



Simonds Farsons Cisk p.l.c.
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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Simonds Farsons Cisk p.l.c. pursuant to MFSA Listing Rule 5.16.4, 5.16.20, 5.74 and 5.75.

Quote

At its meeting held today 24th September 2014, the Board of Directors of Simonds Farsons Cisk p.l.c. approved the group's unaudited financial statements and Interim Directors' Report for the six months ended 31st July 2014.

A copy of these financial statements and report are attached herewith and are also available to the public on www.farsons.com.

The Board of Directors of Simonds Farsons Cisk p.l.c. also resolved to distribute, out of tax exempt profits, an interim dividend of €1,000,000, equivalent to €0.0333 per ordinary share. This dividend will be paid on Friday 17th October 2014 to the ordinary shareholders who will be on the Register as at the close of business on Friday 3rd October 2014.

Unquote

ANTOINETTE CARUANA
Company Secretary

24th September 2014



Interim Directors' Report

TRADING PERFORMANCE

The board of directors is pleased to announce the Farsons group's interim results for the six months ending 31 July 2014.

The group registered another period of consistent and profitable performance with turnover and profits marginally exceeding those attained in the comparable period of last year.

Group turnover exceeded €41 million, an increase of 1.2% over last year. Operating profit increased by €67,000 whilst profit for the period, at €3.95 million, was marginally better than the record figure of last year.

The following factors impacted the results for the period in a positive manner:

- A good performance from a number of key brands
- The launches of new and innovative beer and beverage variants
- FIFA World Cup related initiatives
- Record number of tourists visiting Malta and increased tourist expenditure
- Continued GDP growth in the local economy
- Further consolidation of the group's beverage importation arm as a leader in its sector.

Notwithstanding the projected export growth, the recent geo-political instability within Libya has adversely impacted the immediate prospects for growth in this region.

The performance of Food Chain has been steady, albeit impacted by pre-opening costs, and is expected to improve following the opening of a new Burger King drive-thru restaurant at the end of July 2014.

Also, the food importation arm is facing various challenges and an action plan is in place in order to improve the business performance.

BUSINESS OUTLOOK

The market within which the group operates remains highly competitive, with constant pressures on volumes and margins. Efficiency improvements through investment, innovation, cost containment and exports growth will continue to be areas of focus and in line with group's strategic vision.

Construction works on the new state-of-the-art beer packaging facility are progressing on schedule. The facility is scheduled to be completed in April 2016.

FAIR VALUE OF PROPERTY

On 31 January 2008, following independent valuations of the group's properties that were carried out by two architectural firms, the board of directors approved a surplus in the value of its properties that were then incorporated within the group's consolidated balance sheet, with the surplus net of deferred tax being credited to reserves. These values were confirmed as at 31 January 2014.

A number of developments have taken place, including the scheduling of the brewery façade and the recent submission of the Farsons Business Park master plan. As a result, certain assumptions are in the course of being revisited, and it is possible that an adjustment to the property values may need to be recorded in the books of accounts. Such movement may have an impact on the equity of the group, and will be considered within the annual report for the financial year ending January 2015, once further analysis and technical studies are undertaken. Such adjustments are not expected to have any impact on the operational results of the group.

In a separate company announcement issued on 17 September 2014, the board announced that it has approved a budget for the concept and design of the initial phases of the Farsons Business Park project. This phase is expected to be completed by June 2015, when further announcements on the progress of this project will be made at the Annual General Meeting.

UNRECOGNISED DEFERRED TAXATION

The manufacturing arm of the group has been availing itself of investment aid under the various investment tax credit schemes that were applicable until 30 June 2014. As reported within the note on deferred taxation in the annual report, the company has unrecognised deferred tax assets amounting to €15.5 million relating to unutilised investment tax credits. In view of the fact that the investment tax credit schemes have become more restrictive in respect of large undertakings, the group will be reviewing the extent to which all or part of these unrecognised deferred tax assets may be capable of utilisation in the foreseeable future. Any such recognition of these tax credits will be included in the accounts for the financial year ending January 2015, and would have a positive impact on the group's equity position.

The board believes that the outcome of the reviews relating to the fair value of property and unrecognised deferred taxation referred to above will not have a material impact on the reported shareholders' equity of the group.

DIVIDENDS

On 19 June 2014, following approval at the Annual General Meeting, the company paid a final dividend to the ordinary shareholders, out of tax-exempt profits, of €1.5 million in respect of the financial year ending 31 January 2014.

The board of directors is recommending a net interim dividend of €1 million (2013: €1 million) in respect of the financial year ending 31 January 2015, payable on 17 October 2014 to the ordinary shareholders who will be on the register of members of the company on 3 October 2014. The interim dividend will be paid out of tax exempt profits and is equivalent to €0.0333 (2013: €0.0333) per share.

Luis Farrugia

Louis A. Farrugia – Chairman

24 September 2014

Condensed Consolidated Income Statement

Six months ended 31 July 2014

	GROUP	
	31 July 2014 (unaudited) €'000	31 July 2013 (unaudited) €'000
Revenue	41,135	40,665
Gross profit	15,672	15,347
Operating profit	4,913	4,846
Finance costs	(717)	(788)
Profit before tax	4,196	4,058
Tax expense	(244)	(238)
Profit for the period	3,952	3,820
Earnings per share	€ 0.132	€ 0.127

Condensed Consolidated Statement of Comprehensive Income

Six months ended 31 July 2014

	GROUP	
	31 July 2014 (unaudited) €'000	31 July 2013 (unaudited) €'000
Profit for the year	3,952	3,820
Other comprehensive income:		
Cash flow hedges net of deferred tax	(298)	133
Other comprehensive income for the year	(298)	133
Total comprehensive income for the year	3,654	3,953



Condensed Consolidated Statement of Financial Position

As at 31 July 2014

	GROUP	
	31 July 2014 (unaudited) €'000	31 January 2014 (audited) €'000
ASSET		
Non-current assets	122,732	121,593
Current assets	38,977	28,942
Total assets	161,709	150,535
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the company	97,428	95,274
Non-current liabilities	35,114	35,788
Current liabilities	29,167	19,473
Total liabilities	64,281	55,261
Total equity and liabilities	161,709	150,535

Condensed Consolidated Statement of Changes in Equity

Six months ended 31 July 2014

GROUP	Share capital €'000	Hedging reserve €'000	Revaluation and other reserves €'000	Retained earnings €'000	Total Equity €'000
Period ended 31 July 2014					
Balance at 1 February 2014	9,000	(302)	58,421	28,155	95,274
Profit for the six months ended 31 July 2014	-	-	-	3,952	3,952
Cash flow hedges net of deferred tax	-	(298)	-	-	(298)
Dividends	-	-	-	(1,500)	(1,500)
Balance at 31 July 2014	9,000	(600)	58,421	30,607	97,428
Period ended 31 July 2013					
Balance at 1 February 2013	9,000	(426)	58,421	24,930	91,925
Profit for the six months ended 31 July 2013	-	-	-	3,820	3,820
Cash flow hedges net of deferred tax	-	133	-	-	133
Dividends	-	-	-	(2,100)	(2,100)
Balance at 31 July 2013	9,000	(293)	58,421	26,650	93,778

Condensed Consolidated Statement of Cash Flows

Six months ended 31 July 2014

	GROUP	
	31 July 2014 (unaudited) €'000	31 July 2013 (unaudited) €'000
Net cash from operating activities	5,345	4,881
Net cash used in investing activities	(3,637)	(3,867)
Net cash used in financing activities	(2,375)	(2,738)
Net movement in cash and cash equivalents	(667)	(1,724)
Cash and cash equivalents at beginning of period	34	(1,505)
Cash and cash equivalents at end of period	(633)	(3,229)

Notes to the Condensed Consolidated Interim Financial Statements

1. This report is being published pursuant to the terms of Chapter 5 of the Listing Rules issued by the Listing Authority and the Prevention of Financial Markets Abuse Act 2005.

2. 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 2014, 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 5.75.5, this interim report has not been audited by the group's independent auditors.

3. 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 2014.

4. The group's operations consist of the brewing, production and sale of beer and branded beverages, the importation and sale of food and beverages, the operation of franchised food 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 and sale of beer & branded beverages €'000	Importation and sale of food & beverages €'000	Operation of franchised food establishments €'000	Property management €'000	Group €'000
Period ended 31 July 2014					
Turnover	23,967	14,460	5,406	468	44,301
Less: inter-divisional sales	(866)	(1,963)	-	(337)	(3,166)
	23,101	12,497	5,406	131	41,135
Segment result	4,385	1,127	307	19	5,838
Unallocated costs					(925)
Operating profit					4,913
Period ended 31 July 2013					
Turnover	23,551	13,897	5,377	486	43,311
Less: inter-divisional sales	(878)	(1,421)	-	(347)	(2,646)
	22,673	12,476	5,377	139	40,665
Segment result	4,113	1,115	364	45	5,637
Unallocated costs					(791)
Operating profit					4,846

5. Earnings per share is based on the profit after tax attributable to the ordinary shareholders of Simonds Farsons Cisk p.l.c divided by the weighted average number of ordinary shares in issue during the period and ranking for dividend.