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Board of Directors

Bryan A. Gera - *Chairman*
 Vincent Curmi - *Vice-Chairman*
 Louis A. Farrugia - *Group Chief Executive*
 Dr. Max Ganado
 Marcantonio Stagno d'Alcontres
 Marina Hogg
 Marquis Marcus John Scicluna Marshall
 Roderick Chalmers
 Arthur Muscat - *Company Secretary*

Group Executive Board

Louis A. Farrugia - *Chairman & Group Chief Executive*
 Arthur Muscat - *Group HR Manager and Secretary*
 Charles Xuereb - *Chief Financial Officer*
 Norman Aquilina - *Chief Commercial Officer*
 Paul Micallef - *Chief Operations Officer*
 Ray Grech - *Chief Marketing Officer*

Corporate Governance Committee

Bryan A. Gera - *Chairman*
 Marcantonio Stagno d'Alcontres
 Marquis Marcus John Scicluna Marshall
 Vincent Curmi

Related Party Transactions Committee

Bryan A. Gera - *Chairman*
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 Marquis Marcus John Scicluna Marshall
 Vincent Curmi

New Ventures/Acquisitions/Mergers Committee

Vincent Curmi - *Chairman*
 Dr. Max Ganado
 Marcantonio Stagno d'Alcontres

Board Performance Evaluation Committee

Roderick Chalmers - *Chairman*
 Bryan A. Gera
 Marcantonio Stagno d'Alcontres
 Vincent Curmi

Remuneration Committee

Bryan A. Gera - *Chairman*
 Dr. Max Ganado
 Marina Hogg
 Roderick Chalmers
 Vincent Curmi

Audit Committee

Vincent Curmi - *Chairman*
 Dr. Max Ganado
 Marina Hogg
 Marquis Marcus John Scicluna Marshall

Senior Management

Adrian Tonna - *Sales Manager Wines and Spirits*
 Albert F. Calleja - *Chief Development Officer*
 Antoinette Caruana - *Group HR Manager Designate*
 Philip Farrugia - *General Manager Quintano Foods Limited*
 Pierre Stafrace - *General Manager Wands Limited*
 Ray Sciberras - *Chief Production Officer*
 Stefania Conte - *Chief Sales Officer SFC - Chief Officer Food Chain Group*
 Stephen Sultana - *Exports Manager*
 Sue Weenink - *Marketing Manager*

Farsons Foundation Board of Trustees

Bryan A. Gera - *President*
 Arthur Muscat
 Chev. Dr. Vincent Despasquale
 Chev. Joseph Sammut
 Franco Masini
 Mark Miceli-Farrugia
 Kenneth Pullicino - *Secretary*



- 2 **Chairman's Statement**
- 3 **Group Chief Executive's Review**
- 8 **Directors' Report**
- 10 **Corporate Governance - Statement of Compliance**
- 12 **Remuneration Report**
- 13 **Independent Auditor's Report**
- 14 **Statements of Financial Position**
- 15 **Income Statements**
- 16 **Statements of Changes in Equity**
- 17 **Statements of Cash Flows**
- 18 **Notes to the Financial Statements**
- 47 **Shareholder Information**
- 48 **Five Year Summarised Group Results**

Chairman's Statement



The year under review has been a very difficult year. A year when we were adjusting to a liberalised market that was worsened by dramatic changes in the global economic scene.

On 28th November 2008, the directors issued an interim statement announcing that the results for the year to 31st January 2009 would show a material decline in profitability over last year, and a number of reasons for this decline were given in this statement. The Group Chief Executive further elaborates in his review the reasons behind this decline.

Group Turnover reached €66,441,000, a 1% increase on last year's €65,753,000. Our profit before tax amounted to €895,000 down from €4,146,000 last year. As can be seen from our segmental analysis, the results of the brewing, production and sale of branded beers and beverages' segment decreased from €4,324,000 to €2,347,000. Our costs of production were negatively affected by increases in raw material costs, one-off inefficiency costs on the new PET bottling line, impairment charges on now redundant machinery, employee early retirement charges and the non-capitalisation of costs following the commissioning of the capital projects.

When fundamental changes occur, it is not unusual that the learning curve is steep and costly. Despite preparing well for the massive change from a returnable bottle regime to one way PET and cans, we could not predict exactly how well we would adapt our business model to the changes in the market. We must remember that the €24 million capital investment was planned on estimates of how we thought the market would develop. We had to predict how the returnable bottle business would translate into both PET and cans packages. In actual fact we were not far wrong. What we did not predict sufficiently well, was the level of parallel (at times illicitly imported) products which, in our opinion,

were not incurring the same fiscal dues that we, as a law abiding company, were paying. The situation is being monitored and some improvement has been registered on the enforcement of fiscal laws.

In line with the volume increases in the soft drinks market, Farsons increased its sales but the profitability of the sector has suffered due to lower contribution per litre sold and higher costs as a result of one way packaging. That is why it is imperative that management focuses on cost reduction efforts, as is being done. I am confident that we shall see a significant improvement in this direction during the current year of operations. Specifically we have improved the efficiency of our production runs and distribution service while also continuing to reduce our head count.

The rest of our business performed more or less to expectations. In fact, improvements were registered in our food importation and franchised food operations. Our wines and spirits business suffered as a result of the trade reducing their stock levels because of the anticipated reduction in excise duties announced in this year's government budget. In line with our efforts to streamline our costs, we have announced that in June this year we will finalise the merger of Anthony Caruana and Sons Limited and Guido Vella Limited into Wands Limited, which shall be renamed Farsons Beverage Imports Company Limited. This entity will consolidate all the beverage import businesses into one operation and this should simplify the trade relationships and make us more efficient.

Last year we announced the revaluation of all our group properties and how the board was thinking of how best to use the group's property portfolio. Work has started on a possible plan to develop our two principal sites, the Wands site and the façade of the current brewery under the ownership of Trident Developments Limited. For these developments to take place, it is necessary that we schedule investment in a new brewhouse operation. We are currently finalising the plans for this project and will be submitting them for planning permission very shortly. We anticipate therefore, that within the next 12 months, your board will take the decision to go ahead with the investment subject to our performance improving this year.

Notwithstanding our reduced performance, our EBITDA (earnings before interest, tax, depreciation and amortisation), remains strong due to our heavy depreciation and it is anticipated that our borrowings this year will decrease substantially. Your board therefore feels comfortable in recommending a final

dividend of €800,000 in addition to the €200,000 already declared and paid, through the part utilisation of prior year's reserves.

Furthermore, your board is recommending to increase the number of ordinary shares from 25,714,286 to 30,000,000 through a bonus issue of 1 share for every 6 held. The board is also recommending to raise the nominal and paid up share value from €0.291 to €0.30 per share. These transactions shall be carried out through the capitalisation of reserves.

Throughout the 81 years of the company's history, we have faced, as expected, many difficult periods but we have always overcome these successfully. We are confident that this will be the case on this occasion.

Board

During the year under review Mr Alberto Miceli Farrugia resigned from his post as director and was replaced by Mrs Marina Hogg. We thank Mr Miceli Farrugia for his support and excellent cooperation throughout his period as director. We extend a warm welcome to Mrs Hogg who is already making a very valid contribution.

It now remains for me to thank all the members of the board, in particular our managing director, Mr Louis Farrugia, for their hard work and more importantly for their vision in steering the group in a way that we have adjusted smoothly to the radical and dramatic changes in the market, compounded by the current world recession.

We are grateful to the managers and all our staff throughout the group who have risen to the occasion and done their part in helping overcome these problems. I have no doubt that together we will move forward successfully.

We thank also our auditors PricewaterhouseCoopers for their support and our external legal advisor Prof. Andrew Muscat of Mamo TCV.

Finally I would like to mention that the Farsons Foundation is now in its fifteenth year of operation. During the course of this period we have contributed to a number of good causes. It is our way of recognizing our Social Responsibility.

Bryan A. Gera - Chairman

Group Chief Executive's Review



Managing Costs, Enhancing Competitiveness

In line with our previous company announcements, the group's results for the financial year show a material decline in profitability over those of the previous year. This is a result of a number of factors, primarily:

- a flood of parallel traded products, at times illicitly imported, following the liberalisation of the market;
- a lower contribution per litre sold, in particular in the carbonated soft drinks segment;
- substantial increases in the costs of a number of raw material such as malt and hops, as well as increased utility costs;
- the new PET line has had efficiency problems throughout the whole of this first year of operation – these are now under control;
- a number of non-recurrent items, in particular an impairment charge on the old PET line to its current realisable value, early retirement charges and abnormal write-offs on discontinued materials and products;
- the non-capitalisation of administration and finance costs following the commissioning of the capital projects.

As a result of the remedial measures being undertaken to manage costs and enhance competitiveness, our group remains well positioned to handle the challenges ahead. We have a declared strategy of permanently reducing costs and seeking to increase productivity. Our diversification strategy has also proven to be a success. Despite the difficult market situation, group turnover has registered an increase as a result of positive performance from our franchised food outlets and our food importing and distribution businesses.

Market Challenges

Since Malta joined the European Union our domestic market has become even more challenging, with stiff competition now faced across most of the

industry sectors in which our group operates. In beer and soft drinks, for example, we compete against some of the biggest and most heavily promoted brands in the world. Malta is not immune to the effects of the global economic recession and the resultant pressures on disposable incomes. The world will be witnessing a change in consumers' attitudes and habits as a result of this economic reality and so too will Maltese consumers change their consumption patterns.

Improving Operational Efficiency

During 2008, our principal operational objective was to manage the introduction of our new PET packaging plant. Initial efficiency issues encountered with the newly commissioned PET packaging and production lines have now been addressed, and targeted production efficiencies are now being attained. Our new Logistics Centre has also settled down and is operating smoothly and efficiently, thus leading to a substantial improvement in the service we offer our trade clients. Initiatives to reduce production costs include improving line output, reducing resource utilisation, improving raw material usages and insistent negotiations on raw material prices.

Following the change of the packaging formats we have had to dispose of significant stocks of unutilised plastic crates and glass bottles, hence a foreign contractor was commissioned to install machinery on our premises to break the glass bottles and granulate the crates into plastic for recycling. Planning design work and project management preparation on a new brewhouse is underway and a MEPA application will be submitted shortly to seek a permit to construct it, as well as a further floor and offices on top of the new Logistics Office Block. The decision on when to start the project will be taken later on this year.

Group Chief Executive's Review *continued*

Managing Costs

A permanent cost reduction programme is being implemented, with targeted reductions in head count and overheads being attained. In the last two years we have reduced the number of employees by over a hundred and we intend to continue our early retirement and non-replacement schemes to encourage further reductions. One time charges in relation to early retirement schemes have had a negative effect on the results for the financial year. We have achieved these reductions by adopting different ways of working through task re-engineering and delivering the same output more efficiently. This has been done in collaboration with relevant trade unions. Overall, employees have embraced the need to change their work and adopt new tasks and new skills. For instance, focused reorganization exercises were conducted in the marketing and sales sections whose operational structures were overhauled to respond better to a more competitive market. The company has also assumed a more direct responsibility for the distribution function,

utilizing a new environmentally friendly truck fleet at a considerable investment.

The impact of the recently announced utility rates have also adversely affected our cost base. These increases have been very high and industry has reacted to the fact that they should have been implemented over a three year span.

Beers

The Cisk Lager portfolio, including Cisk Export and Cisk Excel, has again shown its resilience and vitality, demonstrating Farsons' international standard quality and proving that we had the right strategy to develop these iconic brands throughout the years. We shall continue to focus on these brands to ensure their on-going relevance and appeal to target consumer groups.

Overall, the beer market experienced significant growth in the first quarter, fuelled by consumer and retail confidence and pre/post election activity. Much of the growth was, however,

registered in the low-cost end of the market and particularly in imported canned beers. The number of tourists declined in the second half of the year and this impacted negatively on the on-premise market for our draught beers. On a positive note, we had a successful Carlsberg's new Club bottle launch, backed by the Euro 2008 football campaign, and good performance by our low cost franchise brand Skol.

Carbonated Beverages

Following the abolition of the derogation of packaging regulations for carbonated beverages in December 2007, the free market has seen a significant influx of imported beverages, some at low pricing positions. Fierce competition has naturally followed and the whole carbonated soft drinks segment has witnessed a substantial reduction in sales values per litre, which has a negative impact on our profitability. To a certain extent, this was expected. However, we have reason to believe that a number of beverage importers were able to achieve these low price

points as a result of non-payment of all fiscal dues. We are continuously on the look out for these practices and continue to press the Authorities to ensure a level playing field in the market place.

This market liberalisation revolutionized the soft drinks market, which had previously seen little growth and minimal investment from other local players. The availability of favourite soft drink branded products in the more popular and convenient PET bottles or aluminium cans, at price points which presented opportunities for significant savings, resulted in increased total market volumes.

An increase in consumption of soft drinks has meant a decrease in the consumption of other beverages, such as fruit juices, ice-teas and flavoured waters, as consumers shifted their purchases. We also witnessed a change in the outlets from where consumers purchase their beverages, since the ease and convenience of

handling PET bottles diminished shoppers' reliance on the personalised service offered by traditional bottle shops and wholesalers.

New international retail discounters, already very popular and wide-spread throughout mainland Europe, made their debut in Malta in 2008, offering a good, if limited, range of products at extremely low prices. Such stores typically offer low cost own label products as well as other competing branded label soft drinks. Despite these factors, Farsons still achieved volume growth in soft drink sales. The Mirinda brand's first full year of activity was successful and volume objectives were met.

Kinnie, our flagship soft drink brand, also benefited from the new one way packages. Kinnie is produced in three variants and the brand commands respect from all Maltese and continues to grow in stature. This brand is equally very important for the group. In addition, the Sunkist juice range was re-launched in superior Tetrapak packaging offering greater consumer appeal.

Beverage Importation

In the beverage importation sector, cross-border parallel trading on main brands has been prevalent and this has had a negative impact on the leading beer, spirit and water brands we represent. In October 2008, government declared its intention to reduce excise duties with effect from 1 January 2009 so as to bring the level of such duties closer to that in neighbouring Italy. The effect of this announcement was that the trade minimized stocks at the end of the year, which negatively affected our sales over the traditionally busy Christmas period. The longer term impact of this duty reduction should, however be positive.

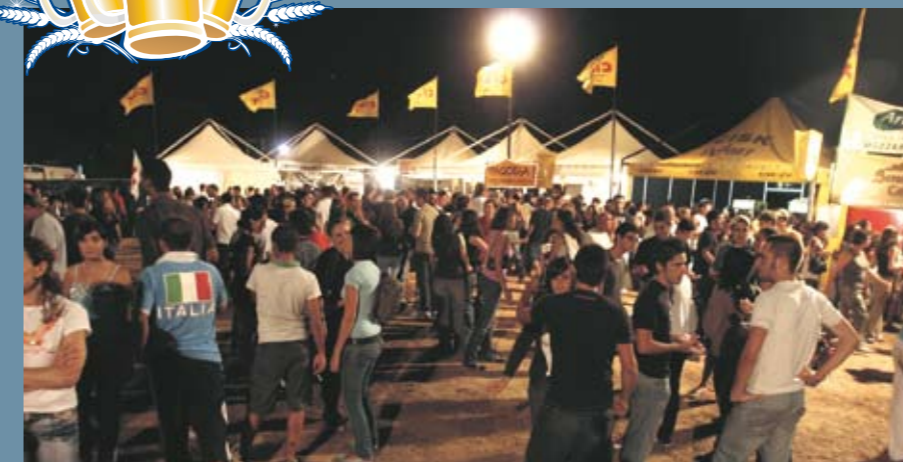
Throughout the year, intensive marketing programmes were held for key brands, particularly supporting sales to consumers directly in bars and other outlets. Some major music events were also sponsored by our beer and spirit brands. In the wine sector, there was an increased availability of foreign wines at the lower price brackets in supermarkets, led by, but not limited to, the heavy



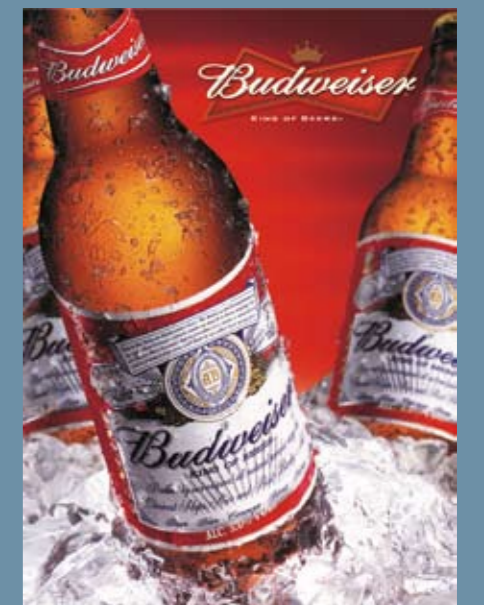
Cisk Lager celebrated its 80th "beerday" in 2008 and the Cisk portfolio has again shown its resilience and vitality in a challenging market.



More people are enjoying the distinctive flavour of our local and international beers.



The Farsons beer portfolio also includes major international brands such as Carlsberg and Budweiser, and the whole range of beers are regularly promoted in a number of special events such as The Farsons Great Beer Festival.



Group Chief Executive's Review *continued*

discount chains. In spite of such difficult markets, focused attention to improve the availability of our wines in both the retail sector and on restaurant menus, has led us to maintain positive results.

Farsons Beverage Imports Company Limited

We have merged Anthony Caruana & Sons Limited and Guido Vella Limited with Wands Limited and renamed the latter as Farsons Beverage Imports Company Limited. This company will consolidate all our wines and spirits and beverage import businesses as one operation. As a result of this change, we will be simplifying our relationship with our trade customers and make our operation more efficient. We have also appointed a reorganized focused management team to run this important part of our activities.

Eco-Pure Premium Water Company Limited

This subsidiary which sells 19 litre San Michel water bottles for dispense, has continued to drive home some positive results. During the last six months we have invested in a specialized management

information system. This will undoubtedly contribute towards further improving levels of service and performance.

Quintano Foods Limited

We have long ago identified the strategic necessity of diversifying away from our traditional core activities. We are satisfied that our strategies have been correct as new activities deliver growth and profit that it would otherwise have been difficult to generate.

Though operating within an ever growing competitive and dynamic environment, Quintano has again posted improved turnover and profitability. This has been achieved as a result of the focus on building upon the company's strengths whilst taking measures to further improve levels of efficiency within the operation. Quintano has strengthened its leading position in the chilled/short-shelf life food category whilst successfully pioneering new and innovative product ranges in the market, thereby leveraging

its know-how in marketing and handling such products. The representation of PepsiCo's food portfolio, comprising of Tropicana chilled juices range and Quaker cereals, has now been also extended to Walkers snacks, a strong category leader. We are confident that this range will register growth, in line with the achievements registered on the other PepsiCo food brands. Quintano is well-positioned to identify market trends and subsequently develop opportunities in line with market needs whilst effectively handling any challenges that such a competitive market offers. Within the context of a well-defined growth strategy, we are therefore committed towards investing further within this sector.

Food Chain Group

The various brands within our Food Chain Group also performed well, as operational efficiencies deliver expected results and product offerings continue to deliver real value and quality to consumers. Consumer confidence in the first quarter as well as the growth in the tourism sector

were positive factors, though the drastic increase in electricity surcharge impacted negatively on performance.

Pizza Hut has once again seen a growth during this year, particularly from the Valletta restaurant. All outlets have been refurbished and we have taken the brand a step further with the successful introduction of sauté pasta at our Sliema restaurant, in line with Pizza Hut's strategy to move away from the fast food sector and position itself within the casual dining segment. We now also plan to offer pasta at St. Julians and in Valletta. Tactical promotions reinforcing Pizza Hut's value proposition are on-going. In summer we launched a number of new products which proved to be a success and there were also additional offerings at Christmas.

Burger King also continued to register growth during the year. Various promotions were held, new products were introduced and the menu was re-engineered. A major highlight was the opening

of Burger King at Malta International Airport. An important development for this franchise was that we were able to reach agreement to sell Farsons products in our restaurants.

KFC has continued with a positive trend as we align ourselves as much as possible with the UK marketing calendar. Initiatives taken during this year included reengineering the menu boards, the introduction of Wicked Zinger Meal, Boneless Banquet as well as the Big Daddy, which were very popular with the Maltese consumers.

TGI Fridays had been facing increased cost challenges for some time and the decision has now been taken to cease operations. NOVE Wine & Beer Bar is still in its inception and experimental stage. Specific promotions combining food and wine have been undertaken together with brand building and promotional activity. Management has also curtailed operational costs. We intend to promote the location more intensively in the current financial year.

New Export Markets

During 2008, Simonds Farsons Cisk continued to develop new export markets for its range of beers and soft drinks, particularly for its flagship brands, Cisk and Kinnie. Notwithstanding the tough international competition and the worsening global economic situation in the latter part of 2008, interesting market inroads were made in the United States, Canada, Japan and Slovakia among various others, while export sales to Italy showed a steady increase for the second consecutive year. In addition to the direct exports of beers and soft drinks from Malta, a number of promising leads were developed with prospective franchisees of Kinnie.

I am confident that management and our employees are facing the challenges with the correct strategies to ensure that the Farsons Group continues to grow in its activities. This will be for the benefit of all stakeholders, not least the shareholders.

Our flagship softdrink performed well, thanks to its looks and taste...



Our carbonated beverages, particularly our own brand Kinnie performed well in the face of stiff competition. Sunkist juices were re-launched in superior and more appealing packaging.



...and Burger King receives a warm welcome at MIA.



A new Burger King restaurant receives a warm welcome at Malta International Airport and Farsonsdirect.com is launched with both an online portal and a large, and specially designed, retail outlet within The Brewery premises.



Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 January 2009.

Principal activities

The group is engaged in the brewing, production and sale of branded beers and beverages, the importation, wholesale and retail of food and beverages, including wines and spirits, as well as the operation of franchised food retailing establishments and property management.

Review of the business

The group's turnover for the financial year ended 31 January 2009 amounted to €66,441,000 reflecting a marginal increase on the turnover registered during the previous financial year of €65,753,000. The flood of parallel traded products, at times illicitly imported, together with the emergence of private labels, and the opening of hard-discount stores, that followed the complete liberalisation of the market, has impacted both the locally manufactured and the imported beverages. Furthermore, the anticipated reduction of excise duties on spirits with effect from 1 January 2009, resulted in a trade minimisation of stocks and thus negatively effected sales over the traditionally busy Christmas period. On the other hand, our food importation business and our franchised food operations registered satisfactory growth levels.

The group's profit before tax fell sharply to €895,000. Lower gains on disposal of assets and fair value gains on properties amounting to circa €800,000 impacted the group results. The performance of the manufacturing segment has been the main cause of this deterioration, mainly resulting from:

- substantial increases in the cost of raw materials such as malt and hops together with increased utility costs;
- lower contribution per litre sold, in particular in the carbonated soft drinks segment;
- inefficiency problems following the installation of the new PET line;
- one-off charges, including an impairment on the old PET line to its current realisable value, employee early retirement charges and abnormal write-offs on discontinued materials and finished goods;
- non capitalisation of administration and finance costs following the commissioning of the capital projects.

The new Logistics Centre is operating smoothly and efficiently and the new cost structures are being reflected in lower selling and distribution costs.

The board has taken the decision to discontinue its operations of distributing bottled water in Italy. The

results of these operations are being disclosed under discontinued operations as group management is actively seeking to sell the company.

During the current year under review, the company has adopted the revaluation model for property, plant and equipment and the fair value model for investment property (in 2008, this accounting policy was adopted on a group basis). Furthermore, the unused property, in particular the façade of the brewery, is now being reclassified as investment property both in the company and on a group basis after change in operational use.

The group's balance sheet remains healthy with a shareholder equity base of €82 million.

Group indebtedness at €43 million (2008: €44 million) has improved despite the reduction in trade and other payables. The group's gearing ratio stands at 34% (2008: 34%).

Outlook for financial year ending 31 January 2010

The new financial year is presenting fresh challenges brought about by the international economic recession. We have managed to contract a number of raw materials at substantially lower prices, but the removal of the sugar subsidy together with the full year's impact of new utility costs will erode, in some way, these gains.

The efficiency problems with the newly commissioned PET packaging and production lines have now been addressed and the targeted production efficiencies are now being attained.

Cost containment remains a priority to management, principally through reductions in head count and overheads. The ways of working are being continually challenged, changed and improved as necessary. To this effect we have overhauled the operational structures within the marketing and sales sections to be able to respond better to a more competitive market. Furthermore, two subsidiary companies, Anthony Caruana & Sons Limited and Guido Vella Limited are being merged into Wands Limited, which shall be renamed Farsons Beverage Imports Company Limited. This entity will now consolidate all our wines and spirits and beverage import businesses as one operation that should simplify the trade relationship and make our operation more efficient.

We are continuing our investments in our food importation and franchised food operations. Later on this year, Quintano Foods Limited will be relocating its operations to Marsa (ex Wands site) and thereby releasing the property at the current Qormi site which shall become available

for eventual sale. Furthermore, new restaurant openings for Pizza Hut and KFC are also in the pipeline and shall be announced soon.

Planning design work and project management preparation on a new brewhouse is underway, and a MEPA application will be submitted shortly to seek a permit to construct it, as well as a further floor of offices on top of the new Logistics Office Block. The decision on when to start the project will be taken later this year. These projects will allow the complete liberalisation of the façade of the brewery for eventual further development in due course.

Results and dividends

The income statements are set out on page 15.

The directors declared a net interim dividend of €200,000 which was paid on 24 October 2008 to the ordinary shareholders, and will recommend the payment of a final dividend to the ordinary shareholders of €800,000 at the Annual General Meeting on 25 June 2009. The interim dividend was paid out of tax exempt profits. If approved at the annual general meeting, the final dividend will be paid on 26 June 2009 (out of tax exempt profits) to the shareholders who will be on the register of members of the company on 29 May 2009. Furthermore, the directors resolved to recommend for the approval of the Annual General Meeting, to increase the nominal and paid-up value of the authorised and issued shares from €0.291 to €0.30, and to allot a bonus issue of one share for every six shares held. These transactions shall be carried out through the capitalisation of reserves, and the bonus shares shall apply to shareholders who will be on the register of members of the company on 25 June 2009.

Net dividends to the ordinary shareholders with regards to the year ended 31 January 2009 will amount to €1,000,000 (2008: €1,600,000). In this year of transition, the board has decided to partly utilise prior years' group retained earnings for the distribution of dividends.

Directors

The directors in office during the year ended 31 January 2009 were:

- Mr. Bryan A. Gera D.B.A. – *Chairman*
 Mr. Vincent Curmi C.P.A. – *Vice-Chairman*
 Mr. Louis A. Farrugia F.C.A. – *Group Chief Executive*
 Marquis Marcus John Scicluna Marshall
 Mr. Marcantonio Stagno d'Alcontres
 Dr. Max Ganado LL.D.
 Mr. Alberto Miceli Farrugia A.&C.E. – *resigned*
1 October 2008
 Mr. Roderick Chalmers M.A. Div. (Edin.), F.C.A., A.T.I.I., F.C.P.A., M.I.A.
 Ms. Marina Hogg – *appointed 1 October 2008*

Mr. Bryan A. Gera D.B.A. and Dr. Max Ganado LL.D., whose terms of appointment expire, retire from the board and are eligible for re-election.

Directors' statement of responsibilities in relation to the financial statements

The directors are required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Simonds Farsons Cisk plc for the year ended 31 January 2009 are included in this annual report, which is published in hard-copy printed form and made available on the group's website. The directors are responsible for the maintenance and integrity of the annual report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the group's website is available in

By order of the board



Bryan A. Gera – *Chairman*

Registered address: The Brewery, Mdina Road, Mriehel, Malta. Telephone (+356) 2381 4172
 Arthur Muscat – *Company secretary* – 28 April 2009

other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the group and company as at 31 January 2009, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the annual report includes a fair review of the development and performance of the business and the position of the group and the company, together with a description of the principal risks and uncertainties that the group and company face.

Going concern basis

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the group and the company have adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Shareholder register information pursuant to Listing Rule 9.43

Share capital information of the company is disclosed in note 13 of the financial statements on page 32.

The issued share capital consists of one class of ordinary shares with equal voting rights attached and freely transferable.

The list of shareholders holding 5% or more of the equity share capital is disclosed on page 47 of this annual report.

Every shareholder owning twelve and a half per cent (12.5%) of the ordinary issued share capital of the company or more shall be entitled to appoint one director for each and every twelve and a half per cent (12.5%) of the ordinary share

capital owned by such shareholder. Any remaining fractions will be disregarded in the appointment of the said directors but may be used in the election of further directors. The chairman is appointed by the directors from amongst the directors appointed or elected to the board.

The rules governing the appointment or election of directors are contained in the company's Articles of Association, Articles 19 to 22. An extraordinary resolution approved by the shareholders in the general meeting is required to amend the Articles of Association.

The powers of directors are outlined in Articles 44 and 45 of the company's Articles of Association. In terms of Article 3a of the said Articles of Association, the company may, subject to the provisions of the Maltese Companies Act, 1995 acquire or hold any of its shares.

The Collective Agreement regulates redundancies, early retirement, resignation or termination of employment of employees. No employment contracts are in place between the company and its directors, except as disclosed in the remuneration report.

It is hereby declared that, as at 31 January 2009, the company is not party to any significant agreement contained in Listing Rules 9.43.10.

Shareholder register information

The following information is disclosed on page 47 of the annual report:

- Directors' interests in the share capital of the company;
- Shareholders holding 5% or more of the equity share capital as at 27 April 2009;
- Shareholding details;
- Number of shareholders as at 27 April 2009.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution for their re-appointment will be proposed at the Annual General Meeting.



Louis A. Farrugia – *Group Chief Executive*

Corporate Governance – Statement of Compliance

This statement is being made by Simonds Farsons Cisk plc (SFC) pursuant to listing rules 8.37 and 8.38 issued by the Listing Authority of the Malta Financial Services Authority and sets out the measures taken to ensure compliance with the Code of Principles of Good Corporate Governance referred to in the said rules.

Since its establishment in 1948 as a public limited liability company, SFC has always adhered to generally accepted standards of good corporate governance encompassing the requirements for transparency, proper accountability and the fair treatment of shareholders. The board of directors has therefore endorsed the code of principles and adopted it except where particular circumstances, as explained in this statement, exist to warrant non-adoption.

The aggregate maximum amount of emoluments payable to the directors is fixed by an extraordinary resolution of the members as required by the company's statute. These emoluments are being disclosed in the Remuneration report in an aggregate format rather than as separate figures for each director as required by the Code. Subject to the foregoing, the board considers that the company has been in compliance with the Code throughout the year.

On 21 April 2009 the board appointed a committee chaired by a non-executive director, in order to regularly carry out a performance evaluation of its role. It is envisaged that this appointment would allow improvements in board effectiveness to be identified and implemented.

1. Composition of board of directors

In terms of the statute of SFC, the affairs of the company are managed and administered by a board composed of eight directors. Every shareholder owning twelve and a half percent (12.5%) ordinary issued share capital or more, is entitled to appoint a director for each and every twelve and a half percent of such shares, and the remaining ordinary shares not so utilised are entitled to fill the remaining unfilled posts of directors. Thus, each of the three major shareholders who are named and whose holdings are listed in the notes to the financial statements (page 47), normally each appoint two directors for a total of six, the remaining two directors then being elected by the general public shareholders. Accordingly, no individual or small group of individuals will be in a position to dominate the board. The interests of the directors in the shares of the company are disclosed in this annual report.

The statute also provides for the board to appoint from amongst its directors a chairman, a vice-chairman and a managing director. The latter is empowered by the board to be fully responsible for the management of the business and affairs of the company subject to the overall direction of the board and to ensure compliance with all statutory and Malta Financial Services Authority requirements. As such this director is the Chief Executive Officer of the group.

The board is thus composed of a non-executive chairman, a non-executive vice-chairman, an

executive managing director as CEO and five other non-executive directors. The non-executive chairman, as well as one of the non-executive directors, are considered independent as they have no relationship with management or with significant shareholders. The board meets regularly every month apart from other occasions as may be needed. Individual directors, apart from attendance at formal board meetings, participate in other ad hoc meetings during the year as may be required, and are also active in board sub-committees as mentioned further below, either to assure good corporate governance, or to contribute more effectively to the decision making process.

Given the structure of the company's shareholding and consequent entitlement to appoint directors as explained above, the setting up of a formal nomination committee to advise on the selection of suitable directors or on succession and future composition of the board is not considered appropriate. It is in the interest of each of the three major blocks of shareholders (who are the original promoters of the company) to nominate as directors knowledgeable, experienced and diligent persons. Apart from this, informal arrangements, which do not infringe on their rights as shareholders, exist for consultation prior to any changes in the membership of the board, as well as to assist in the identification of suitable persons who can be nominated for election by the other public shareholders at general meetings, and who can bring in an independent viewpoint and particular knowledge to the deliberations of the board.

Directors are provided prior to each meeting with the necessary information and explanatory data as may be required by the particular item on the agenda. Comprehensive financial statements are also provided every month. The company has its own legal advisors, both internal and external. The directors are entitled to seek independent professional advice at any time at the company's expense where necessary for the proper performance of their duties and responsibilities.

In terms of the statute of SFC, no director is entitled to vote at board meetings on any proposal, issue, arrangement or contract in which s/he has a personal material interest.

2. Directors' responsibilities

The board, in fulfilling this mandate within the terms of the company's Memorandum and Articles of Association, and discharging its duty of stewardship of the company and the group, assumes responsibility for the following:

- reviewing and approving the business plan and targets that are submitted by management, and working with management in the implementation of the business plan;
- identifying the principal business risks for the group and overseeing the implementation and monitoring of appropriate risk management systems;
- ensuring that effective internal control and management information systems for the group are in place;

- assessing the performance of the group's executive officers, including monitoring the establishment of appropriate systems for succession planning, and for approving the compensation levels of such executive officers; and
- ensuring that the group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders and the public generally.

In fulfilling its responsibilities, the board regularly reviews and approves various management reports as well as annual financial plans, including capital budgets. To assist it in fulfilling its obligations, the board has delegated responsibility to the Group Chief Executive (see 1 above):

- for the formulation and implementation of policies as approved by the board;
- to achieve the objectives of the group as determined by the board; and accordingly
- to devise and put into effect such plans and to organise, manage, direct and utilise the human resources available and all physical and other assets of the group so as to achieve the most economically efficient use of all resources and highest possible profitability in the interest of the shareholders and all other stakeholders.

The CEO reports regularly to the board on the business and affairs of the group and the commercial, economic and other risks facing it. He is also responsible to ensure that all submissions made to the board are timely, give a true and correct picture of the issue or issues under consideration, and are of high professional standards as may be required by the subject matter concerned.

In order to enable the CEO to carry out his functions properly, a Group Executive Board (GEB) over which he presides, was established in December 2001 to ensure effective overall management and control of group business and proper co-ordination of the diverse activities undertaken by the various business units and subsidiaries which make up the group.

The six members of the GEB itself are senior SFC executives with experience of the group's business and proven professional ability, and each has a particular sphere of interest within his competence.

The company has an operations board which discusses operational issues on a monthly basis, a group receivables review board which monitors the collection of receivables, a sales and marketing board and a quality board. These boards are composed of executive managers of the group. Each subsidiary has its own management structure and accounting systems and internal controls, and is governed by its own board, whose members comprise SFC directors and/or representatives of the GEB, and/or senior management of SFC.

The above arrangements provide sufficient delegation of powers to achieve effective management, as well as an organisational structure which ensures that proper control and reporting systems are in place and maintained.

3. Board committees

The board has set up the following sub-committees to assist it in the decision making process and for the purposes of good corporate governance. The actual composition of these committees are given in the annual report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

Corporate Governance Committee is presided over by the non-executive chairman who is an independent director. Its terms of reference are to monitor, review and ensure the best corporate practices and report thereon to the board. Directors and senior officers who want to deal in the company's listed securities, are obliged to give advance notice to the board through the chairman (or in his absence to the secretary of the board) and records are kept accordingly.

Related Party Transactions Committee, presided over by the non-executive chairman, deals with and reports to the board on all transactions with related parties. In the case of any director who is a related party with respect to a particular transaction, such director does not participate in the committee's deliberation and decision on the transaction concerned. During 2006, control mechanisms relevant to the reporting of related party transactions have been strengthened by ensuring that information is vetted and collated on a timely basis, before reporting to the Related Party Transactions Committee for independent and final review of the transactions concerned.

The Audit Committee's primary objective is to assist the board in fulfilling its oversight responsibilities and to give advice on the effectiveness of the internal control systems and procedures, accounting policies, management of financial risks, financial reporting processes, as well as compliance with regulatory and legal requirements.

The Audit Committee also approves and reviews the internal audit plan prior to the commencement of every financial year. The Audit Committee oversees the conduct of the internal and external audits and acts to facilitate communication between the board, management, the external auditors and the group internal auditor. On 23 November 2004, the Listing Authority confirmed that the Audit Committee of the company, conforms with the requirements of Listing Rule 8.72 in terms of its independence.

The Audit Committee is chaired by the non-executive vice-chairman and comprises three other members all of whom are independent non-executive directors of the company. Mr Vincent

Curmi, the chairman of the Audit Committee, was appointed by the board in terms of Listing Rule 8.56a in view that he is a Certified Public Accountant and holder of a practising certificate in auditing.

Throughout the year ended 31 January 2009, the Audit Committee held six meetings. Audit Committee meetings are held mainly to discuss formal reports remitted by the group internal auditor but also to consider the external auditors' audit plan, the six-monthly financial results and the annual financial statements.

The external auditors are invited to attend specific meetings of the Audit Committee, and are also entitled to convene a meeting of the Committee if they consider that it is necessary. The Chief Executive Officer and the Chief Financial Officer are also invited to attend Audit Committee Meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit Committee.

Apart from these formal meetings, the Audit Committee chairman and the group internal auditor meet informally on a regular basis to discuss ongoing issues.

A group internal audit department was established in September 1993 and has an independent status within the group. In fact, the group internal auditor reports directly to the Audit Committee and has right of direct access to the chairman of the Committee at all times.

The internal auditor works on the basis of an audit plan which focuses on areas of greatest risk as determined by a risk management approach. The audit plan is approved by the Audit Committee at the beginning of the financial year, and subsequent revisions to this plan in view of any ad hoc assignments arising throughout the year, would have to be approved by the Audit Committee chairman.

Remuneration Committee is presided over by the non-executive chairman of the company. Its terms of reference are to review from time to time and to report and make recommendations on the non-executive directors' remuneration generally as well as on the CEO's conditions of service. In the case of the CEO or of any remuneration to an individual director for extra services, the interested director concerned, apart from not voting in terms of the SFC statute, does not attend the meeting during the discussion at committee or board level and decisions are therefore taken in his absence. The committee is also required to evaluate,

recommend and report on any proposals made by the group human resources manager relating to management remuneration and conditions of service.

New Ventures/Acquisitions/Mergers Committee, presided over by the non-executive vice-chairman, examines and reports on any proposal made by the GEB for the setting up of any new ventures, the acquisition of other businesses and entering into mergers with other parties, as well as to recommend policy guidelines thereon.

Apart from the above, non-executive directors chair the Farsons Foundation which was established by public deed on 22 March 1995 to promote Maltese culture, heritage and talent, and the Pensions Board established under the staff pensions scheme which is applicable only to a diminishing number of employees and to existing pensioners. Both the Foundation and the Scheme are entirely funded by subventions authorised by the SFC board.

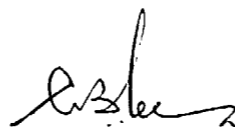
4. Communications with shareholders and markets

Within six months of the end of the financial year, an Annual General Meeting of shareholders is convened to consider the annual consolidated financial statements, the directors' and auditor's report for the year, to decide on dividends recommended by the board, to elect the directors and appoint the auditors. Prior to the commencement of the Annual General Meeting, a presentation is made to shareholders on the progress made and strategies adopted during the year in the light of prevailing market and economic conditions and the objectives set by the board, and an assessment on future prospects is given. The group's presence on the worldwide web (www.farsons.com) contains a corporate information section.

Apart from the above, the company publishes its financial results every six months and from time to time issues public notices regarding matters which may be of general interest or of material importance to shareholders and the market in general, or which may concern price sensitive issues.

At the time of the Annual General Meeting, the publication of the six monthly report or significant events affecting the group, public meetings are held to which institutional investors, financial intermediaries and inventory brokers are invited to attend. Press releases are also issued regularly on the business activities of the group.

Approved by the board of directors on 28 April 2009 and signed on its behalf by:



Bryan A. Gera – Chairman



Vincent Curmi – Vice-Chairman



Louis A. Farrugia – Group Chief Executive

Remuneration Report

Directors

Except for the CEO, no other director is employed or has a service contract with the company or any of its subsidiaries. The remuneration of the other directors is determined on the basis of their responsibilities, time committed to the group's affairs, including attendance at regular board meetings, serving on boards of subsidiaries and associated companies and work done in connection with the various sub-committees of which they are members.

The CEO has a service contract which is periodically reviewed by the rest of the board. A fixed salary is payable, but at the beginning of each financial year, the board fixes the amount of a performance bonus which is based on the group's achievement of the budgeted results for that year.

No director (including the managing director) is entitled to profit sharing, share options or pension benefits, and there are no outstanding loans or guarantees provided by the company or any of its subsidiaries to any director. The following is an outline of the directors' remuneration for the financial year under review:

Directors' fees	€105,000
Directors' other emoluments	€198,000

Senior management

The group's human resources department is responsible (apart from normal staff administration and training and upgrading of proficiency of technical and managerial personnel and workforce in general), to carry out regular

reviews of the compensation structure pertaining to senior management in the light of the group's performance, economic situation and market trends. One of the main objectives is to recruit and retain executives of high professional standards and competence who can enhance the group's performance and assure the best operational and administrative practices.

The group's human resources manager reports and makes recommendations periodically to the board on the remuneration package, including bonus arrangements for achieving pre-determined targets. There are no profit sharing, share options or pension benefit arrangements.

Independent Auditor's Report

To the shareholders of Simonds Farsons Cisk plc

We have audited the financial statements of Simonds Farsons Cisk plc on pages 14 to 46 which comprise the group's and the company's statements of financial position as at 31 January 2009 and the income statements, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Maltese Companies Act, 1995 and International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the provisions of the said Act. As described in the directors' report on page 9, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and company as at 31 January 2009, and of the financial performance and the cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Report on Other Legal and Regulatory Requirements

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their annual report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual report.

PRICEWATERHOUSECOOPERS 

167 Merchants Street, Valletta, Malta.

David Valenzia – Partner
28 April 2009

We are not required to, and we do not, consider whether the board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 10 to 11 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and Group Chief Executive's Review. Our responsibilities do not extend to any other information.

We also have responsibilities:

- Under the Maltese Companies Act, 1995 to report to you if, in our opinion:
 - The information given in the directors' report is not consistent with the financial statements.
 - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
 - The financial statements are not in agreement with the accounting records and returns.
 - We have not received all the information and explanations we require for our audit.
 - Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- Under the Listing Rules to review the statement made by the directors, set out on page 9, that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Statements of Financial Position

	Notes	As at 31 January			
		Group		Company	
		2009 €'000	2008 €'000	2009 €'000	2008 €'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	71,810	105,016	53,487	38,405
Investment property	5	41,184	10,268	31,843	-
Intangible assets	6	1,784	2,264	713	953
Investments in subsidiaries	7	-	-	17,211	17,211
Investments in associates	8	12	12	2	2
Loans and receivables	9	2,175	2,740	-	-
Trade and other receivables	11	1,705	1,542	5,503	7,526
Total non-current assets		118,670	121,842	108,759	64,097
Current assets					
Inventories	10	14,996	13,833	11,107	8,510
Loans and receivables	9	865	757	-	-
Trade and other receivables	11	15,412	15,773	10,759	12,539
Current tax assets		191	283	7	7
Cash and cash equivalents	12	742	846	476	295
		32,206	31,492	22,349	21,351
Non-current assets classified as held for sale	21	263	739	-	-
Total current assets		32,469	32,231	22,349	21,351
Total assets		151,139	154,073	131,108	85,448
EQUITY AND LIABILITIES					
Capital and reserves attributable to owners of the company					
Share capital	13	7,486	7,486	7,486	7,486
Revaluation and other reserves	15, 16	60,572	61,084	54,465	12,056
Retained earnings		14,208	14,812	17,103	18,407
Total equity		82,266	83,382	79,054	37,949
Non-current liabilities					
Borrowings	19	30,742	31,773	27,776	28,445
Provisions for other liabilities and charges	17, 18	11,368	11,491	6,175	411
Total non-current liabilities		42,110	43,264	33,951	28,856
Current liabilities					
Trade and other payables	20	13,122	14,391	8,973	9,432
Current tax liabilities		303	286	-	-
Borrowings	19	13,220	12,750	9,130	9,211
		26,645	27,427	18,103	18,643
Liabilities directly attributable to non-current assets held for sale	21	118	-	-	-
Total current liabilities		26,763	27,427	18,103	18,643
Total liabilities		68,873	70,691	52,054	47,499
Total equity and liabilities		151,139	154,073	131,108	85,448

The notes on pages 18 to 46 are an integral part of these financial statements.

The financial statements on pages 14 to 46 were authorised for issue by the board of directors on 28 April 2009 and were signed on its behalf by:



Bryan A. Gera – Chairman



Vincent Curmi – Vice-Chairman



Louis A. Farrugia – Group Chief Executive

Income Statements

	Notes	Year ended 31 January			
		Group		Company	
		2009 €'000	2008 €'000	2009 €'000	2008 €'000
Continuing operations:					
Revenue	3	66,441	65,753	39,148	38,457
Cost of sales	22	(43,469)	(41,168)	(23,676)	(21,416)
Gross profit		22,972	24,585	15,472	17,041
Selling and distribution costs	22	(9,904)	(10,265)	(7,637)	(9,922)
Administrative expenses	22	(10,679)	(9,916)	(5,911)	(4,384)
Operating profit		2,389	4,404	1,924	2,735
Fair value gains on investment property	5	-	208	-	-
Profit on disposal of land and buildings		-	1,102	-	-
Profit on disposal of non-current assets		505	-	-	-
Investment income	25	112	103	235	1,223
Finance costs	26	(2,111)	(1,671)	(1,896)	(1,373)
Profit before tax		895	4,146	263	2,585
Tax expense	27	(354)	(948)	-	(108)
Profit for the year from continuing operations		541	3,198	263	2,477
Discontinued operations:					
Loss for the year from discontinued operations	21	(90)	(144)	-	-
Profit for the financial year		451	3,054	263	2,477
Earnings per share for profit/(loss) during the year					
from continuing operations	29	€0.021	€0.124		
from discontinued operations		(€0.004)	(€0.006)		

The notes on pages 18 to 46 are an integral part of these financial statements.

Statements of Changes in Equity

	Notes	Attributable to equity shareholders				Total equity €'000
		Share capital €'000	Revaluation and other reserves €'000	Retained earnings €'000	Minority interest €'000	
Group						
Balance at 1 February 2007		7,486	16,529	13,339	(16)	37,338
Revaluation of property, plant and equipment, net of deferred tax	15	-	44,372	-	-	44,372
Net transfers of fair value gains on investment property, net of deferred tax	16	-	183	(183)	-	-
Other movements		-	-	-	16	16
Net movements recognised directly in equity		-	44,555	(183)	16	44,388
Profit for the year		-	-	3,054	-	3,054
Total recognised income for 2008		-	44,555	2,871	16	47,442
Dividends for 2007 and 2008	14	-	-	(1,398)	-	(1,398)
Balance at 31 January 2008		7,486	61,084	14,812	-	83,382
Balance at 1 February 2008		7,486	61,084	14,812	-	83,382
Net transfers of fair value gains on investment property, net of deferred tax	16	-	(512)	512	-	-
Net movements recognised directly in equity		-	(512)	512	-	-
Profit for the year		-	-	451	-	451
Total recognised expense and income for 2009		-	(512)	963	-	451
Dividends for 2008 and 2009	14	-	-	(1,567)	-	(1,567)
Balance at 31 January 2009		7,486	60,572	14,208	-	82,266

	Notes	Attributable to equity shareholders			Total equity €'000
		Share capital €'000	Revaluation and other reserves €'000	Retained earnings €'000	
Company					
Balance at 1 February 2007		7,486	12,056	17,328	36,870
Profit for the year		-	-	2,477	2,477
Dividends for 2007	14	-	-	(1,398)	(1,398)
Balance at 31 January 2008		7,486	12,056	18,407	37,949
Balance at 1 February 2008		7,486	12,056	18,407	37,949
Revaluation of property, plant and equipment, net of deferred tax	15	-	42,409	-	42,409
Net movements recognised directly in equity		-	42,409	-	42,409
Profit for the year		-	-	263	263
Total recognised income for 2009		-	42,409	263	42,672
Dividends for 2008 and 2009	14	-	-	(1,567)	(1,567)
Balance at 31 January 2009		7,486	54,465	17,103	79,054

The notes on pages 18 to 46 are an integral part of these financial statements.

Statements of Cash Flows

	Notes	Year ended 31 January			
		Group		Company	
		2009 €'000	2008 €'000	2009 €'000	2008 €'000
Cash flows from operating activities					
Cash generated from operations	30	5,769	6,322	4,673	7,502
Interest received		112	103	235	323
Interest paid		(2,111)	(1,671)	(1,896)	(1,373)
Income tax paid		(337)	(330)	-	(7)
Net cash from operating activities		3,433	4,424	3,012	6,445
Cash flows from investing activities					
Acquisition of intangible assets		(39)	-	-	-
Purchase of property, plant and equipment		(3,557)	(10,738)	(2,728)	(11,006)
Purchase of investment property		(75)	(114)	-	-
Proceed from disposal of investment property		1,002	-	-	-
Proceeds from disposal of property, plant and equipment and assets held for sale		1,277	1,961	21	19
Net cash flows on acquisition of minority interest		-	16	-	-
Movements in loans to subsidiaries		-	-	2,210	(95)
Net cash used in investing activities		(1,392)	(8,875)	(497)	(11,082)
Cash flows from financing activities					
Proceeds from short and long-term borrowings		2,354	4,263	2,354	4,262
Payments of short and long-term borrowings		(3,651)	(2,547)	(3,437)	(2,430)
Dividends paid		(1,567)	(1,398)	(1,567)	(1,398)
Net cash (used in)/generated from financing activities		(2,864)	318	(2,650)	434
Net movement in cash and cash equivalents		(823)	(4,133)	(135)	(4,203)
Cash and cash equivalents at beginning of year		(8,261)	(4,128)	(5,479)	(1,276)
Cash and cash equivalents at end of year	12	(9,084)	(8,261)	(5,614)	(5,479)

The notes on pages 18 to 46 are an integral part of these financial statements.

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

These consolidated financial statements include the financial statements of Simonds Farsons Cisk plc and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the non-current assets categories of property, plant and equipment, investment property except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group's accounting policies (see note 2 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2008

In 2008, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 February 2008. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the group's accounting periods beginning after 1 February 2008. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

The group has considered the requirements of these standards, amendments and interpretations including amongst others, IFRS 8, Operating Segments and the amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures. IFRS 8 requires the disclosure of segments as reported for internal purposes. The amendments to IAS 1 introduce a change in disclosures for non-owner changes in equity. The group assessed the impact of IFRS 8 and the amendment to IAS 1 and concluded that certain additional changes in disclosures may be necessary upon application of these requirements. Other requirements will emanate from a number of standards. These include IAS 27 Consolidated and Separate Financial Statements (amended in 2008), IFRS 3 Business Combinations (revised in 2008), Revised IAS 23 Borrowing Costs and IFRIC 13 Customer Loyalty Programmes and changes arising from the IASB's 2008 improvements project. The group is not expecting any material impact on the consolidated financial statements from these developments.

1.2. Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see accounting policy 1.7).

Inter-company transactions, balances and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the subsidiaries is set out in note 36 to the financial statements.

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss. See accounting policy 1.7 for the impairment of non financial assets including goodwill.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the group's associates is set out in note 36 to the financial statements.

1.3. Group holdings of land and buildings

The group owns extensive holdings of land and buildings which are accounted for under two categories depending on their current or intended use:

- (a) Properties used as business, manufacturing and operational premises by the group including factories, warehouses, offices, and commercial buildings, are accounted for as property, plant and equipment and are included under non-current assets. Surplus properties previously employed in the group's operations, are classified as non-current assets held for sale (see accounting policy 1.13);
- (b) Other properties held by the group for capital appreciation and for long-term rental purposes are accounted for as investment property and are also included under non-current assets.

1.4. Property, plant and equipment

Property, plant and equipment are initially recorded at cost and are subsequently stated at market value, based on valuations by external independent valuers, less depreciation. Valuations are carried out at regular intervals, unless the directors consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Plant, machinery and equipment are stated at historical cost less depreciation. Assets in course of construction are not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

- Buildings 0.67% - 2.00%

(on buildings erected on freehold and leasehold land, depreciation is charged from completion date of construction or acquisition of property)

- Plant, machinery and equipment 5.00% - 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

Freehold land, land held on perpetual emphyteusis and assets in the course of construction are not depreciated. Leased properties are depreciated over the period of the lease.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see accounting policy 1.7).

1.5. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property comprises freehold and leasehold land and buildings, and land and buildings held under long-term operating leases.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed periodically by the group directors.

The fair value of investment property reflects, among other factors, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Notes to the Financial Statements continued

1.6. Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired group/associate or business concern at the date of acquisition. Goodwill on acquisitions of subsidiaries/business concerns is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The group gathers objective evidence that goodwill is impaired using the same process disclosed in accounting policy 1.7.

Franchise and agency rights are initially shown at historical cost. Franchise and agency rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise and agency rights over their estimated useful lives (5 to 10 years).

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (see accounting policy 1.7).

1.7. Impairment of assets

Impairment of non financial assets

Assets (including goodwill) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment of financial assets

The group assesses at each end of the reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence that a financial asset is impaired includes observable data about the certain events which can include (but are not restricted to) indications that there is a measurable decrease in the estimated future cash flow from the financial asset since the initial recognition.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is recognised in the income statement and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The group assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1.8. Investments in subsidiaries and associates

In the company's financial statements, investments in subsidiaries and associates are accounted for by the cost method of accounting. The dividend income from such investments is included in the income statement in the accounting year in which the company's rights to receive payment of any dividend is established. The company gathers objective evidence that an investment is impaired using the same process disclosed in accounting policy 1.7. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

1.9. Loans and receivables

The group's loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They relate to receivables from third parties on the sale of property, plant and equipment and investment property. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date.

1.10. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable or, probability that the receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and distribution costs'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and distribution costs' in the income statement.

1.11. Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories of raw materials are determined by the first-in first-out method and those of spare parts on a weighted average basis. The cost of raw materials comprises the cost of direct materials and includes transport and handling charges. The cost of finished goods comprises raw materials, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. In the case of bottles, cases and kegs, the net realisable value is arrived at after providing for an annual charge calculated to amortise the costs over their estimated useful lives.

1.12. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

1.13. Discontinued operations and non-current assets held for sale

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and represents a separate major line of business or a geographical area of operation or is a subsidiary acquired or created exclusively with a view to resale.

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. Non-current assets (classified as assets held for sale) are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

1.14. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

1.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.16. Provisions

Provisions (including restructuring costs) are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions principally comprise termination benefits.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.17. Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the statement of financial position date are discounted to present value.

1.18. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.19. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows:

(a) Sales of goods – wholesale

Sales of goods are recognised when a subsidiary has delivered products to the customer, the customer has accepted the products and collectibility of the related trade and other receivables is reasonably assured. Branded beers, beverages and food products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Sales of goods – retail

Sales of goods are recognised when a subsidiary sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in finance costs. It is the group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(c) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Notes to the Financial Statements^{continued}

(d) Property related income

Rentals and short-term lets receivable on immovable property are recognised in the period when the property is occupied.

(e) Finance income

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the subsidiary reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.20. Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is based on the average rate of interest on bank borrowings for qualifying assets. Other borrowing costs are recognised in the income statement.

1.21. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in euro which is the company's functional currency and the group presentation policy.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The group enters into foreign exchange forward contracts in order to manage its exposure to fluctuations in foreign currency rates on specific transactions.

(c) Subsidiaries

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.22. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Under this method the group is required to make a provision for deferred income taxes on the revaluation of certain fixed assets. Such deferred tax is charged or credited directly to the revaluation reserve. Deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property is realised through the income statement.

Under this method the group is required to make a provision for deferred income taxes on the fair valuation of investment property.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the unutilised investment tax credits, tax losses and unabsorbed capital allowances can be utilised.

1.23. Operating leases

Where a group company is a lessee

Leases of assets where a significant portion of the risk and rewards of shareholding are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Where a group company is a lessor

Assets leased out under operating leases are included in investment property in the statement of financial position. These assets are fair valued annually on a basis consistent with similarly owned investment property.

1.24. Earnings per share

The group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding at the end of the period.

1.25. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.26. Other financial instruments

The group's other financial assets, which have not been referred to in the accounting policies disclosed above, are classified as loans and receivables in accordance with the requirements of IAS 39 and are measured at cost, that is, the face value of these assets. All regular way transactions in assets classified in this category are accounted for using settlement date accounting.

A credit risk provision for financial asset impairment is established if there is objective evidence that the group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, including amounts recoverable from collateral, discounted based on the interest rate at inception.

The group's financial liabilities, other than those referred to in the accounting policies above, are classified as liabilities which are not held for trading ('other liabilities') under IAS 39, and are measured at cost, that is, the face value of such instruments.

1.27. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the company directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

3. Segment information

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 and therefore segmental reporting is only shown on the basis of business segments.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of land and buildings, investment property, plant, machinery and equipment, intangible non-current assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise trade and other payables and exclude tax and borrowings. Capital expenditure comprises additions to land and buildings, investment property, plant, machinery and equipment and intangible non-current assets.

Notes to the Financial Statements^{continued}

3. Segment information (continued)

	Brewing, production & sale of branded beers & beverages €'000	Importation, wholesale & retail of food & beverages, including wines & spirits €'000	Operation of franchised food retailing establishments €'000	Property management €'000	Group €'000
2009					
Revenue	40,250	20,963	8,982	1,156	71,351
Less: inter-segmental sales	(1,074)	(3,059)	-	(777)	(4,910)
	39,176	17,904	8,982	379	66,441
Segment results	2,347	1,180	502	96	4,125
Unallocated costs					(1,736)
Operating profit					2,389
Profit on disposal of non-current assets	-	-	-	505	505
Net finance costs					(1,999)
Profit before tax					895
Tax expense					(354)
Profit from continuing operations					541
Loss from discontinuing operations	(90)	-	-	-	(90)
Profit for the financial year					451
Segment assets	84,108	12,122	10,245	44,198	150,673
Assets held for sale	263	-	-	-	263
Associates	-	-	-	12	12
Unallocated assets					191
Total assets					151,139
Segment liabilities	8,808	1,938	1,970	681	13,397
Liabilities held for sale	118	-	-	-	118
Unallocated liabilities					55,358
Total liabilities					68,873
Capital expenditure	2,867	211	500	93	3,671
Depreciation	3,780	156	464	85	4,485
Impairment of property, plant and equipment	350	-	-	-	350
Amortisation	257	274	5	-	536
Impairment provision for trade receivables	(113)	54	-	4	(55)
Restructuring costs	182	-	-	-	182

3. Segment information (continued)

	Brewing, production & sale of branded beers & beverages €'000	Importation, wholesale & retail of food & beverages, including wines & spirits €'000	Operation of franchised food retailing establishments €'000	Property management €'000	Group €'000
2008					
Revenue	39,627	21,233	7,797	1,221	69,878
Less: inter-segmental sales	(799)	(2,455)	-	(871)	(4,125)
	38,828	18,778	7,797	350	65,753
Segment results	4,324	1,289	330	66	6,009
Unallocated costs					(1,605)
Operating profit					4,404
Fair value gains on investment property	-	-	-	208	208
Profit on disposal of land and buildings	-	-	-	1,102	1,102
Finance costs					(1,568)
Profit before tax					4,146
Tax expense					(948)
Profit from continuing operations					3,198
Loss from discontinuing operations	(144)	-	-	-	(144)
Profit for the financial year					3,054
Segment assets	110,341	18,899	10,484	13,315	153,039
Assets held for sale	739	-	-	-	739
Associates	-	-	-	12	12
Unallocated assets					283
Total assets					154,073
Segment liabilities	10,139	1,581	2,003	1,092	14,815
Unallocated liabilities					55,876
Total liabilities					70,691
Capital expenditure	10,162	19	542	337	11,060
Depreciation	3,306	147	454	79	3,986
Amortisation	254	274	5	-	533
Impairment provision for trade receivables	214	(73)	-	16	157
Restructuring costs	274	13	-	-	287

Notes to the Financial Statements continued

4. Property, plant and equipment

Group	Land & buildings €'000	Assets in course of construction €'000	Plant, machinery & equipment €'000	Total €'000
At 1 February 2007				
Cost	23,650	15,610	75,379	114,639
Accumulated depreciation and impairment	(5,527)	-	(64,667)	(70,194)
Net book amount	18,123	15,610	10,712	44,445
Year ended 31 January 2008				
Opening net book amount	18,123	15,610	10,712	44,445
Additions	145	8,693	1,900	10,738
Commissioning of assets	9,741	(24,303)	14,562	-
Disposals	(1,026)	-	(110)	(1,136)
Depreciation	(416)	-	(3,570)	(3,986)
Depreciation released on disposals	78	-	92	170
Transfer to non-current assets held for sale	(738)	-	-	(738)
Revaluation surplus (note 15)	55,523	-	-	55,523
Closing net book amount	81,430	-	23,586	105,016
At 31 January 2008				
Cost or valuation	81,430	-	91,731	173,161
Accumulated depreciation and impairment	-	-	(68,145)	(68,145)
Net book amount	81,430	-	23,586	105,016
Year ended 31 January 2009				
Opening net book amount	81,430	-	23,586	105,016
Additions	328	78	3,151	3,557
Disposals	(56)	-	(221)	(277)
Depreciation	(720)	-	(3,765)	(4,485)
Impairment charge	-	-	(350)	(350)
Depreciation released on disposals	54	-	207	261
Transfer to non-current assets held for sale	(69)	-	-	(69)
Transfer to investment property (note 5)	(31,843)	-	-	(31,843)
Closing net book amount	49,124	78	22,608	71,810
At 31 January 2009				
Cost or valuation	49,790	78	94,661	144,529
Accumulated depreciation and impairment	(666)	-	(72,053)	(72,719)
Net book amount	49,124	78	22,608	71,810

4. Property, plant and equipment (continued)

Company	Land & buildings €'000	Assets in course of construction €'000	Plant, machinery & equipment €'000	Total €'000
At 1 February 2007				
Cost	9,887	15,610	57,262	82,759
Accumulated depreciation	(3,490)	-	(48,968)	(52,458)
Net book amount	6,397	15,610	8,294	30,301
Year ended 31 January 2008				
Opening net book amount	6,397	15,610	8,294	30,301
Additions	48	8,693	1,117	9,858
Transferred from subsidiary	199	-	949	1,148
Commissioning of assets	9,741	(24,303)	14,562	-
Disposals	-	-	(56)	(56)
Depreciation	(164)	-	(2,738)	(2,902)
Depreciation released on disposals	-	-	56	56
Closing net book amount	16,221	-	22,184	38,405
At 31 January 2008				
Cost	19,875	-	73,834	93,709
Accumulated depreciation	(3,654)	-	(51,650)	(55,304)
Net book amount	16,221	-	22,184	38,405
Year ended 31 January 2009				
Opening net book amount	16,221	-	22,184	38,405
Additions	288	78	2,364	2,730
Disposals	-	-	(132)	(132)
Depreciation	(503)	-	(3,143)	(3,646)
Impairment of assets	-	-	(350)	(350)
Depreciation released on disposals	-	-	132	132
Revaluation surplus (note 15)	48,191	-	-	48,191
Transfer to investment property (note 5)	(31,843)	-	-	(31,843)
Closing net book amount	32,354	78	21,055	53,487
At 31 January 2009				
Cost or valuation	32,354	78	76,066	108,498
Accumulated depreciation and impairment	-	-	(55,011)	(55,011)
Net book amount	32,354	78	21,055	53,487

Bank borrowings are secured by the group's and company's property, plant and equipment (note 19).

On 31 January 2008, the directors approved a change in the group's accounting policy for property, plant and equipment from the depreciated cost method to the revaluation method. During the financial year ending 31 January 2009, the company has realigned its accounting policy for property, plant and equipment to that adopted by the group.

On 31 January 2008, the directors approved revaluations of the owned property by the group and classified under property, plant and equipment, after assessing the valuations made by two duly appointed independent chartered architectural firms. These valuations were determined on the basis of open market values after considering the intrinsic value of the property and net potential returns. The directors have confirmed these values as at 31 January 2009.

During the year ended 31 January 2009, the group continued with restructuring its property portfolio and further property with a value of €31.8million has been released from operational use and transferred to investment property (note 5).

The company's impairment charge for 2009 is attributable to operational manufacturing assets within the bottling segment related to the old soft drinks factory. The related assets have been written down to their estimated recoverable amounts. The recoverable amount (the higher of the value in use and net selling price) was determined at the individual asset level and represents the net selling price, determined by reference to market prices for equivalent assets.

As at 31 January 2009, the carrying amount of land and buildings would have been €21,833,000 (2008: €25,907,000) had these assets been included in the financial statements at historical cost less depreciation.

Notes to the Financial Statements continued

4. Property, plant and equipment (continued)

During the financial year ended 31 January 2008, the group commissioned the new soft drinks factory and distribution centre situated in Mriehel amounting to €24,303,000. In 2008 the group disposed of properties which were no longer being used as bottling distribution depot facilities. Profit on disposal of these properties was disclosed in the income statement. During the year ended 31 January 2009, the disposal of the bottling distribution depot facilities has been completed.

The charge for depreciation included in the income statement is as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Cost of sales	2,809	2,885	2,255	2,339
Distribution costs	989	502	934	156
Administration expenses	687	599	457	407
	4,485	3,986	3,646	2,902

5. Investment property

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Year ended 31 January				
Opening net book amount	10,268	9,946	-	-
Additions	75	114	-	-
Disposals	(1,002)	-	-	-
Transfer from property, plant and equipment	31,843	-	31,843	-
Fair value gains for the year	-	208	-	-
Closing net book amount	41,184	10,268	31,843	-
At 31 January				
Cost	36,298	4,798	31,843	-
Fair value gains	4,886	5,470	-	-
Net book amount	41,184	10,268	31,843	-

As at 1 February 2007, the cost and fair value gains attributable to the group's investment property amounted to €4,684,000 and €5,262,000 respectively.

Investment property is valued annually on 31 January at fair value comprising open market values approved by the directors on the basis of a professional valuation prepared by the group's architect.

Transfers from property, plant and equipment related to properties released from operational use during the financial year ended 31 January 2009 (note 4).

Investment property included above, comprising property leased out under operating leases, has a carrying amount of €1,721,000 (2008: €1,721,000). Bank borrowings are secured by the group's investment property (note 19). Investment property comprises a number of commercial properties that are leased to third parties and land held for capital appreciation. The following amounts have been recognised in the income statement:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Rental income	287	270	-	-
Direct operating expenses arising from investment property that generate rental income	(213)	(204)	-	-

If the investment property were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
At 31 January				
Cost	7,991	4,798	3,611	-
Accumulated depreciation	(198)	(172)	-	-
Net book amount	7,793	4,626	3,611	-

6. Intangible assets

Group	Goodwill	Franchise & agency rights	Total
	€'000	€'000	€'000
At 1 February 2007			
Cost	1,058	4,466	5,524
Accumulated amortisation and impairment	(128)	(2,613)	(2,741)
Net book amount	930	1,853	2,783
Year ended 31 January 2008			
Opening net book amount	930	1,853	2,783
Amortisation	-	(519)	(519)
Closing net book amount	930	1,334	2,264
At 31 January 2008			
Cost	1,058	4,466	5,524
Accumulated amortisation and impairment	(128)	(3,132)	(3,260)
Net book amount	930	1,334	2,264
Year ended 31 January 2009			
Opening net book amount	930	1,334	2,264
Additions	-	39	39
Amortisation	-	(519)	(519)
Closing net book amount	930	854	1,784
At 31 January 2009			
Cost	1,058	4,505	5,563
Accumulated amortisation and impairment	(128)	(3,651)	(3,779)
Net book amount	930	854	1,784

Amortisation of €246,000 (2008: €246,000) is included in cost of sales, and €273,000 (2008: €273,000) in administrative expenses within the income statement.

Impairment tests for goodwill

Goodwill is allocated to the group's cash-generating units identified according to business segment. A segment-level summary of the goodwill allocation is presented below:

	2009	2008
	€'000	€'000
Brewing, production and sale of branded beers & beverages	192	192
Importation, wholesale and retail of food & beverages, including wines & spirits	738	738
Net book amount	930	930

The recoverable amount of a cash-generating unit is determined based on value in use calculations, and is assessed annually. These calculations use cash flow projections based on financial information prepared by management covering a five-year period. These estimates assume net margins of between 5% and 12% and are discounted using a rate between 11% and 16%.

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management estimates net margins based on past performance and its expectations for market development. The discount rates are pre-tax and reflect specific risks to the relevant segments.

	Company	
	2009 €'000	2008 €'000
Franchise rights		
Year ended 31 January		
Opening net book amount	953	1,193
Amortisation	(240)	(240)
Closing net book amount	713	953
At 31 January		
Cost	2,402	2,402
Accumulated amortisation	(1,689)	(1,449)
Net book amount	713	953

As at 1 February 2007, the cost and accumulated amortisation of the company's franchise rights amounted to €2,402,000 and €1,209,000 respectively. Amortisation charge for the year is included in cost of sales.

Notes to the Financial Statements^{continued}

7. Investments in subsidiaries

	Company	
	2009 €'000	2008 €'000
Year ended 31 January		
Opening net book amount	17,211	17,654
Movements	-	(443)
Closing net book amount	17,211	17,211
At 31 January		
Cost	18,492	18,492
Impairment provision for investments	(1,281)	(1,281)
Net book amount	17,211	17,211

The principal subsidiaries at 31 January 2009 all of which are unlisted, are disclosed in note 36 to these financial statements.

8. Investments in associates

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Year ended 31 January				
Opening and closing net book amount	12	12	2	2
At 31 January				
Cost	102	102	102	102
Share of associates' results and reserves	(90)	(90)	-	-
Impairment provision for investments	-	-	(100)	(100)
Net book amount	12	12	2	2

The principal associates at 31 January 2009 all of which are unlisted, are disclosed in note 36 to these financial statements.

Summarised financial information of the principal associates as at 31 January is as follows:

	Assets €'000	Liabilities €'000	Loss €'000
At 31 January 2008	912	909	(234)
Movements	-	11	(11)
At 31 January 2009	912	920	(245)

9. Loans and receivables

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Year ended 31 January				
Opening net book amount	3,497	-	-	-
Receivable upon disposal of non-current assets held for sale and additions during the year	268	4,522	-	-
Repayments	(725)	(1,025)	-	-
Closing net book amount	3,040	3,497	-	-
At 31 January				
Cost and net book amount	3,040	3,497	-	-

In 2009 and 2008 loans and receivables relate to dues from third parties on the disposal of the non-current assets held for sale in 2007 and on the disposal of land and buildings utilised by the group prior to the commissioning of the new logistics centre in 2008 and 2009.

As at 31 January 2009, the weighted average effective interest rate for the group at the end of the reporting period was 3.2% (2008: 4.0%).

Maturity of loans and receivables as at the end of the reporting period was:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Non-current				
Between 1 and 2 years	1,643	756	-	-
Between 2 and 5 years	532	1,984	-	-
	2,175	2,740	-	-
Current	865	757	-	-
	3,040	3,497	-	-

These assets are secured with hypothecs in favour of the group over the property sold on which these receivables have originated. The group's exposure to credit, and liquidity rate risks related to these loans and receivables is disclosed in note 33. As of 31 January 2009, these financial assets were fully performing and hence do not contain impaired assets.

10. Inventories

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Raw materials and consumables	4,224	3,985	3,686	3,316
Finished goods and goods for resale	6,138	5,855	3,060	2,319
Containers and other stocks	4,634	3,993	4,361	2,875
	14,996	13,833	11,107	8,510

The amount of inventory write-downs recognised in the income statement categories is as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Cost of sales	779	522	276	289
Selling and distribution costs	268	41	268	41
	1,047	563	544	330

The increase in inventory write-downs over the 2008 levels mainly relates to abnormal write offs on discontinued materials and finished goods in the manufacturing segment and substantial write-downs in the beverage importation segment.

Notes to the Financial Statements continued

11. Trade and other receivables

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Non-current				
Amounts due from subsidiaries	-	-	3,798	6,007
Other receivables	1,705	1,542	1,705	1,519
	1,705	1,542	5,503	7,526
Current				
Trade receivables	9,174	9,733	5,873	6,079
Amounts due from subsidiaries	-	-	953	2,824
Amounts due from associates	455	455	455	455
Indirect taxation	286	184	-	-
Other receivables	3,315	2,879	2,563	2,336
Prepayments and accrued income	2,182	2,522	915	845
	15,412	15,773	10,759	12,539
Total trade and other receivables	17,117	17,315	16,262	20,065

Trade and other receivables are stated net of impairment provision as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Trade and other receivables	2,329	2,384	1,331	1,452
Amounts due from subsidiaries	-	-	426	426

The impairment provision for trade and other receivables is disclosed in note 22 and is included in distribution costs in the income statement.

Amounts due from group and associates are unsecured and are repayable on demand. Included in these balances are amounts of €4,354,000 (2008: €4,500,000) that are subject to an average interest rate of 4.82% (2008: 4.96%). Other balances within amounts due from group and associates are interest free.

The group's and company's exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in note 33. The other classes within receivables do not contain impaired assets.

12. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents at the end of the year comprise the following:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Cash in bank and in hand	742	846	476	295
Bank overdrafts	(9,826)	(9,107)	(6,090)	(5,774)
	(9,084)	(8,261)	(5,614)	(5,479)

13. Share capital

	Company	
	2009 €'000	2008 €'000
Authorised:		
26,000,000 ordinary shares of €0.291171 each	7,570	7,570
2,000,000 preference shares of €2.329373 each	4,659	4,659
500,000 preference shares of €23.293733 each	11,647	11,647
20,000 preference shares of €232.937339 each	4,659	4,659
	28,535	28,535
Issued and fully paid:		
25,714,286 ordinary shares of €0.291171 each	7,486	7,486

14. Dividends

	Company	
	2009 €'000	2008 €'000
Interim dividend	200	408
Final dividend	1,367	990
Total net dividend	1,567	1,398
Euro per share (net)	€0.061	€0.054

The interim dividend of €200,000 and the final dividend of €1,367,000 in respect of the year ended 31 January 2008, were announced to the ordinary shareholders on 24 October 2008 and 27 June 2008 respectively. These interim and final dividends were paid out of tax exempt profits.

A net interim dividend of €200,000 in respect of the year ended 31 January 2009 was announced on 30 September 2008, and paid to the ordinary shareholders on 24 October 2008. At the forthcoming Annual General Meeting, a final net dividend of €800,000 in respect of the financial year ended 31 January 2009 is to be proposed.

These financial statements do not reflect the final dividend for 2009 of €800,000, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 January 2010.

15. Revaluation reserve

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Property, plant and equipment				
At beginning of year, before deferred tax	55,523	-	-	-
Revaluation surplus for the year	-	55,523	48,191	-
	55,523	55,523	48,191	-
Deferred taxation (note 17)	(11,151)	(11,151)	(5,782)	-
At 31 January	44,372	44,372	42,409	-

The revaluation reserve was created upon the revaluation of the group's and company's property, plant and equipment. Related deferred tax is debited to this reserve. The revaluation reserve is a non-distributable reserve.

16. Other reserves

The unrealised fair value gains reserve represents changes in fair value of investment property, net of deferred tax movements, which are unrealised at financial reporting dates. These amounts are transferred from retained earnings to this reserve since these gains are not considered by the directors to be available for distribution. Upon disposal of the respective investment property, realised fair value gains are transferred to retained earnings. The unrealised gain reserve is a non-distributable reserve.

The incentives and benefits reserve represents profits set aside for re-investment in terms of Sections 6(1) and 36(2) of the Business Promotion Act. Amounts included in this reserve can only be distributed by way of capitalisation of profits.

The capital redemption reserve represents amounts set aside as a result of the redemption of cumulative redeemable preference shares. In accordance with the Maltese Companies Act, 1995, this reserve is only available for distribution to ordinary shareholders by way of a bonus share issue.

	Share premium	Unrealised fair value gains reserve	Incentives and benefits reserve	Capital redemption reserve	Total
	€'000	€'000	€'000	€'000	€'000
Group					
At 1 February 2007	2,078	4,473	2,515	7,463	16,529
Investment property fair value gains	-	208	-	-	208
Deferred tax on fair value gains for the year	-	(25)	-	-	(25)
At 31 January 2008	2,078	4,656	2,515	7,463	16,712
At 1 February 2008	2,078	4,656	2,515	7,463	16,712
Release on disposal of investment property	-	(582)	-	-	(582)
Deferred tax released on disposal	-	70	-	-	70
At 31 January 2009	2,078	4,144	2,515	7,463	16,200
Company					
At 31 January 2008 and 2009	2,078	-	2,515	7,463	12,056

Notes to the Financial Statements continued

17. Deferred taxation

Deferred taxation is calculated on all temporary differences under the liability method, using the principal tax rate of 35% (2008: 35%), except for temporary differences on certain immovable property that are calculated under the liability method using a principal tax rate of 12% (2008: 12%) on the carrying amounts.

The movement in the deferred tax account is as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
At beginning of year	(11,067)	431	-	-
Credited/(charged) to income statement (note 27)	92	(347)	-	-
Charged to equity (note 15)	-	(11,151)	(5,782)	-
At end of year	(10,975)	(11,067)	(5,782)	-

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority. The movements in the deferred taxation elements and the balance at 31 January represent:

(Liabilities)/Assets	Fixed assets €'000	Investment tax credits €'000	Fair value gains €'000	Net tax losses €'000	Revaluation surplus €'000	Provisions on assets €'000	Total €'000
Group							
At 1 February 2007	112	261	(785)	121	-	722	431
Income statement	(2,266)	1,891	(26)	-	-	54	(347)
Equity	-	-	-	-	(11,151)	-	(11,151)
At 31 January 2008	(2,154)	2,152	(811)	121	(11,151)	776	(11,067)
At 1 February 2008	(2,154)	2,152	(811)	121	(11,151)	776	(11,067)
Income statement	(185)	208	70	(29)	-	28	92
At 31 January 2009	(2,339)	2,360	(741)	92	(11,151)	804	(10,975)
Company							
At 1 February 2007	(750)	261	-	(93)	-	582	-
Income statement	(2,012)	1,894	-	-	-	118	-
At 31 January 2008	(2,762)	2,155	-	(93)	-	700	-
At 1 February 2008	(2,762)	2,155	-	(93)	-	700	-
Income statement	(213)	208	-	-	-	5	-
Equity	-	-	-	-	(5,782)	-	(5,782)
At 31 January 2009	(2,975)	2,363	-	(93)	(5,782)	705	(5,782)

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than twelve months.

At 31 January 2009, the group and the company had unrecognised deferred tax assets consisting of unutilised tax credits arising from:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Unutilised investment tax credits	24,687	22,114	24,687	22,114
Unabsorbed tax losses	337	333	-	-
Unabsorbed capital allowances	665	690	-	-
	25,689	23,137	24,687	22,114

Whereas tax losses have no expiry date, unabsorbed capital allowances and unutilised investment tax credits are forfeited upon cessation of trade.

18. Other provisions

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Termination benefit provisions				
At 1 February	424	321	411	321
Charged to the income statement	182	287	182	274
Utilised during the year	(213)	(184)	(200)	(184)
At 31 January	393	424	393	411

The company has offered early retirement in exchange for a termination benefit to selected employees. This has been communicated to the selected employees, together with the amounts payable. The staff restructuring costs charged for 2009 total €182,000 while for 2008 total €274,000 (note 23). It is anticipated that €259,000 (2008: €184,000) of the provision will be paid during the financial year ending 31 January 2010.

19. Borrowings

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Non-current				
6.6% Bonds 2010-2012	9,284	9,267	9,284	9,267
Bank loans	21,458	22,506	18,492	19,178
	30,742	31,773	27,776	28,445
Current				
Bank overdrafts	9,826	9,107	6,090	5,774
Bank loans	3,394	3,643	3,040	3,437
	13,220	12,750	9,130	9,211
Total borrowings	43,962	44,523	36,906	37,656

The bonds are disclosed at the value of the proceeds less the net book amount of the issue costs, as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Face value of bonds				
6.6% Bonds 2010-2012	9,317	9,317	9,317	9,317
Issue costs	(149)	(149)	(149)	(149)
Accumulated amortisation	116	99	116	99
Net book amount	(33)	(50)	(33)	(50)
Amortised cost	9,284	9,267	9,284	9,267

The quoted market price as at 31 January 2009 for the 6.6% Bonds 2010-2012 was 101 (2008: 103).

The group's and company's banking facilities as at 31 January 2009 and 2008 amounted to €41,843,000 and €43,234,000 for the group, and €30,748,000 and €34,171,000 for the company respectively.

The bank overdrafts and loans are secured by special and general hypothecs over the group's assets and pledges over the group's merchandise.

Notes to the Financial Statements continued

19. Borrowings (continued)

Interest rate exposure:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
At floating rates	34,678	35,256	27,622	28,389
At fixed rates	9,284	9,267	9,284	9,267
Total borrowings	43,962	44,523	36,906	37,656

Weighted average effective interest rates at end of the reporting period:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Bank overdrafts	3.50	5.07	3.50	5.16
Bank loans	3.50	5.14	3.54	5.10
Bonds 2010-2012	6.60	6.60	6.60	6.60

This note provides information about the contractual terms of the company's and the group's loans and borrowings. For more information about the company's and the group's exposure to interest rate and liquidity risk, see note 33.

20. Trade and other payables

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Current				
Trade payables	3,259	3,055	1,985	2,066
Capital and other payables	1,552	3,083	867	2,342
Indirect taxes and social security	1,424	1,857	1,091	1,252
Accruals and deferred income	6,887	6,396	5,030	3,772
	13,122	14,391	8,973	9,432

The group's and company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 33.

21. Discontinued operations and non-current assets (and related liabilities) held for sale

In 2009, the directors decided that the group should divest from its water distribution bottling business in Italy. Management is actively engaged in the disposal of these operations. The completion date should not exceed 31 January 2010. An analysis of the results of the related discontinued operations, and the results recognised on the re-measurement of assets, including the related non-current assets and liabilities held for sale is as follows:

	Group	
	2009 €'000	2008 €'000
Discontinued operations		
Revenue	384	356
Other operating costs	(460)	(458)
Operating loss	(76)	(102)
Investment income (note 25)	-	20
Finance costs (note 26)	(14)	(62)
Loss for the year from discontinued operations	(90)	(144)
Operating cash flows	(36)	(57)
Investing cash flows	988	-
	952	(57)

In 2008, the directors approved the proposed disposal of surplus properties previously employed in the distribution process of the company. Accordingly these properties have been classified as non-currents assets held for sale as at 31 January 2008. In 2009, these properties were disposed by the group for a profit of €505,000.

	Group	
	2009 €'000	2008 €'000
Non-current assets held for sale		
Property, plant and equipment	69	739
Inventories	42	-
Trade and other receivables	163	-
Cash and cash equivalents	(11)	-
Net book amount	263	739

	Group	
	2009 €'000	2008 €'000
Liabilities directly attributable to non-current assets held for sale		
Trade and other payables	118	-

Notes to the Financial Statements^{continued}

22. Expenses by nature

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Depreciation of property, plant and equipment (note 4)	4,485	3,986	3,646	2,902
Employee benefit expense (note 23)	14,655	14,534	9,072	7,382
Termination benefits (note 23)	182	287	182	274
Raw materials, imported goods and consumables	31,848	29,613	11,050	9,131
Changes in inventories of finished goods and work in progress (note 10)	320	(895)	1,659	70
Impairment charges (note 4)	350	-	350	-
Impairment provisions for trade and other receivables (note 11)	(55)	157	(121)	31
Amortisation of intangible assets (note 6)	519	519	240	240
Operating motor vehicles lease rentals payable	252	259	-	-
Other expenses	11,496	12,889	11,146	15,692
Total cost of sales, selling and distribution costs and administrative expenses	64,052	61,349	37,224	35,722

As from 1 February 2008, following a board decision to re-organise the group's sales and marketing function, the operations conducted previously by Farsons (Sales and Marketing) Limited have been re-integrated within the company's operational structures.

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 January 2009 and 2008 relate to the following:

	Group	
	2009 €'000	2008 €'000
Annual statutory audit	93	93
Other assurance services	15	35
Tax advisory services	5	5
Other non-audit services	5	5
	118	138

23. Employee benefit expense

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Wages and salaries	13,656	13,528	9,303	8,473
Social security costs	956	963	663	617
Other pension costs	43	43	43	43
	14,655	14,534	10,009	9,133
Recharged to subsidiaries	-	-	(937)	(1,751)
	14,655	14,534	9,072	7,382
Termination benefits	182	287	182	274
	14,837	14,821	9,254	7,656

The average number of full time equivalents employed during the year:

	Group		Company	
	2009	2008	2009	2008
Brewing, production and sale of branded beers and beverages	486	519	466	449
Importation, wholesale and retail of food and beverages, including wines and spirits	96	110	-	-
Operation of franchised food retailing establishments	177	178	-	-
Property management	-	1	-	-
	759	808	466	449

The above employee benefit expense excludes capitalised payroll expenses in relation to the soft drinks and logistics centre project amounting to €Nil (2008: €333,000) and in relation to the new brewhouse project amounting to €78,000 (2008: €Nil).

24. Net foreign exchange gains

The net exchange differences credited to the income statement include:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Foreign exchange differences	98	188	74	85
Fair value losses on derivative instruments:				
- Foreign exchange forward contracts	-	(14)	-	(14)
	98	174	74	71

25. Investment income

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Dividends receivable from subsidiary	-	-	-	900
Interest on loans and receivables	112	103	14	44
Interest on amounts owed by subsidiaries	-	-	221	279
	112	103	235	1,223

26. Finance costs

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Bank loans and overdrafts	1,386	1,023	1,246	758
Bonds	617	615	617	615
Other finance costs	108	33	33	-
	2,111	1,671	1,896	1,373

Finance cost is allocated to continuing operations as disclosed in the income statement (page 15) and to discontinued operations as disclosed in note 21.

During the year ended 31 January 2008, borrowing costs amounting to €275,000 arising on the financing of the new soft drinks factory and distribution centre project, were capitalised and included in assets in course of construction (note 4). A net capitalisation rate of 2.85% (after taking into account an interest rate subsidy provided by Malta Enterprise of 2.5%) was applied, representing the borrowing cost of the loans utilised to finance the project.

Notes to the Financial Statements continued

27. Tax expense

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Current tax expense	446	601	-	108
Deferred tax (income)/expense (note 17)	(92)	347	-	-
Tax expense	354	948	-	108

The tax on the group's and company's results before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Profit from continuing operations	895	4,146	263	2,585
Loss from discontinued operations (note 21)	(90)	(144)	-	-
Results before tax	805	4,002	263	2,585
Tax on results at 35%	282	1,401	92	905
Tax effect of:				
Benefits available under the Business Promotion Act, including reduced rates of tax, investment tax credits and allowances	(2,781)	(10,456)	(2,781)	(10,456)
Differences attributable to tax rules applicable to immovable property and related profits	23	(187)	-	(207)
Unrecognised deferred tax assets	2,568	9,906	2,572	9,761
Non allowable expenses	188	218	47	45
Differences related to termination benefits	70	65	70	65
Other differences	4	1	-	(5)
Tax expense	354	948	-	108

28. Directors' emoluments

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Directors' fees	105	101	105	101
Directors' other emoluments	198	189	198	189
	303	290	303	290

A number of directors availed themselves of the use of company cars during the year. The estimated value of this benefit has been included within the directors' emoluments, which also includes other allowances.

The above information for the company for 2009 includes emoluments amounting to €84,000 (2008: €84,000) which were recharged to subsidiaries.

29. Earnings per share

Earnings per share is based on the profit for the financial year attributable to the shareholders of Simonds Farsons Cisk plc divided by the weighted average number of ordinary shares in issue during the year and ranking for dividend.

	Group	
	2009	2008
Profit attributable to shareholders on continuing operations (€'000)	541	3,198
Loss attributable to shareholders on discontinued operations (€'000)	(90)	(144)
Total profit attributable to shareholders (€'000)	451	3,054
Weighted average number of ordinary shares in issue (thousands)	25,714	25,714
Earnings per share on profit from continuing operations	€0.021	€0.124
Earnings per share on loss from discontinued operations	(€0.004)	(€0.006)

30. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Operating profit from continuing operations	2,389	4,404	1,924	2,735
Operating loss from discontinuing operations (note 21)	(90)	(144)	-	-
Operating profit	2,299	4,260	1,924	2,735
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	4,485	3,986	3,646	2,902
Impairment of property, plant and equipment (note 4)	350	-	350	-
Profit on disposal of property, plant and equipment	(17)	(30)	(21)	(19)
Amortisation of intangible assets (note 6)	519	519	240	240
Amortisation of bond issue costs (note 19)	17	14	17	14
Provision for termination benefits (note 18)	182	287	182	274
	7,835	9,036	6,338	6,146
Changes in working capital:				
Inventories	(1,205)	(356)	(2,597)	(1,405)
Trade and other receivables	708	(307)	1,593	4,236
Trade and other payables	(1,569)	(2,051)	(661)	(1,475)
Cash generated from operations	5,769	6,322	4,673	7,502

31. Contingent liabilities

At 31 January 2009, the group and the company had contingent liabilities amounting to €1,423,000 (2008: €1,288,000) and €133,000 (2008: €131,000) respectively, with regards to guarantees mainly in favour of the Comptroller of Customs issued by the bank on behalf of the group and company in the ordinary course of business and capital expenditure.

At 31 January 2009, guarantees amounting to €8,020,000 (2008: €8,020,000) were given by the company with regards to bank facilities of subsidiaries.

Notes to the Financial Statements continued

32. Related party transactions

The following companies (and their respective subsidiaries and associates) are related parties by virtue of their shareholding in the company:

	Percentage of shares held	
	2009	2008
Farrugia Investments Limited	26.50	26.50
MSM Investments Limited	26.50	26.50
Sciclunas Estates Limited	26.32	26.32

The remaining 20.68% (2008: 20.68%) of the shares are widely held. The following transactions were carried out with related parties:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Income from goods and services				
- Sales of goods to subsidiaries	-	-	902	2,102
- Recharge of costs to subsidiaries	-	-	1,271	761
- Recharge of payroll costs to subsidiaries	-	-	938	1,751
- Finance income on loans to subsidiaries	-	-	252	303
	-	-	3,363	4,917
Expenditure for goods and services				
- Purchases of goods from subsidiaries	-	-	1,441	886
- Services payable to subsidiaries	-	-	468	9,166
- Rents charged from subsidiaries	-	-	143	197
- Purchases of goods and services from related parties	1,237	965	956	680
	1,237	965	3,008	10,929

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in note 28 to the financial statements.

Amounts due from group and associates, in connection with sales and purchases transactions, are disclosed in note 11 to these financial statements. For 2008, these include the transfer to the company of property, plant and equipment from a subsidiary (note 4). In the company's books, long and short-term amounts due from group and associates, in connection with group financing activities are disclosed within note 11 to these financial statements.

33. Financial risk management

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. From time to time, the group enters into foreign exchange contracts to hedge certain risk exposures during the current and preceding financial years. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective group entity's functional currency. The group is exposed to foreign exchange risk arising primarily from the group's purchases, a part of which are denominated in the US dollar and the GB pound. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms.

All the group's and company's loans and receivables, cash and cash equivalents and borrowings are denominated in euro.

On specific transactions the group uses forward contracts to manage its exposure to fluctuations in foreign currency exchange rates. For financial reporting purposes, the group designates contracts as fair value hedges or cash flow hedges, as appropriate.

The group hedges certain major contracted purchases that are made in foreign currency and are payable in a future period by entering into foreign exchange forward contracts covering the cash flow exposure arising from these transactions. Accordingly, the group meets the criteria for hedge accounting in accordance with the requirements of IAS 39.

At 31 January 2009 the settlement dates on open contracts ranged between two and twelve months. The local currency amounts to be paid and contractual exchange rates of the group's outstanding contracts as at year end were €145,000 (2008: €Nil).

33. Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, comprising bank borrowings (refer to note 19), expose the group to cash flow interest rate risk. The group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank. Borrowings issued at fixed rates, consisting primarily of unsecured bonds which are carried at amortised cost (refer to note 19), and therefore do not expose the group to cash flow and fair value interest rate risk.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period the group did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, investments, as well as credit exposures to customers, including outstanding receivables and committed transactions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Carrying amounts				
Loans and receivables	3,040	3,497	-	-
Trade and other receivables	17,117	17,315	16,262	20,065
Cash and cash equivalents	742	846	476	295
	20,899	21,658	16,738	20,360

Group companies bank only with local financial institutions with high quality standing or rating. The group's operations are principally carried out in Malta and most of the group's revenues originate from clients based in Malta. The group has no concentration of credit risk that could materially impact on the sustainability of its operations. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the group's results.

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history in the case of credit sales. Sales to retail customers are made in cash or via major credit cards. The group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the group's receivables taking into account historical experience in collection of accounts receivable.

Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the group's standard payment and service delivery terms and conditions are offered. The group's review includes external credit worthiness databases when available. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance represents specific provisions against individual exposures.

The group's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any material losses from non-performance by these customers.

Impairment losses

Local trade and other receivables

Impairment provisions of €1,428,000 (2008: €1,448,000) for the group were present at year end in respect of trade receivables that were overdue and that were not expected to be recovered. Other overdue trade receivables that were not impaired amounted to €1,681,000 (2008: €1,517,000) for the group. The group holds security of €11,000 (2008: €322,000) against these receivables. The unsecured overdue amounts consisted of €1,413,000 (2008: €1,070,000) that were less than 3 months overdue and €257,000 (2008: €125,000) that were greater than 3 months.

Impairment provisions of €578,000 (2008: €515,000) for the company were present at year end in respect of trade receivables that were overdue and that were not expected to be recovered. Other overdue trade receivables that were not impaired amounted to €761,000 (2008: €671,000) for the company. The company holds security of €11,000 (2008: €322,000) against these receivables. The unsecured overdue amounts consisted of €643,000 (2008: €349,000) that were less than 3 months overdue and €107,000 (2008: €Nil) that were greater than 3 months overdue.

Other receivables

The group and company hold the security against other receivables of €739,000 (2008: €464,000).

As at year end, impairment provisions of €804,000 (2008: €887,000) for the group and the company were in existence at year end in respect of trade loans (disclosed under other receivables) that were overdue and that were not expected to be recovered. Other overdue trade loans that were not impaired amounted to €711,000 (2008: €1,582,000) for the group and €711,000 (2008: €1,582,000) for the company.

Notes to the Financial Statements continued

33. Financial risk management (continued)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Balance as at 1 February	2,384	2,227	1,452	1,421
Impairment loss (released)/recognised	(55)	157	(121)	31
Balance as at 31 January	2,329	2,384	1,331	1,452

The group's policy is to recognize impairment losses on all trade receivables exceeding one year, while it recognizes impairment losses on other receivables which exceed the contract credit period and that are not expected to be recovered. The allowance accounts in respect of trade receivables are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at this point the amounts considered irrecoverable are written off against trade receivables directly.

The group holds collateral as security for all its assets classified as loans and receivables. The group and company's receivables also include advances to group and associates on which no credit risk is considered to arise.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings (refer to notes 20 and 19). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that adequate financing facilities are in place for the coming year. The carrying amounts of the group's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €'000	Contractual cash flows €'000	Within one year €'000	One to five years €'000	Over five years €'000
Group					
31 January 2009					
Borrowings	43,962	48,125	14,275	27,648	6,202
Trade and other payables	13,122	13,122	13,122	-	-
	57,084	61,247	27,397	27,648	6,202
31 January 2008					
Borrowings	44,523	48,199	10,767	27,841	9,591
Trade and other payables	14,391	14,391	14,391	-	-
	58,914	62,590	25,158	27,841	9,591
Company					
31 January 2009					
Borrowings	36,906	40,435	10,053	25,789	4,593
Trade and other payables	8,973	8,973	8,973	-	-
	45,879	49,408	19,026	25,789	4,593
31 January 2008					
Borrowings	37,656	43,593	10,413	26,043	7,137
Trade and other payables	9,432	9,432	9,432	-	-
	47,088	53,025	19,845	26,043	7,137

Fair values

The carrying amounts of trade receivables (net of impairment provisions) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. As at the end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

34. Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net receivable divided by total capital.

Total capital is measured by reference to the amounts reflected in the financial statements where the group's property, plant and equipment and investment property are stated at revalued amounts and fair value amounts respectively. As at 31 January 2008, the company's property, plant and equipment was stated at depreciated cost.

Structural borrowings include all borrowings, less cash and cash equivalents. Borrowings include unsecured bonds issued by the company. The gearing ratios at 31 January 2009 and 2008 were as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Total borrowings (note 19)	43,962	44,523	36,906	37,656
Less: cash and cash equivalents	(742)	(846)	(476)	(295)
Net borrowings	43,220	43,677	36,430	37,361
Total equity	82,266	83,382	79,054	37,949
Total capital	125,486	127,059	115,484	75,310
Gearing	34.44%	34.38%	31.55%	49.61%

35. Commitments

Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Contracted but not provided for	354	273	354	273
Authorised but not contracted	4,439	4,854	3,415	3,936
	4,793	5,127	3,769	4,209

Operating lease commitments – where a group company is a lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Not later than 1 year	630	566	-	-
Later than 1 year and not later than 5 years	1,445	1,682	-	-
Later than 5 years and not later than 30 years	5,974	5,975	-	-
Later than 30 years	16,904	17,125	-	-
	24,953	25,348	-	-

Non-cancellable operating lease payments disclosed above as 'Later than 30 years' expire within 76 years. This commitment relates to a non-cancellable property operating lease that expires in 2083.

Operating lease commitments – where a group company is a lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Not later than 1 year	278	242	-	-
Later than 1 year and not later than 5 years	1,121	1,009	-	-
Later than 5 years	2,474	2,734	-	-
	3,873	3,985	-	-

Notes to the Financial Statements continued

36. Subsidiaries and associates

The principal subsidiaries at 31 January 2009 are shown below:

	Registered office	Principal activities	Percentage of shares held	
			2009	2008
Anthony Caruana & Sons Limited	The Brewery, Mdina Road, Mriehel	Importation and wholesale of beverages, wines and spirits	100	100
Burger Operations Limited	303, Qormi Road, Marsa	Operation of franchised food retailing establishments	100	100
Eco Pure Premium Water Company Limited	Centrija, Triq San Gwakkim, Mriehel	Sale and distribution of bottled water	100	100
Farsons Italia S.r.l.	Via del Concilio 17, 20045 Lissone, Milan - Italy	Sale of branded beer and beverages in Europe	100	100
Farsons (Sales & Marketing) Limited	The Brewery, Mdina Road, Mriehel	Group selling and distribution function	100	100
Food Chain (Holdings) Limited	303, Qormi Road, Marsa	Intermediate investment and property holding	100	100
Food Operations Limited (merged into Kentucky Operations Limited)	303, Qormi Road, Marsa	Catering	-	100
Galleria Management Limited	The Brewery, Mdina Road, Mriehel	Non-operating	100	100
Guido Vella Limited	The Brewery, Mdina Road, Mriehel	Importation, wholesale and retail of food, beverages, wines and spirits	100	100
Kentucky Operations Limited	303, Qormi Road, Marsa	Operation of franchised food retailing establishments	100	100
Mensija Catering Company Limited	303, Qormi Road, Marsa	Property leasing	100	100
Pizza Operations Limited	303, Qormi Road, Marsa	Operation of franchised food retailing establishments	100	100
Portanier Warehouses Limited	The Brewery, Mdina Road, Mriehel	Property leasing	100	100
Quintano Foods Limited	Commerce Street, Qormi	Importation and wholesale of food products	100	100
Sliema Fort Company Limited	The Brewery, Mdina Road, Mriehel	Property leasing	100	100
Trident Developments Limited	The Brewery, Mdina Road, Mriehel	Intermediate investment and property holding	100	100
Trident Wines Limited (merged into Wands Limited)	The Brewery, Mdina Road, Mriehel	Importation of branded wines	-	100
Vita Sana S.r.l.	Via Fratelli Rosselli 17/13 31020 Villorba (TV) Treviso - Italy	Sale and distribution of bottled water in Italy	100	100
Wands Limited	The Brewery, Mdina Road, Mriehel	Importation and wholesale of beverages, wines and spirits	100	100

The principal associates at 31 January 2009 are shown below:

	Registered office	Principal activities	Percentage of shares held	
			2009	2008
FSG Company Limited	The Brewery, Mdina Road, Mriehel	Investment holding	50	50
Malta Deposits and Return Systems Limited	Mizzi House, National Road, Blata l-Bajda	Waste management activities	56	56

On 17 December 2008 the company was put into liquidation.

37. Statutory information

Simonds Farsons Cisk plc is a public limited company and is incorporated in Malta.

38. Comparative Information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of fairer presentation.

Shareholder Information

Directors' interests in the share capital of the company

	Ordinary shares held as at 31 January 2009	Ordinary shares held as at 27 April 2009
Bryan A. Gera	75,077	75,077
Vincent Curmi	5,200	5,200
Louis A. Farrugia	19,512	19,512
Marquis Marcus John Scicluna Marshall	5,020	5,020
Marina Hogg	5,846	5,846

Directors' interests listed above are inclusive of shares held in the name of the relative spouse and minor children as applicable.

Mr. Marcantonio Stagno d'Alcontres has a beneficial interest in MSM Investments Limited. Besides having a beneficial interest in Farrugia Investments Limited, Mr. Louis A. Farrugia has a beneficial interest in a further 36,785 Ordinary shares registered in the name of Farrugia Holdings Limited. Marquis Marcus John Scicluna Marshall has a beneficial interest in Sciclunas Estates Limited. There has been no movement in the above stated shareholdings during the period from 31 January 2009 to 27 April 2009.

Shareholders holding 5% or more of the equity share capital as at 27 April 2009

Ordinary shares	Number	Percentage holding
Farrugia Investments Limited	6,813,310	26.50
MSM Investments Limited	6,813,310	26.50
Sciclunas Estates Limited	6,768,162	26.32

Shareholding details

As at 27 April 2009, the company's issued share capital was held by the following shareholders:

	Number of shareholders
Ordinary shares of €0.2912 each	1,676

The holders of the Ordinary shares have equal voting rights.

Number of shareholders as at 27 April 2009

	Number of shareholders	Number of shares	Percentage holding
Ordinary shares of €0.2912 each			
Up to 500 shares	559	137,316	0.53
501 - 1,000	313	228,082	0.89
1,001 - 5,000	655	1,499,938	5.83
More than 5,000	186	23,848,950	92.75
	1,713	25,714,286	100.00

Arthur Muscat

Company Secretary

The Brewery, Mdina Road, Mriehel BKR 3000.

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Five Year Summarised Group Results

	2009	2008	2007	2006	2005
	€'000	€'000	€'000	€'000	€'000
Turnover	66,825	66,109	62,355	61,316	62,383
Operating costs	(64,512)	(61,807)	(59,464)	(61,640)	(59,276)
Operating profit/(loss)	2,313	4,302	2,891	(324)	3,107
Changes in fair value of investment property	-	208	862	885	627
Profit on disposal of land and buildings	505	1,102	-	1,223	-
Net finance costs	(2,013)	(1,610)	(1,529)	(1,903)	(1,828)
Share of results of associated undertakings	-	-	(100)	(9)	19
Profit/(loss) before taxation	805	4,002	2,124	(128)	1,925
Tax	(354)	(948)	(102)	617	(505)
Profit before minority interest	451	3,054	2,022	489	1,420
Minority interest	-	-	-	361	35
Profit attributable to Ordinary shareholders	451	3,054	2,022	850	1,455

Dividends declared on:

Ordinary shares	1,567	1,398	699	1,407	1,407
Total dividends (net)	1,567	1,398	699	1,407	1,407

Shareholders' funds	82,266	83,382	37,338	36,182	37,100
Borrowings	43,962	44,523	38,259	33,878	34,936
Deferred tax	-	-	-	-	622
Total capital employed	126,228	127,905	75,597	70,060	72,658

Fixed assets	114,790	117,560	57,186	42,951	49,455
Non-current assets	3,880	4,282	2,357	2,611	2,504
Current assets	32,206	31,492	29,458	32,371	32,597
Assets held for sale	263	739	3,883	3,869	-
Liabilities (excluding borrowings)	(24,911)	(26,168)	(17,287)	(11,742)	(11,898)
Total assets less current liabilities	126,228	127,905	75,597	70,060	72,658

Shares in issue during the financial year:

- Ordinary shares	'000	25,714	25,714	25,714	25,714	
Number of Ordinary and Preference shareholders	1,676	1,676	1,729	1,752	1,699	
Earnings per Ordinary share (reference note 29)	€0.017	€0.118	€0.079	€0.033	€0.056	
Return on average capital employed	percentage	2.2	5.5	5.0	3.0	5.5
Dividend cover	times	0.29	2.18	2.89	0.60	1.03
Dividends per Ordinary share (net of tax)	€0.061	€0.054	€0.027	€0.054	€0.054	
Net asset value per Ordinary share	3.20	€3.24	€1.45	€1.40	€1.41	
Gearing	percentage	34.4	34.4	50.3	48.4	48.1

Comparative figures have been changed to conform with this year's presentation of the financial statements.

Ordinary and preference shares are equivalent to the weighted average number of shares in issue during the financial year.

Return on average capital employed is calculated by dividing profit for the year before finance costs and tax by the average of the opening and closing total capital employed for the relevant year.

Dividend cover is calculated by dividing the profit attributable to the Ordinary shareholders by the total net dividends.

Net asset value per Ordinary share is calculated by dividing shareholders' funds attributable to the Ordinary shareholders by the number of Ordinary shares in issue at the end of the year.

Gearing is calculated by dividing total borrowings (including preference shares at year end) by total capital employed.