

Under embargo until 7:00am on 12 September 2013

12 September 2013

RESTORE PLC
Half Year Results 2013

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 2013.

Financial Highlights:

Continuing operations

	HY 2013	HY 2012	% Change
Revenue (£m)	24.6	18.2	+35
Adjusted EBITDA (£m)*	5.2	3.1	+68
Adjusted operating profit (£m)*	4.5	2.6	+73
Adjusted profit before tax (£m) *	4.1	2.1	+95
Adjusted EPS (p) **	4.3	2.6	+65
Dividend per share (p)	0.6	0.4	+50
Net debt (£m)	17.8	18.4	

** 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 2013	HY 2012
Revenue (£m)	24.6	18.2
Operating profit (£m)	2.2	0.2
Profit/(loss) before tax (£m)	1.8	(0.3)
Basic/(loss) earnings per share (p)	2.0	(0.3)
Dividend (p)	0.6	0.4
Net Debt (£m)	17.8	18.4

Summary:

- Adjusted PBT up 95% to £4.1m; adjusted EPS up 65% to 4.3p
- Adjusted operating margins improved from 14.2% to 18.2%
- Document Management division traded well; sales function reconfigured
- Office Relocation division benefited from reduced cost base
- Completion of three acquisitions, including File & Data
- Net cash inflow from operations of £4.5m
- Interim dividend increased by 50% to 0.6p per share

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

“Restore continued to perform well in the first half of 2013 and delivered further profitable growth in line with our expectations.

Our Document Management division benefited from good underlying growth in records management, where we broadened our capability with two further acquisitions. With the purchase of IT Efficient, we added a new activity of IT asset disposal to the Group where we are well positioned to grow.

Our Office Relocation division delivered a strong improvement in profitability as anticipated, reflecting the benefit of its reduced cost base. The integration of Sargents into Harrow Green has focused our operations around a single brand and we continued to secure good levels of new business.

Looking ahead, our Document Management division continues to benefit from the excellent visibility of our core records management business and we see strong growth prospects in some of our newer services such as shredding and IT asset disposal. Our Office Relocation division is benefiting from its increased scale and from new business referrals within the Group, and we expect its strong year-on-year improvement in profitability to continue.

With our proven strategy and strong service offering we are well positioned to gain further market share across all of our businesses. We are focused on developing and acquiring complementary activities and on enhancing our sales function, in particular where there are opportunities to introduce the full breadth of our services to existing customers.

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 strongly in the first half of 2013, and made good progress on all key measures. This reflects the Group's robust business model, successful acquisition strategy and the disciplined integration of acquired businesses, as well as slightly more helpful market conditions.

Revenues increased by 35%, largely reflecting the contribution from Harrow Green over a full six month period together with the benefit from smaller bolt-on acquisitions. Adjusted operating profit increased by 73%, driven both by higher revenues and an increase in adjusted operating margins from 14.2% to 18.3%. Adjusted EPS increased by 65%, reflecting the increase in the number of shares in issue following share placings in October 2012 and March and April 2013.

Our Document Management division continued to trade well with operating profit increasing by 40% to £4.9m on turnover of £13.7m. The core records management business accounted for the majority of this increase and it remains the key driver of Group profits with secure revenues, good margins and steady growth. It also benefited from the successful integration of recent acquisitions. Restore Shred delivered strong organic growth and is well-positioned to continue to grow. Restore Scan's profit was slightly lower on reduced turnover. Restore IT Efficient, which comprises the recently acquired IT Efficient, made an encouraging start as part of the Group.

Our Office Relocation division now trades under a single brand following the integration of Sargents, our original relocation business, into Harrow Green. The division made a profit of £0.4m in its seasonally weaker first half, compared to the loss recorded in the comparative period. This reflected the favourable impact of the cost-cutting measures undertaken following the acquisition of Harrow Green in February 2012.

During the period, we completed three acquisitions. The acquisitions of File & Data and Atix broadened our records management activities. The acquisition of IT Efficient took us into the IT asset disposal market and provides us with an excellent platform for growth in an activity with a similar channel to market and a complementary customer base to our existing operations.

Net cash inflow from operations was £4.5m compared to an outflow of £1.3m in the same period in 2012.

The Board has announced a 50% increase in interim dividend to 0.6p (2012: 0.4p), reflecting the strength of the Group's performance and its prospects.

RESULTS

Adjusted operating profit for the six months to 30 June 2013 before exceptional items, amortisation and share based payments was £4.5m (2012: £2.6m). Adjusted profit before tax before exceptional items, amortisation, share based payments and other finance costs was £4.1m (2012: £2.1m) on sales of £24.6m (2012: £18.2m). Adjusted earnings per share for the period were 4.3p (2012: 2.6p).

On an unadjusted basis operating profit was £2.2m (2012: £0.2m) and profit before tax was £1.8m (2012: loss of £0.3m). Basic earnings per share was 2.0p (2012: loss of 0.3p). Details of exceptional items are set out in Note 2 below.

DOCUMENT MANAGEMENT

Our Document Management division comprises the core Restore records management business, Restore Shred, Restore Scan and Restore IT Efficient. All these operating companies, together with the Office 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 all Group services are offered to all existing and potential customers. The sales structure in the Document Management division, under a new sales director, has been reconfigured to achieve this.

For the period the division achieved operating profit of £4.9m (2012: £3.5m) on turnover of £13.7m (2012: £10.1m).

Records Management

Our core records management business continued to trade strongly. Operating profit in the period was £4.7m (2012: £3.3m) on turnover of £12.1m (2012: £9.1m). Organic growth, defined as turnover from existing customers, rose to 6%.

Our records management business is an excellent operation which benefits from strong operating margins, earnings visibility and cash-flow. It is now firmly established as the second largest records management business in the UK and continues to be a robust platform for our continued consolidation of smaller records management companies in the UK. Encouragingly, our increased focus on new sales and the improvement in organic growth resulted in record new box intake in the last two months of the period.

There were three key areas of focus in the development of our records management activities during the period.

- Firstly, we have overhauled the sales function as mentioned above.

Although we have benefited from good levels of organic growth from existing customers, new customer recruitment has typically been slow. While this reflects the “stickiness” of customers across the sector, our capability as the second largest operator in the sector with national coverage, a range of different storage facilities and sophisticated IT systems enabling customers to manage their records more efficiently gives us key advantages in winning new business. The new sales structure and the ability of our sales force to sell related Group services are enabling us to capitalise on these advantages. It has also increased the level of accountability for individual sales people and has further enabled us to target key areas, particularly in the public sector where a far lower percentage of entities outsource their records management compared to the private sector. Our sales function is also now better positioned to sell the benefits of our services in terms of managing our customers’ archives – through, for example, the provision of audit trails – rather than solely providing off-site space.

- Secondly, we have continued to integrate recent acquisitions.

The integration of acquired businesses often involves moving customers’ boxes to the most cost-effective sites. While this has a short-term one-off cost, it strongly enhances our occupancy rates, long-term profitability and customer service levels. For example, almost half of the boxes stored by File & Data, acquired in March 2013, will have been relocated by the time the integration is complete. The integration also involves the steady conversion of acquired businesses onto our IT platform, overhead rationalisation and, frequently, the transfer of the customer service function to our head office in Redhill.

- Thirdly, we have continued to develop and rationalise our storage facilities.

We have continued to invest in development of unutilised space at our underground storage facility in Wiltshire where an additional 400,000 box slots will come on stream in 2014. We have converted a further 3 hardened aircraft shelters at Upper Heyford in Oxfordshire, including a specialist facility for heritage storage such as museum artefacts, as well as taking on a new 30,000 square foot warehouse on the site. Recent acquisitions have given us new locations in Kent, Tewkesbury and Bolton, with the latter providing much-needed additional capacity in the North West and enabling us to consolidate our operations there into two sites. During the current year, we expect to have moved out of six unsuitable premises without incurring any ongoing property costs.

Shredding

Restore Shred, our secure shredding and recycling business, recorded a small profit on turnover of £0.6m. It currently operates from sites in South East London and Middlesbrough. The decline in recycled paper prices has had an adverse effect on profitability but has also strengthened our competitive position relative to smaller operators who are solely reliant on a high paper price. Restore Shred is growing rapidly and has recently won a number of new customers including Darlington Borough Council and Leicester City Council and benefitted significantly from leads generated by other parts of the Group. We believe this business is very well positioned to continue to expand and we expect to increase our national coverage over time.

Scanning

Restore Scan, our document scanning business based in Peterborough, recorded a small profit on turnover of £0.7m. We have continued to reduce the cost base and can now operate profitably on low levels of turnover. The business is now wholly integrated into the division and is beginning to benefit from leads from other Group companies. While the current order book is not strong, there is a very healthy sales pipeline being developed and it has the capability to scale up production rapidly.

IT Asset Disposal

Restore IT Efficient, formed through the acquisition of IT Efficient in April this year, is our IT asset disposal and recycling business based in Bedfordshire. In the two months of our ownership it recorded a profit of £0.1m on turnover of £0.3m. On acquisition, it had a small number of large customers. We expect to increase the number of customers significantly both through increased sales activity within the operation but also through leveraging the Group's existing customer base. This strategy is beginning to deliver increased sales and we are confident that this is another area where we can rapidly build a major presence.

OFFICE RELOCATION

Our office relocation division now largely comprises Harrow Green, the UK market leader. During the period, our original relocation business, Sargents, was integrated into Harrow Green as it became clear that the value of running two relocation brands could not justify the overhead. The division also includes Global Moving Solutions (GMS), an international removal service typically servicing professional staff being relocated internationally, and a 50% shareholding in Relocom, an IT relocation business which works closely with Harrow Green.

During the period, which is the seasonally weaker half of the year, the division recorded an operating profit of £0.4m (2012: loss of £0.1m) on turnover of £10.9m (2012: £8.1m). The sharp improvement in performance was largely attributable to the significant reduction in the fixed cost base which had been implemented following the acquisition of Harrow Green.

On a like-for-like basis, the division's turnover was slightly ahead year-on-year and gross margins were improved. Revenues broadly fall into three categories: "churn" which is constant work for very large customers where we frequently have a permanent on-site presence; regular work which tends to be occasional recurring jobs for established customers; and one-offs which include certain very large single event relocations. During the period, overall "churn" work was broadly steady with customers such as UBS, JP Morgan and BT all having similar levels of activity as previous years. Revenues for regular work were also in line with the previous year. Large one-off jobs in the period included projects for Robert Gordon University, the BBC and National Museum of Wales. The London market continues to account for almost two-thirds of our business; margins here have been under considerable pressure for some time but we are beginning to improve them by driving increased operational efficiencies. Outside London, many of our largest and most long-standing customers operate in the public sector, such as local councils, health authorities and universities; demand can be less steady than in London and we are increasingly moving to lower fixed cost operations in areas where our "churn" customer base is limited.

Global Moving Solutions traded steadily, in line with last year's performance. Relocom had a weaker first half than in the previous year, not helped by one of its larger customers, 2e2, entering administration.

GROUP

Central costs for the period were slightly below last year.

In addition to providing the central finance function, 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 impressive customer list across our businesses and it is critical that we promote all of our business services through these channels to market. We are increasingly proficient at achieving this and at converting such leads into stronger relationships and profitable activity.

BALANCE SHEET

Net bank debt on 30 June 2013, including our invoice discounting facility, was £17.8m (2012: £18.4m). This was in line with the net bank debt at the end of 2012. Equity of £7.0m was raised during the period to fund three acquisitions whose net cash consideration was £9.4m including costs. Total debt facilities currently available to the Group amount to £23.8m.

CASH FLOW

The net cash inflow from operations was £4.5m (2012: £1.3m outflow). Capital expenditure totalled £1.6m (2012: £0.9m) compared to depreciation of £0.7m (2012: £0.5m). £1.1m of the expenditure was related to creating more storage space and £0.2m was related to investment in IT systems. Net bank interest paid amounted to £0.4m (2012: £0.3m).

DIVIDENDS

The Board has declared an interim dividend increased by 50% to 0.6p per share (2012: 0.4p). The interim dividend will be paid on 28 November 2013 to shareholders on the register on 25 October 2013. The company paid a maiden dividend in 2012 and the increased interim dividend is in line with the Board's intention to follow a progressive dividend policy.

PEOPLE

Our Group has undergone considerable and successful change over the last few years, growing extremely rapidly in its core business and diversifying into other closely related areas. This puts considerable pressure on the people in the Group, including the large majority who have joined us through acquisition. It also creates an exciting environment with significant career opportunities for those who wish to pursue them. 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

Looking ahead, our Document Management division continues to benefit from the excellent visibility of our core records management business and we see strong growth prospects in some of our newer services such as shredding and IT asset disposal. Our Office Relocation division is benefiting from its increased scale and from new business referrals within the Group, and we expect its strong year-on-year improvement in profitability to continue.

With our proven strategy and strong service offering we are well positioned to gain further market share across all of our businesses. We are focused on developing and acquiring complementary activities and on enhancing our sales function, in particular where there are opportunities to introduce the full breadth of our services to existing customers.

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

Charles Skinner

Chief Executive

12 September 2013

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Note	Unaudited six months ended 30 June 2013 £'m	Unaudited six months ended 30 June 2012 £'m	Audited year ended 31 December 2012 £'m
Continuing operations				
Revenue	2	24.6	18.2	43.3
Cost of sales		(14.5)	(10.8)	(22.3)
Gross profit		10.1	7.4	21.0
Administrative expenses		(6.4)	(5.2)	(15.2)
Exceptional items - operating costs	2	(1.5)	(2.0)	(3.0)
Exceptional items - impairment of intangible assets		-	-	(0.4)
Total operating costs		(7.9)	(7.2)	(18.6)
Operating profit	2	2.2	0.2	2.4
Finance costs		(0.4)	(0.5)	(0.9)
Profit/(loss) before tax		1.8	(0.3)	1.5
Income tax (expense)/credit	3	(0.4)	0.1	0.1
Profit/(loss) from continuing operations		1.4	(0.2)	1.6
Discontinued operations				
Profit from discontinued operations	2	-	-	0.1
Profit/(loss) for the period		1.4	(0.2)	1.7
Total comprehensive income/(expense) for the period attributable to owners of the parent				
		1.4	(0.2)	1.7
Earnings/(loss) per share (pence)				
Basic	4	2.0	(0.3)	2.7
Diluted	4	1.9	(0.3)	2.6
Earnings/(loss) per share from continuing operations (pence)				
Basic	4	2.0	(0.3)	2.5
Diluted	4	1.9	(0.3)	2.4

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital £'m	Attributable to owners of the parent		Retained earnings £'m	Total equity £'m
		Share premium £'m	Other reserves £'m		
Balance at 1 January 2012 (as previously stated)	2.7	4.1	0.5	16.0	23.3
Restatement (note 1)	-	-	2.0	(2.0)	-
Balance at 1 January 2012 as restated	2.7	4.1	2.5	14.0	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	2.6	13.1	30.6
Balance at 1 January 2013 (as previously stated)	3.4	14.6	0.9	17.4	36.3
Restatement (note 1)	-	-	2.0	(2.0)	-
Balance at 1 January 2013 as restated	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	0.4	6.9	-	-	7.3
Issue costs	-	(0.3)	-	-	(0.3)
Share based payments charge	-	-	0.3	-	0.3
Balance at 30 June 2013 (unaudited)	3.8	21.2	3.2	15.9	44.1

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Note	Unaudited 30 June 2013 £'m	Restated (note 1) Unaudited 30 June 2012 £'m	Restated (note 1) 31 December 2012 £'m
Assets				
Non-current assets				
Intangible assets	7	41.7	30.2	32.7
Property, plant and equipment		19.3	16.4	17.6
Investment in joint venture		-	0.3	-
Investments		0.5	0.5	0.5
Deferred tax asset		1.9	1.1	2.0
		63.4	48.5	52.8
Current assets				
Inventories		0.2	0.1	0.2
Trade and other receivables		18.5	14.5	17.4
Cash and cash equivalents		3.5	1.0	2.7
		22.2	15.6	20.3
Assets classified as held for sale		-	6.3	-
Total assets		85.6	70.4	73.1
Liabilities				
Current liabilities				
Trade and other payables		(14.9)	(11.2)	(12.1)
Financial liabilities - borrowings	8	(6.8)	(5.6)	(6.4)
Other financial liabilities		(0.2)	(0.6)	(0.3)
Current tax liabilities		(0.4)	(0.1)	(0.1)
Provisions		(0.4)	(0.3)	(0.5)
		(22.7)	(17.8)	(19.4)
Non-current liabilities				
Financial liabilities - borrowings	8	(11.3)	(11.0)	(10.1)
Other long term liabilities		(0.8)	(0.8)	(0.8)
Deferred tax liabilities		(4.6)	(4.0)	(3.9)
Provisions		(2.1)	(2.8)	(2.6)
		(18.8)	(18.6)	(17.4)
Liabilities classified as held for sale		-	(3.4)	-
Total Liabilities		(41.5)	(39.8)	(36.8)
Net assets		44.1	30.6	36.3
Equity				
Share capital		3.8	3.2	3.4
Share premium account		21.2	11.7	14.6
Other reserves	9	3.2	2.6	2.9
Retained earnings	9	15.9	13.1	15.4
Equity attributable to owners of parent		44.1	30.6	36.3

Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Note	Unaudited Six months ended 30 June 2013 £'m	Unaudited Six months ended 30 June 2012 £'m	Audited Year ended 31 December 2012 £'m
Net cash generated/(used by) from operations	5	4.5	(1.3)	(0.1)
Net finance costs		(0.4)	(0.3)	(0.8)
Income taxes paid		-	(0.3)	(0.5)
Net cash generated from/ (used by) operating activities		4.1	(1.9)	(1.4)
Cash flows from investing activities				
Purchases of property, plant and equipment and applications software		(1.6)	(0.9)	(1.9)
Purchase of subsidiary including acquisition costs, net of cash acquired		(9.4)	(6.7)	(12.0)
Sale of subsidiary, net of cash disposed		-	-	0.6
Cash flows used in investing activities		(11.0)	(7.6)	(13.3)
Cash flows from financing activities				
Proceeds from share issues		7.0	8.1	11.2
Dividends paid		-	-	(0.9)
Repayment of borrowings		(1.1)	(0.3)	(0.9)
Drawdown of indebtedness		-	(1.4)	1.4
New bank loans raised		3.5	(1.5)	1.5
Decrease in bank overdrafts		(0.8)	-	(1.2)
Finance lease principal repayments		(0.1)	(0.1)	(0.6)
Net cash generated in financing activities		8.5	4.8	10.5
Net increase/(decrease) in cash and cash equivalents		1.6	(4.7)	(4.2)
Cash and cash equivalents at start of period		(1.3)	2.9	2.9
Cash and cash equivalents at the end of period		0.3	(1.8)	(1.3)
Cash and cash equivalents shown above comprise:				
Cash at bank		3.5	1.0	2.7
Balance on invoice discounting facility		(3.2)	(2.8)	(4.0)
		0.3	(1.8)	(1.3)

Notes to the Consolidated Interim report

For the six months ended 30 June 2013

1 Basis of preparation

The condensed consolidated interim financial information for the half year ended 30 June 2013 was approved by the Board of Directors and authorised for issue on 12 September 2013. 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 2012, 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 2013, and uses the same accounting policies and methods of computation applied for the year ended 31 December 2012.

There were no new relevant standards or interpretations to be adopted for the six months ended 30 June 2013.

Restatement

On 10 April 2010 a management incentive scheme for certain key employees was put in place by Geraldton Services Inc. ('Geraldton') entitling certain key employees to share in the increased value of the Group. On 6 June 2012, the arrangement was varied such that Geraldton granted 2,122,588 share options over ordinary shares in the Company held by Geraldton. The exercise price for these options is 0 pence, with a cap on the benefit attributable to the option holder of 82.5 pence per share. At the same time, the company issued 2,122,588 share options to these employees with an exercise price of 83 pence per share.

During the current period it was established that this incentive scheme provided by Geraldton had been omitted from the 31 December 2012 accounts and as a result the directors have included a prior period adjustment in the interim statements to 30 June 2013 to correct this error. As the options were granted by reason of employment, the charge to settle these awards has been accounted for as a capital contribution by Geraldton, increasing other reserves by £2.0m and reducing retained earnings by £2.0m at 30 June 2012 and 31 December 2012 and the comparative balance sheets have been restated accordingly. There is no impact on the financial statements for the period ended 30 June 2013 and, although there has been a reallocation of reserves between other reserves and retained earnings to account for the capital contribution, the Directors have not presented an additional column showing the impact on the opening statement of financial position because, in the Directors' opinion, the restatement has had no net impact on the opening 2012 reserves.

The number of options issued under the management incentive scheme to the directors were as follows:

Charles Skinner	1,288,411
Sir William Wells	515,789

Had this been included in prior periods, the impact on Directors' remuneration would have been a cumulative increase in emoluments of £1,042,939 in respect of Charles Skinner and £425,526 in respect of Sir William Wells as at 31 December 2011.

2 Segmental information

The Group is organised into two main operating segments, Document Management and Office Relocation, 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:

2 **Segmental information (continued)**

Continuing Operations	Unaudited six months ended 30 June 2013			
	£'m			
	Document Management	Office Relocation	Head Office	Total
Sales of services	13.7	10.9	-	24.6
Segment adjusted operating profit/(loss)	4.9	0.4	(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	64.0	12.8	8.8	85.6
Segment liabilities	14.5	7.1	19.9	41.5
Capital expenditure	1.6	-	-	1.6
Depreciation and amortisation	0.9	0.3	-	1.2

	Unaudited six months ended 30 June 2012				
	£'m				
	Document Management	Office Relocation	Head Office	Assets held for sale	Total
Sales of services	10.1	8.1	-	-	18.2
Segment adjusted operating profit/(loss)	3.5	(0.1)	(0.8)	-	2.6
Exceptional items					(2.0)
Share based payments charge					(0.1)
Amortisation of intangible assets					(0.3)
Operating profit					0.2
Net Finance costs					(0.5)
Loss before tax					(0.3)
Tax credit					0.1
Profit after tax					(0.2)
Segment assets	39.6	18.5	6.0	6.3	70.4
Segment liabilities	6.0	10.3	20.1	3.4	39.8
Capital expenditure	0.8	0.1	-	-	0.9
Depreciation and amortisation	0.4	0.4	-	-	0.8

Continuing Operations	Audited Year ended 31 December 2012			
	£'m			Total
	Document Management	Office Relocation	Head Office	
Sales of services	21.0	22.3	-	43.3
Segment adjusted operating profit/(loss)	7.5	1.2	(1.6)	7.1
Exceptional items				(3.0)
Share based payments charge				(0.4)
Amortisation and impairment of intangible assets				(1.3)
Operating profit				2.4
Finance costs				(0.9)
Profit before tax				1.5
Tax credit				0.1
Profit after tax				1.6
Segment assets	50.1	17.8	5.2	73.1
Segment liabilities	9.4	12.2	15.2	36.8
Capital expenditure	1.7	0.2	-	1.9
Depreciation and amortisation	1.2	0.5	-	1.7

Discontinued Operations

On 3 August 2012 the Group sold Peter Cox Limited, its building repair business, the total profit from discontinued operations in the year ended 31 December 2012 was £0.1m.

All assets are located in the United Kingdom.

The operating exceptional item of £1.5m relates to redundancy costs of £0.3m in office relocations, restructuring costs of £0.2m in office relocations and £0.1m in records management, costs of acquisition of £0.1m and a provision for bad debt as previously announced (six months ended 30 June 2012: £1.3m relates to restructuring and redundancy costs and £0.7m costs of acquisition).

In the year ended 31 December 2012, £3.0m of exceptional items were incurred (integration costs of £1.0m, redundancy costs of £0.8m, acquisition costs of £0.6m and restructuring costs of £0.6m).

3 Tax

The underlying tax charge is based on the expected effective tax rate for the full year to 31 December 2013.

4 Earnings/(loss) 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 2013	Unaudited Six months ended 30 June 2012	Audited Year ended 31 December 2012
Weighted average number of shares in issue	71,552,093	60,729,538	63,554,430
Total profit/(loss) after tax for the year (£'m)	1.4	(0.2)	1.7
Total basic earnings/(loss) per ordinary share (pence)	2.0p	(0.3)p	2.7p
Profit/(loss) after tax for the year – continuing operations (£'m)	1.4	(0.2)	1.6
Basic earnings/(loss) per ordinary share – continuing operations (pence)	2.0p	(0.3)p	2.5p
Basic earnings per share – discontinued operations (pence)	-	-	0.1
Weighted average number of shares in issue	71,552,093	60,729,538	63,554,430
Share options	3,214,217	3,718,612	2,180,504
Weighted average fully diluted number of shares in issue	74,766,310	64,448,150	65,734,934
Total fully diluted earnings/(loss) per share (pence)	1.9p	(0.3)p	2.6p
Fully diluted earnings/(loss) per share – continuing operations (pence)	1.9p	(0.3)p	2.4p
	£'m	£'m	£'m
Profit/(loss) before tax for the period – continuing operations	1.8	(0.3)	1.5
Adjustments:			
Amortisation of intangible assets	0.5	0.3	0.9
Exceptional items	1.5	2.0	3.0
Share based payments charge	0.3	0.1	0.4
Impairment of intangible assets	-	-	0.4
Adjusted profit – continuing operations	4.1	2.1	6.2

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:

	£'m	£'m	£'m
Adjusted profit before tax	4.1	2.1	6.2
Tax at 23.5%,24.5%/24.5%	(1.0)	(0.5)	(1.5)
Adjusted profit after taxation (£'m)	3.1	1.6	4.7
Adjusted basic earnings per share (pence)	4.3p	2.6p	7.4p

5 Cash inflow from operations

	Unaudited Six months ended 30 June 2013 £'m	Unaudited Six months ended 30 June 2012 £'m	Audited Year ended 31 December 2012 £'m
Cash inflow from operating activities			
Continuing operations			
Profit/(loss) before tax	1.8	(0.3)	1.5
Depreciation of property, plant and equipment	0.7	0.5	0.8
Amortisation of intangible assets	0.5	0.3	0.9
Impairment of intangible assets	-	-	0.4
Finance costs recognised in profit and loss	0.4	0.5	0.9
Share based payments charge	0.3	0.1	0.4
Movement in working capital			
Decrease/(increase) in trade and other receivables	0.7	(1.7)	(3.9)
Increase/decrease in trade and other payables	0.1	(1.0)	(1.7)
Net cash generated from/(used by) continuing operations	4.5	(1.6)	(0.7)
Discontinued operations			
Profit for the period	-	-	0.2
Decrease in trade and other receivables	-	0.8	0.8
Decrease in trade and other payables	-	(0.5)	(0.4)
Cash generated from discontinued operations	-	0.3	0.6
Net cash generated from/(used by) operations	4.5	(1.3)	(0.1)

6 Business Combinations

On 20 March 2013, the Company acquired File & Data, the records management division of OfficeTeam Group Limited. The initial consideration for File & Data was £6.1m.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets	2.1
Property, plant and equipment	0.6
Trade receivables	0.3
Other receivables	0.6
Trade and other payables	(0.9)
Current tax liability	(0.2)
Deferred tax liabilities	(0.4)
<hr/> Net assets acquired	<hr/> 2.1
Goodwill	4.1
<hr/> Consideration	<hr/> 6.2
Satisfied by:	
Cash to vendors	6.1
Contingent consideration	0.1

The goodwill represents the value attributable to new business and the assembled and trained workforce. The intangibles capitalised represent £2.1m in respect of customer relationships. Deferred tax at 23% has been provided on the value of intangible assets. Acquisition costs of £106,000 were incurred and have been charged to profit or loss. The contingent consideration of up to £150,000 is payable in 2014 (discounted value £0.1m) depending on the performance twelve months after completion.

On 19 April 2013, the Company acquired Atix Limited, a records management business. Atix was purchased for a cash consideration of £1.1m.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets	0.4
Property, plant and equipment	0.2
Cash	0.1
Deferred tax liabilities	(0.1)
<hr/> Net assets acquired	<hr/> 0.6
Goodwill	0.5
<hr/> Consideration	<hr/> 1.1
Satisfied by:	
Cash to vendors	1.1

The goodwill represents the value attributable to new business and the assembled and trained workforce. The intangibles capitalised represent £0.4m in respect of customer relationships. Deferred tax at 23% has been provided on the value of intangible assets. Acquisition costs of £32,000 were incurred and have been charged to profit or loss.

On 26 April 2013, the Company acquired IT Efficient Limited (“IT Efficient”), the national IT asset disposal and recycling business. The initial consideration was £2.3m.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets	1.0
Trade receivables	0.2
Other receivables	0.5
Cash	0.2
Trade and other payables	(0.3)
Current tax liability	(0.1)
Deferred tax liabilities	(0.2)
<hr/> Net assets acquired	<hr/> 1.3
Goodwill	1.3
<hr/> Consideration	<hr/> 2.6
Satisfied by:	
Cash to vendors	2.3
Contingent consideration	0.3
<hr/>	<hr/>

The goodwill represents the value attributable to new business and the assembled and trained workforce. The intangibles capitalised represent £1.0m in respect of customer relationships. Deferred tax at 23% has been provided on the value of intangible assets. Acquisition costs of £47,000 were incurred and have been charged to profit or loss. The contingent consideration of up to £370,000 is payable in 2015 (discounted value £0.3m) depending on the performance in 2014 and 2015.

7 Intangible assets

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software & IT £'m	Total £'m
Cost					
1 January 2012	24.4	7.5	1.5	1.7	35.1
Acquired with subsidiary	6.2	1.9	1.7	-	9.8
Additions	0.2	-	-	-	0.2
Transfers to assets held for sale	(0.4)	(0.1)	(1.0)	(0.1)	(1.6)
30 June 2012	<u>30.4</u>	<u>9.3</u>	<u>2.2</u>	<u>1.6</u>	<u>43.5</u>
Cost					
30 June 2012	30.4	9.3	2.2	1.6	43.5
Acquired with subsidiary	2.7	0.7	(0.2)	0.5	3.7
Additions	(0.1)	-	-	0.2	0.1
Disposals	-	-	-	(0.3)	(0.3)
31 December 2012	<u>33.0</u>	<u>10.0</u>	<u>2.0</u>	<u>2.0</u>	<u>47.0</u>
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	<u>39.0</u>	<u>13.5</u>	<u>2.0</u>	<u>2.0</u>	<u>56.5</u>
Amortisation					
1 January 2012	10.6	1.3	-	1.1	13.0
Charge for the period	-	0.2	-	0.1	0.3
Adjustments	-	0.1	-	(0.1)	-
30 June 2012	<u>10.6</u>	<u>1.6</u>	<u>-</u>	<u>1.1</u>	<u>13.3</u>
Amortisation					
30 June 2012	10.6	1.6	-	1.1	13.3
Charge for the period	-	0.3	0.1	0.2	0.6
Impairment	-	-	0.4	-	0.4
31 December 2012	<u>10.6</u>	<u>1.9</u>	<u>0.5</u>	<u>1.3</u>	<u>14.3</u>
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	<u>10.6</u>	<u>2.2</u>	<u>0.5</u>	<u>1.5</u>	<u>14.8</u>
Carrying amount					
30 June 2013	<u>28.4</u>	<u>11.3</u>	<u>1.5</u>	<u>0.5</u>	<u>41.7</u>
31 December 2012	<u>22.4</u>	<u>8.1</u>	<u>1.5</u>	<u>0.7</u>	<u>32.7</u>
30 June 2012	<u>19.8</u>	<u>7.7</u>	<u>2.2</u>	<u>0.5</u>	<u>30.2</u>

8 Financial liabilities

	30 June 2013 £'m	30 June 2012 £'m	31 December 2012 £'m
Current			
Bank loans and overdrafts due within one year			
Overdrafts on demand	1.1	1.4	1.8
Bank loans - secured	5.7	4.2	4.6
	<u>6.8</u>	<u>5.6</u>	<u>6.4</u>
Non-current			
Bank loans - secured	11.3	11.0	10.1
	<u>11.3</u>	<u>11.0</u>	<u>10.1</u>

Analysis of net debt

	30 June 2013 £'m	30 June 2012 £'m	31 December 2012 £'m
Cash at bank and in hand	3.5	1.0	2.7
Balance on invoice discounting facility	(3.2)	(2.8)	(4.0)
Bank loans and overdrafts due within one year	(6.8)	(5.6)	(6.4)
Bank loans due after one year	(11.3)	(11.0)	(10.1)
	<u>(17.8)</u>	<u>(18.4)</u>	<u>(17.8)</u>

9 Other reserves and retained earnings

	Share based payments reserve £'m	Capital contribution reserve £'m	Total other reserves £'m	Retained earnings £'m
1 January 2012 (as previously stated)	0.5	-	0.5	16.0
Restatement (note 1)	-	2.0	2.0	(2.0)
1 January 2012 as restated	0.5	2.0	2.5	14.0
Charge for the period	0.1	-	0.1	-
Profit for the period	-	-	-	(0.2)
Dividends paid	-	-	-	(0.7)
30 June 2012	0.6	2.0	2.6	13.1
Charge for the period	0.3	-	0.3	-
Profit for the period	-	-	-	1.9
Dividends paid	-	-	-	(0.2)
Deferred tax on share based payments	-	-	-	0.6
31 December 2012	0.9	2.0	2.9	15.4
Charge for the period	0.3	-	0.3	-
Profit for the period	-	-	-	1.4
Dividends paid	-	-	-	(0.9)
30 June 2013	<u>1.2</u>	<u>2.0</u>	<u>3.2</u>	<u>15.9</u>

ENDS