

**SMART**

**INTERIM REPORT  
FOR THE SIX MONTHS TO  
31<sup>st</sup> JANUARY 2014**

# J. SMART & CO. (CONTRACTORS) PLC

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## CHAIRMAN'S REVIEW

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### INTERIM REPORT

Unaudited Group profit for the six months to 31st January 2014 amounted to £441,000 compared with a profit of £1,024,000 for the corresponding period last year. Group turnover decreased by 30%. Own work capitalised decreased by 71%.

In accordance with our normal practice, there has been no revaluation of our investment properties at the end of the half year. Property values are currently stable, however, and if a revaluation had been carried out, we believe the effect on the figures would have been minimal.

Residential sales have been healthy.

Phase 1 of our industrial development at South Gyle, Edinburgh is proceeding satisfactorily.

Contracting continues to be tough.

### INTERIM DIVIDEND

The Board announces an interim dividend of 0.92p per share (2013 0.92p) to be paid on 2nd June 2014 to shareholders on the register at the close of business on 9th May 2014. The interim dividend will cost the Company £432,000.

### FUTURE PROSPECTS

We have more contracting work in hand than at this time last year, albeit insufficient for our needs. Work remains difficult to obtain at any price.

The buoyant residential sales market looks set to continue, although our margins here are disappointing.

The commercial and industrial property market appears settled with small industrial units continuing to re-let easily.

The outcome for the current year remains uncertain. There is, however, little doubt that the reduction in contracting turnover forecast in the last Annual Report will significantly limit the recovery of overhead costs resulting in a reduced underlying profit or even a loss for the current financial year.

*27th March 2014*

J.M. SMART  
*Chairman*

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED INCOME STATEMENT

	<b>6 Months ended 31.1.14 (Unaudited)</b>	6 Months ended 31.1.13 (Unaudited)	Year ended 31.7.13 (Audited) <i>Restated</i> <i>(note 2)</i> £000
Notes	£000	£000	
Group construction work carried out	<b>9,029</b>	12,957	<i>20,595</i>
Less: Own construction work capitalised	<u>(497)</u>	<u>(1,723)</u>	<u>(2,214)</u>
<b>REVENUE<sup>1</sup></b>	<b>8,532</b>	11,234	<i>18,381</i>
Cost of sales <sup>1</sup>	<u>(8,373)</u>	<u>(10,231)</u>	<u>(17,313)</u>
<b>GROSS PROFIT</b>	<b>159</b>	1,003	<i>1,068</i>
Other operating income	<b>2,725</b>	2,744	<i>5,383</i>
Net operating expenses	<u>(2,639)</u>	<u>(3,036)</u>	<u>(5,559)</u>
<b>OPERATING PROFIT BEFORE PROFIT ON SALE AND NET DEFICIT ON VALUATION OF INVESTMENT PROPERTIES</b>	<b>245</b>	711	<i>892</i>
Profit arising on sale of investment properties	–	–	<i>124</i>
Net deficit on valuation of investment properties	<u>–</u>	<u>–</u>	<u>(3,127)</u>
<b>OPERATING PROFIT/ (LOSS)</b>	<b>245</b>	711	<i>(2,111)</i>
Share of profits in Joint Ventures	<b>121</b>	203	<i>2,438</i>
Income from available for sale financial assets	<b>66</b>	68	<i>138</i>
(Loss)/profit on sale of available for sale financial assets	<b>(22)</b>	8	<i>8</i>
Finance income	<b>31</b>	34	<i>100</i>
Finance costs	<u>–</u>	<u>–</u>	<u>(40)</u>
<b>PROFIT BEFORE TAX</b>	<b>441</b>	1,024	<i>533</i>
Taxation	5 <u>(72)</u>	<u>(95)</u>	<u>(385)</u>
<b>PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>	<b><u>369</u></b>	<u>929</u>	<u><i>148</i></u>
<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>	7 <u><b>0.78p</b></u>	<u>1.89p</u>	<u><i>0.31p</i></u>

1. January 2013 Revenue and Cost of sales have been amended to revise income recognition on private housing in accordance with the requirements of IAS 18: Revenue. There is no impact on reported profit.

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>6 Months ended 31.1.14 (Unaudited)</b>	6 Months ended 31.1.13 (Unaudited)	Year ended 31.7.13 (Audited) <i>Restated (note 2)</i> £000
	<b>£000</b>	£000	
<b>Profit for the period</b>	<b><u>369</u></b>	<u>929</u>	<u>148</u>
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified subsequently to Income Statement:			
Fair value adjustment of available for sale financial assets	(87)	397	736
Tax adjustment on fair value reserve	<u>19</u>	<u>(71)</u>	<u>(108)</u>
<b>Total items which may be reclassified subsequently to Income Statement</b>	<b><u>(68)</u></b>	<u>326</u>	<u>628</u>
Items that will not be reclassified subsequently to Income Statement:			
Actuarial gain recognised in defined benefit pension scheme	–	–	3,222
Deferred taxation on actuarial gain	<u>–</u>	<u>–</u>	<u>(934)</u>
<b>Total items that will not be reclassified subsequently to Income Statement</b>	<b><u>–</u></b>	<u>–</u>	<u>2,288</u>
<b>Total other comprehensive (loss)/income</b>	<b><u>(68)</u></b>	<u>326</u>	<u>2,916</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>301</u></b>	<u>1,255</u>	<u>3,064</u>
<b>ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>	<b><u>301</u></b>	<u>1,255</u>	<u>3,064</u>

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital £000	Capital Redemption Reserve £000	Fair Value Reserve £000	Retained Earnings £000	Total £000
As at 1 August 2013		942	66	1,086	89,031	91,125
Profit for the period		–	–	–	369	369
Other comprehensive loss		–	–	(68)	–	(68)
<b>Total comprehensive (loss)/income for period</b>		–	–	(68)	369	301
<b>Transactions with owners, recorded directly in equity</b>						
Shares purchased and cancelled		(2)	–	–	(121)	(123)
Transfer to Capital Redemption Reserve		–	2	–	(2)	–
Dividends	6	–	–	–	(430)	(430)
<b>Total transactions with owners</b>		(2)	2	–	(553)	(553)
As at 31 January 2014		<u>940</u>	<u>68</u>	<u>1,018</u>	<u>88,847</u>	<u>90,873</u>
As at 1 August 2012		989	19	458	89,843	91,309
Profit for the period		–	–	–	929	929
Other comprehensive income		–	–	326	–	326
<b>Total comprehensive income for period</b>		–	–	326	929	1,255
<b>Transactions with owners, recorded directly in equity</b>						
Shares purchased and cancelled		(32)	–	–	(1,207)	(1,239)
Transfer to Capital Redemption Reserve		–	32	–	(32)	–
Dividends	6	–	–	–	(968)	(968)
<b>Total transactions with owners</b>		(32)	32	–	(2,207)	(2,207)
As at 31 January 2013		<u>957</u>	<u>51</u>	<u>784</u>	<u>88,565</u>	<u>90,357</u>

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital £000	Capital Redemption Reserve £000	Fair Value Reserve £000	Retained Earnings <i>Restated</i> <i>(note 2)</i> £000	Total <i>Restated</i> <i>(note 2)</i> £000
As at 1 August 2012		989	19	458	89,843	91,309
Profit for the period		–	–	–	148	148
Other comprehensive income		–	–	628	2,288	2,916
<b>Total comprehensive income for period</b>		<u>–</u>	<u>–</u>	<u>628</u>	<u>2,436</u>	<u>3,064</u>
<b>Transactions with owners, recorded directly in equity</b>						
Shares purchased and cancelled		(47)	–	–	(1,798)	(1,845)
Transfer to Capital Redemption Reserve		–	47	–	(47)	–
Dividends	6	–	–	–	(1,403)	(1,403)
<b>Total transactions with owners</b>		<u>(47)</u>	<u>47</u>	<u>–</u>	<u>(3,248)</u>	<u>(3,248)</u>
As at 31 July 2013		<u>942</u>	<u>66</u>	<u>1,086</u>	<u>89,031</u>	<u>91,125</u>

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 Months ended 31.1.14 (Unaudited) £000	6 Months ended 31.1.13 (Unaudited) £000	Year ended 31.7.13 (Audited) £000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1,208	1,175	1,279
Investment properties	62,873	71,189	62,325
Investments in Joint Ventures	940	1,200	819
Trade and other receivables	1,055	–	–
Available for sale financial assets	3,902	3,421	3,817
Retirement benefit surplus	2,567	–	2,567
Deferred tax assets	109	557	109
	<u>72,654</u>	<u>77,542</u>	<u>70,916</u>
<b>CURRENT ASSETS</b>			
Inventories	13,425	11,983	13,620
Trade and other receivables	7,413	7,627	6,650
Current tax asset	316	34	90
Cash at bank and in hand	12,786	4,872	15,157
	<u>33,940</u>	<u>24,516</u>	<u>35,517</u>
<b>TOTAL ASSETS</b>	<u>106,594</u>	<u>102,058</u>	<u>106,433</u>
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	–	1,490	–
Deferred tax liabilities	2,030	2,251	2,049
	<u>2,030</u>	<u>3,741</u>	<u>2,049</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,824	4,627	3,595
Bank overdraft	9,867	3,333	9,664
	<u>13,691</u>	<u>7,960</u>	<u>13,259</u>
<b>TOTAL LIABILITIES</b>	<u>15,721</u>	<u>11,701</u>	<u>15,308</u>
<b>NET ASSETS</b>	<u>90,873</u>	<u>90,357</u>	<u>91,125</u>
<b>EQUITY</b>			
Called up share capital	940	957	942
Capital redemption reserve	68	51	66
Fair value reserve	1,018	784	1,086
Retained earnings	88,847	88,565	89,031
<b>TOTAL EQUITY</b>	<u>90,873</u>	<u>90,357</u>	<u>91,125</u>

# J. SMART & CO. (CONTRACTORS) PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	6 Months ended 31.1.14 (Unaudited) £000	6 Months ended 31.1.13 (Unaudited) £000	Year ended 31.7.13 (Audited) £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	8	<b>(883)</b>	(438)	(1,842)
Tax paid on profits		<u>(298)</u>	<u>(161)</u>	<u>(1,232)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b><u>(1,181)</u></b>	<u>(599)</u>	<u>(3,074)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment		(99)	(241)	(544)
Additions to investment properties		(51)	(29)	(879)
Sale of property, plant and equipment		9	36	51
Sale of investment properties		–	1,000	8,202
Expenditure on own work capitalised – investment properties		(497)	(1,723)	(2,214)
Purchase of available for sale financial assets		(406)	(220)	(277)
Proceeds of sale of available for sale financial assets		212	192	192
Acquisition of investment in subsidiary, net of cash acquired		(39)	–	(227)
Interest received		31	34	100
Dividend received from Joint Venture		–	–	2,115
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b><u>(840)</u></b>	<u>(951)</u>	<u>6,519</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Purchase of own shares		(123)	(1,239)	(1,845)
Dividends paid		<u>(430)</u>	<u>(968)</u>	<u>(1,403)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b><u>(553)</u></b>	<u>(2,207)</u>	<u>(3,248)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>(2,574)</u></b>	<u>(3,757)</u>	<u>197</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b><u>5,493</u></b>	<u>5,296</u>	<u>5,296</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b><u>2,919</u></b>	<u>1,539</u>	<u>5,493</u>



# J. SMART & CO. (CONTRACTORS) PLC

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## NOTES TO INTERIM FINANCIAL STATEMENTS

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### 1. BASIS OF PREPARATION

J. Smart & Co. (Contractors) PLC is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the six months ended 31st January 2014 comprise the Company and its Subsidiaries, together referred to as the Group, and the Group's interest in jointly controlled entities.

The condensed consolidated interim financial statements for the six months to 31st January 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34: Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements for the six months to 31st January 2014 do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year to 31st July 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The statutory financial statements for the year to 31st July 2013 have been filed with the Registrar of Companies and a copy may be obtained from Companies House. These have been audited and contain an unqualified audit opinion, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements have not been audited or reviewed by the Company's auditors.

### 2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required for investment properties and available for sale financial assets.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st July 2013, with the exception of the policies regarding the accounting for pension scheme obligations, including the impact of IAS 19 (amended): Employee Benefits as stated below and investment properties revaluations.

For the condensed consolidated interim financial statements the assets and liabilities of the pension scheme are estimated to be unchanged from the values included at the previous year end. Also, in accordance with long standing practice, the Group's investment properties are revalued annually on 31st July each year. No revaluation adjustment is made in the condensed consolidated interim financial statements.

In the current financial year the application of IAS 19 (amended): Employee Benefits impacts the measurement of the various components representing movements in retirement benefit obligations and associated disclosures, but not the Group's total retirement benefit obligations. Following the replacement of expected returns on pension scheme assets with a net finance cost in the Consolidated Income Statement, the profit for the period reduces and accordingly the actuarial gain in Other comprehensive income increases in the Consolidated Statement of Comprehensive Income.

# J. SMART & CO. (CONTRACTORS) PLC

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## NOTES TO INTERIM FINANCIAL STATEMENTS

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### 2. ACCOUNTING POLICIES (continued)

This change has been applied retrospectively and accordingly the comparative figures have been restated for the year ended 31st July 2013. The effect is to increase the interest expense by £40,000 and reduce the interest income by £256,000 on retirement benefit obligations recognised in the Consolidated Income Statement, resulting in a total reduction to profit before tax of £296,000 and to increase the actuarial gain recognised in the Consolidated Statement of Comprehensive Income also by £296,000. Deferred taxation is also impacted upon and as a result the credit to the Consolidated Income Statement is increased by £60,000 and the charge to the Consolidated Statement of Comprehensive Income is also increased by £60,000. There has been no impact on the retirement benefit surplus position recorded in the Balance Sheet at 31st July 2013.

The table below details the impact of the application of IAS 19 (amended): Employee Benefits on the accounts for the year to 31st July 2013:

	£000
<b>CONSOLIDATED INCOME STATEMENT</b>	
<b>Finance income and finance cost (as previously reported)</b>	
Expected return on pension scheme assets	1,272
Interest cost of pension scheme liabilities	<u>(1,016)</u>
Net finance income of pension scheme assets	256
<b>Finance income and finance costs (as restated)</b>	
Net interest expense on retirement benefit obligation	<u>(40)</u>
<b>Impact on finance income/(costs) and profit before taxation</b>	(296)
<b>Tax</b>	
Adjustment to deferred tax thereon	<u>60</u>
<b>Impact on profit for the period – reduction</b>	<u>(236)</u>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	
<b>Actuarial gain on defined benefit pension scheme</b>	
Previously shown as	2,926
Now shown as	<u>3,222</u>
<b>Impact on actuarial gain on defined benefit pension scheme</b>	296
<b>Tax</b>	
Adjustment to deferred tax thereon	<u>(60)</u>
<b>Impact on other comprehensive income for the year – increase</b>	<u>236</u>

As stated above the Company does not account for any changes in the assets or liabilities of the pension scheme in the interim accounts and therefore incorporates no finance costs in the Consolidated Income Statement or actuarial gains or losses in the Consolidated Statement of Comprehensive Income, therefore the Company is unable to ascertain the impact of IAS 19 (amended): Employee Benefits on the accounts for the 6 months to 31st January 2013 and therefore no restatement of the accounts for this period have been undertaken for the impact of implementation of IAS 19 (amended): Employee Benefits.

## NOTES TO INTERIM FINANCIAL STATEMENTS

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### 2. ACCOUNTING POLICIES (continued)

#### Interpretations effective in period

The following new standards and amendments to standards and interpretations relevant to the Group have been issued by the International Accounting Standards Board and are mandatory for the first time for the financial year to 31st July 2014:

- IFRS 10: Consolidated Financial Statements – amended for investment activities (effective for accounting periods beginning on or after 1st January 2013)
- IFRS 12: Disclosure of Interests in Other Entities – amended for investment activities (effective for accounting periods beginning on or after 1st January 2013)
- IFRS 13: Fair Value Measurement (effective for accounting periods beginning on or after 1st January 2013)
- IAS 19 (amended): Employee Benefits (effective for accounting periods beginning on or after 1st January 2013)

The Directors anticipate that there will be no material effect on the financial statements from these Standards, other than with regards to IAS 19 (amended): Employee Benefits as detailed above.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions concerning the future that may affect the application of accounting policies and the reported amounts of assets, liabilities and income and expenses. Management believes that the estimates and assumptions used in the preparation of these accounts are reasonable. However, actual outcomes may differ from those anticipated.

The Directors have a reasonable expectation that the Company and Group as a whole have adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of these accounts. For this reason, the Directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

### 3. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which could have a material impact on the Group's performance for the remainder of the current financial year remain the same as those detailed in the Group's Annual Report and Financial Statements for the year to 31st July 2013.

# J. SMART & CO. (CONTRACTORS) PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 4. SEGMENTAL INFORMATION

The Group has identified operating segments on the basis of internal reporting components that are regularly reviewed by the chief operating decision maker to allow the allocation of resources to segments and assess their performance. The Board of Directors has been recognised as the chief operating decision maker.

All revenue arises from activities within the UK and therefore the Board of Directors does not consider the business from a geographical perspective. The operating segments are based on activity and performance of an operating segment is based on a measure of operating results.

	External Revenue	Internal Revenue	Total Revenue	Operating Profit / (Loss)		
				31.1.14	31.1.13	31.7.13
						<i>Restated</i>
						<i>(note 2)</i>
	£000	£000	£000	£000	£000	£000
<b>31st JANUARY 2014 (Unaudited)</b>						
Construction activities	8,532	497	9,029	(1,700)	–	–
Investment activities	<u>2,725</u>	<u>–</u>	<u>2,725</u>	<u>1,945</u>	<u>–</u>	<u>–</u>
	<u>11,257</u>	<u>497</u>	<u>11,754</u>	<u>245</u>	<u>–</u>	<u>–</u>
<b>31st JANUARY 2013 (Unaudited)</b>						
Construction activities	11,234	1,723	12,957	–	(1,144)	–
Investment activities	<u>2,744</u>	<u>–</u>	<u>2,744</u>	<u>–</u>	<u>1,855</u>	<u>–</u>
	<u>13,978</u>	<u>1,723</u>	<u>15,701</u>	<u>–</u>	<u>711</u>	<u>–</u>
<b>31st JULY 2013 (Audited)</b> <i>(Restated note 2)</i>						
Construction activities	18,381	2,214	20,595	–	–	(2,961)
Investment activities	<u>5,383</u>	<u>–</u>	<u>5,383</u>	<u>–</u>	<u>–</u>	<u>850</u>
	<u>23,764</u>	<u>2,214</u>	<u>25,978</u>	<u>–</u>	<u>–</u>	<u>(2,111)</u>
<b>OPERATING PROFIT / (LOSS)</b>				245	711	(2,111)
Share of results of Joint Ventures				121	203	2,438
Finance and investment income and profit on sale of available for sale financial assets				97	110	246
Finance costs and loss on sale of available for sale financial assets				<u>(22)</u>	<u>–</u>	<u>(40)</u>
<b>PROFIT BEFORE TAX ON ORDINARY ACTIVITIES</b>				<u>441</u>	<u>1,024</u>	<u>533</u>

### 5. TAXATION

The tax charge for the 6 months to 31st January 2014 is based on the corporation tax rate at 22.33% (2013, 23.67%).

# J. SMART & CO. (CONTRACTORS) PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 6. DIVIDENDS

	6 Months ended 31.1.14 (Unaudited) £000	6 Months ended 31.1.13 (Unaudited) £000	Year ended 31.7.13 (Audited) £000
<b>ORDINARY DIVIDENDS</b>			
2013 Final dividend of 2.01p	430	–	–
2013 Interim dividend of 0.92p	–	–	435
2012 Final dividend of 1.98p	–	968	968
	<u>430</u>	<u>968</u>	<u>1,403</u>

The interim dividend of 0.92p per share for the year to 31st July 2014 will be paid on 2nd June 2014 to shareholders on the register at 9th May 2014. The interim dividend will cost the company £432,000.

### 7. EARNINGS PER SHARE

	Profit attributable to equity shareholders £000	Basic Earnings per share
6 months to 31st January 2014	<u>369</u>	<u>0.78p</u>
6 months to 31st January 2013	<u>929</u>	<u>1.89p</u>
Year to 31st July 2013 ( <i>Restated note 2</i> )	<u>148</u>	<u>0.31p</u>

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue during the period.

During the 6 months to 31st January 2014 the Company purchased for immediate cancellation 125,000 Ordinary Shares of 2p.

The earnings per share for the 6 months to 31st January 2014 is based on weighted average number of shares amounting to 47,098,504, the earnings per share for the 6 months to 31st January 2013 is based on a weighted average number of shares amounting to 49,092,359 and the earnings per share for the year to 31st July 2013 is based on a weighted average number of shares amounting to 48,298,656.

There is no difference between basic and diluted earnings per share.

# J. SMART & CO. (CONTRACTORS) PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 8. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOWS FROM OPERATING ACTIVITIES

	6 Months ended 31.1.14 (Unaudited)	6 Months ended 31.1.13 (Unaudited)	Year ended 31.7.13 (Audited) <i>Restated</i> <i>(note 2)</i>
	£000	£000	£000
Profit before tax	441	1,024	533
Share of profits from Joint Ventures	(121)	(203)	(2,438)
Depreciation	165	169	360
Unrealised valuation deficit on investment properties	–	–	3,127
Profit on sale of property, plant and equipment	(4)	(17)	(24)
Profit on sale of investment properties	–	–	(124)
Loss/(profit) on sale of available for sale financial assets	22	(8)	(8)
Change in retirement benefits	–	–	(835)
Interest received	(31)	(34)	(100)
Change in inventories	195	(1,329)	(2,235)
Change in non-current receivables	(1,055)	–	–
Change in current receivables	(763)	(706)	311
Change in payables	<u>268</u>	<u>666</u>	<u>(409)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>(883)</u></b>	<b><u>(438)</u></b>	<b><u>(1,842)</u></b>

### 9. RELATED PARTY TRANSACTIONS

Related parties are consistent with those disclosed in the Group's Annual Report and Statement of Accounts for the year to 31st July 2013.

Related party transactions, including salary and benefits provided to Directors and key management, were not material to the financial position or performance of the Group for the period.

# J. SMART & CO. (CONTRACTORS) PLC

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## STATEMENTS OF DIRECTORS' RESPONSIBILITIES

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The Directors named below, confirm on behalf of the Board of Directors that to the best of their knowledge that the condensed consolidated interim financial statements for the six months to 31st January 2014 have been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, being:

- an indication of important events that have occurred during the six months to 31st January 2014 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
- material related party transactions in the six months to 31st January 2014 and any material changes in the related party transactions described in the last annual report.

The Directors of the Company are listed in the Annual Report and Statement of Accounts for the year to 31st July 2013.

By order of the Board

**J. M. SMART, *Director***

**D. W. SMART, *Director***

27th March 2014

# J. SMART & CO. (CONTRACTORS) PLC

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## *DIRECTORS*

J. M. SMART, *Chairman and Managing Director*

D. W. SMART

A. H. ROSS

J. R. SMART

## *COMPANY SECRETARY*

P. SWEENEY

## *REGISTERED OFFICE*

28 CRAMOND ROAD SOUTH

EDINBURGH

EH4 6AB

## *REGISTRARS AND TRANSFER OFFICE*

EQUINITI LIMITED

1ST FLOOR

34 SOUTH GYLE CRESCENT

SOUTH GYLE BUSINESS PARK

EDINBURGH

EH12 9EB