19 March 2018

Michelmersh Brick Holdings Plc
("MBH" or the "Group")

FINAL RESULTS
Landmark year for the Group as Carlton acquisition gives growth and opportunity

Michelmersh Brick Holdings (AIM:MBH), the specialist brick manufacturer, is pleased to report its audited final results for the year ended 31 December 2017, representing a strong performance and continued progress.

Financial Highlights

- Revenue up 26% to £37.9 million (2016: £30.1 million);
- Underlying[1] Operating profit increased by 42% to £6.5 million (2016: £4.6 million);
- Underlying[1] EPS at 5.9 pence up 34% over 2016
- Underlying[1] EBITDA increased 42% to £8.0 million (2016: £5.6 million)
- Cash generated by operations of £6.9 million (2016: £5.7 million), representing 141% of Operating profit; and
- After paying the first ever Interim dividend this year, total dividend increased by 7.5% to 2.15 pence per share for the period.

Operational Highlights

- Acquisition of Carlton for a net consideration of £31.2 million;
- Completed sale of former Dunton brickworks site for £2.7 million;
- Strengthened board with the appointment of Stephen Bellamy as non-executive director;
- Built forward order book to 60 million units; and
- Strong showing at the BDA awards including the BDA Supreme award.

Martin Warner, Chairman at Michelmersh Brick Holdings, commented: "The Group's position has been significantly strengthened in 2017 with the addition of the Carlton plant. Our geography, product range, scale and market presence have all been enhanced as a result and there is further scope to benefit from this acquisition as the management teams work together to maximise the performance of the Group.

"The UK construction industry remains stable with a level of activity that keeps UK brick manufacturing operating at capacity with limited options for expansion. The Group's order book is strong and 2018 promises to be busy."

[1] *Underlying results reflect the statutory results excluding one-off items that arose in connection with the acquisition of Carlton and the amortisation of intangible assets generated by the fair value exercise.*

A presentation for analysts will be held today, 19 March 2018, at 09:30am at 1 Cornhill, London, EC3V 3ND.

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About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with six market leading brands: Blockleys, Carlton, Charnwood, Freshfield Lane, Michelmersh and Hathern Terra Cotta. These divisions operate within a fully integrated business combining the manufacture of clay bricks, tiles and pavers. The Group also includes a landfill operator, New Acres Limited, and seeks to develop future landfill and development opportunities on ancillary land assets.

Established in 1997, the Company has grown through acquisition and organic growth into a profitable and asset rich business, producing over 100 million clay bricks, tiles and pavers per annum. Michelmersh currently owns most of the UK's premium manufacturing brands and is a leading specification brick and clay paving manufacturer.

Michelmersh strives to be a well invested, long term, sustainable, environmentally responsible business. Opportunity, training and security for all employees, whilst meeting the needs of stakeholders are at the forefront of everything we do. We aim to lead the way in producing some of Britain's premium clay products and enhancing our environment by adding value to the architectural landscape for generations to come.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am very pleased to report on a landmark year for the Group, which has significantly expanded following the acquisition of Carlton Main Brickworks Limited ("Carlton") in June 2017, for a net consideration of £31.2m. Carlton is an established and highly regarded brick manufacturer based in South Yorkshire, which increases the scale and reach of the Group and fits our business model and culture perfectly. This acquisition is a decisive step forward, which will yield a range of benefits over the coming years. The impact of the acquisition affects all areas of the financial statements as you will see in the coming pages.

FINANCIAL HIGHLIGHTS

The results include a part year contribution from Carlton from 23 June 2017, but the exceptional charges and amortisation of associated intangibles have disrupted the statutory format. A reconciliation of the reported results and the underlying performance is given below:

Summary Results	**Reported 2017 £000**	**Adjustments 2017 £000**	***Increase***	**Underlying[4] 2017 £000**	**Reported 2016 £000**
Revenue	37,867	-	*26%*	37,867	30,057
Gross profit	13,418	480[1]	*34%*	13,898	10,348
	35.4%			36.7%	34.4%
Administrative expenses	(8,610)	1,173[2]	*28%*	(7,437)	(5,833)
Other income	49	-		49	36
Operating Profit	4,857	1,653		6,510	4,551
EBITDA[3]	7,338		*42%*	7,965	5,617

[1]*The brick stocks acquired with Carlton were fair valued at £480,000 in excess of their book value and hence no profit arose on their disposal. This adjustment reflects valuing the brick stocks at cost and taking the profit when the bricks are sold during the period.*
[2]*Administrative expenses include amortisation of £1,036,0000 on intangible assets associated with the acquisition of Carlton and are disclosed separately below and £137,000 one-off reorganisation costs relating to the integration of Carlton which are included under exceptional items.*
[3]*EBITDA is computed as Operating profit excluding depreciation, amortisation and exceptional items.*
[4]*Underlying results reflect the statutory results excluding one-off items that arose in connection with the acquisition of Carlton and the amortisation of intangible assets generated by the fair value exercise.*

The Group reports a 43% increase in underlying operating profit before taxation of £6.5 million (2016: £4.6 million) and a similar rate of increase in underlying EBITDA to £8.0m (2016: £5.6m).

Turnover and underlying operating profit increased with the inclusion of Carlton, the full effect of which will be seen in 2018 with a full year of trading from all Group brick plants. Earnings per share on the underlying results amount to 5.87 pence (2016: 4.38 pence) represent an improvement of 34%.

CASH AND BORROWINGS

At 31 December 2017, the Group had net debt of £17.5 million (at 31 December 2016: cash of £4.7 million). The acquisition of Carlton required the Group to seek new funding and after a competitive process, which resulted in the appointment of HSBC Bank plc as the Group's principal banker. HSBC has provided a range of facilities for a six-year term to meet the funding of the acquisition and provide working capital facilities for the Group. These facilities are described in more detail in the notes to the financial statements.

The net debt figure also includes some interest bearing deferred consideration (£1.75 million) of the original amount of £3.5 million, which formed part of the total acquisition consideration for Carlton. The first instalment of £1.75 million was due for repayment in June 2018, but surplus funds allowed this to be repaid early in November 2017. The remaining balance is due in equal instalments in June 2019 and June 2020.

Net cash generated by operations was £6.9 million, an increase of 22% over the previous year and 41% more than reported operating profit. This inflow was enhanced by receipt of £2.68 million for the sale of the Dunton landfill site in June 2017.

ASSETS AND WORKING CAPITAL

Gross assets held by the Group have increased during 2017 principally in respect of the Carlton acquisition. The total Carlton consideration of £38 million exceeded the historic net book value of the Company by £25 million and a valuation exercise has attributed a fair value to plant and machinery, land and buildings, stocks and intangible assets including £4.6 million goodwill.

Investment in fixed assets amounted to £1 million during the year. A number of projects are in the feasibility assessment stage and are projected to commence over the next two years.

DIVIDEND

On 30 June 2017, the Group paid a dividend in respect of 2016 of 2.0 pence per share after doubling the dividend paid in respect of the 2015 financial year. Over recent years, the Group has striven to reward shareholders by lifting dividends to a meaningful level on an appropriate distribution of earnings taking into account the Group’s desire to also reduce debt and invest in the business for the long-term.

On 12 January 2018, the Group paid an interim dividend of 0.7 pence per share in respect of 2017 earnings. The Board has considered the final dividend against the underlying earnings of the Group so that exceptional and amortisation costs relating to the acquisition of Carlton do not adversely affect the balance of payments. It proposes a final dividend of 1.45 pence per share, bringing the total dividend for 2017 to 2.15 pence per share representing a 7.5% increase over 2016.

LAND ASSETS

Following an arduous and technically challenging planning process, the sale of the former Dunton Brickworks site was completed in June 2017 and proceeds of £2.68 million were received.

The Directors assess the value of the Group’s land and buildings annually with guidance from independent experts on a rolling basis. A net revaluation surplus of £1.7 million was recognised as at 31 December 2017, which reflected assessments of all Group properties, given specific assumption on their future prospects and activity at each site, and included surpluses and deficits over book value as appropriate.

The Group continues to evaluate and enhance the future cash returns from its land assets over and above the brick manufacturing operations. The planning conditions around the remediation of the quarry at Charnwood has been revised and the Board expects further commercial evaluation of the site alongside the continuation of our brickmaking activities. At Telford, the plans to relocate the public road running through the site have progressed well, which will eventually unlock the possibility to develop an area of surplus land.

BOARD AND EMPLOYEES

With Eric Gadsden stepping down from the board in May 2017, a recruitment process was undertaken to appoint a further non-executive director, which culminated in Stephen Bellamy joining the Board in February 2018. Stephen has extensive financial and operational experience and is enthusiastic to bring the benefits of his abilities to Michelmersh. I welcome Stephen to the Board and look forward to working with him.

I would like to thank the efforts of our employees who have risen to the challenge of acquisition and integration of Carlton. I also welcome the Carlton employees to the Group who I am sure will benefit from being part of a wider business and the opportunities that this brings.

OUTLOOK

The Group's position has been significantly strengthened in 2017 with the addition of the Carlton plant. Our geography, product range, scale and market presence have all been enhanced as a result and there is further scope to benefit from this acquisition as the management teams work together to maximise the performance of the Group. Since the year end, we have also taken a decision to change the operational structure at the Michelmersh plant which addresses operational challenges at this plant and reduces risk going forward. The Group's order book is strong and 2018 promises to be busy.

The UK construction industry remains stable with a level of activity that keeps UK brick manufacturing operating at capacity with limited options for expansion. Statistics show that demand was strong and increased in 2017, whilst production capacity grew at a lower rate. Industry brick stocks have fallen and imported product continues to have a place in the market. Despite this balance of supply and demand, industry prices over 2016 were flat. At some point, inflationary pressures should lead to increases in prices and margin improvement. During the most recent economic recession insufficient margin led to a lack of investment in the UK brick manufacturing sector. During the cycle we have seen ageing plant along with the exhaustion of local mineral result in the closure of some of the historic industry capacity. Medium to long term margin improvement is therefore a necessity. This will in turn ensure realistic investment to secure a positive well balanced brick output that is sufficient to support any future housing growth in the UK.

I look forward with confidence to the coming year against a positive construction industry backdrop.

Martin Warner
Chairman
19 March 2018

CEO'S STATEMENT

CLAY PRODUCTS

The Group continued to benefit from positive construction fundamentals during 2017. There were three key positive areas: RMI (repair, maintenance and improvement), private housing and urban regeneration schemes, all of which contributed to the Group's success. The Group also achieved significant success in the specification and commercial sector. From a political standpoint, the Group notes that all parties continue to support the need for more house building. As such, the forward fundamentals continue to be positive as the UK strives to meet housing needs through new builds and the refurbishment of the ageing housing stock.

The Office for National Statistics ("ONS") noted that brick production rose just over 4% from the previous year, whilst brick deliveries rose 11%, with 2017 being the strongest year for despatches since 2007. ONS also noted brick stocks falling by nearly 28% towards the end of the year against a background of flat pricing.

2017 saw the combined Group's highest forward order intake for a 12-month period and, along with the acquisition of Carlton mid-year, the Group despatched the highest ever number of bricks in a 12 month period, setting the tone for Group targets in 2018.

Michelmersh continued its focus and core ambition to lead the premium brick and Terra Cotta sector. Another central theme of 2017 was the Group's continued support of the distribution sector, whereby we ensured a well-managed timely supply of product to sites and merchant yards.

PERFORMANCE

Group revenue for the year to 31 December 2017 of £37.9 million (2016: £30.1 million) reflects the uplift provided by Carlton. Excluding Carlton, brick turnover grew by 3% achieved with a 2% increase in sales volumes and modest price inflation.

Gross margins on a Group level have been enhanced by the addition of the Carlton works. As the Group's largest site, it can generate higher margins which will feed through into 2018 as it contributes for a full 12 months. Investment in plant is being considered in order to further improve output and production efficiencies.

Production volumes excluding Carlton increased by 2% through increased plant utilisation efficiencies at Blockleys.

The Michelmersh plant in Romsey had a difficult year. This plant has one of the smallest capacities in the Group in an industry where scale is a significant factor. Despite considerable management input and investment in the plant, 2017 saw continued deterioration in results. Turnover fell as average selling price and volumes struggled, while cost of production increased, and the plant contributed a net deficit compared to modest profitability in 2016. Following a detailed analysis of performance and future prospects, the Group decided to restructure operations in February 2018. Unfortunately, a number of employees were made redundant as a result of this change, but following a comprehensive consultation and outplacement process we are pleased that the majority of affected staff have found alternative employment. The recent changes are already improving margin at the plant and this is set to continue, moving the site back into a positive underlying contribution for 2018.

Our Charnwood factory in Leicestershire is expected to benefit from the changes at Michelmersh where traditionally, within the product ranges, there have been some competing market forces.

At 31 December 2017, the business and operating assets of Carlton were ‘hived-up’ into Michelmersh Brick UK Limited and Carlton now operates as a plant within the existing Group structure. The production management teams have been fully integrated and will both benefit with shared experience and resource. The sales and administration teams have been amalgamated to provide greater geographical and product coverage.

Since acquisition, the Carlton plant has exceeded expectations not only in terms of operational performance but also through integration into the Michelmersh Group. A pre-planned extended shutdown of the plant over the Christmas period caused loss of output and sales in December and into January. The shutdown included a significant reconditioning of the kiln and a range of backlog maintenance that should reduce risk of breakdowns and improve future operational performance.

During 2017 the Group saw a continuation of its “balanced market approach”. Strong customer service and, as alluded to earlier, a strong support of the distribution network on both a national and regional basis drove a smooth, robust flow of deliveries throughout the whole year. The Group’s RMI and housing orders remained particularly strong throughout the year and this trend has continued into 2018. Quality housing and urban regeneration was again a key sector during 2017, with the Group supplying products to many notable house builders such as Crest Homes, Berkeley Group, Croudace, Countryside Properties PLC.

The year saw tremendous success in supplying and completing award winning projects. As in previous years, our commitment to enhancing the built environment came to the fore. The Group won orders to supply bespoke Blockleys products for the iconic Battersea Power Station redevelopment. Dujardin Mews, Enfield won the Brick Development Association (BDA) Supreme Award using Freshfield Lane products, whilst South Gardens in South East London picked up the BDA award for Best Urban style. This project was also utilised to enhance our digital offering with a data and image rich environment to serve self-builders, architects, specifiers, contractors, house builders and students.

Enhanced and engaging social media coupled with an increase in BIM (Building Information Modelling) website traffic improved the Group’s 2017 online profile, underlining the Group’s drive to provide free technical data and quality information for the sector as a whole. Continuing to inspire architects and designers is at the forefront of the Group’s online ethos, with the digital content and data always helping to shape and enhance our future built environment.

Hathern Terra Cotta had another strong year in the specialist terra cotta restoration sector. Notable projects included Dulwich College, the BBC Television Centre and remedial work to The GAP store in Leeds.

Other notable Group projects included the stunning IfAM building at the University of Nottingham. A further example of the Group’s ability to supply innovative contemporary high quality products can be seen at the Ronald Mcdonald House near London Bridge where our i-line Charnwood bricks have enhanced the architectural details and elevations.

The Group has improved its online presence with a new revised website and updated BIM files incorporating all the products on offer from the latest Carlton acquisition. The new clean succinct style was developed to enhance our digital offering with a data and image rich environment to serve self-builders, architects, specifiers, contractors, house builders and students.

MANAGEMENT SYSTEMS

During 2017 we completed the integration of our quality and environmental systems for the existing four manufacturing sites giving us one combined system. The integration of Carlton into this group system commenced during the second half of the year. Alongside this process we also commenced updating our ISO 9001 and ISO 14001 documentation to comply with the revised standards. The Group delivered compliance with EU-ETS carbon emission and our successful ISO 50001 Energy management objectives achieved ESOS compliance.
In May 2017, the Group was honoured and delighted to be invited as a guest of RoSPA, to the Queen's Garden Party at Buckingham Palace. The Group is a member of RoSPA and supports the excellent work that it does. The invitation was in recognition of this and the health and safety performance demonstrated during RoSPA's audits of the Group's factories.

STAFF DEVELOPMENT

The planned enhancement of our Group HR department was completed with the redeployment of existing staff. The new focused team embarked on a very successful series of roadshows around the Group engaging and consulting with all staff on various HR matters, not least the promotion of the workplace pension. It is pleasing to note that very few employees chose to opt out of the Group pension scheme.
The Group added to its operations team towards the end of the year, bringing in specialist skills to focus on materials procurement and product development. This decision is already delivering material input cost savings, manufacturing synergies and innovation of new and exciting products for future markets.

LANDFILL AND LAND ASSETS

There were no landfill operations in the existing void of our New Acres facility in Telford during 2017. This is in line with the Group's strategy to maximise future mineral reserves for brickmaking. Plans for the relocation of the Hadley Road are progressing well with construction likely to commence in 2019. When complete this will supply the Blockleys factory with mineral for around 20 years while expanding the void space further for recommencement of landfill operations in due course. In addition, it will open transport links to the already restored land.

Planning permission was granted at the Charnwood quarry to allow for the importation of clay minerals, which will enable the Group to import clay commercially, adding to and extending the existing reserves. The permission also includes a re-worked low-level restoration scheme that will be beneficial for future alternative development.

The acquisition of Carlton brings further underlying long term value to the Group's land portfolio adding 93 acres to the land bank. The current adjacent quarry that forms 47 acres, has a void of around 2.7 million cubic metres and large clay mineral reserves of around 3 million cubic metres.

OUTLOOK

The Board is confident that the actions taken at the Michelmersh and Carlton plants provide the foundations for a much stronger business in the coming years. The Group's plants operate close to capacity and, as such, we continue to seek to make advances through yield improvement and production cost reduction. A range of operational reviews are under way that are expected to improve output and the cost of production.

The Group has historically been able to outperform industry pricing, even at the more difficult high end, by reacting to the market by bringing new products to market and entering new market segments. UK brick manufacturing is facing stock shortages, with demand exceeding supply, and cost inflation. Any margin improvements that result from these forces will benefit the Group.

A number of strategic projects are being evaluated with a view to continuing the development of the Group.

Frank Hanna, Peter Sharp
Joint Chief Executives
19 March 2018

Consolidated Income Statement
For the year ended 31 December 2017

	2017	2016
	£’000	**£’000**
Revenue	**37,867**	30,057
Cost of sales	**(24,449)**	(19,709)
Gross profit	**13,418**	10,348
Administrative expenses		
Underlying	**(7,437)**	(5,830)
Exceptional reorganisation costs	**(137)**	-
Amortisation of intangibles	**(1,038)**	(3)
	(8,610)	(5,833)
Other income	**49**	36
Operating profit	**4,857**	4,551
Exceptional item – acquisition costs (see note 3)	**(1,195)**	-
Finance (costs)/income	**(323)**	18
Profit before taxation	**3,339**	4,569
Taxation	**(1,127)**	(1,010)
Profit for the financial year	**2,212**	3,559
Basic earnings per share	2.64 p	4.38 p
Diluted earnings per share	2.60 p	4.36 p

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	2017	2016
	£'000	£'000
Profit for the financial year	**2,212**	3,559
Other comprehensive income/(expense)		
Items which will not subsequently be classified to profit and loss		
Revaluation surplus of property, plant and equipment	**2,069**	1,369
Revaluation deficit of property, plant and equipment	**(322)**	-
Deferred tax on movement	**(170)**	49
	1,577	1,418
Total comprehensive income for the year	**3,789**	4,977

Consolidated Balance Sheet
As at 31 December 2017

	2017 £'000	2016 £'000
Assets		
Non-current assets		
Intangible assets	**24,086**	2,469
Property, plant and equipment	**52,626**	40,794
	76,712	43,263
Non-current asset held for resale	**-**	2,542
Current assets		
Inventories	**9,161**	7,193
Trade and other receivables	**6,934**	5,052
Cash and cash equivalents	**4,128**	4,720
Total current assets	**20,223**	16,965
Total assets	**96,935**	60,770
Liabilities		
Current liabilities		
Trade and other payables	**6,462**	4,702
Interest bearing liabilities	**1,791**	-
Corporation tax payable	**900**	373
Total current liabilities	**9,153**	4,441
Non-current liabilities		
Interest bearing liabilities	**19,809**	-
Deferred tax liabilities	**8,590**	4,052
	28,399	4,052
Total liabilities	**37,552**	9,127
Net assets	**59,383**	53,643
Equity attributable to equity holders		
Share capital	**17,234**	16,294
Share premium account	**11,495**	11,495
Other reserves	**20,816**	18,410
Retained earnings	**9,838**	7,444
Total equity	**59,383**	53,643

Consolidated Statement of changes in equity
For the year ended 31 December 2017

	Share Capital	Share option reserve	Merger reserve	Share premium	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2016	16,247	177	979	11,495	15,694	4,627	**49,219**
Profit for the year	-	-	-	-	-	3,559	**3,559**
Revaluation surplus	-	-	-	-	1,369	-	**(1,369)**
Deferred taxation on revaluation	-	-	-	-	49	-	**49**
Total comprehensive income	-	-	-	-	1,418	3,559	**4,977**
Share based payment	-	212	-	-	-	-	**212**
Shares issued during the year	47	-	-	-	-	-	**47**
Transfer to retained earnings	-	(70)	-	-	-	70	**-**
Dividend paid	-	-	-	-	-	(812)	**(812)**
At 31 December 2016	**16,294**	**319**	**979**	**11,495**	**17,112**	**1,422**	**53,643**
Profit for the year	-	-	-	-	-	2,212	**2,212**
Revaluation deficit	-	-	-	-	(322)	-	**(322)**
Revaluation surplus	-	-	-	-	2,069	-	**2,069**
Released on sale of land	-	-	-	-	(1,811)	1,811	**-**
Deferred taxation on revaluation	-	-	-	-	(170)	-	**(170)**
Total comprehensive income	-	-	-	-	(234)	4,023	**3,789**
Shares issued during the year	940	-	2,444	-	-	-	**3,384**
Share based payment	-	196	-	-	-	-	**196**
Dividend paid	-	-	-	-	-	(1,629)	**(1,629)**
At 31 December 2017	**17,234**	**515**	**3,423**	**11,495**	**16,878**	**9,838**	**59,383**

Consolidated Statement of cash flows
For the year ended 31 December 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit before taxation	**3,339**	4,569
Loss/(profit) on sale of fixed assets	**3**	(8)
Finance costs	**323**	(18)
Depreciation	**1,455**	1,063
Amortisation	**1,038**	3
Profit on disposal of intangible assets	**(13)**	-
Market value adjustment on intangible assets	**-**	4
Share based payment charge	**196**	212
Cash flow from operations before changes in working capital	**6,341**	5,825
(Increase)/decrease in inventories	**(50)**	35
Decrease/(increase) in receivables	**1,346**	(744)
(Decrease)/increase in payables	**(768)**	537
Net cash generated by operations	**6,869**	5,653
Taxation paid	**(1,760)**	(905)
Net cash generated by operating activities	**5,109**	4,748
Cash flows from investing activities		
Purchase of subsidiary undertaking net of cash acquired (see note 3)	**(23,698)**	-
Purchase of property, plant and equipment	**(1,002)**	(2,254)
Proceeds of sale of investments	**-**	30
Proceeds of sale of intangibles	**155**	-
Proceeds of sale of land	**2,680**	-
Proceeds of disposal of property, plant and equipment	**11**	8
Net cash used in investing activities	**(21,854)**	(2,216)
Cash flows from financing activities		
Proceeds of loan drawdown	**24,000**	-
Interest (paid)/received	**(323)**	18
Repayment of interest bearing borrowings	**(5,899)**	-
Proceeds of share issue	**4**	47
Dividend paid	**(1,629)**	(812)
Net cash generated by/(used in) financing activities	**16,153**	(747)
Net (decrease)/increase in cash and cash equivalents	**(592)**	1,785
Cash and cash equivalents at the beginning of the year	**4,720**	2,935
Cash and cash equivalents at the end of the year	**4,128**	4,720
Cash and cash equivalents comprise:		
Cash at bank and in hand	**4,128**	4,720
Bank overdraft	**-**	-
	4,128	4,720

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 2017 or 2016. The financial information has been extracted from the Group's statutory financial statements for the years ended 31 December 2017 and 2016. 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 2016 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2017 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. ACUISITION OF SUBSIDIARY

On 23 June 2017, the Group acquired 100% of the issued share capital of Carlton Main Brickworks Limited ("Carlton"). Carlton is a clay brick manufacturer based in Barnsley, South Yorkshire and the acquisition has significantly increased the Group's manufacturing capacity and provided access to a wider geographical market for the expanded Group output.
The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	£000
Inventory	1,391
Debtors and prepayments	3,708
Property, plant and equipment	10,600
Identifiable intangible assets	18,186
Cash in hand	7,453
Financial liabilities	(3,253)
Deferred taxation	(4,665)
Total identifiable net assets	33,420
Goodwill	4,611
Total consideration	38,031
Satisfied by:	
Cash	31,151
Shares in Michelmersh Brick Holdings Plc	3,380
Deferred consideration	3,500
	38,031
Cash outflow arising on acquisition	31,151
Cash acquired	(7,453)
Net cash outflow on acquisition	23,698

Acquisition related costs of £1.2 million are disclosed as an exceptional item in the Income Statement.

4. EARNINGS PER SHARE

Basic

The calculation of earnings per share from continuing operations based upon the profit for the year of £2,212,000 (2016: £3,559,000) and 83,913,140 (2016: 81,259,280) 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 £2,212,000 (2016: £3,559,000) and 85,051,210 (2016: 81,638,385) weighted average number of ordinary shares.

5. 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.