



Pochin's PLC

Interim Report

30 November 2008

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Headlines

- Revenue £49.9m (2007: £54.4m)
- Profit before tax £0.6m (2007: £2.1m) after property write downs of £2.4m
- Interim dividend 1.5p (2007: 3.0p)
- Net cash generated £5.7m (2007: £8.7m outflow)
- Net debt reduced to £37.3m, gearing 77% (2007: 89%)
- Banking facilities recently all satisfactorily renewed

Chairman's Statement

Results

The results for the 6 months ended 30 November 2008 show pre-tax profits of £0.6million (2007: £2.1million) on turnover of £49.9million (2007: £54.4million). An interim dividend of 1.5p (2007: 3.0p) is declared.

Divisional Reports

Construction

Following the reorganisation reported in the 2008 Annual Report, the division has performed creditably under adverse trading conditions. This has contributed to improved margins which, combined with the benefits of cost savings in overheads, have led to an improved result, albeit from reduced turnover.

Concrete Pumping

Trading in the Concrete Pumping division has been difficult during the first half of the year. The effect of weakening demand was exacerbated by sharply higher fuel prices for much of the period. Whilst falling oil prices have now brought some welcome relief, demand for concrete pumping remains subdued, particularly in the private sector. The division has recently won useful business in connection with infrastructure works for Olympic Games projects in London and Weymouth.

Property

Despite the well publicised continuing deterioration of conditions in all property markets, the division has achieved profitable disposals during the period. These have offset the necessary write-downs in the value of the group's wholly-owned portfolio.

In joint venture, the large refurbishment project at Walker House, Liverpool has been completed on time and on budget, with 100,000 sq ft of office space being successfully handed over to the Ministry of Defence under the terms of its (25) year lease.

Residential

This division has been badly affected by the collapse in the housing market. Steps have been taken to reduce fixed costs to a minimum and no speculative activity is being undertaken. The division's objective is now to realise the Group's investment in residential property in a controlled manner, and similarly to dispose of its interest in sites with the benefits of planning permission as opportunities allow. Fortunately, the exposure to the housing market is relatively modest in the context of the group as a whole.

General

Each of the group's areas of activity is affected by the sharply deteriorating conditions being experienced in the UK economy in general and in the property market in particular. Early action was taken to react to these painful circumstances with strong emphasis being placed on cost reduction and cash conservation. There was an increase in net cash during the period of £5.7million: the Group's banking facilities have recently been satisfactorily renewed.

Given the strong balance sheet, and the maintenance of the Board's firm control on costs and speculative risk, the Group is well positioned to face the problems being experienced by all those involved in property. It is to

be profoundly hoped that the deflationary forces which threaten the property industry will be quickly defeated. Meanwhile Pochin's well deserved reputation for good quality and reliable service will be of great benefit.

Richard Fildes
Chairman
26 January 2009

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Consolidated income statement

		6 months ended 30 November 2008	6 months ended 30 November 2007	12 months ended 31 May 2008
	Notes	£'000	£'000	£'000
Revenue	3	49,935	54,414	115,273
Cost of sales		(43,382)	(50,728)	(106,715)
Gross profit		6,553	3,686	8,558
Operating expenses		(5,676)	(5,701)	(16,751)
Other operating income		1,915	2,126	4,254
Losses on revaluation of investment properties		(2,000)	-	2,548
Operating profit		792	111	(1,391)
Share of (loss)/profit after taxation in joint ventures		(365)	1,940	1,863
Share of profit after taxation in associates		14	119	437
Finance income		1,563	1,394	3,400
Finance cost		(1,430)	(1,470)	(2,533)
Profit before taxation	3	574	2,094	1,776
Taxation		(255)	48	859
Profit for the period		319	2,142	2,635
Attributable to:				
Equity holders of the company		303	2,126	2,603
Minority interest		16	16	32
		319	2,142	2,635
Earnings per share (basic)	6	1.5p	10.4p	12.8p
Earnings per share (diluted)	6	1.5p	10.4p	12.7p
Dividends proposed for the period	5	1.5p	3.0p	3.0p

Consolidated statement of recognized income and expense

	6 months ended 30 November 2008	6 months ended 30 November 2007	12 months ended 31 May 2008
	£'000	£'000	£'000
Actuarial (losses)/gains on defined benefit pension scheme	(1,530)	383	1,189
Deferred taxation on pension scheme deficit	428	(115)	(355)
Net (expense)/income recognised directly in equity	(1,102)	268	834
Profit for the financial period	319	2,142	2,635
Total (losses)/gains recognised since last period	(783)	2,410	3,469
Attributable to:			
Equity holders of the company	(799)	2,394	3,437
Minority interest	16	16	32
	(783)	2,410	3,469

Consolidated Balance Sheet

	As at 30 November 2008	As at 30 November 2007	As at 31 May 2008
Notes	£'000	£'000	£'000
Non current assets			
Property, plant and equipment	3,132	4,021	3,613
Investment properties	44,167	41,090	46,167
Investments			
Joint ventures	17,547	24,704	19,946
Associates	2,789	1,309	3,286
Other	2,507	2,157	2,157
	22,843	28,170	25,389
Retirement benefit asset	-	-	861
Total non current assets	70,142	73,281	76,030
Current assets			
Inventories	29,594	39,187	32,177
Trade and other receivables	16,911	18,279	23,542
Cash and cash equivalents	8,779	365	3,988
Financial derivatives	-	3	515
Corporation tax recoverable	-	612	35
Total current assets	55,284	58,446	60,257
Current liabilities			
Trade and other payables	21,995	24,289	29,296
Corporation tax	699	-	-
Bank loans	10,504	15,800	10,534
Bank overdrafts	22,961	22,587	23,918
Financial derivatives	1,745	-	-
Total current liabilities	57,904	62,676	63,748
Net current (liabilities)/assets	(2,620)	(4,230)	(3,491)

Non current liabilities			
Bank loans	12,578	8,813	12,411
Retirement benefit obligation	452	27	-
Deferred tax liabilities	214	2,412	1,374
Long term provisions	482	484	496
Other payables	5,204	4,757	5,204
Total non current liabilities	18,930	16,493	19,485
Net assets	48,592	52,558	53,054
Shareholders' equity			
Share capital	5,200	5,200	5,200
Own shares	(954)	(954)	(954)
Revaluation reserve	89	208	178
Hedge reserve	(2,487)	-	-
Retained earnings	46,540	47,888	48,419
Equity shareholders' funds	48,388	52,342	52,843
Minority interest	204	216	211
Total equity	3	48,592	52,55
			53,054

Consolidated Cash Flow Statement

	Notes	6 months ended 30 November 2008		6 months ended 30 November 2007		12 months ended 31 May 2008	
		£'000	£'000	£'000	£'000	£'000	£'000
Net cash from operating activities							
Profit for the period		319		2,142		2,635	
Income tax		255		(48)		(859)	
Finance income		(1,563)		(1,394)		(3,400)	
Finance cost		1,430		1,470		2,533	
Share of results of joint ventures and associates		351		(2,059)		(2,300)	
Depreciation charge		197		363		684	
Charge in respect of share based payments		20		-		46	
Profit on sale of fixed assets		(58)		(89)		(178)	
Losses/(gains) on revaluation of investment properties		2,000		-		(2,548)	
Provision against investments in joint ventures		389		-		4,632	
Income from joint ventures and associates		18		248		259	
Operating profit before changes in working capital		3,358		633		1,504	
Decrease/(increase) in inventories		2,583		(3,549)		3,461	
Decrease/(increase) in receivables		6,631		751		(4,774)	
(Decrease)/increase in payables		(7,412)		(1,083)		4,612	
		5,160		(3,248)		4,803	
Interest paid		(724)		(590)		(1,249)	
Income taxes paid		(26)		(667)		(516)	
Net cash from/(used in) operating activities		4,410		(4,505)		3,038	

Investing activities

Interest received	714	607	1,630
Purchase of investment properties	-	-	(2,529)
Purchase of property, plant and equipment	-	(167)	(261)
Proceeds from sale of property, plant and equipment	342	272	542
Increase in interest in other investments	(350)	-	-
Decrease/(increase) in interest in joint ventures and associates	<u>1,106</u>	<u>(10,731)</u>	<u>(12,372)</u>

Net cash from/(used in) investing activities

1,812 (10,019) (12,990)

Financing activities

Proceeds from new loans	414	5,000	13,421
Repayment of loans	(277)	(212)	(10,302)
Dividends paid	5 (611)	(1,300)	(1,911)

Net cash (used in)/from financing activities

(474) 3,488 1,208

Net increase/(decrease) in cash and cash equivalents

5,748 (11,036) (8,744)

Cash and cash equivalents at beginning of period

(19,930) (11,186) (11,186)

Cash and cash equivalents at end of period

(14,182) (22,222) (19,930)

Notes

1. The interim report was approved by the board on 22 January 2009.

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 2008.

3. Segmental information

For management purposes, the group is currently organised into four operating business segments: Construction, Property, Residential and Concrete Pumping.

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 2008

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Group Management £'000	Group Total £'000
Revenue						
External sales	35,329	7,054	1,221	6,331	-	49,935
Inter-segment sales	289	-	-	359	-	648
Eliminations	(289)	-	-	(359)	-	(648)
Total revenue	35,329	7,054	1,221	6,331	-	49,935
Segment result						
Operating profit/(loss)	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
Profit/(loss) before taxation	188	3,297	(1,791)	(470)	(650)	574
Taxation						(255)
Profit for the period						319

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Elimination of inter- segment items £'000	Group Total £'000
Assets and liabilities						
Segment assets	24,232	93,428	3,767	7,302	(23,989)	104,740
Investment in equity accounted joint ventures and associates	-	20,686	-	-	-	20,686
Total assets	24,232	114,114	3,767	7,302	(23,989)	125,426
Segment liabilities	18,488	75,058	5,524	1,753	(23,989)	76,834
Net assets/(liabilities)	5,744	39,056	(1,757)	5,549	-	48,592

Other information

Depreciation	38	44		115	-	197
Provision against investment in joint ventures	-	389		-	-	389

Segmental information

6 months ended 30 November 2007

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'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 for the period						2,142

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'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	18,677	76,744	13,183	1,958	(31,393)	79,169
Net assets	5,562	40,361	373	6,262	-	52,558

Other information

Capital expenditure	44	-	-	123	-	167
Depreciation	37	46	-	280	-	363

Segmental information

12 months ended 31 May 2008

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Group Management £'000	Group Total £'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	1,279	(1,581)	255	(1,523)	(1,391)
Share of results of joint ventures and associates	-	2,300	-	-	-	2,300
Net finance income/(costs)	129	697	3	4	34	867
Profit/(loss) before taxation	308	4,276	(1,578)	259	(1,489)	1,776
Taxation						859
Profit for the period						2,635

	Construction £'000	Property £'000	Residential £'000	Concrete Pumping £'000	Elimination of inter- segment items £'000	Group Total £'000
Assets 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

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

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 higher 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 2008 £'000	6 months ended 30 November 2007 £'000	12 months ended 31 May 2008 £'000
Interim paid 3.0p per share	-	-	611
Final paid 3.0p (2007: 6.25p) per share	611	1,300	1,300
	611	1,300	1,911

The interim dividend of 1.5p (2007: 3.0p) per share will be paid on 10 March 2009 to shareholders on the register at 6 February 2009.

The dividend has not been included as a liability as at 30 November 2008.

6 Earnings per share

The calculation of earnings per share (basic and diluted) is based on group profit after taxation and minority interests of £303,000 (2007 : £2,126,000) and the 20,800,000 ordinary shares of 25p in issue at 30 November 2008 and 30 November 2007.

The number of shares in the calculation has been reduced at 30 November 2008 for the 445,000 (2007 : 449,500) shares held in the Employee Share Trust. Basic earnings per share is 1.5p (2007: 10.4p). The assumed conversion of dilutive options increases the number of shares by 432,000 (2007: 38,000) shares and so diluted earnings per share remains at 1.5p (2007:10.4p).

	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

	6 months ended 30 November 2007		
	Weighted average		
	Earnings £'000	no. of shares '000	Per share p
Basic EPS	2,126	20,351	10.4
Effect of share options	-	38	-
Diluted EPS	2,126	20,389	10.4

	12 months ended 31 May 2008		
	Weighted average		
	Earnings £'000	no. of shares '000	Per share p
Basic EPS	2,603	20,353	12.8
Effect of share options	-	95	(0.1)
Diluted EPS	2,603	20,448	12.7

7 The comparative figures for the year ended 31 May 2008 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 2008, which were prepared under International

8 This interim report is available on the group's website (www.pochins.plc.uk)