12 September 2016

RESTORE PLC

Half Year Results 2016

Restore plc ("Restore" or "the Company"), the UK office services provider, announces its unaudited half year results for the six month period ended 30 June 2016.

ADJUSTED RESULTS – Continuing operations	HY 2016	HY 2015	% Change
Revenue (£m)	55.4	43.9	+26
EBITDA (£m)*	12.3	9.0	+37
Operating profit (£m)*	10.5	7.7	+36
Profit before tax (£m) *	9.6	7.1	+35
EPS (p) **	7.9	6.8	+16
Dividend per share (p)	1.33	1.00	+33
Net debt (£m)	29.3	30.4	

** Before amortisation of intangible assets, exceptional items, share based payments charge and other finance costs*
*** Calculated based on the weighted average shares in issue and a standard tax charge*

STATUTORY RESULTS – Continuing operations	HY 2016	HY 2015
Operating profit (£m)	4.5	3.5
Profit before tax (£m)	3.7	2.9
Basic earnings per share (p)	3.8	2.9

Summary

- Group revenue up 26% to £55.4m
- Document Management revenue up 34%; adjusted operating profit up 31%
- Relocation revenue up 12%; adjusted operating profit up 42%
- Group adjusted profit before tax up 35% to £9.6m
- Adjusted earnings per share up 16% to 7.9p
- Interim dividend per share up 33% to 1.33p
- Wincanton Records Management integration proceeding to plan
- Acquisition of PHS Data Solutions post period-end which:
    - significantly expands document shredding business to become second largest provider in the UK
    - further extends the Group’s position in records management

Commenting on the results Charles Skinner, Chief Executive, said:

"We continued to make good operational and financial progress in the first half, in particular in integrating the Wincanton Records Management business acquired at the end of 2015 and in delivering an improved performance in document scanning.

Following the end of the period, we announced the acquisition of PHS Data Solutions, which transforms our sub-scale document shredding activities to make Restore the second largest operator in an attractive market and additionally provides scope to realise synergies in records management and document scanning.

Together, the addition of the Wincanton and PHS businesses have significantly enhanced our platform for growth.

The second half of the year has started well and we remain confident of making progress in the remainder of 2016 to deliver a full year performance in line with current market expectations."

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CHIEF EXECUTIVE'S REVIEW

SUMMARY

Restore delivered another period of strong growth in turnover and profit in the first half of 2016. Revenues from continuing operations were £55.4m, an increase of 26%, the majority of which derived from acquisitions made in 2015, most notably Wincanton Records Management ("WRM"). Adjusted profit before tax grew 35% to £9.6m and adjusted earnings per share increased 16% to 7.9p. These figures exclude the Irish business of WRM which was sold in March this year.

During the period, our Document Management division traded well, with adjusted operating profit increasing to £9.7m (2015: £7.4m) on turnover of £37.2m (2015: £27.7m). The core records management business accounted for the majority of this and it remains the key driver of Group profits with secure revenues, good margins and steady growth. Net box growth in the core business remained strong and in line with expectations, although overall net box growth was below our usual rate of increase, reflecting the exit of a major WRM customer as anticipated at the time of the WRM acquisition. The integration of WRM was a major focus area during the period, and this continued to proceed to plan. We continue to expect margins in records management to improve as acquisition synergies are realised.

Restore Shred's revenues were broadly flat year-on-year and it recorded a small loss. Shredding is a route-based business where economies of scale are significant and it had become increasingly clear that Restore Shred lacked the critical mass to compete with the two major UK shredding operators. The acquisition in August 2016 of PHS Data Solutions, the UK's second largest shredding operator, is therefore transformational for the Group's shredding activities. Restore Scan increased both revenues and profits year-on-year. This partly reflected contributions from recent acquisitions but also the successful execution of its major seasonal contract.

Our Relocation division also traded in line with expectations in the first half and enters the second half of the year with a strong order book. The division's revenue in the period was £18.2m (2015: £16.2m) and adjusted operating profit was £1.7m (2015: £1.2m) in what is its seasonally weaker half. Harrow Green, which comprises the majority of the division's activities, traded ahead of the previous year, despite a quiet May and June. Relocom was slightly weaker year-on-year, while IT Efficient showed a good year-on-year improvement. ITP, the toner cartridge recycler acquired in July 2015, operated profitably but experienced weaker trading conditions during the period, reflecting a recent softening in global demand for its product.

During the period, the Group sold WRM's Ireland operations for £27.8m. This recouped a significant part of the £57.3m paid for the overall WRM business in December 2015. There were very few synergies that the Group could extract from WRM Ireland and the customer base had very limited overlap with the rest of Restore's operations. The transaction reflected the Group's firm belief that its core competence lies in serving the UK market, where we have deep knowledge and where we can achieve better returns.

Subsequent to the end of the first half, we acquired PHS Data Solutions for a consideration of £83.2m, further consolidating our position in the UK document management sector. PHS Data Solutions is the second largest provider of document shredding services in the UK as well as having a significant records management business and a presence in document scanning. It is expected that there will be significant synergy benefits from the integration of the businesses into Restore through overhead and operational savings.

RESULTS

Adjusted operating profit for the six months to 30 June 2016 before exceptional items, amortisation and share based payments was £10.5m (2015: £7.7m). Adjusted profit before tax before exceptional items, amortisation, share based payments and other finance costs was £9.6m (2015: £7.1m) on sales of £55.4m (2015: £43.9m). Adjusted earnings per share for the period were 7.9p (2015: 6.8p).

On an unadjusted basis operating profit was £4.5m (2015: £3.5m) and profit before tax was £3.7m (2015: £2.9m). The WRM Ireland disposal and operations have been treated as discontinued and are not included in these figures. Unadjusted earnings per share including the profit on the disposal of WRM Ireland were 13.4p (2015: 2.9p). Exceptional items in the period were £4.9m. These included restructuring and redundancy costs of

£2.8m, primarily related to the WRM acquisition, transaction costs of £0.2m and National Insurance costs related to the exercise of management share options of £1.7m. Details of exceptional items are set out in Note 2.

DOCUMENT MANAGEMENT

Our Document Management division primarily comprises the Restore Records Management business. It also offers shredding and scanning services through Restore Shred and Restore Scan. All three businesses and the Relocation division share a similar customer base. A key factor in the development of the Group has been maintaining the same customer relationship management system for all of our businesses to ensure that all appropriate services that we supply are offered to all existing and potential customers across the Group.

For the period, the division achieved an adjusted operating profit of £9.7m (2015: £7.4m) on turnover of £37.2m (2015: £27.7m).

Records Management
Our core records management business continued to trade well, with much of the operational focus being on the integration of WRM's operations. Excluding the most recent large acquisitions of Cintas and WRM, net box growth in the core business ran at an annualised rate of 6%. The overall net box growth was positive but was held back by limited new box growth in the recently acquired businesses and a major exit from WRM which had been anticipated at the point of acquisition.

The WRM integration is now largely complete.

The benefits of scale in the records management sector are significant and we have consistently improved margins in acquired businesses. A large part of this is through operational synergies, particularly in improving capacity utilisation through a combination of closing unsuitable sites when leases expire and accommodating volume growth at underutilised sites. On acquisition, Cintas was operating at 68% of capacity and WRM at 69% of capacity. At 30 June 2016, our overall capacity utilisation across the business was slightly under 90%. PHS Data Solutions' records management business was estimated to be operating at 82% of capacity at the time of acquisition. In line with our business model, we expect to increase capacity utilisation across the whole operation, including the PHS sites, to over 90%.

We continue to develop space at our low-cost underground freehold site in Wiltshire where the latest, and what we expect to be the last, sizeable development is planned to come on stream in 2017. We are confident that for the longer term we have scope to develop other low-cost existing sites to accommodate our anticipated box growth.

Following the acquisition of significant UK records management businesses in each of the last three years, we are now firmly established as the second largest records management business in the UK with revenues believed to be about three times those of the next largest operator. Records management is an attractive business with strong operating margins and earnings visibility, as well as high barriers to entry and our business continues to represent an excellent platform for growth. We expect to continue to make a number of smaller acquisitions in this business to further consolidate this market where we have consistently achieved substantial cost synergies.

Shredding
Restore Shred, our secure shredding and recycling business, continued to lack the critical mass to generate an appropriate contribution to the Group and made a small loss in the period. In a route-based business where the key metric is revenue generated per collection vehicle, it is difficult to compete with far larger competitors whose vehicles can collect from many more sites in the same area and can generate sizeable and consistent volumes for local processing plants. The recent acquisition of PHS Data Solutions, whose Datashred shredding business is one of the two UK market leaders, will transform the profitability of this activity. We expect there to be significant synergy benefits from combining our existing shredding operations with Datashred. We also expect this significantly enlarged business to benefit substantially from access to the wider Restore group customer base and to provide an excellent platform for the ongoing consolidation of the UK shredding market.

Scanning
Restore Scan, our document scanning business, achieved operating margins in excess of 10% during the period, an improvement on the operating margins it has historically achieved. We executed our major seasonal contract for scanning exam papers successfully and profitably in May and June and made a strong start on our long-term contract with the Nuclear Decommissioning Authority. We have been working on several major projects with

NHS Trusts where we are typically digitising patient records; this is a complex operation and is likely to be a very active area over the coming years. Our business process outsourcing activities, which generally comprise regular scanning for a broad range of customers, performed satisfactorily.

We have invested significantly in our scanning business, in terms of greatly strengthened management, equipment, IT and strategic acquisitions. We are undertaking a significant rebuild of our Manchester scanning centre. We believe that this is an attractive market with considerable demand for major digitisation projects, particularly within the NHS, as well as regular business process outsourcing. We are one of very few well-invested operations with the capacity to service complex customer requirements in this market.

The scanning division of PHS Data Solutions, acquired in August, is being integrated into Restore Scan. The acquisition increases the revenue of the business by 50%, and confirms Restore Scan as one of the two largest scanning bureau businesses in the UK. It also brings additional scan-related activities in scanning consultancy and support, typically helping clients to establish and manage their own in-house scanning.

RELOCATION

Our Relocation division predominantly comprises Harrow Green, the UK market leader in office and workplace relocation. Global Moving Solutions, an international removal service typically servicing professional staff being relocated internationally, is part of Harrow Green, and the division also includes: Relocom, the IT relocation business in which we have an 83% shareholding; Restore IT Efficient, our IT asset disposal and recycling business; and ITP Group, the UK's leading empty printing cartridge collector.

During the period, which is the seasonally weaker half of the year for Harrow Green, the division recorded an adjusted operating profit of £1.7m (2015: £1.2m) on turnover of £18.2m (2015: £16.2m).

Harrow Green traded in line with expectations, with a strong start to the year being offset by a slowdown in activity in May and June. Operating margins showed improvement, particularly outside London. The most recent branch, based on the Diamond Relocations business in Croydon acquired in December 2015, made a small contribution during the period. There were fewer major projects overall in the period than usual, but there are several significant projects scheduled for the second half of the year.

Relocom traded satisfactorily albeit slightly below the prior year period. IT Efficient performed strongly with an operational restructuring improving margins and progress being made on selling services to customers of other parts of the Group. ITP traded profitably but below expectations following a weakening in global demand for recycled toner cartridges that adversely impacted sales volumes and values.

GROUP

Central costs for the period were in line with last year and represented less than 2% of Group revenues.

BALANCE SHEET

Net bank debt on 30 June 2016 was £29.3m (30 June 2015: £30.4m) reflecting a £31.3m reduction from the position at 30 December 2015 of £60.6m. The movement has been largely driven by the £27.8m proceeds from the sale of WRM's Ireland operations. This left the Group in a strong positon and with sufficient leverage headroom to fund £48.5m of the acquisition of PHS Data Solutions through debt. Property, plant and equipment values have remained steady since year end. Current assets and current liabilities, excluding cash, financial liabilities and tax, have both increased driven by the remainder of the working capital requirement from the WRM acquisition and the seasonal scanning contract which takes place each year. Current tax liabilities have been eliminated due to the tax relief on the exercise of share options, which has offset the tax payable on the profit on the sale of WRM Ireland.

CASH FLOW

The net cash generated from operations was £6.0m (2015: £4.6m). This includes an adverse working capital movement of £1.4m driven by the remainder of the working capital requirement from the WRM acquisition and the seasonal scanning contract which has been offset by a strong performance on trade debtor collections in our core businesses. Capital expenditure totalled £1.9m (2015: £2.5m) compared to depreciation of £1.8m (2015: £1.3m). This includes £1.2m of continued investment in our storage facilities and £0.3m of investment in our scanning business. The Group has commenced development of the final section in our underground freehold site in Wiltshire and expect this to come on stream in 2017. Net bank interest paid amounted to £1.0m (2015: £0.5m) and tax paid increased to £0.9m (2015: £0.3m); tax paid in 2015 included utilisation of losses acquired with the Cintas acquisition. Following the disposal of WRM Ireland the Group repaid £18.5m on its RCF facility. This facility remained in place and has been utilised as part of the acquisition of PHS Data Solutions in August 2016.

DIVIDENDS

The Board has declared an interim dividend of 1.33p per share (2015: 1.0p). The interim dividend will be paid on 11 November 2016 to shareholders on the register on 14 October 2016. The Company paid its first interim dividend in 2012 of 0.4p and the increased interim dividend is in line with the Board's intention to follow a progressive dividend policy.

PEOPLE

Our Group has continued to increase in scale and, following the acquisition of PHS Data Solutions, now employs over 1,800 people. I would like to welcome the PHS Data Solutions team to the Group.

With very strong market positions in our business streams, we can continue to provide more opportunity and stability for our workforce. The business has grown rapidly and we expect this to continue but the structure of our current and future operations is now clearer and more predictable. This in turn enables us to provide clearer career development programmes and paths for our people. I look forward to our people developing themselves and their careers within the Restore Group.

As ever, our business is predicated on the energy, professionalism and effectiveness of our people. I thank them for their hard work in achieving the strong performance these results reflect.

OUTLOOK

The second half of the year has started well and we remain confident of making progress in the remainder of 2016 to deliver a full year performance in line with current market expectations.

Charles Skinner
Chief Executive

12 September 2016

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Unaudited six months ended 30 June 2016 £'m	Unaudited six months ended 30 June 2015 £'m	Audited year ended 31 December 2015 £'m
Revenue	2	55.4	43.9	91.9
Cost of sales		(35.3)	(27.7)	(59.0)
Gross profit		20.1	16.2	32.9
Administrative expenses		(10.7)	(9.8)	(18.8)
Exceptional items - operating costs	2	(4.9)	(2.9)	(6.4)
Total operating costs		(15.6)	(12.7)	(25.2)
Operating profit	2	4.5	3.5	7.7
Finance costs		(0.8)	(0.6)	(1.6)
Profit before tax		3.7	2.9	6.1
Income tax charge	3	-	(0.5)	(0.3)
Profit and total comprehensive income for the period from continuing operations		3.7	2.4	5.8
Profit from discontinued operations	2	9.3	-	0.2
Profit attributable to owners of the parent		13.0	2.4	6.0
Earnings per share attributable to owners of the parent (pence)				
Total				
- Basic	4	13.4p	2.9p	7.2p
- Diluted	4	13.3p	2.7p	6.8p
Continuing operations				
- Basic	4	3.8p	2.9p	7.0p
- Diluted	4	3.8p	2.7p	6.6p
Discontinued operations				
- Basic	4	9.6p	-	0.2p
- Diluted	4	9.5p	-	0.2p

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2015	4.1	35.3	3.8	23.8	67.0
Profit for the period	-	-	-	2.4	2.4
Total comprehensive income for the period	-	-	-	2.4	2.4
Transactions with owners					
Dividends	-	-	-	(1.4)	(1.4)
Share-based payments charge	-	-	0.2	-	0.2
Deferred tax on share-based payments	-	-	0.1	-	0.1
Balance at 30 June 2015 (unaudited)	4.1	35.3	4.1	24.8	68.3
Balance at 1 July 2015	4.1	35.3	4.1	24.8	68.3
Profit for the period	-	-	-	3.6	3.6
Total comprehensive income for the period	-	-	-	3.6	3.6
Transactions with owners					
Issue of shares during the period	0.7	33.2	-	-	33.9
Issue costs	-	(1.0)	-	-	(1.0)
Dividends	-	-	-	(0.8)	(0.8)
Transfers	-	-	(0.1)	0.1	-
Share-based payments charge	-	-	0.7	-	0.7
Deferred tax on share-based payments	-	-	-	-	-
Balance at 31 December 2015	4.8	67.5	4.7	27.7	104.7
Balance at 1 January 2016	4.8	67.5	4.7	27.7	104.7
Profit for the period	-	-	-	13.0	13.0
Total comprehensive income for the period	-	-	-	13.0	13.0
Transactions with owners					
Issue of shares during the period	0.2	-	-	-	0.2
Dividends	-	-	-	(2.2)	(2.2)
Transfers	-	-	(0.8)	0.8	-
Share-based payments charge	-	-	0.3	-	0.3
Deferred tax on share-based payments	-	-	(2.5)	-	(2.5)
Balance at 30 June 2016 (unaudited)	5.0	67.5	1.7	39.3	113.5

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Note	Unaudited 30 June 2016	Unaudited 30 June 2015	Audited 31 December 2015
		£'m	£'m	£'m
Assets				
Non-current assets				
Intangible assets	7	117.7	71.0	118.6
Property, plant and equipment		37.2	31.0	37.4
Deferred tax asset	3	1.9	4.7	4.3
		156.8	106.7	160.3
Current assets				
Inventories		1.7	0.5	1.7
Trade and other receivables		32.3	29.9	28.8
Cash and cash equivalents		20.4	12.3	8.5
		54.4	42.7	39.0
Assets held directly for sale		-	-	24.2
Total assets		211.2	149.4	223.5
Liabilities				
Current liabilities				
Trade and other payables		(28.5)	(21.2)	(22.4)
Financial liabilities - borrowings	8	(5.7)	(2.9)	(3.7)
Other financial liabilities		(0.1)	(0.1)	(0.1)
Current tax liabilities		-	(0.8)	(2.2)
Provisions		(0.9)	(0.9)	(0.8)
		(35.2)	(25.9)	(29.2)
Liabilities associated with assets held for sale		-	-	(4.6)
		(35.2)	(25.9)	(33.8)
Non-current liabilities				
Financial liabilities - borrowings	8	(44.0)	(39.8)	(65.4)
Other long term liabilities		-	(0.7)	(0.5)
Other financial liabilities		(0.2)	(0.2)	(0.2)
Deferred tax liabilities		(12.0)	(7.2)	(12.0)
Provisions		(6.3)	(7.3)	(6.9)
		(62.5)	(55.2)	(85.0)
Total liabilities		(97.7)	(81.1)	(118.8)
Net assets		113.5	68.3	104.7
Equity				
Share capital		5.0	4.1	4.8
Share premium account		67.5	35.3	67.5
Other reserves		1.7	4.1	4.7
Retained earnings		39.3	24.8	27.7
Equity attributable to owners of parent		113.5	68.3	104.7

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June 2016 £'m	Unaudited Six months ended 30 June 2015 £'m	Audited Year ended 31 December 2015 £'m
Net cash generated from operations	6	6.0	4.6	11.0
Net finance costs		(1.0)	(0.5)	(1.1)
Income taxes paid		(0.9)	(0.3)	(0.8)
Net cash generated from operating activities		4.1	3.8	9.1
Cash flows from investing activities				
Purchases of property, plant and equipment and applications software	2	(1.9)	(2.5)	(4.0)
Sale of property		2.4	-	-
Purchase of subsidiary including acquisition costs, net of cash acquired		(0.7)	(0.7)	(63.9)
Purchase of trade and assets		-	-	(2.0)
Sale of subsidiary, net of cash disposed	2	27.4	-	-
Cash flows generated/(used) in investing activities		27.2	(3.2)	(69.9)
Cash flows from financing activities				
Proceeds from share issues		-	-	32.9
Dividends paid		-	-	(2.2)
Repayment of borrowings		(18.5)	(1.6)	(47.0)
Drawdown of revolving credit facility		-	6.5	28.5
New bank loans raised		-	-	50.0
Increase in bank overdrafts		(0.9)	(0.1)	0.2
Net cash (used)/generated in financing activities		(19.4)	4.8	62.4
Net increase in cash and cash equivalents		11.9	5.4	1.6
Cash and cash equivalents at start of period		8.5	6.9	6.9
Cash and cash equivalents at the end of period		20.4	12.3	8.5
Cash and cash equivalents shown above comprise:				
Cash at bank		20.4	12.3	8.5

Notes to the Consolidated Interim report
For the six months ended 30 June 2016

1 Basis of preparation

The condensed consolidated interim financial information for the half year ended 30 June 2016 was approved by the Board of Directors and authorised for issue on 12 September 2016. The disclosed figures are not statutory accounts in terms of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015, on which the auditors gave an audit report which was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies. The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union.

This half-yearly report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ended 31 December 2016, and uses the same accounting policies and methods of computation applied for the year ended 31 December 2015.

There were no new relevant standards or interpretations to be adopted for the six months ended 30 June 2016.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these half-yearly financial statements.

2 Segmental information

The Group is organised into two main operating segments, Document Management and Relocation, and operates one service per segment as described in the Chief Executive's review. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

REVENUE

The revenue from external customers was derived from the Group's principal activities in the UK (the Company is domiciled in England) as follows:

	Unaudited six months ended 30 June 2016			
	Document Management £'m	Relocation £'m	Head Office £'m	Total £'m
Revenue	37.2	18.2	-	55.4
Segment adjusted operating profit/(loss)	9.7	1.7	(0.9)	10.5
Exceptional items				(4.9)
Share-based payments charge				(0.3)
Amortisation of intangible assets				(0.8)
Operating profit				4.5
Finance costs				(0.8)
Profit before tax				3.7
Tax charge				(0.7)
Profit after tax				3.0
Segment assets	183.1	24.5	3.6	211.2
Segment liabilities	23.7	10.9	63.1	97.7
Capital expenditure	1.8	0.1	-	1.9
Depreciation and amortisation	2.3	0.3	-	2.6

	Unaudited six months ended 30 June 2015			
	Document Management £'m	Relocation £'m	Head Office £'m	Total £'m
Revenue	27.7	16.2	-	43.9
Segment adjusted operating profit/(loss)	7.4	1.2	(0.9)	7.7
Exceptional items				(2.9)
Share-based payments charge				(0.2)
Amortisation of intangible assets				(1.1)
Operating profit				3.5
Finance costs				(0.6)
Profit before tax				2.9
Tax charge				(0.5)
Profit after tax				2.4
Segment assets	118.0	18.4	13.0	149.4
Segment liabilities	23.6	5.5	52.0	81.1
Capital expenditure	2.5	-	-	2.5
Depreciation and amortisation	2.1	0.3	-	2.4

Audited Year ended 31 December 2015	Document Management £'m	Relocation £'m	Head Office £'m	Total £'m
Revenue	54.7	37.2	-	91.9
Segment adjusted operating profit/(loss)	15.1	4.1	(1.6)	17.6
Exceptional items				(6.4)
Share-based payments charge				(0.9)
Amortisation of intangible assets				(2.6)
Operating profit				7.7
Finance costs				(1.6)
Profit before tax				6.1
Tax charge				(0.3)
Profit after tax				5.8
Segment assets	183.5	39.7	0.3	223.5
Segment liabilities	41.0	7.8	70.0	118.8
Capital expenditure	3.8	0.2	-	4.0
Depreciation and amortisation	4.6	0.8	-	5.4

For the six months ended 30 June 2016, exceptional costs were £4.9m including restructuring and redundancy costs in Document Management of £2.7m and £0.1m in Relocation, £0.2m of acquisition transaction costs, £0.1m of box relocation and transport costs, £1.7m of National Insurance costs of exercised options and other exceptional costs of £0.1m (2015: exceptional costs were £2.9m including restructuring and redundancy costs in Document Management of £1.8m and £0.1m in Relocation, £0.1m of acquisition transaction costs, £0.1m of box relocation and transport costs and other exceptional costs of £0.8m).

In the year ended 31 December 2015, £6.4m of exceptional items were incurred (acquisition transaction costs, £0.4m, box relocation and associated costs, £0.1m, restructuring and redundancy costs, £5.1m, other £0.8m).

Discontinued operations

On 10 March 2016, the Group disposed of Restore Document Management Ireland Limited for a total cash consideration of €36.0m.

	Unaudited Six months ended 30 June 2016 £'m	Unaudited Six months ended 30 June 2015 £'m	Audited Year ended 31 December 2015 £'m
RESULTS			
Revenue	1.7	-	0.6
Operating profit	-	-	0.2
Profit before tax	-	-	0.2
Tax charge	-	-	-
Profit for the period from discontinued operations	-	-	0.2
Profit on disposal	9.3	-	-
Total profit from discontinued operations	9.3	-	0.2

3 Tax

The underlying tax charge is based on the expected effective tax rate for the full year to 31 December 2016. It is anticipated that the tax charge in the period will be £nil due to the tax relief available as a result of the exercise of management share options. The deferred tax asset related to the share-based payment for these options has been reversed in the period and debited to equity reserves.

4 Earnings per ordinary share

Basic earnings per share have been calculated on the profit after tax for the period and the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June 2016	Unaudited Six months ended 30 June 2015	Audited Year ended 31 December 2015
Weighted average number of shares in issue	97,040,947	82,381,789	83,442,266
Total profit after tax for the period	£13.0m	£2.4m	£6.0m
Total basic earnings per ordinary share (pence)	13.4p	2.9p	7.2p
Weighted average number of shares in issue	97,040,947	82,381,789	83,442,266
Share options	422,558	4,451,326	4,430,077
Executive incentive plan	280,566	471,657	373,579
Weighted average fully diluted number of shares in issue	97,744,071	87,304,772	88,245,922
Total fully diluted earnings per share (pence)	13.3p	2.7p	6.8p
Continuing profit for the year	£3.7m	£2.4m	£5.8m
Continuing basic earnings per share (pence)	3.8p	2.9p	7.0p
Continuing fully diluted earnings per share (pence)	3.8p	2.7p	6.6p
Discontinued profit for the year	£9.3m	-	£0.2m
Discontinued basic earnings per share (pence)	9.6p	-	0.2p
Discontinued fully diluted earnings per share (pence)	9.5p	-	0.2p

The Directors believe that adjusted basic earnings per share provide a more appropriate representation of the underlying earnings derived from the Group’s business. The adjusting items are shown in the table below:

	Unaudited Six months ended 30 June 2016 £’m	Unaudited Six months ended 30 June 2015 £’m	Audited Year ended 31 December 2015 £’m
Profit before tax for the period	3.7	2.9	6.1
Adjustments:			
Amortisation of intangible assets	0.8	1.1	2.6
Exceptional items	4.9	2.9	6.4
Share-based payments charge	0.3	0.2	0.9
Other finance costs	(0.1)	-	0.3
Adjusted profit for the period	9.6	7.1	16.3

The additional adjusted earnings per share, based on weighted average number of shares in issue during the period, 97.0m (2015: 83.4m, 83.4m) is calculated below:

	Unaudited Six months ended 30 June 2016	Unaudited Six months ended 30 June 2015	Audited Year ended 31 December 2015
Adjusted profit before tax (£'m)	9.6	7.1	16.3
Tax at 20.0% / 20.5% / 20.25% (£'m)	(1.9)	(1.5)	(3.3)
Adjusted profit after taxation (£'m)	7.7	5.6	13.0
Adjusted basic earnings per share (pence)	7.9p	6.8p	15.6p
Adjusted fully diluted earnings per share (pence)	7.9p	6.4p	14.7p

5 Dividends

In respect of the current period, the Directors propose an interim dividend of 1.33p per share (2015: 1.00p) to be paid to shareholders on 11 November 2016. The proposed interim dividend is payable to all shareholders on the Register of Members on 14 October 2016. The estimated dividend to be paid is £1.5m (2015: £0.8m).

6 Cash inflow from operations

	Unaudited Six months ended 30 June 2016 £'m	Unaudited Six months ended 30 June 2015 £'m	Audited Year ended 31 December 2015 £'m
Profit before tax	3.7	2.9	6.1
Depreciation of property, plant and equipment	1.8	1.3	2.8
Amortisation of intangible assets	0.8	1.1	2.6
Net finance costs	0.8	0.6	1.6
Share-based payments charge	0.3	0.2	0.9
Decrease/(increase) in inventories	-	0.1	(0.5)
Increase in trade and other receivables	(3.4)	(5.2)	(1.5)
Increase/(decrease) in trade and other payables	2.0	3.6	(1.0)
Net cash generated from operations	6.0	4.6	11.0

7 Intangible assets

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software & IT £'m	Total £'m
Cost					
1 January 2015	58.5	22.1	2.0	3.8	86.4
Acquired with subsidiary	(1.7)	4.3	-	0.3	2.9
Arising on acquisition of subsidiary	-	-	-	0.3	0.3
Disposals	-	-	-	(0.1)	(0.1)
30 June 2015	56.8	26.4	2.0	4.3	89.5
Cost					
30 June 2015	56.8	26.4	2.0	4.3	89.5
Additions - external	-	-	-	0.2	0.2
Arising on acquisition of subsidiary	23.3	43.9	-	(0.3)	66.9
Disposals	-	-	-	(1.5)	(1.5)
Transferred to assets held for sale	(4.8)	(13.0)	-	-	(17.8)
31 December 2015	75.3	57.3	2.0	2.7	137.3
Cost					
1 January 2016	75.3	57.3	2.0	2.7	137.3
Acquired with subsidiary	(0.3)	-	-	-	(0.3)
Additions - external	-	-	-	0.2	0.2
30 June 2016	75.0	57.3	2.0	2.9	137.2
Accumulated amortisation and impairment					
1 January 2015	10.6	3.9	0.9	2.1	17.5
Charge for the period	-	0.7	0.1	0.3	1.1
Disposals	-	-	-	(0.1)	(0.1)
30 June 2015	10.6	4.6	1.0	2.3	18.5
Accumulated amortisation and impairment					
30 June 2015	10.6	4.6	1.0	2.3	18.5
Charge for the period	-	1.2	0.1	0.2	1.5
Disposals	-	-	-	(1.2)	(1.2)
Transferred to asset held for sale	-	(0.1)	-	-	(0.1)
31 December 2015	10.6	5.7	1.1	1.3	18.7
Accumulated amortisation and impairment					
1 January 2016	10.6	5.7	1.1	1.3	18.7
Charge for the period	-	0.4	0.1	0.3	0.8
30 June 2016	10.6	6.1	1.2	1.6	19.5
Carrying amount					
30 June 2016 - Unaudited	64.4	51.2	0.8	1.3	117.7
31 December 2015 - Audited	64.7	51.6	0.9	1.4	118.6
30 June 2015 - Unaudited	46.2	21.8	1.0	2.0	71.0

8 Financial liabilities

	Unaudited 30 June 2016 £'m	Unaudited 30 June 2015 £'m	Audited 31 December 2015 £'m
Current			
Bank loans and overdrafts due within one year			
Overdrafts on demand	0.4	1.1	1.4
Bank loans - secured	5.5	1.9	2.5
Deferred financing costs	(0.2)	(0.1)	(0.2)
	5.7	2.9	3.7
Non-current			
Bank loans - secured	44.5	40.0	66.0
Deferred financing costs	(0.5)	(0.2)	(0.6)
	44.0	39.8	65.4

Analysis of net debt

	Unaudited 30 June 2016 £'m	Unaudited 30 June 2015 £'m	Audited 31 December 2015 £'m
Cash at bank and in hand	20.4	12.3	8.5
Bank loans and overdrafts due within one year	(5.7)	(2.9)	(3.7)
Bank loans due after one year	(44.0)	(39.8)	(65.4)
	(29.3)	(30.4)	(60.6)

9 Post balance sheet events

On 26 August 2016, the Company acquired PHS Data Solutions, which is the second largest provider of document shredding services in the UK, as well as having a significant records management business and a presence in document scanning, for a total consideration of £83.2m.

The Group is still in the process of establishing the fair values of the assets and liabilities acquired in these transactions.

ENDS