

# **Forest Support Services Plc**

## **Chairman's Statement**

The overall performance, during the traditionally weaker first half, has been ahead of our expectations. The Company has recorded a profit of £41,991, before taxation, on revenues of £3,463,476.

Strong earnings have been recorded at Newport and at our newly expanded depot at Bristol, with both depots benefiting from their involvement in framework contracts, which have provided a firm foundation to workload. Some weaknesses in Government spending within the Winchester region have caused that depot to trade at a lower level.

The Company has been able to maintain its gross margin and grow revenues despite upward pressure on costs during the period, particularly with fuel prices, which have been negated by improvements made in operational efficiency.

## **Results**

The Group has recorded a profit of £41,991, before taxation, for the period. This compares with a loss of £63,036 for the equivalent period last year. The earnings per share, on the weighted average number of shares in issue during the year, was 0.13p per share. Turnover for the period was £3,463,476 (equivalent period last year: £3,031,092), an increase of 14.3%.

As in previous years, the Group will not pay an interim dividend but expects to continue its progressive dividend policy.

## **Current Trading and Future Prospects**

The Company is well positioned within its principle markets, having long established relationships with its key customers underpinned by term framework contracts. Demand for the Company's services arises from spending by local government, central government and utilities companies on the repair, maintenance and improvement (RMI) of existing infrastructure. This demand has historically been resilient and stable.

Newport and Bristol depots have continued to trade well. Plans to relocate Bristol depot are well advanced and this will facilitate further growth in the region.

Trading during the second half at Winchester has suffered from delays in start dates for work that has been secured. However there has been a marked increase in the volume and value of tenders in this region. It is expected that trading at Winchester will improve during the fourth quarter and the longer term prospects for this region continue to look favourable.

It is expected that the Company will achieve a satisfactory conclusion to the full year.

## **Conclusion**

As reported previously, the Company will continue to focus on organic growth by pursuing opportunities that can be served by the existing depot network. The market segments served provide resilience against the broader macroeconomic uncertainty and provide the Company with a stable platform for future growth.

# Forest Support Services plc

## Consolidated Income Statement

for the six months ended 30 September 2008

	Unaudited Six months to 30 September 2008 £	Unaudited Six months to 30 September 2007 £	Audited Year to 31 March 2008 £
<b>REVENUE</b>	3,463,476	3,031,092	6,811,353
Cost of sales	(2,462,133)	(2,161,664)	(4,803,699)
<b>GROSS PROFIT</b>	1,001,343	869,428	2,007,654
Administrative expenses	(941,242)	(923,721)	(1,841,673)
Goodwill impairment charge	-	-	(497,492)
<b>OPERATING PROFIT/(LOSS)</b>	60,101	(54,293)	(331,511)
Finance costs	(24,809)	(16,500)	(48,894)
Finance income	6,699	7,757	14,701
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	41,991	(63,036)	(365,704)
Taxation	(17,019)	-	(39,792)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	24,972	(63,036)	(405,496)
 <b>(LOSS)/EARNINGS PER SHARE</b>			
Basic and diluted	0.13p	(0.34p)	(2.17p)

# Forest Support Services plc

## Consolidated Balance Sheet

as at 30 September 2008

	Unaudited 30 September 2008 £	Unaudited 30 September 2007 £	Audited 31 March 2008 £
<b>NON-CURRENT ASSETS</b>			
Goodwill	544,291	1,041,783	544,291
Property, plant and equipment	1,008,061	1,215,131	1,168,663
Deferred tax asset	59,974	118,443	81,815
	1,612,326	2,375,357	1,794,769
<b>CURRENT ASSETS</b>			
Trade and other receivables	1,932,955	1,637,161	1,695,165
Cash and cash equivalents	376,676	434,754	546,037
	2,309,631	2,071,915	2,241,202
<b>TOTAL ASSETS</b>	3,921,957	4,447,272	4,035,971
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,013,397	925,556	1,023,454
Current tax liabilities	-	18,129	-
Obligations under finance leases	110,180	109,450	76,915
Bank loan	74,175	170,545	136,090
	1,197,752	1,223,680	1,236,459
<b>NON-CURRENT LIABILITIES</b>			
Obligations under finance leases	174,774	250,204	266,370
Bank loan	286,545	325,669	295,228
	461,319	575,873	561,598
<b>TOTAL LIABILITIES</b>	1,659,071	1,799,553	1,798,057
<b>NET ASSETS</b>	2,262,886	2,647,719	2,237,914
<b>EQUITY</b>			
Share capital	935,350	935,350	935,350
Share premium	1,513,530	1,513,530	1,513,530
Retained earnings	(185,994)	198,839	(210,966)
	2,262,886	2,647,719	2,237,914



# **Forest Support Services plc**

## **Notes to the condensed interim financial statements**

### **1. General Information**

Forest Support Services Plc (the "Company") is a company domiciled in England and Wales whose registered office address is Forest House, Broad Quay Road, Felnex Industrial Estate, Newport NP19 4PN. The condensed consolidated interim financial statements of the Company for the six months ended 30 September 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The financial information for the year ended 31 March 2008 has been extracted from the statutory accounts. The auditors' report on the statutory accounts was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. A copy of those financial statements has been filed with the Registrar of Companies. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are the same as those applied in the year ended 31 March 2008. As permitted, this interim report has been prepared in accordance with the AIM Rules for companies and is not compliant in all respects with IAS 34 'Interim Financial Statements'. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and therefore cannot be considered as in full compliance with IFRS.

The condensed consolidated interim financial statements were authorised for issue on [date].

### **2. Earnings per share**

Basic earnings per share is based on the earnings for the year attributable to shareholders and on the weighted average number of shares in issue during the year. The number of shares used for calculating basic earnings per share was 18,706,961. As the exercise price of the share options granted by the company exceeded the average market price of the shares during the six months ended 30 September 2008, and given the losses reported for the six months ended 30 September 2007 and the year ended 31 March 2008, there is no dilutive impact on earnings per share in the period.