Under embargo until 7:00am on 10 September 2014
10 September 2014

RESTORE PLC
Half Year Results 2014

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 2014.

Financial Highlights:

Continuing operations

	HY 2014	HY 2013	% Change
Revenue (£m)	30.6	24.6	+24%
Adjusted EBITDA (£m)*	6.2	5.2	+19%
Adjusted operating profit (£m)*	5.4	4.5	+20%
Adjusted profit before tax (£m) *	5.0	4.1	+22%
Adjusted EPS (p) **	5.2	4.3	+21%
Dividend per share (p)	0.8	0.6	+33%
Net debt (£m)	22.2	17.8	

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

Statutory Results

	HY 2014	HY 2013
Operating profit (£m)	3.7	2.2
Profit before tax (£m)	3.3	1.8
Basic earnings per share (p)	3.5	2.0

Summary:

- Adjusted PBT up 22% to £5.0m; adjusted EPS up 21% to 5.2p
- Document Management division continued to trade well
- Strong improvement in revenue and operating margin in Relocations
- Completion of three records management acquisitions
- Significant expansion of Restore Shred through Cannon Confidential acquisition
- Interim dividend increased by 33% to 0.8p per share

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

"Restore continued to perform strongly in the first half of 2014 and delivered further profitable growth in line with our expectations.

Our Document Management division is trading well, and continues to benefit from the excellent earnings visibility of our core records management activities. Our Relocations division delivered a strong year-on-year improvement in performance, and we expect further progress in its seasonally-stronger second half. The smaller business streams within both divisions are now structured to make an improved contribution to the Group.

We will continue to pursue our strategy of organic and acquisitive growth and are well positioned to gain further market share across all of our businesses.

We remain confident of making further progress in the second half and our full year expectations are unchanged."

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CHIEF EXECUTIVE'S REVIEW

SUMMARY

Restore continued to perform strongly in the first half of 2014. Revenues were £30.6m, an increase of 24%, of which organic growth accounted for 12%. Adjusted profit before tax increased by 22% to £5.0m, and adjusted EPS increased by 21% to 5.2p.

During the period, our Document Management division continued to trade well with adjusted operating profit of £5.3m on turnover of £16.0m. The core records management business accounted for the majority of this and it remains the key driver of Group profits, benefiting from secure revenues, good margins and steady growth, and continued progress in our strategy of consolidating the UK records management industry by acquiring and integrating smaller records management businesses. Restore Shred showed strong organic growth and, through the recent acquisition of Cannon Confidential, has significantly expanded its customer base, operating capacity and geographic coverage. Restore Scan increased its revenue on a similar cost base leading to an increase in profitability.

Following eighteen months of considerable change after the acquisition of Harrow Green in 2012, our Relocations division is now starting to deliver a strong improvement in performance. The division's revenue in the period was £14.6m and adjusted operating profit was £1.0m in what is its seasonally weaker half. The division has benefited from improved market conditions in the UK office removal market and stronger management controls. Relocom, the IT relocation business in which we now have a controlling interest, performed satisfactorily, as did Restore IT Efficient, the IT recycling business which we acquired last year.

During the period, we made four acquisitions. The acquisitions of Magnum and Filebase expanded our records management activities, and in particular strengthened our presence in the North East. The integration of Papersafe, acquired towards the end of the period, is now complete, and has enabled us to better utilise parts of our estate where we had spare capacity. We also acquired Cannon Confidential, the UK shredding division of OCS, which increased our shredding capacity around the UK and which, through reducing transport costs, we expect to deliver an improvement in Restore Shred's margins. As noted above, we also increased our stake in Relocom to a controlling interest of 83%.

The Board has announced a 33% increase in interim dividend to 0.8p (2013: 0.6p), reflecting the strength of the Group's performance and prospects.

RESULTS

Adjusted operating profit for the six months to 30 June 2014 before exceptional items, amortisation and share based payments was £5.4m (2013: £4.5m). Adjusted profit before tax before exceptional items, amortisation, share based payments and other finance costs was £5.0m (2013: £4.1m) on sales of £30.6m (2013: £24.6m). Adjusted earnings per share for the period were 5.2p (2013: 4.3p).

On an unadjusted basis operating profit was £3.7m (2013: £2.2m) and profit before tax was £3.3m (2013: £1.8m). Unadjusted earnings per share were 3.5p (2013: 2.0p). Details of exceptional items are set out in Note 2.

DOCUMENT MANAGEMENT

Our Document Management division comprises the core Restore records management business, Restore Shred and Restore Scan. All these operating companies and the Relocation Division share a similar customer base. A key factor in the development of the Group has been the migration of all of our businesses onto the same customer relationship management system to ensure that we offer all existing and potential customers the fullest possible range of our services.

For the period the division achieved an adjusted operating profit of £5.3m (2013: £4.7m) on turnover of £16.0m (2013: £13.4m).

Records Management

Our core records management business, continued to trade steadily, with organic growth, defined as new boxes from existing customers, showing a further improvement year-on-year. Our restructured sales force has proved successful in increasing new business wins. However, due to the long lead time between securing contracts and taking delivery of the boxes, this success was not fully reflected in the period in the rate of box intake from new customers, which can now be expected to improve.

The records management acquisitions made in 2013, File & Data and Atix, contributed in line with expectations. The integration of Magnum and Filebase, acquired in April and May this year respectively, is underway and we have undertaken significant changes to their cost base, particularly at Magnum, which has involved short-term restructuring costs. We are confident that these changes will strengthen the businesses for the longer term and that these operations will, in due course, contribute operating margins comparable to those achieved elsewhere in the Group. The acquisition of Papersafe in June involved a box uplift from the vendor's site which has now been completed.

Occupancy rates have been running at around 94 per cent of capacity which we generally consider to be the optimal level. We continue to invest in our storage facilities. We have now started to take in boxes at the additional space we began to develop last year in our mine at Monkton Farleigh in Wiltshire. The success of this development project suggests that the remaining undeveloped space in the mine could be converted to operational use in due course. We intend to reconfigure certain existing storage areas in the mine which should create further additional space and reduce energy costs. At Upper Heyford in Oxfordshire we have secured an agreement to take on more hardened aircraft shelters, the phasing of which will enable additional storage capacity to be made available to us without incurring cost on empty space. Further, the acquisition of Magnum has provided us with additional capacity in the North East, which we expect to utilise over the next two years.

Our records management business continues to deliver attractive operating margins, earnings visibility and cashflow and provides a robust platform for our continued consolidation of smaller records management companies in the UK. We are the second largest UK records management operator by some margin and we expect to continue to grow the business including through acquisitions.

Shredding

Restore Shred, our secure shredding and recycling business, operated profitably on sharply increased volumes, reflecting a number of significant new customer accounts coming on stream. To date, the business's profitability has been constrained by lack of national coverage, with transport costs absorbing a significant portion of our profit margin. We have now started to address this issue, with the establishment in the period of a new shredding facility at our records management site at Upper Heyford. The acquisition of Cannon Confidential in June brings with it both more volume and greater geographical coverage with additional facilities in North West England and Scotland. We are currently integrating this business into our operations and are confident that as a result we will see a significant increase in Restore Shred's contribution to the Document Management division and the wider Group.

Scanning

Restore Scan, our document scanning business based in Peterborough, made a positive contribution during the period. We maintained a tight control of costs and delivered several major contracts, including a project for The Passport Office, which generated the sales volumes required for a profitable performance. Scanning is a core part of our offering and Restore Scan is now beginning to benefit from the capability of the Document Management division's sales force to sell scanning services alongside those of the rest of the division.

RELOCATIONS

Our Relocations division predominantly comprises Harrow Green, the UK market leader in office relocation, into which our Sargents relocation business was integrated last year. The division also includes Global Moving Solutions, an international removal service typically servicing professional staff being relocated internationally; Relocom, the IT relocation business in which we now have an 83% shareholding; and Restore IT Efficient, our IT asset disposal and recycling business.

During the period, which is the seasonally weaker half of the year for Harrow Green, the division recorded an adjusted operating profit of £1.0m (2013: £0.6m) on turnover of £14.6m (2013: £11.2m).

Harrow Green

Harrow Green showed a strong improvement in both turnover and operating margin. There was some help from improved market conditions, as activity in major one-off office moves tends to reflect overall economic confidence. This part of Harrow Green's business is customarily late in the economic cycle as there can be a period of up to several years between the decision to move office and relocation into new premises. However, the bulk of its business, particularly for very large customers, is not cyclical, benefiting from consistent levels of activity, and often involving a permanent on-site presence at our customers' offices.

London accounts for the majority of Harrow Green's business as this is where most of the major private sector offices are located. The performance of our regional offices was particularly encouraging and benefited from several major projects, including those for North Bristol NHS Trust and The University of Manchester Library. Overall, gross margin remained stable but strong control of overheads resulted in a sharply increased operating margin. This performance, combined with a strong pipeline of upcoming business, underpins our confidence that our long-term target of 10 per cent operating margins at Harrow Green is achievable.

Global Moving Solutions traded steadily, in line with last year's performance.

Relocom

Following the acquisition of a 33% minority stake in Relocom in April, its figures were consolidated into the Group. Trading was steady and its activities are being more closely integrated into Harrow Green, which we expect to improve its performance over the coming years.

IT Asset Disposal

Restore IT Efficient, formed following the acquisition of IT Efficient in April last year, traded satisfactorily with all its major customers remaining active. It has continued to win new business and we expect its new business growth to accelerate as Restore IT Efficient starts to leverage the Group's relationships with the many customers who have a requirement for its services.

GROUP

Central costs for the period were marginally ahead of last year.

In addition to providing the Group's central finance capability, Head Office's main functions are overall business development, particularly acquisitions, and monitoring the effectiveness of the Group-wide customer relationship management system. We have a very strong customer list across our businesses and it is core to our strategy that we promote all of our business services through these channels to market. We are increasingly effective at achieving this and at converting such leads into profitable activity and stronger relationships.

BALANCE SHEET

Net bank debt on 30 June 2014 was £22.2m (2013: £17.8m). The increase reflected costs of acquisitions totalling £6.4m as well as capital expenditure, primarily to increase our storage capacity. In March, we entered into a new finance arrangement with Barclays comprising a single £30m revolving credit facility with the potential for a further £7.5m accordion facility. The agreement covers a 5-year framework on an initial term of 3 years with an option for two separate 1-year extension periods. This gives the Group a flexible financing arrangement to fund further acquisitions.

CASH FLOW

Our core revenue base continued to produce good cash conversion with net cash from operations prior to organic growth and acquisition-related working capital of £5.4m (2013: £4.4m). We invested in working capital in two areas;

firstly organic growth-related working capital of £1.5m and secondly post-acquisition working capital of £1.4m. The post-acquisition working capital largely relates to acquisitions made in 2014 whereby the consideration paid was adjusted downwards to reflect working capital requirements after completion. As a result the net cash inflow from operations before capital expenditure was £2.5m (2013: £4.4m). Capital expenditure totalled £1.4m (2013: £1.6m) compared to depreciation of £0.8m (2013: £0.7m). £0.7m of the expenditure related to creating more storage space and £0.3m related to increasing the capability in our shredding business. Net bank interest paid amounted to £0.4m (2013: £0.4m).

DIVIDENDS

The Board has declared an interim dividend of 0.8p per share (2013: 0.6p). The interim dividend will be paid on 14 November 2014 to shareholders on the register on 17 October 2014. The Company paid its first dividend in 2012 and the increased interim dividend is in line with the Board's intention to follow a progressive dividend policy.

DIRECTORS

I am pleased to confirm the appointment of Sharon Baylay as a non-executive director as separately announced. Sharon had a long and successful career in Microsoft, and was subsequently Chief Marketing Officer at the BBC. She replaces John Forrest, who is retiring after 4 years on the Board, during which time he has made a significant contribution to the successful development of the Company, and for which I add my thanks to those expressed in the announcement made by the Chairman.

Over the last nine months, three non-executive directors have joined our Board, all with substantial experience and complementary skills. I believe they will make a significant contribution to the guidance of the Company over the coming years.

PEOPLE

Our Group has continued to increase in scale and now employs over 700 people. As the Group has grown, this has presented many new challenges for our people, particularly those joining us through acquisition. I am delighted at how well they have responded to those challenges and it is their performance which has underpinned the success of our business. Our ability to retain and develop a stable team of highly professional, competent and energetic people across our businesses is absolutely key to the success of the Group. I thank all our people for their contribution to the Group's performance and look forward to them sharing in the Group's continuing success.

OUTLOOK

Our Document Management division is trading well, and continues to benefit from the excellent earnings visibility of our core records management activities. Our Relocations division delivered a strong year-on-year improvement in performance, and we expect further progress in its seasonally-stronger second half. The smaller business streams within both divisions are now structured to make an improved contribution to the Group.

We will continue to pursue our strategy of organic and acquisitive growth and are well positioned to gain further market share across all of our businesses.

We remain confident of making further progress in the second half of the year and our full year expectations are unchanged.

Charles Skinner

Chief Executive 10 September 2013

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Note	Unaudited six months ended 30 June 2014 £'m	Unaudited six months ended 30 June 2013 £'m	Audited year ended 31 December 2013 £'m
Revenue	2	30.6	24.6	53.6
Cost of sales		(20.5)	(14.5)	(34.9)
Gross profit		10.1	10.1	18.7
Administrative expenses		(5.9)	(6.4)	(9.6)
Exceptional items - operating costs	2	(0.5)	(1.5)	(3.4)
Total operating costs		(6.4)	(7.9)	(13.0)
Operating profit	2	3.7	2.2	5.7
Finance costs		(0.4)	(0.4)	(0.7)
Profit before tax		3.3	1.8	5.0
Income tax expense	3	(0.7)	(0.4)	(0.7)
Profit from operations		2.6	1.4	4.3
Profit for the year attributable to owners of the parent		2.6	1.4	4.3
Other comprehensive income for the year net of tax		-	-	-
Total comprehensive income for the period attributable to owners of the parent		2.6	1.4	4.3
Earnings per share (pence)				
Basic	4	3.5	2.0	5.9
Diluted	4	3.3	1.9	5.6

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	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 2013	3.4	14.6	2.9	15.4	36.3
Profit for the period	-	-	-	1.4	1.4
Total comprehensive income for the period	-	-	-	1.4	1.4
Transactions with owners					
Dividends	-	-	-	(0.9)	(0.9)
Issue of shares during the period	0.3	7.0	-	-	7.3
Issue costs	-	(0.3)	-	-	(0.3)
Share based payments charge	-	-	0.3	-	0.3
Balance at 30 June 2013 (unaudited)	3.7	21.3	3.2	15.9	44.1
Balance at 1 January 2014	3.7	21.3	1.9	20.2	47.1
Profit for the period	-	-	-	2.6	2.6
Total comprehensive income for the period	-	-	-	2.6	2.6
Transactions with owners					
Dividends	-	-	-	(1.0)	(1.0)
Share based payments charge	-	-	0.5	-	0.5
Balance at 30 June 2014 (unaudited)	3.7	21.3	2.4	21.8	49.2

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Note	Unaudited 30 June 2014	Unaudited 30 June 2013	Audited 31 December 2013
		£'m	£'m	£'m
Assets				
Non-current assets				
Intangible assets	7	47.8	41.7	41.9
Property, plant and equipment		22.0	19.3	20.1
Investments		-	0.5	0.5
Deferred tax asset		2.0	1.9	2.0
		71.8	63.4	64.5
Current assets				
Inventories		0.4	0.2	0.4
Trade and other receivables		22.2	18.5	17.5
Cash and cash equivalents		4.2	3.5	3.9
		26.8	22.2	21.8
Total assets		98.6	85.6	86.3
Liabilities				
Current liabilities				
Trade and other payables		(15.0)	(14.9)	(14.8)
Financial liabilities - borrowings	8	(0.4)	(6.8)	(6.0)
Other financial liabilities		(0.2)	(0.2)	(0.1)
Current tax liabilities		(0.8)	(0.4)	(0.3)
Provisions		(0.4)	(0.4)	(0.4)
		(16.8)	(22.7)	(21.6)
Non-current liabilities				
Financial liabilities - borrowings	8	(26.0)	(11.3)	(10.0)
Other long term liabilities		-	(0.8)	(1.0)
Other financial liabilities		-	-	(0.1)
Deferred tax liabilities		(4.9)	(4.6)	(4.5)
Provisions		(1.7)	(2.1)	(2.0)
		(32.6)	(18.8)	(17.6)
Total Liabilities		(49.4)	(41.5)	(39.2)
Net assets		49.2	44.1	47.1
Equity				
Share capital		3.7	3.7	3.7
Share premium account		21.3	21.3	21.3
Other reserves		2.4	3.2	1.9
Retained earnings		21.8	15.9	20.2
Equity attributable to owners of parent		49.2	44.1	47.1

Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June 2014	Unaudited Six months ended 30 June 2013	Audited Year ended 31 December 2013
		£'m	£'m	£'m
Net cash generated from operations	5	2.5	4.4	10.2
Net finance costs		(0.4)	(0.4)	(0.9)
Income taxes paid		(0.4)	-	(0.6)
Net cash generated from operating activities		1.7	4.0	8.7
Cash flows from investing activities				
Purchases of property, plant and equipment and applications software		(1.4)	(1.6)	(3.7)
Purchase of subsidiary including acquisition costs, net of cash acquired		(6.4)	(9.4)	(9.0)
Sale of subsidiary, net of cash disposed		-	-	0.3
Cash flows used in investing activities		(7.8)	(11.0)	(12.4)
Cash flows from financing activities				
Proceeds from share issues		-	7.0	7.0
Dividends paid		-	-	(1.3)
Repayment of borrowings		-	(1.1)	(2.6)
New bank loans raised		10.3	3.5	3.5
Finance lease principal repayments		(0.1)	(0.1)	(0.1)
Net cash generated in financing activities		10.2	9.3	6.5
Net increase in cash and cash equivalents		4.1	2.3	2.8
Cash and cash equivalents at start of period		(0.3)	(3.1)	(3.1)
Cash and cash equivalents at the end of period		3.8	(0.8)	(0.3)
Cash and cash equivalents shown above comprise:				
Cash at bank		4.2	3.5	3.9
Bank overdrafts		(0.4)	(1.1)	(0.3)
Balance on invoice discounting facility		-	(3.2)	(3.9)
		3.8	(0.8)	(0.3)

Notes to the Consolidated Interim report

For the six months ended 30 June 2014

1 Basis of preparation

The condensed consolidated interim financial information for the half year ended 30 June 2014 was approved by the Board of Directors and authorised for issue on 10 September 2014. 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 2013, 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 2014, and uses the same accounting policies and methods of computation applied for the year ended 31 December 2013.

There were no new relevant standards or interpretations to be adopted for the six months ended 30 June 2014.

2 **Segmental information**

The Group is organised into two main operating segments, Document Management and Relocations, and operates one service per segment as described in the Chief Executive's review. All trading of the Group is undertaken within the United Kingdom and the Group has no overseas operations. 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 2014 £'m			
	Document Management	Relocations	Head Office	Total
Sales of services	16.0	14.6	-	30.6
Segment adjusted operating profit/(loss)	5.3	1.0	(0.9)	5.4
Exceptional items				(0.5)
Share based payments charge				(0.5)
Amortisation of intangible assets				(0.7)
Operating profit				3.7
Finance costs				(0.4)
Profit before tax				3.3
Tax charge				(0.7)
Profit after tax				2.6
Segment assets	72.6	18.0	8.0	98.6
Segment liabilities	13.4	6.2	29.8	49.4
Capital expenditure	1.3	0.1	-	1.4
Depreciation and amortisation	1.3	0.2	-	1.5

	Unaudited six months ended 30 June 2013 £'m			
	Document Management	Relocations	Head Office	Total
Sales of services	13.4	11.2	-	24.6
Segment adjusted operating profit/(loss)	4.7	0.6	(0.8)	4.5
Exceptional items				(1.5)
Share based payments charge				(0.3)
Amortisation of intangible assets				(0.5)
Operating profit				2.2
Finance costs				(0.4)
Profit before tax				1.8
Tax charge				(0.4)
Profit after tax				1.4
Segment assets	63.1	13.7	8.8	85.6
Segment liabilities	14.1	7.5	19.9	41.5
Capital expenditure	1.6	-	-	1.6
Depreciation and amortisation	0.9	0.3	-	1.2

	Audited Year ended 31 December 2013 £'m			
	Document Management	Relocations	Head Office	Total
Sales of services	27.7	25.9	-	53.6
Segment adjusted operating profit/(loss)	10.3	2.2	(1.6)	10.9
Exceptional items				(3.4)
Share based payments charge				(0.5)
Amortisation and impairment of intangible assets				(1.3)
Operating profit				5.7
Finance costs				(0.7)
Profit before tax				5.0
Tax charge				(0.7)
Profit after tax				4.3
Segment assets	61.8	18.6	5.9	86.3
Segment liabilities	13.3	10.7	15.2	39.2
Capital expenditure	3.6	0.1	-	3.7
Depreciation and amortisation	2.0	0.5	-	2.5

All assets are located in the United Kingdom.

The operating exceptional item of £0.5m relates to restructuring and redundancy costs of £0.4m in Document Management, and costs of acquisition of £0.1m (six months ended 30 June 2013: £1.5m relates to redundancy costs of £0.3m in Relocations, restructuring costs of £0.2m in Relocations and £0.1m in Document Management, costs of acquisition of £0.1m and a provision for bad debt).

In the year ended 31 December 2013, £3.4m of exceptional items were incurred (acquisition transaction costs, £0.2m, box relocation and associated costs, £0.7m, restructuring and redundancy costs, £1.4m, bad debts £0.9m, other £0.2m).

3 Tax

The underlying tax charge is based on the expected effective tax rate for the full year to 31 December 2014.

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 2014	Unaudited Six months ended 30 June 2013	Audited Year ended 31 December 2013
Weighted average number of shares in issue	74,900,491	71,552,093	73,222,082
Total profit after tax for the year (£'m)	2.6	1.4	4.3
Total basic earnings per ordinary share (pence)	3.5p	2.0p	5.9p
Profit after tax for the year (£'m)	2.6	1.4	4.3
Basic earnings per ordinary share (pence)	3.5p	2.0p	5.9p
Weighted average number of shares in issue	74,900,491	71,552,093	73,222,082
Share options	4,249,184	3,214,217	3,454,303
Weighted average fully diluted number of shares in issue	79,149,675	74,766,310	76,676,385
Total fully diluted earnings per share (pence)	3.3p	1.9p	5.6p
Fully diluted earnings per share (pence)	3.3p	1.9p	5.6p
	£'m	£'m	£'m
Profit before tax for the period	3.3	1.8	5.0
Adjustments:			
Amortisation of intangible assets	0.7	0.5	1.3
Exceptional items	0.5	1.5	3.4
Share based payments charge	0.5	0.3	0.5
Other finance costs	-	-	(0.2)
Adjusted profit	5.0	4.1	10.0

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

The additional adjusted earnings per share, based on weighted average number of shares in issue during the period, is calculated below:

	Unaudited Six months ended 30 June 2014 £'m	Unaudited Six months ended 30 June 2013 £'m	Audited Year ended 31 December 2013 £'m
Adjusted profit before tax	5.0	4.1	10.0
Tax at 21.5% / 23.5% / 24.5%	(1.1)	(1.0)	(2.3)
Adjusted profit after taxation (£'m)	3.9	3.1	7.7
Adjusted basic earnings per share (pence)	5.2p	4.3p	10.5p

5 Cash inflow from operations

	Unaudited Six months ended 30 June 2014 £'m	Unaudited Six months ended 30 June 2013 £'m	Audited Year ended 31 December 2013 £'m
Cash inflow from operating activities			
Profit before tax	3.3	1.8	5.0
Depreciation of property, plant and equipment	0.8	0.7	1.2
Amortisation of intangible assets	0.7	0.5	1.3
Finance costs recognised in profit and loss	0.4	0.4	0.7
Share based payments charge	0.5	0.3	0.5
Movement in working capital			
Increase in inventories	-	-	(0.2)
(Increase)/decrease in trade and other receivables	(3.0)	0.7	1.2
(Decrease)/increase in trade and other payables	(0.2)	-	0.5
Net cash generated from operations	2.5	4.4	10.2

6 Business Combinations

On 17 April 2014, the Company acquired Magnum Secure Limited, a records management business. The consideration for Magnum was £4.6m. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.2
Property, plant and equipment	1.0
Trade receivables	0.5
Other receivables	0.3
Cash	0.5
Trade and other payables	(1.1)
Deferred tax liabilities	(0.4)
Other financial liabilities	(0.1)
Net assets acquired	1.9
Goodwill	2.7
Consideration	4.6
Satisfied by:	
Cash to vendors	4.6

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 21% has been provided on the value of intangible assets. Acquisition costs of £60,000 were incurred and have been charged to profit or loss.

On 17 April 2014, the Company acquired a further 33% of Relocom Limited, an IT relocation business. The additional shares were purchased for a cash consideration of £0.35m. Prior to this date the Group owned a 50% investment in Relocom at historical cost of £0.5m. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Trade receivables	0.6
Other receivables	0.1
Cash	(0.1)
Trade and other payables	(0.4)
Deferred tax liabilities	(0.1)
Net assets acquired	0.3
Goodwill	0.6
Consideration	
Fair value of consideration transferred	0.4
Fair value of previously held equity interest	0.5
Satisfied by:	
Cash to vendors	0.4

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 21% has been provided on the value of intangible assets. Acquisition costs of £3,000 were incurred and have been charged to profit or loss.

On 12 May 2014, the Company acquired Filebase Limited, a records management business. The consideration was £0.4m. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Property, plant and equipment	0.3
Trade receivables	0.2
Other receivables	0.1
Cash	(0.2)
Trade and other payables	(0.6)
Deferred tax liabilities	(0.1)
Net assets acquired	(0.1)
Goodwill	0.5
Consideration	0.4
Satisfied by:	
Cash to vendors	0.4

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 21% has been provided on the value of intangible assets. Acquisition costs of £19,000 were incurred and have been charged to profit or loss.

On 22 May 2014, the Company acquired Cannon Confidential, a recycling and shredding business. The consideration for Cannon Confidential was £0.9m. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.3
Property, plant and equipment	0.1
Deferred tax liabilities	(0.1)
Net assets acquired	0.3
Goodwill	0.6
Consideration	0.9
Satisfied by:	
Cash to vendors	0.9

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 21% has been provided on the value of intangible assets. Acquisition costs of £31,000 were incurred and have been charged to profit or loss.

On 23 June 2014, the Company acquired Papersafe UK Limited, a records management business. The initial cash consideration was £0.15m, a further £0.05m contingent consideration is payable in 2014, depending on contract renewals. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Deferred tax liabilities	(0.1)
Net assets acquired	0.1
Goodwill	0.1
Consideration	0.2
Satisfied by:	
Cash to vendors	0.1
Contingent consideration	0.1

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 21% has been provided on the value of intangible assets. Acquisition costs of £5,000 were incurred and have been charged to profit or loss.

7 Intangible assets

	Goodwill	Customer relationships	Trade names	Applications software & IT	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
1 January 2013	33.0	10.0	2.0	2.0	47.0
Acquired with subsidiary	5.9	3.5	-	-	9.4
Additions	0.1	-	-	-	0.1
30 June 2013	39.0	13.5	2.0	2.0	56.5
Cost					
30 June 2013	39.0	13.5	2.0	2.0	56.5
Acquired with subsidiary	0.4	(0.2)	-	0.8	1.0
31 December 2013	39.4	13.3	2.0	2.8	57.5
Cost					
1 January 2014	39.4	13.3	2.0	2.8	57.5
Acquired with subsidiary	4.5	2.1	-	-	6.6
30 June 2014	43.9	15.4	2.0	2.8	64.1
Amortisation					
1 January 2013	10.6	1.9	0.5	1.3	14.3
Charge for the period	-	0.3	-	0.2	0.5
30 June 2013	10.6	2.2	0.5	1.5	14.8
Amortisation					
30 June 2013	10.6	2.2	0.5	1.5	14.8
Charge for the period	-	0.5	0.2	0.1	0.8
31 December 2013	10.6	2.7	0.7	1.6	15.6
Amortisation					
1 January 2014	10.6	2.7	0.7	1.6	15.6
Charge for the period	-	0.5	0.1	0.1	0.7
30 June 2014	10.6	3.2	0.8	1.7	16.3
Carrying amount					
30 June 2014 - Unaudited	33.3	12.2	1.2	1.1	47.8
31 December 2013 - Audited	28.8	10.6	1.3	1.2	41.9
30 June 2013 - Unaudited	28.4	11.3	1.5	0.5	41.7

8 Financial liabilities

	Unaudited 30 June 2014 £'m	Unaudited 30 June 2013 £'m	Audited 31 December 2013 £'m
Current			
Bank loans and overdrafts due within one year			
Overdrafts on demand	0.4	1.1	0.3
Bank loans - secured	-	5.7	5.7
	0.4	6.8	6.0
Non-current			
Bank loans - secured	26.0	11.3	10.0
	26.0	11.3	10.0

Analysis of net debt

	30 June 2014 £'m	30 June 2013 £'m	31 December 2013 £'m
Cash at bank and in hand	4.2	3.5	3.9
Balance on invoice discounting facility	-	(3.2)	(3.9)
Bank loans and overdrafts due within one year	(0.4)	(6.8)	(6.0)
Bank loans due after one year	(26.0)	(11.3)	(10.0)
	(22.2)	(17.8)	(16.0)

ENDS