

Pochin's PLC
Audited Annual Results for the year ending 31 May 2009

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Headlines

- Revenue £102m (2008: £115m)
- Underlying operating profit (before impairments and reorganisation costs) £2.2m (2008: £4.1m)
- Net loss £9.4m (2008: £1.8m profit)
- Net decrease in borrowings of £1.4m (2008: £11.9m increase)
- Property loss £4.3m (after impairments) (2008: £4.3m profit)
- Property operating profit £6.1m (before impairments)
- Residential loss £3.1m (after impairments) (2008: £1.6m)
- Concrete pumping loss £1.5m (2008: £0.3m profit)
- Construction profit £1.1m (2008: £0.3m)
- Fixed overhead reduced by 15%
- Safety performance improvement across all divisions

Chairman's Statement

The results for the year ending 31 May 2009 reflect the most dramatic and sustained collapse in property values in living memory. This has led to a loss before tax for the year of £9.4m (2008: £1.8m profit) derived from turnover of £102.0m (2008: £115.3m). Under these circumstances the directors are not able to recommend a final dividend (2008: 3.0p) in addition to the interim dividend of 1.5p (2008: 3.0p) paid earlier in the year.

Values of commercial property have almost halved since their peak just over two years ago. This is the context in which the accounts for the year to May 2009 have been prepared, and impairments of investments and of property values have amounted to almost £11m. Taken with the write down of £2.6m of residential stock in work in progress, the downward re-assessment of property values has amounted to a total of £13.6m during the year.

Importantly, cashflow during the year has been positive. Excluding the impairments mentioned above there was an underlying profit before tax of £2.2m, which generated a positive cash flow from our operating activities of £4.2m.

The group is involved in two distinct but related areas of operation, each of which has traditionally been subdivided. First, the main trading activities comprise regional building contracting and national concrete pumping. The contracting division, restyled during the year as Pochin Construction, performed well following the extensive re-organisation reported a year ago. Profitability improved and it is encouraging that a number of valuable contracts were won in areas with which Pochin's has not generally been associated. For example, three recent contracts have been gained in the education sector. The concrete pumping division has had a tough year despite winning useful publicly funded infrastructure work. Reduced overall activity in public and

private construction has led to an excess of capacity in concrete pumping resulting in an adverse effect on prices. There are few signs of improvement in the current year to date.

The second main area of group activity is in property investment and development. This is primarily commercial although there remains a small residential subdivision. While substantial losses have been incurred through the downward value of the group's wholly owned property and of its investments in joint ventures, the rents in its investment portfolio have held up well with relatively few voids being experienced. Additionally, despite the market conditions, profitable disposals were achieved during the period. The residential activity was limited with no speculative work being undertaken. The group's aim is to continue to realise its investment in both built homes and housing land in a controlled manner.

Speculation abounds about the end of the recession in the UK and about the pace of any recovery. There is evidence that the outward movement in yields for investment property has come to a halt, and the most recent Investment Property Databank UK Monthly Index shows the first rise in values for 26 months. Thus capital values of commercial property have stabilised, but a new area of difficulty has become apparent. Having grown excessively in recent years, rents are now falling in response to weak occupier demand. Even if yields were proved to have over-corrected, this new feature of the commercial property market suggests that total returns, though perhaps positive, will not rebound strongly, particularly given the overhang of property where the banks are effectively the new owners following the collapse in the value of their security.

In these conditions, property development, traditionally so important to both the construction and property areas of the group's activities, will be slow to recover. In general, many development sites now have no immediate prospects as either the cost of construction exceeds the perceived investment value or, even if that is not the case, finance is not available for their development. The effect of this will be continued low levels of development activity. Eventually with the limited supply of new commercial property which must result, and given improved demand if the substantial monetary stimulus now being undertaken is continued, rents will recover, enabling development gradually to resume. This cyclical process will take some time to progress.

It is likely, therefore, that the group will be operating in subdued market conditions for the foreseeable future. Accordingly, a significant degree of re-organisation has been undertaken during the year as costs have been curtailed. As is the case with many companies in the construction and property sectors, the number of people employed by the group has fallen substantially, from 417 in May 2008 to 329 at the date of this report. Not only is this contraction often painful for those leaving, it provides uncertainty and extra pressures for those who remain. I would like to record my thanks to David Shaw, the group's former chief executive, who initiated much of this process, and who himself retired at the end of the year after nearly 29 years with the group and 15 years as a director. I would also welcome his successor, John Moss, who has many years of experience in the construction sector, mainly with the Amec Group, and who too has played a key part in the restructuring of the group. These efforts will help Pochin's through the present difficult market conditions which are inevitably painful for both employees and shareholders alike.

As reported earlier, the group continues to generate cash, and combined with the continued strong support of its principal bankers, The Royal Bank of Scotland, this will enable it to position itself appropriately to take advantage of the improved conditions which will eventually materialise.

Fortunately, the group has great strengths and considerable resilience. It has a well deserved reputation for both quality and service in its trading divisions, and those attributes, allied to its considerable holdings of land and investment property, will enable it to benefit from profitable opportunities as the property cycle turns.

Richard Fildes
Chairman
22 September 2009

Chief Executive's Review

Business overview

The last year has been difficult as all our divisions faced challenging trading environments caused by well publicised global economic difficulties. In reacting to these conditions, we have taken a number of actions that will ensure we remain competitive and well positioned to move forward when our markets recover.

Financially, in recognition of market changes, we have written down property values both in our property and residential divisions. These revaluations have largely contributed to the loss before tax of £9.4m declared this year (2008: £1.8m profit). At trading level, the property and construction divisions have both been profitable and the concrete pumping and residential divisions have shown significant losses, being the most affected markets in which we operate.

Whilst we still operate in uncertain market conditions, our focus must be to manage successfully our way through these times and equip the business with the necessary skills, structure and resources to deliver future shareholder value.

Across the group, fixed overheads have been reduced by 15% allowing the divisions to set realistic budgets for 2009/10.

We now have goals that are achievable even in these difficult markets and have been careful to retain the core skills and capabilities that have made us one of the most respected construction and property development companies in the North West. During the year, we have restructured the management of our four businesses to improve leadership and ownership giving better focus on delivery and shortening management hierarchies. In this reorganisation, we have ensured we continue to do the right things including:

- appoint a corporate and social responsibility manager
- improve safety performance dramatically, reportable accidents being reduced by 71%
- strengthen supply chain management relationships
- pay suppliers in accordance with their terms
- strengthen risk management procedures
- focus on career management and succession planning to ensure business continuity and growth in the future

We are therefore confident that we are well placed in all divisions to go forward as the market recovers.

Construction

The economic environment within the construction sector has remained extremely challenging during the period. This has resulted in reduced levels of funding from both public and private sector clients with many schemes delayed or cancelled. However, we still achieved a turnover of £80m (2008: £82m) with a much improved profit of £1.1m (2008: £0.3m).

In the period, we adopted a strategy to attract new clients as many of our traditional repeat customers had fewer projects available for construction. We were successful in securing major contracts with The Welsh Assembly Government (Llandudno office scheme), Stobart Group (Widnes distribution centre) and Morson International (Eccles office scheme). These contracts together with recent smaller awards give us confidence for the coming year with £47m of secured forward orders (2008: £55m).

As activity has reduced, there has been downward pressure on margins to below breakeven. We have resisted this temptation by improving our tender offerings and working closely with our established supply chain. This has allowed us to win new work with realistic margins to sustain the business.

As new capital spend has decreased, a special projects division was formed at the end of 2008 to take advantage of small refurbishment and conversion projects. To date, they have been successful in securing three new contracts.

The division was successful in achieving a number of awards during the year, including Walker House (BCO award for best refurbished space), Ruthin Craft Centre (RIBA award) and Hawarden (LABC Building Excellence award and National Considerate Constructors award).

Major contracts completed in the period included Half Tide Dock apartments in Liverpool, Prospect apartments in Salford Quays and Emperor Court offices in Crewe. Over 93% of contracts in the period were completed on or ahead of programme and customer satisfaction levels for all clients achieved a rating of 96% (2008: 92%).

Most importantly, safety remains at the heart of all our operations. A number of new initiatives have been implemented over the year and these have helped reduce our reportable accident rate by 71% from 1,075 to its current level of 306 (the national average is approximately 1,600).

In response to reduced activity in the markets, we have reduced the base cost of the business in line with these targets whilst retaining the core skills and resources to grow the business as economic confidence recovers.

Property developments and investments

The year has seen a further decrease in property values and extremely weak market conditions. In the period, property values in our area of operation have dropped substantially. In line with other property sector companies, we have therefore taken a prudent approach and written down investment values, where appropriate.

Speculative development has ceased as we believe there is sufficient capacity in the market to meet current demand. Land value expectations have reduced making previously unrealistic schemes potentially viable and, on this basis, we continue to work on new developments where an end user is in place and funds can be secured. This significantly reduces our risk profile and allows us to position ourselves better for the future. Despite the reduced activity, we have achieved two significant land sales in the year at Midpoint 18, Middlewich and at Ellesmere, Shropshire.

The state of the UK economy is also applying increasing pressure on the group's property investments. In spite of these pressures, rental income has been held at good levels with only a 4% drop in receipts and occupancy levels currently stand at approximately 92%. Our aim therefore is to provide a high level of service to tenants enabling us to maintain rental income during this period of uncertainty.

A notable success has been the letting of Emperor Court, Crewe to Cheshire East Borough Council. It is hoped that this will attract further interest in the area and permit development of our adjacent sites. The retail development at Longton, Stoke was also fully let in the period, lifting rental income and increasing the opportunity for a future sale.

Joint ventures

Our joint venture property developments have suffered as the banking crisis and shortage of credit have continued through the second half year. Property values have reduced and competition for tenants has increased.

We have continued to work with UK Land & Property Limited (UKLP) on our joint projects in Liverpool and North Wales. The refurbishment of Walker House at Exchange Flags, Liverpool was completed and the anchor tenant, the Ministry of Defence, has now taken occupation. Interest is being shown in this prestigious development and further lettings have been secured, including a lease to Blankstone Sington. Further lettings secured at Horton House, the sister

building at Exchange Flags, have increased the occupied space to over 80%. Other developments with UKLP completed in the year included a 40,000 sq.ft. unit at Hawarden Business Park and units 3/4 of this scheme have been sold to Flintshire County Council. Also, 7 units have been completed at the Heald Green development near Manchester and these are now being actively marketed.

The joint venture with Goodman International Limited at Deeside has secured an allocation of 178 hectares (over 400 acres) of land for mixed use development.

The joint venture with Castlewood Developments Limited in Birkenhead continues as we assemble the land to deliver a 95,000 sq.ft. foodstore.

Manchester Technopark Limited continues to enjoy high occupancy rates and future development proposals are under consideration.

Residential

The housing market has continued to be depressed and the strategy for the division has been to complete and sell existing developments, but not to commence any new speculative developments.

Further write downs in land values have been made and prices reduced to encourage sales. In the period, 22 units were sold (2008: 60 units) and three out of seven developments were completed.

The overhead and base cost of the division has been considerably reduced, but a core team has been retained to expand social housing work, which reduces our underlying risk from a speculative developer to that of a specialist contractor. This gives us the opportunity to utilise our existing land bank in certain cases and dispose of completed units, whilst giving us the flexibility to recommence building on our existing plots as and when the market recovers.

Concrete pumping

The year has seen mixed fortunes for the markets of concrete pumping. The publicly funded infrastructure market has improved, but all others including residential, commercial, education, industrial and health have seen a decrease in new starts and future workload. This reduction in workload has resulted in a significant over capacity in the sector with less hires and a resultant squeeze on price per job. Total number of jobs in the year was 16,645 (2008: 21,206) with 1.1m cubic metres of concrete pumped (2008: 1.4m cubic metres pumped). Average price per job was £611 (2008: £648).

In the period this resulted in a loss before tax of £1.4m (2008: £0.3m profit) on a turnover of £10.8m (2008: £14.9m). This is almost entirely due to the rapid reduction in workload and inability of the pumping industry to adjust at the same rate. We have therefore reduced our resources wherever possible without damaging the critical mass of the operation. Our operating fleet size has been adjusted to maintain utilisation levels. In a similar manner, we have consolidated our operating depots and moved to a single centralised shipping office in Tamworth.

Strategically, we have strengthened our sales force in the South East to increase our presence in the most active area of the country. This is now starting to show signs of improved turnover but fierce competition continues to hold down margins. These reduced margins have already seen the demise of a number of our competitors.

Despite the necessary cost cutting, we have not allowed this to impact on the quality and safety of the service we deliver. We still have the largest fleet in the country by far and are the only true national pump operator. Our on-site reliability remains in excess of 99% and consequently we are used by all the major UK contractors that demand quality, safety and reliability for their operations.

John Moss
Chief Executive
22 September 2009

Financial Review

Overview

The economic downturn brought on by the global banking crisis has severely affected all of the group's markets and acts as a backdrop to the most challenging environment in which we have ever had to report. The financial focus has shifted to cash preservation, cost savings and debt reduction, a situation that is likely to continue for the foreseeable future.

In reaction to the changed economic conditions and their impact on property values, the group has reviewed in detail its various investments and made appropriate impairment provisions. These have had an exceptional impact on the reported result for the period and include impairment of joint venture investments £4.1m, impairment of inventories £1.1m and impairment of investment property values £5.7m. In addition, the group has incurred £0.7m in restructuring costs to reduce the fixed cost base of the business. Total staff numbers have reduced by 100 in the period, a reduction of 24%.

Group trading performance

Group revenues fell by 11.5% to £102.0m (2008: £115.3m) giving rise to an underlying operating profit before tax of £2.2m (2008: £10.9m). Impairment and provision charges of £11.6m made in consideration of worsening market conditions resulted in a loss before tax of £9.4m (2008: £1.8m profit).

| | £m |
|-------------------------------|--------------|
| Operating profit | 2.2 |
| Impairment of investments | (4.1) |
| Impairment of property values | (5.7) |
| Impairment of inventories | (1.1) |
| Costs of restructure | (0.7) |
| Net loss (before tax) | (9.4) |

All group businesses were adversely affected by the depressed economic conditions with varying degrees of severity.

The construction division performed most creditably with improved contract margins on revenues only slightly down on the prior year £79.8m (2008: £82.2m). Following a major restructuring of the division at the end of 2007/08 financial year, overhead reductions also contributed to a much improved profit before tax of £0.9m. The division also contributed a positive cashflow for the group of £3.2m, the best construction performance for several years.

The principal focus for the property division was effective asset management and cash conservation. However, there were a small number of land sales achieved that generated revenues of £7.4m (2008: £10.3m) and together with net rental income from investment properties generated an underlying operating profit of £4.4m. This was reduced to a net loss

before tax of £4.4m (2008: £4.3m profit) following review and impairment of property values, investments and inventories.

The residential division continued to suffer badly. Falling prices and slow sales resulting from lack of mortgage availability heavily influenced site appraisals and land valuations. Total revenue fell to £3.9m (£2008: £8.1m) and a net loss before tax of £3.2m was incurred (2008: £1.6m loss).

Revenues for the pumping division fell by 26% to £10.8m (2008: £14.7m) as the market for pumped concrete severely contracted. This left the pumping fleet significantly under utilised in a market of falling prices. The net result for the division was a loss before tax of £1.5m (2008: £0.3m profit).

Earnings per share and dividend

Diluted earnings per share were -43.0p (2008: 12.7p). A tax credit of £0.7m resulted in an effective tax rate of -7.1%. This credit arose from relief taken on the property and investment impairments recognised in the period.

As a consequence the lack of distributable profits in the period and the need to conserve cash resources until greater certainty returns to the market, it is proposed that no final dividend will be paid this year (2008: 3.0p per share). This means that the full year dividend is 1.5p per share (2008: 6.0p).

Balance sheet

Net assets have reduced to £38.3m (2008: £53.1m) equivalent to 184p per share (2008: 255p).

The economic conditions continued to force downward pressure on property values. This has been reflected in the valuation of the group's property portfolio at 31 May 2009 where an impairment of £3.2m has been made and charged to income under IFRS accounting rules. Of this write down, £1.0m relates to properties at Deeside following notice being served by Corus, a long standing occupier. Reclassification of the group's investment in Keele Park Developments Limited from subsidiary to joint venture, due to loss of control in the year, reduces the investment in properties by a further £17.0m to £25.9m (2008: £46.2m) - see joint ventures and investments for further details.

Investments in joint ventures and associates reduced by £6.3m to £19.1m (2008: £25.4m). This reduction included repayment of £1.9m loan from Manchester Technopark Limited following the successful disposal of Reynolds House and recognition of losses and impairments on a number of other current projects.

Joint ventures and investments

The need to preserve cash resources and lack of opportunity in the prevailing depressed property market has meant that the group has not committed any funds towards new ventures in the year.

However, we have continued to support financially existing projects to protect the group's own longer term investment position and to enable realisation of value at the appropriate time.

In recognition of the continued deterioration in property values, joint venture investments have been written down by a further £4.1m in the year (2008: £7.7m). The net investment in joint venture and associated companies is now £19.1m (2008: £25.4m).

Following completion of all property development activity by the group, and a change in the underlying contractual relationship between the parties in relation to funding agreements, the group's interest in Keele Park Developments Limited is now reflected as a 50:50 joint venture partner with Keele University and disclosed in the balance sheet under 'Investments in joint ventures'. This is on the basis the directors consider the underlying change has resulted in a loss

of control as defined by IAS 27. It had previously been treated as a subsidiary company. The net impact on the group balance sheet is a reduction in net asset value of £0.2m.

Cashflow and borrowings

During the difficult trading conditions experienced in the period the financial focus has shifted primarily to cash generation and conservation, whilst acknowledging that some degree of continuing investment has been essential to see through existing projects. To this end, underlying operating activities including the sale of assets generated £4.2m (2008: £2.5m). There was modest investment in existing joint venture activity of £2.3m (2008: £12.4m) and a decrease in financing costs to £0.3m (2008: £1.5m).

There was a net reduction in borrowings of £1.4m (2008: £11.9m increase), summarized as follows:

| | 2009 | 2008 |
|-----------------------------------|-------|--------|
| Operating activities | 3.8 | 2.2 |
| Sale of assets | 0.4 | 0.3 |
| Investment in joint ventures | (2.3) | (12.4) |
| Interest and dividend | (0.3) | (1.5) |
| Taxation | (0.2) | (0.5) |
| Decrease/(increase) in borrowings | 1.4 | (11.9) |

To provide the necessary funding to support the group's activities, borrowing facilities were renewed during the year with the group's principal banker, The Royal Bank of Scotland. These comprise a £10.0m overdraft facility, a rolling credit facility of £16.3m and various project specific development loans of £15.8m.

At 31 May 2009 group borrowings were £36.8m (2008: £46.9m) with £8.5m cash held on deposit (2008: £4.0m) resulting in a net debt position of £28.3m (2008: £42.9m), a gearing of 73.9%. The comparative 2008 balances include £12.8m debt relating to Keele Park Developments Limited, now included within 'Investments in joint ventures'.

Treasury and financing risk

The group continues to fund its operations through the use of cash, loans and various liquid resources such as debtors and trade creditors. Treasury management is performed by the finance department through implementation of the group's treasury policy, which is the responsibility of the Finance Committee. This remit includes development of relationships with principal funders, management of interest rates and liquidity risk. The Finance Committee is responsible to the main board.

The group has minimal fixed interest rate borrowings and continually reviews the need to hedge against interest rate movements. It is in the second of a three year swap arrangement to fix its LIBOR exposure to 4.98% on £15m of a rolling credit facility with The Royal Bank of Scotland. All other facilities have benefited from the low floating rate of LIBOR experienced during the second half of the period, which has largely compensated for the higher commercial rates now being charged since the onset of the banking crisis.

The group has formally adopted an effective interest rate hedging policy, which clearly states that the sole purpose of any financial instrument employed by the group to fix interest rates is to protect the group from fluctuations in interest rates charged on its borrowings. As a consequence, any changes in the fair value of such hedging instruments are recognised directly in equity and not, unless deemed to be ineffective, through the income statement. Due to the

sharp fall in base and LIBOR rates during the period there was an adverse movement in financial derivatives of £2.5m (2008: £0.3m favourable). This is shown against hedge reserve in the group balance sheet.

There continue to be long term repayment loans and short to medium term development borrowings relating to associated companies and joint venture entities respectively to which the group has exposure. As a consequence 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 has minimal exposure to foreign currency exchange risk and accordingly does not require a policy to hedge such exposure.

Pensions

The group has continued to support 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, underwent a full triennial actuarial valuation in the period and reported a deficit of £1.4m. A recovery plan has been agreed between the group and trustees of the scheme that will not involve additional lump sum contributions being made to the fund. However, the occurrence of such a deficit, despite the significant action taken by the group following the previous triennial valuation, has cast serious doubt on the group's willingness to be exposed to the unpredictable nature of a defined benefit scheme. As a consequence it has taken the decision to close the existing DB scheme to future accrual and proposes to transfer all existing active members to its DC Scheme. Consultation with members will commence shortly in full co-operation with the trustees.

Total contributions paid in the period to the DB scheme were £0.3m (2008: £0.4m). Payments to the DC scheme were £0.2m (2008: £0.2m). In accordance with the reporting requirements of IAS19, DB pension obligations are shown in the group balance sheet and movements in the period are reflected in the income statement and statement of recognised income and expense. Due to depressed equity values at the balance sheet date and increased expected bond yields used in the IAS19 calculation, there was an actuarial deficit in the DB scheme of £2.4m (2008: £0.9m surplus).

Financial reporting

The consolidated financial statements have been produced in accordance with International Financial Reporting Standards (IFRS). There have been no changes to the IFRS requirements this year that have a material impact on the group results.

John Edwards
Finance Director
22 September 2009

Consolidated income statement

For the year ended 31 May 2009

| | <u>2009</u> £'000 | <u>2008</u> £'000 |
|---|----------------------|----------------------|
| Revenue | 101,961 | 115,273 |
| Cost of sales | <u>(94,247)</u> | <u>(106,715)</u> |
| Gross profit | 7,714 | 8,558 |
| Operating expenses | (14,349) | (16,751) |
| Other operating income | 2,719 | 4,254 |
| (Losses)/gains on revaluation of investment properties | <u>(3,219)</u> | <u>2,548</u> |
| Operating loss | (7,135) | (1,391) |
| Share of (loss)/profit after taxation in joint ventures | (2,962) | 1,863 |
| Share of (loss)/profit after taxation in associates | (149) | 437 |
| Finance income | 2,815 | 3,400 |
| Finance cost | (1,948) | (2,533) |
| (Loss)/profit before taxation | <u>(9,379)</u> | <u>1,776</u> |
| Taxation | <u>662</u> | <u>859</u> |
| (Loss)/profit for the year | <u>(8,717)</u> | <u>2,635</u> |
| Attributable to: | | |
| Equity holders of the company | (8,749) | 2,603 |
| Minority interest | <u>32</u> | <u>32</u> |
| (Loss)/profit for the year | <u>(8,717)</u> | <u>2,635</u> |
| Earnings per share (basic) | (43.0p) | 12.8p |
| Earnings per share (diluted) | (43.0p) | 12.7p |

Statement of recognised income and expense

For the year ended 31 May 2009

| | <u>2009</u> £'000 | <u>2008</u> £'000 |
|--|----------------------|----------------------|
| Actuarial (losses)/gains on defined benefit pension scheme | (3,675) | 1,189 |
| Deferred taxation on pension scheme deficit/(surplus) | 1,028 | (355) |
| Cashflow hedging | | |
| Current year fair value movement | (2,050) | - |
| Reclassification to profit or loss | (470) | - |
| Deferred taxation on cashflow hedging | | |
| Group | 277 | - |
| Joint ventures | 428 | - |
| Net (expense)/income recognised directly in equity | <u>(4,462)</u> | <u>834</u> |
| (Loss)/profit for the year | (8,717) | 2,635 |
| Total (losses)/gains recognised since last period | <u>(13,179)</u> | <u>3,469</u> |
| Attributable to: | | |
| Equity holders of the company | (13,211) | 3,437 |
| Minority interest | 32 | 32 |
| | <u>(13,179)</u> | <u>3,469</u> |

Consolidated balance sheet

As at 31 May 2009

| | <u>2009</u> | <u>2008</u> |
|-------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Non current assets | | |
| Property, plant and equipment | 2,929 | 3,613 |
| Investment properties | 25,917 | 46,167 |
| Investments | | |
| Joint ventures | 13,782 | 19,946 |
| Associates | 2,626 | 3,286 |
| Available for sale | 2,730 | 2,157 |
| Retirement benefit asset | - | 861 |
| Deferred tax assets | 1,284 | - |
| Total non current assets | <u>49,268</u> | <u>76,030</u> |
| Current assets | | |
| Inventories | 29,824 | 32,177 |
| Trade and other receivables | 25,183 | 23,542 |
| Cash and cash equivalents | 8,470 | 3,988 |
| Financial derivatives | - | 515 |
| Corporation tax recoverable | 570 | 35 |
| Total current assets | <u>64,047</u> | <u>60,257</u> |
| Current liabilities | | |
| Trade and other payables | 31,502 | 29,296 |
| Bank loans | 15,178 | 10,534 |
| Bank overdrafts | 21,541 | 23,918 |
| Financial derivatives | 991 | - |
| Total current liabilities | <u>69,212</u> | <u>63,748</u> |
| Net current liabilities | <u>(5,165)</u> | <u>(3,491)</u> |
| Non current liabilities | | |
| Bank loans | 104 | 12,411 |
| Retirement benefit obligation | 2,441 | - |
| Deferred tax liabilities | - | 1,374 |
| Provisions | 481 | 496 |
| Other payables | 2,741 | 5,204 |
| Total non current liabilities | <u>5,767</u> | <u>19,485</u> |
| Net assets | <u>38,336</u> | <u>53,054</u> |
| Equity | | |
| Share capital | 5,200 | 5,200 |
| Own shares | (745) | (954) |
| Revaluation reserve | 75 | 178 |
| Hedge reserve | (2,520) | - |
| Retained earnings | 36,112 | 48,419 |
| Total shareholders' equity | <u>38,122</u> | <u>52,843</u> |
| Minority interest | 214 | 211 |
| Total equity | <u>38,336</u> | <u>53,054</u> |

Consolidated cash flow statement

For the year ended 31 May 2009

| | <u>2009</u> | <u>2009</u> | <u>2008</u> | <u>2008</u> |
|--|----------------|-----------------------|----------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net cash from operating activities | | | | |
| (Loss)/profit for the year | | (8,717) | | 2,635 |
| Income tax | | (662) | | (859) |
| Finance Income | | (2,815) | | (3,400) |
| Finance Cost | | 1,948 | | 2,533 |
| Share of results of joint ventures and associates | | 3,111 | | (2,300) |
| Cash flow hedge movement of joint ventures | | 1,391 | | - |
| Depreciation charge | | 357 | | 684 |
| (Credit)/charge in respect of share based payments | | (16) | | 46 |
| Profit on sale of property, plant and equipment | | (103) | | (178) |
| Losses/(gains) on revaluation of investment properties | | 3,219 | | (2,548) |
| Provision against investments in joint ventures | | 3,315 | | 4,632 |
| Provision against investment in other investments | | 657 | | - |
| Income from joint ventures and associates | | 34 | | 259 |
| | | <hr/> | | <hr/> |
| Operating profit before changes in working capital | | 1,719 | | 1,504 |
| Decrease in inventories | | 2,353 | | 3,461 |
| Increase in receivables | | (1,126) | | (4,774) |
| (Decrease)/increase in payables | | (590) | | 4,612 |
| | | <hr/> | | <hr/> |
| | | 2,356 | | 4,803 |
| Interest paid | | (544) | | (1,249) |
| Income taxes paid | | (240) | | (516) |
| | | <hr/> | | <hr/> |
| Net cash from operating activities | | 1,572 | | 3,038 |
| Investing activities | | | | |
| Interest received | 1,124 | | 1,630 | |
| Purchase of investment properties | - | | (2,529) | |
| Purchase of property, plant and equipment | (17) | | (261) | |
| Proceeds from sale of property, plant and equipment | 441 | | 542 | |
| Net movement on disposal of subsidiary undertakings | 1,462 | | - | |
| Increase in interest in joint ventures and associates | (1,027) | | (12,372) | |
| Increase in interest in other investments | <u>(1,230)</u> | | <u>-</u> | |
| Net cash from/(used) in investing activities | | 753 | | (12,990) |
| Financing activities | | | | |
| Proceeds from new loans | 5,949 | | 13,421 | |
| Repayment of loans | (499) | | (10,302) | |
| Dividends paid | <u>(916)</u> | | <u>(1,911)</u> | |
| Net cash from financing activities | | 4,534 | | 1,208 |
| Net increase/(decrease) in cash and cash equivalents | | 6,859 | | (8,744) |
| Cash and cash equivalents at beginning of year | | (19,930) | | (11,186) |
| Cash and cash equivalents at end of year | | <hr/> <u>(13,071)</u> | | <hr/> <u>(19,930)</u> |

Notes

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

The Board of Directors approved the preliminary announcement on 22 September 2009.

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:

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.

Segment information about these businesses is presented below.

Year ended 31 May 2009

| | Construction | Property | Residential | Concrete Pumping | Group management | Group Total |
|---|---------------|----------------|----------------|------------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | | | | | |
| External sales | 79,829 | 7,418 | 3,903 | 10,811 | - | 101,961 |
| Inter-segment sales | 405 | - | - | 790 | - | 1,195 |
| Eliminations | (405) | - | - | (790) | - | (1,195) |
| Total revenue | <u>79,829</u> | <u>7,418</u> | <u>3,903</u> | <u>10,811</u> | <u>-</u> | <u>101,961</u> |
| Segment result | | | | | | |
| Operating profit/(loss) | 900 | (1,771) | (3,153) | (1,505) | (1,606) | (7,135) |
| Share of results of joint ventures and associates | - | (3,111) | - | - | - | (3,111) |
| Net finance income | 164 | 628 | - | 51 | 24 | 867 |
| Profit/(loss) before taxation | <u>1,064</u> | <u>(4,254)</u> | <u>(3,153)</u> | <u>(1,454)</u> | <u>(1,582)</u> | <u>(9,379)</u> |
| Taxation | | | | | | 662 |
| Loss for the year | | | | | | <u>(8,717)</u> |

Year ended 31 May 2009

| | Construction | Property | Residential | Concrete Pumping | Elimination of inter segment items | Group Total |
|--|---------------------|-----------------|--------------------|-------------------------|---|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Asset and liabilities | | | | | | |
| 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 |
| Total assets | 33,910 | 93,784 | 3,084 | 6,259 | (23,722) | 113,315 |
| Segment liabilities | 28,669 | 62,475 | 5,800 | 1,757 | (23,722) | 74,979 |
| Net assets/(liabilities) | 5,241 | 31,309 | (2,716) | 4,502 | - | 38,336 |
| Other information | | | | | | |
| 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 |

Year ended 31 May 2008

| | Construction | Property | Residential | Concrete Pumping | 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 | 1,279 | (1,581) | 255 | (1,523) | (1,391) |
| Share of results of joint ventures and associates | - | 2,300 | - | - | - | 2,300 |
| Net finance income | 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 year | - | - | - | - | - | 2,635 |

| | Construction | Property | Residential | Concrete Pumping | 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 |
| 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 |

Earnings per share

The calculation of earnings per share (basic and diluted) is based on group loss after taxation and minority interests of £8,749,000 (2008: £2,603,000) and the 20,800,000 ordinary shares of 25p in issue at 31 May 2009 and 31 May 2008. The number of shares used in the calculation has been reduced at 31 May 2009 for the 438,000 (2008: 445,000) shares held in the Employee Share Trust. Basic earnings per share is -43.0p (2008: 12.8p). 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.

| | 2009 | | | 2008 | | |
|-------------------------|----------|--------------------------------|-----------|----------|--------------------------------|-----------|
| | Earnings | Weighted average no. of shares | Per share | Earnings | Weighted average no. of shares | Per share |
| | £'000 | '000 | p | £'000 | '000 | p |
| Basic EPS | (8,749) | 20,359 | (43.0) | 2,603 | 20,353 | 12.8 |
| Effect of share options | - | - | - | - | 95 | (0.1) |
| Diluted EPS | (8,749) | 20,359 | (43.0) | 2,603 | 20,448 | 12.7 |

Dividends

| | 2009 | 2008 |
|---|-------------------|--------------|
| | £'000 | £'000 |
| Interim paid – 1.5p per share (2008 : 3.0p) | 305 | 611 |
| Final paid – 3.0p per share (2008 : 6.25p) | 611 | 1,300 |
| | <u>916</u> | <u>1,911</u> |

The Directors are not proposing a final dividend in respect of the financial year ending 31 May 2009.

The Annual General Meeting will be held at Mere Golf and County Club, Knutsford, Cheshire at 10.30 a.m. on Friday 23 October 2009. The full report will be posted to shareholders on or before 1 October 2009.

Enquiries:

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