



## Interim Report

for the half year ended 30 September 2006

### Chairman's Statement

This has been an eventful half year which has tried to resolve many of the outstanding issues. The period produced an overall unaudited loss after taxation for the period of £27,000 (2005: £133,000) although this loss included exceptional one off costs of £103,000 which are explained below.

As previously announced the sale of Fence Avenue, Macclesfield, was completed to time and the sale proceeds were received in June and all Group borrowings were repaid. The agreed sale of the Eccleshill property has however been delayed and we now expect to complete by the end of the year. Following completion of the planning formalities it has now been agreed that the buyer will pay £875,000 on completion and the balance will be paid within 12 months, secured by a second charge and carrying interest. As you are no doubt aware the London Stock Exchange requested a full Circular for these two transactions, which were approved on the 5 May; the total costs for the Circular and disposal fees amounted to £59,000 and are included as part of the exceptional costs referred to above.

Turning to the Worthington Manufacturing Joint Venture entered into with Jessop and Baird (Hong Kong) Ltd in 2005 we are currently in negotiations to retire from the joint venture at a probable cost of £75,000 after reconciliation of the terminal costs and balances. When this transaction is completed we will relinquish our 49% shareholding in the Joint Venture whereupon our interests as shareholders will cease and their results will no longer be consolidated into our figures. Since the commencement of the joint venture, we have had to pick up unexpected additional costs of £44,000 for redundancies and other miscellaneous items which are shown in these accounts as exceptional items.

The final realisation of the current assets of our former Worthington Manufacturing subsidiary continues and head office costs in the period include a final bad debt write off of £19,000 relating to uncollectable book debts. Stocks with a net book value of £16,000 remain to be realised and these are slowly being purchased by the joint venture when required.

We currently retain a 44% shareholding in Trimmings by Design Limited (a former subsidiary) and their results continue to be consolidated within our own. The business is trading profitably in the current year and we have included in this period our share of the profits which amount to £178,000 before interest and taxation. This figure includes £117,000 arising from an exceptional gain made by the business on selling its site in Leek following consolidation of its business to its remaining site in Derby. The proceeds of this sale is expected to result in a one off enhanced dividend receipt of £153,000 in the near future.

For administrative ease and to save costs, it was decided to wind up the Group's 34 non-trading or dormant subsidiaries. 31 of these companies have now been placed into Members Voluntary liquidation or have been struck off and it is intended to complete the exercise relating to the remaining 3 on completion of the Eccleshill sale.

The only matter to report on our 5.5 acre site at Keighley, is the loss of a substantial tenant which ceased trading in November. New tenants are being actively pursued. The overall vicinity however continues to improve with planning permission recently being granted for a large supermarket development across the road. The current reduced rental income will still just about cover Head Office costs, which are now at a minimum, including pension scheme administration costs of £40,000 per annum. It is not sufficient however to cover the ongoing payments of some £22,000 per month which are being made to reduce the scheme deficit and are credited directly against the balance sheet liability.

The Board is continuing to turn the remaining assets of the Group into cash and is pursuing suitable investment opportunities whilst keeping costs to a bare minimum.

**J C DWEK, CBE**  
Chairman  
29 November 2006

**Worthington Group plc**

# Consolidated Income Statement

for the six months ended 30 September 2006

|  | <b>Unaudited<br/>6 months ended<br/>30 September<br/>2006<br/>£'000</b> | Unaudited<br>6 months ended<br>30 September<br>2005<br>£'000 | Audited<br>Year ended<br>31 March<br>2006<br>£'000 |
|--|---|--|--|
| <b>Revenue:</b>  |   |  |  |
| Continuing operations                                      | 91  | 67   | 140  |
| Discontinued operations                                    | –   | 1,335  | 1,456  |
|  | <u>91</u>   | <u>1,402</u>   | <u>1,596</u>                                       |
| <b>Operating (Loss)/profit</b>                             |   |  |  |
| Continuing operations (before exceptionals)                | (65)  | (110)  | 508  |
| Exceptional items  | (103)   | –  | –  |
| Discontinued operations (before exceptionals)              | –   | 59   | (8)  |
| Exceptional items  | –   | –  | –  |
|  | <u>(168)</u>  | <u>(51)</u>  | <u>500</u>   |
| Share of profits/(losses) of associated undertakings       | 210   | 35   | (90)   |
| Loss on disposal of fixed assets                           | –   | (31)   | –  |
|  | <u>42</u>   | <u>(47)</u>  | <u>410</u>   |
| <b>Profit/(loss) before interest</b>                       |   |  |  |
| Net interest payable and similar items                     | (20)  | (76)   | (136)  |
|  | <u>22</u>   | <u>(123)</u>   | <u>274</u>   |
| <b>Profit/(loss) before taxation</b>                       |   |  |  |
| Taxation   | (49)  | (10)   | –  |
|  | <u>(27)</u>   | <u>(133)</u>   | <u>274</u>   |
| <b>Profit/(loss) on ordinary activities after taxation</b> |   |  |  |
| Dividends paid and proposed                                | –   | –  | –  |
|  | <u>(27)</u>   | <u>(133)</u>   | <u>274</u>   |
| <b>Retained profit/(loss)</b>                              |   |  |  |
| Earnings/(loss) per share                                  | <u>(0.2p)</u>   | <u>(1.1p)</u>  | <u>2.3p</u>  |

## Recognised gains and losses

There are no recognised gains or losses in the half year ended 30 September 2006, other than those shown in the above income statement.

# Consolidated Balance Sheet

at 30 September 2006

|  | <b>Unaudited<br/>30 September<br/>2006<br/>£'000</b> | Unaudited<br>30 September<br>2005<br>£'000 | Audited<br>31 March<br>2006<br>£'000 |
|--|--|--|--------------------------------------|
| <b>Non-current assets</b>                              |  |  |                                      |
| Property, plant and equipment                          | 1,866  | 570  | 1,871                                |
| Interests in associated undertakings                   | 775  | 1,119                                      | 646                                  |
|  | <u>2,641</u>   | <u>1,689</u>                               | <u>2,517</u>                         |
| <b>Current assets</b>                                  |  |  |                                      |
| Current asset investments                              | 1,000  | 3,447                                      | 3,750                                |
| Trade and other receivables due within 1 year          | 433  | 704  | 387                                  |
| Trade and other receivables due after more than 1 year | 800  | 812  | 805                                  |
| Cash at bank and in hand                               | 117  | 1  | –                                    |
|  | <u>2,350</u>   | <u>4,964</u>                               | <u>4,942</u>                         |
| <b>Total assets</b>                                    | <b>4,991</b>   | <b>6,653</b>                               | <b>7,459</b>                         |
| <b>Current liabilities</b>                             |  |  |                                      |
| Trade and other payables                               | 207  | 333  | 493                                  |
| Bank overdrafts and loans                              | –  | 1,000                                      | 2,030                                |
|  | <u>207</u>   | <u>1,333</u>                               | <u>2,523</u>                         |
| <b>Non-current liabilities</b>                         |  |  |                                      |
| Bank loans   | –  | 1,250                                      | –                                    |
| Retirement benefit obligation                          | 1,826  | 2,188                                      | 1,951                                |
|  | <u>1,826</u>   | <u>3,438</u>                               | <u>1,951</u>                         |
| <b>Total liabilities</b>                               | <b>2,033</b>   | <b>4,771</b>                               | <b>4,474</b>                         |
| <b>Net assets</b>                                      | <b>2,958</b>   | <b>1,882</b>                               | <b>2,985</b>                         |
| <b>Equity</b>  |  |  |                                      |
| 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                                    | 624  | –  | 624                                  |
| Profit and loss account                                | (19,437)   | (19,889)                                   | (19,410)                             |
| <b>Total Equity</b>                                    | <b>2,958</b>   | <b>1,882</b>                               | <b>2,985</b>                         |

# Consolidated Cash Flow Statement

for the six months ended 30 September 2006

|  | Unaudited<br>6 months ended<br>30 September<br>2006<br>£'000 | Unaudited<br>6 months ended<br>30 September<br>2005<br>£'000 | Audited<br>Year ended<br>31 March<br>2006<br>£'000 |
|--|--|--|--|
| <b>Reconciliation of (loss)/profit for the period to net cash flow from operating activities</b> |  |  |  |
| Operating (loss)/profit for the period   | (168)  | (51)   | 500  |
| Depreciation/impairment and goodwill amortisation  | 5  | 51   | (660)  |
| Pension Scheme net finance charge  | –  | –  | 55   |
| Movement in trade and other receivables  | 34   | 808  | 1,177  |
| Movements in trade and other payables  | (285)  | (784)  | (835)  |
| Pension deficit payments   | (125)  | (125)  | (250)  |
| <b>Net cash outflow from operating activities</b>  | <b>(539)</b>   | <b>(101)</b>   | <b>(13)</b>  |
| <b>Cash Flow from financing activities</b>   |  |  |  |
| Interest paid  | (23)   | (86)   | (99)   |
| Proceeds from short term loans   | –  | 100  | 179  |
| Repayments of borrowings   | (1,500)  | (71)   | (77)   |
| <b>Net cash used in financing activities</b>   | <b>(1,523)</b>   | <b>(57)</b>  | <b>3</b>   |
| <b>Cash Flow from investing activities</b>   |  |  |  |
| Interest received  | 34   | 26   | 53   |
| Proceeds on disposal of plant and equipment  | –  | 403  | 403  |
| Proceeds on disposal of current asset investments  | 2,750  | –  | –  |
| Investments in associated undertakings   | (75)   | (300)  | (300)  |
| Dividends received from associated undertakings  | –  | –  | 44   |
| <b>Net cash inflow from investing activities</b>   | <b>2,709</b>   | <b>129</b>   | <b>200</b>   |
| Increase/(decrease) in cash and cash equivalents   | <b>647</b>   | <b>(29)</b>  | <b>190</b>   |

## Reconciliation of movement in shareholders' funds

|   |       |       |       |
|---|-------|-------|-------|
| (Loss)/profit for the period                    | (27)  | (133) | 274   |
| Net (reduction)/increase in shareholders' funds | (27)  | (133) | 274   |
| Movement in reserves                            | –     | –     | 986   |
| Opening shareholders' funds                     | 2,985 | 2,015 | 1,725 |
| Closing shareholders' funds                     | 2,958 | 1,882 | 2,985 |

Note – opening shareholders' funds in the reconciliation for the year ended 31 March 2006 are stated after charging a prior year adjustment of £290,000.

# Notes to the Interim Statements

for the six months ended 30 September 2006

## 1. Basis of Accounting

The interim accounts have been prepared in compliance with IAS 34 'Interim Financial Reporting' and on the basis of accounting policies set out in the Group's financial statements for the year ended 31 March 2006. The interim accounts were approved by the Board on 29 November 2006 and are unaudited.

Comparative figures for the half year ended 30 September 2005 are extracts from the interim accounts for that period and are also unaudited.

Comparative figures for the year ended 31 March 2006 have been extracted from the financial statements, which have been filed with the Registrar of Companies. The information for the year ended 31 March 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. These were audited and reported upon without qualification by the auditors and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

## 2. Segmental Analysis

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

|   | <b>Revenue<br/>6 months<br/>ended<br/>30 September<br/>2006<br/>£'000</b> | Revenue<br>6 months<br>ended<br>30 September<br>2005<br>£'000 | <b>Result<br/>6 months<br/>ended<br/>30 September<br/>2006<br/>£'000</b> | Result<br>6 months<br>ended<br>30 September<br>2005<br>£'000 |
|---|---|---|--|--|
| <b>Continuing Operations</b>  |   |   |  |  |
| Property  | 91  | 67  | (168)  | (110)  |
| <b>Discontinued Operations</b>  |   |   |  |  |
| Textiles  | —   | 1,335   | —  | 59   |
|   | <hr/>   | <hr/>   | <hr/>  | <hr/>  |
| <b>Total revenue and operating<br/>loss from continuing<br/>and discontinued operations</b> | <b>91</b>   | <b>1,402</b>  | <b>(168)</b>   | <b>(51)</b>  |

# Notes to the Interim Statements

continued

## 3. Exceptional Costs

During the period exceptional costs of £44,000 were incurred in relation to unexpected redundancy and other costs relating to the Worthington Manufacturing Joint Venture agreement with JB Hong Kong. In addition one off costs of £59,000 were incurred in the period in relation to property disposal costs and the preparation of the Class 1 circular required by the London Stock Exchange to approve them.

## 4. Borrowings

On 6 June 2006 following receipt of the Fence Avenue proceeds bank and other loans of £1.672m were repaid in full together with other borrowings leaving the Group with a net cash position.

## 5. 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 2005: 11,807,016 shares) and on a loss after taxation of £27,000 (six months to 30 September 2005: loss of £133,000).

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

There is no difference between basic and diluted loss per share.

## 6. 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.