



Interim Report

for the half year ended 30 September 2005

Chairman's Statement

These half year results follow on from the comments and changes which I announced in the statement that accompanied the Annual Report.

These interim results are our first set of results prepared under International Financial Reporting Standards (IFRS). While the application of IFRS has no significant impact on the reported results for the Group, the results for 2004 have been restated in accordance with IFRS. Reconciliation of prior period results to those restated under IFRS are shown in Note 3. The main area of impact on the Group is the inclusion in the balance sheet of the estimated pension deficit, which is currently being funded at the rate of £250,000 per annum. This has been included within 'Non-current Liabilities' and the movements in the deficit in the current and prior periods have been included in 'Reserves'.

On 1 August 2005 the joint venture with Jessop and Baird (Hong Kong) Ltd, in Hong Kong and China was effected, and our former subsidiary became an associated company for accounting purposes. The trading results of our former subsidiary up to 1 August are shown under the heading 'Discontinued Operations' together with a write off of some £30,000 of fixed assets.

We have received an offer for the Fence Avenue site in Macclesfield for £2,750,000 which we are pursuing (book value £3,066,000). The anticipated sale of the site at Eccleshill, Bradford did not materialize but we have received another offer at £1,200,000 subject to planning permission.

Furthermore, we have now received an offer for the site at Keighley of some £2,500,000 (book value £732,000) which we are expecting to complete at the end of January 2006. Heads of Agreement for this sale have been signed.

If these sales are completed then the Group will have some £4,000,000 of cash, after the repayment of all outstanding borrowings together with two investments, namely Trimmings by Design Ltd and Worthington Manufacturing Ltd, and of course the continuing liabilities related to the pension scheme. It is envisaged that all dormant subsidiaries will be wound up before the year end and their assets and liabilities hived up into Worthington Group plc.

The contributions to the pension scheme continue to be a demand on our cash, particularly as our income will be reduced following the sale of the Keighley site, but some £4,000,000 of funds on final completion of property sales would give us a number of good options.

J C DWEK, CBE

Chairman

16th December 2005

Worthington Group plc

Consolidated Income Statement

for the six months ended 30 September 2005

	Unaudited 6 months ended 30 September 2005 £'000	As restated Unaudited 6 months ended 30 September 2004 £'000	As restated Audited Year ended 31 March 2005 £'000
Revenue:			
Continuing operations	67	2,516	4,812
Discontinued operations	1,335	–	–
	1,402	2,516	4,812
Operating Loss			
Continuing operations (before exceptionals)	(110)	(174)	(306)
Exceptional items	–	(672)	(872)
Discontinued operations (before exceptionals)	59	–	–
Exceptional items	–	–	–
Operating Loss	(51)	(846)	(1,178)
Share of profits of associated undertakings	35	125	149
Profit/(loss) on disposal of fixed assets	(31)	–	37
Loss before interest	(47)	(721)	(992)
Net interest payable and similar items	(76)	(53)	(118)
Loss before taxation	(123)	(774)	(1,110)
Taxation	(10)	(37)	(44)
Loss on ordinary activities after taxation	(133)	(811)	(1,154)
Dividends paid and proposed	–	–	–
Retained loss	(133)	(811)	(1,154)
Loss per share			
– before exceptional items	(1.1p)	(1.1p)	(2.4p)
– after exceptional items	(1.1p)	(6.9p)	(9.8p)

Recognised gains and losses

There are no recognised gains or losses in the half year ended 30 September 2005, other than those shown in the above income statement.

Consolidated Balance Sheet

at 30 September 2005

	Unaudited 30 September 2005 £'000	As restated Unaudited 30 September 2004 £'000	As restated Audited 31 March 2005 £'000
Non-current assets			
Property, plant and equipment	570	4,717	1,013
Interests in associated undertakings	1,119	809	811
	<u>1,689</u>	<u>5,526</u>	<u>1,824</u>
Current assets			
Current asset investments	3,447	–	3,480
Trade and other receivables	1,516	2,873	2,324
Cash at bank and in hand	1	1	1
	<u>4,964</u>	<u>2,874</u>	<u>5,805</u>
Total assets	<u>6,653</u>	<u>8,400</u>	<u>7,629</u>
Current liabilities			
Trade and other payables	333	1,215	1,009
Bank overdrafts and loans	1,000	862	971
	<u>1,333</u>	<u>2,077</u>	<u>1,980</u>
Non-current liabilities			
Bank loans	1,250	1,447	1,321
Retirement benefit obligation	2,188	2,518	2,313
	<u>3,438</u>	<u>3,965</u>	<u>3,634</u>
Total liabilities	<u>4,771</u>	<u>6,042</u>	<u>5,614</u>
Net assets	<u>1,882</u>	<u>2,358</u>	<u>2,015</u>
Equity			
Called up share capital	11,807	11,807	11,807
Share premium account	9,836	9,836	9,836
Capital reserve	128	128	128
Revaluation reserve	–	285	–
Profit and loss account	(19,889)	(19,698)	(19,756)
Total Equity	<u>1,882</u>	<u>2,358</u>	<u>2,015</u>

Consolidated Cash Flow Statement

for the six months ended 30 September 2005

	Unaudited 6 months ended 30 September 2005 £'000	As restated Unaudited 6 months ended 30 September 2004 £'000	As restated Audited Year ended 31 March 2005 £'000
Reconciliation of loss for the period to net cash flow from operating activities			
Operating loss for the period	(51)	(846)	(1,178)
Depreciation/impairment and goodwill amortisation	51	631	819
Movement in trade and other receivables	808	538	1,087
Movements in trade and other payables	(909)	(569)	(958)
Net cash outflow from operating activities	(101)	(246)	(230)
Cash Flow from financing activities			
Interest paid	(86)	(63)	(138)
Proceeds from short term loans	100	–	–
Repayments of borrowings	(71)	(145)	(278)
Net cash used in financing activities	(57)	(208)	(416)
Cash Flow from investing activities			
Interest received	26	26	52
Proceeds on disposal of plant and equipment	403	19	121
Purchases of plant and equipment	–	–	(38)
Investments in associated undertakings	(300)	–	–
Dividends received from associated undertakings	–	66	66
Net cash used in investing activities	129	111	201
Decrease in cash and cash equivalents	(29)	(343)	(445)

Reconciliation of movement in shareholders' funds

Loss for the period	(133)	(811)	(1,154)
Net reduction in shareholders' funds	(133)	(811)	(1,154)
Opening shareholders' funds	2,015	3,169	3,169
Closing shareholders' funds	1,882	2,358	2,015

Notes to the Interim Statements

continued

3. Reconciliation between IFRS and UK GAAP

The tables below set out the reconciliation between the IFRS accounting standards adopted on 1 April 2005 and the UK GAAP accounting standards previously used in the preparation of the Group's accounts.

	30 September 2005 £'000	30 September 2004 £'000	31 March 2005 £'000
Loss before Taxation under IFRS	(133)	(811)	(1,154)
Retirement benefit contribution adjustment	(125)	(150)	(355)
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Loss before taxation under UK GAAP	(258)	(961)	(1,509)
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Net Assets			
Net assets under IFRS	1,882	2,358	2,015
Retirement benefit obligation	2,188	2,518	2,313
	<hr/>	<hr/>	<hr/>
Net assets under UK GAAP	4,070	4,876	4,328
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Capital and Reserves			
Shareholders funds under IFRS	1,882	2,358	2,015
Retained earnings adjustment	2,188	2,518	2,313
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Shareholders funds under UK GAAP	4,070	4,876	4,328
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4. Availability of Interim Report

A copy of this report is being sent to shareholders and copies are available from The Secretary, Worthington Group plc, Suite 1, Courthill House, 66 Water Lane, Wilmslow, Cheshire SK9 5AP.

Notes to the Interim Statements

for the six months ended 30 September 2005

1. Basis of Accounting

The attached interim financial statements are the first interim financial statements following adoption of International Financial Reporting Standards (IFRS). As the Group has not previously published a full set of financial statements under IFRS, the content of these statements has been expanded to include summarised reconciliation of loss before taxation, net assets and shareholders' funds from previously reported amounts under UK GAAP for year ended 31 March 2005, together with detailed explanations of the main UK GAAP - IFRS differences.

EU law (IAS regulation EC 1606/2002) requires that the next annual consolidated financial statements of the Company, for the year ending 31 March 2006 be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the EU ("adopted IFRSs").

The financial information contained in this report has been prepared in accordance with IFRS standards as adopted by the EU at 30 September 2005 or as expected to be adopted by the EU at 31 March 2006. The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2006 are still subject to change and to additional interpretation and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2006.

The information for the year ended 31 March 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from these estimates. Revisions to these estimates are made in the period in which they are recognised.

2. Loss per share

Loss per share is calculated by reference to the average number of shares in issue in the period amounting to 11,807,016 shares (six months to 30 September 2004: 11,807,016 shares) and on a loss after taxation of £133,000 (six months to 30 September 2004: loss of £811,000).

The taxation credit is calculated by applying the directors' best estimate of the annual tax rate to the loss for the period.