**20 December 2018**

**UNITED CARPETS GROUP PLC**

**Interim results for the 6 month period ended 30 September 2018**

United Carpets Group plc (the "Group" or "Company" or "United Carpets"), the third largest chain of specialist retail carpet and floor covering stores in the UK, today announces its interim results for the 6 month period ended 30 September 2018.

**Key points**

- Revenue for the period was £10.81m (2017: £9.97m)
- Like for like sales* decreased by 1.8%
- Profit before tax was £121,000 (2017: £589,000)
- Earnings per share were 0.09p (2017: 0.57p)
- Interim dividend maintained at 0.135p per share (2017: 0.135p) payable 18 January 2019
- Net funds were £2.01m (2017: £1.64m)
- LFL sales for the 11 weeks since the period end were 0.1% up

* Like for like sales are defined in the financial review

**Paul Eyre, Chief Executive, said**:

"As we said in our September trading update, over the summer months the exceptionally warm, sunny weather and the World Cup combined to make the first half of this financial year a very challenging trading period. We worked hard to maintain sales levels but to do so required increased investment in marketing and further support for the franchise network. In addition, we have continued to invest in online activities and to explore future business development opportunities to better prepare the Group during a challenging period of changing shopping habits. With no immediate signs of respite in the general environment and continuing Brexit uncertainties, we entered the second half cautiously, however, recent trading performance has shown some more encouraging signs which, if sustained, should result in a better second half result and a reasonable outcome for the year."

**Enquiries:**


**United Carpets Group plc** 01709 732 666
Paul Eyre, Chief Executive
Ian Bowness, Finance Director

**Novella Communications Limited** 020 3151 7008
Tim Robertson
Toby Andrews

**Cantor Fitzgerald Europe** 020 7894 7000
Rick Thompson
Catherine Leftley
Michael Boot

## Chairman's statement

### Overview

As has been widely reported and generally acknowledged, the retail trading environment has been challenging for some time but the extraordinarily good weather over the summer together with a successful World Cup run for England created significant additional headwinds for many retail businesses. We have invested in our brand, franchise network, online activities and explored new avenues for growth which has resulted in increased revenues but has reduced profitability for the first half.

Despite a difficult environment, the store network remains competitive. We have a strong group of franchisees and corporate store managers who form the backbone of our business and their experience and drive for their own stores to excel is a considerable asset in helping the Group combat more challenging market conditions. Our role is to support their endeavours by working closely alongside them, providing competitive advantages over the independent and smaller chain operators through Group purchasing power, investment in marketing the United Carpets brand and centralised business services support.

Whilst Brexit related concerns are likely to continue to make the economic and political outlook uncertain, consumer sentiment is unlikely to improve markedly in the short term. It is therefore the competitive advantages the Group has developed and continues to invest in which supports the Board's belief that the Company remains well placed despite the wider market environment to continue to operate effectively.

### Financial review

Revenue, which as in previous years includes marketing and rental costs incurred by the Group and recharged to franchisees, was £10.81m (2017: £9.97m). The increase in revenues came from an extra corporate store compared to the same period in the prior year, growth in online sales channels, increased volume through the cutting and distribution division and increased rental income offset by a reduction in like for like sales in the period.

Like for like sales across the whole of the network (based on stores that have traded throughout both the period under review and the corresponding period in the prior year and thus excluding stores that closed during either period) were lower by 1.8%, reflecting the challenges of a long hot summer and the adverse impact of the World Cup.

Gross margin was 62.3% compared to 62.2% in the same period in 2017 with a small improvement in overall gross margin being largely offset by an increased proportion of sales from store and online sales channels.

Combined distribution costs and administrative expenses increased significantly during the period in comparison to the same period in the prior year, rising from 56.4% of revenue to 61.3%. Increased marketing investment helped to offset some of the adverse impacts of the exceptionally warm, sunny weather and the World Cup during the period albeit at a cost to the bottom line. Notwithstanding that investment, a small number of individual franchisees have struggled to meet their ongoing financial commitments and it was considered appropriate to increase the level of bad debt provision resulting in a net charge of £91,000 for the period in comparison to a release of provision of £50,000 in the corresponding period in the prior year. The additional corporate store in this period compared to the vast majority of the corresponding period in the prior year also added to the cost base together with additional investment during the period under review to support the Group's online and future business developments.

Operating profit was £118,000 (2017: £588,000) and profit before tax was £121,000 (2017: £589,000). As a result, basic earnings per share was 0.09p (2017: 0.57p).

Net funds were £2.01m at 30 September 2018 (2017: £1.64m).

### Dividend

The Board is pleased to announce an interim dividend of 0.135 pence per share to be paid on 18 January 2019 to all shareholders on the register at the close of business on 4 January 2019. The ex-dividend date will be on 3 January 2019.

### Operations review

At 30 September 2018, there were 58 stores of which 50 were franchised and 8 were corporate stores. During the period under review, there were no changes to the store portfolio. Since the period end, new corporate stores were opened in Altrincham in October and in Bristol in December so that the Group currently operates a network of 60 stores. Our St Helens store converted, by mutual agreement, from being a franchise to become a corporate store to support corporate activities in that area. The previous franchisee of St Helens continues to successfully franchise two other stores within the network.

The Group continues to look for sites that fit within the existing store network, represent a suitable retail location for the United Carpets brand and ideally can be matched with a new franchisee. Recent openings have been in slightly higher profile locations from which higher returns are anticipated and future sites are likely to be similarly located as opportunities arise.

Shopping for flooring is less attractive during warm, sunny weather and alongside significant distractions such as the World Cup. Consequently, the Group had to work hard to attract customers into stores during this period and marketing was a key

**Operations review *(continued)***

focus as the Group invested in supporting the brand and franchise network. Marketing spend was targeted towards advertising campaigns across radio, television and print together with increasing focus on developing the Group's online presence. The combined effect helped to contain the reduction in like for like sales, over a very challenging period for retail generally, but was at an increased level of cost to the Group.

**Franchising and Retail**

Floor coverings are the Group's primary driver of sales (predominantly carpet, laminate and vinyl floorings) through both franchised stores and the Group's own corporate stores. In the period under review, the portfolio performed relatively resiliently given the adverse market conditions with like for like sales down 1.6%. Luxury, soft carpets continue to sell well with grey remaining the most popular colour choice.

Interest free credit is a growing and important part of the business. It is marketed online and in store and is carefully managed to ensure customer suitability for the product. The offer is proving popular and tends to lead to a significantly higher average transaction value. With the growth in interest free credit the Group's presence online is expanding as shopping habits develop.

Beds are sold in over 85% of our stores. Selling beds alongside carpets is a natural combination and the sales teams across the business continue to gain significant experience in marketing both products together. Like for like sales in the period were 3% lower than the same period in the previous year, reflecting the market conditions which anecdotally have a greater impact on the products with higher transaction values. The Group is committed to continuing to develop the Beds offer, through further expansion of the range of brands being offered.

**Warehousing**

Our in-house cutting operation continues to support the whole network providing a quick, efficient cutting and delivery service enabling our franchisees to offer attractive retail price points with good margins. Warehousing made a small loss in the first half of the prior year however, actions taken in the second half of the 2017/18 financial year returned the Warehousing division to a small profit and this has been sustained in the period under review. The Warehousing division is seen as a key element of service to the store network and whilst it is not intended to generate a normal, commercial return, a modest ongoing profit is considered to be sustainable.

**Property**

The Property division leases properties from third parties and sublets those properties to the store network.

**People**

On behalf of the Board I would like to thank the franchisees, supplier partners, employees and all persons connected with everyone involved in the business for their hard work and enthusiasm in the first 6 months of this financial year during a tough trading period. I look forward to those efforts being rewarded with a reasonable outcome for the year.

**Outlook**

This financial year began with some strong headwinds which impacted upon the profitability of the business. Since the half-year, trading has improved and while it is still behind the strong performance last year, the stores are performing satisfactorily given the environment, although at a higher cost base. For the 11 weeks since the half-year, like for like sales improved to a modest 0.1% up on the prior year. While the continuing and increasing uncertainty surrounding the Brexit negotiations means that the Board remains cautious, the encouraging signs from recent trading performance, if sustained, should result in a better second half and a reasonable outcome for the year.

The fundamentals of the business in terms of being virtually debt free, operating from a stable store network, under a well-known and trusted brand means that, going forward, the business remains well placed to weather a potentially challenging period ahead and to grow successfully in the longer term.

**Peter Cowgill**
**Chairman**

20 December 2018

## Independent review report to United Carpets Group plc

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 6 month period ended 30 September 2018 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The half-yearly financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements, as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 6 month period ended 30 September 2018 is not prepared, in all material respects, in accordance with the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union, and the AIM Rules of the London Stock Exchange.

### Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

RSM UK Audit LLP
Chartered Accountants
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

20 December 2018

**Consolidated statement of comprehensive income**

**For the 6 month period ended 30 September 2018**

| | Note | 6 month period ended 30 September 2018 Unaudited £'000 | 6 month period ended 30 September 2017 Unaudited £'000 | Year ended 31 March 2018 Audited £'000 |
|---|---|---|---|---|
| **Revenue** | 2 | 10,807 | 9,972 | 21,721 |
| Cost of sales | | (4,076) | (3,769) | (8,361) |
| **Gross profit** | | 6,731 | 6,203 | 13,360 |
| Distribution costs | | (195) | (193) | (404) |
| Administrative expenses | | (6,433) | (5,433) | (11,447) |
| Other operating income | | 15 | 11 | 10 |
| **Operating profit** | 3 | 118 | 588 | 1,519 |
| Financial income | | 5 | 4 | 8 |
| Financial expenses | | (2) | (3) | (3) |
| **Profit before tax** | | 121 | 589 | 1,524 |
| Income tax expense | 4 | (45) | (121) | (242) |
| **Profit for the period*** | 2 | 76 | 468 | 1,282 |
| **Earnings per share** | 6 | | | |
| - Basic (pence per share) | | 0.09p | 0.57p | 1.57p |
| - Diluted (pence per share) | | 0.09p | 0.57p | 1.57p |

*All activities relate to continuing operations and are attributable to the owners of the parent.

There were no other recognised gains and losses for the current period other than shown above and therefore no separate statement of other comprehensive income has been presented.

**Consolidated statement of financial position**

**As at 30 September 2018**

| | Note | At 30 September 2018 Unaudited £'000 | At 30 September 2017 Unaudited £'000 | At 31 March 2018 Audited £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets - software | | 136 | 142 | 143 |
| Property, plant and equipment | 5 | 2,544 | 2,178 | 2,399 |
| Investment property | | 94 | 96 | 95 |
| Deferred tax assets | | 50 | 128 | 99 |
| | | 2,824 | 2,544 | 2,736 |
| **Current assets** | | | | |
| Inventories | | 2,053 | 1,965 | 1,890 |
| Trade and other receivables | | 2,985 | 2,293 | 2,242 |
| Current tax assets | | 62 | - | - |
| Cash and cash equivalents | | 2,064 | 1,648 | 2,640 |
| | | 7,164 | 5,906 | 6,772 |
| **Total assets** | | 9,988 | 8,450 | 9,508 |
| **Capital and reserves** | | | | |
| Issued capital | | 814 | 814 | 814 |
| Retained earnings | | 4,301 | 3,753 | 4,457 |
| **Total equity attributable to owners of the parent** | | 5,115 | 4,567 | 5,271 |
| **Non-current liabilities** | | | | |
| Borrowings – finance leases | | 35 | - | - |
| Trade and other payables | | 563 | 467 | 519 |
| | | 598 | 467 | 519 |
| **Current liabilities** | | | | |
| Borrowings – finance leases | | 18 | 10 | 3 |
| Trade and other payables | | 4,106 | 2,952 | 3,433 |
| Provisions | | 151 | 151 | 151 |
| Current tax liabilities | | - | 303 | 131 |
| | | 4,275 | 3,416 | 3,718 |
| **Total liabilities** | | 4,873 | 3,883 | 4,237 |
| **Total equity and liabilities** | | 9,988 | 8,450 | 9,508 |

**Consolidated statement of changes in equity**

**For the 6 month period ended 30 September 2018**

| | Note | Issued capital £'000 | Retained earnings £'000 | Total equity attributable to owners of the parent £'000 |
|---|---|---|---|---|
| **At 31 March 2017** | | 814 | 4,323 | 5,137 |
| Profit for the period | | - | 468 | 468 |
| Equity dividends | 7 | - | (1,038) | (1,038) |
| **At 30 September 2017** | | 814 | 3,753 | 4,567 |
| Profit for the period | | - | 814 | 814 |
| Equity dividends | 7 | - | (110) | (110) |
| **At 31 March 2018** | | 814 | 4,457 | 5,271 |
| Profit for the period | | - | 76 | 76 |
| Equity dividends | 7 | - | (232) | (232) |
| **At 30 September 2018** | | 814 | 4,301 | 5,115 |

**Consolidated statement of cash flows**

**For the 6 month period ended 30 September 2018**

| | Note | 6 month period ended 30 September 2018 Unaudited Total £'000 | 6 month period ended 30 September 2017 Unaudited Total £'000 | Year ended 31 March 2018 Audited Total £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash (absorbed by)/generated from operations | 8 | (162) | 267 | 2,210 |
| Interest paid | | (2) | (3) | (3) |
| Income tax (paid)/received | | (189) | 3 | (261) |
| **Net cash flows from operating activities** | | (353) | 267 | 1,946 |
| **Cash flows from investing activities** | | | | |
| Acquisition of intangible assets | | (11) | (142) | (143) |
| Acquisition of property, plant and equipment | | (206) | (275) | (624) |
| Proceeds on disposal of property, plant and equipment | | 8 | - | - |
| Interest received | | 5 | 4 | 8 |
| **Net cash flows from investing activities** | | (204) | (413) | (759) |
| **Cash flows from financing activities** | | | | |
| Payment of finance lease liabilities | | (19) | (13) | (20) |
| Equity dividends paid | 7 | - | (814) | (1,148) |
| **Net cash flows from financing activities** | | (19) | (827) | (1,168) |
| (Decrease)/increase in cash and cash equivalents in the period | | (576) | (973) | 19 |
| Cash and cash equivalents at the start of the period | | 2,640 | 2,621 | 2,621 |
| **Cash and cash equivalents at the end of the period** | | 2,064 | 1,648 | 2,640 |

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

United Carpets Group plc (the "Company") is a public limited company incorporated in England and Wales. The condensed consolidated interim financial statements of the Company for the 6 month period ended 30 September 2018 comprise the Company and its subsidiary undertakings (together referred to as the "Group").

The Group financial statements for the year ended 31 March 2018 were prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union, approved by the Board of Directors on 16 August 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) and 498(3) of the Companies Act 2006. These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. These condensed consolidated interim financial statements for the 6 month period ended 30 September 2018 are unaudited but have been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' and their Independent Review Report is included within these statements.

The accounting policies applied are consistent with those of the financial statements for the year ended 31 March 2018 and those that are expected to be adopted in the financial statements for the year ending 31 March 2019.

IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied in preparing these financial statements for the first time. Their application has not resulted in any adjustment to previously reported numbers.

IFRS 16 'Leases' will be effective for the year ending 31 March 2020 and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the substantial majority of the Group's operating lease commitments (£24,982,000 on an undiscounted basis at 31 March 2018) would be brought on to the balance sheet. Depreciation of the right-to-use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the lease liability. This will result in a change to the profile of the net charge taken to the income statement over the life of the lease. The Group's operating lease charge for the 6 month period ended 30 September 2018 was £1,551,000 (6 month period ended 30 September 2017: £1,355,000, year ended 31 March 2018: £2,892,000). Depreciation and interest charges will replace lease costs currently charged to the income statement and consequently there will be a significant adjustment to operating profit. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management has begun to model and quantify the expected impact using the current lease portfolio, however the impact will greatly depend on the facts and circumstances at the time of adoption and upon transition choices adopted. It is therefore not yet practicable to provide a reliable estimate of the financial impact on the Group's consolidated results.

### 2. Segment reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

Franchising and Retail is the income that the Group receives from its franchise activities together with the results of its corporate stores. Warehousing reflects the results of the Group's in-house cutting operation which services the franchised and corporate stores and some third parties. The Property division leases properties from third parties and sublets those properties to the store network.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated income includes rent receivable from investment property.

**Notes to the condensed consolidated interim financial statements *(continued)***

## 2. Segment reporting *(continued)*

| | Franchising and Retail | | Warehousing | | Property | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | 6 month period ended 30 September | 6 month period ended 30 September |
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Gross sales | 6,079 | 5,348 | 4,392 | 4,182 | 1,592 | 1,480 | 12,063 | 11,010 |
| Inter-segment sales | - | - | (851) | (712) | (405) | (326) | (1,256) | (1,038) |
| Segment revenue | 6,079 | 5,348 | 3,541 | 3,470 | 1,187 | 1,154 | 10,807 | 9,972 |
| Segment results | 104 | 555 | 56 | (14) | (102) | 8 | 58 | 549 |
| Unallocated income | | | | | | | 45 | 28 |
| Other operating income | | | | | | | 15 | 11 |
| Operating profit | | | | | | | 118 | 588 |
| Financial income | | | | | | | 5 | 4 |
| Financial expenses | | | | | | | (2) | (3) |
| Income tax expense | | | | | | | (45) | (121) |
| Profit for the period | | | | | | | 76 | 468 |

## 3. Operating profit

Operating profit is arrived at after charging/(crediting):

| | 6 month period ended 30 September 2018 £'000 | 6 month period ended 30 September 2017 £'000 | Year ended 31 March 2018 £'000 |
|---|---|---|---|
| UNCN Realisations 2012 Limited – final dividend | - | - | (115) |
| Charge/(release of provision) for impairment of trade receivables | 91 | (50) | 31 |

During the year ended 31 March 2018, a first and final dividend was received from the liquidators of UNCN Realisations 2012 Limited (formerly United Carpets (Northern) Limited) in respect of amounts owed to United Carpets Group plc by United Carpets (Northern) Limited.

As a result of a more difficult trading environment, the provision for impairment of trade receivables was increased during the period.

**Notes to the condensed consolidated interim financial statements *(continued)***

## 4. Income tax expense

The tax charge accrued in these interim results reflects an estimated effective tax rate of 37.2% (6 month period ended 30 September 2017: 20.5%, year ended 31 March 2018: 15.9%). This includes a net charge of £16,000 (6 month period ended 30 September 2017: £Nil, year ended 31 March 2018: £22,000 credit) which relates to adjustments in respect of prior periods. Excluding those items, the effective tax rate was 24.0% (6 month period ended 30 September 2017: 20.5%, year ended 31 March 2018: 17.3%), slightly higher than the standard rate of corporation tax of 19% due to expenses not deductible for tax purposes.

## 5. Property, plant and equipment

### Acquisitions and disposals

During the 6 month period ended 30 September 2018 the Group acquired assets with a cost of £275,000 (6 month period ended 30 September 2017: £275,000, year ended 31 March 2018: £624,000). Assets with a net book value of £Nil were disposed of during the 6 month period ended 30 September 2018 (6 month period ended 30 September 2017: £Nil, year ended 31 March 2018: £Nil), resulting in a profit on disposal of £8,000 (6 month period ended 30 September 2017: £Nil, year ended 31 March 2018: £Nil).

## 6. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share for the 6 month period ended 30 September 2018 was based on the profit attributable to ordinary shareholders of £76,000 (6 month period ended 30 September 2017: £468,000, year ended 31 March 2018: £1,282,000) and a weighted average number of ordinary shares outstanding of 81,400,000 for each period.

### Diluted earnings per share

The calculation of diluted earnings per share for the 6 month period ended 30 September 2018 was based on the profit attributable to ordinary shareholders of £76,000 (6 month period ended 30 September 2017: £468,000, year ended 31 March 2018: £1,282,000) and a weighted average number of ordinary shares outstanding and potential ordinary shares during the 6 month period ended 30 September 2018 of 81,400,000 (6 month period ended 30 September 2017: 81,808,784, year ended 31 March 2018: 81,668,952).

## 7. Equity dividends

| | **6 month period ended 30 September 2018 £'000** | **6 month period ended 30 September 2017 £'000** | **Year ended 31 March 2018 £'000** |
|---|---|---|---|
| Special dividend paid during the period on ordinary shares of 1.0p per share | - | 814 | 814 |
| Final dividend in respect of 2016/17 approved during the period on ordinary shares of 0.275p per share | - | 224 | 224 |
| Interim dividend in respect of 2017/18 paid during the period on ordinary shares of 0.135p per share | - | - | 110 |
| Final dividend in respect of 2017/18 approved during the period on ordinary shares of 0.285p per share, paid on 11 October 2018 | 232 | - | - |
| | 232 | 1,038 | 1,148 |

An interim dividend in respect of 2018/19 of £110,000 (2017: £110,000) being 0.135p per share (2017: 0.135p per share) has been declared but not provided in these financial statements.

**Notes to the condensed consolidated interim financial statements *(continued)***

## 8. Cash (absorbed by)/generated from operations

| | 6 month period ended 30 September 2018 £'000 | 6 month period ended 30 September 2017 £'000 | Year ended 31 March 2018 £'000 |
|---|---|---|---|
| Profit before tax | 121 | 589 | 1,524 |
| Depreciation and other non-cash items: | | | |
| Amortisation of intangible assets - software | 18 | - | - |
| Depreciation of property, plant and equipment | 130 | 114 | 242 |
| Depreciation of investment property | 1 | 1 | 2 |
| Profit on disposal of property, plant and equipment | (8) | - | - |
| Changes in working capital: | | | |
| Increase in inventories | (163) | (244) | (169) |
| Increase in trade and other receivables | (743) | (457) | (406) |
| Increase in trade and other payables | 485 | 270 | 1,027 |
| Decrease in provisions | - | (5) | (5) |
| Financial income | (5) | (4) | (8) |
| Financial expenses | 2 | 3 | 3 |
| Cash (absorbed by)/generated from operations | (162) | 267 | 2,210 |