SUTTON HARBOUR

SUTTON HARBOUR GROUP PLC

2023

INTERIM REPORT

THE GROUP AT A GLANCE

MARINE

Sutton Harbour currently has capacity for berthing 523 leisure and commercial vessels (as of June 2023 was accommodating 468 vessels) and achieves an increasing, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.

Marinas

Sutton Harbour Marina for leisure berthing is currently 95% occupied and is trading at close to capacity.

The King Point Marina, which opened in 2013, has now transitioned into a mature business with 97% occupancy. The facility has 119 leisure berths with additional berthing taking approximately a third of the total space leased to Princess Yachts until 2028.

Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as an important fishing port in England.

The Group's subsidiary, Sutton Harbour Company has been trading since 1847 and during this long period of operating the harbour and associated assets have experienced successive economic cycles. This long history serves as a guide to continue to develop the asset for further performance and value growth in the future.

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 quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with new planning applications secured and in preparation which will integrate the city centre to communities east of the Harbour, a long held aspiration of the City of Plymouth.

REAL ESTATE

This division comprises the rentals from investment properties and is particularly focused on growing its annual income through asset enhancement, including office space, retail and leisure facilities.

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 Old Barbican Market, the former fishmarket which was converted to retail use in 1998, underwent a major refit in 2022 which was subsequently let to three high quality national covenant tenants and now attracts increased footfall to the Sutton Harbour area.

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. These facilities and operators attract visitors and citizens of Plymouth, strengthening the natural attractiveness, leisure and social enjoyment of the Harbour.

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.

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 51 space surface car park in the Barbican area. Additionally, the Group controls parking on the fishmarket complex, at the marina, around Sutton Harbour and adjoining various tenanted properties.

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.

In 2023 the Company completed construction of its first new building at Sutton Harbour since 2009 – a 14 unit apartment building (Harbour Arch Quay). Planning consents are held for the development of the iconic Sugar Quay tower of 170 units, with retail/office space incorporated facing the harbour and the extension to an existing multi storey car park owned by the Group is also approved, to be implemented in parallel with Sugar Quay.

The Group has also been working with the Local Planning Authority to build significant residential complexes on the east side of Sutton Road which will facilitate improved east west linkage across Sutton Harbour joining the city centre and existing easterly residential areas.

Former Airport Site

In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport site from Plymouth City Council. The Group also owns some freehold land on the 113 acre 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.

Plymouth City Council agreed upon the closure of the former airport as of 23 December 2011, due to withdrawal of flight services and unsustainable losses. The decision also resulted in cancellation of the airport operating licence and cancellation of the air traffic zone. In March 2019, Plymouth City Council produced a new local plan which was scrutinised at public hearings and by Government Planning Inspectors. The plan was accepted together with the Council's proposal to safeguard the former airport site for aviation operations but limited to five years. Accordingly, the Group is working towards options for the site and developing a masterplan. This strategic asset will either be redeveloped for a range of uses (including the possibility of an aviation component based on emerging new technology that is sensitive to the environment and does not require the full extent of the current runway length) or limited to airport uses only, but in either case the intrinsic value of the asset is represented by its potential future uses.

DIRECTORS AND ADVISORS

Company Number	02425189
Directors	Philip H. Beinhaker (Executive Chairman) Corey B. Beinhaker (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 Office Sutton Harbour Plymouth PL4 0ES Tel: 01752 204186 www.suttonharbourgroup.com
Independent Auditors	PKF Francis Clark Centenary House Peninsula Park Rydon Lane Exeter EX2 7XE
Nominated Advisor and Broker	Strand Hanson Limited 26 Mount Row Mayfair London W1K 3SQ
Registrar	Computershare Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Bankers	National Westminster Bank plc 135 Bishopsgate EC2M 3UR

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EXECUTIVE CHAIRMAN'S REPORT

RESULTS AND FINANCIAL POSITION

Trading during the first six months of the financial year was robust with gross profit up 14.4% to £1.620m from £1.415m for the comparable period to 30 September 2022. This reflects continued occupancy of the marinas at near-capacity rates and strength of the car parks and property rental activities. Bottom line results have been materially affected by progressive interest rate rises giving rise to the net loss for the period. The loss before taxation for the six-month period to 30 September 2023 was £0.119m compared to £0.223m profit before taxation for H1 2022.

As at 30 September 2023, net assets were £58.850m (equal to 41.2 pence per share), up from £56.067m (equal to 43.1 pence per share) as at 31 March 2023. The increase in net assets of £2.783m is largely attributable to the issue of 12,994,407 new ordinary shares at 22.5 pence each by way of a subscription by the Company's major shareholder, raising gross proceeds of £2.9m, in May 2023.

Net Debt has increased to £30.468m, being £1.209m more than the net debt position as at 31 March 2023 of £29.259m. Notable components of this change were the £2.9m share subscription cash inflow offset by £1.6m bank loan repayments and investments into the active development projects. Gearing, measured as net debt as a percentage of net assets, was broadly unchanged at 51.8% as at 30 September 2023 (31 March 2023: 52.2%).

TRADING AND OPERATIONS REPORT

During the six-month reporting period, the marinas have been occupied at levels very close to full capacity. The Company held prices for berthing at Sutton Harbour at the previous season's rates as consideration to berth-holders for the disruption of the Environment Agency's planned lock gate cill replacement works which started after this interim reporting period. Berthing rates charged at King Point Marina were increased by inflation and this marina's results also reflect the new five-year lease with Princess Yachts on improved terms. Fishing results show a slight improvement to the comparative period with an increase in the amount of fuel sold. Overall, contribution from the Marine trading segment was £0.895m in the six-month period to 30 September 2023 (2022: £0.681m).

The Environment Agency is funding the costs of the lock works. The intermittent disruption caused by these works started in early October 2023 and will run until mid December 2023. A second 10 week long tranche of these works will take place in early 2024. The direct financial impact of the lock works will be accounted in the results for the second half year and will incorporate the costs of providing alternative landing and temporary berthing facilities.

Starting in November 2023, selling of marina berths for the 2024/25 season has begun. Rates for King Point Marina have been increased by inflation, whereas rates at Sutton Harbour Marina have been increased by only a modest amount, adjusted to recognise the ongoing lock works disruption. Rates will increase to market norms from 2025/26. To date, sales are very encouraging showing strong levels of berth bookings at this stage in the selling season.

During the first half of this financial year, overall results from the Real Estate segment were slightly up on the comparative period at £0.505m gross profit (2022: £0.480m gross profit). These results take account of the new lettings in the newly refurbished Old Barbican Market, countering the loss of rents from North Quay House, the largely decanted office building now proposed for redevelopment to a new waterfront residential development. Occupancy of the Company's retail and industrial business space continues to be resilient.

The Company has now secured its power requirements by way of a capped buying strategy to avoid future power cost shocks as was acutely experienced in the second half of the previous financial year. Power costs have now reduced from the winter 2022/23 peak, but are still considerably higher than pre October 2022.

DEVELOPMENT / REGENERATION

HARBOUR ARCH QUAY

The building was completed in October 2023 with sales completions of all 14 apartments taking place by early November 2023. The development loan of £4.5m was repaid and the Company has now also repaid £3.2m against the NatWest term loan. The ground floor offices will be made ready for the Company to occupy in 2024 and letting of the existing offices will then follow.

The Company is pleased to have recommenced active property development after more than a decade's hiatus and the sales of all units during construction demonstrates demand for high quality property in the environment of Sutton Harbour.

Whilst the property sales achieved some of the highest prices recorded for apartments in Plymouth, the Company expects a construction project result just below breakeven once all costs are finally accounted. The full accounting result will show a loss in the second half year after taking into account all other costs including historical site holding costs, costs of re-design and time of Company personnel spent on the project. The Company had projected a profitable result but encountered delays and additional costs due to the complex ground conditions, resolution of party wall agreements, change in fire safety regulations necessitating some supplementary works and additional costs arising from supply chain shortages, materials inflation and labour rate increases. Nonetheless, the Company has now identified a team of experienced, reliable professionals and tradespeople most suited to delivering high quality waterfront property in this area and now has current experience to benefit improved cost management for the delivery programme of future projects.

OLD BARBICAN MARKET

After completing the full refurbishment of this listed property early in 2023, all three units are now occupied with national covenant tenants whose draw to the Barbican has benefited footfall to the area, thereby supporting other tenants and businesses, and creating greater appeal to the wider public, both local people and visitors. This development has demonstrated that targeted investment can deliver the opportunity for value growth and future sustainability of the area.

NORTH QUAY HOUSE

The next development proposed by the Company is the delivery of a high quality 10 apartment building at North Quay House. North Quay House is an, office building overlooking the harbour, now largely decanted. The proposed development will incorporate retail space and parking. Subject to planning consent and financing, this development is programmed for delivery in 2024 and following on from the success of Harbour Arch Quay, already has interest from prospective apartment purchasers.

SUGAR QUAY

Since gaining planning consent for a single building at Sugar Quay, the Company is working on adapting the design to enable development in phases. This approach is more appropriate in the current market and will allow staged financing and development at a pace to suit absorption of the finished apartments. Additionally, there are a number of design improvements that will be incorporated into this proposal including provision of harbour views to significantly more units and an improved off street unloading and reception access. The Company expects to submit this updated application to the Local Planning Authority later in 2024.

FORMER AIRPORT SITE

The planning freeze of the former airport site to protect it against alternative use expires in March 2024. It is expected that the Company will submit a masterplan to the Local Planning Authority in the near future.

FINANCIAL STRUCTURE

With interest rates now expected to persist at or around current levels (5.25% current Bank of England rate) for the immediately foreseeable future, the Company recognises that its gearing level is high. The Board is focused on reducing its debt level significantly within the next year to manage debt servicing costs down to a more comfortable level. At present the Company has banking facilities of £21.7m (after having a repaid a further £1.6m subsequent to this reporting period in addition to a £1.6m repayment during the first half year period) secured by a property asset portfolio valued at 31 March 2023 of £58.9m. The former airport site is not included in this security figure.

The Company has therefore begun exploring options to realise the value of some of its asset portfolio within the next year to reduce bank debt and to provide some working capital for essential investment into operational assets and for pre-construction project costs. The Company has identified assets for disposal which are more easily separable from the Group and have reached their valuation potential from the Group's perspective. This is in line with the Group's stated Business Plan in the last published Annual Report. Divestment of between c.8-12% of the total asset base is under consideration. The Company will update on divestments as and when agreements for disposals are entered into. In due course, acquisition and retention of strategic assets, whether bought or developed, is expected to increase.

The Company is actively working with its current bank, NatWest, other banks and specialist development funders to support the debt reduction plan and future funding needs. The current banking facility expires in December 2024. The related party loans with Beinhaker Design Services Ltd and Rotolok (Holdings) Limited expire in May 2024 and whilst part of the liability is expected to be repaid at maturity, the Company is exploring options to extend and/or convert to equity a portion of the liability.

SUMMARY

In the period under review and into recent months, the Company has delivered the construction work and full occupation of two major projects in Sutton Harbour, both of which have already added to the quality of the local built environment and are the first significant developments in more than a decade around Sutton Harbour. Economic conditions, changing regulations and supply side factors have presented challenges to the development process and there have been points that have been learned in the delivery of both these projects which will enhance management of future projects. With the benefit of this current experience, the Company is committed to continuing with its development programme to ensure the future quality and sustainability of the area and delivery of medium to long term value for investors.

PHILIP BEINHAKER
EXECUTIVE CHAIRMAN

Consolidated Statement of Comprehensive Income

	6 months to 30 September 2023 (unaudited) £000	6 months to 30 September 2022 (unaudited) £000	Year Ended 31 March 2023 (audited) £000
Revenue	**4,446**	4.420	8,161
Cost of sales	**(2,826)**	(3,005)	(5,915)
Gross profit	**1,620**	1,415	2,246
Fair value adjustment on fixed assets and investment property	**-**	-	(1,925)
Administrative expenses	**(817)**	(729)	(1,193)
Operating profit from continuing operations	**803**	686	(872)
Finance income	**6**	-	1
Finance expense	**(928)**	(463)	(1,150)
Net finance costs	**(922)**	(463)	(1,149)
(Loss)/Profit before tax from continuing operations	**(119)**	223	(2,021)
Taxation credit on profit from continuing operations	**-**	-	(15)
(Loss)/Profit from continuing operations	**(119)**	223	(2,036)
Basic loss/earnings per share	**(0.08p)**	0.17p	(1.57p)
Diluted loss/earnings per share	**(0.08p)**	0.17p	(1.57p)

	6 months to 30 September 2023 (unaudited) £000	6 months to 30 September 2022 (unaudited) £000	Year Ended 31 March 2023 (audited) £000
Profit from continuing operations	**(119)**	223	(2,036)
Other comprehensive income/(expenses)			
Continuing operations:			
Revaluation of property, plant and equipment	**-**	-	2,435
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	**-**	-	(543)
Total other comprehensive income	**-**	-	1,892
Total comprehensive income for the period attributable to equity shareholders	**(119)**	223	(144)

Consolidated Balance Sheet

	As at 30 September 2023 (unaudited) £000	As at 30 September 2022 (unaudited) £000	As at 31 March 2023 (audited) £000
Non-current assets			
Property, plant and equipment	**38,432**	36,224	38,540
Investment property	**17,333**	18,857	17,205
Inventories	**13,420**	13,249	13,363
	69,185	68,330	69,108
Current assets			
Inventories	**27,005**	20,779	23,749
Trade and other receivables	**2,139**	1,515	2,092
Cash and cash equivalents	**530**	991	1,095
Tax recoverable	**-**	-	5
	29,674	23,285	26,941
Total assets	**98,859**	91,615	96,049
Current liabilities			
Bank loans	**1,600**	-	3,200
Other loans	**7,676**	3,355	5,477
Trade and other payables	**3,583**	2,361	3,301
Finance lease liabilities	**22**	40	66
Deferred income	**1,232**	1,219	2,132
	14,113	6,975	14,176
Non-current liabilities			
Other interest-bearing loans and borrowings	**21,700**	24,450	21,600
Finance lease liabilities	**-**	118	10
Deferred government grants	**646**	646	646
Deferred tax liabilities	**3,550**	2,992	3,550
	25,896	28,206	25,806
Total liabilities	**40,009**	35,181	39,982
Net assets	**58,850**	56,434	56,067
Issued capital and reserves attributable to owners of the parent			
Share capital	**16,536**	16,406	16,406
Share premium	**16,744**	13,972	13,972
Other reserves	**24,072**	22,180	24,072
Retained earnings	**1,498**	3,876	1,617
Total equity	**58,850**	56,434	56,067

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserve	Merger reserve	Hedging reserve	Retained earnings	Total equity
			---------------- Other reserves		-----------------		
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2023	16,406	13,972	20,201	3,871	-	1,617	56,067
Comprehensive income/(expense)							
Issue of Shares	130	2,772	-	-	-	-	2,902
Loss for the period						(119)	(119)
Total comprehensive income/(expense) 6 month period ended 30 September 2023	130	2,772	-	-	-	(119)	2,783
Balance at 30 September 2023	**16,536**	**16,744**	**20,201**	**3,871**	**-**	**1,498**	**58,850**
Balance at 1 April 2022	16,406	13,972	18,309	3,871	-	3,653	56,211
Comprehensive income/(expense)							
Issue of Shares	-	-	-	-	-	223	223
Profit for the period							
Total comprehensive income/(expense) 6 month period ended 30 September 2022	-	-	-	-	-	223	223
Balance at 30 September 2022	**16,406**	**13,972**	**18,309**	**3,871**	**-**	**3,876**	**56,434**
Balance at 1 October 2022	16,406	13,972	18,309	3,871	-	3,876	56,434
Comprehensive income/(expense)							
Profit for the period	-	-	-	-	-	(2,259)	(2,259)
Other comprehensive income/(expense)							
Revaluation of property, plant and equipment	-	-	2,435	-	-	-	2,435
Deferred tax on revaluation	-	-	(543)	-	-	-	(543)
Total comprehensive income/(expense) 6 month period ended 31 March 2023	-	-	1,892	-	-	(2,259)	(367)
Balance at 31 March 2023	**16,406**	**13,972**	**20,201**	**3,871**	**-**	**1,617**	**56,067**

Consolidated Cash Flow Statement

	6 months to 30 September 2023 (unaudited) £000	6 months to 30 September 2022 (unaudited) £000	Year End 31 March 2023 (audited) £000
Cash generated from total operating activities	**(2,989)**	(1,321)	(2,658)
Cash flows from investing activities			
Net expenditure on investment property	**(128)**	(662)	(935)
Expenditure on property, plant and equipment	**(73)**	(24)	(97)
Net cash used in investing activities	**(201)**	(686)	(1,032)
Cash flows from financing activities			
Proceeds from sale of shares	**2,924**	-	-
Expenses of share issuance	**(22)**	-	-
Interest paid	**(922)**	(557)	(1,009)
Loan drawdowns/(repayment of borrowings)	**699**	2,667	7,263
Net finance lease (payments)/receipts	**(54)**	(82)	(2,439)
Net cash generated from financing activities	**2,625**	2,028	3,815
Net increase/(decrease) in cash and cash equivalents	**(565)**	21	125
Cash and cash equivalents at beginning of period	**1,095**	970	970
Cash and cash equivalents at end of period	**530**	991	1,095

Notes to Interim Report

1. 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 2023 were approved by the Board of Directors on 31 July 2023 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.

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 2023, 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 2023, as described in those annual financial statements.

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.

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 2023 is as follows:

6 months to 30 September 2023	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	3,221	714	511	-	4,446
Gross profit prior to non-recurring items	895	505	305	(85)	1,620
Unallocated:					
Administrative expenses					(817)
Operating profit from continuing operations					803
Financial income					6
Financial expense					(928)
Loss before tax from continuing operations					(119)
Taxation					-
Loss for the year from continuing operations					(119)
Depreciation charge					
Marine					161
Car Parking					7
Administration					13
					181

Notes to Interim Report

3. Segment Information (continued)

6 months to 30 September 2022	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	3,358	644	418	-	4,420
Gross profit prior to non-recurring items	681	480	254	-	1,415
Unallocated:					
Administrative expenses					(729)
Operating profit from continuing operations					686
Financial income					-
Financial expense					(463)
Profit before tax from continuing operations					223
Taxation					-
Profit for the year from continuing operations					**223**
Depreciation charge					
Marine					172
Car Parking					10
Administration					16
					198

Year ended 31 March 2023	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	6,016	1,374	771	-	8,161
Segmental Operating Profit before fair value adjustment and unallocated expenses	974	965	449	(142)	2,246
Fair value adjustment on fixed assets and investment property assets	-	(1,925)	-	-	(1,925)
Unallocated:					
Administrative expenses					(1,193)
Operating profit from continuing operations					(872)
Financial income					1
Financial expense					(1,150)
Loss before tax from continuing operations					(2,021)
Taxation					(15)
Loss for the year from continuing operations					**(2,036)**
Depreciation charge					
Marine					355
Car Parking					19
Administration					16
					390

Notes to Interim Report

	30 September 2023 £000	30 September 2022 £000	31 March 2023 £000
Segment assets:			
Marine	**32,663**	30,747	32,956
Real Estate	**17,864**	19,243	17,656
Car Parking	**6,829**	6,382	6,843
Regeneration	**40,646**	33,998	37,272
Total segment assets	**98,002**	90,370	94,727
Unallocated assets:			
Property, plant & equipment	**53**	44	41
Trade & other receivables	**274**	210	185
Cash & cash equivalents	**530**	991	1,096
Total assets	**98,859**	91,615	96,049

	30 September 2023 £000	30 September 2022 £000	31 March 2023 £000
Segment liabilities:			
Marine	**1,696**	1,710	2,702
Real Estate	**425**	724	415
Car Parking	**110**	92	100
Regeneration	**2,847**	1,284	2,298
Total segment liabilities	**5,078**	3,810	5,515
Unallocated liabilities:			
Bank overdraft & borrowings	**30,998**	27,963	30,354
Trade & other payables	**382**	415	562
Tax payable	**1**	1	1
Deferred tax liabilities	**3,550**	2,992	3,550
Total liabilities	**40,009**	35,181	39,982

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 25% (2022: 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 (2022: nil).

Notes to Interim Report

6. Earnings per share

	6 months to 30 September 2023 (unaudited) pence	6 months to 30 September 2022 (unaudited) pence	Year End 31 March 2023 (audited) pence
Continuing operations			
Basic (loss)/earnings per share	**(0.08p)**	0.17p	(1.57p)
Diluted (loss)/earnings per share*	**(0.08p)**	0.17p	(1.57p)

Basic Earnings per Share:
Basic earnings per share have been calculated using the loss for the period of £119,000 (2022: profit £223,000; year ended 31 March 2023: loss £2,036,000). The average number of ordinary shares in issue, excluding those options granted under the SAYE scheme, of 140,506,216 (2022: 129,944,071; year ended 31 March 2023: 129,944,071) has been used in our calculation.

Diluted Earnings per Share:
Diluted earnings per share uses a weighted average number of 140,774,968 (2022: 130,182,043; year ended 31 March 2023: 130,183,220) ordinary shares after adjusting for the effects of share options in issue: 257,972 ordinary shares (2022: 237,972; year ended 31 March 2023: 237,972). If the inclusion of potentially issuable shares would decrease loss per share, the potentially issuable shares are excluded from the weighted average number of shares outstanding used to calculate diluted earnings per share.

7. Property valuation

Freehold land and buildings and investment property have been independently valued by Jones Lang LaSalle as at 31 March 2023, 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 2024, as in previous years.

8. Cash and cash equivalents

	As at 30 September 2023 (unaudited) £000	As at 30 September 2022 (unaudited) £000	As at 31 March 2023 (audited) £000
Cash and cash equivalents per balance sheet and cash flow statement	**530**	991	1,095

Notes to Interim Report

9. Cash flow statements

	6 months to 30 September 2023 (unaudited) £000	6 months to 30 September 2022 (unaudited) £000	Year End 31 March 2023 (audited) £000
Cash flows from operating activities			
Profit/(loss) for the period	**(119)**	223	(2,036)
Adjustments for:			
Taxation	**-**	-	15
Financial income	**(6)**	-	(1)
Financial expense	**928**	463	1,150
Fair value adjustment on fixed assets and investment property	**-**	-	1,925
Depreciation	**181**	198	390
Cash generated from operations before changes in working capital and provisions	**984**	884	1,443
Increase in inventories	**(3,313)**	(1,862)	(5,162)
(Increase)/decrease in trade and other receivables	**(42)**	304	(282)
Increase in trade and other payables	**282**	359	1,421
(Decrease) in deferred income	**(900)**	(1,006)	(93)
Decrease in provisions	**-**	-	15
Cash generated from operations	**(2,989)**	(1,321)	(2,658)