

London & Boston Invs - Interim Results

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LONDON & BOSTON INVESTMENTS PLC

(`L&Bi')

Interim Report for the six months ended 30 September 2005

CORPORATE SYNOPSIS

L&Bi is building a core portfolio of profitable growth businesses that provide enhanced shareholder value creation through the application of management expertise and innovative business strategies. The Company seeks to acquire complementary and other businesses.

L&Bi has acquired, to date, businesses in the covert surveillance, packaging, property search and financial services industries:

Audiotel International Limited - a leading international provider of audio counter surveillance and surveillance equipment.

Moore & Buckle (Flexible Packaging) Limited - a specialist packaging manufacturer.

PSG (Franchising) Limited - the largest private property search organisation in the UK with 86 franchisees across England and Wales.

Patersons Financial Services Limited - an independent financial services provider.

OPERATIONAL HIGHLIGHTS

* Turnover increased 37% from ?3,995,000 to ?5,479,000 from same period last year.

* Operating profit increased from ?210,000 to ?1,153,000 compared to same period last year.

* Shareholders' funds increased 26% from ?7.8m to ?9.8m in the six months to 30 September 2005.

Stephen Komlósy, Chairman, commented:

`This has been a good six months trading and a positive step to achieving profitability throughout the Group. I am pleased to see the recent price rises for our shares and I am very confident this will continue.

We are very grateful for the continued support we have had from our shareholders during the period of our rationalisation strategy over the last few years from essentially an investment holding company to one with principally profitable, wholly owned trading subsidiaries.

With the hard work paying off, I would personally like to thank everyone who works in the Group and have helped us achieve this result.'

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LONDON & BOSTON INVESTMENTS PLC

CHAIRMAN'S STATEMENT

For the six months ended 30 September 2005

Overview of the period

I am pleased to report the financial results of the Group for the six months to 30 September 2005. The turnover for the period was ?5,479,000 compared to ?3,995,000 for the same period last year, an increase of 37%. This is the first full six month period of trading of all the subsidiaries acquired in the previous financial year.

The operating profit in the six months to 30 September 2005 was ?1,153,000 compared to ?210,000 for the same period last year.

This is the first announcement of results since we came to AIM which shows a significant trading profit, demonstrating the impact of our strategy for the Group.

I am confident that the Group will make further progress in the second half of the year.

PSG (Franchising) Ltd (PSG)

Profits at PSG have been ahead of budget in the first six months and have not been subject to the usual seasonal downturn this summer. New business has been the driver, and total revenues of the 86 franchisees are higher than for the corresponding months last year. Despite the acknowledged downturn in the number of housing sales this year, PSG is 20% ahead of its profit levels for the same time last year. There is an exciting future ahead, occasioned by the introduction of the Home Information Pack (HIP) by the Government in 2007 and we are well into our plans to be a dominant player in HIP provision.

Audiotel International Ltd (Audiotel)

During the period, Audiotel won a major ?2m order from a foreign government. The order will be largely complete in the next six months and will return Audiotel to profit in the second half of this year. Management changes have been implemented recently and the introduction of new products to appeal to the commercial sector and Audiotel's traditional governmental customers is proceeding well.

Moore & Buckle (Flexible Packaging) Ltd (M&B)

M&B has continued to make steady profits in the period. We expect progress to continue in the second half of the year as we begin to see the full benefits of the investment made in the purpose built premises and of new sales initiatives which have resulted in an expanded customer base.

Patersons Financial Services Ltd (Patersons)

Patersons continues to serve the Group's insurance needs and to trade in line with expected profits. We have a policy to acquire similar sized insurance brokers to further improve profitability and to develop specialist policies for our professional clients, particularly solicitors.

Share Placing

As announced in last year's annual report, during the period we placed 25,252,525 L&BI shares at market price (?1.25 million) with Wheddon Ltd, a BVI company, which is ultimately owned by Investec Trust (Guernsey) Ltd, as trustees for The Tchenguiz Family Trust. Wheddon Ltd is managed by Consensus Business Group (Consensus) which is headed by Vincent Tchenguiz. There are exciting synergies between L&BI and some of the many companies under the Consensus umbrella which we intend to explore and develop.

Significantly, the first planned project with Consensus will be the investment of ?1.5 million into Energy Technique plc (of which L&BI will contribute up to ?750,000), subject to the approval of Energy Technique's shareholders, to fund a rationalisation project, allowing this business to return to profitability and to enable that company to take advantage of the undoubted opportunities presented by the close association with the Consensus Business Group.

Stephen A Komlósy

Chairman

20 October 2005

LONDON & BOSTON INVESTMENTS PLC

GROUP PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

	Six months ended	Six months ended	Year ended
	30 September 2005	30 September 2004	31 March

			2005
	Unaudited	Unaudited	Audited
	£000	£000	£000
TURNOVER			
Continuing operations	5,479	986	2,031
Acquisitions	-	3,009	5,829
	5,479	3,995	7,860
Cost of sales	(2,456)	(2,076)	(3,786)
GROSS PROFIT	3,023	1,919	4,074
Administrative expenses	(1,984)	(2,124)	(3,964)
OPERATING PROFIT/(LOSS) BEFORE			
EXCEPTIONAL ITEMS			
Exceptional credits/(charges)	1,039	(205)	110
	114	415	(624)
OPERATING PROFIT/(LOSS)			
Continuing operations	1,153	(453)	(2,531)
Acquisitions	-	663	2,017
	1,153	210	(514)
Interest payable	(234)	(134)	(369)
Interest receivable	10	9	49
PROFIT/(LOSS) ON ORDINARY			
ACTIVITIES BEFORE TAXATION			
Taxation	929	85	(834)
	(222)	-	(6)
PROFIT/(LOSS) ON ORDINARY			
ACTIVITIES AFTER TAXATION			
	707	85	(840)
BASIC PROFIT/(LOSS) PER SHARE	0.43p	0.07p	(0.6)p
DILUTED PROFIT/(LOSS) PER SHARE	0.42p	0.07p	(0.6)p

LONDON & BOSTON INVESTMENTS PLC

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

	Six months ended	Six months ended	Year ended
	30 September 2005	30 September 2004	31 March 2005
	Unaudited	Unaudited	Audited
	£000	£000	£000
Profit/(loss) for the period	707	85	(840)
Unrealised increase on valuation of investments	-	69	-
Unrealised decrease on valuation of investments	(3)	-	(250)
	704	154	(1,090)

LONDON & BOSTON INVESTMENTS PLC

GROUP BALANCE SHEET

AT 30 SEPTEMBER 2005

	30 September 2005	30 September 2004	31 March 2005
	Unaudited	Unaudited	Audited
	£000	£000	£000
FIXED ASSETS			
Intangible assets	13,231	12,758	13,231
Tangible assets	652	674	640
Investments	858	2,288	806
	14,741	15,720	14,677
CURRENT ASSETS			
Stocks	834	1,020	905
Debtors	2,591	2,583	2,110
Cash at bank and in hand	1,391	863	560
	4,816	4,466	3,575
CREDITORS: amounts falling due within one year	(2,957)	(6,162)	(6,445)
NET CURRENT ASSETS/(LIABILITIES)	1,859	(1,696)	(2,870)
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	(6,762)	(4,950)	(3,977)
NET ASSETS	9,838	9,074	7,830
Represented by:			
CAPITAL AND RESERVES			
Called up share capital	3,757	3,233	3,233
Share premium account	6,223	9,178	5,444
Revaluation reserve	-	321	3
Profit and loss account	(142)	(3,658)	(850)
SHAREHOLDERS' FUNDS	9,838	9,074	7,830

LONDON & BOSTON INVESTMENTS PLC

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

	Six months ended	Six months ended	Year ended
	30 September 2005	30 September 2004	31 March 2005
	Unaudited	Unaudited	Audited
	£000	£000	£000

NET CASH INFLOW FROM			
OPERATING ACTIVITIES	687	1,212	2,295
RETURNS ON INVESTMENTS			
AND SERVICING OF FINANCE			
Bank interest received	10	9	49
Bank interest paid	(234)	(133)	(369)
Interest element of hire purchase payments	-	(1)	-
	(224)	(125)	(320)
TAXATION	-	-	(380)
CAPITAL EXPENDITURE AND			
FINANCIAL INVESTMENT			
Payments to acquire tangible assets	(80)	(56)	(134)
Receipts on disposal of tangible fixed assets	-	-	4
Receipts on disposal of investments	62	-	131
Payments to acquire investments	-	(7)	(5)
	(18)	(63)	(4)
ACQUISITIONS			
Payments to acquire subsidiary	-	(6,920)	(7,603)
Cash acquired in subsidiary undertakings	-	973	1,016
Deferred consideration	(900)	-	(156)
	(900)	(5,947)	(6,743)
NET CASH OUTFLOW			
BEFORE FINANCING	(455)	(4,923)	(5,152)
FINANCING			
Issue of share capital	1,303	1,400	1,400
Capital element of hire purchase contracts	(25)	(13)	(46)
Increase in borrowings	-	3,700	4,150
Repayment of loans	(41)	(49)	(98)
	1,237	5,038	5,406
INCREASE IN CASH FOR THE PERIOD	782	115	254

LONDON & BOSTON INVESTMENTS PLC

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

	Six months ended	Six months ended	Year ended
	30 September	30 September	31 March
	2005	2004	2005
	Unaudited	Unaudited	Audited

	2000	2000	2000
RECONCILIATION OF NET			
CASH FLOW TO MOVEMENT			
IN NET DEBT			
Increase in cash for the period	782	115	254
New hire purchase	-	-	-
Movement in bank loans	-	(3,651)	(4,051)
Decrease in hire purchase	25	13	46
Hire purchase acquired with subsidiary	-	(35)	(35)
Movement in net funds	807	(3,558)	(3,786)
Net debt at beginning of period	(5,526)	(1,740)	(1,740)
Net debt at end of period	(4,719)	(5,298)	(5,526)

LONDON & BOSTON INVESTMENTS PLC

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

(i) RECONCILIATION OF OPERATING PROFIT/(LOSS)

TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	Unaudited 2000	Unaudited 2000	Audited 2000
Operating profit/(loss)	1,153	210	(514)
Depreciation	69	34	145
Profit on disposal of fixed assets	(3)	-	(4)
Movement in the value of investments	(114)	(414)	613
Amortisation of goodwill	-	253	-
(Increase)/decrease in debtors	(480)	1,709	2,182
(Decrease)/increase in creditors	(9)	(208)	130
Decrease/(increase) in stocks	71	(372)	(257)
Net cash inflow from operating activities	687	1,212	2,295

(ii) ANALYSIS OF NET DEBT

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	Unaudited 2000	Unaudited 2000	Audited 2000

Cash at bank and in hand	1,391	421	560
	1,391	421	560
Short term bank loan	-	(1,371)	(2,724)
Long term bank loan	(6,026)	(4,206)	(3,253)
Finance lease	(84)	(142)	(109)
	(4,719)	(5,298)	(5,526)

LONDON & BOSTON INVESTMENTS PLC

NOTES TO THE ACCOUNTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

1. Financial information

The financial information provided for the six months to 30 September 2005 has been prepared using consistent accounting policies as used in the preparation and filing of the statutory accounts for the year ended 31 March 2005. The financial information set out here does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

2. Audit review

These interim results have not been subject to a review by our company auditors.

3. Segmental analysis

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	Unaudited ?000	Unaudited ?000	Audited ?000
Turnover			
Mortgage provision	-	-	-
Specialist electronics	898	907	2,031
Investment management	-	80	-
Packaging solutions	636	488	1,049
Property search services	3,746	2,520	4,712
Financial services	199	-	68
	5,479	3,995	7,860
Operating profit/(loss)			
Mortgage provision	1	(2)	(37)
Specialist electronics	(140)	(286)	(431)
Investment management	-	-	8
Packaging solutions	268	183	291
Property search services	1,270	414	1,379
Financial services	80	-	31
Group management services	(440)	(513)	(1,131)
Exceptional items	114	414	(624)
	1,153	210	(514)

Operating profits are disclosed gross of Group management recharge. The audited figures for the year ended 31 March 2005 have been restated to reflect this treatment.

LONDON & BOSTON INVESTMENTS PLC

NOTES TO THE ACCOUNTS

FOR THE PERIOD SIX MONTHS ENDED 30 SEPTEMBER 2005 (continued)

4. Exceptional credits/(charges)

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	Unaudited ?000	Unaudited ?000	Audited ?000
Investment revaluation			
Energy Technique plc	4	-	(315)
Avatar Systems Inc.	127	248	89
Croma Group plc	-	(3)	15
Harrell Hospitality Group Inc.	-	219	(144)
Merchant House Group Inc.	-	(104)	(153)
Netcentric Systems plc	(17)	55	(116)
	114	415	(624)

5. Earnings/(loss) per share

The earnings/(loss) per share calculations have been arrived at by reference to the following earnings and weighted average number of shares in issue during the year. The actual number of shares in issue at 30 September 2005 was 187,832,404.

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	Unaudited ?000	Unaudited ?000	Audited ?000
Profit/(loss) after tax	707	85	(840)
Weighted average number of shares in issue	No.	No.	No.
Basic	163,777,524	123,640,121	142,750,641
Diluted	166,309,459	123,640,121	142,750,641

END