Swallowfield plc
("Swallowfield" or the "Group")

Interim Results

Swallowfield, a market leader in the development, formulation, and supply of personal care and beauty products; whose customers include many of the world's leading brands, announces its interim results for the 28 weeks ended 4 January 2014

£m unless otherwise stated	2014	2013 Restated [2]
Reported Results (before exceptional items [1])		
Revenue	25.4	25.5
Adjusted operating profit / (loss) [1]	0.13	(0.55)
Adjusted earnings / (loss) per share [1]	0.3p	(4.9)p
Statutory Results (after exceptional items)		
Operating profit / (loss)	0.13	(0.72)
Basic and diluted earnings / (loss) per share	0.3p	(6.1)p
Interim dividend per share	-	2.2p
Net debt	4.6	5.5

[1] Adjusted operating profit and adjusted earnings per share are calculated before exceptional items
[2] Prior Year comparatives restated to reflect impact of the adoption of IAS 19 (revised)

HEADLINES

- Business returned to modest profitability in the period, as planned, with an adjusted operating profit of £0.13m a significant improvement on the 2013 operating loss of £0.55m.
- Revenues broadly flat at £25.4m (2013: £25.5m) with the prior year including £2m of sales lost through the previously advised changes in the sourcing strategy of our three largest customers.
- Good underlying sales growth of 8% was achieved across the balance of 40+ customers, reflecting strong innovation and contract wins.
- Continued strong performance in our export markets with direct exports increasing to 35% of revenue.
- Direct contribution margin also improved by 1.1 percentage points.
- A number of customer wins with launches scheduled in the second half will positively impact future performance.
- Strong action taken to reduce the cost base which will continue to underpin future profitability.
- Tight control of costs and working capital has reduced net debt to £4.6m (2013: £5.5m).
- New banking facilities of £10 million with HSBC will be in place during March 2014.
- A business review of the Group has been completed with a new, focused strategy now in place.

Brendan Hynes, Non-executive Chairman, commented:
"I am pleased to report that, as planned, the Group has stabilised and returned to modest profitability at an operating level in the first half year. Overall trading in the first half has been in line with our expectations, with new customer wins and new product launches offsetting the 'drag' of previously announced contract losses.

Gross and net margins have also improved significantly, thanks to a combination of an improving customer mix, reducing material purchasing costs and tighter management of labour and overhead costs.

A full review of the Group has now been completed and a new, focused business strategy has been put in place. We expect the results of this to improve shareholder value, increase cash generation and improve profitability over the next three years."

Chris How, Chief Executive, commented:
"The strong action taken re-aligning our cost base and gaining new business has maintained our momentum and given us a more solid platform from which to build. With a new strategy now in place we are pleased that this has already started to yield positive results with a significant positive swing in operating profit, an improvement in operating cash flow and a much improved net debt position."

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Business Review

Revenue was broadly flat at £25.4m (2013: £25.5m); it should be noted that the same period last year included £2m (8%) of sales representing the final tranche of the previously advised losses, due to changes in the sourcing strategy of three of our largest customers.

The momentum seen on the second half of the prior year has continued, and we have driven further underlying net growth, with new customer wins and new product launches increasing by an equivalent amount. This reduced dependency on certain clients and the broadening of the overall customer, geographic and product mix will continue to improve our risk profile.

Direct contribution margins – defined as net sales less materials, direct labour, and other direct costs – increased by 1.1 percentage points compared with the same period last year. This reflects cost reduction efforts, the broadening of the customer base and continued focus on new product development.

The strong actions taken in the prior year to re-align the cost base have delivered in line with expectations and continue to underpin a return to profitability in the current year.

As previously advised we completed the sale of a surplus unit in Bideford in August 2013; this generated a gain on disposal of £0.08m in the period.

The net effect is that the Group returned to a modest operating profit before exceptional items of £0.13m (2013: loss £0.55m) and an unadjusted loss before taxation of £0.02m (2013: loss £0.92m). The tax credit includes the one-time benefit of a prior year adjustment on utilisation of Group tax relief, resulting in an adjusted earnings per share of 0.3p v's loss per share of (6.1)p during the same period in the previous year.

The Group's Chinese strategic investment of a 19% shareholding in Shanghai Colour Cosmetics Technology Company Limited (SCCTC) was re-valued during the period to fair value based on SCCTC's 31 October 2013 net assets. The initial cost of this investment was £0.14m and this is now valued at £0.17m in addition to the £0.09m of dividend income received since acquisition.

Net Debt and Cash Flow

Net debt decreased from a year-end position of £5.7m to £4.6m (2013: £5.5m). We have continued our focus on working capital with good results achieved, in particular on inventory levels, which are £1.9m lower than the prior year.

Financing costs of £0.15m (2013: £0.19m) comprised interest expense of £0.07m (2013: £0.09m) plus a pension scheme finance charge of £0.08m (2013: restated charge £0.1m).

Capital expenditure was £0.3m which was £0.3m below depreciation. We expect capital expenditure to be lower than depreciation in this financial year due to the timing of major aerosol capital project straddling our year-end date.

The Group has entered into a new full banking relationship with HSBC, which encompasses a £10m invoice discounting facility. These changes will be concluded during March and provide the Group with increased flexibility to support the delivery of its strategic objectives.

Dividends

No interim dividend has been proposed and the Board will review its dividend strategy at the end of the current financial year based on both the results for the full year and the future prospects for the Group.

Board Change

Martin Hagen, Non-executive director, has advised the board of his intention to step down from today. Since his appointment in January 2011 Martin has served through a busy period of transition for the Group, most recently playing a key role in the recruitment of both the new Chairman and Chief Executive Officer.

As the business now has a strong and stable management team in place, Martin would now like to focus on his other non-executive roles and responsibilities. The Board would like to thank Martin for his outstanding help and advice during his time with Swallowfield and we wish him well for the future.

Strategy Update

We have now concluded our business review of the Group and the results will map out the future strategy, direction, shape, and financial goals of the business over the next 3 to 5 years.

At an operational level we have identified and are working on a number of focus areas to drive immediate business performance with an emphasis on pricing, cost, quality, and service.

We have also identified and commenced work on 4 'strategic pillars' as part of our 'building a better Swallowfield' strategy. These 4 strategic pillars will drive mid and longer term sales and profit growth and shareholder value.

'Building a Better Swallowfield' – 4 Strategic Pillars

Product Category Focus

The business will be focusing on a select number of 'drive' product categories where Swallowfield has an existing and sustainable competitive advantage. Future investment of both human and financial resources will be prioritised to drive higher growth and profitability in each of these categories.

New Product Development

We will be utilising our product development, manufacturing, and distribution expertise to create an innovative range of products, which will be taken to market under our own brand names. This will be positioned to avoid any direct conflict with our existing valued customer base and is likely to include further growth in our export business.

Emerging New Category

Development of capability in a new high growth, high margin product category that can become an additional 'drive' category within 2 years.

Cost Optimisation

We will improve our asset utilisation across our locations, which will reduce the cost base and improve productivity. We intend to consolidate our Bideford site into two buildings from three, and to re-locate selected manufacturing lines to Tabor in the Czech Republic. This project will result in one-off cash costs of circa £0.25m in the second half but is expected to generate a return on investment in twelve months.

Outlook

The UK and European market place remains extremely competitive. The second half year outturn remains dependent on the exact timing of planned product launches, the impact of wider economic conditions and underlying consumer demand.

We anticipated this year would be one of stabilisation, focus and returning the Group back to profitability and this objective remains firmly on track.

We continue to build positive momentum with the business review complete, a new strategy now in place, underlying sales growth being achieved and new product launches expected in the second half of this year. This, along with tight control of costs, should underpin the return to revenue and profitability growth in the medium and longer term, in line with current market expectations.

Group Statement of Comprehensive Income

Continuing operations	Notes	**28 weeks ended 04 Jan 2014 (unaudited) £'000**	28 weeks ended 05 Jan 2013 (unaudited) **restated ²** £'000	12 months ended 30 June 2013 (audited) **restated ²** £'000
Revenue	2	**25,432**	25,495	48,591
Cost of sales		**(23,012)**	(23,504)	(44,615)
Gross profit		**2,420**	1,991	3,976
Commercial and administrative costs		**(2,294)**	(2,537)	(4,425)
Operating profit / (loss) before exceptional items		**126**	(546)	(449)
Exceptional items	2	**-**	(175)	(491)
Operating profit / (loss)		**126**	(721)	(940)
Finance income	3		-	-
Finance costs	3	**(150)**	(194)	(394)
(Loss) / profit before taxation		**(24)**	(915)	(1,334)
Taxation		**60**	226	424
Profit / (loss) after taxation		**36**	(689)	(910)
Other comprehensive (loss) / income for the period:				
Re-measurement of defined benefit liability	8	**(54)**	1,670	1,804
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		**(128)**	34	76
(Loss) / gain on available for sale financial assets		**(53)**	177	177
Other comprehensive (loss) / income for the period		**(235)**	1,881	2,057
Total comprehensive (loss) / income for the period		**(199)**	1,192	1,147
Profit / (loss) attributable to:				
Equity shareholders		**36**	(689)	(910)
Total comprehensive (loss) / income attributable to:				
Equity shareholders		**(199)**	1,192	1,147
Earnings per share				
- basic and diluted	4	**0.3p**	(6.1p)	(8.1p)
Dividend				
Paid in period (£'000)		**-**	464	712
Paid in period (pence per share)		**-**	4.1	6.3
Proposed (£'000)	5	**-**	248	-
Proposed (pence per share)		**-**	2.2	-

Group Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Exchange Reserve £'000	Retained Earnings £'000	Available for Sale Financial Assets £'000	Net defined benefit liability / (asset) £'000	Total Equity £'000
Balance as at 1 July 2013 restated	**566**	**3,830**	**(148)**	**7,865**	**225**	**(329)**	**12,009**
Dividends	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Loss for the period	-	-	-	36	-	-	36
Other comprehensive income:							
Exchange difference on translating foreign operations	-	-	(128)	-	-	-	(128)
Gain on available for sale financial assets	-	-	-	-	(53)	-	(53)
Re-measurement of defined benefit liability	-	-	-	-	-	(54)	(54)
Total comprehensive loss for the period	-	-	(128)	36	(53)	(54)	(199)
Balance as at 4 January 2014	**566**	**3,830**	**(276)**	**7,901**	**172**	**(383)**	**11,810**

	Share Capital £'000	Share Premium £'000	Exchange Reserve £'000	Retained Earnings £'000	Available for Sale Financial Assets £'000	Net defined benefit liability / (asset) £'000	Total Equity £'000
Balance as at 1 July 2012	**566**	**3,830**	**(224)**	**9,487**	**48**	**-**	**13,707**
Restatement for IAS19R	-	-	-	-	-	(2,133)	(2,133)
Restated balance as at 1 July 2012	**566**	**3,830**	**(224)**	**9,487**	**48**	**(2,133)**	**11,574**
Dividends	-	-	-	(464)	-		(464)
Transactions with owners	-	-	-	(464)	-	-	(464)
Loss/ (profit) for the period	-	-	-	(689)	-	-	(689)
Other comprehensive income:							
Exchange difference on translating foreign operations	-	-	34	-	-	-	34
Gain on available for sale financial assets	-	-	-	-	177	-	177
Re-measurement of defined benefit liability / (asset)	-	-	-	-	-	1,670	1,670
Total comprehensive income for the period	-	-	34	(689)	177	1,670	1,192
Balance as at 5 January 2013	**566**	**3,830**	**(190)**	**8,334**	**225**	**(463)**	**12,302**

	Share Capital £'000	Share Premium £'000	Exchange Reserve £'000	Retained Earnings £'000	Available for Sale Financial Assets £'000	Net defined benefit liability / (asset) £'000	Total Equity £'000
Balance as at 1 July 2012	**566**	**3,830**	**(224)**	**9,487**	**48**		**13,707**
Restatement for IAS19R	-	-	-	-	-	(2,133)	(2,133)
Restated balance as at 1 July 2012	**566**	**3,830**	**(224)**	**9,487**	**48**	**(2,133)**	**11,574**
Dividends	-	-	-	(712)	-		(712)
Transactions with owners	-	-	-	(712)	-		(712)
(Loss)/profit for the period	-	-	-	(910)	-		(910)
Other comprehensive income:							

Exchange difference on translating foreign operations	-	-	76	-	-		76
Gain on available for sale financial assets	-	-	-	-	177		177
Re-measurement of defined benefit liability / (asset						1,804	1,804
Total comprehensive income for the period	-	-	76	(910)	177	1,804	1,147
Balance as at 30 June 2013	**566**	**3,830**	**(148)**	**7,865**	**225**	**(329)**	**12,009**

Group Statement of Financial Position

	Notes	**As at 04 Jan 2014 (unaudited) £'000**	As at 05 Jan 2013 (unaudited) **restated ²** £'000	As at 30 June 2013 (audited) **restated ²** £'000
ASSETS				
Non-current assets				
Property, plant and equipment		**10,660**	11,214	10,923
Intangible assets		**125**	138	134
Deferred tax assets		**364**	477	297
Investments		**316**	369	369
Total non-current assets		**11,465**	12,198	11,723
Current assets				
Inventories		**6,384**	8,288	7,294
Trade and other receivables		**10,086**	10,228	13,131
Cash and cash equivalents		**494**	261	1,093
Current tax receivable		**315**	-	254
		17,279	18,777	21,772
Assets held for sale	6	**-**	167	167
Total current assets		**17,279**	18,944	21,939
Total assets		**28,744**	31,142	33,662
LIABILITIES				
Current liabilities				
Trade and other payables		**13,688**	15,090	18,237
Interest-bearing loans and borrowings		**111**	475	395
Current tax payable		**48**	92	-
Total current liabilities		**13,847**	15,657	18,632
Non-current liabilities				
Interest-bearing loans and borrowings		**-**	111	37
Post-retirement benefit obligations	8	**3,021**	2,969	2,912
Deferred tax liabilities		**66**	103	72
Total non-current liabilities		**3,087**	3,183	3,021
Total liabilities		**16,934**	18,840	21,653
Net assets		**11,810**	12,302	12,009
EQUITY				
Share capital		**566**	566	566
Share premium		**3,830**	3,830	3,830
Other components of equity		**172**	225	225
Exchange reserve		**(276)**	(190)	(148)
Re-measurement of defined benefit liability		**(383)**	(463)	(329)
Retained earnings		**7,901**	8,334	7,865
Total equity		**11,810**	12,302	12,009

Group Cash Flow Statement

	28 weeks ended 04 Jan 2014 (unaudited)	28 weeks ended 05 Jan 2013 (unaudited) **restated [2]**	12 months ended 30 June 2013 (audited) **restated [2]**
	£'000	£'000	£'000
Cash flow from operating activities			
(Loss) before taxation	**(24)**	(915)	(1,334)
Depreciation	**550**	673	1,233
Amortisation	**36**	34	65
(Gain) / loss on disposal of property, plant and equipment	**(84)**	3	2
Finance cost	**150**	194	394
Decrease in inventories	**910**	9	1,003
Decrease in trade and other receivables	**3,045**	3,401	498
(Decrease) in trade and other payables	**(3,352)**	(3,750)	(1,687)
Contributions to defined benefit plan	**(197)**	(178)	(380)
Current service cost of defined benefit plan	**160**	224	401
Cash generated from operations	**1,194**	(305)	195
Finance expense paid	**(74)**	(87)	(171)
Taxation paid	**(6)**	(78)	(84)
Net cash flow from operating activities	**1,114**	(470)	(60)
Cash flow from investing activities			
Purchase of property, plant and equipment	**(287)**	(485)	(752)
Purchase of intangible assets	**(27)**	(8)	(36)
Sale of property, plant and equipment	**251**	-	-
Net cash flow from investing activities	**(63)**	(493)	(788)
Cash flow from financing activities			
(Repayment) / proceeds of debt facility	**(1,329)**	1,083	2,202
Repayment of loans	**(321)**	(318)	(472)
Dividends paid	**-**	(464)	(712)
Net cash flow from financing activities	**(1,650)**	301	1,018
Net (decrease)/ increase in cash and cash equivalents	**(599)**	(662)	170
Cash and cash equivalents at beginning of period	**1,093**	923	923
Cash and cash equivalents at end of period	**494**	261	1,093
Cash and cash equivalents consist of:			
Cash	**494**	261	1,093
Cash and cash equivalents at end of period	**494**	261	1,093

Notes to the Accounts

Note 1 Basis of preparation

The Group has prepared its interim results for the 28 week period ended 4 January 2014 in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and also in accordance with the recognition and measurement principles of IFRS issued by the International Accounting Standards Board.

The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these, and the confirmed banking facilities, are satisfied that the Group will continue to be able to meet its liabilities as they fall due for at least one year from the date of approval of the Interim Report. On this basis, they consider it appropriate to adopt the going concern basis in the preparation of these accounts.

As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS34 'Interim Financial Reporting'.

These interim financial statements do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. The unaudited interim financial statements were approved by the Board of Directors on 26 February 2014.

The consolidated financial statements are prepared under the historical cost convention as modified to include the revaluation of certain non-current assets. The accounting policies used in the interim financial statements are consistent with IFRS and those which will be adopted in the preparation of the Group's Annual Report and Financial Statements for the year ended 30 June 2014.

The statutory accounts for the year ended 30 June 2013, which were prepared under IFRS, have been filed with the Registrar of Companies. These statutory accounts carried an unqualified Auditors Report and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Note 2 Segmental analysis

The Group operates in one reportable segment as all sales, purchasing, production and operational decisions are taken based on the overall Group operating performance. The results of this segment are as reported through the Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity and Group Cash Flow Statement.

The distribution of the Group's external revenue by destination is shown below:

Geographical segments	**28 weeks ended 04 Jan 2014 (unaudited) £'000**	28 weeks ended 05 Jan 2013 (unaudited) £'000	12 months ended 30 June 2013 (audited) £'000
UK	**16,443**	16,671	31,768
Other European Union countries	**7,806**	7,948	15,160
Rest of the World	**1,183**	876	1,663
	25,432	25,495	48,591

In the 28 weeks ended 4 January 2014, the Group has three customers that exceeded 10% of total revenues, being 15.8%, 11.4% and 10.3% respectively. In the 28 weeks ended 5 January 2013, the Group had three customers that exceeded 10% of total revenues, being 12.5%, 11.7% and 10.2% respectively.

Exceptional items nil (2013: reorganisation costs of £0.18m).

Note 3 Finance costs	**28 weeks ended 04 Jan 2014 (unaudited) £'000**	28 weeks ended 05 Jan 2013 (unaudited) **restated ²** £'000	12 months ended 30 June 2013 (audited) **restated ²** £'000
Finance costs	**74**	87	171
Bank loans and overdrafts	**76**	107	223
Net pension scheme costs			
	150	194	394

Note 4 Earnings per share	**28 weeks ended 05 Jan 2014**	28 weeks ended 05 Jan 2013 **restated ²**	12 months ended 30 June 2013 **restated ²**
	(unaudited)	(unaudited)	(audited)
Basic and diluted			
Profit / (loss) for the period (£'000)	**36**	(689)	(910)
Basic weighted average number of ordinary shares in issue during the period	**11,306,416**	11,306,416	11,306,416
Basic earnings / (loss) per share	**0.3p**	(6.1p)	(8.1p)
Diluted earnings / (loss) per share	**0.3p**	(6.1p)	(8.1p)

Basic earnings per share has been calculated by dividing the profit / (loss) for each financial period by the weighted average number of ordinary shares in issue in the period. There is no significant difference at 4 January 2014 between the basic net earnings per share and the diluted net earnings per share.

The outstanding awards under the Long-Term Incentive Plan do not have a significant impact on the calculation of diluted earnings per share.

Adjusted earnings per share

Profit / (loss) for the period (£'000)	**36**	(689)	(910)
Add back: Exceptional items	**-**	175	491
Notional tax charge on exceptional items	**-**	(42)	(117)
Adjusted profit / (loss) before exceptional items	**36**	(556)	(536)
Basic weighted average number of ordinary shares in issue during the period	**11,306,416**	11,306,416	11,306,416
Adjusted basic earnings / (loss) per share	**0.3p**	(4.9p)	(4.7p)
Adjusted diluted earnings / (loss) per share	**0.3p**	(4.9p)	(4.7p)

Adjusted earnings per share has been calculated by dividing the adjusted profit / (loss) (after allowing for the notional tax charge on exceptional items) by the weighted average number of shares in issue in the period.

Note 5 Dividends

The Directors have not declared an interim dividend payment (2013: interim 2.2p; final nil).

Note 6 Assets held for sale	**As at 04 Jan 2014 (unaudited) £'000**	As at 05 Jan 2013 (unaudited) £'000	As at 30 June 2013 (audited) £'000
Property, plant and equipment	**-**	167	167

The asset held for sale related to a freehold warehouse. The sale was completed in the period.

Note 7 Reconciliation of cash and cash equivalents to movement in net debt

	28 weeks ended 04 Jan 2014 (unaudited) £000's	28 weeks ended 05 Jan 2013 (unaudited) £000's	12 months ended 30 June 2013 (audited) £000's
(Decrease) / increase in cash and cash equivalents in the period	**(599)**	(662)	170
Net cash outflow / (inflow) from decrease / (increase) in borrowings	**1,650**	(765)	(1,730)
Change in net debt resulting from cash flows	**1,051**	(1,427)	(1,560)
Net debt at the beginning of the period	**(5,667)**	(4,107)	(4,107)
Net debt at the end of the period	**(4,616)**	(5,534)	(5,667)

Note 8 Amendments to IAS 19 'Employee Benefits' (IAS19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- Change in the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported cumulative effect as at 1 July 2012 as an adjustment to opening equity.

The effects of the application of IAS19 on the statements of financial position at 1 July 2012, 5 January 2013, and 30 June 2013:

	Pension and other employee obligations	Deferred tax assets	Equity
	£000's	£000's	£000's
Balance as reported 1 July 2012	(2,204)	18	13,707
Effect of IAS19	(2,807)	674	(2,133)
Restated balance at 1 July 2012	**(5,011)**	**692**	**11,574**

	Pension and other employee obligations	Deferred tax assets	Equity
	£000's	£000's	£000's
Balance as reported 5 January 2013	(2,226)	280	12,848
Effect of IAS19:			
- brought forward	(2,807)	674	(2,133)
- total comprehensive income for the half year	2,064	(477)	1,587
Restated balance at 5 January 2013	**(2,969)**	**477**	**12,302**

	Pension and other employee obligations	Deferred tax assets	Equity
	£000's	£000's	£000's
Balance as reported 30 June 2013	(2,324)	133	12,433
Effect of IAS19:			
- brought forward	(2,807)	674	(2,133)
- total comprehensive income for the year	2,219	(510)	1,709
Restated balance at 30 June 2013	**(2,912)**	**297**	**12,009**

The effects of the application of IAS19 on the statement of financial position at 4 January 2014 are:

	4 January 2014

	£000's
Increase in pension and other benefit obligations	(109)
Decrease in deferred tax	26
Decrease in equity	**(83)**

The effects of the application of IAS19 on the statement of comprehensive income for the year ended 30 June 2013 and 28 weeks ended 5 January 2013 are:

	Year to 30 Jun 2013	28 weeks to 5 Jan 2013
Decrease / (increase) in benefit expense	48	(24)
Decrease / (increase) in finance costs	(172)	(85)
Decrease / (Increase) in tax expense	29	26
Decrease in profit for the year	**(95)**	**(83)**
Decrease in profit attributable to equity shareholders	**(95)**	**(83)**
Decrease in profit for the year	(95)	(83)
Other comprehensive income:		
Increase / (decrease) in gain on measurement of net defined benefit liability	2,343	2,173
Decrease / (increase) in income tax relating to items not reclassified	(539)	(503)
Increase (decrease) in other comprehensive income	**1,804**	**1,670**
Increase (decrease) in total comprehensive income	**1,709**	**1,587**
Increase (decrease) in total comprehensive income attributable to equity shareholders	**1,709**	**1,587**

Note 9 Announcement of results

These results were announced to the London Stock Exchange on 27 February 2014. The Interim Report will be sent to shareholders and is available to members of the public at the Company's Registered Office at Swallowfield House, Station Road, Wellington, Somerset, TA21 8NL.

Independent review report to Swallowfield plc

Introduction

We have been engaged by the Group to review the financial information in the half-yearly financial report for the 28 weeks ended 4 January 2014 which comprises the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position, the Group cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report which comprises the Chief Executive's Statement and considered whether they contain any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Group in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRS's as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the Group a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the 28 weeks ended 4 January 2014 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR
Southampton
26 February 2014