at
May		30 November	30 November
2004		2004	2003
	Notes	#'000	#'000
#'000	-----	-----	-----

Fixed assets			
Intangible assets		990	552
443			
Tangible assets		38,697	30,119
32,466			
Investments		-----	-----

Joint ventures			
Share of gross assets		9,228	24,106
20,228			
Share of gross liabilities		(6,943)	(15,901)
(11,182)			
Goodwill		925	78
988		-----	-----

		3,210	8,283
10,034			
Associates		2,564	2,488
2,547			
Other		2,157	1,500
2,157			
Own shares		847	607
607		-----	-----

		8,778	12,878
15,345		-----	-----

		48,465	43,549
48,254		-----	-----

Current assets			
Stocks and work in progress		32,593	16,603
20,077			
Debtors		16,538	11,076
11,342			
Investments and deposits		11,518	10,773
10,776			
Cash in hand		3	5
4		-----	-----

		60,652	38,457

42,199			

Creditors: amounts falling due within one year			
Borrowings (23,313)	(27,536)	(21,367)	
Trade and other creditors (15,485)	(18,941)	(11,656)	

(38,798)	(46,477)	(33,023)	

Net current assets 3,401	14,175	5,434	

Total assets less current liabilities 51,655	62,640	48,983	
Creditors: amounts falling due after more than one year			
Borrowings (695)	(10,964)	(790)	
Other (233)	-	(233)	
Provisions for liabilities and charges (1,714)	(1,631)	(1,159)	
Accruals and deferred income (2,441)	(3,464)	(1,836)	

Net assets 46,572	3 46,581	44,965	

Capital and reserves			
Called up share capital 5,200	5,200	5,200	
Revaluation reserve 8,807	8,725	9,781	
Profit and loss account 32,357	32,445	29,784	

Equity shareholders' funds 46,364	46,370	44,765	
Equity minority interest 208	211	200	

46,572	46,581	44,965	

Consolidated Cash Flow Statement			

12 months ended	6 months ended			6 months ended		
			30 November		30 November	
31 May 2004			2004		2003	
#'000	Notes	#'000	#'000	#'000	#'000	#'000
-						
Net cash (outflow)/inflow from operating activities	7		(4,285)		867	
Income received from joint ventures			31		270	
Returns on investments and servicing of finance						
Interest received		349		161		289
Interest paid		(455)		(190)		(427)
Interest paid on finance leases		(47)		(23)		(34)
-						
Net cash outflow from returns on investment and servicing of finance			(153)		(52)	
Taxation			(1,213)		(791)	
Capital expenditure and financial investment						
Purchase of tangible fixed assets		(4,038)		(1,333)		(4,627)
Receipt of government grant		354		-		605
Sale of tangible fixed assets		199		521		835
-						

Net cash outflow from capital expenditure and financial investment (3,187)		(3,485)	(812)
Acquisitions and disposals			
Purchase of subsidiary undertaking	(2,398)	-	(13)
Net (overdraft)/cash from purchase of subsidiary undertaking	(276)	-	13
Decrease/(increase) in interest in joint ventures and associates	450	(1,630)	(1,531)
Purchase of goodwill	(645)	-	-
Purchase of other fixed asset investment	-	-	(657)
Purchase of own shares	(240)	-	-
-	-----	-----	-----
Net cash outflow from acquisitions and disposals (2,188)		(3,109)	(1,630)
Equity dividends paid (1,352)		(967)	(884)
-----		-----	-----
Net cash outflow before financing and management of liquid resources (4,758)		(13,181)	(3,032)
-----		-----	-----
Net cash inflow/(outflow) from management of liquid resources			
Cash			

deposited/ (withdrawn)			
at call and short			
notice (161)		3,080	(171)
Financing			
New loan capital	10,430	800	800
Repayment of loan capital	(310)	(310)	(510)
Repayment of principal under finance leases and hire purchase contracts	(113) -----	(115) -----	(224) -----
Net cash inflow from financing 66		10,007	375
-----		-----	-----
Decrease in cash in the period (4,853)		(94)	(2,828)
-----		-----	-----
Reconciliation of net cash flow to movement in net debt			

Decrease in cash in the period (4,853)		(94)	(2,828)
Cash inflow from increase in debt and lease financing (66)		(10,007)	(375)
Cash (inflow)/outfl ow from (increase)/dec rease in liquid resources 161		(3,080)	171
-----		-----	-----
Change in net debt resulting from cash flows (4,758)		(13,181)	(3,032)

Inception of finance leases (275)	(570)	(152)
-----	-----	-----
Movement in net debt in the period (5,033)	(13,751)	(3,184)
Opening net debt (8,195)	(13,228)	(8,195)
-----	-----	-----
Closing net debt (13,228)	(26,979)	(11,379)
-----	-----	-----

Notes

1 The interim report was approved by the board on 18 February 2005.

2 The figures for the six months ended 30 November 2004 and 30 November 2003 are unaudited. These

figures have been prepared using accounting policies consistent with those adopted in the 2004 annual

report and accounts.

3 Segmental information by
activity:

12 months ended 31 May 2004	6 months ended	6 months ended
	30 November	30 November
	2004	2003
#'000	#'000	#'000
Turnover		
Contracting 48,927	33,553	24,374
Construction 15,625	9,725	8,178
services		
Property 1,358	1,896	135
-----	-----	-----
65,910	45,174	32,687
Joint ventures		

Property 12,397	-	454
-----	-----	-----
78,307	45,174	33,141
-----	-----	-----
Profit/(loss) on ordinary activities		
before taxation		
Contracting 781	593	49
Construction (1,085)	207	(163)
services		
Property 2,333	457	1,274
Group management (723)	(487)	(361)
cost		
Group 682	324	227
interest		
-----	-----	-----
1,988	1,094	1,026
Joint ventures and		
associates		
Property - joint 2,962	(268)	(335)
ventures		
Property - 130	44	60
associates		
-----	-----	-----
5,080	870	751
-----	-----	-----
Net assets		
Contracting (3,177)	(5,112)	(1,856)
Construction 8,249	10,714	8,409
services		

Property 16,043	22,345	15,441
Group 12,876	12,860	12,200
interest	-----	-----
-----	40,807	34,194
33,991		
Joint ventures and associates		
Property - joint 10,034	3,210	8,283
ventures		
Property - 2,547	2,564	2,488
associates	-----	-----
-----	46,581	44,965
46,572	-----	-----

Turnover, profit/(loss) before taxation and net assets are derived from operations within the United Kingdom.		
<p>4 The taxation charge is calculated by applying the estimated effective annual tax rate to the profit for the period. The tax assessed for the period is higher than the standard rate of corporation tax in the United Kingdom as a result of expenses not deductible for tax purposes and interest charges and losses in joint venture companies not utilised.</p>		
<p>5 The interim dividend of 2.5p per share (2003 : 2.25p per share) will be paid on 7 April 2005 to shareholders on the register at 11 March 2005.</p>		
<p>6 The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of #526,000 (2003 : #459,000) and the 20,800,000 ordinary shares of 25p in issue at 30 November 2004 and 30 November 2003. The number of shares in the calculation has been reduced at 30 November 2004 for the 589,000 (2003 : 442,000) shares held in the Employee Share Trust. Basic earnings per share is 2.6p (2003: 2.3p). The assumed conversion of</p>		

dilutive options

increases the number of shares by 80,000 (2003: 49,000) shares and so diluted earnings per share is

also 2.6p (2003:2.2p).

		6 months ended 30	
shares	Per share	Earnings	No. of
'000	p	#'000	
Basic EPS		526	20,211
2.6			
Effect of share		-	80
-			
options		-----	--
-----	-----		
Diluted EPS		526	20,291
2.6			
-----	-----	-----	--
		6 months ended 30	
shares	Per share	Earnings	No. of
'000	p	#'000	
Basic EPS		459	20,358
2.3			
Effect of share		-	49
-			
options		-----	--
-----	-----		
Diluted EPS		459	20,407
2.2			
-----	-----	-----	--
		12 months ended	
shares	Per share	Earnings	No. of
'000	p	#'000	
Basic EPS		3,114	20,358
15.3			
Effect of share		-	47
-			
options		-----	--
-----	-----		

Diluted EPS 15.3		3,114	20,405
-----	-----	-----	---
7 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:			
12 months ended	6 months	6 months ended	
31 May 2004	ended 30	30 November	
	November	2003	
	2004		
	#'000	#'000	
#'000			
Operating 2,160	1,246	1,075	
profit			
Deferred income -	450	-	
Depreciation 1,482	817	753	
charge			
Amortisation of 280	161	171	
goodwill			
Profit on sale of (393)	(3)	(316)	
fixed assets			
Increase in stocks and (4,207)	(5,793)	(733)	
work in progress			
(Increase)/decrease in 1,120	(693)	1,386	
debtors			
(Decrease)/increase in 2,362	(470)	(1,469)	
creditors			
-----	-----	-----	
Net cash (outflow)/ 2,804	(4,285)	867	
inflow from operating -----	-----	-----	
activities			

8 On 31 May 2004, the group owned 75% of the ordinary share capital of Bushwing Plc and its

subsidiaries which, due to the nature of the shareholders agreement governing the operations of

Bushwing Plc and its subsidiaries, was included on the balance sheet at 31 May 2004 as a joint

venture. On 4 June 2004 the group acquired the remaining 25% ordinary share capital of Bushwing Plc

and its subsidiaries for a cash consideration of #2,398,000 (including professional fees) and

settlement of loan accounts of #343,000.

The assets and liabilities of Bushwing Plc and its subsidiaries acquired were as follows:

Adjustments	Fair value	Book value	
# '000	# '000	# '000	
Tangible fixed		2,226	410
2,636			
assets			
Current assets			
Stocks		4,459	2,264
6,723			
Debtors		4,503	-
4,503			
Deposits		3,822	-
3,822			
-----	-----	-----	--
Total		15,010	2,674
17,684			
assets		-----	-----

Creditors			
Other		3,726	-
3,726			
Borrowings		4,098	-
4,098			
Corporation tax		867	-
867			
Deferred		16	-
16			
tax		-----	--
-----	-----		

Total	8,707	-
8,707		
liabilities	-----	-----

	-----	--

Net assets	6,303	2,674
8,977		
-----	-----	--

Net assets included in investment in joint ventures as at 31 May		
(6,236)		
2004		

2,741		

Satisfied by:		
Cash		
2,375		
Settlement of loan		
343		
accounts		
Professional		
23		
fees		

2,741		

Bushwing Plc and its subsidiaries made the following contribution to, and		
utilisation of, group		
cashflow:		
Net cash inflow from operating activities		
162		
Returns on investment and		
(11)		
servicing of finance		
Taxation		
(861)		
Capital expenditure and		
(10)		
financial investment		

Decrease in cash in the
(720)

period

Net cash outflow in respect of the purchase of Bushwing Plc and its subsidiaries:

Cash
2,375

consideration

Professional fees
23

2,398

Turnover and

operating loss

The amounts shown include the following in respect of the acquisition of Bushwing Plc and its

subsidiaries:

Turnover
284

Cost of
(149)

sales

Operating
(476)

expenses

Operating
(341)

loss

9 The results for the year ended 31 May 2004 are an abridged version of the statutory accounts for

that period on which the auditors gave an unqualified report and which have been filed with the Registrar of

Companies.

10 Copies of this interim report are being sent to shareholders on 25 February 2005. Further copies of

the interim report are available from the Company Secretary, Pochin's PLC, Brooks Lane, Middlewich, Cheshire,

CW10 0JQ. This interim report will also be available on the group's website
(www.pochins.plc.uk).

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