



S I M O N D S   F A R S O N S   C I S K   p l c



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## Directors' Commentary

### - TRADING PERFORMANCE -

During the six-month period ended 31 July 2005, the Group's turnover increased marginally from Lm13,501,000 to Lm13,660,000. Profit attributable to shareholders decreased from Lm592,000 to Lm207,000.

Key factors affecting the trading results under review are:

- Lower demand for the Group's beverage products due to lower economic activity in the tourist trade, as well as the below-average temperatures prevailing in the key months covered by this report;
- An increase in turnover and operating profit of Quintano Foods Limited that was acquired in April 2004;
- Continuing losses, in total amounting to Lm202,000, in subsidiary companies namely, Guido Vella Limited, Vita Sana srl and Galleria Management Limited;
- A lower incidence of fair value gains on investment property of Lm104,000.

The Board of Directors is anticipating that its beverage sales in the second half of the year will recover to last year's levels. It is continuing to address the issues relating to the loss making companies and believes that its strategies will be successful in the short to medium term.

Whilst the general economic outlook for the Maltese economy remains difficult, the Board of Directors is confident that the Group is well placed to face the challenging times ahead.

### - DIVIDENDS -

The Company paid to the Ordinary Shareholders an interim dividend of Lm90,000 on 27 April 2005, as well as a final dividend of Lm514,000 on 1 July 2005. 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  
12 October 2005

## Condensed Consolidated Profit and Loss Accounts

Six months ended 31 July 2005

Notes	Group		Company	
	31 July 2005 (unaudited)	31 July 2004 (unaudited)	31 July 2005 (unaudited)	31 July 2004 (unaudited)
	Lm'000	Lm'000	Lm'000	Lm'000
(restated)				
<b>Turnover</b>	4	<b>13,660</b>	<b>13,501</b>	<b>7,959</b>
<b>Gross profit</b>		<b>3,412</b>	<b>3,243</b>	<b>1,531</b>
Operating profit	4	<b>567</b>	<b>827</b>	<b>582</b>
Net investment income		-	-	<b>149</b>
Fair value gains on investment property	2	<b>31</b>	<b>135</b>	-
Interest		(406)	(393)	(246)
Share of results of associated undertakings		-	<b>28</b>	-
<b>Profit before tax</b>		<b>192</b>	<b>597</b>	<b>485</b>
Tax		(5)	(54)	(61)
Profit before minority interest		<b>187</b>	<b>543</b>	<b>424</b>
Minority interest		<b>20</b>	<b>49</b>	-
<b>Profit attributable to shareholders</b>		<b>207</b>	<b>592</b>	<b>424</b>
 <b>Earnings per share</b>	 5	 0c8	 2c3	 1c6
				 2c0

## Condensed Consolidated Balance Sheets As at 31 July 2005

	Group		Company	
	31 July 2005 (unaudited) Lm'000	31 January 2005 (audited) Lm'000	31 July 2005 (unaudited) Lm'000	31 January 2005 (audited) Lm'000
<b>- ASSETS -</b>				
Fixed assets	21,272	21,231	17,026	16,918
Current assets	19,217	15,069	15,981	13,222
<b>Total assets</b>	<b>40,489</b>	<b>36,300</b>	<b>33,007</b>	<b>30,140</b>
<b>- EQUITY AND LIABILITIES -</b>				
Capital and reserves	15,311	15,708	15,489	15,669
Minority interest	173	219	-	-
	<b>15,484</b>	<b>15,927</b>	<b>15,489</b>	<b>15,669</b>
Deferred tax	280	267	-	-
Creditors: Amounts falling due				
- after more than one year	10,375	9,965	9,384	8,940
- within one year	14,350	10,141	8,134	5,531
Total creditors	<b>24,725</b>	<b>20,106</b>	<b>17,518</b>	<b>14,471</b>
<b>Total equity and liabilities</b>	<b>40,489</b>	<b>36,300</b>	<b>33,007</b>	<b>30,140</b>

## Statements of Changes in Equity Six months ended 31 July 2005

	Share capital Lm'000	Share premium Lm'000	Other reserves Lm'000	Profit and loss account Lm'000	Profit Total Lm'000
<b>- GROUP -</b>					
Balance at 1 February 2004	3,214	892	5,247	6,335	15,688
Profit for the six months ended 31 July 2004 - restated for the effect of change in accounting policy	-	-	-	592	592
Transfer of fair value gains on investment property, net of deferred tax	-	-	88	(88)	-
Dividends	-	-	-	(604)	(604)
<b>Balance at 31 July 2004</b>	<b>3,214</b>	<b>892</b>	<b>5,335</b>	<b>6,235</b>	<b>15,676</b>
Balance at 1 February 2005	3,214	892	5,422	6,180	15,708
Profit for the six months ended 31 July 2005	-	-	-	207	207
Transfer of fair value gains on investment property, net of deferred tax	-	-	20	(20)	-
Dividends	-	-	-	(604)	(604)
<b>Balance at 31 July 2005</b>	<b>3,214</b>	<b>892</b>	<b>5,442</b>	<b>5,763</b>	<b>15,311</b>
<b>- COMPANY -</b>					
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)
<b>Balance at 31 July 2004</b>	<b>3,214</b>	<b>892</b>	<b>4,284</b>	<b>7,067</b>	<b>15,457</b>
Balance at 1 February 2005	3,214	892	4,284	7,279	15,669
Profit for the six months ended 31 July 2005	-	-	-	424	424
Dividends	-	-	-	(604)	(604)
<b>Balance at 31 July 2005</b>	<b>3,214</b>	<b>892</b>	<b>4,284</b>	<b>7,099</b>	<b>15,489</b>

## Condensed Consolidated Cash Flow Statements Six months ended 31 July 2005

	Group	Company		
	31 July 2005 (unaudited) Lm'000	31 July 2004 (unaudited) Lm'000	31 July 2005 (unaudited) Lm'000	31 July 2004 (unaudited) Lm'000
Net cash from operating activities	114	434	228	1,004
Net cash used in investing activities	(1,282)	(3,226)	(806)	(875)
Net cash (outflows)/inflows from financing activities	(626)	913	(573)	(676)
 Movement in cash and cash equivalents	 (1,794)	 (1,879)	 (1,151)	 (547)
 Cash and cash equivalents at beginning of period	 (3,765)	 (1,945)	 (1,750)	 (1,373)
 <b>Cash and cash equivalents at end of period</b>	 <b>(5,559)</b>	 <b>(3,824)</b>	 <b>(2,901)</b>	 <b>(1,920)</b>

## 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 2005. The comparative amounts reflect the position of the Group and the Company as included in the audited financial statements for the year ended 31 January 2005 and the results for the six-month period ended 31 July 2004. These comparative results have been restated to reflect the change in accounting policy on the valuation of investment property that has been adopted in the financial statements for the year ended 31 January 2005.

3. These consolidated interim financial statements have been prepared in accordance with IAS34 - Interim Financial Reporting, and are consistent with the accounting policies used in the preparation of the audited financial statements for the year ended 31 January 2005. The Group had early adopted IFRS3 - Business Combinations, IAS36 (revised) - Impairment of Assets and IAS38 (revised) - Intangible Assets, as from the accounting period commencing 1 February 2004. Other relevant new and revised IFRS's that required mandatory adoption at 1 February 2005 did not have a material impact on the Group's and Company's financial measurement requirements.

4. The Group's operations consist of the brewing, production and sale of beer and branded beverages, the importation and sale of food and beverages, 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 financial year is set out below:

	Brewing, production & sale of branded beers & beverages	Importation, wholesale & retail of food & beverages, including wines & spirits	Operation of franchised food retailing establishments	Property management	Group
	Lm'000	Lm'000	Lm'000	Lm'000	Lm'000
<b>2005</b>					
Turnover	8,236	4,795	1,557	302	14,890
Less: inter-divisional sales	(714)	(337)	-	(179)	(1,230)
	7,522	4,458	1,557	123	13,660
Segment result	774	208	(45)	(39)	898
Unallocated costs					(331)
<b>Operating profit</b>					<b>567</b>
<b>2004</b>					
Turnover	8,423	4,645	1,536	263	14,867
Less: inter-divisional sales	(736)	(473)	-	(157)	(1,366)
	7,687	4,172	1,536	106	13,501
Segment result	919	251	17	(46)	1,141
Unallocated costs					(314)
<b>Operating profit</b>					<b>827</b>

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



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