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SUTTON HARBOUR GROUP

2019

INTERIM REPORT



# THE GROUP AT A GLANCE

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Sutton Harbour Group plc, listed on the AIM Market of the London Stock Exchange since 1996, is the parent of a number of wholly owned subsidiary companies which include:

- Sutton Harbour Company, the statutory harbour authority company, which operates the Plymouth fishmarket (known as Plymouth Fisheries), The Marina at Sutton Harbour, together with a number of operations related properties;
- A number of other 'Sutton Harbour' group companies engaged in waterfront property regeneration and investment including King Point Marina and car park operating activities; and
- Plymouth City Airport Limited, the company holding legal interests in the former airport site.

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## Marine

Sutton Harbour currently provides berthing for 523 vessels and receives an increasing, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.

Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as a top three fishing port in England.

The location of Sutton Harbour, in central Plymouth and adjoining the historic Barbican quarter, has undergone two main phases of regeneration over the past 3 decades. The first phase to unlock the potential of the area was realised when Sutton Lock was installed in 1992 creating a usable depth of water, followed by the relocation of the fishmarket to the eastern side in 1995. In the second phase the development of high quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a long term sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with further regeneration (three major new planning permissions were secured in 2018 to deliver new residential, retail/office space and car parking) to join together existing key attractions and to position Sutton Harbour as a destination of regional importance within the South West region.

### *King Point Marina*

In June 2011, the Group was selected by the English Cities Fund (ECF) to build and operate the new marina in the major urban regeneration area of Millbay in Plymouth. The new King Point Marina received its first berth-holders in September 2013 and has now operated for five complete seasons ending 31 March 2019.

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# THE GROUP AT A GLANCE

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**Real Estate** This division comprises the rentals from investment properties and is particularly focused on growing its annual income through asset enhancement and integration with an increasing variety of activities in Sutton Harbour.

The Group has continued to invest in and drive value from its investment portfolio, securing lettings in vacant premises in the Sutton Harbour estate.

The Group has a diverse mix of national and regional businesses as tenants as well as various independent operators. The National Marine Aquarium, a major visitor attraction in the region, is also a tenant.

The Group has been active in establishing a business community around the northern side of Sutton Harbour and has been successful in attracting a number of chartered accountants' practices, legal firms and other professional services companies. The new development will add additional value with high quality retail space on the waterfront as well as the additional housing.

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**Car Parking** The Group has two major car parks at Sutton Harbour; a 340 space multi storey close to the National Marine Aquarium and a 53 space surface car park in the Barbican area. Additionally, the Group controls parking on the fishmarket complex, at the marina and adjoining various tenanted properties, with an approximate total of 80 spaces.

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**Regeneration** This division focuses on development for revenue and capital growth and for value realisation through specific land asset sale.

#### **Sutton Harbour**

The Group has established a track record for the delivery of six major regeneration schemes around Sutton Harbour and a further two schemes in other locations elsewhere in the South West. A key feature of all these schemes was working in partnership with other public and private sector bodies. Following the change of majority control of the Company in January 2018, consent for three planning applications for fully redesigned development schemes around Sutton Harbour was granted during 2018. These schemes include the 14 unit Harbour Arch Quay apartment building and 170 unit Sugar Quay apartment building, both with retail/office space incorporated, and an extension to an existing multi storey car park owned by the Company. The Company appreciates the renewed relationship with Plymouth City Council exemplified by the unanimous approval of the Sugar Quay building.

#### **Former Airport Site**

In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport site. In 2003 the Group set up and operated the regional airline, Air Southwest which was subsequently sold in November 2010 to Eastern Airways International Limited (Eastern Airways). On 28 July 2011 Air Southwest (under the ownership of Eastern Airways) ceased flights in and out of Plymouth City Airport.

Facing unsustainable losses, in August 2011 Plymouth City Council agreed to the closure of the airport as of 23 December 2011. The Group is working towards options to maximise value from the 113 acre former airport site through development of a masterplan for the area to show alternative uses to benefit the city and local people. In March 2019, the Government Inspectors charged with reporting on the Local Authority Joint Local Plan, a planning framework for development until 2034, upheld that the former airport site may be safeguarded for potential general aviation use with the recommendation that it would be inappropriate to continue to safeguard the site for more than 5 years. In accordance with the Government Inspectors' Report and in the context of the necessary valuation progress, the Company is advancing the development plan for alternative use of the site.

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## **DIRECTORS**

Philip H Beinhaker (*Executive Chairman*)  
Corey B. Beinhaker (*Executive Director and Chief Operating Officer*)  
Natasha C. Gadsdon (*Finance Director*)  
Graham S. Miller (*Non-Executive Director*)  
Sean J. Swales (*Non-Executive Director*)

## **SECRETARY**

Natasha C. Gadsdon

## **REGISTERED OFFICE**

Sutton Harbour Office  
Guy's Quay, Sutton Harbour  
Plymouth, PL4 0ES  
Tel: 01 752 204186  
[www.sutton-harbour.co.uk](http://www.sutton-harbour.co.uk)

**COMPANY NUMBER** 2425189

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# CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

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Executive Chairman's Statement for the six-month period to 30 September 2019

## RESULTS AND FINANCIAL POSITION

Results and Financial position

Profit before taxation for the six-month period to 30 September 2019 was £0.281m, up £0.171m from £0.110m for the comparative period to 30 September 2018.

As at 30 September 2019, net assets were £46.013m compared to £45.732m, as last reported as at 31 March 2019. There has been no re-valuation of assets during the reporting period, with the next external independent valuation due to be undertaken early in 2020.

Net debt has increased to £22.861m, up by £1.488m from £21.373m as at 31 March 2019. This budgeted movement reflects the lower point in the annual cash cycle (as rents and annual berthing fee receipts peak between January and April) and expenditure on pre-construction costs in connection with consented schemes at Harbour Arch Quay and Sugar Quay, infrastructure improvements notably including the new fuel and utility dispensary system at Plymouth Fisheries and works to other premises to facilitate new tenancies and to maintain the quality of the estate. This has resulted in a rise in gearing to 49.7% as at 30 September 2019 from 46.7% as at 31 March 2019.

To ensure continuity of financing the Company has just entered into a new 4 year facility agreement with its incumbent bank on equivalent terms to the previous agreement. Funding for consented projects will be funded by separate development financing.

## TRADING REPORT

The Company's business activities traded successfully during the first half year, with the

marinas and car parks both achieving strong revenue growth ahead of price inflation. Marketing of the marinas for the 2020 season was launched at Southampton Boat Show from our newly designed interactive stand which attracted an encouraging level of interest. Fisheries' trading remained on par with the same period last year and rental incomes from recent lettings added to income of this business sector. Further new lettings are expected to complete in the second half year.

## BOARD COMPOSITION UPDATE

In October 2019 the Company announced Corey Beinhaker's appointment as Chief Operating Officer. This brings the board to a total of five Directors including Executive Chairman, Philip Beinhaker.

## REGENERATION

Finalisation of pre-construction preparations for the planning consented residential led developments at Harbour Arch Quay and Sugar Quay, both at Sutton Harbour, has been the priority in recent months. These works have required submission of some amendments to the Local Planning Authority, selection of the construction and sub-contractor teams and finalisation of detailed drawings. It is expected that subject to completion of finance and planning amendments that both the smaller 14 apartment scheme at Harbour Arch Quay and larger 170 apartment building at Sugar Quay will start on site during 2020, along with the marketing of the units.

The planning consented two storey extension to Harbour Car Park has been put back

# CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

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to follow the Mayflower 400 celebrations which take place throughout 2020, to avoid parking disruption during the events season at the largest car park around Sutton Harbour:

## INFRASTRUCTURE IMPROVEMENTS

The Company is currently in the process of commissioning a new fuel and utility dispensary system at Plymouth Fisheries. The part grant funded £800,000 project, updates the current 25 year old system with modern fuel and energy delivery technology. It is the latest phase of a 5 year plan to overhaul key fisheries infrastructure which has also included £2m investment in ice making equipment, chilled stores, energy efficient lighting and boilers, hygienic wall cladding, enhanced CCTV and lock barrel walkways.

During the winter months part of the marina at Sutton Harbour will be re-configured to meet requirements of prospective berth-holders for larger berths and new pontoon equipment will be installed to meet the increasing demand for berthing space at King Point Marina. To improve facilities for public participation and entertainment in the harbour, the Company will be investing in new floating 'event-size' pontoons which can be located in various shallow water areas of Sutton Harbour together with an access pontoon.

## SUMMARY

Our financial year to date has been a productive period in which we have been preparing for major development projects which are now close to the delivery phase. Profitability of the trading businesses is improving following investment in marketing, facilities' presentation and increased use of time saving technologies in each area. The Company is working in partnership with the City Council and other groups to support hosting of events to commemorate the 400th anniversary of the departure of the Pilgrim Fathers to America. Visitors numbers are expected to peak in Summer 2020 centred around the Mayflower Steps located on southern the side of Sutton Harbour

With longer term banking facilities in place the Company is advancing confidently with its objective to self-deliver real estate projects and to continue targeted investment into the asset base to achieve medium term returns and value growth to shareholders.

PHILIP BEINHAKER  
**EXECUTIVE  
CHAIRMAN**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months to 30 September 2019 (unaudited) £000	6 months to 30 September 2018 (unaudited) £000	Year Ended 31 March 2019 (audited) £000
<b>Revenue</b>	<b>3</b>	<b>3,820</b>	3,717	6,893
<b>Cost of sales</b>		<b>(2,379)</b>	(2,390)	(4,686)
<b>Gross Profit</b>		<b>1,441</b>	1,327	2,207
Fair value adjustment on fixed assets and investment property		(26)	(8)	1,444
Administrative expenses		(672)	(711)	(1,234)
<b>Operating profit/loss from continuing operations</b>	<b>3</b>	<b>743</b>	608	2,417
Financial income		-	-	1
Financial expense		(462)	(498)	(902)
<b>Net financing costs</b>		<b>(462)</b>	(498)	(901)
<b>Profit/(loss) before tax from continuing operations</b>	<b>3</b>	<b>281</b>	110	1,516
Taxation (charge)/credit on profit from continuing operations	4	-	-	315
<b>Profit/(loss) from continuing operations</b>		<b>281</b>	110	1,831
<b>Basic profit/(loss)/earnings per share</b>	<b>6</b>	<b>0.02p</b>	0.01p	1.68p
<b>Diluted profit/(loss)/earnings per share</b>	<b>6</b>	<b>0.02p</b>	0.01p	1.68p

  

	Note	6 months to 30 September 2019 (unaudited) £000	6 months to 30 September 2018 (unaudited) £000	Year Ended 31 March 2019 (audited) £000
<b>Profit/(loss) from continuing operations</b>		<b>281</b>	110	1,831
<b>Other comprehensive (expense)/income</b>				
<b>Continuing operations:</b>				
Revaluation of property, plant and equipment		-	-	1,640
Deferred taxation on income and expenses recognised directly in the consolidated statement of comprehensive income		-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	6
<b>Total other comprehensive expense</b>		<b>-</b>	-	1,646
<b>Total comprehensive expense for the period attributable to equity shareholders</b>		<b>281</b>	110	3,477

# CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2019 (unaudited) £000	As at 30 September 2018 (unaudited) £00	As at 31 March 2019 (audited) £000
<b>Non-current assets</b>				
Property, plant and equipment	7	26,855	23,899	26,632
Investment property	7	19,571	19,055	19,425
Inventories	7	12,610	-	12,448
		<b>59,036</b>	<b>42,954</b>	<b>58,505</b>
<b>Current assets</b>				
Inventories		11,552	22,250	11,119
Trade and other receivables		2,104	2,122	2,283
Cash and cash equivalents	8	244	1,859	1,296
Tax recoverable		-	-	(5)
		<b>13,900</b>	<b>26,231</b>	<b>14,693</b>
<b>Total assets</b>	<b>3</b>	<b>72,936</b>	<b>69,185</b>	<b>73,198</b>
<b>Current liabilities</b>				
Trade and other payables		1,053	1,308	1,496
Finance lease liabilities		65	96	122
Deferred income		936	883	1,398
Provisions	9	75	69	70
		<b>2,129</b>	<b>2,356</b>	<b>3,086</b>
<b>Non-current liabilities</b>				
Other interest-bearing loans and borrowings		23,000	25,000	22,500
Finance lease liabilities		40	232	47
Deferred government grants		646	646	646
Deferred tax liabilities		1,023	1,338	1,023
Provisions	9	85	168	164
		<b>24,794</b>	<b>27,384</b>	<b>24,380</b>
<b>Total liabilities</b>	<b>3</b>	<b>26,923</b>	<b>29,740</b>	<b>27,466</b>
<b>Net assets</b>		<b>46,013</b>	<b>39,445</b>	<b>45,732</b>
<b>Issued capital and reserves attributable to owners of the parent</b>				
Share capital		16,266	16,162	16,266
Share premium		10,695	7,872	10,695
Other reserves		11,696	10,055	11,696
Retained earnings		7,356	5,356	7,075
<b>Total equity</b>		<b>46,013</b>	<b>39,445</b>	<b>45,732</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Merger reserve	Hedging reserve	Retained earnings	TOTAL
	----- Other Reserves -----						
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	16,266	10,695	7,825	3,871	-	7,075	45,732
<b>Comprehensive income/(expense)</b>							
Profit for the period	-	-	-	-	-	281	281
<b>Total comprehensive income/(expense)</b>							
<b>6 month period ended 30 September 2019</b>							
Balance at 30 September 2019	16,266	10,695	7,825	3,871	-	7,356	46,013
Balance at 1 April 2018	16,162	7,782	6,183	3,871	(6)	5,246	39,328
<b>Comprehensive income/(expense)</b>							
Profit for the period	-	-	-	-	-	110	110
<b>Other comprehensive income/(expense)</b>							
Revaluation of property, plant and equipment	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	7	-	7
<b>Total other comprehensive income/(expense) 6 month period ended 30 September 2018</b>							
	-	-	-	-	7	-	7
<b>Total comprehensive income/(expense) 6 month period ended 30 September 2018</b>							
	-	-	-	-	7	110	7
Balance at 30 September 2018	16,162	7,782	6,183	3,871	1	5,356	39,445
Balance at 1 October 2018	16,162	7,872	6,183	3,871	1	5,356	39,445
<b>Comprehensive income/(expense)</b>							
Profit for the period	-	-	-	-	-	1,719	1,719
<b>Other comprehensive income/(expense)</b>							
Revaluation of property, plant and equipment	-	-	1,642	-	-	-	1,642
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(1)	-	(1)
<b>Total other comprehensive income/(expense) 6 month period ended 31 March 2019</b>							
	-	-	1,642	-	(1)	-	1,641
<b>Total comprehensive income/(expense) 6 month period ended 31 March 2019</b>							
	-	-	1,642	-	(1)	1,719	3,360
<b>Transactions with owners of the parent</b>							
Issue of shares	104	2,823	-	-	-	-	2,927
Balance at 31 March 2019	16,266	10,695	7,825	3,871	-	7,075	45,732

# CONSOLIDATED CASH FLOW STATEMENT

	Note	months to 30 September 2019 (unaudited) £000	6 months to 30 September 2018 (unaudited) £000	Year Ended 31 March 2019 (audited) £000
<b>Cash generated from total operating activities</b>	<b>10</b>	<b>(481)</b>	<b>(916)</b>	<b>(1181)</b>
<b>Cash flows from investing activities</b>				
Net expenditure on investment property		-	-	(60)
Expenditure on property, plant and equipment		(609)	(100)	(243)
Proceeds from sale of plant and equipment		-	-	-
<b>Net cash used in investing activities</b>		<b>(609)</b>	<b>(100)</b>	<b>(303)</b>
<b>Cash flows from financing activities</b>				
Proceeds from sale of shares		-	-	3,000
Expenses of share issuance		-	-	(73)
Interest paid		(462)	(498)	(958)
Loan drawdowns/(repayment of borrowings)		500	650	(1,850)
Net finance lease (payments)/receipts		-	(43)	(106)
<b>Net cash generated from financing activities</b>		<b>38</b>	<b>109</b>	<b>13</b>
Net increase/(decrease) in cash and cash equivalents		<b>(1,052)</b>	<b>(907)</b>	<b>(1,471)</b>
Cash and cash equivalents at beginning of period		<b>1,296</b>	<b>2,766</b>	<b>2,767</b>
<b>Cash and cash equivalents at end of period</b>	<b>8</b>	<b>244</b>	<b>1,859</b>	<b>1,296</b>

# NOTES TO INTERIM REPORT

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## I. GENERAL INFORMATION

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2019 were approved by the Board of Directors on 10 July 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under section 498 of the Companies Act 2006.

Copies of the Group's financial statements are available from the Company's registered office, Sutton Harbour Office, Guy's Quay, Sutton Harbour, Plymouth, PL4 0ES and on the Company's website [www.sutton-harbour.co.uk](http://www.sutton-harbour.co.uk).

This consolidated interim financial information has not been audited.

## 2. BASIS OF PREPARATION

The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union, and those parts of the Companies Acts 2006 as applicable to companies reporting under IFRS.

### Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements.

### Adoption of new International Financial Reporting Standards

The following new standards, amendments to standards or interpretations have been issued, but are not effective for the financial year beginning 1 April 2018 and have not been adopted early:

IFRS 15 Revenue from Contracts with Customers: \* 1 January 2018

IFRS 9 Financial Instruments: \* 1 January 2018

\* mandatory effective date is periods commencing on or after

### Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

# NOTES TO INTERIM REPORT

## 3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from an operational perspective as having only one

geographical segment, with all operations being carried out in the United Kingdom.

The Board of Directors considers the performance of the operating segments using operating profit. The segment information provided to the Board of Directors for the reportable segments for the period ended 30 September 2019 is as follows:

6 months to 30 September 2019	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	2,662	762	396	-	3,820
Gross profit prior to non-recurring items	637	534	269	-	1,440
Segmental Operating Profit before Fair value adjustment and unallocated expenses	637	534	269	-	1,440
Fair value adjustment on fixed assets and investment property assets	-	-	-	-	-

### Unallocated:

Administrative expenses	(697)
Operating profit from continuing operations	743
Financial income	-
Financial expense	(462)
Profit before tax from continuing operations	281
Taxation	-
Profit for the year from continuing operations	281

### Depreciation charge

Marine	150
Car Parking	14
Administration	5
	169

# NOTES TO INTERIM REPORT

## 3. SEGMENT INFORMATION (CONTINUED)

6 months to 30 September 2019	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	2,665	747	305	-	3,717
Gross profit prior to non-recurring items	629	486	213	(57)	1,271
Segmental Operating Profit before Fair value adjustment and unallocated expenses	629	486	213	(57)	1,271
Fair value adjustment on fixed assets and investment property assets	-	-	-	-	-
<i>Unallocated:</i>					
Administrative expenses					(662)
Operating profit from continuing operations					609
Financial income					(499)
Financial expense					110
Loss before tax from continuing operations					
Taxation					-
Loss for the year from continuing operations					110
<b>Depreciation charge</b>					
Marine					152
Car Parking					16
Administration					7
					175

# NOTES TO INTERIM REPORT

## 3. SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2019	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	4,896	1,474	523	-	6,893
Gross profit prior to non-recurring items	1,057	941	350	(141)	2,207
Segmental Operating Profit before Fair value adjustment and unallocated expenses	1,057	941	350	(141)	2,207
Fair value adjustment on fixed assets and investment property assets	1,134	310	-	-	1,444
					3,651
<i>Unallocated:</i>					
Administrative expenses					(1,234)
Operating profit from continuing operations					2,417
Financial income					1
Financial expense					(902)
Profit before tax from continuing operations					1,516
Taxation					315
Profit for the year from continuing operations					1,831
<b>Depreciation charge</b>					
Marine					314
Car Parking					33
Administration					11
					358
	<b>30 September 2019 £000</b>	<b>30 September 2018 £000</b>	<b>31 March 2019 £000</b>		
<i>Segment assets:</i>					
Marine	23,731	20,580	23,514		
Real estate	19,815	19,704	19,952		
Car Parking	4,423	4,196	4,456		
Regeneration	24,267	22,335	23,577		
<b>Total segment assets</b>	<b>72,236</b>	<b>66,815</b>	<b>71,499</b>		
<i>Unallocated assets:</i>					
Property, plant and equipment	87	72	61		
Trade & other receivables	368	439	361		
Cash & cash equivalents	245	1,859	1,277		
<b>Total assets</b>	<b>72,936</b>	<b>69,185</b>	<b>73,198</b>		

# NOTES TO INTERIM REPORT

## 3. SEGMENT INFORMATION (CONTINUED)

	30 September 2019 £000	30 September 2018 £000	31 March 2019 £000
<i>Segment assets:</i>			
Marine	1,196	1,134	1,858
Real estate	417	607	705
Car Parking	72	79	131
Regeneration	951	996	938
<b>Total segment assets</b>	<b>2,636</b>	<b>2,816</b>	<b>3,687</b>
Bank overdraft & borrowings	23,105	25,232	22,652
Trade & other payables	157	354	102
Financial Derivatives	-	(2)	-
Tax payable	1	-	1
Deferred tax liabilities	1,024	1,340	1,024
<b>Total liabilities</b>	<b>26,923</b>	<b>29,740</b>	<b>27,466</b>

Unallocated assets included in total assets and unallocated liabilities included in total liabilities are not split between segments as these items are centrally managed.

## 4. TAXATION

The Company has applied an effective tax rate of 19% (2018: 19%) based on management's best estimate of the tax rate expected for the full financial year and is reflected in a movement in deferred tax.

## 5. DIVIDENDS

The Board of Directors do not propose an interim dividend (2018: nil).

## 6. EARNINGS PER SHARE

	6 months to 30 September 2019 (unaudited) pence	6 months to 30 September 2018 (unaudited) pence	Year Ended 31 March 2019 (audited) pence
<i>Continuing operations</i>			
Basic earnings per share	0.02p	0.01p	1.68p
Diluted earnings per share*	0.02p	0.01p	1.68p

### Basic Earnings per Share:

Basic earnings per share have been calculated using the profit for the period of £281,000 (2018: profit £110,000, year ended 31 March 2019 profit £1,831,000). The average number of ordinary shares in issue, excluding those options granted under the SAYE scheme, of 115,944,071 (2018: 98,320,272; year ended 31 March 2019: 115,944,071) has been used in our calculation.

### Diluted Earnings per Share:

Diluted earnings per share uses an average number of 115,944,071 (2018: 98,320,272; year ended 31 March 2019 108,982,966) ordinary shares in issue, and takes account of the outstanding options under the SAYE scheme in accordance with IAS 33 'Earnings per share'. There are no outstanding options under expire SAYE schemes.

# NOTES TO INTERIM REPORT

## 7. PROPERTY VALUATION

Freehold land and buildings and investment property have been independently valued by Jones Lang LaSalle as at 31 January 2019, in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors.

A further valuation will be commissioned for the year ending 31 March 2020, as in previous years.

## 8. CASH AND CASH EQUIVALENT

	As at 30 September 2019 (unaudited) £000	As at 30 September 2018 (unaudited) £000	As at 31 March 2019 (audited) £000
<b>Continuing operations</b>			
Cash and cash equivalents per balance sheet and cash flow statement	244	1,859	1,296

## 9. PROVISIONS

	Onerous leases £000	Total £000
Balance at 1 April 2018	239	239
Provisions utilised	(2)	(2)
<b>Balance at 30 September 2018</b>	<b>237</b>	<b>237</b>
Provisions made	-	-
Provisions utilised	(3)	(3)
<b>Balance at 31 March 2019</b>	<b>243</b>	<b>243</b>
Provisions made	-	-
Provisions utilised	(83)	(83)
<b>Balance at 30 September 2019</b>	<b>160</b>	<b>160</b>
Current	75	75
Non-current	85	85
	160	160



# NOTES TO INTERIM REPORT

## 10. CASH FLOW STATEMENTS

	6 months to 30 September 2019 (unaudited) £000	6 months to 30 September 2018 (unaudited) £000	Year Ended 31 March 2019 (audited) £000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period	281	110	1,831
Adjustments for:			
Taxation	-	-	(315)
Financial income	-	-	-
Financial expense	442	498	901
Fair value adjustment on fixed assets and investment property	-	-	(1,443)
Depreciation	169	175	358
Amortisation of grants	-	-	-
Loss on sale of property, plant and equipment	7	(16)	-
<b>Cash generated from operations before changes in working capital and provisions</b>	<b>899</b>	<b>767</b>	<b>1,332</b>
Increase in inventories	(635)	(959)	(2,236)
Decrease/(increase) in trade and other receivables	251	57	(113)
(Decrease)/increase in trade and other payables	(366)	(229)	(124)
Decrease in deferred income	(556)	(551)	(35)
(Decrease)/increase in provisions	(74)	(1)	(5)
<b>Cash generated from operations</b>	<b>(481)</b>	<b>(916)</b>	<b>(1,181)</b>



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SUTTON HARBOUR GROUP