



Company Number: 2402219

# Interim Report & Accounts 2012



# Report 2012

# Billington Holdings Plc

## Directors

P. K. Hems	Executive Chairman
S. G. T. Fareham	Chief Executive
J. S. Gordon	Non Executive Director
T. M. Taylor	Financial Director

## Secretary

L. S. Holloway

## Registered Office

**Billington Holdings Plc**

Steel House, Barnsley Road, Wombwell, Barnsley, S73 8DS

e [info@billington-holdings.plc.uk](mailto:info@billington-holdings.plc.uk)

w [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk)

## Registrar and Main Transfer Office

**Capita Registrars**

Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA

## Nominated Advisor and Broker

**WH Ireland Limited,**

Royal House, 28 Sovereign Street, Leeds, LS1 4BJ

## Auditors

**Grant Thornton UK LLP**

Registered Auditors, Chartered Accountants, Regent House, 80 Regent Road, Leicester, LE1 7NH

## Bankers

**HSBC Bank plc,**

4th Floor, City Point, 29 King Street, Leeds, LS1 2HL

## Solicitors

**Shoosmiths**

Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham, NG2 2DQ

Interim results will be circulated to Shareholders and copies of the announcement will be available from the Company's registered office. Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

Registered in England and Wales, Company No. 2402219.

# Chief Executive's Statement

## Introduction

I am able to report results for Billington Holdings plc for the six months ended 30 June 2012 which are broadly in line with market expectations. Trading conditions continue to remain difficult, however, our stability and return to profitability initiative is beginning to yield improvements in the business.

## Results

I am happy to report that the trading position of the Group for the six months to June 2012 yielded a trading profit of £0.1 million after adjusting for redundancy costs incurred in the period of £0.3 million. The equivalent period in 2011 resulted in a loss being incurred of £0.6 million.

Group revenue decreased by 12% on the equivalent period in 2011, primarily as a result of reverting back to a single shift arrangement within the Group's main business of Billington Structures Limited in a conscious effort to target added value work and not production volumes whilst there remains overcapacity within the structural steel market.

## Businesses

### Structural Steel

Based in Barnsley and Bristol, Billington Structures' main business is the design, fabrication and erection of structural steelwork for a wide variety of sectors, including supermarkets, education,

commercial buildings, waste and military establishments. Investigation of alternative markets and products remains firmly on track and we are hopeful that some of these will come to fruition in the second half of 2012. After a difficult start to the year with significant redundancies and changes in positions the new management team have settled well into their respective roles. The disputed contracts that severely affected our 2011 performance have all been satisfactorily resolved.

The transition to single shift operations at both factories has significantly reduced our output but there have been notable improvements in operational efficiencies. Tubecon, our specialist tubular and complex steelwork division, has undertaken a number of high profile technically challenging projects during the period.

Our joint venture, BS2, with Bourne Construction remains focussed and a number of large projects have been bid to date with further expected to follow.

Peter Marshall Steel Stairs has re-established itself as a major player in the UK steel staircase market and order intakes through recent weeks have been encouraging.

## Safety Solutions

Based in Tuxford, North Nottinghamshire, easi-edge's main business is the hire of patented safety barriers to the UK steel and timber frame construction industries. Pressure has been growing on the use of such barriers with contractors clearly cutting costs and in some cases standards. This, when coupled with a reduction in intra Group orders, has seen a significant reduction in its utilisation.

Our hoard-it site hoardings division, based in Wombwell, after a slow start to 2012 has seen a period of rapid expansion. The percentage of products hired to major contractors has increased, necessitating a revision to its former business model that anticipated the product would be primarily sale.

## Earnings per Share

Loss per share from continuing operations was 1.3 pence in the period compared with a loss per share of 3.5 pence for the corresponding period in 2011.

## Dividend

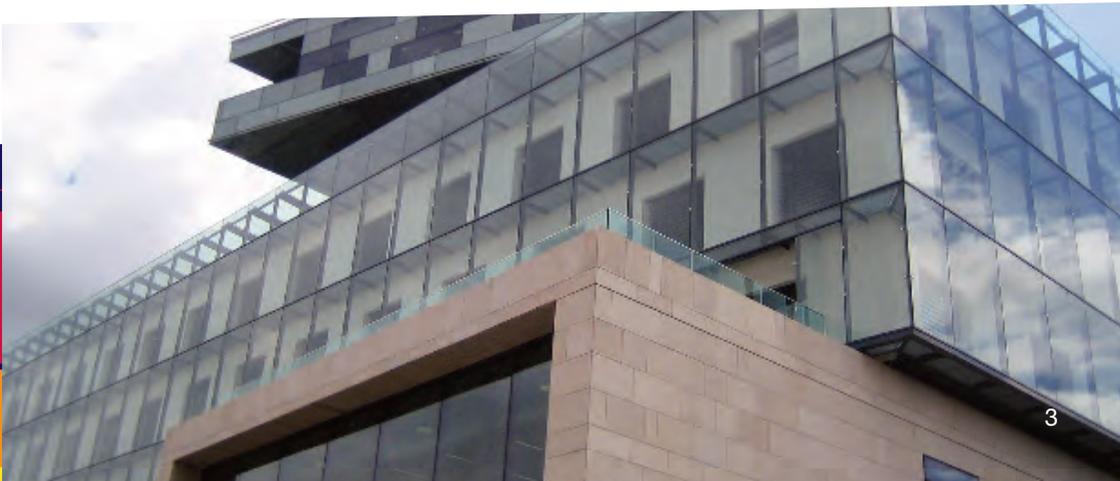
The Directors have once again reluctantly decided not to pay an interim dividend at the current time (2011 – no interim dividend) in order to maintain cash reserves in what continues to be an unstable market.

## Liquidity and Capital Resources

The Group had a cash balance of £1.1 million at 30 June 2012, compared with £1.8 million at 31 December 2011 and £2.7 million at 30 June 2011. The net cash flow from operating activities during the period amounted to an outflow of £0.6 million, which was primarily attributable to a decrease in the level of trade and other payables, net of smaller decreases in trade and other receivables and inventories and work in progress since 31 December 2011. The net cash flow from investing activities amounted to an outflow of £0.1 million, with the majority of the capital expenditure related to additional hire products for easi-edge.

The Group continues to support its supply chain in this difficult trading environment and pay suppliers within agreed terms.

In the current climate of uncertainty for the construction industry generally, the Board considers that having a strong balance sheet with adequate available cash resources and bank facilities enables the Group to be well placed to take advantage of the slow but inevitable economic recovery.



# Chief Executive's Statement

## Pension

The Group's remaining final salary pension scheme completed its triennial valuation in the period. Additional pension contributions were paid to the scheme over the six months to June 2012 of £0.2 million. The Group remains committed to the scheme and achieving its overall objective of realising the buyout funding level.

## Prospects

Prospects for the sectors in which we operate remain challenging. We expect current margins on contracts to be slender throughout the remainder of 2012, with a further small element of recovery in 2013.

There have been a number of business failures in the steelwork contracting sector during the period and we would be surprised not to see more in Q3 and Q4. TATA's forecast for the sector does indicate some slight growth for both 2012 and 2013.

We are mid way through a full review of how we market and promote all of the Group's activities. We anticipate that by the end of 2012 we will be in a better position to offer our various customers a wider range of products and services and to gain entry into alternative market sectors.

I believe that Billington possesses the balance sheet, vision, experience and expanding industry relationships to enable it to move forward, further increase market share and become the preferred supplier of structural steelwork and related activities across the industry.

## Board and Employees

Finally, I would like to thank my colleagues on the board and all of our loyal employees and stakeholders for their continued support through the difficult but rewarding journey towards our goal of *'Stability and a return to Profitability'*.

May I also wish Darren Kemplay, our HR manager, and Les Holloway, our Company Secretary, speedy recoveries and returns to work after protracted periods of illness.



Steve Fareham  
Chief Executive  
11 September 2012

# Financial Review

## Condensed consolidated interim income statement

Six months ended 30th June 2012

	Unaudited Six months to 30th June 2012 £000	Unaudited Six months to 30th June 2011 £000	Audited Twelve months to 31st December 2011 £000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>20,108</b>	22,768	53,878
(Decrease)/increase in work in progress	<u>(1,805)</u>	<u>4,728</u>	<u>1,179</u>
	<b><u>18,303</u></b>	<b><u>27,496</u></b>	<b><u>55,057</u></b>
Raw material and consumables	<b>10,783</b>	18,699	38,296
Other external charges	<b>1,412</b>	1,767	3,408
Staff costs	<b>5,067</b>	6,535	12,948
Redundancy	<b>251</b>	0	472
Depreciation	<b>570</b>	645	1,265
Other operating charges	<b>403</b>	411	908
	<b><u>18,486</u></b>	<b><u>28,057</u></b>	<b><u>57,297</u></b>
<b>Group operating loss</b>	<b>(183)</b>	(561)	(2,240)
Share of post tax profit in joint ventures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total operating loss</b>	<b>(183)</b>	(561)	(2,240)
Net finance (cost)/income	<b>(17)</b>	6	(7)
Other finance income - pension scheme	<b>0</b>	0	88
	<b><u>(200)</u></b>	<b><u>(555)</u></b>	<b><u>(2,159)</u></b>
<b>Loss before tax</b>	<b>(200)</b>	(555)	(2,159)
Tax	<b>52</b>	145	430
	<b><u>(148)</u></b>	<b><u>(410)</u></b>	<b><u>(1,729)</u></b>
<b>Loss for the period from continuing operations and attributable to equity holders of the parent company</b>	<b>(148)</b>	(410)	(1,729)
<b>Loss per share (basic and diluted) from continuing operations</b>	<b>(1.3 p)</b>	(3.5 p)	(14.9 p)
<b>Dividends per share</b>	<b>0.00 p</b>	0.00 p	0.00 p

Loss per ordinary share has been calculated on the basis of the result for the period after tax, divided by the weighted average number of ordinary shares in issue in the period, excluding those held in the ESOP Trust, of 11,581,408. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 11,587,408 for the period to 30 June 2011 and 11,586,616 for the year ended 31 December 2011.

# Financial Review

## Condensed consolidated interim balance sheet

As at 30th June 2012

	Unaudited Six months to 30th June 2012 £000	Unaudited Six months to 30th June 2011 £000	Audited Twelve months to 31st December 2011 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,389	8,801	8,857
Pension assets	327	371	327
Investment in joint ventures	0	0	0
Deferred tax asset	862	465	810
<b>Total non current assets</b>	<b>9,578</b>	<b>9,637</b>	<b>9,994</b>
<b>Current assets</b>			
Inventories and work in progress	5,996	11,415	7,794
Trade and other receivables	4,332	4,226	5,955
Current tax receivable	0	24	0
Cash and cash equivalents	1,119	2,707	1,839
<b>Total current assets</b>	<b>11,447</b>	<b>18,372</b>	<b>15,588</b>
<b>Total assets</b>	<b>21,025</b>	<b>28,009</b>	<b>25,582</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of long term borrowings	49	0	49
Trade and other payables	7,921	13,802	12,314
Current tax payable	9	0	9
<b>Total current liabilities</b>	<b>7,979</b>	<b>13,802</b>	<b>12,372</b>
<b>Non current liabilities</b>			
Long term borrowings	397	0	413
Total non current liabilities	397	0	413
Total liabilities	8,376	13,802	12,785
<b>Net assets</b>	<b>12,649</b>	<b>14,207</b>	<b>12,797</b>
<b>Equity</b>			
Share capital	1,293	1,293	1,293
Share premium	1,864	1,864	1,864
Capital redemption reserve	132	132	132
Other reserve	(909)	(902)	(909)
Accumulated profits	10,269	11,820	10,417
<b>Total equity</b>	<b>12,649</b>	<b>14,207</b>	<b>12,797</b>

## Condensed consolidated interim statement of comprehensive income

Six months ended 30th June 2012

	Unaudited Six months to 30th June 2012	Unaudited Six months to 30th June 2011	Audited Twelve months to 31st December 2011
	£000	£000	£000
<b>Loss for the period</b>	<b>(148)</b>	<b>(410)</b>	<b>(1,729)</b>
<b>Other comprehensive income</b>			
Actuarial loss recognised in the pension scheme	0	0	(134)
Movement on deferred tax relating to pension liability	0	0	26
Current tax relating to pension liability	0	0	24
Other comprehensive income, net of tax	<u>0</u>	<u>0</u>	<u>(84)</u>
Total comprehensive income for the period attributable to equity holders of the parent company	<u><b>(148)</b></u>	<u><b>(410)</b></u>	<u><b>(1,813)</b></u>



# Financial Review

## Condensed consolidated interim statement of changes in equity

(Unaudited)

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Other Reserve (ESOP) £000	Profit & Loss & Account £000	Total Equity £000
<b>At 1st January 2011</b>	1,293	1,864	132	(902)	12,230	14,617
<b>Transactions with owners</b>	0	0	0	0	0	0
Loss for the six months to 30th June 2011	0	0	0	0	(410)	(410)
<b>Total comprehensive income for the period</b>	0	0	0	0	(410)	(410)
<b>At 30th June 2011</b>	1,293	1,864	132	(902)	11,820	14,207
<b>At 1st July 2011</b>	1,293	1,864	132	(902)	11,820	14,207
ESOP movement in period	0	0	0	(7)	0	(7)
<b>Transactions with owners</b>	0	0	0	(7)	0	(7)
Loss for the six months to 31st December 2011	0	0	0	0	(1,319)	(1,319)
<b>Other comprehensive income</b>						
Actuarial loss recognised in the pension schemes	0	0	0	0	(134)	(134)
Income tax relating to components of other comprehensive income	0	0	0	0	50	50
<b>Total comprehensive income for the period</b>	0	0	0	0	(1,403)	(1,403)
<b>At 31st December 2011</b>	1,293	1,864	132	(909)	10,417	12,797
<b>At 1st January 2012</b>	1,293	1,864	132	(909)	10,417	12,797
<b>Transactions with owners</b>	0	0	0	0	0	0
Loss for the six months to 30th June 2012	0	0	0	0	(148)	(148)
<b>Total comprehensive income for the period</b>	0	0	0	0	(148)	(148)
<b>At 30th June 2012</b>	1,293	1,864	132	(909)	10,269	12,649

## Condensed consolidated interim cash flow statement

Six months ended 30th June 2012

	Unaudited Six months to 30th June 2012 £000	Unaudited Six months to 30th June 2011 £000	Audited Twelve months to 31st December 2011 £000
<b>Cash flows from operating activities</b>			
Group loss after tax	(148)	(410)	(1,729)
Tax received	0	127	150
Interest received	0	6	12
Depreciation on property, plant and equipment	570	645	1,265
Difference between pension charge and cash contributions	(167)	0	(2)
Loss/(profit) on sale of property, plant and equipment	28	1	(68)
Tax expense recognised in income statement	(52)	(145)	(430)
Net finance cost/(income)	17	(6)	(81)
Decrease/(increase) in inventories and work in progress	1,798	(4,882)	(1,261)
Decrease/(increase) in trade and other receivables	1,790	(980)	(2,709)
(Decrease)/increase in trade and other payables	(4,393)	4,232	2,744
<b>Net cash flow from operating activities</b>	<u>(557)</u>	<u>(1,412)</u>	<u>(2,109)</u>
<b>Cash flows from investing activities</b>			
Interest paid	(17)	0	(19)
Purchase of property, plant and equipment	(135)	(738)	(1,969)
Proceeds from sale of property, plant and equipment	5	3	627
<b>Net cash flow from investing activities</b>	<u>(147)</u>	<u>(735)</u>	<u>(1,361)</u>
<b>Cash flows from financing activities</b>			
Equity dividends paid	0	0	0
Proceeds of bank and other loans	0	0	469
Repayment of bank and other loans	(16)	0	(7)
Employee Share Ownership Plan share purchases	0	0	(7)
<b>Net cash flow from financing activities</b>	<u>(16)</u>	<u>0</u>	<u>455</u>
Net decrease in cash and cash equivalents	(720)	(2,147)	(3,015)
Cash and cash equivalents at beginning of period	1,839	4,854	4,854
Cash and cash equivalents at end of period	<u>1,119</u>	<u>2,707</u>	<u>1,839</u>

## Notes to the interim accounts - as at 30th June 2012

### Segmental Reporting

The continuing operations of Billington Holdings plc operate only in Structural Steel. The Structural Steel segment includes the activities of Billington Structures Limited, Peter Marshall Steel Stairs Limited and easi-edge Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed with Structural Steel. All assets of the Group reside in the UK.

### Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2012. They have been prepared with regard to the requirements of IFRS. The financial information set out in these consolidated interim financial statements does not constitute statutory accounts as defined in S434 of the Companies Act 2006. They do not include all of the information required for full annual

financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under S498 of the Companies Act 2006.

These consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

### Dividends

In the first half of 2012 Billington Holdings Plc has not declared a final dividend in respect of 2011 to its equity shareholders (2011: nil). No interim dividend for 2012 has been declared (2011: nil).

These results were approved by the Board of Directors on 10 September 2012.



