

# Press release

## Wogen plc

(“Wogen” or “the Company”)

15<sup>th</sup> June, 2006

### Interim Results for the six months ended 31 March 2006

Wogen plc, the international specialty metals and minerals trader, today announces its interim results for the six months to 31 March, 2006.

#### Financial highlights

for the six months ended 31 March 2006

▪ Turnover	£107 million	(2005: £98 million)
▪ Profit before taxation	£2.8 million	(2005: £13.3 million)
▪ Earnings per share	4.19p	(2005: 21.03p)
▪ Net assets	£32 million	(2005: £26 million)

For further information:

#### Wogen plc

Allan Kerr, CEO

Peter Watkins, COO and Finance Director

+44 (0) 20 7222 2171

#### Merlin

Lachlan Johnston

Angus Urquhart

+44 (0) 20 7653 6620

+44 (0) 7989 304 356

+44 (0) 7787 504 447

### CHAIRMAN'S STATEMENT

for the six months ended 31 March 2006

#### Results

As announced on 7 March 2006, turnover since the start of the financial year has remained in line with the Board's expectations, although the Company has seen a fall in prices for a number of key trading metals, and margins on trading activities have been towards the lower end of the Board's expectations.

As a consequence, and as indicated in our Trading Update of 26 April 2006, profit before tax for the six months ended 31 March 2006 has decreased compared to the same period in the previous financial year and was £2.8 million (£13.3 million).

#### Dividend

The Board is declaring an interim dividend of 2.45p per share, payable on 28 July to shareholders on the register on 7 July 2006. As indicated in the Admission Document at the time the Company was admitted to AIM the Board expects to pay a final dividend for the year of 4.90p per share, making a total dividend for the year which will represent a dividend yield of 6.0% based on the price at which Wogen shares were placed when it was admitted to AIM.

#### Market conditions

Trading conditions in the specialty metals market have been difficult during the six month period. Steel industry raw materials, especially, have suffered as the major steelmakers experienced margin declines.

The specialty metals encountered significantly different trading conditions to the exchange-traded base and precious metals, such as copper, gold and zinc, which saw a large inflow of speculative investment money. Specialty metals prices are in the main driven by fundamental supply and demand factors, and nervousness among customers and suppliers, particularly those in the steel industry, has led to more trading occurring on 'spot' markets, which are more volatile by nature.

Wogen's ability to take positions is limited in current market conditions as there is not a clear trend in many of the metals in which it trades. Wogen has an experienced trading team that has encountered similarly difficult markets before, and continued to trade profitably over the long-term.

## **International developments**

The Company has expanded the Shanghai office from four up to seven employees. The development of the domestic trading business in China is starting to progress. The Company reopened its Tokyo office in April 2006 and has seen an upturn in activity since that time.

## **Current trading and prospects**

Specialty metals markets have continued to be volatile in the period since 31 March and although trading volumes have remained reasonable, margins are still under pressure. The Board expects these trading conditions to continue throughout the remainder of the financial year and will provide an update following the year end.

## **Director retirement - Ian Brackenbury**

It is with great regret that the Board has today accepted the resignation of Ian Brackenbury as a Non-Executive Director for health reasons. Ian has been on the Board for fifteen years and has made a very positive and helpful contribution to the Company. He will be missed and has the Board's very best wishes.

Richard Nelson  
*Chairman*

15 June 2006

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the six months ended 31 March 2006

	Notes	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (audited) £'000
<b>Turnover</b>		107,212	97,856	218,194
Cost of sales		(100,649)	(76,793)	(176,516)
<b>Gross profit</b>		6,563	21,063	41,678
Net operating expenses		(3,267)	(7,356)	(17,793)
<b>Operating profit</b>		3,296	13,707	23,885
Other interest receivable and similar income		8	-	2
Interest payable and similar charges		(551)	(448)	(684)
<b>Profit on ordinary activities before taxation</b>		2,753	13,259	23,203
Taxation on profit for the year		(871)	(3,815)	(7,002)
<b>Profit on ordinary activities after taxation</b>	7	1,882	9,444	16,201
Dividends		-	-	(2,986)
<b>Retained profit for the financial year</b>		1,882	9,444	13,215
<b>Earnings per share - basic</b>	2	4.19p	21.03p	36.08p
- diluted	2	4.18p	21.03p	36.08p

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the six months ended 31 March 2006

	Notes	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (audited) £'000
Profit on ordinary activities after taxation	7	1,882	9,444	16,201
Currency translation differences arising on consolidation		41	(39)	25
Surplus arising on the revaluation of leasehold property		-	58	103
<b>Total recognised gains relating to the year and recognised since the last annual report</b>		1,923	9,463	16,329

**CONSOLIDATED BALANCE SHEET**

as at 31 March 2006

	Notes	31 March 2006 (unaudited)		31 March 2005 (unaudited)		30 September 2005 (as restated)(audited)	
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>							
Tangible assets			534		444		520
Investments			99		99		99
			633		543		619
<b>Current assets</b>							
Stocks	3	44,463		37,879		42,742	
Debtors due within one year	4	20,235		18,417		17,431	
Debtors due after more than one year	5	321		-		428	
Investments		-		30		25	
Cash at bank		483		455		1,168	
			65,502		56,781		61,794
<b>Creditors:</b> amounts falling due within one year	6	(34,228)		(31,270)		(32,454)	
			31,274		25,511		29,340
<b>Net current assets</b>			31,274		25,511		29,340
<b>Total assets less current liabilities</b>			31,907		26,054		29,959
<b>Provisions for liabilities and charges</b>			(171)		(121)		(146)
<b>Net assets</b>			31,736		25,933		29,813
<b>Capital and reserves</b>							
Called up share capital			2,245		2,245		2,245
Share premium account			2		2		2
Capital redemption reserve			400		400		400
Capital reserve			87		87		87
Revaluation reserve			181		136		181
Profit and loss account			28,821		23,063		26,898
			31,736		25,933		29,813
<b>Equity shareholders' funds</b>	7		31,736		25,933		29,813

**CONSOLIDATED CASH FLOW STATEMENT**

for the six months ended 31 March 2006

	Notes	6 months ended 31 March 2006 (unaudited)		6 months ended 31 March 2005 (unaudited)		Year ended 30 September 2005 (audited)	
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	8		(9,972)		2,949		17,036
<b>Returns on investment and servicing of finance</b>							
Interest received		8		-		2	
Interest paid		(551)		(448)		(684)	
			(543)		(448)		(682)
<b>Taxation</b>							
Taxation paid			(4,287)		(1,966)		(5,704)
<b>Capital expenditure and financial investment</b>							
Sale of fixed asset investments		15		44		44	
Sale of tangible fixed assets		-		36		37	
Purchase of tangible fixed assets		(45)		(24)		(71)	
			(30)		56		10
<b>Equity dividends paid</b>			-		-		(2,986)
<b>Management of liquid resources</b>							
Sale of current asset investments			-		107		153
<b>(Decrease)/increase in cash in the period</b>			(14,832)		698		7,827

## NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six months ended 31 March 2006

### 1. Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention rules as modified by the revaluation of short leasehold properties. Early adoption of IFRS has not been made.

The financial information for the year ended 30 September 2005 in this Interim Report does not constitute statutory accounts for that period, but is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The unaudited profit and loss account for each of the six month periods and the unaudited balance sheets as at 31 March 2006 and 31 March 2005 do not amount to full accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The Interim report is unaudited and does not constitute Statutory Accounts.

Prior period adjustment - Prepaid cost of sales amounting to £1,005,000 for the year ended 30 September 2005 which were previously included under Trade Debtors have been reclassified as Stock. The Directors were of the opinion that this was a more appropriate treatment and have applied this policy consistently over the three periods shown. This adjustment does not affect the Net Assets or profit for any of the three periods shown.

### 2. Earnings per share

Basic earnings per share for the six months ended 31 March 2006 has been calculated on the profit after taxation of £1,882,000 (31 March 2005: £9,444,000, 30 September 2005: £16,201,000), and on a weighted average number of 44,905,000 (31 March 2005: 44,905,000, 30 September 2005:44,905,000) shares in issue during the period.

The weighted average number of shares for the period ended 31 March 2005 has been restated following the subdivision of Ordinary Shares of £1 into Ordinary Shares of 5p.

Diluted earnings per share for the six months ended 31 March 2006 has been calculated on the profit after taxation of £1,882,000 (31 March 2005: £9,444,000, 30 September 2005: £16,201,000), and on a weighted average number of 45,027,000 (31 March 2005: 44,905,000, 30 September 2005:44,905,000) shares in issue during the period.

### 3. Stocks

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (as restated)(audited) £'000
Metals and minerals	44,299	36,764	41,308
Raw materials	164	1,115	1,434
	<hr/>	<hr/>	<hr/>
	44,463	37,879	42,742
	<hr/>	<hr/>	<hr/>

### 4. Debtors due within one year

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (as restated)(audited) £'000
Trade debtors	18,290	17,721	16,674
Other debtors	1,731	557	434
Prepayments	-	4	109
Advance corporation tax recoverable	-	135	-
Deferred tax	214	-	214
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	20,235	18,417	17,431
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**NOTES TO THE INTERIM FINANCIAL INFORMATION**

for the six months ended 31 March 2006

**5. Debtors due after more than one year**

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (audited) £'000
Deferred tax	321	-	428

**6. Creditors: amounts falling due within one year**

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (audited) £'000
Bank overdrafts	27,662	19,931	13,515
Trade creditors	4,885	1,865	5,786
Taxation and social security	747	4,027	4,270
Accruals and deferred income	934	5,447	8,883
	<u>34,228</u>	<u>31,270</u>	<u>32,454</u>

**7. Reconciliation of movements in shareholders' funds**

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (audited) £'000
Profit for the period	1,882	9,444	16,201
Dividends	-	-	(2,986)
Other recognised gains and losses	41	19	128
	<u>1,923</u>	<u>9,463</u>	<u>13,343</u>
Net addition to shareholders' funds	1,923	9,463	13,343
Opening shareholders' funds	29,813	16,470	16,470
	<u>31,736</u>	<u>25,933</u>	<u>29,813</u>

**8. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities**

	6 months ended 31 March 2006 (unaudited) £'000	6 months ended 31 March 2005 (unaudited) £'000	Year ended 30 September 2005 (as restated)(audited) £'000
Operating profit	3,296	13,707	23,885
Depreciation	31	12	49
Currency translations on consolidation	41	(24)	18
Increase in stocks	(1,721)	(9,758)	(14,621)
Increase in debtors	(2,804)	(1,820)	(755)
(Decrease)/increase in creditors	(8,850)	913	8,557
Net loss/(profit) on sale of investments	10	(77)	(118)
Net profit on sale of fixed assets	-	(29)	(29)
Net movement on dilapidation provision	25	25	50
	<u>(9,972)</u>	<u>2,949</u>	<u>17,036</u>
Net cash (outflow)/inflow from operating activities	(9,972)	2,949	17,036

**9. Shareholder Information**

Copies of this interim statement will be posted to shareholders shortly. Additional copies will be available from the Company Secretary at the Company's registered office 4 The Sanctuary, Westminster, London SW1P 3JS.

# **INDEPENDENT REVIEW REPORT**

## **to the Shareholders of Wogen plc**

### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31 March 2006 on pages 3 to 7. 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.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **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 rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. 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 United Kingdom 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 March 2006.

BDO Stoy Hayward LLP  
*Chartered Accountants*  
London

15 June 2006