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BROCKHAMPTON HOLDINGS plc



**Unaudited interim results
for the six months ended
30th September 1999**



CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited results for the six months ended 30th September 1999. Turnover for the period has risen to £14.30m. (1998 : £14.13m.) and reflects the 1.5% overall increase in water charges, partially offset by reduced income from other chargeable work. Operating profit at £4.87m. (1998 : £4.89m.) principally reflects a mains renewal programme further advanced than during the same period last year. Interim earnings per share have increased to 6.6p (1998 : 6.5p), after a reduction in net interest payable and taxation.

In the light of these results and the sound overall position of the Group, the Board has declared an interim dividend of 1.8p per Ordinary and 'A' Ordinary Share (1998 : 1.7p), an increase of 5.9%. The dividend will be paid on 14th January 2000 to shareholders on the register at close of business on 17th December 1999.

On 15th November 1999, a new business was launched to supply water cooling equipment and bottled water to commercial customers. This market is exhibiting rapid growth and the Group believes it is well positioned to take full advantage. The overall capital investment of £0.7m. required to establish the new business has been partially reflected in the first half year expenditure and will impact to a similar degree in the second half of the year. This non-regulated activity is not anticipated to have a material impact on the full year's trading results and is expected to contribute to Group profits from the following year.

On 27th July 1999, Ofwat issued its draft determination for prices over the next five years. This called for Portsmouth Water to make a real price reduction of 3% in the first year of the review period and an average of 1.4% annually for the five years. In comparison, the industry average for real price reductions was 13.7% and 2.9% respectively. Representations have been made to Ofwat, stressing the need for an appropriate balance between levels of service, investment and prices. The final determination is due on 25th November 1999. The Board anticipates making a statement on the outcome by 25th January 2000.

In line with expectations, capital spending in the first half year by the core water business was low. The commencement of a number of major projects will accelerate expenditure in the second half, bringing capital investment for the year as a whole in line with the overall programme amounting to £4.8m. (1998 : £5.7m.) and thereby ensuring that the Group continues to enhance the already high level of service provided to customers.


Water supplies have again been maintained throughout the summer period without interruption by hosepipe bans or other restrictions. They continue to be of very good quality and compliance with exacting standards remains at one of the highest levels in the industry. The responsibility to promote the more efficient use of water continues to be treated most seriously. The leakage level for 1998/99 was among the lowest in the country and further initiatives should ensure that Ofwat's demanding target for this year is achieved.

On 22nd September 1999, a £6m. bank loan fell due for repayment. The repayment was financed by a replacement ten year fixed rate bank loan for the same amount, but at a significantly reduced funding rate of 6.93% compared to 10.33% for the previous loan.

The comprehensive programme of Year 2000 checks and modifications is now complete. The Board is therefore confident that all processes and systems can handle the date change on 1st January 2000. An emergency response plan is already in place, which will help to manage potential external risks not within the immediate control of the Group.

Mr. F. A. Bailey will retire as a Director following the Board Meeting on 18th November 1999. He joined Portsmouth Water Company in 1962 and has therefore achieved 37 years' service within the Group. On behalf of his Board colleagues, I would like to wish him a long and very happy retirement.

Subject to any unforeseen circumstances, the Board is confident of achieving a satisfactory result for the year.



**J. F. BATTY,
CHAIRMAN.**

17TH NOVEMBER 1999.

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30TH SEPTEMBER 1999**

	Notes	6 months ended 30.9.99 £000	6 months ended 30.9.98 £000	12 months ended 31.3.99 £000
TURNOVER		14,299	14,131	28,051
OPERATING PROFIT		4,870	4,885	9,579
Interest receivable		96	133	277
		4,966	5,018	9,856
Interest payable		679	735	1,447
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,287	4,283	8,409
Taxation on profit on ordinary activities	(2)	1,115	1,156	2,181
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,172	3,127	6,228
Dividend	(3)	867	814	2,500
RETAINED PROFIT		2,305	2,313	3,728
EARNINGS PER SHARE	(4)			
Basic		6.6p	6.5p	13.0p
Diluted		6.6p	6.5p	12.9p

**SUMMARISED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 1999**

	30.9.99 <u>£000</u>	30.9.98 <u>£000</u>	31.3.99 <u>£000</u>
FIXED ASSETS	<u>62,922</u>	<u>59,482</u>	<u>62,350</u>
CURRENT ASSETS	7,398	7,263	7,328
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>9,808</u>	<u>16,122</u>	<u>17,479</u>
NET CURRENT (LIABILITIES)	(2,410)	(8,859)	(10,151)
TOTAL ASSETS LESS CURRENT LIABILITIES	60,512	50,623	52,199
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	<u>15,000</u>	<u>9,000</u>	<u>9,000</u>
	<u>45,512</u>	<u>41,623</u>	<u>43,199</u>
CALLED UP SHARE CAPITAL	4,895	4,866	4,894
RESERVES	<u>40,617</u>	<u>36,757</u>	<u>38,305</u>
	<u>45,512</u>	<u>41,623</u>	<u>43,199</u>

John B. B. B.

**SUMMARISED CONSOLIDATED CASH FLOW STATEMENT FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 1999**

	<u>Note</u>	<u>6 months ended 30.9.99 £000</u>	<u>6 months ended 30.9.98 £000</u>	<u>12 months ended 31.3.99 £000</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	(5)	2,909	2,883	10,106
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(557)	(586)	(1,227)
TAXATION		(57)	(730)	(2,328)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,935)	(1,408)	(4,344)
EQUITY DIVIDENDS PAID		<u>(1,686)</u>	<u>(1,533)</u>	<u>(2,346)</u>
CASH (OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(1,326)	(1,374)	(139)
MANAGEMENT OF LIQUID RESOURCES		1,100	900	98
FINANCING		<u>7</u>	<u>7</u>	<u>156</u>
(DECREASE)/INCREASE IN CASH		<u>(219)</u>	<u>(467)</u>	<u>115</u>

NOTES

1. The interim results for the six months to 30th September 1999, which are unaudited, have been prepared on the basis of accounting policies consistent with those adopted for the year ended 31st March 1999. The results for the year ended 31st March 1999 are taken from the latest published accounts of Brockhampton Holdings plc, which have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified.
2. The charge to corporation tax is an estimate based on the anticipated effective rate of tax for the year to 31st March 2000.
3. The Directors have declared an interim dividend of 1.8p per Ordinary and 'A' Ordinary Share.
4. Basic earnings per share have been calculated on the basis of 48,175,698 Ordinary and 'A' Ordinary Shares, being the weighted average of shares in issue over the six month period, and earnings attributable to those shares of £3.172m. (1998 : 47,890,489 shares and earnings of £3.127m.)

Diluted earnings per share have been calculated on the same earnings figure and a weighted average of shares in issue of 48,330,862 (1998 : 48,133,390 shares and earnings of £3.127m.).

5. NET CASH INFLOW FROM OPERATING ACTIVITIES

	6 months ended 30.9.99 £000	6 months ended 30.9.98 £000	12 months ended 31.3.99 £000
Operating profit	4,870	4,885	9,579
Depreciation	594	498	1,076
Working capital	(2,555)	(2,500)	(549)
	<u>2,909</u>	<u>2,883</u>	<u>10,106</u>

6. The interim report is sent to all shareholders and a copy is available to the public from the Company's Registered Office, Brockhampton Springs, West Street, Havant, Hants. PO9 1LG.

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