

# **ADL plc**

**Interim Report for the six months to 30 September 2006**

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## **Interim Results for the six months to 30 September 2006**

### **Financial Highlights**

- £290,179 Profit before Tax (before deducting £99,924 exceptional write off of finance costs) (2005: £104,149) – an increase of 178.6%
- 1.35p Earnings per Ordinary Share (2005: 0.92p) – an increase of 46.7%
- 86.3p Net Assets per Ordinary Share (2005: 67.6p) – an increase of 27.6%
- Interim dividend resumed – 1p per Ordinary Share paid on 20 October 2006
- New £25 million bank facility partially used to repay previous bank indebtedness and the acquisition of Solutions (Yorkshire) Limited
- £15.75 million of the current bank facility remains available for expansion of the Group's portfolio of care homes
- Trading in the second half is showing a similar improvement to that experienced in the first half

#### **For further information please contact:**

##### **ADL plc**

Jeremy Davies, Managing Director 07860 717458

##### **Corporate Synergy Plc**

John Wakefield, Director 0117 933 0020

### Chairman's statement

#### Financial Results

As your new Chairman, I have great pleasure in presenting ADL's Interim Report for the six months ended 30 September 2006. Turnover was £2.74 million (2005: £2.49 million and year to 31 March 2006: £4.92 million). The profit on ordinary activities before taxation increased 178.6% to £290,179 (2005: £104,149 and year to 31 March 2006: £99,309). This profit was before deducting a £99,924 write off of finance costs relating to the previous loan facility. Earnings per share increased 46.7% to 1.35p (2005: 0.92p and year to 31 March 2006: 1.38p).

Solutions (Yorkshire) Limited ("Solutions"), which was acquired on 4 July 2006, contributed £94,081 to Group profit in the three months to 30 September 2006, before attributed finance costs of approximately £30,000 – a very satisfactory performance.

Shareholder's funds increased 27.6% to £8.53 million (30 September 2005: £6.68 million and 31 March 2006: £8.05 million). This is after providing for the interim dividend set out below. Net assets per ordinary share amounted to 86.3p (30 September 2005: 67.6p and 31 March 2006: 81.5p). The principal reason for the increase since September 2005 is the revaluation of the Group's portfolio in March 2006.

#### Dividends

After many years the Company returned to the dividend list by declaring a one penny per share interim dividend, which was paid to Shareholders on 20 October 2006.

#### Banking

As reported in last year's accounts the Company signed a £25 million loan facility with IXIS Corporate & Investment Bank S.A. ("IXIS") in May 2006. In July the Company drew £9.25 million of the IXIS facility to repay its indebtedness to Fortis Bank and complete the acquisition of Solutions. The new facility reduces the Group's interest rate with no repayments until 30 October 2009. The IXIS facility will allow the Group to acquire a further £15.75 million of care homes.

#### Review of Business

There has been a substantial improvement in profitability compared to the second half of last year. Early indications are that improved performance has continued into the second half of the current year. In addition, the acquisition of Solutions on 4 July 2006 for £2.37 million, including the assumption of £353,007 of Solution's net debt, has added to the profitability illustrated in these Interim results.

Dividends from Newford Limited contributed £64,000 in the first half (2005: nil). Group occupancy has improved from 79%, announced at the Annual General Meeting in September, to 84% today. The closure of Nightingale contributes to this uplift in Group occupancy (see below).

### Chairman's statement *(continued)*

#### Property rationalisation

##### Morton Manor

The development of six flats at Morton Manor is nearing completion and four of the flats are under offer. The developer hopes to pay ADL £249,000 deferred consideration early in 2007. In addition ADL believes it will receive a profit share by mid 2007.

##### Allambie Court

Negotiations relating to planning for the development of the surplus land and the extension to Allambie Court continue. We expect these to be successfully concluded within six months at which time ADL will receive £225,000 sale proceeds from the developer of the surplus land.

##### Newsham House

The land for four dwellings at Newsham House is under offer at £380,000 plus a further £120,000 if planning consent is granted for a fifth dwelling.

##### The Knoll

ADL is currently in negotiations with the developer of Morton Manor to sell surplus land at The Knoll subject to their successful application for planning.

##### Nightingale

ADL has spent considerable time and expenditure in refurbishing Nightingale. This has not led to the expected improvement in occupancy. Therefore the Directors decided to close the home, which has been successfully achieved, thereby reducing the Group's operational beds under management by 45 to 369. Earlier this year the Company was approached by the developer of an adjacent site to convert Nightingale into apartments. I am pleased to announce that we have exchanged contracts for the sale of Nightingale for £800,000, which is the same as the valuation assessed by our valuers and reported in the 2006 Annual Report and Accounts.

#### Outlook

The Group's policy is to continue the expansion of its portfolio of care homes both organically and by acquisition with negotiations continuing on both fronts which could lead to a significant expansion in the Group's activities in the not too distant future.

Trading in the second half is showing a similar improvement to that experienced in the first half and therefore I believe that I shall be able to report a satisfactory outcome for the year

**Sir William Wells**  
Chairman

19 December 2006

<b>Group profit and loss account</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
<b>Turnover</b>			
Continuing operations	2,491	2,494	4,917
Acquisitions	<u>250</u>	<u>–</u>	<u>–</u>
	<u>2,741</u>	<u>2,494</u>	<u>4,917</u>
<b>Cost of sales</b>			
Continuing operations	1,577	1,598	3,231
Acquisitions	<u>137</u>	<u>–</u>	<u>–</u>
	<u>1,714</u>	<u>1,598</u>	<u>3,231</u>
<b>Gross profit</b>	1,027	896	1,686
Administrative expenses – continuing operations	(576)	(599)	(1,212)
Administrative expenses - acquisitions	(19)	–	–
Exceptional loss	–	–	(15)
Other operating income	<u>97</u>	<u>34</u>	<u>83</u>
	<u>(498)</u>	<u>(565)</u>	<u>(1,144)</u>
<b>Operating profit</b>			
Continuing operations	435	331	542
Acquisitions	<u>94</u>	<u>–</u>	<u>–</u>
	<u>529</u>	<u>331</u>	<u>542</u>
Costs of restructuring the company's debt	(100)	–	–
Interest receivable	4	1	3
Interest payable	<u>(243)</u>	<u>(228)</u>	<u>(446)</u>
<b>Profit on ordinary activities before taxation</b>	190	104	99
Tax (charge)/credit on profit on ordinary activities	<u>(57)</u>	<u>(22)</u>	<u>31</u>
<b>Retained profit for the period</b>	<u>133</u>	<u>82</u>	<u>130</u>
<b>Earnings per ordinary share</b>	<u>1.35p</u>	<u>0.92p</u>	<u>1.38p</u>

<b>Group balance sheet</b>	<b>30 Sept 06</b> Unaudited £'000	<b>30 Sept 05</b> Unaudited £'000	<b>31 Mar 06</b> Audited £'000
<b>Fixed assets</b>			
Intangible assets	1,013	588	981
Tangible assets	16,339	13,085	13,507
Investments	2	–	2
<b>Total fixed assets</b>	<u>17,354</u>	<u>13,673</u>	<u>14,490</u>
<b>Current assets</b>			
Stocks	11	11	11
Debtors and Prepayments	908	414	816
Cash at bank and in hand	<u>538</u>	<u>9</u>	<u>8</u>
	1,457	434	835
<b>Creditors: amounts falling due within one year</b>	<u>(1,144)</u>	<u>(1,615)</u>	<u>(1,626)</u>
<b>Net current assets/(liabilities)</b>	<u>313</u>	<u>(1,181)</u>	<u>(791)</u>
<b>Total assets less current liabilities</b>	17,667	12,492	13,699
<b>Creditors:</b> <b>amounts falling due after more than one year</b>	<u>(9,137)</u>	<u>(5,809)</u>	<u>(5,646)</u>
<b>Net assets</b>	<u><b>8,530</b></u>	<u><b>6,683</b></u>	<u><b>8,053</b></u>
<b>Capital and reserves</b>			
Called up equity share capital	1,522	1,522	1,522
Share premium account	3,712	3,712	3,712
Revaluation reserve	3,194	1,429	2,751
Profit and loss account	<u>102</u>	<u>20</u>	<u>68</u>
<b>Total equity shareholders' funds</b>	<u><b>8,530</b></u>	<u><b>6,683</b></u>	<u><b>8,053</b></u>
<b>Net assets per ordinary share</b>	<u><b>86.3p</b></u>	<u><b>67.6p</b></u>	<u><b>81.5p</b></u>

<b>Group cash flow statement</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
<b>Net cash inflow from operating activities</b>	<u>666</u>	<u>481</u>	<u>352</u>
<b>Returns on investment and servicing of finance</b>			
Interest paid	(243)	(228)	(446)
Interest received	<u>4</u>	<u>1</u>	<u>3</u>
<b>Net cash outflow from returns on investment and servicing</b>	<u>(239)</u>	<u>(227)</u>	<u>(443)</u>
<b>Taxation</b>			
UK Corporation Tax received	<u>—</u>	<u>—</u>	<u>21</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	—	(64)	(64)
Purchase of Solutions (Yorkshire) Limited	(2,245)	—	—
Sale of Morton Manor/Investment in Newford Limited	<u>—</u>	<u>—</u>	<u>498</u>
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<u>(2,245)</u>	<u>(64)</u>	<u>434</u>
<b>Cash (outflow)/inflow before financing</b>	<u>(1,818)</u>	<u>190</u>	<u>364</u>
<b>Financing</b>			
New secured loans	9,137	—	—
Repayment of amounts borrowed	<u>(6,789)</u>	<u>(150)</u>	<u>(300)</u>
<b>Net cash inflow/(outflow) from financing</b>	<u>2,348</u>	<u>(150)</u>	<u>(300)</u>
<b>Increase in cash in the six months/year</b>	<b><u>530</u></b>	<b><u>40</u></b>	<b><u>64</u></b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash in the six months/year	530	40	64
Amortisation of finance costs	(106)	—	(21)
Repayments of amounts borrowed	6,789	150	300
New secured loans	<u>(9,137)</u>	<u>—</u>	<u>—</u>
<b>(Increase)/decrease in net debt</b>	<b><u>(1,924)</u></b>	<b><u>190</u></b>	<b><u>343</u></b>
<b>Net debt at beginning of period</b>	<u>(6,675)</u>	<u>(7,018)</u>	<u>(7,018)</u>
<b>Net debt at end of period</b>	<u>(8,599)</u>	<u>(6,828)</u>	<u>(6,675)</u>

<b>Group statement of total recognised gains and losses</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
Profit attributable to shareholders	133	82	130
Unrealised surplus on revaluation of properties	443	100	1,032
Unrealised surplus on revaluation of Newford dividend rights	–	–	390
<b>Total gains recognised since the last report</b>	<b><u>576</u></b>	<b><u>182</u></b>	<b><u>1,552</u></b>

<b>Reconciliation of movements in shareholders' funds</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
Profit on ordinary activities after taxation	133	82	130
Dividends payable on 20 October 2006	(99)	–	–
New equity share capital subscribed	–	50	50
Premium on new share capital subscribed	–	350	350
Increase in revaluation reserve	443	100	1,422
Net addition to funds	<u>477</u>	<u>582</u>	<u>1,952</u>
Opening shareholders' funds	8,053	6,101	6,101
<b>Closing shareholders' funds</b>	<b><u>8,530</u></b>	<b><u>6,683</u></b>	<b><u>8,053</u></b>

Included within the shareholder's funds is £1,027,540 (30 September 2005 and 31 March 2006: £1,027,540) relating to non-equity interests.

<b>Reconciliation of operating profit to operating cash flow</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
Operating profit	529	331	542
Amortisation	65	23	19
Depreciation	12	11	22
Decrease/(increase) in debtors	(86)	66	(284)
Increase/(decrease) in creditors	146	50	38
Exceptional item – loss on sale of fixed assets	–	–	15
<b>Net cash inflow from operating activities</b>	<b><u>666</u></b>	<b><u>481</u></b>	<b><u>352</u></b>

<b>Group statement of historical cost profits and losses</b>	<b>Six months to 30 Sept 06 Unaudited £'000</b>	<b>Six months to 30 Sept 05 Unaudited £'000</b>	<b>Year to 31 Mar 06 Audited £'000</b>
Reported profit on ordinary activities before taxation	133	104	130
Difference between an historical cost amortisation charge and the actual amortisation charge for the period	–	6	–
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>133</u></b>	<b><u>110</u></b>	<b><u>130</u></b>

### Notes to the unaudited financial statements

1. The financial information set out above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. It has been prepared on the basis of the accounting policies set out in the Group's 2006 statutory accounts. The results for the year ended 31 March 2006 have been extracted from the Group's published accounts for that period which have been filed with the Registrar of Companies. The auditors' report on the full statutory accounts of the Group for the year ended 31 March 2006 was unqualified.

The financial information for the six months ended 30 September 2006 and 30 September 2005 has not been audited.

2. The earnings per ordinary share have been calculated on the profit on ordinary activities after taxation of £133,255 (30 September 2005: £81,925, 31 March 2006: £130,309) using the weighted average number of ordinary shares in issue during the six months 9,885,694 (30 September 2005: 8,945,803, 31 March 2006: 9,414,461).
3. Net assets per ordinary share have been calculated on net assets of £8,529,641 (30 September 2005: £6,683,322, 31 March 2006: £8,053,706) divided by 9,885,694 ordinary shares in issue at 30 September 2006, 30 September 2005 and 31 March 2006.
4. This announcement is being sent to all shareholders on the register at 19 December 2006 and copies are available to the general public free of charge during office hours for one month from the date of this announcement at Corbie Steps, 89 Harehills Lane, Leeds LS7 4HA (the registered office).

### **Independent review report to the directors of ADL plc**

#### **Introduction**

We have been instructed by the Company to review the financial information for the six months ended 30 September 2006 which comprises the group profit and loss account, the group balance sheet, the group cash flow statement, the group statement of recognised gains and losses, group statement of historical cost profits and losses and the related notes to the accounts and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Directors' Responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

#### **Review Work Performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4; the review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of 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 International Standards on Auditing (UK and Ireland) 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 30 September 2006.

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19 December 2006