



# Pochin's PLC

Interim Report

30 November 2009

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**Headlines**

- Revenue £47.5m (2008: £49.9m)
- Loss before tax £4.4m after Property related impairments £4.23m (2008: £0.6m profit)
- Net assets reduced to £33.7m (2008: £48.6m)
- Net debt down £1.6m in the period to £26.8m (2008: £37.3m)

**Chairman's Statement**

The results for the 6 months ended 30 November 2009 show a loss before tax of £4.374m after property related impairments of £4.23m (2008: profit £0.574m) on turnover of £47.5m (2008: £49.9m). No interim dividend is declared (2008:1.5p).

Subdued levels of construction activity and weakness in the occupational market for commercial property continue to affect the Group's performance.

In this context it is good to report that the construction division has performed well during the period. In particular, large projects at Widnes, Cheshire and at Chester have achieved satisfactory completions. No improvement in the concrete pumping market can be reported and the Group continues to sustain damaging losses from this activity. In the small residential division, the Group continues to realise its investment in both built houses and housing land. The recent exceptional weather conditions have exacerbated the weakness in construction activity such that the Group's trading divisions are unlikely to show an improvement in the second half of the year.

Values of commercial property have stabilized and the recent rise in the Investment Property Databank UK Monthly Index is encouraging. The Group's rental income from its core portfolio has increased during the period and this wholly owned property has proved resilient. In the Group's joint ventures the performance is less satisfactory. A re-assessment of value of one of the large jointly-held development sites has been

necessary and, in another location, Pochin's is being required to support a joint venture where continuing voids in a completed development are proving painfully persistent.

Write-downs associated with the joint ventures referred to above account for almost all of the loss reported for the period. Group costs remain under tight control with further reductions in overheads being delivered. Net borrowings have fallen during the period.

After such a dramatic collapse in the values of commercial property combined with the well publicised contraction in available credit for the industry, it is difficult to forecast an early return to the levels of development and construction activity of two years ago. Nevertheless, some improvement is perceptible and Pochin's remains well placed to benefit from it.

Richard Fildes  
Chairman

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## Consolidated income statement

		<b>6 months ended 30 November 2009</b>	6 months ended 30 November 2008	12 months ended 31 May 2009
	<b>Notes</b>	<b>£'000</b>	£'000	£'000
Revenue	<b>3</b>	<b>47,502</b>	49,935	101,961
Cost of sales		<b>(44,507)</b>	(43,382)	(94,247)
<b>Gross profit</b>		<b>2,995</b>	6,553	7,714
Operating expenses		<b>(8,196)</b>	(5,676)	(14,349)
Other operating income		<b>1,253</b>	1,915	2,719
Losses on revaluation of investment properties		-	(2,000)	(3,219)
<b>Operating profit</b>		<b>(3,948)</b>	792	(7,135)
Share of loss after taxation in joint ventures		<b>(557)</b>	(365)	(2,962)
Share of (loss)/profit after taxation in associates		<b>211</b>	14	(149)
Finance income		<b>1,041</b>	1,563	2,815
Finance cost		<b>(1,121)</b>	(1,430)	(1,948)
<b>(Loss)/Profit before taxation</b>	<b>3</b>	<b>(4,374)</b>	574	(9,379)
Taxation		<b>1,300</b>	(255)	662
<b>(Loss)/Profit for the period</b>		<b>(3,074)</b>	<b>319</b>	<b>(8,717)</b>
<b>Attributable to:</b>				
Equity holders of the company		<b>(3,092)</b>	303	(8,749)
Minority interest		<b>18</b>	16	32
		<b>(3,074)</b>	319	(8,717)
Earnings per share (basic)	<b>6</b>	<b>(15.2)p</b>	1.5p	(43.0)p
Earnings per share (diluted)	<b>6</b>	<b>(15.2)p</b>	1.5p	(43.0)p
Dividends proposed for the period	<b>5</b>	-	1.5p	-

## Consolidated statement of recognised income and expense

	6 months ended 30 November 2009	6 months ended 30 November 2008	12 months ended 31 May 2009
	£'000	£'000	£'000
Actuarial losses on defined benefit pension scheme	(1,443)	(1,530)	(3,675)
Deferred taxation on pension scheme deficit	404	428	1,028
Cashflow hedging			
Current year fair value movement	(718)	-	(2,050)
Reclassification to profit or loss	-	-	(470)
Deferred taxation on cashflow hedging			
Group	(28)	-	277
Joint Ventures	229	-	428
<b>Net expense recognised directly in equity</b>	<b>(1,556)</b>	<b>(1,102)</b>	<b>(4,462)</b>
<b>(Loss)/Profit for the financial period</b>	<b>(3,074)</b>	<b>319</b>	<b>(8,717)</b>
<b>Total losses recognised since last period</b>	<b>(4,630)</b>	<b>(783)</b>	<b>(13,179)</b>
<b>Attributable to:</b>			
Equity holders of the company	(4,648)	(799)	(13,211)
Minority interest	18	16	32
	<b>(4,630)</b>	<b>(783)</b>	<b>(13,179)</b>

## Consolidated Balance Sheet

	As at 30 November 2009	As at 30 November 2008	As at 31 May 2009
Notes	£'000	£'000	£'000
<b>Non current assets</b>			
Property, plant and equipment	2,779	3,132	2,929
Investment properties	25,917	44,167	25,917
Investments			
Joint ventures	9,840	17,547	13,782
Associates	2,597	2,789	2,626
Available for sale	2,730	2,507	2,730
	15,167	22,843	19,138
Deferred tax assets	2,944	-	1,284
<b>Total non current assets</b>	<b>46,807</b>	<b>70,142</b>	<b>49,268</b>
<b>Current assets</b>			
Inventories	26,960	29,594	29,824
Trade and other receivables	14,699	16,911	25,183
Cash and cash equivalents	8,434	8,779	8,470
Corporation tax recoverable	206	-	570
<b>Total current assets</b>	<b>50,299</b>	<b>55,284</b>	<b>64,047</b>
<b>Current liabilities</b>			
Trade and other payables	20,688	21,995	31,502
Corporation tax	-	699	-
Bank loans	13,219	10,504	15,178
Bank overdrafts	21,992	22,961	21,541
Financial derivatives	890	1,745	991
<b>Total current liabilities</b>	<b>56,789</b>	<b>57,904</b>	<b>69,212</b>
<b>Net current liabilities</b>	<b>(6,490)</b>	<b>(2,620)</b>	<b>(5,165)</b>

**Non current liabilities**

Bank loans	-	12,578	104
Retirement benefit obligation	<b>3,826</b>	452	2,441
Deferred tax liabilities	-	214	-
Provisions	<b>91</b>	482	481
Other payables	<b>2,741</b>	5,204	2,741

**Total non current liabilities**

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<b>6,658</b>	18,930	5,767
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**Net assets**

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<b>33,659</b>	48,592	38,336
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**Shareholders' equity**

Share capital	<b>5,200</b>	5,200	5,200
Own shares	<b>(745)</b>	(954)	(745)
Revaluation reserve	<b>75</b>	89	75
Hedge reserve	<b>(3,238)</b>	(2,487)	(2,520)
Retained earnings	<b>32,166</b>	46,540	36,112

**Equity shareholders' funds**

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<b>33,458</b>	48,388	38,122
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Minority interest

<b>201</b>	204	214
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**Total equity****3**

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<b>33,659</b>	48,592	38,336
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## Consolidated Cash Flow Statement

	6 months ended 30 November 2009		6 months ended 30 November 2008		12 months ended 31 May 2009	
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Net cash from operating activities</b>						
(Loss)/profit for the period		<b>(3,074)</b>		319		(8,717)
Income tax		<b>(1,300)</b>		255		(662)
Finance income		<b>(1,041)</b>		(1,563)		(2,815)
Finance cost		<b>1,121</b>		1,430		1,948
Share of results of joint ventures and associates		<b>346</b>		351		3,111
Cash flow hedge movement in joint ventures		<b>590</b>		-		1,391
Depreciation charge		<b>106</b>		197		357
Charge/(credit) in respect of share based payments		-		20		(16)
Profit on sale of property, plant and equipment		<b>(14)</b>		(58)		(103)
Losses on revaluation of investment properties		-		2,000		3,219
Provision against investments in joint ventures		<b>3,715</b>		389		3,315
Provision against investments in available for sale investments		<b>515</b>		-		657
Income from joint ventures and associates		<b>27</b>		18		34
		<u>991</u>		<u>3,358</u>		<u>1,719</u>
<b>Operating profit before changes in working capital</b>		<b>991</b>		<b>3,358</b>		<b>1,719</b>
Decrease in inventories		<b>2,864</b>		2,583		2,353
Decrease/(increase) in receivables		<b>10,484</b>		6,631		(1,126)
Decrease in payables		<b>(11,617)</b>		(7,412)		(590)
		<u>2,722</u>		<u>5,160</u>		<u>2,356</u>
Interest paid		<b>(448)</b>		(724)		(544)
Income taxes received/(paid)		<b>364</b>		(26)		(240)
		<u>2,638</u>		<u>4,410</u>		<u>1,572</u>
<b>Net cash from operating activities</b>		<b>2,638</b>		<b>4,410</b>		<b>1,572</b>

**Investing activities**

Interest received	102	714	1,124
Purchase of property, plant and equipment	-	-	(17)
Proceeds from sale of property, plant and equipment	58	342	441
Net movement on disposal of subsidiary undertaking	-	-	1,462
(Increase)/decrease in interest in joint ventures and associates	(707)	1,106	(1,027)
Increase in interest in available for sale investments	<u>(515)</u>	<u>(350)</u>	<u>(1,230)</u>

**Net cash (used in)/from investing activities**

(1,062) 1,812 753

**Financing activities**

Proceeds from new loans	-	414	5,949
Repayment of loans	(2,063)	(277)	(499)
Dividends paid	5 -	(611)	(916)

**Net cash (used in)/from financing activities**

(2,063) (474) 4,534

**Net (decrease)/increase in cash and cash equivalents**

(487) 5,748 6,859

**Cash and cash equivalents at beginning of period**

(13,071) (19,930) (19,930)

**Cash and cash equivalents at end of period**

(13,558) (14,182) (13,071)



	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Elimination of inter- segment items £'000	Group Total £'000
<b>Assets and liabilities</b>						
Segment assets	24,411	77,144	865	6,665	(24,416)	84,669
Investment in equity accounted joint ventures and associates	-	12,437	-	-	-	12,437
<b>Total assets</b>	<b>24,411</b>	<b>89,581</b>	<b>865</b>	<b>6,665</b>	<b>(24,416)</b>	<b>97,106</b>
Segment liabilities	18,929	61,954	3,748	3,232	(24,416)	63,447
<b>Net assets/(liabilities)</b>	<b>5,482</b>	<b>27,627</b>	<b>(2,883)</b>	<b>3,433</b>	<b>-</b>	<b>33,659</b>

#### Other information

Depreciation	48	36	-	22	-	106
Provision against investment in joint ventures	-	3,715	-	-	-	3,715
Provision against investments for sale		515				515

#### Segmental information

##### 6 months ended 30 November 2008

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Group Management £'000	Group Total £'000
<b>Revenue</b>						
External sales	35,329	7,054	1,221	6,331	-	49,935
Inter-segment sales	289	-	-	359	-	648
Eliminations	(289)	-	-	(359)	-	(648)
<b>Total revenue</b>	<b>35,329</b>	<b>7,054</b>	<b>1,221</b>	<b>6,331</b>	<b>-</b>	<b>49,935</b>
<b>Segment result</b>						
Operating (loss)/profit	106	3,633	(1,791)	(494)	(662)	792
Share of results of joint ventures and associates	-	(351)	-	-	-	(351)
Net finance income	82	15	-	24	12	133
<b>Profit/(loss) before taxation</b>	<b>188</b>	<b>3,297</b>	<b>(1,791)</b>	<b>(470)</b>	<b>(650)</b>	<b>574</b>
Taxation						(255)
<b>Profit for the period</b>						<b>319</b>



	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Elimination of inter- segment items £'000	Group Total £'000
<b>Assets and liabilities</b>						
Segment assets	33,910	77,376	3,084	6,259	(23,722)	96,907
Investment in equity accounted joint ventures and associates	-	16,408	-	-	-	16,408
<b>Total assets</b>	<b>33,910</b>	<b>93,784</b>	<b>3,084</b>	<b>6,259</b>	<b>(23,722)</b>	<b>113,315</b>
Segment liabilities	28,669	62,475	5,800	1,757	(23,722)	74,979
<b>Net assets/(liabilities)</b>	<b>5,241</b>	<b>31,309</b>	<b>(2,716)</b>	<b>4,502</b>	<b>-</b>	<b>38,336</b>
<b>Other information</b>						
Capital expenditure	17	-	-	-	-	17
Depreciation	74	87	-	196	-	357
Provision against investment in joint ventures and other investments	-	3,972	-	-	-	3,972
Impairment of inventories	-	500	625	-	-	1,125

#### 4 Taxation

The taxation charge is calculated by applying the estimated effective annual tax rate to the profit for the period.

#### 5. Dividends

	<b>6 months ended 30 November 2009 £'000</b>	6 months ended 30 November 2008 £'000	12 months ended 31 May 2009 £'000
Interim paid 1.5p per share	-	-	305
Final paid 3.0p per share	-	611	611
	<b>-</b>	<b>611</b>	<b>916</b>

## 6. Earnings per share

The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of £3,092,000 (2008: £303,000 profit) and the 20,800,000 ordinary shares of 25p in issue at 30 November 2009 and 30 November 2008.

The number of shares in the calculation has been reduced at 30 November 2009 for the 438,000 (2008: 445,000) shares held in the Employee Share Trust. Basic earnings per share are -15.2p (2008: 1.5p). The assumed conversion of dilutive options has no impact on the number of shares and so diluted earnings per share is equal to basic earnings per share.

	6 months ended 30 November 2009		
	Weighted average		
	Earnings £'000	no. of shares '000	Per share p
Basic EPS	(3,092)	20,362	(15.2)
Effect of share options	-	-	-
Diluted EPS	(3,092)	20,362	(15.2)

	6 months ended 30 November 2008		
	Weighted average		
	Earnings £'000	no. of shares '000	Per share p
Basic EPS	303	20,355	1.5
Effect of share options	-	432	-
Diluted EPS	303	20,787	1.5

	12 months ended 31 May 2009		
	Weighted average		
	Earnings £'000	no. of shares '000	Per share p
Basic EPS	(8,749)	20,359	(43.0)
Effect of share options	-	-	-
Diluted EPS	(8,749)	20,359	(43.0)

7. The comparative figures for the year ended 31 May 2009 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 2009, 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.

8. This interim report is available on the group's website ([www.pochins.plc.uk](http://www.pochins.plc.uk)).