For immediate release **10 September 2019**

Anexo Group plc
('Anexo' or the 'Group')

Interim Results

'Successful investment in Legal Services driving case settlement and cash collection'

Anexo Group plc (AIM: ANX), the specialist integrated credit hire and legal services provider, is pleased to report its Interim Results for the six months ended 30 June 2019 ('H1 2019' or the 'period'). The Board is pleased to report another successful six months of strong growth with management confident in meeting current market expectations for FY 2019.

Financial Highlights

	H1 2019	H1 2018	Movement
Revenue	**£36.7 million**	£23.6 million	+55.5%
Adjusted operating profit[1]	**£11.8 million**	£7.3 million	+61.6%
Adjusted profit before tax[1]	**£11.0 million**	£6.8 million	+62.6%
Net assets	**£82.9 million**	£68.6 million	+20.8%
Cash collection	**£36.6 million**	£28.2 million	+29.8%
Basic EPS	**7.6 pence**	4.1 pence	+85.4%

- Adjusted[1] operating profit margin increased to 32.2% (H1 2018: 30.9%)
- Net cash outflow from operating activities[2] to fund growth of £3.3 million (H1 2018: net cash inflow £0.5 million)
- Proposed interim dividend of 1 penny per share (H1 2018: Nil)
- Net debt balance at 30 June 2019 stood at £23.4 million (30 June 2018: net debt post listing of £2.4 million)
- Post period end, Anexo successfully renegotiated its working capital facilities, securing considerable improvements in its financing arrangements, and agreed new terms with fleet insurance providers to deliver enhanced savings in remainder of FY 2019 and in 2020
- Anexo on track to meet FY 2019 market expectations of adjusted profit before tax of £23.0 million

[1] Adjusted results exclude certain expenses incurred as part of the AIM listing, share based payments and the transition to IFRS 16 – Leases.
[2] Cash flows from operations exclude movements in directors' loans and the impact of IFRS 16.

Operational Highlights

- Fully stand-alone new legal office in Bolton achieved break even point within four months. The Bolton office increased headcount to 63 by 30 June 2019, of which 28 were experienced litigators, increasing the Group's ability to settle cases and generate cash. As at 30 June 2019, a further 10 experienced litigators had accepted positions and not yet started
- Following a period of significant growth across the Group, the expansion of the vehicle fleet has been more measured as the Group seeks to optimise margin and cash collections, thus underpinning an improvement in financial performance

KPIs	**H1 2019**	**H1 2018**	**Movement**
Number of vehicles on hire at the period end	**1,571**	1,240	+26.7%
Average number of vehicles on hire for the period	**1,496**	912	+64.0%
Number of hire cases settled	**2,066**	1,730	+19.4%
Cash collections from settled cases (£'000s)	**36,628**	28,230	+29.7%
Number of new cases funded	**3,392**	2,588	+31.1%
Legal staff employed at period end	**344**	215	+60.0%
Number of senior fee earners at period end	**109**	74	+47.3%
Average number of senior fee earners	**98**	71	+38.0%

Commenting on the Interim Results, Alan Sellers, Executive Chairman of Anexo Group plc, said:

"We are pleased to report another strong set of results, with all key financial metrics and KPIs ahead of the comparative period last year. At the time of our AIM IPO in June 2018, we outlined a number of key objectives such as expanding the vehicle fleet, opening a regional office and further legal recruitment and I am delighted to report that a year later we have made excellent progress on these objectives which is reflected in these half year results.

Anexo remains extremely well positioned to grow its market share and take advantage of the opportunities available to it. The Board views the current financial year and beyond with considerable optimism."

- Ends -

Analyst meeting
A meeting for analysts will be held at 09.30am today, 10 September 2019, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A copy of the Interim Results presentation is available at the Company's website www.anexo-group.com

An audio webcast of the analysts meeting will be available after 12pm today:
https://webcasting.buchanan.uk.com/broadcast/5d381ed948a6d52f84f6b009

For further enquiries:

Anexo Group plc	+44 (0) 151 227 3008
Alan Sellers, Executive Chairman	www.anexo-group.com
Mark Bringloe, Chief Financial Officer	
Nick Dashwood Brown, Head of Investor Relations	
Arden Partners plc	
(Nominated Adviser and Broker)	
John Llewellyn-Lloyd / Benjamin Cryer (Corporate)	+44 (0) 20 7614 5900
Fraser Marshall (Equity Sales)	www.arden-partners.co.uk
Buchanan	
(Financial Communications)	
Henry Harrison-Topham / Steph Watson / Hannah Ratcliff	+44 (0) 20 7466 5000
	Anexo@buchanan.uk.com

Notes to Editors:

Anexo is a specialist integrated credit hire and legal services provider. The Group has created a unique business model by combining a direct capture Credit Hire business with a wholly owned Legal Services firm. The integrated business targets the impecunious not at fault motorist, referring to those who do not have the financial means or access to a replacement vehicle.

Through its dedicated Credit Hire sales team and network of over 1,100 active referrers around the UK, Anexo provides customers with an end-to-end service including the provision of Credit Hire vehicles, assistance with repair and recovery, and claims management services. The Group's Legal Services division, Bond Turner, provides the legal support to maximise the recovery of costs through settlement or court action as well as the processing of any associated personal injury claim.

The Group was admitted to trading on AIM in June 2018 with the ticker ANX.

For additional information please visit: www.anexo-group.com. To subscribe to our investor alert service and receive all press releases, financial results and other key shareholder messages as soon as they become available, please visit: https://www.anexo-group.com/content/investors/alert.asp.

Executive Chairman's Statement

On behalf of the Board, I am pleased to introduce Anexo's results for the six month period ended 30 June 2019, a period during which the Board has concentrated firmly on moving the Group towards the inflexion point which achieves net cash generation. Anexo's strategy in the period has been to target a more measured growth in credit hire in order to focus on the Group's continued success in the recruitment of high quality litigators, thereby increasing its ability to settle cases and improve cash generation. Anexo has performed strongly in H1 2019, with significant growth in both divisions compared to H1 2018. The solid platform which has been established since the Group's AIM IPO in June 2018 provides the Board with considerable confidence in the strong prospects for the Group for the remainder of FY 2019 and beyond.

The Group has adopted IFRS 16 (effective 1 January 2019) in these interim results (for further detail see Note 7 in the Notes to the Interim Statements).

H1 2019 Group performance

Anexo delivered a strong performance across all key Group financial metrics and KPIs in its first financial year on AIM, and this has continued into H1 2019. Group revenues in H1 2019 increased by 55.5% to £36.7 million (H1 2018: £23.6 million) and adjusted profit before tax for the period increased by 62.6% to £11.0 million (H1 2018: £6.8 million).

As announced on 6 August 2019, Anexo successfully renegotiated its working capital facilities and secured favourable financing arrangements from both new and existing providers.

Credit Hire division

As previously reported, Anexo deployed an element of the funds raised at IPO to expand its fleet. The average number of vehicles on the road reached 1,496 in H1 2019 (H1 2018: 912), a 64.0% increase on the prior year. The Board has not sought to further increase the number of vehicles on hire in the last six months, in order to allow the Group to concentrate on the development of the litigation division and increasing the Group's rate of cash collections. However, the like for like increase in vehicles on the road has resulted in growth in Credit Hire revenue of 80.3%, rising from £12.9 million in H1 2018 to £23.2 million in H1 2019. Profit before tax in the Credit Hire division rose by 152% to £8.3 million in H1 2019 (H1 2018: £3.3 million).

In particular, the Group has witnessed considerable growth in its motorcycle business, facilitated by the Board's strategic investment in the fleet. We have also sought to target the most valuable claims for the Group, the effect of which has been to improve individual claim performance and thus further drive growth in revenues and profitability over and above the number of vehicles on the road.

As announced on 6 August 2019, the Group agreed new terms with its existing fleet insurance provider which will continue to deliver enhanced savings against original forecasts for the remainder of FY 2019 and throughout FY 2020.

Legal Services division

A significant portion of the IPO funds was targeted at increasing capacity within Bond Turner, the Group's legal services business. This was to facilitate increased cash generation, which continues to improve month on month. Cash collections increased by £8.4 million or 29.7% between H1 2018 and H1 2019, rising to £36.6 million from £28.2 million. This strong trend continued post period end with cash collections in July 2019 going on to be a monthly record for the Group.

Revenues for the Legal Services division, which strongly converts to cash, showed an increase of 26.2%, reaching £13.5 million in H1 2019 (H1 2018: £10.7 million). Profit before taxation declined to £2.3 million (H1 2018: £3.8 million), reflecting the significant investment in the new Bolton office and associated staff recruitment costs. Within the working capital cycle of a typical case and the timeline for settlement inherent in the court process, an experienced litigator will not reach capacity from a settlement and cash collection position for at least nine to twelve months. Consequently, the considerable benefits to cash collections from the Group's investment in recruitment are expected to be realised in late FY 2019 and into FY 2020.

The Board's focus in 2019 has been to expand capacity at Bond Turner, with the opening of the Bolton office being key to this strategy. Both in number and quality of litigators targeted for recruitment, Bolton has out-performed management's expectations. At 30 June 2019, the number of highly skilled and experienced litigators has increased within the Group from 74 at 30 June 2018 to 89 at 31 December 2018, and to 109 by the end of H1 2019, an increase of 38% from that seen at 30 June 2018.

With further investment planned for the remainder of FY 2019, these additional staff are expected to continue to drive an increase in the number of cases settled and ultimately the level of cash recovered from Bond Turner's considerable portfolio of cases.

As previously outlined at the time of the Group's AIM IPO, Bond Turner also operates an in-house advocacy and specialist litigation team which handles complex professional and clinical negligence claims. Many of these constitute high value and high profile cases, some of which have been ongoing for many years; one example is the class action concerning historic abuse at Aston Hall psychiatric hospital. The Board intends to expand this specialist team in H2 2019 and FY 2020 and is exploring opportunities to secure new business in professional and compensation claims through both targeted recruitment and digital marketing and direct capture.

Dividends

The Board stated at the time of the Group's AIM IPO that its intention was to adopt a progressive dividend policy and commenced this with the payment of final dividend of 1.5 pence per share for the period from Admission to 31 December 2018. The Board is therefore pleased to propose an interim dividend of 1 penny per share which will be paid on 23 October 2019 to those shareholders on the register at the close of business on 20 September 2019. The shares will become ex-dividend on 19 September 2019.

Trading Outlook

The outlook for the remainder of FY 2019 is positive and the Board remains confident that the decision to hold steady the number of vehicles on the road within the Credit Hire division, as the Group continues to expand its Legal Services division, will allow Anexo to demonstrate its ability to generate yet further cash from its significant case portfolio.

Recruitment continues to progress better than anticipated within the Legal Services division and the Group has recently finalised the terms of a lease for a further floor in Bolton, doubling the office space to 19,490 sq.ft. The Board is also considering additional locations for a further regional office and will make a separate announcement as and when appropriate. The additional capacity secured to date has already positively impacted cash collections and settlement numbers and rates. The Board will continue to review this strategy to ensure that Anexo continues to leverage its case book and consequently realises the potential of the investment as a significant cash generating asset.

Anexo remains extremely well positioned to grow its market share and take advantage of the opportunities available to it. The Board views the current financial year and beyond with considerable optimism.

Alan Sellers
Executive Chairman
10 September 2019

Consolidated Statement of Comprehensive Income
For the unaudited period ended 30 June 2019

	Note	Unaudited Half year ended Jun-19 £'000s	Unaudited Half year ended Jun-18 £'000s	Audited Year ended Dec-18 £'000s
Revenue		**36,717**	23,588	56,505
Cost of sales		**(7,225)**	(6,880)	(16,168)
Gross profit		**29,492**	16,708	40,337
Depreciation		**(1,192)**	(606)	(1,574)
Depreciation on right of use assets		**(2,849)**	-	-
Administrative expenses		**(13,638)**	(8,801)	(21,594)
Operating profit before exceptional items		**11,813**	7,301	17,169
Share based payment charges		**(329)**	-	(384)
Non-recurring administrative expenses		**-**	(1,438)	(1,411)
Operating profit		**11,484**	5,863	15,374
Finance costs		**(762)**	(525)	(1,090)
Lease finance costs		**(292)**	-	-
Total finance costs		**(1,054)**	(525)	(1,090)
Profit before tax		**10,430**	5,338	14,284
Taxation		**(2,045)**	(790)	(2,879)
Profit and total comprehensive income for the year attributable to the owners of the company		**8,385**	4,548	11,405
Earnings per share				
Basic earnings per share (pence)		**7.6**	4.1	10.4
Diluted earnings per share (pence)		**7.4**	4.1	10.2

The above results were derived from continuing operations.

Consolidated Statement of Financial Position
Unaudited at 30 June 2019

	Unaudited Half Year Ended Jun-19 £'000s	Unaudited Half Year ended Jun-18 £'000s	Audited Year Ended Dec-18 £'000s
Assets			
Non-current assets			
Property, plant and equipment	**3,233**	1,918	3,270
Right-of-use assets	**9,815**	-	-
	13,048	1,918	3,270
Current assets			
Trade and other receivables	**116,841**	81,174	101,445
Cash and cash equivalents	**491**	11,121	5,532
	117,332	92,295	106,977
Total assets	**130,380**	94,213	110,247
Equity and liabilities			
Equity			
Share capital	**55**	55	55
Share premium	**9,235**	9,310	9,235
Share based payment reserve	**713**	-	384
Retained earnings	**72,862**	59,191	66,127
Equity attributable to the owners of the Group	**82,865**	68,556	75,801
Non-current liabilities			
Other interest-bearing loans and borrowings	**-**	5,566	870
Lease liabilities	**5,150**	-	-
Deferred tax liabilities	**20**	20	-
	5,170	5,586	870
Current liabilities			
Bank overdraft	**14,532**	5,080	12,536
Other interest-bearing loans and borrowings	**9,382**	2,835	9,402
Lease liabilities	**4,927**	-	-
Trade and other payables	**9,118**	6,439	7,223
Corporation tax liability	**4,386**	5,717	4,415
	42,345	20,071	33,576
Total liabilities	**47,515**	25,657	34,446
Total equity and liabilities	**130,380**	94,213	110,247

Consolidated Statement of Changes in Equity
For the unaudited period ended 30 June 2019

	Share capital £'000s	Share premium £'000s	Share based payment reserve £'000s	Retained earnings £'000s	Total £'000s
At 1 January 2019	55	9,235	384	66,127	75,801
Profit for the year and total comprehensive income	-	-	-	8,385	8,385
Share based payments	-	-	329	-	329
Dividends	-	-	-	(1,650)	(1,650)
At 30 June 2019	**55**	**9,235**	**713**	**72,862**	**82,865**
At 1 January 2018	50	40	-	55,542	55,632
Profit for the year and total comprehensive income	-	-	-	4,548	4,548
Issue of share capital	5	-	-	-	5
Increase in share premium	-	9,270	-	-	9,270
Adjustment	-	-	-	(79)	(79)
Dividends	-	-	-	(820)	(820)
At 30 June 2018	55	9,310	-	59,191	68,556
Profit for the year and total comprehensive income	-	-	-	6,857	6,857
Movement in share premium	-	(75)	-	-	(75)
Creation of share based payments reserve	-	-	384	-	384
Adjustment	-	-	-	79	79
At 31 December 2018	55	9,235	384	66,127	75,801

Anexo Group Plc
Consolidated Statement of Cash Flows
For the unaudited period ended 30 June 2019

	Unaudited Half year ended Jun-19 £'000s	Unaudited Half year ended Jun-18 £'000s	Audited Year ended Dec-18 £'000s
Cash flows from operating activities			
Profit for the year	**8,385**	4,548	11,405
Adjustments for:			
Depreciation and amortisation	**4,041**	606	1,574
Financial expense	**1,054**	525	1,090
Taxation	**2,045**	795	2,879
	15,525	6,474	16,948
Working capital adjustments			
Increase in trade and other receivables	**(15,211)**	(1,012)	(20,524)
Increase in trade and other payables	**2,225**	1,581	1,466
Cash generated from operations	**2,539**	7,043	(2,110)
Interest paid	**(762)**	(525)	(1,090)
Tax paid	**(2,240)**	(1,013)	(4,738)
Net cash from operating activities	**(463)**	5,505	(7,938)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**195**	104	170
Acquisition of property, plant and equipment	**(1,349)**	(1,107)	(3,493)
Net cash from investing activities	**(1,154)**	(1,003)	(3,323)
Cash flows from financing activities			
Net proceeds from the issue of share capital	**-**	9,325	9,250
Proceeds from new loan	**-**	609	4,016
Dividends	**(1,650)**	(1,015)	(820)
Repayment of borrowings	**(210)**	(81)	(1,931)
Lease payments	**(2,879)**	-	-
Payment of finance lease liabilities	**(681)**	(524)	(1,362)
New finance lease arrangements	**-**	712	2,590
Net cash from financing activities	**(5,420)**	9,026	11,743
Net increase / (decrease) in cash and cash equivalents	**(7,037)**	13,528	482
Cash and cash equivalents at 1 January	**(7,004)**	(7,486)	(7,486)
Cash and cash equivalents at period end	**(14,041)**	6,042	(7,004)

Anexo Group Plc
Notes to the Interim Statements
For the unaudited period ended 30 June 2019

1. Basis of preparation and significant accounting policies

The condensed consolidated financial statements are prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'.

The information for the year ended 31 December 2018 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed unaudited financial statements for the six months to 30 June 2019 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The condensed consolidated financial statements have been prepared under the going concern assumption.

The Directors have assessed the future funding requirement of the Group, and have compared them to the levels of available cash and funding resources. The assessment included a review of current financial projections to December 2020. Having undertaken this work, the Directors are of the opinion that the Group has adequate resources to finance its operations for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the Interim Report.

New accounting standards

The Group has adopted IFRS 16 (effective 1 January 2019) in these interim financial statements (for further details see Note 7).

The results presented are after the adoption of IFRS 16 – Leases, effective 1 January 2019, which fundamentally altered the classification and measurement of operating leases for lessees, removing the distinction between operating and finance leases. The effect on the Group's reported results is to enhance gross profit as the lease costs associated with the vehicle fleet are effectively removed and replaced by an increase in depreciation and interest costs. The resulting net effect on profit before taxation is modest. A detailed reconciliation of the Group's primary financial statements is provided in Note 7 below.

2. Segmental Reporting

The Group's reportable segments are as follows:

- the provision of credit hire vehicles to individuals who have had a non-fault accident, and
- associated legal services in the support of the individual provided with a vehicle by the Group and other legal service activities, and
- Group and central costs.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Half year ended 30 June 2019

	Credit Hire £'000s	Legal Services £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues				
Third party	23,197	13,520	-	36,717
Total revenues	23,197	13,520	-	36,717
Profit before taxation	8,348	2,322	(240)	10,430
Depreciation	3,693	348	-	4,041
Segment assets	89,785	40,498	97	130,380
Capital expenditure	1,007	342	-	1,349
Segment liabilities	31,940	15,295	280	47,515

Half year ended 30 June 2018

	Credit Hire £'000s	Legal Services £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues				
Third party	12,865	10,723	-	23,588
Total revenues	12,865	10,723	-	23,588
Profit before taxation	3,318	3,830	(1,809)	5,338
Depreciation	568	38	-	606
Segment assets	52,894	33,750	7,569	94,213
Capital expenditure	995	112	-	1,107
Segment liabilities	12,873	12,686	98	25,657

Year ended 31 December 2018

	Credit Hire £'000s	Legal Services £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues				
Third party	34,042	22,463	-	56,505
Total revenues	34,042	22,463	-	56,505
Profit before taxation	10,889	4,988	(1,593)	14,284
Depreciation	1,489	85	-	1,574
Segment assets	73,896	35,164	1,187	110,247
Capital expenditure	3,005	488	-	3,493
Segment liabilities	21,346	12,539	561	34,446

3. Property, Plant and Equipment

	Property improvement £'000s	Fixtures, fittings & equipment £'000s	Motor vehicles £'000s	Office equipment £'000s	Total £'000s
Cost or valuation					
At 1 January 2018	341	308	2,234	669	3,552
Additions	-	110	972	25	1,107
Disposals	-	-	(103)	-	(103)
At 30 June 2018	341	418	3,103	694	4,556
Additions	-	376	1,973	37	2,386
Disposals	-	-	(619)	-	(619)
At 31 December 2018	341	794	4,457	731	6,323
Additions	-	338	983	28	1,349
Disposals	-	-	(751)	(30)	(781)
At 30 June 2019	341	1,132	4,689	729	6,891
Depreciation					
At 1 January 2018	248	180	1,008	596	2,032
Charge for year	5	28	551	22	606
Eliminated on disposal	-	-	-	-	-
At 30 June 2018	253	208	1,559	618	2,638
Charge for the year	5	38	901	24	968
Eliminated on disposal	-	-	(553)	-	(553)
At 31 December 2018	258	246	1,907	642	3,053
Charge for the year	5	84	1,086	17	1,192
Eliminated on disposal	-	-	(559)	(28)	(587)
At 30 June 2019	263	330	2,434	631	3,658
Carrying amount					
At 30 June 2019	**78**	**802**	**2,255**	**98**	**3,233**
At 31 December 2018	83	548	2,550	89	3,270
At 30 June 2018	88	210	1,544	76	1,918

4. Trade and Other Receivables

	Jun-19 £'000s	Jun-18 £'000s	Dec-18 £'000s
Trade receivables	**193,971**	163,257	165,195
Provision for impairment of trade receivables	**(104,039)**	(101,996)	(89,205)
Net trade receivables	**89,932**	61,261	75,990
Prepayments and accrued income	**24,868**	18,126	22,989
Other debtors	**2,041**	1,787	2,466
	116,841	81,174	101,445

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

Trade receivables stated above include amounts due at the end of the reporting period for which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has been no significant change in credit quality.

5. Borrowings

	Jun-19	Jun-18	Dec-18
	£'000s	£'000s	£'000s
Non-current loans and borrowings			
Bank loans and overdrafts	**-**	5,000	-
Obligations under finance lease and hire purchase contracts	**-**	491	851
Other borrowings	**-**	75	19
Lease Liabilities	**5,150**	-	-
	5,150	5,566	870
Current loans and borrowings			
Bank loans and overdrafts	**14,532**	5,080	12,536
Revolving credit facility	**5,000**	-	5,000
Obligations under finance lease and hire purchase contracts	**2,337**	997	1,640
Other borrowings	**2,045**	1,838	2,762
Lease Liabilities	**4,927**	-	-
	28,841	7,915	21,938

The company uses an invoice discounting facility which is secured on the trade debtors of Direct Accident Management Limited. The revolving credit facility is secured by way of a fixed charge dated 25 January 2017, over all present and future property, assets and rights (including uncalled capital) of Bond Turner Limited. The loan is structured as a revolving credit facility which is committed until July 2020, with no associated repayments due before that date. Interest is charged at 3.75 per cent. over LIBOR.

6. Obligations under Lease and Hire Purchase Agreements

Finance leases

The total future value of minimum lease payments under finance leases and hire purchase contracts are as follows:

	Jun-19	Jun-18	Dec-18
	£'000s	£'000s	£'000s
Not later than 1 year	**7,264**	997	1,640
Later than 1 and not later than 5 years	**3,905**	491	851
Over 5 years	**1,245**	-	-
	2,337	1,488	2,491

7. Effect of changes in accounting policies

IFRS 16 Leases

A new accounting standard has been issued, IFRS 16 Leases, which replaced IAS 17 Leases, effective from 1 January 2019. The new standard fundamentally altered the classification and measurement of operating leases for lessees, removing the distinction between operating and finance leases.

This new standard has had the following impact on the Group's accounts:

- The Group currently holds two contractual arrangements deemed to satisfy the conditions of a lease, and which do not fall into the exceptions of the standard. These are the contractual arrangements in relation to rental of the vehicle fleet and the rental of various office and other buildings.

- Previously these leases were accounted for in the income statement on an accruals basis under IAS 17. Under the new standard, these two assets are now held on the balance sheet as "right of use" assets measured at cost (deemed to be the initial measurement of the lease liability plus any set up costs). The lease has initially been measured as the total payments required under the terms of the lease, discounted by the incremental borrowing rate (as per the contract) to account for time value of money.

- This cost includes the lease element only, excluding any maintenance costs. Maintenance costs remain in the income statement, as under the previous treatment.

- The payments made under the lease contracts are no longer charged to the income statement; instead they are offset against the liabilities on the balance sheet.

- Monthly depreciation of the assets is charged to the income statement.

- Interest on the liabilities, calculated at the incremental borrowing rates (vehicle fleet: 7.00%, office and other properties: 3.50%), is charged to the income statement monthly. Upon transition to IFRS 16, the Group applied the modified retrospective approach and will therefore not restate comparative information in the 2019 financial statements.

A reconciliation between the reported results for the half year ended 30 June 2019, having been adjusted for IFRS 16, and before the adjustment is provided below. As the Group has applied the modified retrospective approach there are no adjustments to the results reported for either the half year ended 30 June 2018 or the year ended 31 December 2018.

Impact of IFRS 16 on the Consolidated Statement of Comprehensive Income
Unaudited at 30 June 2019

	Half year ended				
	Reported	**IFRS 16**	**Pre IFRS 16**		**Year ended**
	Jun-19	**Jun-19**	**Jun-19**	**Jun-18**	**Dec-18**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Revenue	**36,717**	-	**36,717**	23,588	56,505
Cost of sales	**(7,225)**	(2,573)	**(9,798)**	(6,880)	(16,168)
Gross profit	**29,492**	(2,573)	**26,919**	16,708	40,337
Depreciation	**(1,192)**	-	**(1,192)**	(606)	(1,574)
Depreciation on right of use assets	**(2,849)**	2,849	**-**	-	-
Administrative expenses	**(13,638)**	(306)	**(13,944)**	(8,801)	(21,594)
Operating profit before exceptional items	**11,813**	(30)	**11,783**	7,301	17,169
Share based payment charges	**(329)**	-	**(329)**	-	(384)
Non-recurring administrative expenses	**-**	-	**-**	(1,438)	(1,411)
Operating profit	**11,484**	(30)	**11,454**	5,863	15,374
Finance costs	**(762)**	-	**(762)**	(525)	(1,090)
Lease finance costs	**(292)**	292	**-**	-	-
Total finance costs	**(1,054)**	292	**(762)**	(525)	(1,090)
Profit before tax	**10,430**	262	**10,692**	5,338	14,284
Taxation	**(2,045)**	-	**(2,045)**	(790)	(2,879)
Profit after tax	**8,385**	262	**8,647**	4,548	11,405
Earnings per share (pence)					
Basic earnings per share	**7.6**	**N/A**	**7.9**	4.1	10.4
Diluted earnings per share	**7.4**	**N/A**	**7.7**	4.1	10.2

Impact of IFRS 16 on the Consolidated Statement of Financial Position
Unaudited at 30 June 2019

	As reported	IFRS 16 Adjustments	Pre IFRS 16 adoption
Assets	**£'000s**	**£'000s**	**£'000s**
Non-current assets			
Property, plant and equipment	**3,233**	-	**3,233**
Right-of-use assets	**9,815**	(9,815)	-
	13,048	(9,815)	**3,233**
Current assets			
Trade and other receivables	**116,841**	-	**116,841**
Cash and cash equivalents	**491**	-	**491**
	117,332	-	**117,332**
Total assets	**130,380**	(9,815)	**120,565**
Equity and liabilities			
Equity			
Share capital	**55**	-	**55**
Share premium	**9,235**	-	**9,235**
Share based payment reserve	**713**	-	**713**
Retained earnings	**72,862**	262	**73,124**
Equity attributable to the owners of the Group	**82,865**	262	**83,127**
Non-current liabilities			
Other interest-bearing loans and borrowings	**-**	-	**-**
Lease liabilities	**5,150**	(5,150)	-
Deferred tax liabilities	**20**	-	**20**
	5,170	(5,150)	**20**
Current liabilities			
Bank overdraft	**14,532**	-	**14,532**
Other interest-bearing loans and borrowings	**9,382**	-	**9,382**
Lease liabilities	**4,927**	(4,927)	-
Trade and other payables	**9,118**	-	**9,118**
Corporation tax liability	**4,386**	-	**4,386**
	42,345	(4,927)	**37,418**
Total liabilities	**47,515**	(10,077)	**37,438**
Total equity and liabilities	**130,380**	(9,815)	**120,565**

Impact of IFRS 16 on the Consolidated Statement of Cash Flows
For the unaudited period ended 30 June 2019

	Note	As reported £'000s	IFRS 16 Adjustments £'000s	Pre IFRS 16 adoption £'000s
Cash flows from operating activities				
Profit for the year		**8,385**	262	**8,647**
Adjustments for:				
Depreciation and amortisation		**4,041**	(2,849)	**1,192**
Financial expense		**1,054**	(292)	**762**
Taxation		**2,045**	-	**2,045**
		15,525	(2,879)	**12,646**
Working capital adjustments				
Increase in trade and other receivables		**(15,211)**	-	**(15,211)**
Increase in trade and other payables		**2,225**	-	**2,225**
Cash generated from operations		**2,539**	(2,879)	**(340)**
Interest paid		**(762)**	-	**(762)**
Tax paid		**(2,240)**	-	**(2,240)**
Net cash from operating activities		**(463)**	(2,879)	**(3,342)**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**195**	-	**195**
Acquisition of property, plant and equipment		**(1,349)**	-	**(1,349)**
Net cash from investing activities		**(1,154)**	-	**(1,154)**
Cash flows from financing activities				
Net proceeds from the issue of share capital		**-**	-	**-**
Proceeds from new loan		**-**	-	**-**
Dividends		**(1,650)**	-	**(1,650)**
Repayment of borrowings		**(210)**	-	**(210)**
Lease payments		**(2,879)**	2,879	-
Payment of finance lease liabilities		**(681)**	-	**(681)**
New finance lease arrangements		**-**	-	**-**
Net cash from financing activities		**(5,420)**	2,879	**(2,541)**
Net increase / (decrease) in cash and cash equivalents		**(7,037)**	-	**(7,037)**
Cash and cash equivalents at 1 January		**(7,004)**	-	**(7,004)**
Cash and cash equivalents at period end		**(14,041)**	-	**(14,041)**

- Ends -