

Forest Support Services Plc

Chairman's Statement

I am pleased to report that the Company achieved a profit of £186,010, before taxation, on revenues of £4,340,466. Increased turnover and more efficient utilisation of overhead have improved earnings during the traditionally weaker first half.

Trading has been strong at Newport, with increased revenues from existing framework contracts and improved performance during the key summer months. Bristol and Winchester have performed in line with expectations during the period.

Results

The Group has recorded a profit of £186,010 (2008: £41,991) for the period, before taxation. Turnover for the period increased by 25% to £4,340,466 (2008: £3,463,476). The Group held cash at the period end of £421,171 (2008: £376,676).

As in previous years the Company will not pay an interim dividend but expects to continue its progressive dividend policy. The final dividend for the year ending 31 March 2009 will be paid on 12th January 2010.

Current Trading and Future Prospects

Traditionally, second half performance has been stronger than first half. In the current year it is not clear that this seasonal pattern of trading will prevail and, with limited visibility about workload, it is not yet possible to form clear expectations about the second half.

The start of the second half has been less strong than in previous years with certain key projects suffering start-date delays. However, these projects are expected to make a contribution in the second half. Demand from other market segments remains resilient. The Board will continue to monitor closely changes in levels of spending on its services.

The Company has a strong position within its principal markets, with well established customer relationships. The business remains focussed upon serving the Infrastructure RMI (Repair, Maintenance and Improvement) market, in which demand has historically been stable and resilient.

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

Conclusion

As reported previously, the Company will continue to pursue opportunities that can be served from the existing depot network, with a continued focus on existing market segments, which provide resilience. This will provide the Company with a stable platform for future growth. However, there remains uncertainty regarding the level of future public expenditure.

C C Powell
Chairman

Date: 17th December 2009

Forest Support Services plc

Consolidated Income Statement

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £	Unaudited Six months to 30 September 2008 £	Audited Year to 31 March 2009 £
REVENUE	4,340,466	3,463,476	6,752,949
Cost of sales	(3,153,452)	(2,462,133)	(4,626,808)
GROSS PROFIT	1,187,014	1,001,343	2,126,141
Administrative expenses	(986,160)	(941,242)	(1,875,686)
OPERATING PROFIT	200,854	60,101	250,455
Finance costs	(14,844)	(24,809)	(43,342)
Finance income	-	6,699	8,053
PROFIT BEFORE TAXATION	186,010	41,991	215,166
Taxation	(52,678)	(17,019)	(65,070)
PROFIT FOR THE PERIOD	133,332	24,972	150,096
EARNINGS PER SHARE			
Basic and diluted	0.71p	0.13p	0.80p

Forest Support Services plc

Consolidated Balance Sheet

as at 30 September 2009

	Unaudited 30 September 2009 £	Unaudited 30 September 2008 £	Audited 31 March 2009 £
NON-CURRENT ASSETS			
Goodwill	544,291	544,291	544,291
Property, plant and equipment	973,076	1,008,061	871,953
Deferred tax asset	63,078	59,974	86,516
	1,580,445	1,612,326	1,502,760
CURRENT ASSETS			
Trade and other receivables	2,398,984	1,932,955	1,773,505
Cash and cash equivalents	421,171	376,676	580,961
	2,820,155	2,309,631	2,354,466
TOTAL ASSETS	4,400,600	3,921,957	3,857,226
CURRENT LIABILITIES			
Trade and other payables	1,309,258	1,013,397	917,060
Current tax liabilities	99,011	-	69,771
Bank loan	94,175	74,175	89,212
Obligations under finance leases	120,322	110,180	110,180
	1,622,766	1,197,752	1,186,223
NON-CURRENT LIABILITIES			
Bank loan	182,541	286,545	234,395
Obligations under finance leases	145,037	174,774	119,684
	327,578	461,319	354,079
TOTAL LIABILITIES	1,950,344	1,659,071	1,540,302
NET ASSETS	2,450,256	2,262,886	2,316,924
EQUITY			
Share capital	935,350	935,350	935,350
Share premium	1,513,530	1,513,530	1,513,530
Retained earnings	1,376	(185,994)	(131,956)
	2,450,256	2,262,886	2,316,924

Forest Support Services plc

Consolidated Cash Flow Statement

for the six months ended 30 September 2009

	Six months to 30 September 2009 £	Six months to 30 September 2008 £	Year to 31 March 2009 £
NET CASH FROM OPERATING ACTIVITIES	183,584	34,574	494,393
INVESTING ACTIVITIES			
Interest received	-	6,699	8,053
Purchases of property, plant and equipment	(217,535)	(81,705)	(175,304)
	(217,535)	(75,006)	(167,251)
FINANCING ACTIVITIES			
Dividends paid	-	-	(71,086)
Repayment of borrowings	(46,891)	(70,598)	(107,711)
Repayment of obligations under finance leases	(78,948)	(58,331)	(113,421)
	(125,839)	(128,929)	(292,218)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(159,790)	(169,361)	34,924
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	580,961	546,037	546,037
CASH AND CASH EQUIVALENTS AT END OF PERIOD	421,171	376,676	580,961

	Six months to 30 September 2009 £	Six months to 30 September 2008 £	Year to 31 March 2009 £
NET CASH FROM OPERATING ACTIVITIES			
Operating profit	200,854	60,101	250,455
Adjustments for:			
Depreciation on property, plant and equipment	230,855	242,310	472,014
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	431,709	302,411	722,469
Increase in debtors	(625,479)	(232,971)	(78,340)
Increase/(decrease) in creditors	392,198	(10,057)	(106,394)
CASH GENERATED FROM OPERATIONS	198,428	59,383	537,735
Interest paid	(14,844)	(24,809)	(43,342)
Tax paid	-	-	-
NET CASH GENERATED FROM OPERATIONS	183,584	34,574	494,393

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, Felnax Industrial Estate, Newport NP19 4PN. The condensed consolidated interim financial statements of the Company for the six months ended 30 September 2009 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 435 of the Companies Act 2006.

The financial information for the year ended 31 March 2009 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 2009. 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 17th December 2009.

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 2009, and for the six months ended 30 September 2008 and the year ended 31 March 2009, there is no dilutive impact on earnings per share in the period.