

DIRECTORS' COMMENTARY

TRADING PERFORMANCE

Group turnover for the six-month period to 31 July 2004 increased from Lm12,773,000 to Lm13,501,000, an increase of 5.7% on the comparable period last year.

Group profit after tax and minority interest amounted to Lm504,000. The main factors affecting Group profitability during the period were:

- an improved performance on imported products as a result of the acquisition of the food importation and distribution business of Law. Quintano & Co. Ltd.;
- the removal of levy tariffs in May 2004 which had a negative impact on local production for an initial period;
- a decrease in overall sales volumes of beverages due to lower temperatures in the key summer months of June and July 2004;
- an initial set-up cost of the acquired business of Guido Vella Cash & Carry.

We expect the results of the second half of the financial year to 31 January 2005 to be an improvement over the same period last year due to the increase of the Group's business in the importation segment which is less seasonal than that of the Group's traditional business.

DIVIDENDS

The Company paid to the Ordinary shareholders an interim dividend of Lm90,000 on the 29 April 2004, as well as a final dividend of Lm514,000 on the 30 June 2004. These dividends have been paid out of tax exempt profits, resulting in a total net dividend to the Ordinary shareholders of Lm604,000, equivalent to 2c4 per share.



By order of the Board

29 September 2004

FARSONS



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CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Six months ended 31 July 2004

	Notes	Group		Company	
		31 July 2004 (unaudited)	31 July 2003 (unaudited)	31 July 2004 (unaudited)	31 July 2003 (unaudited)
		Lm'000	Lm'000	Lm'000	Lm'000
Turnover	5	13,501	12,773	8,180	8,425
Gross profit		3,243	3,545	1,834	2,350
Operating profit	5	827	1,168	727	1,027
Interest		(393)	(396)	(214)	(306)
Share of results of associated undertakings		28	-	-	-
Profit before taxation		462	772	513	721
Tax on profit on ordinary activities		(7)	(51)	(8)	(12)
Profit before minority interest		455	721	505	709
Minority interest		49	41	-	-
Profit attributable to shareholders		504	762	505	709
 Earnings per share	6	2c0	3c0	2c0	2c8

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 July 2004

	Group		Company	
	31 July 2004 (unaudited)	31 January 2004 (audited)	31 July 2004 (unaudited)	31 January 2004 (audited)
	Lm'000	Lm'000	Lm'000	Lm'000
ASSETS				
Fixed assets	20,116	18,186	17,978	18,108
Non-current assets	352	352	-	-
Current assets	17,981	13,816	13,953	11,962
Total assets	38,449	32,354	31,931	30,070
EQUITY AND LIABILITIES				
Capital and Reserves	14,578	14,678	15,457	15,556
<u>Minority Interest</u>	<u>186</u>	<u>234</u>	<u>-</u>	<u>-</u>
	14,764	14,912	15,457	15,556
Creditors: Amounts falling due				
after more than one year	11,380	9,527	9,714	9,452
within one year	12,305	7,915	6,760	5,062
Total creditors	23,685	17,442	16,474	14,514
Total equity and liabilities	38,449	32,354	31,931	30,070

STATEMENTS OF CHANGES IN EQUITY

Six months ended 31 July 2004

	Share capital Lm'000	Share premium Lm'000	Other reserves Lm'000	Profit and loss account Lm'000	Total Lm'000
GROUP					
Balance at 1 February 2003	3,214	892	4,284	4,148	12,538
Profit for the six months ended 31 July 2003	-	-	-	762	762
Dividends	-	-	-	(460)	(460)
Balance at 31 July 2003	3,214	892	4,284	4,450	12,840
Balance at 1 February 2004	3,214	892	4,284	6,288	14,678
Profit for the six months ended 31 July 2004	-	-	-	504	504
Dividends	-	-	-	(604)	(604)
Balance at 31 July 2004	3,214	892	4,284	6,188	14,578
COMPANY					
Balance at 1 February 2003	3,214	892	4,284	4,940	13,330
Profit for the six months ended 31 July 2003	-	-	-	709	709
Dividends	-	-	-	(460)	(460)
Balance at 31 July 2003	3,214	892	4,284	5,189	13,579
Balance at 1 February 2004	3,214	892	4,284	7,166	15,556
Profit for the six months ended 31 July 2004	-	-	-	505	505
Dividends	-	-	-	(604)	(604)
Balance at 31 July 2004	3,214	892	4,284	7,067	15,457

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

Six months ended 31 July 2004

	Group		Company	
	31 July 2004 (unaudited)	31 July 2003 (unaudited)	31 July 2004 (unaudited)	31 July 2003 (unaudited)
	Lm'000	Lm'000	Lm'000	Lm'000
Net cash from operating activities	434	1,225	1,004	591
Net cash used in investing activities	(3,226)	(619)	(875)	(545)
Net cash inflows/(outflows) from financing activities	913	(1,844)	(676)	(752)
 Movement in cash and cash equivalents	 (1,879)	 (1,238)	 (547)	 (706)
 Cash and cash equivalents at beginning of period	 (1,945)	 (1,637)	 (1,373)	 (401)
 Cash and cash equivalents at end of period	 (3,824)	 (2,875)	 (1,920)	 (1,107)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. This report is being published in terms of the Listing Rules 8.6.2 and 8.6.19 issued by the Malta Financial Services Authority.
2. The financial information being published has been extracted from the Simonds Farsons Cisk Group's unaudited interim financial statements for the six-month period ended 31 July 2004. The comparative amounts reflect the position of the Group and the Company as presented in the audited financial statements for the year ended 31 January 2004 and the results for the six-month period ended 31 July 2003.
3. These consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', and are consistent with the accounting policies used in the preparation of the 2004 audited financial statements. Moreover, the Group has adopted International Financial Reporting Standard 3 together with International Accounting Standards 36 (revised) and 38 (revised). No material adjustment has resulted from this adoption.
4. On 29 April 2004, the directors approved the acquisition of the food importation and distribution business of Law, Quintano & Co. Ltd., as well as the operational immovable property relating to this operation. Total consideration payable on this transaction amounted to Lm2.2 million, of which Lm1.1 million relates to acquired immovable properties. The fair value of the acquired net identifiable assets at the date of acquisition amounted to Lm1.9 million. Goodwill arising on this acquisition amounted to Lm247,000.
5. The Group's operations consist of the brewing, production and sale of beer and branded beverages, the importation and sale of food and beverages, including wines and spirits, the operation of franchised food retailing establishments and property management. These operations are carried out, primarily, on the local market. An analysis by business segment of the Group's turnover and operating profit for the first six months of the year is set out below:

	Brewing, production & sale of beer & branded beverages	Importation & sale of food & beverages including wines & spirits	Operation of franchised food retailing establishments	Property management	Group
	Lm'000	Lm'000	Lm'000	Lm'000	Lm'000
2004					
Turnover	8,423	4,645	1,536	263	14,867
<u>Less: inter-divisional sales</u>	(736)	(473)	-	(157)	(1,366)
	<u>7,687</u>	<u>4,172</u>	<u>1,536</u>	<u>106</u>	13,501
Segment result	919	251	17	(46)	1,141
Unallocated costs					(314)
Operating profit					827
2003					
Turnover	8,661	2,777	1,625	255	13,318
<u>Less: inter-divisional sales</u>	(91)	(341)	-	(113)	(545)
	<u>8,570</u>	<u>2,436</u>	<u>1,625</u>	<u>142</u>	12,773
Segment result	1,375	184	(2)	(61)	1,496
Unallocated costs					(328)
Operating profit					1,168

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