

Tolent plc (“Tolent” or the “Group”)

Unaudited Interim Results for the six months ended 30 June 2009

25th September 2009

Chairman’s Statement

Results

The trading result for the first half of 2009 has been maintained against 2008 levels despite a reduction in Group turnover from £85 million to £50 million. This has been achieved by taking the necessary action to reduce overheads wherever possible to ensure that operating costs remain in line with current activity levels. This has resulted in a one-off redundancy and reorganisation charge. Trading in the period has been difficult with lower levels of activity, projects have been deferred or cancelled and those that have gone ahead are at very competitive prices. The results are in line with expectations.

The trading result for the first half of 2009 has improved to £721,000 from £667,000 in the first half of 2008 before redundancy and reorganisation costs of £560,000.

Net interest receivable in 2008 of £391,000 became interest payable of £42,000 for the first six months of 2009. This relates to the significantly lower interest rates on our deposits and the expensing of interest on the Echo Building development following completion which had been capitalised in the first half of 2008.

Profit before taxation was £110,000 (2008: £1,100,000) and earnings per share at 0.23 pence compared with 5.8 pence per share for the first half of 2008. The tax percentage is high at 74% due to the presence of items not deductible for tax purposes and the restrictions on capital allowances allowed against the depreciation charge in the income statement.

Dividend

In view of the results to date in 2009 and the continued uncertainty of the general market conditions the Directors do not recommend payment of an interim dividend (2008: 4 pence).

Liquidity and Capital Resources

The Group had cash and cash equivalents at 30 June 2009 of £8 million, compared with £10.7 million at 30 June 2008.

Shareholders funds stand at £11.74 million having increased from the £11.54 million at 31 December 2008.

Prospects

As noted above conditions remain extremely challenging with stiff competition for new work giving rise to pressure on pricing and margins. Although we are encouraged by recent signs of an increase in the level of enquiries for 2010, funding remains an issue for many potential developments. Accordingly there remains a requirement to secure further workload.

We have worked hard to reduce operating costs during the course of 2009 to reflect current activity levels. Changes made will benefit 2009 and further still in 2010. Together with our strong balance sheet and a leading position in our markets, this gives us confidence in our ability to trade through this difficult period in the construction industry and economy in general.

Peter Hems
25th September 2009

Condensed consolidated interim income statement

Unaudited Six months to 30th June 2009 £000s	Unaudited Six months to 30th June 2008 £000s	Audited Twelve months to 31st December 2008 £000s
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Group Revenue	49,767	85,084	153,510
Raw materials and consumables	(3,548)	(5,762)	(9,837)
Other external charges	(33,629)	(63,447)	(112,924)
Group Profit	12,590	15,875	30,749
Staff costs	(10,075)	(12,434)	(24,397)
Depreciation	(188)	(161)	(348)
Other operating charges	(1,606)	(2,613)	(3,989)
	721	667	2,015
Redundancy and reorganisation costs	(560)	0	0
	161	667	2,015
Result from investment property	0	0	(1,287)
Share of post tax profit/(loss) in joint ventures and associates	(9)	42	11
Operating Profit	152	709	739
Finance income	30	391	664
Finance cost	(72)	0	(104)
Profit before taxation	110	1,100	1,299
Taxation	(81)	(376)	(626)
Profit after taxation	29	724	673
Attributable to equity shareholders of Tolent Plc	29	724	673
Basic and diluted earnings per share	0.23 p	5.8p	5.40 p

Condensed consolidated interim statement of comprehensive income

	Unaudited Six months to 30 th June 2009 £000s	Unaudited Six months to 30 th June 2008 £000s	Audited Twelve months to 31 st December 2008 £000s
Profit for the period	29	724	673
Other comprehensive income:			
Cash flow hedge – share of current year gain/(loss) in respect of joint venture	237	0	(771)
- related deferred tax	(67)	0	216
Other comprehensive income for the year, net of tax	170	0	(555)
Total comprehensive income for the year	199	724	118

Attributable to equity shareholders of Tolent Plc

199

724

118

Condensed consolidated interim statement of financial position

	Unaudited 30th June 2009 £000s	Unaudited 30th June 2008 £000s (restated)	Audited 31st December 2008 £000s
Assets			
Non-Current Assets			
Property, plant and equipment	4,486	4,425	4,637
Investment properties	5,468	6,755	5,468
Investments in associates and joint ventures	499	919	333
Investments - available for sale	10	10	10
Trade and other receivables	<u>0</u>	<u>519</u>	<u>0</u>
	10,463	12,628	10,448
Current assets			
Amounts recoverable on contracts	5,650	10,391	6,406
Inventory	12,065	9,155	12,002
Trade and other receivables	11,695	16,341	13,766
Cash and cash equivalents	<u>8,035</u>	<u>10,746</u>	<u>12,887</u>
	37,445	46,633	45,061
Total assets	<u>47,908</u>	<u>59,261</u>	<u>55,509</u>
Liabilities			
Non-current liabilities			
Trade and other payables	188	0	226
Provisions	100	100	100
Borrowings	2,810	0	2,835
Deferred tax liabilities	<u>612</u>	<u>794</u>	<u>620</u>
	3,710	894	3,781
Current liabilities			
Trade and other payables	32,109	41,609	39,530
Provisions	78	747	114
Borrowings	161	2,912	150
Current tax payable	<u>110</u>	<u>453</u>	<u>393</u>
	32,458	45,721	40,187
Total liabilities	<u>36,168</u>	<u>46,615</u>	<u>43,968</u>
Net Assets	<u>11,740</u>	<u>12,646</u>	<u>11,541</u>
Equity			
Share capital	1,283	1,283	1,283
Other reserve	(256)	(256)	(256)

Cash flow hedge reserve	(385)	0	(555)
Profit and loss account	<u>11,098</u>	<u>11,619</u>	<u>11,069</u>
Total Equity	<u><u>11,740</u></u>	<u><u>12,646</u></u>	<u><u>11,541</u></u>

Condensed consolidated interim statement of changes in equity (unaudited)

	Share Capital £000s	Other Reserve £000s	Cash Flow Hedge £000s	Profit and Loss Account £000s	Total Equity £000s
At 1 January 2008	1,283	(256)	0	12,204	13,231
Equity dividends paid	0	0	0	(1,309)	(1,309)
Transactions with owners	0	0	0	(1,309)	(1,309)
Profit after taxation for the period	0	0	0	724	724
Total comprehensive income and expense for the period	0	0	0	724	724
At 30 June 2008	1,283	(256)	0	11,619	12,646
At 1 July 2008	1,283	(256)	0	11,619	12,646
Equity dividends paid	0	0	0	(499)	(499)
Transactions with owners	0	0	0	(499)	(499)
Profit after taxation for the period	0	0	0	(51)	(51)
Other comprehensive income:					
Cash flow hedge – share of current year loss in respect of joint venture	0	0	(771)	0	(771)
- related deferred tax	0	0	216	0	216
Total comprehensive income and expense for the period	0	0	(555)	(51)	(606)
At 31 December 2008	1,283	(256)	(555)	11,069	11,541
At 1 January 2009	1,283	(256)	(555)	11,069	11,541
Equity dividends paid	0	0	0	0	0
Transactions with owners	0	0	0	0	0
Profit after taxation for the year	0	0	0	29	29
Other comprehensive income:					
Cash flow hedge – share of current year loss in respect of joint venture	0	0	237	0	237

- related deferred tax	0	0	(67)	0	(67)
Total comprehensive income and expense for the period	0	0	170	29	199
At 30 June 2009	1,283	(256)	(385)	11,098	11,740

Condensed consolidated interim statement of cash flow

	Unaudited	Unaudited	Audited
	Six months	Six months	Twelve
	To 30th June	To 30 th	months
	2009	June	to 31 st
	£000s	2008	December
		£000s	2008
		(restated)	£000s
Cash flows from operating activities			
Profit after taxation	29	724	673
Depreciation on property, plant and equipment	188	161	348
Valuation decreases in investment properties	0	0	1,287
Taxation expense recognised in income statement	81	376	626
Finance income and cost	42	(391)	(560)
Decrease in trade and other receivables	2,071	4,752	7,846
Decrease/(increase) in amounts recoverable on contracts	756	(68)	3,917
(Increase)/decrease in inventory	(63)	1,548	(1,299)
(Decrease) in trade and other payables	(7,434)	(11,864)	(14,065)
Movement in provisions	(36)	7	(626)
Share of loss/(profit) after tax from joint ventures and associates	9	(42)	(11)
Net cash used in operating activities	(4,357)	(4,797)	(1,864)
Finance cost paid	(72)	0	(104)
Tax paid	(372)	(840)	(1,324)
Net cash from operating activities	(4,801)	(5,637)	(3,292)
Cash flows from investing activities			
Purchase of property, plant and equipment	0	(230)	(263)
Increase in investment in joint venture and associates	(5)	0	0
Cash on acquisition	0	329	329
Interest received	30	391	664
Net cash raised in investing activities	25	490	730

Cash flows from financing activities

Hire purchase financing – capital repayments	(62)	0	(18)
Repayment of borrowings	(14)	(2,986)	(2,913)
Dividends paid	0	(1,309)	(1,808)
Net cash used in financing activities	(76)	(4,295)	(4,739)
Net (decrease) in cash and cash equivalents	(4,852)	(9,442)	(7,301)
Cash and cash equivalents at beginning of period	12,887	20,188	20,188
Cash and cash equivalents at end of period	8,035	10,746	12,887

Notes

1. General information

The financial information set out in this condensed interim report for the six months ended 30th June 2009 and the comparative figures for the six months ended 30th June 2008 are unaudited. This financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31st December 2008, prepared under International Financial Reporting Standards (IFRS), received an unmodified audit report, did not contain statements under section 237(2) or (3) of the Companies Act 1985 and have been filed with the Registrar of Companies.

2. Basis of preparation

These June 2009 condensed consolidated interim financial statements of Tolent PLC are for the six months ended 30 June 2009. They have been prepared taking into account the requirements of IAS 34, Interim Financial Reporting. 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 2008, which have been prepared in accordance with IFRS.

The accounting policies applied are largely consistent with those of the annual financial statements for the year ended 31st December 2008, as described in those financial statements except for the adoption of IFRS 8 – Operating Segments. The only other exception relates to the taxation policy where for the purpose of the interims the tax charge on the underlying business performance is calculated by reference to the estimated effective rate for the full year.

The June 2008 statement of financial position and statement of cash flow has been adjusted for the reclassification of certain amounts recoverable on contracts as inventory totalling £9,155,000 reflecting the disclosure adopted for the statutory financial statements for the year ended 31st December 2008.

3. Segmental analysis

The Group's primary reporting format is business segment and its secondary is geographical segment by origin of revenue. All revenue originates from the United Kingdom and is analysed below.

The Group currently reports its primary segment information as follows:

- Construction and building operations;
- Property operations, inclusive of property investment; and
- Group overheads and other, comprising central services, head office administration and other 'not for profit' activities.

Revenue	External sales £000s	Inter-segment sales £000s	Total £000s
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Six months to 30th June 2009
(unaudited)

Construction and building activities	49,479	81	49,560
Property Operations	288	8,874	9,162
Group overheads and other	0	101	101
	<u>47,767</u>	<u>9,056</u>	<u>58,823</u>
Eliminations	0	(9,056)	(9,056)
	<u>49,767</u>	<u>0</u>	<u>49,767</u>

Six months to 30th June 2008
(unaudited)

Construction and building activities	81,648	0	81,648
Property Operations	3,436	199	3,635
Group overheads and other	0	49	49
	<u>85,084</u>	<u>248</u>	<u>85,332</u>
Eliminations	0	(248)	(248)
	<u>85,084</u>	<u>0</u>	<u>85,084</u>

Twelve months to 31st December 2008
(audited)

Construction and building activities	149,411	466	149,877
Property Operations	4,099	398	4,497
Group overheads and other	0	120	120
	<u>153,510</u>	<u>984</u>	<u>154,494</u>
Eliminations	0	(984)	(984)
	<u>153,510</u>	<u>0</u>	<u>153,510</u>

	Unaudited Six months to 30th June 2009	Unaudited Six months to 30th June 2008	Audited Twelve months to 31 st December 2008
Result			

Construction and building activities	112	441	1,628
Property Operations	124	277	456
Group overheads and other	(75)	(51)	(69)
Segment result	<u>161</u>	<u>667</u>	<u>2,015</u>
Result from investment property – property operations	0	0	(1,287)
Share of post tax profit/(loss) in joint ventures and associates - property operations	(9)	42	11
Finance income	30	391	664
Finance cost	(72)	0	(104)
Profit before taxation	<u>110</u>	<u>1,100</u>	<u>1,299</u>

Assets/(liabilities)

Construction and building activities	11,060	10,526	11,112
Property Operations	3,639	5,309	3,526
Group overheads and other	(2,959)	(3,189)	(3,097)
	<u>11,740</u>	<u>12,646</u>	<u>11,541</u>

4. Earnings per share

Earnings per share, which is both basic and diluted, is calculated on the basis of profit for the period after tax, divided by 12,467,626 (June and December 2008 - 12,467,626) fully paid ordinary shares, being the weighted average number of ordinary shares in issue in the period, after adjusting for own shares held by the Employee Share Ownership Plan of 365,000 (June and December 2008 - 365,000). There are no options or potential ordinary shares in issue.

Interim results will be circulated to shareholders and copies of the announcement will be available from the Company's registered office and web site.

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