

19 December 2013

Gusbourne Plc (the “Company”)

Half Yearly Report

Gusbourne Plc today announces its unaudited interim results for the six months ended 30 September 2013

Gusbourne Plc (London-AIM: GUS) is engaged, via its wholly owned subsidiary Gusbourne Estate Limited (“Gusbourne Estate”), in the production and distribution of a range of high quality and award winning English sparkling and still wines from grapes grown in its own vineyards in Kent and West Sussex. The majority of Gusbourne Estate’s mature vineyards are located at its 352 acre freehold estate at Appledore in Kent, where the winery is also based. Additional vineyards were planted in West Sussex in May 2013 and the Company now has a total of 105 acres (42 hectares) of vineyards under cultivation. The Company intends for further plantings to be undertaken over the next two years on Gusbourne Estate’s freehold site in Kent.

The Company was incorporated in England & Wales on 24 September 2012 and was admitted to AIM on 25 October 2012 following the merger with Shellproof Limited. Details of this merger are set out in the Circular to Shareholders dated 10 October 2012.

On 27 September 2013 the Company completed the acquisition of the Gusbourne Estate business and related freehold property and, following that acquisition changed its name from Shellproof Plc to Gusbourne Plc. Details of this transaction are set out in the Circular to Shareholders dated 3 September 2013.

Results for the six months ended 30 September 2013

The trading results for the 6 months ended 30 September 2013 primarily reflect the activities of the Company prior to the acquisition of the Gusbourne Estate business on 27 September 2013.

The Company reported a consolidated net loss of £639,000 for the six months ended 30 September 2013 (2012 – profit of £33,000). This loss primarily comprised administration expenses of £630,000, of which £398,000 was represented by transaction expenses written off including stamp duty of £211,000. The vineyard operating costs of £122,000 were largely offset by the gain in the fair value of biological assets (vines), as accounted for under International Accounting Standard 41. The basic and diluted loss per ordinary share for the six months ended 30 September 2013 amounted to 7.93 pence (2012 – earnings per share of 0.41 pence).

The main changes to the Company’s consolidated balance sheet since 31 March 2013 reflect the acquisition of the Gusbourne Estate business and the related freehold property on 27 September 2013. The total consideration for this acquisition amounted to £7,316,000, further details of which are contained in the Circular to Shareholders dated 3 September 2013 and also in Note 7 to the unaudited interim results below.

Board and senior management

Upon completion of the Gusbourne Estate acquisition, the board of the Company was enlarged by the appointments of Andrew Weeber, the founder and vendor of the Gusbourne Estate business, as non-Executive Chairman of the Company and by the appointment of Paul Bentham as a Non-Executive Director.

The Company’s broader management team has also been enlarged with the successful integration of the two complementary management teams of the Gusbourne Estate business and Gusbourne Plc. This has provided an experienced and professional executive team which is well placed to further expand and develop the Gusbourne Estate business.

Current trading and outlook

The sales of Gusbourne Estate’s award winning sparkling and still wines are performing to expectations and media and consumer interest in the Company’s products continues to be supported by the quality of its products and its continuing success in winning awards for them. On 13 November 2013 the Company was delighted to be

presented with two awards from the long established and prestigious International Wine and Spirit Competition (“IWSC”). These two awards were for “English Wine Producer of the Year” and for “Best Bottle Fermented Sparkling Wine” for Gusbourne Estate Brut Reserve 2008.

This year’s grape harvest at the Company’s vineyards in Kent and Sussex took place later than usual as a result of the late start to the growing season. However, the yield volumes were excellent and more than double the Company’s original expectations. The grapes harvested have continued to meet the unique quality expectations of Gusbourne Estate. The Company’s winery, situated at its freehold estate in Kent, performed particularly well in dealing with the larger than expected volumes and these have added significant stocks of wine to the Company’s inventory. Plans are well advanced for next year’s planting of further vineyards on Gusbourne Estate’s freehold estate in Kent.

The Company’s growth strategy in this industry requires long term planning and the Company continues to make steady and pleasing progress towards its long term goals.

For further information contact:

Gusbourne Plc

Andrew Weeber/Ben Walgate/Ian Robinson +44 (0)1233 758 666

Cenkos Securities plc

Nicholas Wells +44 (0)20 7397 8900

Note: This announcement and other press releases are available to view at the Company's website:
www.gusbourneplc.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2013

	Note	Unaudited Six months to 30 September 2013 £'000	Unaudited Six months to 30 September 2012 £'000	Audited Year ended 31 March 2013 £'000
Revenue		-	-	-
Cost of sales		(122)	-	-
Gain in fair value less estimated costs to sell of biological assets		102	-	1
Gross profit		(20)	-	1
Transactions expenses – stamp duty	8	(211)	-	-
Transactions expenses – other	8	(187)	-	(259)
Other administrative expenses		(232)	(69)	(352)
Total Administrative expenses		(630)	(69)	(611)
Loss from operations		(650)	(69)	(610)
Finance income		19	102	156
Finance expense		(8)	-	-
(Loss)/profit before tax		(639)	33	(454)
Tax expense		-	-	-
(Loss)/profit for the period attributable to owners of the parent		(639)	33	(454)
(Loss)/earnings per share attributable to the ordinary equity holders of the parent:				
Basic		(7.93p)	0.41p	(5.68p)
Diluted		(7.93p)	0.41p	(5.68p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2013

Consolidated balance sheet		Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
	Notes			
Assets				
Non-current assets				
Property, plant and equipment	2	5,445	60	347
Goodwill	3	1,004	-	-
Biological assets	4	1,254	-	154
		<u>7,703</u>	<u>60</u>	<u>501</u>
Current assets				
Inventories	5	1,015	135	137
Trade and other receivables		178	103	295
Cash and cash equivalents		2,770	4,046	3,128
		<u>3,963</u>	<u>4,284</u>	<u>3,560</u>
Total assets		<u>11,666</u>	<u>4,344</u>	<u>4,061</u>
Liabilities				
Current liabilities				
Trade and other payables		(766)	(39)	(194)
Redeemable preference shares		-	-	(50)
		<u>(766)</u>	<u>(39)</u>	<u>(244)</u>
Non-current liabilities				
Loans and borrowings	6	(3,777)	-	-
		<u>(3,777)</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>(4,543)</u>	<u>(39)</u>	<u>(244)</u>
NET ASSETS		<u>7,123</u>	<u>4,305</u>	<u>3,817</u>
Issued capital and reserves attributable to owners of the parent				
Share capital		7,612	4,000	4,000
Share premium		346	-	266
Merger reserve		(13)	-	(266)
Retained earnings		(822)	305	(183)
TOTAL EQUITY		<u>7,123</u>	<u>4,305</u>	<u>3,817</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2013

	Unaudited Six months to Six 30 September 2013 £'000	Unaudited Six months to 30 September 2012 £'000	Audited Period to 31 March 2013 £'000
Cashflows from operating activities			
(Loss)/profit for the period before tax	(639)	33	(454)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12	8	18
(Profit)/loss on disposal of property, plant and equipment	(8)	-	-
Finance income	(19)	(102)	(156)
Finance expense	8	-	-
Movement in fair value of biological assets	(102)	-	(1)
	<u>(748)</u>	<u>(61)</u>	<u>(593)</u>
Decrease/(Increase) in trade and other receivables	117	(82)	(275)
Increase in inventories	(2)	(51)	(53)
Increase/(Decrease) in trade and other payables	572	15	170
Cash generated from operations	<u>687</u>	<u>(118)</u>	<u>(158)</u>
Income taxes paid	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from operating activities	(61)	(179)	(751)
Investing activities			
Purchases of property, plant and equipment	(762)	-	(297)
Purchase of biological assets	-	-	(153)
Purchase of business and assets	(7,000)	-	-
Sale of property, plant and equipment	35	-	-
Net cash from investing activities	<u>(7,727)</u>	<u>-</u>	<u>(450)</u>
Financing activities			
Proceeds from issue of share capital	3,901	-	-
Share issue expenses	(209)	-	-
Issue of redeemable preference shares	-	-	50
Redemption of preference shares	(50)	-	-
Proceeds from bank borrowings	2,025	-	-
Proceeds from issue of deep discount bond	1,750	-	-
Interest paid	(6)	-	-
Interest received	19	102	156
Net cash from financing activities	<u>7,430</u>	<u>102</u>	<u>206</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 September 2013

	Unaudited Six months to 30 September 2013 £'000	Unaudited Six months to 30 September 2012 £'000	Audited Period to 31 March 2013 £'000
Net decrease in cash and cash equivalents	(358)	(77)	(995)
Cash and cash equivalents at beginning of period	<u>3,128</u>	<u>4,123</u>	<u>4,123</u>
Cash and cash equivalents at end of period	<u><u>2,770</u></u>	<u><u>4,046</u></u>	<u><u>3,128</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2013

	Audited Share capital £'000	Audited Share premium £'000	Audited Merger reserve £'000	Audited Retained earnings £'000	Audited Total attributable to equity holders of parent £'000
31 March 2012	4,000	266	(266)	271	4,271
Comprehensive income for the year					
(Loss)	-	-	-	(454)	(454)
Total comprehensive income for the year	-	-	-	(454)	(454)
31 March 2013	4,000	266	(266)	(183)	3,817

	Unaudited Share capital £'000	Unaudited Share premium £'000	Unaudited Merger reserve £'000	Unaudited Retained earnings £'000	Unaudited Total attributable to equity holders of parent £'000
31 March 2013	4,000	266	(266)	(183)	3,817
Comprehensive income for the year					
(Loss)	-	-	-	(639)	(639)
Issue of ordinary shares	3,612	289	253	-	4,154
Share issue expenses	-	(209)	-	-	(209)
Total comprehensive income for the year	3,612	80	253	(639)	3,306
30 September 2013	7,612	346	(13)	(822)	7,123

NOTES TO THE ACCOUNTS
For the six months ended 30 September 2013

1 Statement of accounting policies

The interim financial statements have been prepared in accordance with the recognition and measurement principles as adopted by the EU, applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 March 2013.

The financial information for the six months ended 30 September 2013 has not been subject to an audit nor a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board. The comparative financial information presented herein for the year ended 31 March 2013 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's annual report and accounts for the year ended 31 March 2013 have been delivered to the Registrar of Companies. The Group's independent auditor's report was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Basis of preparation

The Board of the Company continually assesses and monitors the key risks of the business. These risks have not significantly changed from those set out in the Company's Annual Report for the year ended 31 March 2013. The Board has reviewed forecasts and remains satisfied with the Company's funding and liquidity position. On the basis of its forecast and available facilities and cash balances held on the balance sheet, the Board has concluded that the going concern basis of preparation continues to be appropriate.

2 Property, plant and equipment

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Freehold property	4,585	-	222
Plant, machinery and motor vehicles	420	60	83
Vineyard expenditure	427	-	40
Computer equipment	13	-	2
	<u>5,445</u>	<u>60</u>	<u>347</u>

The additions in the period include £4,363,000 of Freehold land and buildings, £71,000 of plant, machinery and motor vehicles and £5,000 of computer equipment which were acquired as part of the acquisition of the Gusbourne Estate business and related freehold property on 27 September 2013.

Vineyard expenditure includes planting expenditure in relation to vineyards which are carried forward at cost until the vines reach maturity at which point they are re-measured and transferred to biological assets.

NOTES TO THE ACCOUNTS (continued)
For the six months ended 30 September 2013

3 Goodwill

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Goodwill	1,004	-	-
	<u>1,004</u>	<u>-</u>	<u>-</u>

Goodwill arose on the acquisition of the Gusbourne Estate business and related Freehold Property and has been calculated as the difference between the fair value of the consideration paid and the provisional fair value of the assets and liabilities acquired. The goodwill has been capitalised and impairment tests are carried out at reporting dates.

4 Biological assets

	Vines £'000
At 1 April 2012	-
Additions	153
Change in fair value	1
At 31 March 2013	<u>154</u>
Acquisitions	998
Change in fair value	102
At 30 September 2013	<u>1,254</u>

Acquisitions in the period comprise biological assets which were acquired as part of the acquisition of the Gusbourne Estate business and related freehold property which completed on 27 September 2013.

5 Inventories

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Raw materials and consumables	36	-	-
Wine	979	135	137
	<u>1,015</u>	<u>135</u>	<u>137</u>

NOTES TO THE ACCOUNTS (continued)
For the six months ended 30 September 2013

6 Loans and borrowings – non-current

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Bank loan (secured)	2,025	-	-
Deep discount bond (secured)	1,752	-	-
	<u>3,777</u>	<u>-</u>	<u>-</u>

The secured bank loan is repayable after 5 years, and is subject to an interest rate of 3% above Barclays' base rate. It is secured by a cross guarantee and debenture granted by Gusbourne Estate Limited and the Company, a legal charge granted by Gusbourne Estate Limited and a charge over a cash deposit granted by the Company.

The secured deep discount bond was issued by the Company at a subscription price of £1,750,000. The bond has a 4 year term and is redeemable at its nominal price of £2,337,518 on 27 September 2017. The bond may be redeemed early, subject to certain conditions. Between 27 September 2015 and 27 September 2016, the bond holders have the option to convert some or all of the bonds into the Company's Shares, at a price of 66 pence per share. The bond is secured by debentures granted by the Company and Gusbourne Estate Limited and a legal charge granted by Gusbourne Estate Limited.

7 Business combinations

On 27 September 2013, Gusbourne Estate Limited, a wholly owned subsidiary of the Company acquired the Gusbourne Estate business and related Freehold Property for a total consideration of £7,316,000, which includes contingent consideration of £63,000.

	Unaudited Provisional fair value at acquisition £'000
Property, plant and equipment	4,439
Biological Assets	998
Inventories	875
Net assets acquired	6,312
Goodwill	1,004
Consideration	7,316
Satisfied by:	
Cash to vendors	4,200
Deep discount bond issued to the vendors	1,750
Market value of shares issued to the vendors	1,303
Contingent consideration	63
Consideration	7,316

Fair values are provisional and will continue to be reviewed in the 12 months following the acquisition.

NOTES TO THE ACCOUNTS (continued)
For the six months ended 30 September 2013

8 Transaction expenses

Transaction expenses for the period to 30 September 2013 represent expenses incurred in connection with the acquisition of the Gusbourne Estate business and related Freehold Property. Transaction expenses for the period to 31 March 2013 represent expenses incurred in connection with the merger, on 24 October 2012, with Shellproof Limited.