

**23 March 2015**

**Michelmersh Brick Holdings Plc**

**(“MBH” or the “Group”)**

**FINAL RESULTS**

**Improved trading, reduced borrowings,**

**and dividend reinstated**

Michelmersh Brick Holdings (AIM:MBH) , the specialist brick manufacturer and landfill company, is pleased to report its audited final results for the year ended 31 December 2014, reflecting another positive period for the Group as the industry continues to progress.

**Financial Highlights**

* Turnover up 10% to £28.5 million (2013: £25.9million);
* Operating profit of £2.8 million (2013: 1.4 million), the best result since the business floated in 2004;
* Net debt further reduced from £4.2 million to £2.1 million;
* Capital expenditure of just over £2 million for Freshfield Lane expansion project and completion of Telford reorganisation; and
* Dividend reinstated - 0.5 pence per share payable for the period.

**Operational Highlights**

* Strong progress in an improved market place;
* 70 million bricks sold in the period and production of 67.5 million;
* Average selling prices increased 13.5% on prior year prices;
* January 2014 saw the commencement of the 20% expansion project at Freshfield Lane which has now been completed, extending capacity at the plant by 6 million bricks;
* New products launched and awards won such as ‘Best Public building’ for the East Ham Customer Service Centre & Library at the BDA awards;
* Application for 200 houses at the Charnwood site was submitted at the end of 2014; and
* Planning consent confirmed for additional clay extraction at Michelmersh site.

Eric Gadsden, Chairman at Michelmersh Brick Holdings, commented: **“Michelmersh is the only UK owned brick manufacturer and places itself in the top end of the market in terms of quality of products and service to customers. With a strong financial footing, and in a market that seems set for continued prosperity, we can be confident of robust profitability and meaningful shareholder returns going forward. We have had a strong start to 2015 and, with our well-invested plants, feel well positioned for the year ahead.”**

**Chairman’s Statement**

I am pleased to report a very good performance for the Group in 2014 having made continued strong progress, building on the foundations laid in the previous period, and in a further improved market place. In addition, I can report to shareholders that the Group is well placed to make further advances in a very promising market.

In the financial period, turnover increased by 10% to £28.5 million (2013: £25.9 million) as average brick selling prices increased by 13.5%. These price increases translated into a profitable outcome for the year and we can anticipate continued progress with the recent completion of the investment at our largest brickworks Freshfield Lane, as the long awaited improvement in industry dynamics continues to play out favourably. I am particularly pleased that our fortunes and prospects are positive enough to be able to reinstate dividend payments.

**Financial Highlights**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | 2013 | +/- |
| **Turnover** | **£28.5 m** | £25.9 m | +10% |
| **Operating profit** | **£2.8 m** | £1.4 m | +100% |
| **Basic EPS** | **2.72 p** | 0.18 p | +2.54 p |
| **Net assets** | **£46.7 m** | £45.5 m | +3% |
| **Net assets per share** | **57.5 p** | 56.3 p | +2% |
| **Net Debt** | **£2.1 m** | £4.2 m | -£2.1 m |

The price recovery in the brick market positively impacted the income statement in 2014 at all levels: as stated above, turnover increased by 10% and improved gross profit by 30% as gross margin increased by 5% to 31%. Operating profit from underlying business amounted to £3.0 million, by far the best result since the business floated in 2004. With low borrowings, the interest burden for the Group is modest and the Profit before taxation of £2.6 million exceeded the equivalent figure in 2013 by 6.4 times.

These positive results were achieved despite a reduction in contribution from the landfill operations, which halved to £130,000 as a result of a combination of external economic conditions and internal decisions to maximise the lifetime assets and income at the Telford site.

The income statement has separated the costs of non-underlying events so that the accounts demonstrate better the true performance of the Group. These non-underlying items in 2014 included set-up costs of the Freshfield Lane expansion project, which is expected to yield benefits in 2015 and beyond.

**Cash and Borrowings**

The Group ended the year with net debt of £2.1 million (2013: £4.2 million) representing gearing of under 5%. Cash generated by operations of £2.6 million was supplemented by the second of three tranches of the Bovis land sale proceeds of £1.5 million. The Group undertook capital expenditure of just over £2 million in respect of the Freshfield Lane expansion project and completion of the Telford reorganisation.

The Group has used cash resources to repay all borrowings except a Term Loan of £5 million with Barclays and a small residual hire purchase contract and has ceased the ineffective interest rate cap agreement. The Group generates a strong cash flow from operations and along with the final £1.5 million deferred land sale proceeds, is expected to be in a net positive cash position through 2015 which gives flexibility for capital projects and shareholder distributions.

**Assets and working Capital**

The Group’s balance sheet is strongly backed by substantial fixed assets of £42 million. Opportunities afforded by surplus land assets continue to be evaluated and their eventual realisation is closer as time passes. No significant planning or operational events have occurred in the year and prudent valuations have been made by the Directors. Only one asset, the landfill void at Telford, has been subject to a valuation adjustment as a result of a change in the Board’s intended timescale of landfill. As the economic benefit has been deferred for some years, the net present value has reduced and as a result, the carrying value has fallen by £1 million. Net asset value at 31 December 2014 stands at 57.5 pence (2013: £56.3 pence) per share.

Working capital has increased marginally during 2014 as strong late season sales kept debtors unusually high. Stock levels are now at a level that cannot be reduced much further. Overdraft facilities have been maintained and, alongside cash balances, provide healthy headroom for security and allow investment in capital projects.

**Dividend**

Improved trading, reduced borrowings, strong cash flow and the realisation of revaluation gains have now put the Group in a position where it can recommence dividend payments. The Board are intent upon implementing a sustainable dividend policy that reflects a balance between trading cashflow and long-term reinvestment in capital assets. Accordingly, the Board is proposing a dividend of 0.5 pence per share in respect of the financial year ended 31 December 2014. Net debt is likely to be positive by the end of 2015, and the Board will seek to make dividend payments out of trading cash flow annually to establish and maintain a prudent level of dividend cover.

**Land Assets**

We have received the second tranche of funds from the sale of the former factory site at Telford with a further £1.5 million due in October this year. We have undertaken a comprehensive review of our clay reserves at this site and based on current production levels believe these will extend in excess of 30 years. In the light of the improved market for brick manufacture our priority is to maximise this asset and we have therefore taken the decision to cease landfill at this site for the foreseeable future.

We have now received detailed consent for an additional 20 years of clay supplies at our Michelmersh site. Our scheme for 200 houses has now been submitted at our quarry site at Charnwood and we continue to progress our application for a landfill licence at our Dunton site.

**People**

In the past year much work was done to strengthen the business and I would like to thank all our employees for their hard work over the period. We have successfully recruited for our increased capacity at Freshfield Lane and it is satisfying to anticipate a more stable outlook in the future.

**Outlook**

Two long anticipated events occurred during 2014: firstly brick industry prices increased for the first time in six years and secondly two of the major UK manufacturers have new overseas owners.

A generational oversupply of bricks has come to an end and the market is now reliant on increasing levels of imports. The last big industry investments were in the 1980’s and capital will need to be directed to modernise existing works rather than increasing capacity.

The current environment brings a new set of challenges with our stocks, and industry stocks, at an all time low. Bricks are no longer immediately available on demand but we have successfully managed our customers’ requirements and our hallmarks of quality and service will continue to serve us well in the future.

Michelmersh Brick Holdings is the only UK owned brick manufacturer and places itself in the top end of the market in terms of quality of products and service to customers. With a strong financial footing, and in a market that seems set for continued prosperity, we can look forward to increasing profits and meaningful shareholder returns. We have had a strong start to 2015 and, with our well -invested plants, feel well positioned for the year ahead.

Eric Gadsden

Chairman

**Chief Executive Review**

**Clay Products**

Demand for our product was strong during 2014. The Group achieved record forward intake figures throughout the year, ensuring robust deliveries into 2015, with some current products currently on over 24 weeks availability. We sold 70 million bricks in the period (2014 71.5 million) against production of 67.5 million (2014 65.4 million) and sales were constrained by capacity for the first time in many years.  Average selling prices increased by 13.5% to £395 per ‘000 (2014: £348) against an industry average increase for the year of 16%.  This is a pleasing increase in light of the premium price enjoyed by our products.

We worked hard with our customers to ensure that product delivery schedules during the year were well balanced and in line with production and stock management. The Group achieved a good mix of ‘Repair Maintenance and Improvement’ (“RMI”) projects, specification and new housing work.

There was success for recently launched new products such as Charnwood's I-Line range. The East Ham Customer Service Centre & Library won the coveted ‘Best Public Building’ at the BDA awards and the completion of the RFU Centre for Athletic Development at Penny Hill Park sparked much positive praise for the new high end product. During 2014 the Group also saw the commencement of other notable schemes such as the contemporary Grosvenor Estates Arts Complex in Southampton and the new junior school complex for St. Swithuns, the leading girls’ school in Winchester. Many urban regeneration projects continued with new phases being ordered well into 2015 by developers such as Crest Nicholson's Oak Grove and the Lendlease Elephant & Castle regeneration project. Our close relationship with developers such as Berkeley Group Holdings Plc, Croudace Homes Ltd and Octagon Developments Limited continues, with all delivering much needed high quality housing stock using MBH Group products. The award winning Hill, Ceres CB1 redevelopment in Cambridge also made an impact this year, again delivering unique quality homes.

We continued to support key merchants and distributors with our robust distribution and partnership policy.

Overall 2014 was a quieter period for the Hathern Terra Cotta division, however it finished the year with a strong order intake having completed some intricate high value restoration work for the Jimmy Choo store refurbishment in New Bond St. London, along with Brighton College's stunning new entrance and clock tower.

Exports were positive for both our high value specification bricks and pavers with over 600,000 units going as far a field as Singapore and New York, USA.

The drive for efficiency continued within our Central Sales Office as we reviewed our haulage operations, IT and BIM data. Furthermore, we increased our truck fleet capacity with our rolling programme of vehicle replacement.

As with previous years, 2014 saw the Group continue it's policy of supporting education through supply of free product, resource and seminars to various colleges in the UK and contributing to the CITB Skill build programme.

In January 2014 we commenced our 20% expansion project at Freshfield Lane. The £2.2 million investment extends capacity at the plant by 6 million bricks. We are pleased that the project was completed within budget and on schedule and the plant now has a capability of producing 36 million bricks per annum. The investment encompassed a new clay preparation area, an additional brick making machine, extending drier capacity and the erection of a new ‘clamp’ for firing the bricks. The product output expansion at Freshfield Lane has meant that we are now able to build upon and increase our strong regional RMI and SME developer relationships, providing much needed extra capacity to new sites.

We scheduled a tunnel kiln shutdown at our Blockleys plant during December to carry out a major maintenance programme. This consisted of lining and ductwork improvements and long-term preventative maintenance of the mechanical systems. The kiln that had been continuously firing bricks for five years was restarted ahead of schedule delivering an increase over our budgeted output for 2015.

Also at Blockleys we have this year commenced a £500,000 capital project to upgrade our fired brick packaging facility. This builds on our kiln unloading investment in 2013 and involves the replacement of the original equipment with a new robotic system and the latest control software. The project will deliver operational cost savings, increased capacity and reduced downtime risk.

**Management Systems**

Following our successful quality and environmental system review in 2013 we achieved full accreditation to ISO 9001 and ISO 14001 during the period meaning that all of our manufacturing sites operate to these standards. We are now focusing our efforts on expanding our sustainability and energy management systems to achieve BES 6001 and ISO 50,001.

**Staff Development**

During the year we restructured our operations functions following retirement and succession planning. Our Group is now fully integrated with a highly skilled and focused team that are industry leading with succession and development in place to address the future needs of the business.

Following on from our successful apprenticeship programmes at Charnwood and Freshfield Lane we set up a technical engineering programme that started in September 2014 with The Manufactures’ Organisation “EEF”. The two apprentices spend their first year at residential college followed by three years at Blockleys and Michelmersh. We are currently recruiting two further apprentices to start the programme in September 2015 for Charnwood and Freshfield Lane.

In February this year we added a sustainability manager to our operations team and expanded the existing team roles to include a specific focus on training needs and staff development.

**Landfill and Land Assets**

Activity at our Telford operations was reduced with turnover of £400,000 (2014: £632,000) on a tonnage of 63,000 (2014: 200,000) at significantly higher rates. However we have undertaken a comprehensive review of our reserves and now have a robust plan to maximise these. During this process it became apparent that it would not be possible to continue landfilling at previous rates during the life of the quarry. In these circumstances and in light of improved brick trading it was decided to shut the landfill at this site for the foreseeable future.

We are planning limited landfill at our Charnwood site to restore the quarry to a land form suitable for development later this year. Our application for 200 houses was submitted at the end of 2014 and is now being considered by the Planning Authority.

We are close to finalising all documentation for a landfill licence in discussion with the Environment Agency at our Dunton site and will consider options to maximise this asset during the course of the year.

Finally we have received detailed planning consent for additional clay extraction at our Michelmersh site which secures many years of reserves at the site and allows us to consider investment in plant and processes to increase efficiency and reduce risks of breakdown.

**Outlook**

With house building recovering from low levels and a continued need for new housing the business is now set to make further progress.

Over the course of the next few months we will start to see the benefit of improved production, pricing structures and market dynamics benefit our business.

Although we are well invested there will be opportunities to further enhance and future proof our facilities and with our strong cash position we are looking to continue to make marginal improvements wherever possible.

We continue to strengthen our market position in a highly capital intensive industry with huge barriers to entry. Increased reliance on imports underlines brick as the material of choice for owners, developers and lenders.

It is to be hoped that we are now in a period where the true worth of this product for its appearance, longevity, sustainability, flexibility in use and low maintenance requirement will be properly valued.

Martin Warner

Chief Executive

**Consolidated Income Statement**

**For the year ended 31 December 2014**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Underlying** | **Non-underlying** |  | **Underlying** | **Non-underlying** |  |
|  |  | **2014** | **2014** | **2014** | **2013** | **2013** | **2013** |
|  |  | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** |
| **Revenue** |  | 28,476 | - | **28,476** | 25,929 | - | **25,929** |
| Cost of sales |  | (19,631) | (119) | **(19,750)** | (19,205) | - | **(19,205)** |
| **Gross profit** |  | 8,845 | (119) | **8,726** | 6,724 | - | **6,724** |
| Administration expenses |  | (5,946) | (140) | **(6,086)** | (5,656) | (443) | **(6,099)** |
| Other income |  | 161 | - | **161** | 65 | 694 | **759** |
| **Operating profit/(loss)** |  | 3,060 | (259) | **2,801** | 1,133 | 251 | **1,384** |
| Finance costs |  | (199) | - | **(199)** | (977) | - | **(977)** |
| **Profit/(loss) before taxation** |  | 2,861 | (259) | **2,602** | 156 | 251 | **407** |
| Taxation |  | (457) | 56 | **(401)** | (86) | (216) | **(302)** |
| **Profit/(loss) for the financial year from continuing operations** |  | 2,404 | (203) | **2,201** | 70 | 35 | **105** |
| Loss for the financial year from discontinued operations |  | - | - | **-** | (117) | (1,536) | **(1,653)** |
| **Profit/(loss) for the financial year** |  | 2,404 | (203) | **2,201** | (47) | (1,501) | **(1,548)** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Basic earnings per share from continuing operations |  |  |  | 2.72 p |  |  | 0.18 p |
| Diluted earnings per share from continuing operations |  |  |  | 2.72 p |  |  | 0.17 p |
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|  |  |  |  |  |  |  | **2014** | **2013** |
|  |  |  |  |  |  |  | **£'000** | **£'000** |
| **Consolidated Statement of Comprehensive Income** | | | | | | |  |  |
| **for the year ended 31 December 2014** | | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Profit/(loss) for the financial year** | | | | | |  | 2,201 | (1,548) |
|  |  |  |  |  |  |  |  |  |
| **Other comprehensive income:** | | | | | |  |  |  |
| Items which will not subsequently be reclassified to profit or loss | | | | | | | |  |
|  |  |  |  |  |  |  |  |  |
| Revaluation surplus of property, plant and equipment | | | | | |  | - | 3,500 |
| Revaluation of property, plant and equipment | | | | | |  | (1,000) | (2,000) |
| Deferred tax on revaluation movement | | | | | |  | (128) | 415 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | (1,128) | 1,915 |
|  |  |  |  |  |  |  |  |  |
| **Total comprehensive profit for the year** | | | | | |  | 1,073 | 367 |

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|  |  | **2014** | **2013** |
| **Consolidated Balance Sheet** | | **£'000** | **£'000** |
| **as at 31 December 2014** |  |  |  |
| **Assets** |  |  |  |
| **Non-current assets** |  |  |  |
| Intangible assets |  | 2,476 | 2,438 |
| Property, plant and equipment |  | 41,899 | 41,831 |
|  |  | 44,375 | 44,269 |
| **Amounts falling due after one year** |  |  |  |
| Derivatives |  | - | 91 |
| Other receivables |  | - | 1,267 |
| **Total non-current assets** | | 44,375 | 45,627 |
| **Current assets** |  |  |  |
| Inventories |  | 6,084 | 6,307 |
| Trade and other receivables |  | 7,346 | 6,361 |
| Investments |  | 30 | 46 |
| Cash and cash equivalents | | 2,809 | 2,170 |
| **Total current assets** |  | 16,269 | 14,884 |
|  |  |  |  |
| **Total assets** |  | 60,644 | 60,511 |
|  |  |  |  |
| **Liabilities** |  |  |  |
|  |  |  |  |
| **Current liabilities** |  |  |  |
| Trade and other payables |  | 3,940 | 3,900 |
| Provisions |  | 112 | 337 |
| Corporation tax payable |  | 370 | - |
| Interest bearing borrowings |  | 19 | 1,212 |
| **Total current liabilities** |  | 4,441 | 5,449 |
| **Non-current liabilities** |  |  |  |
| Deferred tax liabilities |  | 4,593 | 4,434 |
| Interest bearing borrowings |  | 4,916 | 5,125 |
|  |  | 9,509 | 9,559 |
| **Total liabilities** |  | 13,950 | 15,008 |
|  |  |  |  |
| **Net assets** |  | 46,694 | 45,503 |
|  |  |  |  |
| **Equity attributable to equity holders** | | |  |
| Share capital |  | 16,247 | 16,162 |
| Share premium account |  | 11,495 | 11,495 |
| Reserves |  | 17,530 | 20,930 |
| Retained earnings |  | 1,422 | (3,084) |
| **Total equity** |  | 46,694 | 45,503 |
|  |  |  |  |

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| **Consolidated Statement of Changes in Equity** | | | | **Share capital** | **Share option reserve** | | **Merger reserve** | | **Share premium** | | **Revaluation reserve** | | **Retained earnings** | | **Total** |
|  | | | | **£'000** | **£'000** | | **£'000** | | **£'000** | | **£'000** | | **£'000** | | **£'000** |
|  | | | |  |  | |  | |  | |  | |  | |  |
| **As at January 2013** | | | | 11,645 | 216 | | 979 | | 6,440 | | 17,908 | | (1,654) | | 35,534 |
| Loss for the year | | | | - | - | | - | | - | | - | | (1,548) | | (1,548) |
| Revaluation surplus | | | | - | - | | - | | - | | 3,500 | | - | | 3,500 |
| Revaluation deficit | | | | - | - | | - | | - | | (2,000) | | - | | (2,000) |
| Deferred taxation on revaluation | | | | - | - | | - | | - | | 415 | | - | | 415 |
| Total comprehensive income | | | | - | - | | - | | - | | 1,915 | | (1,548) | | 367 |
| Share based payment | | | | - | 30 | | - | | - | | - | | - | | 30 |
| Shares issued during the year | | | | 4,517 | - | | - | | 5,055 | | - | | - | | 9,572 |
| Transfer to retained earnings | | | | - | - | | - | | - | | (134) | | 134 | | - |
| **As at 31 December 2013** | | | | **16,162** | **246** | | **979** | | **11,495** | | **19,705** | | **(3,084)** | | **45,503** |
| Profit for the year | | | | - | - | | - | | - | | - | | 2,201 | | 2,201 |
| Revaluation deficit | | | | - | - | | - | | - | | (1,000) | | - | | (2,000) |
| Deferred taxation on revaluation | | | | - | - | | - | | - | | (128) | | - | | (128) |
|  |  | | |  |  | |  | |  | |  | |  | |  |
| Total comprehensive income | | | | - | - | | - | | - | | (1,128) | | 2,201 | | 1,073 |
| Share based payment | | | | - | 33 | | - | | - | | - | | - | | 33 |
| Shares issued during the year | | | | 85 | - | | - | | - | | - | | - | | 85 |
| Transfer to retained earnings | | | | - | (231) | | - | | - | | (42) | | 273 | | - |
| Reclassification\* | | | | - | - | | - | | - | | (2,032) | | 2032 | | - |
|  |  | | |  |  | |  | |  | |  | |  | |  |
| **As at 31 December 2014** | | | | **16,247** | **48** | | **979** | | **11,495** | | **16,503** | | **1,422** | | **46,694** |
|  |  | | |  |  | |  | |  | |  | |  | |  |

\* Reclassification relates to the revalued element of land sold in October 2013 which is deemed to have completed in 2014 and is now transferred to realised reserves.

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| --- | --- | --- | --- |
| **Consolidated Statement of Cash Flows** | | **2014** | **2013** |
| **for the year ended 31 December 2013** | | **£'000** | **£'000** |
|  |  |  |  |
| **Cash flows from operating activities** | | |  |
| Profit before taxation | | 2,602 | 407 |
| Loss from discontinued activities | | - | (152) |
| Loss on disposal plant and machinery | | - | - |
| Profit on sale of fixed assets | | (2) | (724) |
| Profit on sale of investments |  | (15) | - |
| Finance costs |  | 199 | 977 |
| Depreciation |  | 973 | 916 |
| Amortisation |  | 2 | 2 |
| Provision for impairment of investments | | - | 28 |
| Market value adjustment of Intangible assets | | (40) | 28 |
| Share based payment charge | | 33 | 30 |
|  |  |  |  |
|  |  |  |  |
| **Cash flows from operations before changes in working capital** | | 3,752 | 1,512 |
|  |  |  |  |
| Decrease in inventories |  | 250 | 2,151 |
| Increase in receivables | | (1,219) | (232) |
| (Decrease)/increase in payables | | (177) | 1,340 |
|  |  |  |  |
| **Net cash generated by operations** | | 2,606 | 4,771 |
|  |  |  |  |
| Taxation paid |  | - | (35) |
| Interest paid |  | (206) | (986) |
|  |  |  |  |
| **Net cash generated by operating activities** | | 2,400 | 3,750 |
|  |  |  |  |
| **Cash flows from investing activities** | | |  |
| Purchase of property, plant and equipment | | (2,069) | (927) |
| Proceeds of sale of investments |  | 31 | - |
| Proceeds of sale of land |  | 1,500 | 1,600 |
| Proceeds of disposal of property, plant and equipment | | 4 | 145 |
|  |  |  |  |
| **Net cash (used in)/generated by investing activities** | | (534) | 818 |
|  |  |  |  |
| **Cash flows from financing activities** | | |  |
| Repayment of interest bearing borrowings | | (155) | (10,348) |
| Proceeds of share issue |  | 85 | 9,572 |
| Repayment of hire purchase and finance lease obligations | | (5) | (19) |
|  |  |  |  |
| **Net cash used in financing activities** | | (75) | (795) |
|  |  |  |  |
| **Net increase in cash and cash equivalents** | | 1,791 | 3,773 |
| Cash and cash equivalents at the beginning of the year | | 1,004 | (2,769) |
|  |  |  |  |
| **Cash and cash equivalents at the end of the year** | | 2,795 | 1,004 |
|  |  |  |  |
| **Cash and cash equivalents comprise:** | | |  |
| Cash at bank and in hand | | 2,809 | 2,170 |
| Bank overdraft |  | (14) | (1,166) |
|  |  |  |  |
|  |  | 2,795 | (1,004) |
|  |  |  |  |

**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs as adopted by the EU"), IFRS Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. There have been no changes to the accounting policies adopted since the last consolidated financial statements were published.

**2. FINANCIAL INFORMATION**

The financial information set out in this Preliminary Announcement does not constitute the Group's statutory financial statements for the years ended 31 December 2014 or 2013. The financial information has been extracted from the Group's statutory financial statements for the years ended 31 December 2014 and 2013. The auditors have reported on those financial statements; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information is presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

**3. EARNINGS PER SHARE**

**Basic**

The calculation of earnings per share from continuing operations based upon the profit for the year of £2,201,000 (2013: £105,000) and 80,861,273 (2013: 59,098,895) weighted average number of ordinary shares.

**Diluted**

The calculation of diluted earnings per share from continuing operations based upon the profit for the year of £2,201,000 (2013: £105,000) and 81,053,889 (2013: 59,4583,396) weighted average number of ordinary shares.

**4. REPORT & ACCOUNTS**

Copies of this announcement are available and the Annual Report will be available in due course on the Group's website www.mbhplc.co.uk and from the Company's registered office at Freshfield Lane, Danehill, Haywards Heath, West Sussex RH17 7HH.