

Pochin's PLC
Interim Results for the six months ended 30 November 2005

The following replaces the interims results released 07.00 under RNS number 9487Y. An addition to Note 7 has been included.

The full amended version is below.

Highlights

- **Turnover up 70% at £77.7m (2004: £45.7m)**
- **Profit before taxation increased to £7.43m (£0.54m)**
- **Interim dividend up 10% to 2.75p (2004:2.5p)**
- **Disposal of purpose built student accommodation at Crewe Green**
- **Healthy Contracting order book**

Chairman's Statement

Results and Dividends

I am pleased to announce an exceptional half-year result, with profits before taxation of £7.43m (30 November 2004: £0.54m) on turnover of £77.7m (30 November 2004: £45.7m). The board recommend an increased interim dividend of 2.75p per share (2004: 2.5p per share) on earnings per share of 21.7p (30 November 2004: 2.1p).

The exceptional result was derived from property sales, the most significant being the sale of the student accommodation development, pre-let to the Manchester Metropolitan University at Crewe, ("Crewe Green development") which we announced in October last year.

These are the first results of the Company published under International Financial Reporting Standards. Further details are given in the Group Finance section below.

Trading

Contracting

The secured order book remains healthy, at £77m for the year. Profitability was affected in the first half as circumstances outside our control led to the deferment of a number of key contracts. These have now recommenced and as a result we anticipate a significantly stronger performance in the second half.

Construction Services

This division has maintained its progress in terms of profit performance, following action taken in the second half of last year to reduce costs and improve margins. The scarcity of infrastructure works referred to in my statement accompanying the annual results remains and consequently certain parts of the division continue to experience difficult trading conditions.

Property and Joint Ventures

Property sales in the first six months have produced an excellent return for the Group. We do not anticipate any significant property sales during the second half of the year, although progress is being made on a number of new developments that are at an early stage and should come to fruition in the next few years. Since my last report, in line with our stated

policy, we have invested in further joint venture projects at Deeside and Holyhead and look forward to working with our partners to secure healthy returns in future years.

I am pleased to report an increase in general enquiry levels for the empty space in the buildings developed by Manchester Technopark Limited, our joint venture with Manchester Science Park Limited.

Residential

The growth of Pochin Homes has continued with the opening up of two new sites. Despite the general slowdown in the market, a small profit has been achieved and we anticipate higher levels of sales in the second half, although there could be a shortfall on our stated target of 78 sales for the year.

Group Finance

I advise that European Union listed companies are now required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Consequently, in conjunction with this statement we have issued a report to the London Stock Exchange that provides financial information showing the impact of the group's transition from a UK Generally Accepted Accounting Principals (UK GAAP) basis to an IFRS basis. The adoption of IFRS will have no impact upon the underlying cash flows from trading activities of the group, but it will impact on the timing of both revenue and profit.

Inventories reduced in the period by £15.9m following completion and subsequent sale of the Crewe Green development. The proceeds from that sale were used, in part, to increase investment in new development opportunities by £6.9m, most noticeably at Keele, Deeside and Crewe Green and to extend our joint venture activity by a further £5.2m particularly with new partners at Deeside and Birkenhead. The remaining income was used to reduce net borrowings, which at 30 November 2005 were £21.0m (31 May 2005: £35.6m).

Prospects

Whilst no material property sales are anticipated, improved performances from the trading divisions should add to these results during the remainder of the financial year.

Directors

At the end of 2005, whilst on holiday, Peter Dickson died in a tragic accident. Peter was non-executive deputy chairman of the company, having joined the Board in January 2002, and was hugely valued as a member of the team. We shall miss him greatly. I would again like to extend our deepest sympathy to Mrs Dickson and family.

John Woodcock
Chairman

27 February 2006

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Consolidated income statement

	Notes	6 months ended 30 November 2005 £'000	Restated 6 months ended 30 November 2004 £'000	Restated 12 months ended 31 May 2005 £'000
Revenue	5	77,719	45,709	93,886
Cost of sales		(62,537)	(40,900)	(81,420)
Gross profit		15,182	4,809	12,466
Operating expenses		(9,021)	(5,601)	(11,224)
Other operating income		1,529	1,775	3,633
Gains on revaluation of investment properties		-	-	2,459
Operating profit		7,690	983	7,334
Share of profit/(loss) after taxation in joint ventures		4	(144)	(178)
Share of profit after taxation in associates		165	139	417
Finance income		817	794	1,339
Finance cost		(1,240)	(1,234)	(2,804)
Profit before taxation	5	7,436	538	6,108
Taxation		(3,043)	(91)	(2,034)
Profit on ordinary activities after taxation		4,393	447	4,074
Attributable to:				
Equity holders of the company		4,378	434	4,047
Minority interest		15	13	27
Retained profit for the period		4,393	447	4,074
Earnings per share (basic)	8	21.7p	2.1p	20.0p
Earnings per share (diluted)	8	21.5p	2.1p	19.9p
Dividends proposed for the period	7	2.75p	2.50p	5.10p

Consolidated statement of recognised income and expense

	6 months ended 30 November 2005	Restated 6 months ended 30 November 2004	Restated 12 months ended 31 May 2005
Actuarial losses on defined benefit pension scheme	996	1,244	627
Deferred taxation on pension scheme deficit	(299)	(373)	(188)
	-----	-----	-----
Net expense recognised directly in equity	(697)	(871)	(439)
Profit for the financial period	4,393	447	4,074
	-----	-----	-----
Total gains/(losses) recognised since last period	3,696	(424)	3,635
	=====	=====	=====
Attributable to:			
Equity holders of the company	3,681	(437)	3,608
Minority interest	15	13	27
	-----	-----	-----
	3,696	(424)	3,635
	=====	=====	=====

Consolidated Balance Sheet

	As at	Restated	Restated
	30 November	30 November	31 May
	2005	2004	2005
Notes	£'000	£'000	£'000
Non current assets			
Intangible assets	897	1,056	1,312
Property, plant and equipment	9,254	17,579	8,232
Investment properties	34,704	21,118	30,021
Investments			
Joint ventures	7,728	3,210	5,205
Associates	2,408	2,564	2,585
Other	2,157	2,157	2,157
	12,293	7,931	9,947
	-----	-----	-----
Total non current assets	57,148	47,684	49,512
	-----	-----	-----
Current assets			
Inventories	24,888	33,724	40,811
Trade and other receivables	18,918	14,823	18,093
Cash and cash equivalents	13,608	11,521	12,906
	-----	-----	-----
Total current assets	57,414	60,068	71,810
	-----	-----	-----
Total assets	114,562	107,752	121,322
	=====	=====	=====
Equity			
Share capital	5,200	5,200	5,200
Own shares	(847)	(847)	(847)
Revaluation reserve	343	814	596
Retained earnings	42,065	35,485	39,237
	-----	-----	-----
Equity shareholders funds	46,761	40,652	44,186
	-----	-----	-----
Minority interest	221	211	223
	-----	-----	-----
Total equity	46,982	40,863	44,409
	=====	=====	=====

Non current liabilities

Bank loans	10,133	10,172	10,351
Retirement benefit obligation	5,624	4,932	4,391
Deferred tax liabilities	1,190	867	1,385
Long term provisions	794	753	712
Obligations under finance leases	145	792	219
Other payables	3,589	3,416	3,675

Total non current liabilities

21,475 20,932 20,733
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Current liabilities

Trade and other payables	17,956	18,134	16,260
Tax liabilities	3,342	287	1,941
Obligations under finance leases	154	253	176
Bank loans and overdrafts	24,207	27,283	37,428
Financial derivatives	446	-	375

Total current liabilities

46,105 45,957 56,180

Total liabilities

67,580 66,889 76,913

Total equity and liabilities

114,562 107,752 121,322
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Consolidated Cash Flow Statement

	Notes	6 months ended		Restated		Restated	
		30 November 2005		6 months ended 30 November 2004		12 months ended 31 May 2005	
		£'000	£'000	£'000	£'000	£'000	£'000
Net cash from operating activities							
Operating profit for the year			7,619		983		4,500
Depreciation charge			702		817		1,577
Impairment of intangible assets			415		95		258
Profit on sale of fixed assets			(306)		(3)		(94)
Write off of investments in joint ventures			2,693		-		-
Income from joint ventures			21		31		284
			-----		-----		-----
Operating profit before changes in working capital			11,144		1,923		6,525
Decrease/(increase) in inventories			15,923		(5,065)		(9,726)
Increase in receivables			(825)		(1,228)		(4,498)
Increase/(decrease) in payables			2,204		183		(743)
			-----		-----		-----
Cash generated from operations			28,446		(4,187)		(8,442)
Interest paid			(367)		(502)		(886)
Income taxes paid			(1,610)		(1,213)		(2,052)
			-----		-----		-----
Net cash used in operating activities			26,469		(5,902)		(11,380)
Investing activities							
Interest received			280		349		396
Purchase of subsidiary undertaking			-		(2,741)		(2,741)
Purchase of investment property, property and plant			(6,867)		(2,238)		(3,677)
Proceeds from sale of investment property, property and plant			766		199		827
Receipt of government grants			140		354		585
Repayment of government grants			(280)		-		-
Net cash on purchase of subsidiary undertaking			-		2,972		2,972
(Increase)/decrease in interest in joint ventures and associates			(5,210)		450		(1,602)
Purchase of unincorporated businesses			-		(2,445)		(2,445)
Purchase of own shares			-		(240)		(240)
Cash (withdrawn)/deposited at call and short notice			(699)		108		(1,275)
			-----		-----		-----
Net cash used in investing activities			(11,870)		(3,232)		(7,200)

Financing activities

Proceeds from issue of loan capital	-	10,430	11,000
Payment of loan capital	(411)	(310)	(4,832)
Payment of finance lease liabilities	(96)	(113)	(192)
Dividends paid	7 (1,061)	(967)	(1,487)
	-----	-----	-----
Net cash from financing activities	(1,568)	9,040	4,489
Net increase/(decrease) in cash and cash equivalents	13,031	(94)	(14,091)
Cash and cash equivalents at beginning of year	(36,698)	(22,607)	(22,607)
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Cash and cash equivalents at end of year	(23,667)	(22,701)	(36,698)
	=====	=====	=====

Notes

1. The interim report was approved by the board on 24 February 2006.

2. Transition to IFRS

All listed companies in the European Union are required to present their consolidated financial statements for accounting periods beginning on or after 1 January 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As a result, the group's consolidated financial statements for the year ending 31 May 2006 will be presented on this basis with IFRS comparative figures. These interim financial statements have been prepared on the basis of the IFRS accounting policies expected to be adopted in the year-end consolidated financial statements.

The group's transition date for adoption of IFRS is 1 June 2004. This date has been selected in accordance with IFRS1, "First time adoption of International Financial Reporting Standards".

Prior to the adoption of IFRS, the financial statements of Pochin's PLC had been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP). UK GAAP differs in certain respects from IFRS and certain accounting, valuation and consolidation methods have been amended, when preparing these financial statements, to comply with IFRS. The comparative figures in respect of 30 November 2004 and 31 May 2005 have been restated to reflect these amendments. Reconciliation and description of the effect of the transition from UK GAAP to IFRS on the group's reported financial position and financial performance are set out in note 4.

A detailed review of the changes in our accounting policies and reconciliations of our financial statements from UK GAAP to IFRS at key dates has been published to the London Stock Exchange on 27 February 2006 and is available on the group's website (www.pochins.plc.uk).

3 Principal accounting policies

The accounting policies that the group intends to apply for the year ended 31 May 2006 are set out in the document referred to in note 2 above.

4 Reconciliation between UK GAAP and IFRS

The principal changes arising from the presentation of the 30 November 2004 and 31 May 2005 results under IFRS are:

(a) Profit before tax	6 months ended	12 months ended
	30 November 2004 £'000	31 May 2005 £'000
As previously reported under UK GAAP	870	5,804
Impairment of intangible assets	66	148
Movement in pension scheme deficit	(209)	(285)
Share based payments	(10)	(24)
Recognition of property sales based on completion of contract	(145)	(1,539)
Joint venture and associate share of taxation	(34)	(80)
Provision for loss on interest rate swap	-	(375)
Revaluation gains on investment properties reported as income	-	2,459
IFRS profit before tax	538	6,108

(b) Taxation	6 months ended 30 November 2004 £'000	12 months ended 31 May 2005 £'000
Current tax		
As previously reported under UK GAAP	331	2,298
Joint venture and associate share of taxation	(34)	(80)
	-----	-----
As restated under IFRS	297	2,218
Deferred tax		
As previously reported under UK GAAP	-	124
Investment property (surpluses)/deficits	(96)	360
Pension scheme deficit	(63)	(86)
Share based payments	(3)	(7)
Property sales	(44)	(462)
Interest rate swap	-	(113)
	-----	-----
As restated under IFRS	(206)	(184)
	-----	-----
Taxation as restated under IFRS	91	2,034
	-----	-----
(c) Profit after tax		
	6 months ended 30 November 2004 £'000	12 months ended 31 May 2005 £'000
As previously reported under UK GAAP	539	3,382
IFRS adjustments to profit before taxation	(332)	304
IFRS adjustments to taxation	240	388
	-----	-----
IFRS profit after tax	447	4,074
	-----	-----
(d) Net assets		
	6 months ended 30 November 2004 £'000	12 months ended 31 May 2005 £'000
As previously reported under UK GAAP	46,581	49,973
Impairment of intangible assets	66	148
Pension scheme deficit	(3,452)	(3,074)
Recognition of property sales based on completion of contract	(375)	(1,351)
Deferred tax on investment property surpluses	(1,630)	(2,086)
Proposed dividend adjustment	520	1,061
Purchase of own shares	(847)	-
Provision for loss on interest rate swap	-	(262)
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Restated under IFRS	40,863	44,409
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5. Segmental information by activity:

	6 months ended	Restated	Restated
	30 November	6 months ended	12 months ended
	2005	30 November	31 May
	£'000	2004	2005
		£'000	£'000
Revenue			
Contracting	32,354	33,553	59,185
Construction services	10,234	9,725	18,691
Property	33,587	2,265	13,003
Residential	1,544	166	3,007
	-----	-----	-----
	77,719	45,709	93,886
	-----	-----	-----
Profit/(loss) on ordinary activities before taxation			
Contracting	(579)	483	710
Construction services	331	200	138
Property	7,792	180	5,967
Residential	13	(162)	6
Group management cost	(443)	(487)	(975)
Group interest	322	324	262
	-----	-----	-----
	7,436	538	6,108
	-----	-----	-----
Net assets			
Contracting	2,707	3,197	4,624
Construction services	6,008	5,918	5,784
Property	26,070	19,255	21,892
Residential	(247)	(367)	(202)
Group interest	12,444	12,860	12,311
	-----	-----	-----
	46,982	40,863	44,409
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Turnover, profit/(loss) before taxation and net assets are derived from operations within the United Kingdom.

6. 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.

7. Dividends

	6 months ended 30 November 2005 £'000	Restated 6 months ended 30 November 2004 £'000	Restated 12 months ended 31 May 2005 £'000
Interim paid 2.50p per share	-	-	520
Final paid 5.10p (2004: 4.65p) per share	1,061	967	967
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	1,061	967	1487
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The interim dividend of 2.75p (2004: 2.50p) per share will be paid on 7 April 2006 to shareholders on the register at 10 March 2006. The dividend has not been included as a liability as at 30 November 2006.

8. The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of £4,378,000 (2004 : £434,000 restated) and the 20,800,000 ordinary shares of 25p in issue at 30 November 2005 and 30 November 2004. The number of shares in the calculation has been reduced at 30 November 2005 for the 589,000 (2004 : 589,000) shares held in the Employee Share Trust. Basic earnings per share is 21.7p (2004: 2.1p restated). The assumed conversion of dilutive options increases the number of shares by 194,000 (2004: 80,000) shares and so diluted earnings per share decreases to 21.5p (2004:2.1p restated).

6 months ended 30 November 2005

Weighted average

	Earnings	no. of shares	Per share
	£'000	'000	p
Basic EPS	4,378	20,211	21.7
Effect of share options	-	194	0.2
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Diluted EPS	4,378	20,405	21.5
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Restated

6 months ended 30 November 2004

Weighted average

	Earnings	no. of shares	Per share
	£'000	'000	p
Basic EPS	434	20,211	2.1
Effect of share options	-	80	-
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Diluted EPS	434	20,291	2.1
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Restated

12 months ended 31 May 2005

Weighted average

	Earnings	no. of shares	Per share
	£'000	'000	p
Basic EPS	4,047	20,262	20.0
Effect of share options	-	94	0.1
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Diluted EPS	4,047	20,356	19.9
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- 9.** The comparative figures for the year ended 31 May 2005 do not constitute statutory accounts for the purpose of section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 May 2005, which were prepared under UK GAAP and which the auditors gave an unqualified report in accordance with section 235 of the Companies Act 1985, have been filed with the Registrar of Companies.

- 10.** Copies of this interim report are being sent to shareholders on 2 March 2006. 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).