



WESTON GROUP PLC INTERIM REPORT 2006



B R I N G I N G I D E A S T O L I F E

CHAIRMAN'S STATEMENT

I AM VERY PLEASED TO PRESENT THE RESULTS
FOR THE HALF YEAR TO 31 JANUARY 2006.



R P Weston
Chairman & Managing Director
Weston Group Plc

PRODUCTION

On the development side of our operations, which remains the core business, I am very proud of the quality we continue to deliver particularly with the level of production currently being achieved.

PRODUCT

Project Genesis continues to evolve and its positive impact on the public has been reflected in their response to the sales and marketing suites and increased sales.

LAND

Since the beginning of the financial year our investment in land has reached the highest in the Group's history to date and currently we have 2,500 plots in the production process.

PLANNING

The planning process continues to be the biggest obstacle to the achievement of development. Whilst planning application times have reduced, these have been at the significant cost of the number of applications now being refused to meet Government deadlines. In addition to this, a planning consent carries on average 40 planning conditions of which at least 50% must be cleared before any start on site. Added to this, the Section 106 requirement continues to be an elastic process of demand on time resulting in an increase in cost to the business.

FUTURE

I am extremely pleased to report that our Battersea scheme for 252 units, 100 bed hotel plus commercial space, that has been ongoing for a number of years, has now achieved a resolution.

I would like to thank all our staff and business partners for their hard work and commitment helping the Company to continue to prosper.



FINANCIAL REVIEW

THE GROUP'S FOCUS DURING THIS PERIOD HAS BEEN ON LAYING THE FOUNDATIONS TO DELIVER OUR PLANS FOR FURTHER GROWTH.

Significant investment has been made in new development sites, combined with construction progressing to advanced stages at a number of existing developments. This has resulted in a 45% increase in work in progress to £105.3m. The number of units in construction and planning has increased to approximately 2,500. This has been achieved by utilisation of our new syndicated finance deal and hence net debt levels have increased by £41.9m to £79.5m.

As expected the financial performance of the Group in this first half has not been as strong as the same and record period in 2005. Turnover of £31.7m generated gross profits of £9.2m a reduction of 34%. With overheads increasing by 6% operating profits fell by £5.1m to £3.9m. Profits before tax fell by 74% to £1.4m.

This reduced performance in the core residential property business is a result of the inability to finance land at a time when our 41 Millharbour scheme was at its funding peak coupled with the delayed timing of the Club Deal. This has been further exaggerated by the impact on the results of the two Millharbour schemes in the last financial year. I am however delighted to report improved results from both our aircraft handling and conference and serviced office operations.

For the first time the Group has been required to adopt the presentation requirements of Accounting Standard FRS25 "Financial Instruments: Disclosure and Presentation". This is where preference share capital and dividends are now treated as debt and interest in the financial statements. The impact has been a £101,000 increase in interest payable and similar charges and an identical reduction in dividends and a £2,500,000 reduction to shareholders funds and an identical increase in creditors – amounts falling due after more than one year.

No dividends were paid to the ordinary shareholders and net assets now stand at a record £22.1m.

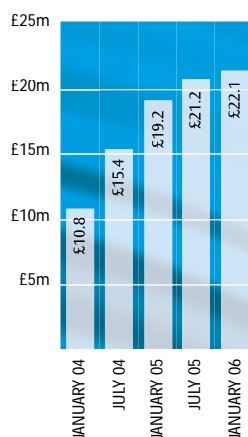
I anticipate that the second half of the year will be far stronger than the first and we will continue with our year of consolidation before delivering the benefits of our growth plans in 2006/07 and beyond. The Group is in the strongest forward land position in its history.

R P Wells
Deputy Chairman &
Financial Director
Weston Group Plc

NET DEBT



NET ASSETS



SIX MONTHS ENDED 31 JANUARY 2006

	Six months ended 31 January 2006 £'000	<i>Six months ended 31 January 2005 £'000 (As restated)</i>	<i>Year ended 31 July 2005 £'000 (As restated)</i>
Turnover	31,693	35,821	97,360
Cost of sales	(22,452)	(21,718)	(66,742)
Gross profit	9,241	14,103	30,618
Administrative expenses	(5,353)	(5,050)	(11,389)
Other operating income	53	6	47
Operating profit	3,941	9,059	19,276
Interest receivable	55	87	214
Interest payable and similar charges	(2,569)	(3,566)	(6,451)
Profit on ordinary activities before taxation	1,427	5,580	13,039
Tax on profit on ordinary activities	(537)	(1,798)	(4,126)
Profit on ordinary activities after taxation	890	3,782	8,913
Dividends	-	-	-
Retained profit for the period	890	3,782	8,913

The interim financial statements set out on pages 2 to 5 were approved by the board of directors on 20 February 2006.

These interim financial statements are unaudited but have been reviewed by Ernst & Young LLP and their report to the company is set out on page 5.

AT 31 JANUARY 2006

	31 January 2006 £'000	31 January 2005 £'000 <i>(As restated)</i>	31 July 2005 £'000 <i>(As restated)</i>
Fixed assets			
Intangible assets	4,680	4,943	4,813
Tangible assets	13,685	13,330	13,311
	18,365	18,273	18,124
Current assets			
Stocks	69,784	61,258	44,077
Debtors	37,414	69,431	29,771
Cash at bank and in hand	3,733	4,360	4,810
	110,931	135,049	78,658
Creditors - amounts falling due within one year	(101,303)	(113,293)	(69,814)
Net current assets	9,628	21,756	8,844
Total assets less current liabilities	27,993	40,029	26,968
Creditors - amounts falling due after more than one year	(5,840)	(20,803)	(5,678)
Provisions for liabilities and charges	(17)	(76)	(44)
	22,136	19,150	21,246
Capital and reserves			
Called up share capital	288	625	288
Capital redemption reserve	2,537	2,200	2,537
Profit and loss account	19,311	16,325	18,421
Shareholders' funds	22,136	19,150	21,246

For the first time the Group has been required to adopt the presentation requirements of the Accounting Standard FRS25 "Financial Instruments: Disclosure and Presentation".

The impact of this has been a £101,000 increase in interest payable and similar charges (31 January 2005 £101,000 and 31 July 2005 £200,000) and a £2,500,000 transfer from share capital (non equity - preference capital) to creditors due after one year (31 January 2005 and 31 July 2005 £2,500,000) resulting in a £2,500,000 reduction to shareholders' funds.

SIX MONTHS ENDED 31 JANUARY 2006

	Six months Ended 31 January 2006 £'000	Six months Ended 31 January 2005 £'000 <i>(As restated)</i>	Year Ended 31 July 2005 £'000 <i>(As restated)</i>
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Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

Operating profit	3,941	9,059	19,276
Depreciation, amortisation and loss on sale of assets	599	580	1,226
(Increase)/decrease in stocks	(25,707)	(15,873)	1,308
(Increase)/decrease in debtors	(6,587)	(1,870)	37,790
(Decrease)/increase in creditors	(4,484)	2,055	(14,121)
Net cash (outflow)/inflow from operating activities	(32,238)	(6,049)	45,479

Statement of cashflows

Net cash (outflow)/inflow from operating activities	(32,238)	(6,049)	45,479
Returns on investments and servicing of finance	(5,348)	(2,881)	(5,152)
Corporation tax paid	(3,408)	(1,564)	(2,471)
Net capital expenditure	(263)	(439)	(504)
Movement in liquid resources	-	3,368	3,368
Financing - debt	40,180	9,189	(35,611)
Financing - repurchase of own shares (including expenses)	-	-	(3,035)
(Decrease)/increase in cash in the period	(1,077)	1,624	2,074

Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash in the period	(1,077)	1,624	2,074
Cash (inflow)/outflow from change in financing	(40,180)	(9,189)	35,611
Cash inflow from short term deposits	-	(3,368)	(3,368)
Change in net debt resulting from cash flows	(41,257)	(10,933)	34,317
New finance leases	(597)	-	(469)
Movement in net debt in the period	(41,854)	(10,933)	33,848
Net debt at beginning of the period	(37,654)	(71,502)	(71,502)
Net debt at end of the period	(79,508)	(82,435)	(37,654)

Analysis of changes in net debt

	Opening balance £'000 <i>(As restated)</i>	Cash flows £'000	Other changes £'000	Closing balance £'000
Cash at bank and in hand	4,810	(1,077)	-	3,733
Debt due within one year	(36,373)	(40,531)	-	(76,904)
Debt due after one year	(5,251)	91	-	(5,160)
Finance leases	(840)	260	(597)	(1,177)
	(42,464)	(40,180)	(597)	(83,241)
Net debt	(37,654)	(41,257)	(597)	(79,508)

AT 31 JANUARY 2006

1. BASIS OF PREPARATION

The interim accounts have been prepared on a basis consistent with the accounting policies adopted for the year ended 31 July 2005. These policies are set out in the Group's Annual Report and Accounts.

The interim accounts for the six months ended 31 January 2006 have not been audited. The abridged information in this statement relating to the year ended 31 July 2005 is derived from the full accounts upon which the auditors issued an unqualified opinion and which have been delivered to the Registrar of Companies.

The interim accounts do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

2. SEGMENT INFORMATION

	Six months Ended 31 January 2006 £'000	Six months Ended 31 January 2005 £'000 (As restated)	Year Ended 31 July 2005 £'000 (As restated)
Turnover			
Property development	30,295	34,741	94,884
Aircraft handling	1,148	825	1,951
Conferences and serviced offices	250	255	525
	31,693	35,821	97,360
Profit before interest			
Property development	3,734	9,057	19,122
Aircraft handling	309	112	375
Conferences and serviced offices	(102)	(110)	(221)
	3,941	9,059	19,276
Net Assets			
Property development	22,323	18,668	21,286
Aircraft handling	(482)	63	(337)
Conferences and serviced offices	295	419	297
	22,136	19,150	21,246

INDEPENDENT REVIEW REPORT TO WESTON GROUP PLC

INTRODUCTION

We have been instructed by the Company to review the financial information for the six months ended 31 January 2006 which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 2. We have read the other information contained in the interim report and considered whether it contains any apparent mis-statements or material inconsistencies with the financial information.

This report is made solely to the Company having regard to guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance in Bulletin 1999:4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed.

A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 January 2006.

Ernst & Young LLP

Ernst & Young LLP, Cambridge, 20 February 2006

WESTON GROUP PLC - DIRECTORS

R P Weston
R P Wells
S P Bickel
R J Downing
R G Taylor

SECRETARY

R P Weston

REGISTERED OFFICE

The Weston Group
Business Centre, Parsonage Road
Takeley, Essex CM22 6PU

AUDITORS

Ernst & Young LLP
Compass House, 80 Newmarket Road
Cambridge CB5 8DZ

BANKERS

HSBC Bank plc
West End Corporate Banking Centre
70 Pall Mall, London SW1Y 5EZ

Bank of Ireland Corporate Banking
Lower Baggot Street, Dublin 2, Ireland

Bank of Scotland
Corporate Banking East Anglia
3rd Floor, 24 Hills Road, Cambridge CB2 1JW

The Royal Bank of Scotland plc
Corporate Banking London, 8th Floor
280 Bishopsgate, London EC2M 4RB

SOLICITORS

Eversheds
Kett House, Station Road Cambridge CB1 2JY

Macfarlanes
10 Norwich Street, London EC4A 1BB

Nockolds
6 Market Square, Bishops Stortford
Hertfordshire CM23 3UZ

The Weston Group Business Centre
Parsonage Road, Takeley, Essex CM22 6PU
T: 01279 873333 F: 01279 873378
E: info@weston-homes.com
www.weston-homes.com

