



Simonds Farsons Cisk plc
The Brewery, Mriehel, BKR 3000,
Malta
Phone: (+356) 238 14 114
Fax: (+356) 238 14 150
Website: <http://www.farsons.com>
Email: sfc@farsons.com
Registration Number: C113

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Simonds Farsons Cisk plc pursuant to the Malta Financial Services Authority Listing Rules Chapter 5.

Quote

The Board of Directors of Simonds Farsons Cisk plc (the “Company”) has on Wednesday 30th April 2014 met and approved for publication the financial statements of the Company for the year ended 31st January 2014, and resolved to propose the same for the approval of the shareholders at the forthcoming Annual General Meeting of the Company to be held on 18th June 2014.

A Preliminary Statement of Annual Results for the year ended 31st January 2014 is attached herewith and is available to the public on website www.farsons.com.

The Board of Directors of Simonds Farsons Cisk plc has resolved to recommend for the approval of the Annual General Meeting the distribution, out of tax exempt profits, of a final net dividend of € 1,500,000 that is €0.05 per ordinary share of €0.30, to be paid by not later than 19th June 2014.

An interim net dividend of € 1,000,000 that is €0.0333 per ordinary share was approved at the Board Meeting held on 25th September 2013 and distributed on 4th October 2013. Therefore, the total net dividend to the ordinary shareholders relating to the financial year ended 31st January 2014 amounts to € 2,500,000 that is €0.0833 per ordinary share.

The Board of Directors has established 19th May as the Effective Date on which all shareholders, then on the register of members, shall be entitled to receive notice of and attend the Annual General Meeting, be paid dividends declared by the General Meeting and appoint directors or vote at the election of Directors.

Unquote

Antoinette Caruana
Company Secretary

30th April 2014



REVIEW OF THE BUSINESS

The Farsons group registered another year of steady and profitable growth. Net profit before tax amounted to €6.9 million, an increase of 5.7% over the €6.5 million achieved last year. Group turnover reached a record figure of €78.6 million, an increase of 1.9% over the previous year.

Group performance was influenced by a stable economic environment, another record year of tourist arrivals and the campaigning activities in the beginning of the year in the run-up to the general election held in March 2013.

Beer and water revenues exceeded the previous year's figures whereas soft drink volumes were flat. Exports of locally produced beverages increased further and now represent 6% of local production. Importation of beers, wines, spirits and non-alcoholic beverages registered further impressive results.

The food importation business faced another challenging year. Market dynamics continue to affect performance as private label categories are prompting the need for new strategies.

The franchised food business registered another successful year with improved turnover and profitability. Performance at Burger King and KFC surpassed expectations.

The gross profit of €27.7 million for the group is on a par with last year, while the overhead costs compare favourably with last year. This resulted in an improved profit for the year of €356,000. The group's statement of financial position remains strong and the net asset base continued to improve by over €3.3 million to reach €95.3 million (2013: €91.9 million). Shareholders' funds finance 63% (2013: 61%) of the group's total assets, while EBITDA (earnings before interest, tax, depreciation and amortisation) stands at €14.2 million, an improvement of €267,000 over last year.

OUTLOOK FOR FINANCIAL YEAR ENDING 31 JANUARY 2015

While the market environment in which the group operates within remains extremely competitive, the board believes that sustainable growth can be achieved through continued investments. The announcement of a €27 million investment in a state-of-the-art beer packaging hall is witness to this. The board believes that the group manages a strong brand portfolio and has the required expertise to further develop its export business and become a regional beverage producer supplying external markets such as Italy and North Africa. The excavation and construction works for this project have now commenced, and it is envisaged that the investment will be completed by April 2016.

The board believes that the beverage importation arm has further potential to grow in the 'take home' and on-the-go channels, and shall continue to further consolidate its leading position in this sector.

Food importation continues to face considerable challenges which are being addressed, and the board is confident that further growth in this segment will be achieved in the future.

The franchised food outlets are experiencing growth, and it is believed that the local market can absorb an additional number of outlets in strategically located positions. The group will be opening its first Burger King drive thru this summer which will further strengthen the brand's standing in the local market.

Going forward for the current year, positive local consumer confidence, growing tourism numbers, and the summer World Cup event remain important factors which will influence the group's business performance.

The board's strategic vision is to continue in its growth path by developing and investing in its core operations with the specific objective of increasing the sales of its locally produced beverages overseas.

A considerable amount of preparatory work, including detailed studies on the 'Farsons Business Park' project, have been carried out and an international firm of architects has been appointed to propose a masterplan. Once this plan is complete, the board will, in due course, be presenting the options available to the shareholders for their consideration.

DIVIDENDS AND RESERVES

The directors declared a net interim dividend of €1 million which was paid on 13 October 2013 to the ordinary shareholders, and will recommend the payment of a final dividend of €1.5 million at the Annual General Meeting scheduled for 18 June 2014. The interim dividend was paid out of tax exempt profits. If approved at the Annual General Meeting, the final dividend will be paid on 19 June 2014 (also out of tax exempt profits) to those shareholders included on the register of members of the company on 19 May 2014. As a result, total declared dividends relating to the financial year ending January 2014 would equate to €2.5 million (2013: €2.5 million).

Dividends to the ordinary shareholders paid during the year ended 31 January 2014 amounted to €3.1 million (2013: €2.1 million).

Retained profits carried forward at the reporting date amounted to €28.2 million (2013: €24.9 million) for the group and €26 million (2013: €23.6 million) for the company.

By order of the board
30 April 2014

Condensed Statements of Financial Position

	GROUP		COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
ASSETS				
Non-current assets	121,593	122,541	107,380	107,578
Current assets	28,942	28,990	23,020	24,092
Total assets	150,535	151,531	130,400	131,670
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the company	95,274	91,925	87,822	85,319
Non-current liabilities	35,788	37,427	30,292	31,931
Current liabilities	19,473	22,179	12,286	14,420
Total liabilities	55,261	59,606	42,578	46,351
Total equity and liabilities	150,535	151,531	130,400	131,670

Condensed Income Statements

	GROUP		COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Revenue	78,622	77,180	43,247	43,188
Cost of sales	(50,952)	(49,518)	(23,441)	(22,965)
Gross profit	27,670	27,662	19,806	20,223
Selling and distribution costs	(9,500)	(10,474)	(7,140)	(8,136)
Administrative expenses	(9,783)	(9,212)	(5,883)	(5,628)
Operating profit	8,387	7,976	6,783	6,459
Investment gains	14	14	163	91
Finance costs	(1,549)	(1,509)	(1,467)	(1,430)
Profit before tax	6,852	6,481	5,479	5,120
Tax expense	(527)	(512)	-	-
Profit for the year	6,325	5,969	5,479	5,120
Earnings per share for profit during the year	€0.211	€0.199		

Condensed Statements of Comprehensive Income

	GROUP		COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Profit for the year	6,325	5,969	5,479	5,120
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges net of deferred tax	124	(130)	124	(130)
Other comprehensive income for the year	124	(130)	124	(130)
Total comprehensive income for the year	6,449	5,839	5,603	4,990

Condensed Statements of Changes in Equity

	Share capital	Hedging reserve	Revaluation and other reserves	Retained earnings	Total equity
	€'000	€'000	€'000	€'000	€'000
GROUP					
Balance at 1 February 2012	9,000	(296)	58,421	21,061	88,186
Comprehensive income					
Profit for the year	-	-	-	5,969	5,969
Other comprehensive income:					
Cash flow hedges net of deferred tax	-	(130)	-	-	(130)
Total comprehensive income	-	(130)	-	5,969	5,839
Transactions with owners					
Dividends relating to 2012 and 2013	-	-	-	(2,100)	(2,100)
Balance at 31 January 2013	9,000	(426)	58,421	24,930	91,925
Balance at 1 February 2013	9,000	(426)	58,421	24,930	91,925
Comprehensive income					
Profit for the year	-	-	-	6,325	6,325
Other comprehensive income:					
Cash flow hedges net of deferred tax	-	124	-	-	124
Total comprehensive income	-	124	-	6,325	6,449
Transactions with owners					
Dividends relating to 2013 and 2014	-	-	-	(3,100)	(3,100)
Balance at 31 January 2014	9,000	(302)	58,421	28,155	95,274
COMPANY					
Balance at 1 February 2012	9,000	(296)	53,161	20,564	82,429
Comprehensive income					
Profit for the year	-	-	-	5,120	5,120
Other comprehensive income:					
Cash flow hedges net of deferred tax	-	(130)	-	-	(130)
Total comprehensive income	-	(130)	-	5,120	4,990
Transactions with owners					
Dividends relating to 2012 and 2013	-	-	-	(2,100)	(2,100)
Balance at 31 January 2013	9,000	(426)	53,161	23,584	85,319
Balance at 1 February 2013	9,000	(426)	53,161	23,584	85,319
Comprehensive income					
Profit for the year	-	-	-	5,479	5,479
Other comprehensive income:					
Cash flow hedges net of deferred tax	-	124	-	-	124
Total comprehensive income	-	124	-	5,479	5,603
Transactions with owners					
Dividends relating to 2013 and 2014	-	-	-	(3,100)	(3,100)
Balance at 31 January 2014	9,000	(302)	53,161	25,963	87,822

Condensed Statements of Cash Flows

	GROUP		COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Net cash from operating activities	11,646	13,022	11,022	11,990
Net cash used in investing activities	(5,258)	(7,636)	(4,901)	(7,106)
Net cash used in financing activities	(4,849)	(3,850)	(4,849)	(3,850)
Net movement in cash and cash equivalents	1,539	1,536	1,272	1,034
Cash and cash equivalents at beginning of year	(1,505)	(3,041)	(653)	(1,687)
Cash and cash equivalents at end of year	34	(1,505)	619	(653)

Notes to the Condensed Financial Statements

- This statement is published pursuant to the Malta Financial Services Authority Listing Rules Chapter 5 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.
- The financial information contained herein has been extracted from the Simonds Farsons Cisk plc group's audited financial statements for the year ended 31 January 2014, as approved by the board of directors on 30 April 2014. The accounting policies used in the preparation of the financial statements for the year ended 31 January 2014 are consistent with those used in the annual financial statements for the year ended 31 January 2013.
- The group's operations consist of the brewing, production and sale of branded beers and beverages, the importation, wholesale and retail 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.
- Earnings per share at €0.211 (2013: €0.199) have been calculated by dividing the profit attributable to the equity shareholders by the weighted average number of ordinary shares in issue during the year and ranking for dividend.