

Pochin's PLC
Annual Results for the year ending 31 May 2006

Highlights

- Record profit of £9.4m from continuing activities (2005: £6.2m)
- Strong result from property activities
- Further investment in future development and joint venture projects
- Construction Services repositioned following a programme of disposals
- Residential delivers first profits

Chairman's Statement

I am delighted to report that the group has continued to make excellent progress in the year to 31 May 2006, producing another record set of results. Profit before taxation from continuing operations, reported for the first time under International Financial Reporting Standards (IFRS), is £9.4m (2005: £6.2m), on turnover of £124.3m (2005: £87.3m). In line with our progressive dividend strategy, the board recommends a final dividend of 6.00p making a total for the year of 8.75p (2005: 7.6p), an increase of 15.1%.

With the detail provided under corporate governance in the following pages it makes me wonder in what form the future Chairman's Statement will be, however for the time being I will follow the previous format, albeit reduced.

Contracting

Although turnover has increased it is disappointing that profits are down. As anticipated, results in the second half of the year were successful in recovering the losses reported at the interim stage. Our policy of long term partnerships and management of risk, combined with our expertise, attention to detail and careful selection of projects, is proving to be beneficial to the progress of the division.

Construction Services

Results this year are similar to last year, but having sold the Avoidatrench business and completed MBO's with Cheshire Concrete Products and Pipeline Drillers, we have restructured the management team to concentrate on our concrete pumping operations. Our reputation in concrete pumping has been built on the standards and quality of our service and we continue to review and improve our fleet to ensure that it is in line with our customers' requirements.

Property

After a successful half year, the property division has improved on that result with new developments at Crewe Green, comprising a number of retail units, a hotel and public house, and a number of smaller offices and industrial units at Midpoint 18, which have all proved successful with a good mix of lettings and sales. Elsewhere, we have continued to invest in the acquisition of strategic sites for mixed use purposes, both on our own

account and within joint ventures. In previous reports I have referred to problems at Manchester Technopark but I am now pleased to report further lettings and more than 50% of the available space is now occupied.

Residential

Pochin Homes, operating in a general housing market slow down, has produced solid results, with sales of 48 units. We are actively searching for further sites, but acquiring suitable land is proving difficult in the competitive environment created by demand from the major housebuilders. We have, nonetheless, been successful in improving our land bank.

Board & Senior Management

After 40 years with the group I will be stepping down as chairman and from the board at the end of 2006. I would like to thank all my fellow board members for their support and hard work in helping to achieve these excellent results.

I am pleased to welcome Richard Fildes, who was appointed as an independent non-executive director on 7 August 2006. The intention is that Richard will take over from me as chairman and his experience, professionalism and enthusiasm will be a great asset to the group. He will be the first non-executive chairman of the group and I would like to wish him every success in taking up his new role.

I welcomed both Nicholas Fry and Michael Chadwick to the board in my interim statement and they have made significant contributions to our progress this year. Nicholas Fry has been confirmed as the senior independent non-executive director and as chairman of the audit and remuneration committees.

William Underwood will be retiring at the AGM. He was, until recently, the senior independent non-executive director and has acted as chairman of all board committees during his time with the group. I would like to extend our sincere thanks to William for his contribution to the board for over six years and, especially, for his assistance in establishing and implementing the measures required to comply with the Combined Code.

David Hedley was appointed as company secretary on 3 July 2006. David is a qualified solicitor with extensive experience in property and commercial matters and I am pleased to welcome him to the team.

Employees

My thanks go to all our employees - we are very fortunate to have such talented people and without their efforts we would not be able to achieve continuing good results.

Prospects

We have started the new financial year with a good order book, a slimmed down construction services division and a number of profitable property transactions identified. The group has an enthusiastic management team and is well positioned to meet the challenges likely to be encountered during the coming year.

John H Woodcock
Chairman

29 September 2006

Enquiries:

Pochin's PLC
David Shaw, Chief Executive 01606 833 333
John Edwards, Finance Director

Charles Stanley Securities
Philip Davies/Rick Thompson 020 7149 6457

Chief Executive's Review

Overview

The Pochin Group operates in the construction and property sectors through four complementary trading divisions:

- Contracting
- Property
- Residential
- Construction Services

These divisions operate autonomously, reporting to myself and the group's board.

Contracting

We are a well established and recognised key provider in the North West contracting market, with a proven track record of quality projects delivered to clients' expectations.

Turnover for the year, including internal work for our property division was £76.4m (2005: £76.5m). Profits, however have fallen from £0.86m in the previous year to £0.47 in 2006 prior to a special pension contribution of £0.35m.

We have maintained the level of turnover, despite several projects taking longer than anticipated to start on site towards the end of the financial year. Similar issues had affected the results in the first half of the year and so we are pleased with the recovery of the losses reported at that stage and with the profitable result for the full year. We have continued to improve our resources throughout the year by a combination of training and recruitment and we have further refined our risk management techniques. These measures have contributed to our success in the year. We are continuing with our long-term strategy to gradually increase turnover, reduce overheads as a proportion of that turnover, and enhance net margin as a result. However, we are not prepared to compromise our reputation for quality and reliability in pursuit of that goal, nor will we seek turnover at unrealistic prices.

Invitations to bid for new work continue to arrive on a consistent basis and we now have £62.0m (2005: £68.0m) of secured work for the current year.

Approximately 70% of our turnover was again achieved as a result of negotiated or partnered contracts with valued clients. Many of those are clients for whom we have worked previously and 50% of our turnover was generated from repeat business.

We have set high standards for ourselves by asking our clients to rate the service we provide at three stages during a contract. We do not just ask if our service was poor, average or good, but rather seek feedback across a range of twelve key performance indicators so that our clients' views are fully represented. Our success rate measured against those criteria has improved to 90%, which represents a consistently high

standard of customer satisfaction. There is always room for improvement and we strive continuously to improve our scores, using the valuable feedback from our clients.

We have further developed our customer service beyond completion of the projects on sites by the introduction of an aftercare team. They are on hand to attend to any problems that may arise once our client has taken possession of the completed building. Our clients have told us that they see this as an extremely valuable continuation of our customer service.

We received a Built in Quality Award this year in recognition of the high standards of construction and workmanship achieved in the completion of the 790 bed student accommodation for Manchester Metropolitan University in Crewe, Cheshire.

Property

We are committed to an expansion of our property activities. Our objective is to increase the flow of development transactions to deliver a consistent revenue stream. The division continues to be involved in a diverse range of development projects throughout the north west of England and North Wales and has made a profit of £9.97m on sales of £35.40m.

Improvements in yields in the student accommodation sector precipitated the disposal of the 790 bed halls of residence leased to Manchester Metropolitan University at the Crewe Gateway development. Further activity included development and construction of 'The Duke of Gloucester' public house, a 56 bed Travelodge plus a 6000 sq ft retail scheme with 3000 sq ft let to the United Cooperative food Stores Limited.

At Crewe Business Park we have acquired another 5.5 acres of land and obtained planning for a 112 bed hotel and a phased office development due for completion within the next three years.

Midpoint 18 at Middlewich continues to be a key development for the division and the latest speculative developments of Verity Court and Valley Court have been completed during the year followed by occupation by a variety of end users either through sale or lease. Some of the more mature units on the estate have become vacant in the year due to leases coming to term and we are undertaking improvements to these buildings with the intention of securing new occupiers.

Elsewhere, during the year we acquired an Investment property at Deeside. After the year end we successfully completed the Med IC3 building at Keele Park where there are a number of promising enquiries from potential occupiers and we have acquired 28 acres of land at Ellesmere, Shropshire with strong potential for a mixed use development.

Joint Ventures

Our aim is to control the growth of the development business by sharing some of the associated risk with partners who are able to add value, financial resource and opportunities to the joint venture.

The group's strategic relationship with UK Land and Property Limited continues with the purchase of Horton House, a landmark office building in a prime location in Liverpool city centre secured after the year end. This prestigious office building was acquired with a secured agreement to lease that will anchor the investment once the building has been refurbished. A further 25,000 sq ft unit has been completed at Hawarden Business Park and we have also acquired 22 acres of land adjacent to the existing development.

Trinity Court Developments Limited, a joint venture set up to develop a residential and retail scheme at Holyhead Marina is due to complete the construction of 26 waterside apartments and associated commercial space within the next three months. The project has been designed and built by Pochin (Contractors) Limited, with 14 of the properties sold prior to completion.

We are working closely with Castlewood Developments Limited on a number of opportunities, the largest of which is the redevelopment of part of Birkenhead town centre. We are working very closely with Wirral Borough Council and other stakeholders to bring this scheme through to its construction phase.

Pochin Rosemound (Deeside) Limited, established during the year, has acquired land at Deeside as a strategic long term land holding.

Residential

Pochin Homes has established itself as a regional brand in the north west with a growing reputation for delivering a quality product. Developments in Winsford, Preston Brook and Heald Green, all located in Cheshire, added to those in the "Potteries", provide a broader base and increased selling opportunities.

We have been active on seven developments during the year and completed sales of 48 homes (2005: 28). The division generated a turnover of £7.7m (2005: £3.0m) and its first significant profit contribution to the group of £0.5m (2005: £0.01m) since it was established in 2003. The landbank also actively been increased, with the number of secured plots now standing at 271.

We anticipate an improvement in the current challenging market conditions over the next twelve months as confidence appears to be returning.

Construction Services

The planned disposal of Cheshire Concrete Products (MBO), Pipeline Drillers (MBO) and Avoidatrench Limited (trade sale) is now complete enabling the division to focus on its core activity of concrete pump hire.

Pochin Concrete Pumping maintains its market leading position by providing a high quality service to customers throughout the UK. Sales rose by 14% to £13.8m generated by 20,500 separate hires. Average utilisation was 77% for the year and our reliability factor exceeded 99%.

Improvements in management structure, administration software, and the streamlining of customer relationship management systems have all played their part in increased efficiency and better margins.

With the increased emphasis on site safety and risk management we have always endeavored, through training and safety policy, to provide the customer with high standards in this area. This has been endorsed by the award OHSAS 18001:1999 "Occupational Health and Safety Management Systems", which is a publicly recognised audited standard for safety and is held in high regard within a wide cross section of industry.

A notable achievement during the year was to pump concrete a UK record distance of 1,900m for the Heathrow Express extension.

The Pumi concept, a combined concrete pump, placing boom and concrete mixer, has seen a shift in the partnering model from the main ready mixed concrete producers to a more balanced position where the division runs its own operation. This arrangement is proving to be particularly successful in the London area and the company will continue to pursue the expansion of the fleet on a national basis.

David Shaw
Chief Executive

Financial Review

International Financial Reporting Standards (IFRS)

This Annual Report is the group's first to be presented under IFRS. Reconciliations of the group's profit for the year ending 31 May 2005 and balance sheet at 31 May 2005, showing the effects of changes in presentation and accounting policies arising from the adoption of IFRS on the figures reported under UK GAAP in September 2005. Further details and reconciliations explaining the transition to IFRS are available on the group's website, www.pochins.plc.uk.

Trading Results

Total revenue grew by 42.4% to a record £124.3m (2005: £87.3m) resulting in a profit for the year from continuing operations before tax of £9.4m (2005: £6.2m). This overall record performance was dominated by the contribution made by the major development completion at Crewe in the first half of the year.

The Contracting division showed a healthy growth in activity and delivered a strong second half performance, but due to a poor start to the year its operating profit was £0.47m, further reduced by a special pension contribution of £0.35m to £0.12m (2005: £0.87m). The Property division performed exceptionally well, delivering projects and making significant new investments that will contribute to group profits in future years. Property turnover was £35.4m (2005: £13.0m) delivering a profit of £9.97m (2005: £6.4m). Construction Services division underwent significant restructuring, reducing its cost base and disposing of three non-core operations resulting in a charge (after tax) to the income statement of £1.85m. Concrete pumping reported sales of £13.8m (2005: £12.1m) resulting in a trading profit of £0.2m, which was reduced to a breakeven position for the year following a special pension contribution charge of £0.15m (2005: £0.13m). Residential showed continued growth in a difficult market completing 48 units (2005: 28 units) to produce a turnover of £7.7m (2005: £3.0m) and a profit of £0.5m (2005: £nil).

Earnings per Share and Dividend

Diluted earnings per share on continuing activities were 28.5p (2005: 20.2p)

Diluted earnings per share after discontinued activities were 18.2p, down 8.5% on the previous year due to the impact of the disposal costs of discontinued activities and a high tax rate.

Subject to approval at the AGM, a final dividend of 6.0p per share (2005: 5.10p) will be paid on 7 November 2006. This will result in a full year dividend of 8.75p per share (2005: 7.60p), which continues the group's progressive dividend growth policy and shows an annual increase of 15.1%.

Dividend cover is 2.0 times (2005: 2.6 times).

Balance Sheet

Net assets have increased by 3.2% to £45.8m (2005: £44.4m) equivalent to 220p per share (2005: 213p). Non current assets have increased by £10.2m (18.8%) following completion of the Travelodge at Crewe, purchase of an investment property at Deeside and further investment in joint venture activities. Completion of major contracts had the single biggest impact on working capital with inventories falling by £14.6m to £26.2m and short-term borrowings (net of cash) reducing by £5.9m to £17.9m.

There were no new long-term borrowing arrangements made in the year.

In accordance with IAS19 the pension deficit of £5.2m (2005: £4.4m) is included in non-current liabilities for the first time.

Cash

Strong cash flow from operating activities provided further capacity for the Group to invest in its core activities whilst reducing its net debt position. Operating activities, before interest and tax, generated £25.8m, £15.1m was invested in new schemes, both in-house and via joint venture activities and total borrowings were reduced by £7.0m to £28.2m. Disposal of non-core operations generated cash receipts of £0.5m; the balance of £0.35m being received after the year end.

	2006 <u>IFRS</u>	2005 <u>IFRS</u>
Operating activities	25.8	(8.0)
Interest and dividends	(1.6)	(2.2)
Taxation	(3.5)	(2.1)
Sale/purchase of property and assets	(7.5)	(2.9)
Acquisitions/disposals	0.5	(2.2)
Increase in interest in joint ventures	(6.8)	(1.6)
Other	0.1	0.2
	<u>7.0</u>	<u>(18.8)</u>

Disposals

Following a strategic review of its activities, the Group disposed of Cheshire Concrete Products, Pipeline Drillers and Avoidatrench Limited for a combined sale value of £0.85m. Cheshire Concrete Products and Pipeline Drillers were in the form of asset sales to their respective management teams and Avoidatrench Limited was a share sale to Land & Marine Project Engineering Limited, which was completed after the year end.

The total impact of these disposals was £2.2m before tax comprising £0.38m trading losses and £1.85m write down of investment value. Full disclosure is shown in Note 31 to the accounts and is included in the income statement under discontinued activities (after tax).

Joint Ventures

The group has continued its commitment to the development of future business through its strategic relationships with joint venture partners. During 2006 the group's net investment in joint ventures and associated companies increased to £14.3m (2005: £9.9m). Due to fluctuations in the timescales and projected outcomes on certain projects the group has taken the prudent approach to write down some initial investment values. The impact of these adjustments is a charge of £2.5m. As at 31 May 2006 the principal interests of the group are in Castlewood Developments (Birkenhead) Limited (£3.1m), Trinity Court Developments Limited (£0.3m), Pochin Rosemound (Deeside) Limited (£2.3m), Hawarden Business Park Limited (£1.3m), UKLP Developments Limited (£1.0m) and Manchester Technopark Limited (£1.3m). The group continues to have investment interests in Manchester Science Park Limited (£1.5m) and UK Land & Property Limited (£0.7m).

Pensions

The last full formal actuarial valuation of the Pochin's defined benefit scheme, closed to new members since 31 December 2001, was carried out on 1 July 2005 and updated on 31 May 2006.

In accordance with IAS19, pension charges of £0.99m (2005: £0.47m) have been made to the income statement. The group's balance sheet includes the pension scheme deficit of £5.2m (2005: £4.4m). Full disclosure of all defined benefit scheme assumptions are set out in Note 7 to the accounts.

To ensure the long term viability of the defined benefit scheme and to protect the benefits of its members, the group has proposed a number of changes to the benefits of members of the scheme together with an additional contribution of £1.2m to the Scheme's fund. Based on the current actuarial assumptions, these proposals are designed to eliminate the current deficit within a five year period. The proposed rule changes are scheduled to take effect on 1 October 2006 following acceptance by the members of the scheme. The first tranche of the additional contribution of £0.5m was made in May 2006 and is reflected in the income statement. The balance is due to be paid in October 2006 following the benefit changes.

John Edwards
Finance Director

Consolidated Income Statement

For the year ended 31 May 2006

	<u>2006</u> £'000	<u>2005</u> £'000
Continuing operations		
Revenue	124,295	87,309
Cost of sales	<u>(104,096)</u>	<u>(76,285)</u>
Gross profit	20,199	11,024
Operating expenses	(14,343)	(9,727)
Other operating income	3,212	3,633
Gains on revaluation of investment properties	<u>509</u>	<u>2,459</u>
Operating profit	9,577	7,389
Share of loss after taxation in joint ventures	(379)	(455)
Share of profit after taxation in associates	153	164
Finance income	1,898	1,318
Finance cost	(1,866)	(2,233)
Profit before taxation	9,383	6,183
Taxation	<u>(3,551)</u>	<u>(2,034)</u>
Profit for the year from continuing operations	5,832	4,149
Discontinued operations		
Loss for the year from discontinued operations	(2,094)	(75)
Profit for the year	<u>3,738</u>	<u>4,074</u>
Attributable to:		
Equity holders of the company	3,708	4,047
Minority interest	<u>30</u>	<u>27</u>
Retained profit for the period	<u>3,738</u>	<u>4,074</u>
Earnings per share (basic)	18.4p	20.0p
Earnings per share (diluted)	18.2p	19.9p
Earnings per share (basic) – continuing operations	28.8p	20.3p
Earnings per share (diluted) - continuing operations	28.5p	20.2p
Dividends proposed for the period	6.0p	5.1p

Consolidated Statement of Recognised Income and Expense

	<u>2006</u> £'000	<u>2005</u> £'000
Actuarial losses on defined benefit pension scheme	(834)	(627)
Deferred taxation on pension scheme deficit	<u>250</u>	<u>188</u>
Net expense recognised directly in equity	(584)	(439)
Profit/(loss) for the financial period	3,738	4,074
Total gains recognised since last period	<u>3,154</u>	<u>3,635</u>
Attributable to:		
Equity holders of the company	3,124	3,608
Minority interest	30	27
	<u>3,154</u>	<u>3,635</u>

Consolidated Balance Sheet

As at 31 May 2006

	2006	2005
	£'000	£'000
Non current assets		
Intangible assets	323	1,312
Property, plant and equipment	9,544	8,232
Investment properties	34,923	30,021
Investments		
Joint ventures	9,128	4,996
Associates	2,378	2,465
Other	2,157	2,157
	<u>13,663</u>	<u>9,618</u>
Total non current assets	58,453	49,183
Current assets		
Inventories	26,215	40,811
Trade and other receivables	19,931	18,093
Cash and cash equivalents	791	12,906
Assets classified as held for sale and included in disposal groups	990	–
Total current assets	<u>47,927</u>	<u>71,810</u>
Current liabilities		
Trade and other payables	17,948	16,672
Corporation tax	1,245	1,529
Obligations under finance leases	–	176
Bank loans and overdrafts	815	726
Bank overdraft	18,672	36,702
Financial derivatives	174	375
Liabilities included in disposal groups	665	–
Total current liabilities	<u>39,519</u>	<u>56,180</u>
Net current assets	8,408	15,630
Non current liabilities		
Bank loans	9,536	10,351
Retirement benefit obligation	5,179	4,391
Deferred tax liabilities	1,422	1,056
Long term provisions	1,050	712
Obligations under finance leases	–	219
Other payables	3,856	3,675
Total non current liabilities	<u>21,043</u>	<u>20,404</u>
Net assets	<u>45,818</u>	<u>44,409</u>
Shareholders' equity		
Share capital	5,200	5,200
Own shares	(954)	(847)
Revaluation reserve	270	596
Retained earnings	41,093	39,237
Equity shareholders' funds	<u>45,609</u>	<u>44,186</u>
Minority interest	209	223
Total equity	<u>45,818</u>	<u>44,409</u>

Consolidated Cash Flow Statement

For the year ended 31 May 2006

	<u>2006</u> £'000	<u>2006</u> £'000	<u>2005</u> £'000	<u>2005</u> £'000
Net cash from operating activities				
Operating profit for the year		9,577		7,389
Depreciation charge		1,381		1,577
Impairment of intangible assets		547		258
Charge in respect of share based payments		54		24
Profit on sale of fixed assets		(313)		(94)
Gains on revaluation of investment properties		(509)		(2,459)
Provision against investments in joint ventures		2,516		–
Income from joint ventures		44		284
		<hr/>		<hr/>
Operating profit before changes in working capital		13,297		6,979
Decrease/(increase) in inventories		14,079		(9,726)
Increase in receivables		(3,438)		(4,498)
Increase/(decrease) in payables		1,842		(772)
		<hr/>		<hr/>
Interest paid		(1,866)		(2,233)
Income taxes paid		(3,469)		(2,052)
		<hr/>		<hr/>
Net cash generated/(used) from operating activities		20,445		(12,302)
Investing activities				
Interest received	1,898		1,318	
Purchase of subsidiary undertaking	–		(2,741)	
Disposal of businesses	527		–	
Purchase of investment properties	(4,473)		(5)	
Purchase of property, plant and equipment	(3,789)		(3,672)	
Proceeds from sale of property, plant and equipment	808		827	
Receipt of government grants	427		585	
Repayment of government grants	(237)		–	
Net cash on purchase of subsidiary undertaking	–		2,972	
Increase in interest in joint ventures and associates	(6,831)		(1,602)	
Purchase of unincorporated businesses	–		(2,445)	
Purchase of shares by ESOT	(107)		(240)	
Net cash used in investing activities		(11,777)		(5,003)
Financing activities				
Proceeds from issue of loan capital	–		11,000	
Payment of loan capital	(725)		(4,832)	
Payment of finance lease liabilities	(395)		(192)	
Dividends paid	(1,633)		(1,487)	
Net cash from financing activities		(2,753)		4,489
Net (increase)/decrease in cash and cash equivalents		5,915		(12,816)
Cash and cash equivalents at beginning of year		(23,796)		(10,980)
Cash and cash equivalents at end of year		(17,881)		(23,796)

Notes

The preliminary announcement is prepared in accordance with International Financial Reporting Standards. This differs from the basis used for the previous year's accounts and comparatives have been restated accordingly.

The Board of Directors approved the preliminary announcement on 28 September 2006.

The announcement represents non-statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory annual accounts for the year ended 31 May 2006, upon which an unqualified audit opinion has been given and which did not contain a statement under section 235, 237 (2) or 237 (3) of the Companies Act 1985, will be sent to the Registrar of Companies.

Turnover, Profit before Taxation and Net Assets

Segmental information

For management purposes, the group is currently organised into four operating business segments:

Contracting, Property, Residential and Construction Services.

As operations are carried out entirely within the UK, there is no secondary segmental information.

Inter segmental pricing is done on an arms length open market basis.

Segment information about these businesses is presented below.

Year ended 31 May 2006

Continuing operations

	Contracting	Property	Residential	Construction services	Group management	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
External sales	67,317	35,443	7,738	13,797	-	124,295
Inter-segment sales	9,085	-	-	1,066	-	10,151
Eliminations	(9,085)	-	-	(1,066)	-	(10,151)
Total revenue	67,317	35,443	7,738	13,797	-	124,295
Segment Result						
Operating profit	123	9,836	499	4	(885)	9,577
Share of results of joint ventures and associations	-	(226)	-	-	-	(226)
Net finance costs	-	135	-	(103)	-	32
Profit before taxation	123	9,745	499	(99)	(885)	9,383
Taxation						(3,551)
Profit from continuing operations						5,832

Year ended 31 May 2006

Continuing operations

	Contracting	Property	Residential	Construction	Group	Group
	£'000	£'000	£'000	services	Management	Total
				£'000	£'000	£'000
Asset and liabilities						
Segment assets	19,393	58,456	6,541	10,484	-	94,874
Investment in equity accounted joint ventures and associates	-	11,506	-	-	-	11,506
Total assets	19,393	69,962	6,541	10,484	-	106,380
Total liabilities	15,781	33,223	6,471	5,087	-	60,562
Net assets	3,612	36,739	70	5,397	-	45,818

Other information

Capital expenditure	37	7,661	-	564	-	8,262
Depreciation	44	109	-	1,228	-	1,381
Impairment of investment in joint ventures	-	2,620	-	-	-	2,620
Impairment of inventories	-	570	-	-	-	570
Impairment of goodwill	-	386	-	161	-	547

Year ended 31 May 2005

Continuing operations

	Contracting	Property	Residential	Construction	Group	Group Total
	£'000	£'000	£'000	services	management	£'000
				£'000	£'000	
Revenue						
External sales	59,162	13,024	3,008	12,115	-	87,309
Inter-segment sales	17,355	1,380	-	24	-	18,759
Eliminations	(17,355)	(1,380)	-	(24)	-	(18,759)
Total revenue	59,162	13,024	3,008	12,115	-	87,309

Segment Result

Operating profit	904	7,328	6	126	(975)	7,389
Share of results of joint ventures and associations	-	(291)	-	-	-	(291)
Net finance costs	-	(915)	-	-	-	(915)
Profit before taxation	904	6,122	6	126	(975)	6,183
Taxation						(2,034)
Profit from continuing operations						4,149

Year ended 31 May 2005

Continuing operations

	Contracting	Property Residential	Construction services	Group management	Group Total
	£'000	£'000	£'000	£'000	£'000
Asset and liabilities					
Segment assets	16,554	79,441	5,217	12,320	-
Investment in equity accounted joint ventures and associates	-	7,461	-	-	-
Total assets	16,554	86,902	5,217	12,320	-
Total liabilities	12,991	51,638	5,419	6,536	-
Net assets	3,563	35,264	(202)	5,784	-

Other information

Capital expenditure	38	3,218	-	2,221	-
Depreciation	51	105	-	1,420	-
Impairment of inventories	-	1,380	-	-	-
Impairment of goodwill	-	97	-	161	-

Earnings per share (continuing activities)

The calculation of earnings per share (basic and diluted) for continuing activities is based on group profit after taxation from continuing activities and minority interests of £5,802,000 (2005: £4,122,000) and the 20,800,000 ordinary shares of 25p in issue at 31 May 2006 and 31 May 2005. The number of shares used in the calculation has been reduced at 31 May 2006 for the 686,000 (2005: 589,000) shares held in the Employee Share Trust. Basic earnings per share are 28.8p (2005: 20.3p). The assumed conversion of dilutive options increases the number of shares by 169,000 (2005: 94,000) shares and so diluted earnings per share decreases to 28.5p (2005: 20.2p).

	2006			2005		
	Earnings	Weighted average no. of shares	Per share	Earnings	Weighted average no. of shares	Per share
	£'000	000	p	£'000	000	p
Basic EPS	5,802	20,154	28.8	4,122	20,262	20.3
Effect of share options	-	169	0.3	-	94	0.1
Diluted EPS	5,802	20,323	28.5	4,122	20,356	20.2

Dividends

	2006	2005
	£'000	£'000
Interim paid - 2.75p per share (2005 : 2.5p)	572	520
Final proposed – 6.0p (2005 : 4.65p)	1,248	967
	<hr/> 1,820 <hr/>	<hr/> 1,487 <hr/>

The Directors are proposing a final dividend in respect of the financial year ending 31 May 2006 of 6.0p. It will be paid on 7 November 2006 to shareholders who are on the register of members on 6 October 2006. The final dividend has not been included as a liability as at 31 May 2006

The Annual General Meeting will be held Merecourt Hotel, Lymm, Cheshire on Friday 3 November 2006. The full report will be posted to shareholders on 12 October 2006.