Pochin's PLC
Audited Annual Results for the year ending 31 May 2008

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Headlines

- Turnover maintained at £115m
- Profits at £2.3m after write downs and investment provisions of £7.7m
- Property profits of £2.0m after provisions
- Joint venture contribution at £2.8m
- Contracting profits at £0.8m before reorganisation costs
- Forward orders for Contracting of £55m
- Construction Services result maintained at £0.3m
- Residential development losses increased by write downs of land values
- Group banking facilities increased to provide liquidity

Chairman's Statement

The results for the group for the year ending 31 May 2008 reflect the difficult conditions prevailing in the UK property market. Profits before tax on group companies, joint ventures and associate company income were £2.3m (2007: £9.0m), derived from turnover of £115.3m (2007: £116.6m). After accounting for taxation charges in joint ventures of £0.5m, the reported IFRS group profit before taxation is £1.8m (2007: £9.1m).

A final dividend of 3.0p is proposed which, combined with the interim dividend of 3.0p (2007: 3.0p), will total 6.0p (2007: 9.25p) for the full year. The board regrets the need to propose a reduced final dividend which it feels is appropriate in the current general and specific economic circumstances.

“Dramatic recent events in financial markets make commenting on the group’s current prospects unusually perilous”. This concern, expressed in last years Chairman’s Statement, unfortunately has proved to be fully justified by the wholesale reassessment of property values and prospects which have occurred since last year’s annual report.

This has been brought about by the abrupt change in both the cost and availability of money. For many years, readily available funding for property development and investment has stimulated demand. Prices responded with investment yields falling to well below the cost of money, encouraged by the prospect of even higher prices. Money is the raw material of the property industry and when its supply is savagely curtailed, as is evident from the well publicised changed conditions in the credit markets, demand from investors evaporates. Prices begin to fall and confidence is destroyed.

Thus we have seen in the last twelve months a substantial re-rating of the value of both commercial and residential property. Such a marked adjustment naturally affects not only the price of built stock but also development appraisal and land values. To date stability has not yet returned with investment yields still weakening and the viability of all forms of development remaining difficult to assess.

In these troubled circumstances, Pochin's has performed creditably during the year. The Property division has again made the main contribution before making necessary provisions in the prevailing market conditions. The profitable disposal of land for a supermarket at Ellesmere, Shropshire, was a highlight, as was the exchange of contracts for the £12m sale by Manchester Technopark Limited, our joint venture with Manchester Science Park Limited, of Reynolds House. Fortunately, the division's investment portfolio is well let with its £3.8m annual rental income so far proving resilient.

A reorganisation of the Contracting division was carried out during the year. Taking the cost of this into account, its performance was acceptable. Turnover was maintained, and the re-invigorated management team is now winning valuable new business despite the increasingly competitive environment for contracting.

During the second half of the year the Construction Services division was affected by weakening demand and sharply increasing fuel prices. Since the year end there has been no improvement in turnover with business in the Midlands and the North showing the greatest decline. Steadier fuel prices and sustained public sector activity are helping to alleviate this situation.

The Residential division had an extremely difficult year, and it is not possible to report any improvement since the year end. Fortunately the modest size of the operation, and a realistic approach to speculative building, will mean that the continuing losses of the division are containable.

Naturally, the group's future prospects depend on more stable conditions in financial markets. In addition, much rests on the outcome of the struggle between the competing forces of commodity price inflation and weakening global and domestic demand, and the reaction of central bankers to it. The current year requires careful cost control and due regard for the importance of maintained liquidity. Fortunately the group enjoys close relations with its bankers, notably The Royal Bank of Scotland, who have demonstrated their strong support with the renewal and extension of facilities sufficient to sustain the group's various activities during the current year and beyond. The group's prudent approach to speculative development, and its strong balance sheet, will prove increasingly important until improved market conditions begin to be re-established.

In addition to the unfortunate and painful damage it has inflicted on shareholders, the sharp deterioration in all the group's markets has tested the morale and resilience of its management and staff. To date such tests have been met with great resolve, and I would take this opportunity to thank and congratulate all those involved. I would also like to record my thanks to Ross Murray and Richard Buck who have left the board after serving the group for thirty years and twenty years respectively.

Pochin's is a fine company with a well deserved reputation among its clients, tenants, suppliers and employees. This will sustain it through the current adverse circumstances enabling it to benefit from the many opportunities which diligent and hard work will identify as confidence and credit gradually return to the property market.

Richard Fildes
Chairman
22 September 2008

Chief Executive's Review

Overview

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

- Property investment and development
- Contracting
- Construction Services
- Residential development

Operations are primarily in the North West region and have been affected this year by a particularly tough property market, which has resulted in an inability to complete a number of planned property disposals and has largely curtailed residential sales activity.

Contracting operations have remained largely unaffected to date but the division has been restructured during the year and management has been reorganised so that it is better placed to operate, should it be affected by worsening market conditions.

Construction Services, through Pochin Concrete Pumping, operates throughout the UK and has faced different challenges, most notably the increasing cost of fuel, and these have eroded margins in the second half.

Residential sales suffered a severe downturn, with only 39 completions added to the 21 sales brought forward from the previous year.

Although the group has generated operating profits in the second half of the year, a prudent and cautious approach has been taken in the current climate and the values of landholdings and investments in the commercial and residential divisions have been reassessed and, where appropriate, written down to reflect the general downturn in the sector.

Reported group profits before tax on company, subsidiaries, joint ventures and associates, are therefore only slightly ahead of those reported at the half year.

Property investment and development

The year has seen a general market adjustment to property values, which has impacted on the assets and trading operations of the division. Investment values have fallen and development activity has suffered further due to the effects of the credit crunch. A prudent and cautious approach has been taken and, where appropriate, the values of commercial landholdings and property investments have been written down to reflect the general downturn in the sector.

Although activity is reduced and property disposals have been extremely difficult to achieve, two significant profitable transactions have been completed in the year.

At Ellesmere, Shropshire, 3 acres of land were sold to Tesco Stores Limited, following completion of a new road and associated infrastructure works. The downturn in the housing market has, however, frustrated the planned sale of a further 17 acres of land with residential planning permission. The remainder of the land on this development has the benefit of planning permission for health and leisure uses and disposals of these parcels are being pursued.

The group’s interest in remaining industrial units at Valley Court and office units at Verity Court, both recent developments on our Midpoint 18 Business Park in Middlewich, has been sold to Lincoln House Properties Limited.

Undeveloped land at Midpoint 18 now has the benefit of outline planning consent for employment use, but market conditions and infrastructure issues remain as significant hurdles to its development.

In Crewe, Emperor Court, an office development of circa 22,000 sq ft of offices, is reaching completion and is located alongside the Ramada Hotel site, sold last year.

The benefit of rent reviews, particularly on investment property at Ormskirk, has created additional value, which has helped to partly counter the effects of write downs in respect of general market adjustments. The group's portfolio of investment property currently has occupation levels (by area) of circa 93%.

Demand for space at Keele Science and Business Park also remains strong, again resulting in high levels of occupation.

Joint Ventures

Despite the generally challenging climate, Manchester Technopark Limited has successfully exchanged contracts for the disposeal of Reynolds House for £12m and our share of the resulting surplus has contributed significantly to this year's results.

We have continued to work on our joint projects in Liverpool, Manchester and North Wales in conjunction with UK Land & Property Limited.

At Exchange Flags, in the centre of Liverpool's financial district, the £15m refurbishment of Walker House, designed to create 220,000 sq.ft. of quality office space, is currently being carried out by our Contracting division. Fit out works for the anchor tenant, the Ministry of Defence, are due to commence in October of this year. Meanwhile, further lettings have been secured at Horton House where prime tenants such as Brabners, Knight Frank and Deloittes have increased occupied space to circa 80%.

At Hawarden Business Park in North Wales, the 25,000 sq.ft. unit developed last year has been let and a further scheme of small business units, with a total area of 40,000 sq. ft., is now under way. At Heald Green near Manchester Aiport, the first phase of the office park is nearing completion amounting to some 45,000 sq.ft. of quality office space in small business units.

Our joint venture with Castlewood Developments Limited in Birkenhead continues. Following the completion of a revised development agreement with Wirral Borough Council to deliver a 95,000 sq.ft. foodstore in the town centre, the joint venture has secured an Agreement to Lease with ASDA Stores Limited. Site enabling works continue in parallel with the CPO process, which is required to complete site assembly.

The Midpoint Partnership, in which we have a 25% share, continues to market the completed Unit 75, a substantial distribution facility on Midpoint 18 Business Park, Middlewich.

The Trinity Court Development Limited apartment scheme in Holyhead on Anglesey, in which we also have a 25% share, has seen a number of sales in the year, with just 7 units and some ground floor retail space remaining.

Contracting

Turnover, including work on development projects for our property division, has been maintained at £85m (2007: £85m), despite several embryonic projects being cancelled by clients after successful tenders had been made. A strong performance in the second half resulted in a profitable outcome for the year as a whole, before accounting for reorganisation costs.

Following an independent business review in Spring 2008, a new divisional managing director was appointed to oversee the reorganisation of the division. The divisional board has been restructured and a review of strategy is under way. Operational and support management teams have also been reorganised in order to focus on the key issues identified in the review process, including further improvements to bid management processes and an expansion of the business development resource.

A number of key projects were delivered in the year including the Environmental Science building for Bangor University, which received the LABC (Wales) award for Best Sustainable Development 2008 and has been nominated to go forward to the National Awards. We now have £55m of secured work for the current year (2007: £64m) and there is an encouraging level of enquiries in hand despite a noticeable decline in activity. The education sector, in particular, remains strong, evidenced by our recently securing a £7m project to build a new Learning Zone building for Mid-Cheshire College in Winsford.

The focus will remain on delivering quality projects to clients' satisfaction. Approximately 71% of revenue (2007: 77%) was achieved as a result of negotiated or partnered contracts and approximately 52% (2007: 50%) of our turnover came by way of repeat business. Our surveys indicate that we have maintained our customer satisfaction ratings at 92% (2007: 92%).

Construction Services

Concrete Pumping sales rose by some 7% to £15m (2007: £14m), achieved from 21,206 jobs (2007: 20,795 jobs) at an average price per job of £648 (2007: £621), with 1.44m cubic metres of concrete pumped (2007: 1.38m cubic metres). Utilisation averaged 77% (2007: 76%) and site reliability remained in excess of 99%.

After a solid first half, the second half started slowly and the price of fuel became the most significant factor affecting margin. Increasing fuel costs were initially absorbed but surcharges are being applied from June 2008.

There has been a noticeable decline in activity in the Northern and Midlands areas of England but the rest of the UK has not been affected to the same degree, with a number of public sector projects in the pipeline.

Pumi operations were reduced in line with the policy set out last year and the division is currently operating 12 machines.

Residential development

The housing market, particularly in our region, has suffered from the well publicised combination of a collapse in consumer confidence and an inability for first time buyers to obtain satisfactory mortgages. The downturn in the market has led to a review of the carrying value of land and work in progress, with write downs in values being made where appropriate. Trading losses have therefore been increased.

The growth path of the division has been halted and the number of sales completions was down on last year at 60 (2007: 69), achieved from 7 sites across the region. There are just 4 reservations carried forward into the new financial year (2007: 21 reservations), an exceptionally low level, indicating the severity of current market conditions.

The average selling price was £135,000, (2007: £159,000), which is below the regional figure for new homes released by the Halifax of £171,000 for the North West and below the regional figure for all properties from the property website Rightmove at £178,000. This decline reflects an increase in the proportion of affordable homes allocated in planning permissions for site development.

The land bank stands at 104 plots (2007:136 plots) with full planning permission, with a further 112 plots (2007: 66 plots) secured and awaiting planning permission, excluding strategic land held under option.

David Shaw
Chief Executive
22 September 2008

Financial Review

Group Results

Total group sales were £115.3m (2007: £116.6m) resulting in a profit before tax of £2.3m (2007: £8.9m). After accounting for taxation charges in joint ventures and associated companies of £0.5m, the reported IFRS group profit before taxation is £1.8m (2007: £9.1m). The trading result for 2008 includes a write down of investment carrying values and residential land holding amounting to £9.2m, which reflects the impact of the downturn in the property market in the wake of the credit crunch.

The trading result can be summarised as follows:

	2008	2007
	£m	£m
Company and subsidiary profits	**4.1**	9.7
Investment impairments	**(4.6)**	(1.5)
Reorganisation costs	**(0.8)**	-
Profit/(loss) from company and subsidiaries before tax	**(1.4)**	8.2
Joint venture and associates operating profits	**5.9**	0.2
Provisions against future losses	**(3.1)**	-
Profit from joint ventures and associates before tax	**2.8**	0.2
Net finance	**0.9**	0.6
Profit before tax for the group	**2.3**	9.0
Tax on joint ventures and associates	**(0.5)**	0.1
IFRS profit before tax	**1.8**	9.1
Taxation on company and subsidiaries	**0.9**	(2.3)
Profit after tax for the group	**2.6**	6.8

The Contracting division recorded gross turnover of £84.8m (2007: £84.9m), which included internal sales of £2.5m. Despite the flat year on year activity, margins on contracts completed in the year held up well, with underlying contract profitability in line with the previous year. Profit before tax was £0.3m (2007: £0.5m excluding a pension credit of £1.6m) after charging one-off restructuring costs of £0.6m.

The Property division was the first to see a downturn in market activity and values. As a consequence, the number and the value of anticipated transactions were reduced and investment activity curtailed to safeguard liquidity. However, those transactions successfully completed included the sale of part of the land at Ellesmere, Shropshire to Tesco Stores Limited for retail development and the exchange of contracts for the sale of Reynolds House at Manchester Technopark Limited, a joint venture with Manchester Science Park Limited. Gross rental income from investment properties amounted to £4.1m (2007: £3.6m). Overall, the division, including the group's share of joint venture income, showed a profit before tax of £4.9m (2007: £7.3m profit) after write downs of £8.6m (2007: £1.5m).

The Construction Services division, providing specialist hire of concrete pumps across the UK, generated sales of £14.7m (2007: £14.2m). Profit before tax was £0.3m (2007: £0.1m). Margins came under severe pressure in the second half due to escalating fuel costs, which proved difficult to pass on in the short term.

The Residential division was the hardest hit by the credit crunch. Sales for the year were £8.1m (2007: £11.0m) from seven operating sites. A downturn in values, consumer confidence and mortgage availability combined to reduce significantly the rate of private house sales in the second half year. Following reappraisal of existing developments and write down of land values, there was a loss for the division of £1.7m (2007: £0.8m profit).

Earnings Per Share and Dividend

Diluted earnings per share were 12.7p (2007: 33.2p).

Overall, the group benefited from a tax credit of £0.3m (2007: £2.2m tax charge). The company and subsidiaries had a tax credit of £0.8m (2007: £2.3m tax charge) on a loss of £0.5m (2007: £8.8m profit), whilst joint ventures and associates suffered a tax charge of £0.5m (2007: £0.1m tax credit) on profits of £2.8m (2007: £0.3m). This favourable effective tax rate reflects the utilisation of available tax losses in joint ventures and associates, indexation allowances on revaluation gains and the phasing out of industrial building allowances.

Subject to approval at the AGM, a final dividend of 3.0p per share (2007: 6.25p) will be paid on 31 October 2008, resulting in a full year dividend of 6.0p (2007: 9.25p). This reduced dividend reflects, in part, the group's need to conserve cash resources during challenging economic conditions and maintain appropriate cover.

Dividend cover is 2.1 times earnings (2007: 3.6 times).

Balance Sheet

Net assets have increased to £53.1m (2007: £51.5m) equivalent to 255p per share (2007: 248p).

The value of property non current assets grew in the year to £48.0m (2007: £43.0m) with the addition of the completed Ormskirk retail development. Due regard was made to weakening property markets and the remainder of the group's property portfolio was accordingly written down by £0.9m. Investment in joint ventures and associated companies increased by £9.8m to £25.4m as a result of the group's participation in the acquisition of Walker House, Liverpool and continued development of Birkenhead town centre retail project.

Stocks and work in progress have reduced by £3.5m, following completion of the Ormskirk project and write down of housing stock and residential land values.

In accordance with IAS19 there was a pension surplus of £0.9m (2007: £0.6m deficit), which is shown in the group balance sheet as a current asset.

Joint Ventures and Investments

The Group has continued to support existing projects and despite the lack of short-term opportunity, has maintained its strategic relationship with partners to provide future business when the market improves. Net investment in joint ventures and associated companies has increased in the year by £9.8m to £25.4m.

The group has traditionally taken a prudent view towards recognising the full value of investments on the balance sheet, especially those at an early stage of development or that are speculative in nature. With the downturn in property yields and hardening economic conditions in mind, joint venture investments have been written down and the charge to profit in the year was £7.7m (2007: £1.5m).

The group continues to have investment interests in Manchester Science Park Limited (£1.5m) and UK Land & Property Limited (£0.7m). Prosperity Court Partnership and Keele Park Developments are treated as subsidiary companies in these accounts and third party minority interests are shown in the income statement.

Borrowings, Cashflow and Financing Risk

New borrowing facilities were arranged during the year with The Royal Bank of Scotland (RBS) to provide appropriate funding to support the financial obligations of the group and sufficient liquidity during a period of economic uncertainty. Total facilities of £47m are available from RBS, of which £10m are unsecured. A further £13.5m facility is provided by Bank of Scotland to fund Keele Park Developments Limited.

Net borrowings increased in the year to £42.9m (2007: £31.0m), funding projects at Birkenhead, Walker House in Liverpool and Ellesmere, Shropshire.

There was cash in hand at 31 May of £4.0m (2007: £0.2m).

Net cash movements in the year were:

	2008	2007
Operating activities	2.2	5.2
Sale/(purchase) of assets	0.3	(1.1)
Investment in joint ventures	(12.4)	(3.2)
Interest and dividends	(1.5)	(1.3)
Taxation	(0.5)	(2.4)
Increase in borrowings (£m)	**(11.9)**	(2.8)

The group funds its operations through the use of cash, loans and various liquid resources such as debtors and trade creditors. Funding availability and the management of interest rates and liquidity risks are the responsibility of the Finance Committee, which is responsible to the main board for implementing the group's treasury policy.

The group has minimal fixed interest rate borrowings and continually reviews the need to hedge against interest rate movements. During the year the group entered into a 3 year swap arrangement to fix its LIBOR exposure to 4.98% on £15m of new debt. In addition, there continues to be an interest rate hedge in respect of borrowings in Keele Park Developments Limited. As at 31 May 2008, there was a combined recognised gain on these financial instruments of £0.5m (2007: £0.2m). The favourable movement in the year of £0.3m has been recognised in the income statement of the group in accordance with IFRS convention.

Certain associated companies are financed by long term repayment loans to finance investment property assets and other joint venture companies are financed by short and medium term bank borrowings. The group regularly reviews the risk of exposure to interest rate movements with its partners and where appropriate, hedges against that risk on a project by project basis.

The group continues to have minimal exposure to foreign currency exchange risks and accordingly does not require a policy to hedge such exposure.

Pensions

The group operates a defined benefits (DB) scheme and a defined contribution (DC) scheme for its employees. The DB scheme, closed to new members since 31 December 2001, undergoes its scheduled full triennial actuarial valuation in 2008. Following the last valuation in 2005, the group took action to preserve the long term viability of the scheme, making changes to members' benefits and providing £1.2m as a special contribution to the scheme.

Total contributions paid this year to the DB scheme were £0.4m (2007: £1.2m). Payments to the DC scheme were £0.2m (2007: £0.2m).

Under IAS19 the DB pension obligations are shown in the balance sheet of the group and the movement in the year reflected in the income statement and statement of recognised income and expense. As a result of the action taken by the group, referred to above, combined with favourable movements in investment values and bond yields during the year, a surplus for the DB Scheme of £0.9m (2007: £0.6m deficit) is reported.

Financial Reporting

There have been no changes to accounting policies in 2008 and the group continues to report in accordance with International Financial Reporting Standards.

John Edwards
Finance Director
22 September 2008

Consolidated income statement
For the year ended 31 May 2008

	2008 £'000	2007 £'000
Continuing operations		
Revenue	115,273	116,554
Cost of sales	(106,715)	(102,219)
Gross profit	8,558	14,335
Operating expenses	(16,751)	(10,621)
Other operating income	4,254	3,839
Gains on revaluation of investment properties	2,548	707
Operating (loss)/profit	(1,391)	8,260
Share of profit after taxation in joint ventures	1,863	45
Share of profit after taxation in associates	437	241
Finance income	3,400	2,801
Finance cost	(2,533)	(2,212)
Profit before taxation	1,776	9,135
Taxation	859	(2,270)
Profit for the year from continuing operations	2,635	6,865
Discontinued operations		
Loss for the year from discontinued operations	-	(59)
Profit for the year	2,635	6,806
Attributable to:		
Equity holders of the company	2,603	6,775
Minority interest	32	31
Retained profit for the year	2,635	6,806
Earnings per share (basic)	12.8p	33.4p
Earnings per share (diluted)	12.7p	33.2p
Earnings per share (basic) from continuing activities	12.8p	33.6p
Earnings per share (diluted) from continuing activities	12.7p	33.4p
Dividend proposed for the year	3.0p	6.25p

Statement of recognised income and expense

For the year ended 31 May 2008

	2008	2007
	£'000	£'000
Actuarial gains/(losses) on defined benefit pension scheme	1,189	1,028
Deferred taxation on pension scheme deficit	(355)	(310)
Net income/(expense) recognised directly in equity	834	718
Profit /(loss) for the financial year	2,635	6,806
Total gains/(losses) recognised since last period	3,469	7,524
Attributable to:		
Equity holders of the company	3,437	7,493
Minority interest	32	31
	3,469	7,524

Consolidated balance sheet

As at 31 May 2008

	2008	2007
	£'000	£'000
Non current assets		
Property, plant and equipment	3,613	4,400
Investment properties	46,167	41,090
Investments		
Joint ventures	19,924	11,414
Associates	3,308	2,037
Other	2,157	2,157
Retirement benefit asset	861	-
Total non current assets	76,030	61,098
Current assets		
Inventories	32,177	35,638
Trade and other receivables	23,542	19,030
Cash and cash equivalents	3,988	223
Financial derivatives	515	253
Corporation tax recoverable	35	55
Total current assets	60,257	55,199
Current liabilities		
Trade and other payables	29,296	24,202
Bank loans	10,534	10,618
Bank overdrafts	23,918	11,409
Total current liabilities	63,748	46,229
Net current (liabilities)/assets	(3,491)	8,970
Non current liabilities		
Bank loans	12,411	9,207
Retirement benefit obligation	-	577
Deferred tax liabilities	1,374	2,413
Long term provisions	496	1,632
Other payables	5,204	4,757
Total non current liabilities	19,485	18,586
Net assets	53,054	51,482
Equity		
Share capital	5,200	5,200
Own shares	(954)	(954)
Revaluation reserve	178	240
Retained earnings	48,419	46,785
Total shareholders' equity	52,843	51,271
Minority interest	211	211
Total equity	53,054	51,482

Consolidated cash flow statement

For the year ended 31 May 2008

	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Net cash from operating activities				
Profit for the year		2,635		6,806
Loss for the year from discontinued operations		-		59
Income tax		(859)		2,270
Finance Income		(3,400)		(2,801)
Finance Cost		2,533		2,212
Share of results of joint ventures and associates		(2,300)		(286)
Depreciation charge		684		908
Impairment of intangible assets		-		323
Charge in respect of share based payments		46		41
Profit on sale of property, plant and equipment		(178)		(243)
Gains on revaluation of investment properties		(2,548)		(707)
Provision against investments in joint ventures		4,632		1,500
Income from joint ventures and associates		259		246
Operating profit before changes in working capital		1,504		10,328
Decrease/(increase) in inventories		3,461		(9,423)
(Increase)/decrease in receivables		(4,774)		2,065
Increase in payables		4,612		2,714
		4,803		5,684
Interest paid		(1,249)		(1,062)
Income taxes paid		(516)		(2,414)
Net cash from operating activities		3,038		2,208
Investing activities				
Interest received	1,630		1,121	
Purchase of investment properties	(2,529)		-	
Purchase of property, plant and equipment	(261)		(1,880)	
Proceeds from sale of property, plant and equipment	542		728	
Receipt of government grants	-		150	
Increase in interest in joint ventures and associates	(12,372)		(3,234)	
Net cash used in investing activities		(12,990)		(3,115)
Financing activities				
Proceeds from new loans	13,421		10,000	
Repayment of loans	(10,302)		(526)	
Dividends paid	(1,911)		(1,872)	
Net cash from financing activities		1,208		7,602
Net (decrease)/increase in cash and cash equivalents		(8,744)		6,695
Cash and cash equivalents at beginning of year		(11,186)		(17,881)
Cash and cash equivalents at end of year		(19,930)		(11,186)

Notes

The preliminary announcement is prepared in accordance with International Financial Reporting Standards.

The Board of Directors approved the preliminary announcement on 22 September 2008.

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 2008, 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 2008

Continuing operations

	Contracting	Property	Residential	Construction Services	Group management	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
External sales	82,239	10,250	8,123	14,661	-	115,273
Inter-segment sales	2,524	-	-	915	-	3,439
Eliminations	(2,524)	-	-	(915)	-	(3,439)
Total revenue	82,239	10,250	8,123	14,661	-	115,273
Segment result						
Operating profit/(loss)	179	1,129	(1,431)	255	(1,523)	(1,391)
Share of results of joint ventures and associates	-	2,300	-	-	-	2,300
Net finance income/(cost)	129	697	3	4	34	867
Profit/(loss) before taxation	308	4,126	(1,428)	259	(1,489)	1,776
Taxation						859
Profit for the year from continuing operations						2,635

Year ended 31 May 2008

	Contracting	Property	Residential	Construction Services	Elimination of inter segment items	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Asset and liabilities						
Segment assets	29,590	89,138	7,933	7,704	(21,310)	113,055
Investment in equity accounted joint ventures and associates	-	23,232	-	-	-	23,232
Total assets	29,590	112,370	7,933	7,704	(21,310)	136,287
Segment liabilities	23,307	71,298	8,384	1,554	(21,310)	83,233
Net assets/(liabilities)	6,283	41,072	(451)	6,150	-	53,054

Borrowings and taxation are reported within segments as, in the opinion of the directors, this gives a more accurate utilisation of the group's assets and liabilities.

	Contracting	Property	Residential	Construction Services	Elimination of inter segment items	Group Total
Other information						
Capital expenditure	74	2,529	-	187	-	2,790
Depreciation	78	91	-	515	-	684
Provision against investment in joint ventures	-	4,632	-	-	-	4,632
Impairment of inventories	-	-	583	-	-	583

Year ended 31 May 2007

Continuing operations

	Contracting	Property	Residential	Construction Services	Group management	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
External sales	82,755	8,613	11,004	14,182	-	116,554
Inter-segment sales	1,201	-	-	928	-	2,129
Eliminations	(1,201)	-	-	(928)	-	(2,129)
Total revenue	82,755	8,613	11,004	14,182	-	116,554
Segment result						
Operating profit/(loss)	2,108	6,468	752	154	(1,222)	8,260
Share of results of joint ventures and associates	-	286	-	-	-	286
Net finance income/(cost)	-	658	-	(69)	-	589
Profit/(loss) before taxation	2,108	7,412	752	85	(1,222)	9,135
Taxation						(2,270)
Profit for the year from continuing operations						6,865

Year ended 31 May 2007

Discontinued operations

	Contracting	**Property**	**Residential**	**Construction Services**	**Group management**	**Group Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Segment result						
Operating loss	-	-	-	(534)	-	(534)
Taxation						475
Loss for the year from discontinued operations						(59)

	Contracting	**Property**	**Residential**	**Construction Services**	**Elimination of inter segment items**	**Group Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Asset and liabilities						
Segment assets	25,553	90,865	11,789	7,797	(33,158)	102,846
Investment in equity accounted joint ventures and associates	-	13,451	-	-	-	13,451
Total assets	25,553	104,316	11,789	7,797	(33,158)	116,297
Segment liabilities	19,946	64,808	11,205	2,014	(33,158)	64,815
Net assets	5,607	39,508	584	5,783	-	51,482
Other information						
Capital expenditure	331	1,253	-	296	-	1,880
Depreciation	78	93	-	737	-	908
Provision against investment in joint ventures	-	1,500	-	-	-	1,500
Impairment of inventories	-	207	-	-	-	207
Impairment of intangible assets	-	-	-	323	-	323

Earnings per share

The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of £2,603,000 (2007: £6,775,000) and the 20,800,000 ordinary shares of 25p in issue at 31 May 2008 and 31 May 2007. The number of shares used in the calculation has been reduced at 31 May 2008 for the 445,000 (2007: 449,500) shares held in the Employee Share Trust. Basic earnings per share is 12.8p (2007: 33.4p). The assumed conversion of dilutive options increases the number of shares by 95,000 (2007: 118,000) shares and so diluted earnings per share reduces to 12.7p (2007: 33.2p).

		2008			2007	
	Earnings	**Weighted average no. of shares**	**Per share**	Earnings	Weighted average no. of shares	Per share
	£'000	**'000**	**p**	£'000	'000	p
Basic EPS	**2,603**	**20,353**	**12.8**	6,775	20,313	33.4
Effect of share options	**-**	**95**	**(0.1)**	-	118	(0.2)
Diluted EPS	**2,603**	**20,448**	**12.7**	6,775	20,431	33.2

Dividends

	2008	2007
	£'000	£'000
Interim paid – 3.0p per share (2007 : 3.0p)	611	624
Final paid – 6.25p per share (2007 : 6.0p)	1,300	1,248
	1,911	1,872

The Directors are proposing a final dividend in respect of the financial year ending 31 May 2008 of 3.0p per share, amounting to £532,000 in total. It will be paid on 31 October 2008 to shareholders who are on the register of members on 3 October 2008. The final dividend has not been included as a liability as at 31 May 2008.

The Annual General Meeting will be held at Mere Golf and County Club, Knutsford, Cheshire at 10.30 a.m. on Friday 24 October 2008. The full report will be posted to shareholders on or before 1 October 2008.

Enquiries:

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