

Pochin's PLC
Interim results for the 6 months ending 30 November 2007

HIGHLIGHTS

- Turnover up at £54.4m
- Profit before taxation at £2.1m
- Interim dividend maintained at 3.0p
- Pension fund deficit eliminated
- Healthy contracting order book
- Improved performance from Construction Services following reorganisation

CHAIRMAN'S STATEMENT

Results

The results for the 6 months ended 30 November 2007 show pre-tax profits of £2.1m (2006: £4.4m) on turnover of £54.4m (2006: £53.2m). The result for 2006 included a pension credit of £2m. An interim dividend maintained at 3.0p (2006: 3.0p) is declared.

Divisional Reports

Contracting

Turnover for the period was ahead of last year's equivalent. The division carries forward a healthy order book of £88m. A disproportionate number of projects will complete in the second half of the group's financial year. While the modest first half loss is disappointing, the result for the year as a whole will be more acceptable if these projects conclude according to forecast.

Construction Services

This division continued to perform steadily with an improved contribution to the group's profit. Market conditions remained favourable up to (and beyond) the half year. As ever, the start of the new calendar year is dependent on reasonable weather conditions.

Property

During the period, the commercial property market experienced a striking change in conditions. As foreshadowed in the annual statement and described in the interim management statement released in November, there has been a marked adverse shift in property values in general, partly as a result of the re-assessment of the cost and availability of credit. The volume of reported market transactions has reduced significantly, and the group has suffered delays in the completion of a number of important property disposals. As the new terms for property lending become more perceptible, commercial property transactions should resume, albeit on a reduced scale.

The group has increased its investment in joint venture projects. It is pleasing to report that lettings at Manchester Technopark have increased sufficiently to create additional value which has been reflected in these results.

Residential

The general slowdown in the housing market has been well publicised, and Pochin Homes is experiencing reduced levels of demand. Lower interest rates in time for the Spring season would help stimulate this market.

General

Pochin comprises two trading divisions and two asset based divisions, a diversity which provides a welcome variety of cash profiles and capital growth opportunities. The abrupt change in financial markets has brought about a value adjustment which will test the efficacy of this amalgam. So far, the trading divisions have performed relatively well, and the strength of the group's balance sheet will enable it to withstand the effects of the re-assessment of risk which markets now reflect. Given its well deserved reputation as an established contractor, and its involvement in high quality developments, the group is well placed to benefit when more stable market conditions become established. Further delay in the property disposals referred to above would have an impact on the final result for the year.

Richard Fildes
Chairman
24 January 2008

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Consolidated Income Statement
For the 6 months ended 30 November 2007

		6 months ended 30 November 2007	6 months ended 30 November 2006	12 months ended 31 May 2007
	Notes	£'000	£'000	£'000
Revenue	3	54,414	53,211	116,554
Cost of sales		(50,728)	(45,927)	(102,219)
Gross profit		3,686	7,284	14,335
Operating expenses		(5,701)	(4,659)	(10,621)
Other operating income		2,126	1,985	3,839
Gains on revaluation of investment properties		-	-	707
Operating profit		111	4,610	8,260
Share of profit/(loss) after taxation in joint ventures		1,940	(137)	45
Share of profit after taxation in associates		119	193	241
Finance income		1,394	1,204	2,801
Finance cost		(1,470)	(1,493)	(2,212)
Profit before taxation	3	2,094	4,377	9,135
Taxation		48	(1,752)	(2,270)
Profit from continuing operations		2,142	2,625	6,865
Discontinued operations				
Loss from discontinued operations		-	-	(59)
Profit for the period		2,142	2,625	6,806

Attributable to:

Equity holders of the company		2,126	2,611	6,775
Minority interest		16	14	31
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		2,142	2,625	6,806
		=====	=====	=====
Earnings per share (basic)	6	10.4p	13.0p	33.4p
Earnings per share (diluted)	6	10.4p	12.9p	33.2p
Earnings per share (adjusted)	6			17.9p
Earnings per share (basic) from continuing activities	6	10.4p	13.0p	33.6p
Earnings per share (diluted) from continuing activities	6	10.4p	12.9p	33.4p
Dividends proposed for the period	5	3.0p	3.0p	6.25p

Consolidated statement of recognised income and expense

	6 months ended 30 November 2007	6 months ended 30 November 2006	12 months ended 31 May 2007
Actuarial gains/(losses) on defined benefit pension scheme	383	(178)	1,028
Deferred taxation on pension scheme deficit	(115)	53	(310)
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Net income/(expense) recognised directly in equity	268	(125)	718
Profit for the financial period	2,142	2,625	6,806
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Total gains recognised since last period	2,410	2,500	7,524
	=====	=====	=====
Attributable to:			
Equity holders of the company	2,394	2,486	7,493
Minority interest	16	14	31
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	2,410	2,500	7,524
	=====	=====	=====

Consolidated Balance Sheet
As at 30 November 2007

	As at 30 November 2007	As at 30 November 2006	As at 31 May 2007
Notes	£'000	£'000	£'000
Non current assets			
Intangible assets	-	242	-
Property, plant and equipment	4,021	5,585	4,400
Investment properties	41,090	39,271	41,090
Investments			
Joint ventures	24,704	10,302	11,414
Associates	1,309	1,989	2,037
Other	2,157	2,157	2,157
	28,170	14,448	15,608
Total non current assets	73,281	59,546	61,098
Current assets			
Inventories	39,187	39,832	35,638
Trade and other receivables	18,279	20,060	19,030
Cash and cash equivalents	365	2670	223
Financial derivatives	3	0	253
Corporation tax recoverable	612	0	55
Total current assets	58,446	62,562	55,199
Current liabilities			
Trade and other payables	24,289	22,062	24,202
Corporation tax	0	1,021	0
Bank loans	15,800	10,822	10,618
Bank overdrafts	22,587	20,280	11,409
Financial derivatives	0	222	0
Total current liabilities	62,676	54,407	46,229
Net current (liabilities)/assets	(4,230)	8,155	8,970
Non current liabilities			
Bank loans	8,813	9,211	9,207
Retirement benefit obligation	27	2,566	577
Deferred tax liabilities	2,412	2,075	2,413
Long term provisions	484	1,642	1,632
Other payables	4,757	5,122	4,757
Total non current liabilities	16,493	20,616	18,586

Net assets		52,558	47,085	51,482
		=====	=====	=====
Shareholders' equity				
Share capital		5,200	5,200	5,200
Own shares		(954)	(954)	(954)
Revaluation reserve		208	253	240
Retained earnings		47,888	42,363	46,785
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Equity shareholders' funds		52,342	46,862	51,271
Minority interest		216	223	211
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Total equity	3	52,558	47,085	51,482
		=====	=====	=====

Consolidated Cash Flow Statement
For the year ended 30 November 2007

	Notes	6 months ended 30 November 2007		6 months ended 30 November 2006		12 months ended 31 May 2007	
		£'000	£'000	£'000	£'000	£'000	£'000
Net cash from operating activities							
Operating profit for the period			111	4,610		8,260	
Depreciation charge			363	489		908	
Impairment of intangible assets			-	81		323	
Charge in respect of share based payments			-	23		41	
Profit on sale of fixed assets			(89)	(23)		(243)	
Gains on revaluation of investment properties			-	-		(707)	
Provision against investments in joint ventures			-	1,500		1,500	
Income from joint ventures and associates			248	223		246	
Operating profit before changes in working capital			633	6,903		10,328	
Increase in inventories			(3,549)	(13,617)		(9,423)	
Decrease in receivables			751	861		2,065	
(Decrease)/increase in payables			(1,083)	2,563		2,714	
			(3,248)	(3,290)		5,684	
Interest paid			(590)	(1,493)		(1,062)	
Income taxes paid			(667)	(1,277)		(2,414)	
Net cash (used in)/from operating activities			(4,505)	(6,060)		2,208	
Investing activities							
Interest received		607		1,204		1,121	
Purchase of investment properties		0		(258)		0	
Purchase of property, plant and equipment		(167)		(890)		(1,880)	
Proceeds from sale of property, plant and equipment		272		293		728	
Receipt of government grants		0		0		150	
Increase in interest in joint ventures and associates		(10,731)		(2,452)		(3,234)	
Net cash used in investing activities			(10,019)	(2,103)		(3,115)	

Financing activities				
Proceeds from new loans		5,000	10,000	(10,000)
Repayment of loans		(212)	(318)	(526)
Dividends paid	5	(1,300)	(1,248)	(1,872)
Net cash from financing activities		3,488	8,434	7,602
Net (decrease)/increase in cash and cash equivalents		(11,036)	271	6,695
Cash and cash equivalents at beginning of period		(11,186)	(17,881)	(17,881)
Cash and cash equivalents at end of period		(22,222)	(17,610)	(11,186)

Notes

1. The interim report was approved by the board on 24 January 2008.

2. Basis of preparation

The interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 31 May 2007.

3. 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.

6 months ended 30 November 2007

Continuing operation

	Contracting £'000	Property £'000	Residential £'000	Construction services £'000	Group management £'000	Group Total £'000
Revenue						
External sales	42,274	-	4,241	7,899	-	54,414
Inter-segment sales	731	-	-	529	-	1,260
Eliminations	(731)	-	-	(529)	-	(1,260)
Total revenue	42,274	-	4,241	7,899	-	54,414
Segment Result						
Operating profit/(loss)	(259)	1,054	(295)	468	(857)	111
Share of results of joint ventures and associates	-	2,059	-	-	-	2,059
Net finance income/(costs)	88	(199)	2	6	27	(76)
(Loss)/profit before taxation	(171)	2,914	(293)	474	(830)	2,094
Taxation						48
Profit from continuing operations						2,142

	Contracting £'000	Property £'000	Residential £'000	Construction services £'000	Elimination of inter-segment items £'000	Group Total £'000
Assets and liabilities						
Segment assets	24,239	91,092	13,556	8,220	(31,393)	105,714
Investment in equity accounted joint ventures and associates	-	26,013	-	-	-	26,013
Total assets	24,239	117,105	13,556	8,220	(31,393)	131,727
Segment liabilities	18,469	35,860	5,868	1,365	(31,393)	30,169
Borrowings	-	39,866	7,079	255	-	47,200
Taxation	208	1,018	236	338	-	1,800
Net assets	5,562	40,361	373	6,262	-	52,558
Other information						
Capital expenditure	44	-	-	123	-	167
Depreciation	37	46	-	280	-	363

6 months ended 30 November 2006
Continuing operations

	Contracting £'000	Property £'000	Residential £'000	Construction services £'000	Group management £'000	Group Total £'000
Revenue						
External sales	36,221	5,343	4,101	7,546	-	53,211
Inter-segment sales	680	-	-	455	-	1,135
Eliminations	(680)	-	-	(455)	-	(1,135)
Total revenue	36,221	5,343	4,101	7,546	-	53,211
Segment Result						
Operating profit/(loss)	1,168	3,469	57	445	(529)	4,610
Share of results of joint ventures and associates	-	56	-	-	-	56
Net finance costs	-	(253)	-	(36)	-	(289)
Profit/(loss) before taxation	1,168	3,272	57	409	(529)	4,377
Taxation						(1,752)
Profit from continuing operations						2,625

	Contracting £'000	Property £'000	Residential £'000	Construction services £'000	Elimination of inter-segment items £'000	Group Total £'000
Assets and liabilities						
Segment assets	23,216	66,899	10,693	9,009	-	109,817
Investment in equity accounted joint ventures and associates	-	12,291	-	-	-	12,291
Total assets	23,216	79,190	10,693	9,009	-	122,108
Total liabilities	19,767	41,623	10,584	3,049	-	75,023
Borrowings	-	33,649	6,346	318	-	40,313
Taxation	(373)	2,943	97	429	-	3,096
Net assets	3,449	37,567	109	5,960	-	47,085
Other information						
Capital expenditure	228	782	-	138	-	1,148
Depreciation	36	48	-	405	-	489
Provision against investment in joint ventures	-	1,500	-	-	-	1,500
Impairment of inventories	-	-	12	-	-	12
Impairment of goodwill	-	-	-	81	-	81

12 months ended 31 May 2007
Continuing operations

	Contracting £'000	Property £'000	Residential £'000	Construction services £'000	Group management £'000	Group Total £'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/(costs)	-	658	-	(69)	-	589
Profit/(loss) before taxation	2,108	7,412	752	85	(1,222)	9,135
Taxation						(2,270)
Profit from continuing operations						6,865
Discontinued operations						

Segment result						
Operating loss	-	-	-	(534)	-	(534)
Loss from discontinued operations						(59)

	Contracting	Property	Residential	Construction services	Elimination of inter-segment items	Group Total
Assets 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	19,864	39,919	3,137	1,461	(33,158)	31,223
Borrowings	-	23,102	7,843	289	-	31,234
Taxation	82	1,787	225	264	-	2,358
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 goodwill	-	386	-	323	-	323

4 Taxation

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 lower than the standard rate of corporation tax in the United Kingdom as a result of the utilisation of losses in joint venture companies.

5 Dividends

	6 months ended 30 November 2007 £'000	6 months ended 30 November 2006 £'000	12 months ended 31 May 2007 £'000
Interim paid 3.0p per share	-	-	624
Final paid 6.25p (2006: 6.0p) per share	1,300	1,248	1,248
	1,300	1,248	1,872

The interim dividend of 3.0p (2006: 3.0p) per share will be paid on 7 April 2008 to shareholders on the register at 8 February 2008.

The dividend has not been included as a liability as at 30 November 2007.

6 Earnings per share

The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of £2,126,000 (2006 : £2,611,000) and the 20,800,000 ordinary shares of 25p in issue at 30 November 2007 and 30 November 2006.

The number of shares in the calculation has been reduced at 30 November 2007 for the 449,500 (2006 : 686,000) shares held in the Employee Share Trust. Basic earnings per share is 10.4p (2006: 13.0p). The assumed conversion of dilutive options increases the number of shares by 38,000 (2006: 168,000) shares and so diluted earnings per share remains at 10.4p (2006:12.9p).

	6 months ended 30 November 2007		
	Earnings £'000	Weighted average no. of shares '000	
Basic EPS	2,126	20,361	10.4
Effect of share options	-	38	-
Diluted EPS	2,126	20,389	10.4

	6 months ended 30 November 2006		
	Earnings £'000	Weighted average no. of shares '000	
Basic EPS	2,611	20,114	13.0
Effect of share options	-	168	(0.1)
Diluted EPS	2,611	20,282	12.9

	12 months ended 31 May 2007		
	Earnings £'000	Weighted average no. of shares '000	
Basic EPS	6,775	20,313	33.4
Effect of share options	-	118	(0.2)
Diluted EPS	6,775	20,431	33.2

The calculation of earnings per share (basic and diluted) for the group's continuing and discontinued operations for the 12 months ended 31 May 2007 are set out below. There were no discontinued operations for the 6 months ended 30 November 2007 and 30 November 2006:

	12 months ended 31 May 2007		
	Earnings	Weighted average no. of shares	Per share
Continuing operations	£'000	'000	p
Basic EPS	6,834	20,313	33.6
Effect of share options	-	118	(0.2)
Diluted EPS	6,834	20,431	33.4

	12 months ended 31 May 2007		
	Earnings	Weighted average no. of shares	Per share
Discontinued operations	£'000	'000	p
Basic EPS	(59)	20,313	(0.2)
Effect of share options	-	118	-
Diluted EPS	(59)	20,431	(0.2)

- The comparative figures for the year ended 31 May 2007 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 2007, which were prepared under International Financial Reporting Standards 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.
- Copies of this interim report will be sent to all registered shareholders during February 2008. 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).