

SIMONDS FARSONS CISK plc INTERIM REPORT 2009 Six months ended July 2009



Interim Directors' Report

Trading Performance

The board of directors hereby submits the group's interim results for the six months ended 31 July 2009.

Group profit after tax for the period increased from €982,000 to €1,807,000. This increase in profits of 84% was achieved despite the absence in the period of any profits from the disposal of property (2008: €247,000 net of tax), and also in spite of a decline in group turnover of 4.3% (€1.5 million) over the comparative period. Approximately half of the decline in turnover occurred in the beverage importation segment, mainly as a result of the reduction of excise duties on spirits which became effective as of 1 January 2009. Sales of locally produced beverages to the on-premise market also declined as a result of a decrease in the number of tourists visiting Malta. On the other hand, business in the take-home trade compensated, in part, for the shortfall in the on-premise segment.

Despite the decrease in group turnover, the reduction in the costs of certain raw materials and the attainment of the targeted production efficiencies, together with the various cost containment measures implemented over the past years, were key factors that resulted in the achievement of an improved gross profit margin of 24% (2008: 21.4%), and an improved operating profit of €2.8 million (2008: €2 million). The board of directors is confident that the cost reductions that have been implemented will remain permanent, and that further opportunities exist for improved profitability levels going forward.

Dividends

During the period under review, the company paid to the ordinary shareholders a final dividend of €800,000 on 26 June 2009 in respect of the financial year ending 31 January 2009. Furthermore, the nominal and paid-up value of the authorised and issued shares was increased from €0.291 to €0.30, and a bonus issue of one share for every six shares held was allotted. Such transactions were carried out through the capitalisation of reserves, and the dividends have been paid out of tax exempt profits.

The board of directors is recommending a net interim dividend of €300,000 in respect of the financial year ending 31 January 2010, payable on 23 October 2009 to the ordinary shareholders who will be on the Register of Members of the company on 9 October 2009. The interim dividend will be paid out of tax exempt profits and is equivalent to €0.01 per share.

By order of the board
30 September 2009

Statement pursuant to Listing Rule 9.44k.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the group as at 31 July 2009, and of its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS34); and
- The Interim Directors' Report includes a fair review of the information required in terms of Listing Rule 9.44k.

Bryan A. Gera – Chairman
30 September 2009

Condensed Consolidated Income Statement Six months ended 31 July 2009

	Group	
	31 July 2009 (unaudited) €'000	31 July 2008 (unaudited) €'000
Continuing operations:		
Revenue	33,499	35,006
Gross profit	8,041	7,480
Operating profit	2,816	2,040
Profit on disposal of land and buildings	-	518
Finance costs	(810)	(988)
Profit before tax	2,006	1,570
Tax expense	(169)	(538)
Profit for the period from continuing operations	1,837	1,032
Discontinued operations:		
Loss for the period from discontinued operations	(30)	(50)
Profit for the period	1,807	982
Earnings per share for profit/(loss) during the period		
from continuing operations	€0.061	€0.040
from discontinued operations	(€0.001)	(€0.002)

Condensed Consolidated Statement of Financial Position As at 31 July 2009

	Group	
	31 July 2009 (unaudited) €'000	31 January 2009 (audited) €'000
Assets		
Non-current assets	118,118	118,670
Current assets	36,777	32,206
Non-current assets classified as held for sale	300	263
Total current assets	37,077	32,469
Total assets	155,195	151,139
Equity and Liabilities		
Capital and reserves attributable to owners of the company	83,273	82,266
Non-current liabilities	40,210	42,110
Current liabilities	31,526	26,645
Liabilities directly attributable to non-current assets held for sale	186	118
Total current liabilities	31,712	26,763
Total liabilities	71,922	68,873
Total equity and liabilities	155,195	151,139

Condensed Statement of Changes in Equity Six months ended 31 July 2009

	Attributable to equity shareholders			Total €'000
	Share capital €'000	Revaluation and other reserves €'000	Retained earnings €'000	
Group				
Period ended 31 July 2008				
Balance at 1 February 2008	7,486	61,084	14,812	83,382
Profit for the six months ended 31 July 2008	-	-	982	982
Transfer of fair value gains on investment property, net of deferred tax	-	(464)	464	-
Dividends	-	-	(1,367)	(1,367)
Balance at 31 July 2008	7,486	60,620	14,891	82,997
Period ended 31 July 2009				
Balance at 1 February 2009	7,486	60,572	14,208	82,266
Capitalisation of reserves	1,514	(1,514)	-	-
Profit for the six months ended 31 July 2009	-	-	1,807	1,807
Dividends	-	-	(800)	(800)
Balance at 31 July 2009	9,000	59,058	15,215	83,273

Condensed Consolidated Statement of Cash Flow Six months ended 31 July 2009

	Group	
	31 July 2009 (unaudited) €'000	31 July 2008 (unaudited) €'000
Net cash from operating activities	4,989	788
Net cash (used in)/generated from investing activities	(2,943)	547
Net cash used in financing activities	(2,758)	(22)
Net movement in cash and cash equivalents	(712)	1,313
Cash and cash equivalents at beginning of period	(9,084)	(8,261)
Cash and cash equivalents at end of period	(9,796)	(6,948)

Notes to the Condensed Consolidated Interim Financial Statements

- This report is being published pursuant to the terms of Chapters 8 and 9 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act 2005.
- The financial information being published has been extracted from the Simonds Farsons Cisk group's unaudited interim financial statements for the six months ended 31 July 2009, prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 - Interim Financial Reporting). In terms of Listing Rule 9.44k.5, this interim report has not been audited or reviewed by the group's independent auditors.
- The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 January 2009.
- The group's operations consist of the brewing, production and sale of beer and branded beverages, the importation and sale of food and beverages, including wines and spirits, the operation of franchised food retailing establishments and property management. These operations are carried out, primarily, on the local market. An analysis by business segment of the group's turnover and operating profit is set out below:

	Brewing, production & sale of branded beers & beverages	Importation, wholesale & retail of food & beverages, including wines & spirits	Operation of franchised food retailing establishments	Property management	Group
	€'000	€'000	€'000	€'000	€'000
Period ended 31 July 2009					
Turnover	21,044	9,796	4,342	480	35,662
Less: inter-divisional sales	(705)	(1,149)	-	(309)	(2,163)
	20,339	8,647	4,342	171	33,499
Segment results	2,533	794	181	37	3,545
Unallocated costs	-	-	-	-	(729)
Operating profit					2,816
Period ended 31 July 2008					
Turnover	21,553	10,961	4,309	504	37,327
Less: inter-divisional sales	(360)	(1,638)	-	(323)	(2,321)
	21,193	9,323	4,309	181	35,006
Segment result	1,718	792	343	57	2,910
Unallocated costs	-	-	-	-	(870)
Operating profit					2,040

- During the first six months ended 31 July 2009 corporate restructuring within the subsidiaries of the group was made. Anthony Caruana & Sons Limited and Guido Vella Limited were merged into Wands Limited. Following the merger, the company was renamed to Farsons Beverage Imports Company Limited.
- Earnings per share is based on the profit after tax attributable to the ordinary shareholders of Simonds Farsons Cisk plc divided by the weighted average number of ordinary shares in issue during the period and ranking for dividend.



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