



WORTHINGTON

**Worthington Group plc**  
Interim Report  
for the half year ended 30 September 2010

Company number: 527186



# Chairman's Statement

The Company recorded a loss of £162,000 (2009: £72,000) for the period after all head office and pension scheme costs. This includes non-cash charges in the period of £39,000 (2009: £50,000) in respect of our share of losses in our associate Trimmings by Design together with £121,000 (2009: £83,000) in relation to pension scheme finance costs.

Trimmings by Design continues to trade at a loss. Trimmings Directors believe they will return to profitability next year but we remain concerned as to the costs within the business. We intend to seek the appointment of Peter Townsend to the Board of Trimmings as our Company representative and feel this will provide us with a better understanding of the business and help us determine how best to proceed.

The proposed new medical centre for the Keighley site has not progressed and we do not feel that this is likely to proceed any further especially given current public sector spending cuts. We are however aware of other potential opportunities for the site and consultations are currently underway as to how best to proceed. Inevitably any potential development proposals will require us to invest funds without any guarantee of success. Indeed some funds have already been committed in order to prepare the site and begin the planning process for a scheme that we believe is viable.

The main tenant in the Keighley property has indicated that they are likely to relocate their operation at the expiry of their current lease in October 2011. We believe it would be extremely difficult to find another tenant and are considering if it would be better to demolish the building, removing the requirement to pay rates and in preparation for any potential redevelopment.

The draft results of the full triennial actuarial pension scheme valuation as at 5 April 2010 have been received by the Trustees. Although Worthington's covenant is not improving year on year the Scheme Trustees are mindful of the changes and opportunities that the new management are exploring and negotiations to agree a deficit reduction plan are ongoing.

Rental income and expenses are in line with our budgets although we do anticipate that our cost base will increase as we fully investigate the development potential and other opportunities that we may wish to put before the shareholders. We continue to monitor the pension scheme investments and liabilities, which continue to represent the key risk to the Company at present.

Details of our principal risk factors can be found in the Director's Report on page 3 of the 2010 Annual Report and Accounts. There have been no significant changes to the principal risks in the half year to 30 September 2010.

We continue to actively investigate other opportunities for the Company whilst determining the most effective proposal to enable us to obtain planning permission for the redevelopment of the property. This is my first communication with you as Chairman since Peter and I were appointed to the Board in July. I believe we have made considerable progress since that appointment and I anticipate that by the time we publish our year end results we will have materially enhanced the commercial position and future prospects of the Company.

**A R Cooke**

*Chairman*

28 October 2010

This interim report may contain forward-looking statements based on current expectations of, and assumptions and forecasts made by management. Various known and unknown risks, uncertainties and other factors could lead to substantial differences between the actual future results and, financial situation development or performance of the Company and the estimates and historical results given herein. Undue reliance should not be placed on forward looking statements which speak only as at the date of this document. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

# Income Statement

for the six months ended 30 September 2010

	Unaudited 6 months ended 30 September 2010 £'000	Unaudited 6 months ended 30 September 2009 £'000	Audited Year ended 31 March 2010 £'000
<b>Continuing operations</b>			
Revenue	69	91	147
Cost of sales	(11)	(12)	(12)
	<hr/>	<hr/>	<hr/>
<b>Gross profit</b>	<b>58</b>	<b>79</b>	<b>135</b>
Administrative expenses	(87)	(99)	(74)
	<hr/>	<hr/>	<hr/>
<b>Operating loss</b>	<b>(29)</b>	<b>(20)</b>	<b>(61)</b>
Investment revenues	27	81	169
Finance costs	(121)	(83)	(242)
Share of results of associates	(39)	(50)	(79)
Provision for impairment losses	–	–	(225)
	<hr/>	<hr/>	<hr/>
<b>Loss before taxation</b>	<b>(162)</b>	<b>(72)</b>	<b>(316)</b>
Taxation	–	–	–
	<hr/>	<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>	<b>(162)</b>	<b>(72)</b>	<b>(316)</b>
	<hr/>	<hr/>	<hr/>
<b>Loss per share</b>			
Basic	(1.4p)	(0.6p)	(2.7p)
	<hr/>	<hr/>	<hr/>
Fully diluted	N/A	N/A	N/A
	<hr/>	<hr/>	<hr/>

# Statement of Comprehensive Income

	Unaudited 6 months ended 30 September 2010 £'000	Unaudited 6 months ended 30 September 2009 £'000	Audited Year ended 31 March 2010 £'000
<b>Loss for the period</b>	<b>(162)</b>	<b>(72)</b>	<b>(316)</b>
Actuarial loss on retirement benefit obligation	–	–	(539)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>	<b>(162)</b>	<b>(72)</b>	<b>(855)</b>
	<hr/>	<hr/>	<hr/>

# Statement of Financial Position

at 30 September 2010

	Unaudited 30 September 2010 £'000	Unaudited 30 September 2009 £'000	Audited 31 March 2010 £'000
<b>Non-current assets</b>			
Investment property	1,800	1,800	1,800
Interests in associates	86	378	125
Other financial assets	800	800	800
	<hr/> 2,686	<hr/> 2,978	<hr/> 2,725
<b>Current assets</b>			
Trade and other receivables	60	679	15
Cash and bank balance	687	169	831
	<hr/> 747	<hr/> 848	<hr/> 846
<b>Total assets</b>	<hr/> 3,433	<hr/> 3,826	<hr/> 3,571
<b>Current liabilities</b>			
Trade and other payables	(92)	(179)	(99)
<b>Non-current liabilities</b>			
Retirement benefit obligation	(3,271)	(2,632)	(3,240)
	<hr/> (3,363)	<hr/> (2,811)	<hr/> (3,339)
<b>Total liabilities</b>	<hr/> (3,363)	<hr/> (2,811)	<hr/> (3,339)
<b>Net assets</b>	<hr/> 70	<hr/> 1,015	<hr/> 232
<b>Equity</b>			
Called up share capital	11,807	11,807	11,807
Share premium account	9,836	9,836	9,836
Retained earnings	(21,573)	(20,628)	(21,411)
	<hr/> 70	<hr/> 1,015	<hr/> 232
<b>Total equity</b>	<hr/> 70	<hr/> 1,015	<hr/> 232

# Statement of Changes in Equity

for the periods to 30 September 2010

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 April 2009</b>	11,807	9,836	(20,556)	1,087
Total comprehensive income for the period	—	—	(72)	(72)
<b>As at 30 September 2009</b>	11,807	9,836	(20,628)	1,015
Total comprehensive income for the period	—	—	(783)	(783)
<b>As at 31 March 2010</b>	11,807	9,836	(21,411)	232
Total comprehensive income for the period	—	—	(162)	(162)
<b>As at 30 September 2010</b>	<b>11,807</b>	<b>9,836</b>	<b>(21,573)</b>	<b>70</b>

## Cash Flow Statement

for the six months ended 30 September 2010

	<b>Unaudited 6 months ended 30 September 2010 £'000</b>	Unaudited 6 months ended 30 September 2009 £'000	Audited Year ended 31 March 2010 £'000
<b>Cash flow from operating activities</b>			
Operating (loss)/profit for the period	(29)	(20)	61
Movement in trade and other receivables	(45)	63	70
Movement in trade and other payables	19	(3)	(83)
Payments to retirement benefit scheme	(90)	(92)	(182)
<b>Net cash outflow from operating activities</b>	<b>(145)</b>	<b>(52)</b>	<b>(134)</b>
<b>Cash flows from investing activities</b>			
Interest received	1	27	169
Loans advanced	—	(602)	(602)
Loans repaid	—	—	602
<b>Net cash from/(used in) investing activities</b>	<b>1</b>	<b>(575)</b>	<b>169</b>
(Decrease)/increase in cash and cash equivalents	(144)	(627)	35
Cash and cash equivalents at the beginning of the period	831	796	796
Cash and cash equivalents at end of period	687	169	831

Cash and cash equivalents comprise cash held at bank.

# Independent Review Report to Worthington Group plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the cash flow statement and related notes. We have read the other information in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

## Our responsibilities

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom, this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity.' A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**UHY Hacker Young Manchester LLP**  
*Chartered Accountants and Statutory Auditors*  
Manchester, UK

28 October 2010

# Notes to the Interim Statements

for the six months ending 30 September 2010

## 1. General information

Worthington Group plc is a company incorporated in the United Kingdom. The Company has its primary listing on the London Stock Exchange.

These condensed interim financial statements were approved for issue on 28 October 2010. These interim financial statements do not constitute statutory accounts as defined by section 434 of the Companies Act 2006. Full accounts of the Company for the year ended 31 March 2010 on which the auditors gave an unqualified report, have been delivered to the Registrar of Companies.

## 2. Basis of preparation

These condensed interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with IFRS's as adopted by the European Union.

## 3. Significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following revised Standards and Interpretations were effective in the current year whilst they have not had any impact on these condensed interim financial statements but may do so in the future.

- IAS 1 – Presentation of financial statements
- IAS 7 – Statement of Cash Flows
- IAS 17 – Leases
- IAS 28 – Investments in Associates
- IAS 31 – Interest in Joint Ventures
- IAS 32 – Financial instruments: Presentation
- IAS 36 – Impairment of Assets
- IAS 38 – Intangible assets: Recognition and Measurement
- IAS 39 – Financial instruments: Recognition and Measurement
- IFRS 2 – Share-based payment
- IFRS 3 – Business combinations
- IFRS 5 – Non-current assets held for sale
- IFRS 8 – Operating Segments



# Notes to the Interim Statements – continued

## 3. Significant accounting policies – continued

At the date of authorisation of these condensed interim financial statements, the following Standards and interpretations which have not been applied in these financial statements were in issue but not yet effective. The Directors do not expect the adoption of these in future periods will have material impact on the financial statements of the Company.

- IAS 1 – Presentation of financial statements (revised May 2010)
- IAS 24 – Related Party Disclosures (revised November 2009)
- IAS 27 – Consolidated and Separate Financial Statements (revised May 2010)
- IAS 34 – Interim Financial Reporting (revised May 2010)
- IFRS 1 – First time adoption of IFRS (revised May 2010)
- IFRS 3 – Business combinations (revised May 2010)
- IFRS 7 – Financial instruments disclosure (revised May 2010)
- IFRS 9 – Financial Instruments – Classification and Measurement (revised November 2009)

## 4. Segmental analysis

The Company only has one operating segment relating to property rental and management. Disclosure is in accordance with IAS 34. All operations are continuing and in the UK.

## 5. Earnings per share

The calculation of basic and diluted earnings per share is based upon the (loss)/profit for the period and the weighted average number of shares in issue during the period.

	<b>Unaudited 6 months ended 30 September 2010 No.</b>	Unaudited 6 months ended 30 September 2009 No.	Audited Year ended 31 March 2010 No.
Weighted average number of shares	<b>11,807,013</b>	11,807,013	11,807,013
	<b>Unaudited 6 months ended 30 September 2010 pence</b>	Unaudited 6 months ended 30 September 2009 pence	Audited Year ended 31 March 2010 pence
Loss per share	<b>(1.4p)</b>	(0.6p)	(2.7p)

There is no difference between basic and diluted earnings per share in either period.

# Notes to the Interim Statements – continued

## 6. Directors' Statement of Responsibilities

The Directors confirm to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- The interim management report includes a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and
- The interim management report includes a fair review of the information required by DTR 4.2.8R being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

**Peter Townsend**  
28 October 2010

**Anthony Cooke**  
28 October 2010

## 7. Related party transactions

Included in other financial assets are loan notes of £800,000 (31 March 2010: £800,000) due from Trimmings by Design Limited an associated company in which the Company has a 44% interest. The loan notes are subject to interest at 6.5% amounting to an interest revenue for the period of £26,000 (6 months to 30 September 2009: £26,000) and as at the period end there was £39,000 (31 March 2010: £13,000) of unpaid interest within Trade and other receivables.

## 8. Availability of Interim Report

A copy of this report is available on the Company's website at [www.worthingtongroupplc.co.uk](http://www.worthingtongroupplc.co.uk). Copies are being sent to shareholders and are also available from The Secretary, Worthington Group plc, 1 The Green, Richmond, Surrey TW9 1PL.



