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18 September 2012

RESTORE PLC
Half Year Results 2012

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 2012.

Financial Highlights:

Continuing operations

	HY 2012	**HY 2011**	**% Change**
Revenue (£m)	18.2	8.5	114
Adjusted EBITDA (£m)*	3.1	2.2	41
Adjusted operating profit (£m)*	2.6	2.0	30
Adjusted profit before tax (£m) *	2.1	1.6	31
Adjusted EPS (p) **	2.6	2.6	-
Dividend per share (p)	0.4	Nil	n/a

** 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

	HY2012	HY2011
Operating profit (£m)	0.2	1.1
(Loss)/profit before tax (£m)	(0.3)	0.5
Basic (Loss) earnings per share (p)	(0.3)	0.6

Summary:

- Adjusted PBT increased by 31% to £2.1m
- Document management traded strongly; operating profits up 46% to £3.5m
- Office relocation revenues now £8.1m; integration of Harrow Green; acquisition of ROC Relocations
- Post-period end disposal of Peter Cox, leaving Restore wholly focused on office services
- Post-period end increase in shareholding in Restore Shred to 100%; acquisition of M&L Document Destruction

Maiden interim dividend of 0.4p

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

"Restore continued to perform well in the first half of 2012 and delivered further profitable growth.

We have made strong strategic progress so far this year, with the acquisition of Harrow Green establishing the Group as the UK market leader in office relocations and the post-period end disposal of Peter Cox leaving us focused exclusively on offices services in line with our long-term plan.

Our core records management business remains robust with excellent visibility and a strong pipeline of new business. Following the integration of Harrow Green, our office relocations business is well positioned to deliver strong growth in the remainder of 2012.

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

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CHIEF EXECUTIVE'S REVIEW

SUMMARY

Restore continued to perform well in the first half of 2012 and delivered further profitable growth.

The key event in the period was the strategic progress we achieved through the acquisition in February of Harrow Green, which has transformed our Group into a leading specialised UK office services group. We are now one of the top three records management businesses in the UK, the market leader in UK office relocations and have strong platforms in secure shredding and recycling, scanning and IT relocation.

During the period, our document management division continued to trade strongly with operating profit increasing to 46% to £3.5m on turnover of £10.1m. The core records management business accounted for the vast majority of this. The records management activities of Harrow Green have been fully integrated into this business and made a significant contribution to these operating profits.

DCS, our scanning business, recorded its most profitable first half for four years, despite turnover falling slightly year-on-year. Restore Shred, our shredding business, made a small loss. Subsequent to the period end, we increased our shareholding in Restore Shred to 100% and acquired M&L Document Destruction, a shredding business based in North East England, which has increased the geographic coverage of the business.

Our office relocation division, which included a four month contribution from Harrow Green, recorded a loss of £0.1m during the period on turnover of £8.1m. This reflected sluggish trading across the industry and our need to change certain cost structures across the merged businesses. I am pleased to report that, subsequent to the period-end, the business has been operating profitably and in line with budget.

Peter Cox, our building repair business, operated at break-even during the period. Subsequent to the period end, Peter Cox was sold and is treated as a discontinued activity in these results.

RESULTS

Adjusted operating profit for the six months to 30 June 2012 before exceptional items, amortisation and share based payments was £2.6m (2011: £2.0m). Adjusted profit before tax before exceptional items, amortisation, share based payments and other finance costs was £2.1m (2011: £1.6m) on sales excluding discontinued business of £18.2m (2011: £8.5m). Adjusted earnings per share for the period were 2.6p (2011: 2.6p).

ADJUSTED PROFIT BEFORE TAX

During the period, several exceptional costs were incurred reflecting acquisition costs, integration costs and financing costs, in addition to amortisation of intangible assets and the share-based payments charge. The restructuring/redundancy costs set out below are professional costs on acquisitions (£0.7m), redundancy and restructuring costs in Harrow Green and ROC (£0.9m), and costs related to the relocation of acquired businesses (£0.4m).

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
(Loss)/profit before tax	(0.3)	0.5	1.2
Share based payments charge	0.1	0.1	0.2
Restructuring/redundancies	2.0	0.4	1.4
Amortisation of intangible assets	0.3	0.4	0.5
Other finance costs	-	0.2	0.5
Adjusted profit before tax – continuing operations	2.1	1.6	3.8

DOCUMENT MANAGEMENT

Records Management

Restore Ltd, our records management business, continued to trade strongly. Operating profit in the period, including the contribution from Harrow Green's records management business for part of the period, was £3.3m (2011: £2.4m) on turnover of £9.1m (2011: £6.2m). Organic growth, defined as turnover from existing customers, was steady at around 5%.

The acquisition of Harrow Green brought several new records management facilities into the Group providing new coverage in Essex, Bedfordshire, Birmingham and Manchester. Operations in Glasgow and Leeds were merged into our existing facilities and operations in Bristol were transferred to our site at Monkton Farleigh in Wiltshire.

The integration of Harrow Green's records management business and the acquisitions made in 2011 proceeded according to plan. All are fully integrated operationally and the redistribution of our storage boxes to optimise property usage across the Group is nearly complete. As part of this process, we took on more space at our facility in Paddock Wood in Kent and at Upper Heyford in Oxfordshire. We have scope to develop new capacity at our underground freehold site in Wiltshire and the opportunity to take additional space in Oxfordshire.

We have been developing our sales capability to address opportunities in the public sector, where there is expected to be an increased move towards the outsourcing of document storage. As one of the largest operators in the UK, we have the resources to process public sector tenders cost-effectively. We also expect to see customers with operations across the UK consolidate their suppliers and we are one of the small number of suppliers with a national network who are able to provide a national service. Restore Online, our online storage system for electronic data, continues to achieve encouraging growth.

Our records management business is an excellent operation which benefits from strong operating margins, earnings visibility and cash-flow. It has more than doubled in size over the last two years and its strong systems have enabled acquisitions to be integrated comfortably and operating margins to be increased. We have an excellent product for which we can command appropriate pricing, combined with a low cost base and property costs which we believe to be amongst the lowest in the industry. The challenge for the business is to exploit our increased scale and national coverage, as well as our relationships across the wider Group, to increase the rate at which we secure new customers. It remains a robust platform for our continued consolidation of smaller records management companies

Scanning

DCS, our document scanning business based in Peterborough, recorded an operating profit of £0.2m (2011: breakeven) on turnover of £1.0m (2011: £1.1m). Unit prices in this sector have fallen sharply over the last four years and it has taken time to realign the cost base against this background. We believe this has now been achieved and a healthy order-book suggests that operating margins in the first half of the year will be sustained. DCS is also starting to benefit from cross-selling opportunities from elsewhere in the Group: both records management and office relocation have a similar customer base to DCS and vice versa.

Shredding

Restore Shred, our secure shredding and recycling business, operates from South East London and, subsequent to the period end, from Middlesbrough. The operational integration with our records management business enables us to offer national coverage. During the period, the business operated at a small loss on turnover of £0.3m, with the drop in the price at which we sell on the shredded paper being a drag on profitability. After the period end, we increased our stake in the business to 100% from 50%. Reflecting this, Restore Shred's on-going results will now be consolidated into the Group Accounts. With the acquisition of M&L Document Destruction in August, we have been able to put in a management structure to accelerate the growth of the business and leverage the records management customer base, most of which has a demand for shredding and recycling services.

OFFICE RELOCATION

With the acquisition of Harrow Green in February, we became the market leader in UK office relocation. Our businesses in this area are now Harrow Green, which has national coverage, and Sargents which is focussed on London and the South East, with particular emphasis on medium-sized clients. We also have Global Moving Solutions which specialises in international moves and a 50% stake in Relocom, specialising in IT relocation.

The division recorded a loss of £0.1m (2011: £0.2m profit) on sales of £8.1m (2011: £1.2m) for the period, which included Harrow Green from March. This was a period of significant internal reorganisation against the background of a sluggish overall level of activity in the sector. Much was achieved in this time including the transfer of Harrow Green's records management business to our records management division, the integration of Sargents with Harrow Green's secondary relocation business and a restructuring of Harrow Green's central cost base. Also, ROC, an office relocation business based in East London, was acquired and integrated into Harrow Green. I am pleased to report that subsequent to the period end, the division has operated profitably and in line with expectations.

The fixed cost base at Harrow Green has been reduced by over £2m on an annualised basis. The business has a strong national presence and deals primarily with large organisations who have a constant demand for office moves. For several customers, we have teams embedded in their operations. We also have national contracts with blue-chip clients such as PWC and Aviva and we undertake significant one-off projects for customers such as the BBC. There is regular demand for our services irrespective of general economic conditions and we are well-positioned to maintain and increase our market share.

Sargents, the office relocation business bought in March 2011, has undergone considerable change, initially from the transfer of its records management business to Restore and more recently from reorganisation related to the acquisition of Harrow Green. EMS, Harrow Green's secondary office relocation business, has been integrated into Sargents, increasing its critical mass and reducing its dependence on its largest customer. This integration has also reduced its fixed costs as a percentage of turnover.

Global Moving Solutions has traded steadily over the period. Current projects include working alongside Relocom on the installation of delivery deposit boxes for Amazon. Relocom, in which we have a 50% stake held through Harrow Green, has traded strongly.

DISCONTINUED ACTIVITIES

Peter Cox, our damp-treatment and timber proofing business, was sold in August for a total consideration of £3.6m, of which £1.4m was deferred. This was the last of the Emergency Repair businesses remaining from the management change at our Group in 2009 and means the Group is now wholly focussed on office services. Peter Cox traded steadily during its seasonally weaker first half achieving break-even (2011: £0.1m profit) on turnover of £7.3m (2011: £7.0m).

GROUP

Central costs for the period increased slightly, reflecting a small increase in headcount. Our head office was relocated in May to leased premises in Grosvenor Street, London from serviced offices in Marble Arch.

With the Group wholly focussed on office services, there is considerable overlap in customer base between the different operating companies. All companies are being moved onto the same Customer Relationship Management system and are working increasingly closely on joint approaches to customers and cross-selling. There are increasing examples of this happening with customers that range from a national healthcare operator to a local council.

BALANCE SHEET

Net bank debt on 30 June 2012 was £15.6m (2011: £12.2m). The increase reflected the acquisition of Harrow Green at an acquisition cost of £6.1m and the assumption of £5.6m of debt. This was funded partly through an equity raising of £8.5m. We also increased our term loan by £1.5m and put in place a £4.5m invoice discounting facility. Total facilities currently available to the Group amount to £22.0m.

CASH FLOW

Net bank interest paid amounted to £0.3m (2011: £0.7m). The net cash outflow from operations before capital expenditure was £1.3m (2011: £0.6m inflow).

The outflow includes cash payments in relation to exceptional costs of £1.9m and the funding of additional working capital in Harrow Green of £1.9m. The additional funding is attributable to seasonal increases in working capital requirements of £1.1m and £0.8m required to normalise the working capital position. Once these factors have been taken into consideration the core business has been generating cash in line with its underlying profit performance.

Capital expenditure totalled £0.9m (2011: £0.6m) compared to depreciation of £0.5m (2011: £0.3m). £0.7m of the expenditure was related to creating more storage space.

DIVIDENDS

The Board has declared an interim dividend of 0.4p per share (2011: nil). This is the first interim dividend paid by the Company following the payment of a maiden final dividend earlier this year. The interim dividend will be paid on 28 November 2012 to shareholders on the register on 2 November 2012. The Board's firm intention is to follow a progressive dividend policy

BOARD

In June Adam Councell joined the Board as Group Finance Director, replacing Harvey Samson. Adam was previously finance director of the UK Business Services division of Rentokil Initial plc. Harvey has played a key role in the development of our Group over the last two years and we thank him for his significant contribution.

In April, Sir Paul Stephenson, formerly Commissioner of the Metropolitan Police Service, joined the Board as a non-executive director. We welcome Sir Paul and Adam to the Board.

PEOPLE

The majority of the people in our Group have joined in the last three years, many as a result of acquisitions. Retaining a stable team of highly professional, competent and energetic people across our businesses is the key factor in developing the Group effectively and I am pleased that, thus far, we have achieved it. Our growth enables us to offer substantial opportunities for people to develop their skills and take advantage of wider career opportunities. I thank all our people for their contribution to the Group's impressive performance and look forward to them sharing in the Group's success.

OUTLOOK

We have made strong strategic progress so far this year, with the acquisition of Harrow Green establishing the Group as the UK market leader in office relocations and the post-period end disposal of Peter Cox leaving us focused exclusively on offices services in line with our long-term plan.

Our core records management business remains robust with excellent visibility and a strong pipeline of new business. Following the integration of Harrow Green, our office relocations business is well positioned to deliver strong growth in the remainder of 2012.

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

Charles Skinner

Chief Executive 18 September 2012

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Note	Unaudited six months ended 30 June 2012 £'m	Unaudited six months ended 30 June 2011 £'m	Audited year ended 31 December 2011 £'m
Continuing operations				
Revenue	2	18.2	8.5	18.8
Cost of sales		(10.8)	(4.1)	(9.5)
Gross profit		7.4	4.4	9.3
Administrative expenses		(5.2)	(2.9)	(5.6)
Exceptional items - operating costs	2	(2.0)	(0.4)	(1.4)
Total operating costs		(7.2)	(3.3)	(7.0)
Operating profit	2	0.2	1.1	2.3
Finance costs		(0.5)	(0.4)	(0.9)
Exceptional items – finance costs	2	-	(0.2)	(0.2)
Total finance costs		(0.5)	(0.6)	(1.1)
(Loss)/profit before tax		(0.3)	0.5	1.2
Income tax credit/(expense)	3	0.1	(0.3)	0.1
(Loss)/profit from continuing operations		(0.2)	0.2	1.3
Discontinued operations				
Profit from discontinued operations	2	-	0.1	0.7
(Loss)/profit for the period		(0.2)	0.3	2.0
Total comprehensive (expense)/income for the period attributable to owners of the parent		(0.2)	0.3	2.0
(Loss)/earnings per share (pence)				
Basic	4	(0.3)	0.6	4.0
Diluted	4	(0.3)	0.6	4.0
(Loss)/earnings per share from continuing operations (pence)				
Basic	4	(0.3)	0.4	2.6
Diluted	4	(0.3)	0.4	2.6

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Share based payments reserve £'m	Retained (deficit)/earnings £'m	Total equity £'m
Balance at 1 January 2011 (audited)	2.4	52.3	0.3	(38.3)	16.7
Profit for the period	-	-	-	0.3	0.3
Total comprehensive income for the period	-	-	-	0.3	0.3
Transactions with owners	-	-	-	-	-
Issue of shares during the period	-	-	-	-	-
Balance at 30 June 2011(unaudited)	2.4	52.3	0.3	(38.0)	17.0
Balance at 1 January 2012 (audited)	2.7	4.1	0.5	16.0	23.3
Loss for the period	-	-	-	(0.2)	(0.2)
Total comprehensive income for the period	-	-	-	(0.2)	(0.2)
Transactions with owners					
Dividends	-	-	-	(0.7)	(0.7)
Issue of shares during the period	0.5	8.0	-	-	8.5
Issue costs	-	(0.4)	-	-	(0.4)
Share based payments charge	-	-	0.1	-	0.1
Balance at 30 June 2012 (unaudited)	3.2	11.7	0.6	15.1	30.6

Condensed Consolidated Statement of Financial Position

At 30 June 2012

	Unaudited 30 June 2012 £'m	Unaudited 30 June 2011 £'m	Audited 31 December 2011 £'m
Assets			
Non-current assets			
Intangible assets	30.2	20.4	22.1
Property, plant and equipment	16.4	12.7	13.6
Investment in joint venture	0.8	-	0.3
Deferred tax asset	1.1	0.5	1.0
	48.5	33.6	37.0
Current assets			
Inventories	0.1	0.1	0.2
Trade and other receivables	14.5	8.9	10.9
Cash and cash equivalents	1.0	0.9	3.5
	15.6	9.9	14.6
Assets classified as held for sale	6.3	-	-
Total assets	70.4	43.5	51.6
Liabilities			
Current liabilities			
Trade and other payables	(12.0)	(5.8)	(8.3)
Financial liabilities - borrowings	(3.8)	(2.1)	(4.4)
Other financial liabilities	(0.6)	-	(0.1)
Current tax liabilities	(0.1)	(0.3)	(0.5)
Provisions	(0.3)	(0.3)	(0.2)
	(16.8)	(8.5)	(13.5)
Liabilities classified as held for sale	(3.4)	-	-
Net current assets	1.7	1.4	1.1
Non-current liabilities			
Financial liabilities - borrowings	(12.8)	(13.3)	(10.1)
Deferred tax liability	(4.0)	(3.5)	(3.6)
Provisions	(2.8)	(1.2)	(1.1)
	(19.6)	(18.0)	(14.8)
Net assets	30.6	17.0	23.3
Equity			
Share capital	3.2	2.4	2.7
Share premium account	11.7	52.3	4.1
Share based payments reserve	0.6	0.3	0.5
Retained earnings/(deficit)	15.1	(38.0)	16.0
Equity attributable to owners of parent	30.6	17.0	23.3

Consolidated Statement of Cash Flows
For the six months ended 30 June 2012

	Note	Unaudited Six months ended 30 June 2012	Unaudited Six months ended 30 June 2011	Audited Year ended 31 December 2011
		£'m	£'m	£'m
Net cash (used by)/generated from operations	5	(1.3)	0.6	2.0
Net finance costs		(0.3)	(0.7)	(0.7)
Income taxes paid		(0.3)	(0.2)	(0.5)
Net cash generated (used by)/from operating activities		(1.9)	(0.3)	0.8
Cash flows from investing activities				
Purchases of property, plant and equipment and applications software		(0.9)	(0.6)	(1.5)
Purchase of subsidiary including acquisition costs, net of cash acquired		(6.7)	(1.3)	(2.7)
Investment in joint venture		-	-	(0.3)
Cash flows used in investing activities		(7.6)	(1.9)	(4.5)
Cash flows from financing activities				
Proceeds from share issues		8.1	-	4.4
Repayment of borrowings		(0.3)	(12.0)	(12.0)
Drawdown of indebtedness		(1.4)	11.0	1.6
New bank loans raised		(1.5)	-	11.0
Increase in bank overdrafts		-	1.5	1.3
Repayment of other loans		-	-	(2.3)
Finance lease principal repayments		(0.1)	-	-
Net cash generated in financing activities		4.8	0.5	4.0
Net (decrease)/increase in cash and cash equivalents		(4.7)	(1.7)	0.3
Cash and cash equivalents at start of period		2.9	2.6	2.6
Cash and cash equivalents at the end of period		(1.8)	0.9	2.9
Cash and cash equivalents shown above comprise				
Cash at bank		1.0	0.9	3.5
Balance on invoice discounting facility		(2.8)	-	(0.6)
		(1.8)	0.9	2.9

Notes to the Consolidated Interim report

For the six months ended 30 June 2012

1 Basis of preparation

The condensed consolidated interim financial information for the half year ended 30 June 2012 was approved by the Board of Directors and authorised for issue on 18 September 2012. 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 2011, 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 2012, and uses the same accounting policies and methods of computation applied for the year ended 31 December 2011.

There were no new relevant standards or interpretations to be adopted for the six months ended 30 June 2012.

2 Segmental information

The Group is organised into three main operating segments, Document Management, Office Relocation and Building Repair, 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.

The Building Repair segment was disposed on 3 August 2012 (note 7) and is shown as a discontinued operation.

Previously the Group operated a separate document scanning segment, this has now been incorporated into Document Management along with the on-going trading of our acquired shredding business.

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:

Continuing Operations

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
Document Management	10.1	7.3	15.6
Office Relocation	8.1	1.2	3.2
	18.2	8.5	18.8

2 **Segmental information (continued)**

RESULTS – Continuing operations

The profit after tax was derived from the Group's principal activities in England as follows:

Continuing Operations

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011	Audited Year ended 31 December 2011 £'m
Document Management	3.5	2.4	5.4
Office Relocation	(0.1)	0.2	0.3
Segment operating profit	3.4	2.6	5.7
Central costs	(0.8)	(0.6)	(1.3)
Share based payments charge	(0.1)	(0.1)	(0.2)
Exceptional items	(2.0)	(0.4)	(1.4)
Amortisation of intangible assets	(0.3)	(0.4)	(0.5)
Operating profit	0.2	1.1	2.3
Net finance cost	(0.5)	(0.4)	(0.9)
Exceptional financing costs	-	(0.2)	(0.2)
(Loss)/profit before tax	(0.3)	0.5	1.2
Income tax credit/(charge)	0.1	(0.3)	0.1
(Loss)/profit after tax	(0.2)	0.2	1.3

The operating exceptional item of £2.0m relates to restructuring and redundancy costs of £1.3m and costs of acquisition of £0.7m (six months ended 30 June 2011: £0.4m relates to restructuring and redundancy costs and costs of acquisition).

In the year ended 31 December 2011, £1.4m of exceptional items were incurred. The costs associated with integrating the Records Management business of the newly acquired entities with the existing business include costs of uplifting boxes to the existing facilities and comprise site, transport and labour costs.

The incremental costs include duplicated costs of our existing Records Management cost base as a result of the integration described above, and have also been shown as exceptional costs as they are not expected to recur.

2 Segmental information (continued)

RESULTS - Discontinued operations

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
Building repair			
Operating profit	-	0.1	0.8
Profit before tax	-	0.1	0.8
Income tax expense	-	-	(0.1)
Profit for the period from discontinued operations	-	0.1	0.7

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
Segmental assets:			
Document Management	39.6	36.1	41.8
Office Relocation	18.5	1.3	2.3
Building Repair	-	5.1	6.9
Central	6.0	1.0	0.6
Assets classified as held for sale	6.3	-	-
Total	70.4	43.5	51.6
Segmental liabilities:			
Document Management	6.0	6.6	7.0
Office Relocation	10.3	0.7	2.4
Building Repair	-	3.0	3.8
Central	20.1	16.0	15.1
Liabilities classified as held for sale	3.4	-	-
Discontinued operations	-	0.2	-
Total	39.8	26.5	28.3
Property, plant and equipment and software additions	0.9	0.6	1.5
Depreciation of property, plant and equipment and amortisation of intangible assets	0.8	0.7	1.2

All assets are located in the United Kingdom.

3 Tax

The underlying tax charge is based on the expected effective tax rate for the full year to 31 December 2012.

4 (Loss)/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 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
Weighted average number of shares in issue	60,729,538	46,043,372	48,977,496
Total (loss)/profit after tax for the year	(0.2)	0.3	2.0
Total basic (loss)/earnings per ordinary share (p)	(0.3)	0.6	4.0
(Loss)/profit after tax for the year – continuing operations (£'m)	(0.2)	0.2	1.3
Basic (loss)/earnings per ordinary share – continuing operations (p)	(0.3)	0.4	2.6
Basic (loss)/earnings per share – discontinued operations (p)	-	0.2	1.4
Weighted average number of shares in issue	60,729,538	46,043,372	48,977,496
Share options	3,718,612	-	1,596,923
Weighted average fully diluted number of shares in issue	64,448,150	46,043,372	50,574,419
Total fully diluted (loss)/earnings per share (p)	**(0.3)**	**0.6**	**4.0**
Fully diluted (loss)/earnings per share – continuing operations (p)	**(0.3)**	**0.4**	**2.6**

	£'m	£'m	£'m
(Loss)/profit before tax for the period – continuing operations (£'m)	(0.3)	0.5	1.2
Adjustments			
Amortisation of intangible assets	0.3	0.4	0.5
Exceptional items	2.0	0.4	1.4
Share based payments charge	0.1	0.1	0.2
Other finance costs	-	0.2	0.5
Adjusted profit – continuing operations	2.1	1.6	3.8

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:

Adjusted profit before tax (£'m)	2.1	1.6	3.8
Tax at 24.5%/26%/26%	(0.5)	(0.4)	(1.0)
Adjusted profit after taxation (£'m)	1.6	1.2	2.8
Adjusted basic earnings per share (p)	2.6p	2.6p	5.7p

5 Cash inflow from operations

	Unaudited Six months ended 30 June 2012 £'m	Unaudited Six months ended 30 June 2011 £'m	Audited Year ended 31 December 2011 £'m
Cash inflow from operating activities			
Continuing operations			
(Loss)/profit for the period	(0.2)	0.2	1.3
Depreciation of property, plant and equipment	0.5	0.3	0.6
Amortisation of intangible assets	0.3	0.4	0.5
Finance costs recognised in profit and loss	0.5	0.6	1.1
Income tax expense recognised in profit and loss	(0.1)	0.3	(0.1)
Share based payments charge	0.1	0.1	0.2
Movement in working capital			
Increase in inventories	-	-	(0.1)
(Increase)/decrease in trade and other receivables	(1.7)	(1.4)	(2.5)
(Decrease)/increase in trade and other payables	(1.0)	-	0.2
Net cash (used by)/generated from continuing operations	(1.6)	0.5	1.2
Discontinued operations			
Profit for the period	-	0.1	0.7
Depreciation of property, plant and equipment	-	-	0.1
Amortisation of intangible assets	-	-	0.1
Income tax credit recognised in profit and loss	-	-	0.1
Decrease in trade and other receivables	0.8	0.3	(0.5)
(Decrease)/increase in trade and other payables	(0.5)	(0.3)	0.3
Net cash (used by)/generated operations	(1.3)	0.6	2.0

6 Business Combinations

On 29 February 2012, the Company acquired 100% of Harrow Green Group Limited ("Harrow Green") for an initial cash consideration of £6.1m. The Group assumed Harrow Green's net debt of £5.6m and may pay an additional amount of up to £1.0m in 2015 depending on Harrow Green's performance in 2014.

The Group is still in the process of establishing the fair value of the assets and liabilities acquired but it is anticipated that the fair value of the consideration paid over the book value of the net assets acquired will comprise customer relationships, trade names and goodwill representing the value attributable to new business and the assembled and trained workforce.

The provisional fair value table is as follows:

	Fair value at acquisition £'m
Intangible assets	3.5
Property, plant and equipment	2.9
Investments	0.5
Trade and other receivables	5.1
Cash	(0.4)
Trade and other payables	(10.2)
Tax liabilities	(0.2)
Finance leases	(0.6)
Net assets acquired	0.6
Goodwill	6.3
Consideration	6.9
Satisfied by:	
Cash to vendors	5.7
Shares to vendors	0.4
Discounted deferred consideration	0.8
	6.9

On 4 May 2012, Harrow Green acquired the business and assets of ROC Relocations Limited ("ROC"). ROC is a provider of commercial relocation and storage services operating from premises in South East London. In the year to 31 May 2011, ROC recorded revenues of £1.7m and an operating profit of £70,000. ROC was acquired from the administrator for a cash consideration of £160,000. At 31 May 2011, the business had tangible assets of £315,000.

7 Post Period End Disposals

On 3 August 2012, the Company sold Peter Cox Limited ("Peter Cox"), its building repair business, to Castlefield House Limited for a total consideration of £3.6 million. Castlefield House Limited is a company controlled by Harvey Samson, previously Finance Director of Restore.

Restore received £2.2 million at completion and will receive a further £500,000 at the year end. Three further payments of £300,000 each will be made in September 2013, 2014 and 2015. There are no performance criteria related to the deferred payments. For the year to December 2011, Peter Cox recorded profit before tax of £0.8 million on turnover of £15.2 million. Net assets at completion were £1.4 million.

ENDS