Press Release *13 September 2011*

Billington Holdings Plc

Billington Holdings Plc
("Billington" or "the Group")
Interim Results

Billington Holdings Plc (AIM:BILN), one of the UK's leading structural steel and construction safety solutions specialists, today announces its interim results for the six months ended 30 June 2011.

	2011	2010
Revenue	**£22.8 million**	**£21.3 million**
(Loss)/profit before tax from continuing operations	**(£0.6 million)**	**£1.1 million**
Overall (loss)/profit for the half year	**(£0.4 million)**	**£0.8 million**
Cash and cash equivalents	**£2.7 million**	**£6.9 million**
(Loss)/earnings per share from continuing operations	**(3.5 pence)**	**6.7 pence**
Total dividend payment	**0 pence**	**2.75 pence**

Highlights

- Results in line with expectations
- Seven per cent increase on revenue growth, albeit at depressed margins, is an indicator of the Group's growing market share
- Joint Venture with Bourne Steel to form BS2 enables the Group to bid for larger projects
- Acquisition of Marshall Steel Stairs, a complementary business with an excellent reputation
- Sustained growth in 'easi-edge' and 'hoard-it' due to high utilisation of products and continued growth in market share.

Commenting on the results, Steve Fareham, Chief Executive of Billington Holdings, said:

"Throughout the first six months of 2011 the markets have remained challenging, but I am happy to say that we have managed to grow revenues, albeit at tight margins. We have made a number of decisions, which we believe will position us well for the long term growth of the business, including the formation of BS2 and the acquisition of Peter Marshall Steel Stairs Limited. The formation of BS2 was well received by the industry and will enable us to bid for bigger projects, whilst the acquisition of Peter Marshall was timely and complemented our own business.

"We are under no illusions, even though we expect margin pressures to ease in 2012; we realise that the construction market recovery will be a slow one. We remain cautious going forward, whilst positioning ourselves for growth. We have a strong balance sheet, the industry knowledge and relationships, to provide us with a degree of confidence in the current market conditions and look to 2012 with cautious optimism."

- Ends -

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Chief Executive's Statement

Introduction

I am pleased to report results for Billington Holdings plc for the six months ended 30 June 2011 which are in line with market expectations. Trading conditions in the UK construction sector remain extremely challenging.

Results

Group revenue increased by seven per cent on the equivalent period in 2010, but operating profit has fallen from £1.1 million in 2010 to a loss of £0.6 million before taxation on continuing operations in 2011. Loss after taxation for the period was £0.4 million compared with a profit of £0.8 million in 2010, after taking account of discontinued operations.

Businesses

Structural Steel

Based in Barnsley and Bristol, Billington Structures Limited's ("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.

The protracted and difficult economic conditions in the UK remain, and, the directors believe that when combined with a capacity imbalance of steelwork contractors, this has resulted in margins remaining poor.

Billington Structures has been successful in winning a number of major contracts over the period, which has allowed both of its manufacturing facilities to operate at near maximum capacity. Continuing to maintain workload has been crucial and a number of new initiatives have been implemented in an effort to diversify into less competitive markets. A series of management changes have also been introduced, including the appointment of a sales director.

Tubecon, Billington Structure's specialist tubular and complex steelwork division, continues to make progress and has completed a number of contracts in the period, with further opportunities presenting themselves going forward. The division has been particularly successful in developing opportunities with customers and markets that are new to us.

Billington Structures has formally launched its joint venture, BS2 (2011) Limited ("BS2"), with Bourne Construction in order to offer the UK construction sector an alternative major steelwork contractor. The introduction of a third player into the large project environment seems to have been well received in the market and it is hoped it will yield opportunities in the very near future.

Acquisition

On 22 March 2010 Billington acquired the trade and assets of Peter Marshall (Fire Escapes) Limited (In administration). These were placed into a wholly owned subsidiary, Peter Marshall Steel Stairs Limited. The acquisition represented a strategic move to acquire a complementary business with an excellent reputation in its market, and, with an influx of new orders, the facility remains busy.

On 2 September 2011 Billington Holdings Plc exchanged contracts on the premises currently occupied by Peter Marshall with a view to completing the property acquisition in the near future. Acquiring the property demonstrates our ongoing commitment to the business.

Safety Solutions

Based in Tuxford, North Nottinghamshire, easi-edge Limited's ("easi-edge") main business is the design, logistics management and hire of patented safety barriers to the UK steel and timber frame construction industry. With an ever growing market share, the business has been less impacted by the downturn in the construction industry. Utilisation of our hire equipment is running at an average rate of 90% year to date and has again necessitated a further programme of capital expenditure of new barriers, due to contracted commitments for the second half of the year.

Our 'hoard-it' site hoardings division, based in Wombwell, has seen a period of rapid expansion. The inherent benefits of the product are being increasingly recognised by many of the UK's largest contractors.

Earnings per Share

Loss per share from continuing operations was 3.5 pence in the period compared with earnings per share of 6.7 pence for the corresponding period in 2010. The corresponding figure for the whole of 2010 was 8.3 pence per share.

Dividend

The Directors have reluctantly decided, because of the current sustained difficult economic environment and a desire to maintain cash resources within the Group, not to pay an interim dividend at the current time (2010 – interim dividend of 2.75 pence per share).

Liquidity and Capital Resources

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

The Group had a cash balance of £2.7 million at 30 June 2011, compared with £4.9 million at 31 December 2010 and £6.9 million at 30 June 2010. The net cash flow from operating activities during the period amounted to an outflow of £1.4 million, which was primarily attributable to an increase in the level of inventories and work in progress, net of a smaller related increase in trade and other payables, since 31 December 2010. The net cash flow from investing activities amounted to an outflow of £0.7 million; the majority of the capital expenditure related to additional products for easi-edge, but £98,000 was spent on acquiring assets for Peter Marshall.

Prospects

Prospects for the sectors in which we operate remain challenging. We expect current margins on contracts to be slender throughout the remainder of 2011, however, there are signs of an improved market in 2012, and we would expect margins to show some recovery in 2012.

The directors believe the number of business failures in the steelwork contracting sector remains relatively small, although with further increasing steel prices, recently announced, coupled with a harsh stance being taken by credit insurers, the directors believe there will inevitably be further casualties. Billington maintains a strong cash position and selectively and strategically evaluates any opportunities that arise.

The directors intend to capitalise on the continued progress of our hoard-it and Tubecon divisions by developing these products in order to increase the contribution they are making at Group level.

BS2, our joint venture, is gathering momentum following its official launch with keen interest being displayed from a number of leading developers. The Board remains positive that this unique and complementary initiative will continue to develop through the second half of 2011 and into 2012.

The directors believe Billington possesses the balance sheet, industry relationships and successful initiatives to enable it to progress through the difficult continuing economic environment and place the Group in the best position to take advantage of the inevitable but slow economic recovery.

Board and Employees

Finally, I would like to thank my colleagues on the board and all of our loyal employees for their loyalty and continued support through these unprecedented economic times.

Condensed consolidated interim income statement

Six months ended 30th June 2011

	Unaudited Six months to 30th June 2011	Unaudited Six months to 30th June 2010	Audited Twelve months to 31st December 2010
	£000	£000	£000
Continuing operations			
Revenue	**22,768**	21,306	42,295
Increase in work in progress	**4,728**	504	640
	27,496	21,810	42,935
Raw material and consumables	**18,699**	12,957	25,212
Other external charges	**1,767**	1,488	2,638
Staff costs	**6,535**	5,421	11,712
Depreciation	**645**	544	1,151
Other operating charges	**411**	286	879
	28,057	20,696	41,592
Operating (loss)/profit	**(561)**	1,114	1,343
Finance cost	**0**	(75)	(77)
Finance income	**6**	31	64
Other finance income	**0**	15	39
(Loss)/profit before taxation	**(555)**	1,085	1,369
Tax	**145**	(304)	(412)
(Loss)/profit for the period from continuing operations	**(410)**	781	957
Discontinued operations			
Loss for the period from discontinued operations	**0**	(313)	(313)
Profit on disposal of discontinued operations	**0**	290	178
Loss for the period attributable to equity holders of the parent company	**(410)**	758	822

(Loss)/earnings per share (basic and diluted) from continuing operations	**(3.5 p)**	6.7 p	8.3 p
Loss per share (basic and diluted) from discontinued operations	**0.0 p**	(2.7 p)	(2.7 p)
(Loss)/earnings per share (basic and diluted) from continuing and discontinued operations	**(3.5 p)**	6.5 p	7.1 p
Dividends per share	0.00 p	2.75 p	2.75 p

Earnings per ordinary share have 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 11,587,408. 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 2010 and 11,586,616 for the year ended 31 December 2010.

Condensed consolidated interim balance sheet

As at 30th June 2011

	Unaudited Six months to 30th June 2011 £000	Unaudited Six months to 30th June 2010 £000	Audited Twelve months to 31st December 2010 £000
Assets			
Non current assets			
Property, plant and equipment	**8,801**	8,087	8,712
Pension assets	**371**	0	371
Deferred tax assets	**465**	707	320
Total non current assets	**9,637**	8,794	9,403
Current assets			
Inventories and work in progress	**11,415**	6,319	6,533
Trade and other receivables	**4,226**	5,450	3,246
Current tax receivable	**24**	0	151
Cash and cash equivalents	**2,707**	6,939	4,854
Total current assets	**18,372**	18,708	14,784
Total assets	**28,009**	27,502	24,187

Liabilities			
Current liabilities			
Trade and other payables	**13,802**	12,535	9,570
Current tax payable	**0**	158	0
Total current liabilities	**13,802**	12,693	9,570
Non current liabilities			
Pension liabilities	**0**	150	0
Total non current liabilities	**0**	150	0
Total liabilities	**13,802**	12,843	9,570
Net assets	**14,207**	14,659	14,617
Equity			
Called up share capital	**1,293**	1,293	1,293
Share premium	**1,864**	1,864	1,864
Capital redemption reserve	**132**	132	132
Other reserve	**(902)**	(901)	(902)
Accumulated profits	**11,820**	12,271	12,230
Total equity	**14,207**	14,659	14,617

Condensed consolidated interim statement of comprehensive income
Six months ended 30th June 2011

	Unaudited Six months to 30th June 2011	Unaudited Six months to 30th June 2010	Audited Twelve months to 31st December 2010
	£000	£000	£000
(Loss)/profit for the period	**(410)**	758	822
Other comprehensive income			
Actuarial gain recognised in the pension scheme	**0**	0	172
Movement on deferred tax relating to pension liability	**0**	0	(149)
Current tax relating to pension liability	**0**	0	100

Other comprehensive income, net of tax	**0**	0	123
Total comprehensive income for the period attributable to equity holders of the parent company	**(410)**	758	945

Note

Actuarial gain recognised in the pension scheme			
Actual return less expected return on pension scheme assets	**0**	0	388
Experience gains and losses arising on the scheme liabilities	**0**	0	7
Changes in assumptions underlying the present value of the scheme liabilities	**0**	0	(223)
	0	0	172

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
Balance at 1st January 2010	1,293	1,864	132	(901)	12,386	14,774
Dividends	0	0	0	0	(873)	(873)
Transactions with owners	0	0	0	0	(873)	(873)
Profit for the six months to 30th June 2010	0	0	0	0	758	758
Total comprehensive income for the period	0	0	0	0	758	758
Balance at 30th June 2010	1,293	1,864	132	(901)	12,271	14,659
Balance at 1st July 2010	1,293	1,864	132	(901)	12,271	14,659
Dividends	0	0	0	0	(228)	(228)
ESOP movement in period	0	0	0	(1)	0	(1)
Transactions with owners	0	0	0	(1)	(228)	(229)
Profit for the six months to 31st December 2010	0	0	0	0	64	64

Other comprehensive income						
Actuarial loss recognised in the pension schemes	0	0	0	0	172	172
Income tax relating to components of other comprehensive income	0	0	0	0	(49)	(49)
Total comprehensive income for the period	0	0	0	0	187	187
Balance at 31st December 2010	1,293	1,864	132	(902)	12,230	14,617
Balance at 1st January 2011	1,293	1,864	132	(902)	12,230	14,617
Transactions with owners	0	0	0	0	0	0
Loss for the six months to 30th June 2011	0	0	0	0	(410)	(410)
Total comprehensive income for the period	0	0	0	0	(410)	(410)
Balance at 30th June 2011	1,293	1,864	132	(902)	11,820	14,207

Condensed consolidated interim cash flow statement

Six months ended 30th June 2011

	Unaudited Six months to 30th June	Unaudited Six months to 30th June	Audited Twelve months to 31st December
	2011	2010	2010
	£000	£000	£000
Cash flows from operating activities			
(Loss)/profit after tax	**(410)**	758	822
Taxation received/(paid)	**127**	(826)	(943)
Interest received	**6**	31	64
Depreciation on property, plant and equipment	**645**	561	1,182
Difference between pension charge and cash contributions	**0**	3	(319)
Loss/(profit) on sale of property, plant and equipment	**1**	0	(7)
Taxation expense recognised in income statement	**(145)**	240	347
Finance (income)/cost	**(6)**	28	(26)

Increase in trade and other receivables	**(980)**	(2,835)	(631)
Increase in inventories and work in progress	**(4,882)**	(85)	(300)
Increase/(decrease) in trade and other payables	**4,232**	2,187	(689)
Profit on disposal of discontinued operations	**0**	(290)	(178)
Net cash flow from operating activities	**(1,412)**	(228)	(678)
Cash flows from investing activities			
Interest paid	**0**	(74)	(77)
Purchase of property, plant and equipment	**(738)**	(545)	(1,817)
Proceeds from sale of property, plant and equipment	**3**	0	36
Net cash inflow from disposal of discontinued operations	**0**	171	4
Net cash flow from investing activities	**(735)**	(448)	(1,854)
Cash flows from financing activities			
Equity dividends paid	**0**	(873)	(1,101)
Employee Share Ownership Plan share purchases	**0**	(3)	(3)
Employee Share Ownership Plan share sales	**0**	3	2
Net cash flow from financing activities	**0**	(873)	(1,102)
Net decrease in cash and cash equivalents	**(2,147)**	(1,549)	(3,634)
Cash and cash equivalents at beginning of period	**4,854**	8,488	8,488
Cash and cash equivalents at end of period	**2,707**	6,939	4,854

Segmental Reporting
As at 30th June 2011

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 operations of Dosco Overseas Engineering Limited (previously Engineering) and Hollybank Engineering Limited (previously Structural Steel) are considered discontinued. 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. The comparative figures for 2009 have been adjusted accordingly. All assets of the continuing Group reside in the UK.

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2011. 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 2010 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 2011 Billington Holdings Plc declared a final dividend in respect of 2010 of nil pence amounting to £nil (2010 6.75 pence - £873,000) to its equity shareholders (including £nil paid to the ESOP). An interim dividend for 2011 of nil pence was declared amounting to £nil (2010 2.75 pence - £356,000).

These results were approved by the Board of Directors on 12 September 2011.

Acquisition

On 22 March 2011, Peter Marshall Steel Stairs Limited, a wholly owned subsidiary of Billington Holdings Plc acquired the trade and assets of Peter Marshall (Fire Escapes) Limited (In Administration), a company based in the UK. The total cost of the acquisition, all of which was paid in cash, includes the components stated below.

Consideration

	£000
Payment to administrators	98
Total consideration transferred	98

The amounts recognised for each class of the acquiree's assets at the acquisition date are as follows:

	Recognised at acquisition date
	£000
Property, plant and equipment	90
Inventories and WIP	8
Total cost of acquisition	98

The acquisition of the trade and assets of Peter Marshall resulted in a reduction to equity holders of the parent company's profit after tax of £40,000 in the 15 weeks from 22 March 2011 to the reporting date.

The transaction to purchase the trading assets from the administrators was at arms length and from an unconnected third party. The value paid for the assets was believed to be equal to their respective market value and not materially different from the value in use to the company.

The intangible assets acquired consisted of the company's order book, customer list, branding and website development. These elements in combination are not believed to attract a significant continued value to the new company, and as such no value has been attributed to these intangible assets.

Staff liabilities at inception of £55,000 were paid to employees and these have been expensed within the income statement in the period.

The Directors do not believe any goodwill or bargain purchase has arisen as part of the transaction to acquire the trading assets of Peter Marshall (Fire Escapes) Limited (In administration).