

The Heavitree Brewery PLC
Trood Lane
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Following a meeting by a duly authorised committee of the Board of Directors held today, 9 July 2010, the Directors announce the interim results for the six months ended 30 April 2010.

Chairman's statement

This year's interim results show a satisfactory performance in what continues to be an uncertain economic climate. Turnover has dropped considerably against 2009 but the previous half-year enjoyed extra turnover due to the associated retail sales from the last few Managed Houses before they were returned to tenancies. However, I am pleased to report a substantial increase in operating profit.

RESULTS

Turnover for the Group decreased against last year by 30.76%. The Group operating profit is £583,000 (2009 - £269,000). Profit before taxation at the half-year is £519,000 (2009 - £387,000). It is worth noting that within last year's pre-taxation profit figure were restructuring costs of £256,000 and also a book profit on asset sales (which included the sale of three houses and a small parcel of land) totalling £503,000. This year no properties have been sold.

DIVIDEND

The Directors have resolved to pay an interim dividend of 3.5p per Ordinary Share and 'A' Limited Voting Ordinary Share (2009 – 3.5p). The dividend will be paid on 6 August 2010 to shareholders registered on 23 July 2010.

PROSPECTS

I spoke at this year's Annual General Meeting of the period of stabilization and consolidation following the restructuring implemented in late 2008. It is good to report that the Company is now performing as expected and is back on an even keel. A cautionary note needs to be repeated with reference to the state of the economy but the support that we give to our estate of houses together with the necessary controls effected by our operational team should continue to return a steady performance.

N H P TUCKER
Chairman

Consolidated income statement (unaudited)

For the six months ended 30 April 2010

	<i>Note</i>	<i>6 months to 30 April 2010</i>	<i>6 months to 30 April 2009</i>	<i>Audited 12 months to 31 October 2009</i>
		<i>£' 000</i>	<i>£' 000</i>	<i>£' 000</i>
Revenue		<u>3,423</u>	<u>4,944</u>	<u>9,210</u>
Change in stocks		-	(74)	(144)
Other operating income		44	40	83
Purchase of inventories		(1,422)	(1,866)	(3,642)
Staff Costs		(558)	(1,305)	(2,000)
Depreciation of property, plant and equipment		(173)	(225)	(452)
Other operating charges		<u>(731)</u>	<u>(1,245)</u>	<u>(2,009)</u>
		<u>(2,840)</u>	<u>(4,675)</u>	<u>(8,164)</u>
Group operating profit		583	269	1,046
Profit on disposal of non-current assets and assets held for sale		<u>18</u>	<u>503</u>	<u>781</u>
Group profit before finance costs, taxation and restructuring costs		601	772	1,827
Restructuring Costs		<u>-</u>	<u>(256)</u>	<u>(370)</u>
Group profit before finance costs and taxation		601	516	1,457
Finance income		15	10	26
Finance costs		(73)	(81)	(153)
Other finance costs - pensions		<u>(24)</u>	<u>(58)</u>	<u>(77)</u>
		<u>(82)</u>	<u>(129)</u>	<u>(204)</u>
Profit before taxation		519	387	1,253
Tax		<u>(182)</u>	<u>(55)</u>	<u>(142)</u>
Profit for the period		<u>337</u>	<u>332</u>	<u>1,111</u>
Earnings per share	2			
- basic		6.6p	6.5p	21.7p
- diluted		6.6p	6.5p	21.7p

Consolidated statement of comprehensive income (unaudited)

For the six months ended 30 April 2010

	<i>6 months to 30 April 2010 £' 000</i>	<i>6 months to 30 April 2009 £' 000</i>	<i>Audited 12 months to 31 October 2009 £' 000</i>
Actuarial gains/(losses) on defined benefit pension plan	83	(400)	(1,456)
Fair Value Adjustment	(7)	(12)	(8)
Share Based payment	<u>6</u>	<u>7</u>	<u>13</u>
	82	(405)	(1,451)
Tax on items taken directly to or transferred from equity	<u>(22)</u>	<u>112</u>	<u>410</u>
Net income/(expense) recognised directly in equity	60	(293)	(1,041)
Profit for the period	<u>337</u>	<u>332</u>	<u>1,111</u>
Total comprehensive income for the period	<u>397</u>	<u>39</u>	<u>70</u>

Dividends

The Directors declare an interim dividend of 3.5p per share (2009 – 3.5p) on the Ordinary and ‘A’ Limited Voting Ordinary Shares. This dividend will be paid on 6 August 2010 to shareholders on the register at 23 July 2010.

Consolidated balance sheet (unaudited) at 30 April 2010

	<i>30 April 2010 £' 000</i>	<i>30 April 2009 £' 000</i>	<i>Audited 31 October 2009 £'000</i>
Non-current assets			
Property, plant and equipment	13,878	14,521	13,683
Financial assets	42	46	50
Deferred tax asset	<u>426</u>	<u>389</u>	<u>598</u>
	<u>14,346</u>	<u>14,956</u>	<u>14,331</u>
Current assets			
Trade and other receivables	2,115	1,901	1,668
Inventories	19	89	19
Cash and short-term deposits	151	574	521
Assets held for sale	<u>-</u>	<u>285</u>	<u>-</u>
	<u>2,285</u>	<u>2,849</u>	<u>2,208</u>
Total assets	<u>16,631</u>	<u>17,805</u>	<u>16,539</u>
Current liabilities			
Trade and other payables	(931)	(1,430)	(915)
Financial liabilities	(1,315)	(6,181)	-
Income tax payable	<u>(115)</u>	<u>(142)</u>	<u>(77)</u>
	<u>(2,361)</u>	<u>(7,753)</u>	<u>(992)</u>
Non-current liabilities			
Other payables	(322)	(265)	(272)
Financial liabilities	(4,011)	(11)	(5,011)
Deferred tax liabilities	(248)	(368)	(261)
Defined benefit pension plan	<u>(1,522)</u>	<u>(1,343)</u>	<u>(2,088)</u>
	<u>(6,103)</u>	<u>(1,987)</u>	<u>(7,632)</u>
Total liabilities	<u>(8,464)</u>	<u>(9,740)</u>	<u>(8,624)</u>
Net assets	<u>8,167</u>	<u>8,065</u>	<u>7,915</u>
Capital and reserves			
Equity share capital	264	264	264
Capital redemption reserve	673	673	673
Treasury shares	(814)	(994)	(994)
Fair value adjustments reserve	23	26	30
Currency translation	3	3	3
Retained earnings	<u>8,018</u>	<u>8,093</u>	<u>7,939</u>
Total equity	<u>8,167</u>	<u>8,065</u>	<u>7,915</u>

Group statement of cash flows (unaudited)

for the six months ended 30 April 2010

	<i>6 months to 30 April 2010 £' 000</i>	<i>6 months to 30 April 2009 £' 000</i>	<i>Audited 12 months to 31 October 2009 £' 000</i>
Profit for the period	337	332	1,111
Tax	182	55	142
Net finance costs	82	129	204
Profit on disposal of non-current assets and assets held for sale	(18)	(503)	(781)
Depreciation and impairment of property, plant and equipment	173	225	452
Share based payments	6	7	13
Decrease in inventories	-	74	144
(Increase)/Decrease in trade and other receivables	(447)	(105)	129
Increase/(Decrease) in trade and other payables	66	(118)	(626)
Net pension charge	<u>(507)</u>	<u>(120)</u>	<u>(450)</u>
Cash generated from operations	(126)	(24)	338
Income taxes paid	<u>(5)</u>	<u>-</u>	<u>(169)</u>
Net cash (outflow)/inflow from operating activities	<u>(131)</u>	<u>(24)</u>	<u>169</u>
Investing activities			
Interest received	15	10	26
Proceeds from sale of property, plant and equipment and assets held for sale	67	1,224	2,184
Payments to acquire property, plant and equipment	<u>(417)</u>	<u>(273)</u>	<u>(61)</u>
Net cash (outflow)/inflow from investing activities	<u>(335)</u>	<u>961</u>	<u>2,149</u>
Financing activities			
Interest paid	(73)	(81)	(153)
Preference dividend paid	(1)	(1)	(1)
Equity dividends paid	(179)	(356)	(537)
Consideration received by EBT on sale of shares	44	49	49
Consideration paid by EBT on purchase of shares	(10)	-	-
Movement in long term borrowing	<u>(1,000)</u>	<u>-</u>	<u>5,000</u>
Net cash (outflow)/inflow from financing activities	<u>(1,219)</u>	<u>(389)</u>	<u>4,358</u>
(Decrease)/increase in cash and cash equivalents	(1,685)	548	6,676
Cash and cash equivalents at the beginning of the period	<u>521</u>	<u>(6,155)</u>	<u>(6,155)</u>
Cash and cash equivalents at the period end.	<u>(1,164)</u>	<u>(5,607)</u>	<u>521</u>

Group reconciliation of movements in equity (unaudited)

<i>6 months to 30 April 2010</i>	<i>Equity share capital £' 000</i>	<i>Capital redemption reserve £' 000</i>	<i>Treasury shares £' 000</i>	<i>Fair value adjustment £' 000</i>	<i>Currency translation £' 000</i>	<i>Retained earnings £' 000</i>	<i>Total equity £' 000</i>
At 1 November 2009	264	673	(994)	30	3	7,939	7,915
Total comprehensive income for the period	-	-	-	(7)	-	404	397
Consideration Paid By EBT on Purchase of shares	-	-	(10)	-	-	-	(10)
Consideration received by EBT on sale of shares	-	-	44	-	-	-	44
Gain by EBT on sale of shares	-	-	146	-	-	(146)	-
Equity dividend paid	-	-	-	-	-	(179)	(179)
At 30 April 2010	264	673	(814)	23	3	8,018	8,167
<i>6 months to 30 April 2009</i>	<i>Equity share capital £' 000</i>	<i>Capital redemption reserve £' 000</i>	<i>Treasury shares £' 000</i>	<i>Fair value adjustment £' 000</i>	<i>Currency translation £' 000</i>	<i>Retained earnings £' 000</i>	<i>Total equity £' 000</i>
At 1 November 2008	264	673	(1,248)	38	3	8,603	8,333
Total comprehensive income for the period	-	-	-	(12)	-	51	39
Consideration received by EBT on sale of shares	-	-	49	-	-	-	49
Gain by EBT on sale of shares	-	-	205	-	-	(205)	-
Equity dividend paid	-	-	-	-	-	(356)	(356)
At 30 April 2009	264	673	(994)	26	3	8,093	8,065

<i>12 months to 31 October 2009 Audited</i>	<i>Equity share capital £' 000</i>	<i>Capital redemption reserve £' 000</i>	<i>Treasury shares £' 000</i>	<i>Fair value adjustment £' 000</i>	<i>Currency translation £' 000</i>	<i>Retained earnings £' 000</i>	<i>Total equity £' 000</i>
At 1 November 2008	264	673	(1,248)	38	3	8,603	8,333
Total comprehensive income for the period	-	-	-	(8)	-	78	70
Consideration received by EBT on sale of shares	-	-	49	-	-	-	49
Loss by EBT on sale of shares	-	-	205	-	-	(205)	-
Equity dividend paid	-	-	-	-	-	(537)	(537)
At 31 October 2009	264	673	(994)	30	3	7,939	7,915

Equity share capital

The balance classified as share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising 5p Ordinary and 'A' Limited Voting Ordinary Shares.

Treasury shares

Treasury shares represent the cost of The Heavitree Brewery PLC shares purchased in the market and held by The Heavitree Brewery PLC Employee Benefit Trust ('EBT').

Notes to the interim results

1. Basis of preparation

These unaudited interim condensed and consolidated financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared on the basis of the accounting policies that were complied with in the annual financial statements for the year ended 31 October 2009. The accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

IAS 1 (revised) 'Presentation of financial statements' is mandatory for accounting periods commencing from 1 January 2009. The interim financial statements have been prepared under the revised disclosure requirements.

These unaudited financial statements were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 9 July 2010.

2. Basic and diluted earnings per share

The calculation of basic earnings per Ordinary Share is based on earnings of £337,000 (2009: £332,000), being profit after taxation for the period, and on 5,130,189 (2009: 5,102,365) shares being the weighted average number of Ordinary and 'A' Limited Voting Ordinary Shares in issue during the period after excluding the shares owned by The Heavitree Brewery PLC Employee Benefits Trust and those shares under option pursuant to the Employee Share Option Scheme. Employee share options could potentially dilute basic earnings per share in the future but are not included in the interim calculation of dilutive earnings per share because they are antidilutive for the period presented. The Ordinary Shares and the 'A' Limited Voting Ordinary Shares have equal dividend rights and therefore no separate calculation of earnings per share for the different classes has been given.

3. Segment information

Primary reporting format – Business segments

The primary segmental reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided.

After the Group's restructure it no longer operates in two business segments, it now only operates a leased estate. Leased estate represents properties which are leased to tenants to operate independently from the Group.

	<i>6 months to 30 April 2010</i>		<i>6 months to 30 April 2009</i>		<i>Audited 12 months to 31 October 2009</i>	
	<i>Revenue £' 000</i>	<i>Profit/(loss) £' 000</i>	<i>Revenue £' 000</i>	<i>Profit/(loss) £' 000</i>	<i>Revenue £' 000</i>	<i>Profit/(loss) £' 000</i>
Leased	3,423	501	3,448	163	7,415	981
Managed	-	-	1,806	(150)	2,152	(382)
Intra group sales	-	-	(310)	-	(357)	-
Common Costs	-	-	-	(129)	-	(127)
Sale of non-current assets	-	18	-	503	-	781
	<hr/> 3,423	<hr/> 519	<hr/> 4,944	<hr/> 387	<hr/> 9,210	<hr/> 1,253

4. Interim report

Copies of this announcement are available from the Company at Trood Lane, Matford, Exeter EX2 8YP. The Company's interim report for the six months ended 30 April 2010 has been posted to shareholders today and will be available on our website at www.heavitreebrewery.co.uk.

ISIN: GB0004182720 for 'A' Limited Voting Ordinary Shares
ISIN: GB0004182506 for Ordinary Shares

Ends.