The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Final 11 September 2018

BELVOIR!

BELVOIR LETTINGS PLC
(the "Company" or "Belvoir")

Interim Results for the six months ended 30 June 2018

Belvoir Lettings PLC (AIM: BLV), the UK's largest property franchise, is pleased to announce interim results for the six months ended 30 June 2018.

Financial Highlights

- 19% increase in Group revenue to £6,123,000 (H1 2017: £5,155,000)
- 6% increase in Management Service Fees (MSF) to £4,015,000 (H1 2017: £3,796,000)
- 66% increase in profit before tax to £2,869,000 (H1 2017: £1,731,000)
- 19% increase in adjusted profit before tax to £2,429,000 (H1 2017: £2,045,000)
- H1 performance benefits from impact of Brook Financial Services (Brook), acquired on 13 July 2017 and the franchising out of two corporate offices since December 2017
- Basic earnings per share increased by 68% to 6.9p (2017: 4.1p) and adjusted diluted earnings per share by 10% to 5.3p (H1 2017: 4.8p)
- Interim dividend is maintained at 3.4p; adjusted dividend cover now increased to 1.6x (H1 2017: 1.4x)

Operational Highlights

- 9 new franchise owners joined the Group year to date
- 20 Assisted Acquisitions comprising £5,113,000 (H1 2017: £1,732,000) of acquired historic turnover
- Lettings to sales ratio unchanged at 81:19 (H1 2017: 81:19)
- Number of managed properties at 61,100 (H1 2017: 57,637), a 6% increase

Dorian Gonsalves, Chief Executive Officer of Belvoir Lettings, commenting on the results, said:

"I am delighted to report another half year of further strategic progress for the Group, which continues to outperform both the sales and lettings markets which together, with the addition of financial services, has helped to deliver a strong set of first half results.

"The continued extraordinary success of our Assisted Acquisitions programme during the six months under review reflects our considerable investment in a highly skilled in-house acquisitions team focused on enabling our franchisees to take advantage of the growth opportunities that a consolidating market presents. In addition, through our investment in Brook, we are seeing the benefits of diversifying into financial services for both our franchisees and for the Group.

"Franchising lies at the heart of our Group and the Board continues to look for opportunities to build on its franchising expertise.

"I am pleased to further report that, despite the tough market conditions, Belvoir has achieved a promising start to the second half, and as such the Company is on track to meet management expectations for the year."

For further details:

Belvoir Lettings PLC	01476 584900
Dorian Gonsalves, Chief Executive Officer	investorrelations@belvoir.co.uk
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Corporate Finance	
Caspar Shand-Kydd, Gregor Paterson	
Sales	
Buchanan	0207 466 5000
Charles Ryland, Madeleine Seacombe, Tilly Abraham	

Belvoir will host an analyst meeting today at 10.30am at the offices of Buchanan, 107 Cheapside, EC2V 6DN.

About Belvoir Lettings PLC

Founded in 1995 and listed on AIM in 2012 (BLV.L), Belvoir operates a nationwide property franchise group with 300 offices across three brands specialising in residential lettings, property management, residential sales and property-related financial services. With its Central Office in Grantham, Lincolnshire, the Group manages 61,100 properties and reported revenue of £11.3m in 2017 making Belvoir the largest property franchise group in the UK.

Chief Executive's Report

It gives me great pleasure to report on the Group's interim results for the six months ended 30 June 2018.

Overview

The first six months of 2018 saw further strategic progress driving profitable growth across the Belvoir Group with revenue up 19% reflecting our 2017 investment in financial services, our Assisted Acquisition programme, ongoing take-up of estate agency by our lettings-biased franchisees and underlying organic growth. Income from management service fees (MSF), our core revenue stream, increased by 6% driven by lettings and sales across all three networks.

Lettings and Assisted Acquisitions

Lettings MSF was up 5% on 2017 with the underlying organic growth of 2% outperforming the private rental index of 1% year on year to June 2018*. A further 3% growth resulted from our hugely successful Assisted Acquisitions programme, whereby our franchisees acquire a local competitor. In the year to date the Group has completed on 20 Assisted Acquisitions with a total deal value of £5,492,000 (H1 2017: £2,117,000) of which £437,000 (H1 2017: £322,000) was funded by a Central Office loan. Based on historic results, these acquisitions bring a total of £5,113,000 (H1 2017: 1,732,000) additional network revenue, 3,400 managed properties and increased recurring MSF of £500,000 p.a. with a contribution of £200,000 expected in 2018. This strategy is being embraced by all three networks with 11 deals arising from the Belvoir network, 7 from Northwood and 2 from Newton Fallowell.

Given the tightening tax regime on the buy-to-let sector, the ban on tenant fees and increased regulations to professionalise the lettings market, we anticipate that around 20% of lettings agents will close over the next three years. The Board is confident that, with the capability of our acquisitions team and the entrepreneurial nature of our franchisees, the Group will achieve its target of £6.6m of deals in 2018 which is double the level achieved in 2017.

As a result of organic growth and growth from assisted acquisitions, the number of properties managed by the Group is up 6% and now stands at 61,100 (H1 2017: 57,637).

Property sales

The Belvoir Group continued to see an upward trend in property sales, contrary to the performance of many of the established nationwide agencies and against a backdrop of a flat housing market. Most of our Belvoir and Northwood franchisees see sales as a valuable additional income stream to their core lettings base with the continued roll out of property sales across those two networks increasing MSF from sales by 10%. Meanwhile, our main estate agency network, Newton Fallowell, achieved 7% growth despite already dominating the East Midlands region. Overall, the Group saw an 8% increase in MSF from property sales.

Financial Services

In July 2017 Belvoir acquired Brook Financial Services Ltd, a provider of mortgage and related financial services. Brook has started the process of recruiting and training advisers in order to deliver a more focused approach in supporting our franchisees to maximise revenue from property sales. Adviser numbers have increased to 36 (July 2017: 29) and in the first half of the year Brook contributed £200,000 of incremental net profit before tax. We see financial services as a growth area for our franchisees and for the Group as a whole, providing diversification at both levels. Our long term strategic objective is to provide each of our offices access to a specialist mortgage adviser either by phone or available in their office, and we are investing in the necessary infrastructure to achieve this.

Franchising and strategic growth

Our focus for 2018 is to enable our franchisees to benefit from the growth opportunities arising from changes in the sector and to equip them to take advantage of all potential revenue streams. We believe passionately in the strength of the franchise model and our continual success over 23 years is testament to how well suited franchising is to the residential property sector. Compared with independent agents, our franchisees benefit from the economies of scale that a national brand providing group-wide support can bring; and compared with large corporate agents, Belvoir benefits from the entrepreneurial spirit of our franchise owners. As a result, Belvoir continues to deliver a strong performance.

Staff

I would like to take this opportunity to thank the board and our staff for their ongoing support. It is testament to our dedicated team that the Group continues to go from strength to strength. I would also like to thank Andrew Borkowski, who stepped down from the Board in June, for his contribution to the growth of the Group over the past four years; and to welcome Paul George, whose considerable experience and deep understanding of financial reporting and corporate governance will further strengthen the Board.

Outlook

Having reported significant growth in the first half of 2018, underpinned by clear strategic progress for the Group, I am pleased to report further that, despite the tough market conditions, Belvoir has had a promising start to the second half of the year, and is making good progress with current year trading being in line with management expectations.

Dorian Gonsalves
Chief Executive Officer

***https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/june2018**

Financial Review

Revenue

Group revenue for the six months ended 30 June 2018 increased by 19% to £6,123,000 (H1 2017: £5,155,000) reflecting an increment of £1,052,000 from Brook Financial Services, acquired 12 July 2017 and a reduction of £152,000 following the further franchising out of two corporate offices since December 2017.

MSF increased by 6% to £4,015,000 (H1 2017: £3,796,000) of which 2% was derived from organic growth, 1% from growth in estate agency and 3% from franchisee-led acquisitions under the Belvoir Assisted Acquisitions programme.

Revenue from corporate-owned offices was £475,000 (H1 2017: £687,000). The franchising out of Belvoir Cumbria and Belvoir Spalding in February 2018, in line with the Group's strategy of building a pure franchise model, reduced revenue from corporate-owned offices by £152,000 and was offset by a reduction in operating costs of £150,000. The two original Grantham offices of Belvoir and Newton Fallowell remain, both of which are profitable and will be retained for future development purposes.

The lettings to sales revenue ratio from our 300 offices remained unchanged at 81:19 as the roll out of estate agency to the Northwood and Belvoir networks was matched by our Assisted Acquisitions programme adding to the lettings book. The Group now manages a nationwide portfolio of 61,100 (H1 2017: 57,637) of rented properties, providing a reliable and recurring income to the Group.

Franchise fees contributed £102,000 (H1 2017: £115,000). During the period seven new franchise owners joined the Belvoir Group and a further two completed their induction training in August giving a total of nine (2017: seven) new franchise owners year to date. The Group has opened in five new locations including two under our Enhanced Start programme which supported the incoming franchisee to acquire a local lettings agency to be rebranded as Belvoir, and one independent converting to Belvoir. A further nine offices were resold, three as a second territory for an existing franchisee.

As planned, the investment in Brook saw financial services become increasingly important to the Group as a means of diversifying income. Whilst Brook was not part of the Group for the first half of 2017, by comparison to the six month equivalent of the period of ownership in the second half of 2017, revenue from financial services in the first half of 2018 increased by 9%.

Other income was £220,000 (H1 2017: £255,000) and included insurance, conveyancing and other commissions, and fees for other services to franchisees.

Administrative expenses

Ongoing administrative expenses were broadly unchanged at £3,159,000 (H1 2017: £3,154,000). The increased cost of operating Brook of £218,000 was mitigated by the reduced cost of operating the corporate offices of £150,000.

Exceptional items

Exceptional items are set out in detail in note 5 to the interim statements. The final settlement of the Northwood contingent consideration is expected to be around £4,155,000, which is £800,000 less than the provision for contingent consideration assessed at completion. Over the two year earn out period Northwood's EBITDA has increased by 51%, and as a result there has been no impairment to the carrying value of the investment in Northwood. The earn out can be settled in cash or equity or a combination thereof at Belvoir's option which will be decided at its next Board meeting.

Exceptional deemed interest of £55,000 (H1 2017: 68,000) arose from the contingent consideration on Northwood.

Profit before taxation
Profit before taxation for the period was up 66% to £2,869,000 (H1 2017: £1,731,000) with adjusted profit before taxation up 19% to £2,429,000 (H1 2017: £2,045,000) before exceptional items, reduction in contingent consideration, share-based payments and amortisation of acquired intangibles.

Taxation
The effective rate of corporation tax for the period was 15.5% (H1 2017: 19.2%), having been reduced by the exceptional credit arising from the reduction in contingent consideration.

Profit after taxation
Profit after taxation for the period was up 73% to £2,425,000 (H1 2017: £1,399,000) with adjusted profit after taxation up 16% to £1,985,000 (H1 2017: £1,710,000).

Earnings per share
Basic earnings per share was 6.9p (H1 2017: 4.1p) based on an average number of shares in issue in the period of 34,938,606 (H1 2017: 34,412,826). Diluted basic earnings per share was 6.5p (H1 2017: 4.0p) based on an average number of shares in issue in the period of 37,255,046 (H1 2017: 35,351,225). As adjusted for exceptional items and the amortisation of acquired intangibles, the adjusted diluted earnings per share was 5.3p (H1 2017: 4.8p). See note 5 to the interim statements for detailed breakdown of adjustments to profit and EPS calculations.

Dividend
The Board is proposing that the interim dividend for 2018 be maintained at 3.4p per share. The Group aims to offer a reliable and growing income stream to investors whilst also investing in the business to further its strategic growth objectives. The interim dividend is payable to shareholders on 2 November 2018 based upon the register on 21 September 2018. The ex-dividend date will be 20 September 2018. The adjusted interim dividend cover is at 1.6 (H1 2017: 1.4).

Cash flow
On an operational level, the Group was highly cash generative with net cash inflow from operations at £2,318,000 (H1 2017: £1,908,000) reflecting the enlarged Group. During the period there was a net inflow from the franchisee loan book of £733,000 (H1 2017: 268,000) primarily due to one of the Belvoir franchisees making an early loan repayment of £662,000.

Liquidity and capital resources
The Group had cash balances of £2,392,000 (H1 2017: £2,128,000) and a term loan of £6,199,000 (H1 2017: £6,797,000). The Group entered into new banking facilities with HSBC on 28 March 2018 providing a new revolving credit facility of £12.0m of which an initial £6.5m was drawn down and is repayable in half yearly payments of £350,000 with a bullet repayment of £3.0m in March 2023.

Financial position
The Group continues to operate from a sound financial platform generating sufficient cash from the operations of the enlarged Group to meet the interest and capital payable on the loan facility and dividends to shareholders. At the end of June 2018, the Group was comfortably inside its bank covenants with the debt service cover at 3.7 times (H1 2017: 3.8). The Group maintains a franchisee loan book, currently at £4.0m (H1 2017: £4.8m), which provides financial assistance to franchisees under the Assisted Acquisitions programme to accelerate their growth and therein contribute towards increased Group revenue.

Louise George
Chief Financial Officer

Condensed Group Statement of Comprehensive Income

For the six months ended 30 June 2018

	Notes	**Unaudited Six months ended 30 June 2018 £'000**	Unaudited Six months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
Continuing operations				
Revenue	2	**6,123**	5,155	11,299
Cost of sales		**(881)**	(234)	(510)
Gross Profit		**5,242**	4,921	10,789
Administrative expenses				
Non exceptional		**(3,159)**	(3,154)	(6,540)
Exceptional		**-**	(22)	(332)
		(3,159)	(3,176)	(6,872)
Operating profit		**2,083**	1,745	3,917
Reduction in contingent consideration payable		**800**	-	-
Profit on disposal of corporate outlets		**-**	-	6
Finance costs		**(103)**	(104)	(192)
Finance income		**144**	158	313
Exceptional deemed interest on contingent consideration		**(55)**	(68)	(134)
Profit before taxation		**2,869**	1,731	3,910
Taxation	4	**(444)**	(332)	(948)
Profit and total comprehensive income for the financial period		**2,425**	1,399	2,962
Profit for the period attributable to the equity holders of the parent company		**2,425**	1,399	2,962
Basic earnings per share from continuing operations	5	**6.9p**	4.1p	8.6p
Diluted basic earnings per share from continuing operations	5	**6.5p**	4.0p	8.1p
Adjusted diluted earnings per share from continuing operations	5	**5.3p**	4.8p	10.7p

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Financial Position

As at 30 June 2018

	Unaudited At 30 June 2018 £'000	Unaudited At 30 June 2017 £'000	Audited At 31 December 2017 £'000
Assets			
Non-current assets			
Intangible assets	**26,204**	24,523	26,487
Property, plant and equipment	**630**	641	635
Trade and other receivables	**4,028**	4,800	3,617
	30,862	29,964	30,739
Current assets			
Trade and other receivables	**1,819**	1,704	2,813
Cash and cash equivalents	**2,392**	2,128	1,350
	4,211	3,832	4,163
Total assets	**35,073**	33,796	34,902
Liabilities			
Non current liabilities			
Interest bearing loans and borrowings	**5,499**	6,097	5,578
Contingent consideration	**-**	4,281	-
Deferred tax	**1,992**	2,024	1,989
	7,491	12,402	7,567
Current liabilities			
Trade and other payables	**1,527**	1,713	1,561
Interest bearing loans and borrowings	**700**	700	866
Contingent consideration	**4,155**	-	4,901
Tax payable	**463**	473	566
	6,845	2,886	7,894
Total liabilities	**14,336**	15,288	15,461
Total net assets	**20,737**	18,508	19,441
Equity			
Shareholders' equity			
Share capital	**349**	344	349
Share premium	**12,006**	11,511	12,006
Share based payment reserve	**242**	89	148
Other components of equity	**162**	162	162
Merger reserve	**(5,774)**	(5,774)	(5,774)
Retained earnings	**13,752**	12,176	12,550
Total equity	**20,737**	18,508	19,441

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2018

	Share capital	Share premium	Share based payment reserve	Merger reserve	Other components of equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017 (Audited)	336	10,583	76	(5,774)	162	11,948	17,331
Issue of equity share capital	8	928	-	-	-	-	936
Share based payments	-	-	13	-	-	-	13
Dividends	-	-	-	-	-	(1,171)	(1,171)
Transactions with owners	8	928	13	-	-	(1,171)	(222)
Profit and total comprehensive income for the six month period	-	-	-	-	-	1,399	1,399
Balance at 30 June 2017 (Unaudited)	**344**	**11,511**	**89**	**(5,774)**	**162**	**12,176**	**18,508**
Issue of equity share capital	5	495	-	-	-	-	500
Share based payments	-	-	59	-	-	-	59
Dividends	-	-	-	-	-	(1,189)	(1,189)
Transactions with owners	5	495	59	-	-	(1,189)	(630)
Profit and total comprehensive income for the six month period	-	-	-	-	-	1,563	1,563
Balance at 31 December 2017 (Audited)	349	12,006	148	(5,774)	162	12,550	19,441
Share based payments	-	-	94	-	-	-	94
Dividends	-	-	-	-	-	(1,223)	(1,223)
Transactions with owners	-	-	94	-	-	(1,223)	(1,129)
Profit and total comprehensive income for the six month period	-	-	-	-	-	2,425	2,425
Balance at 30 June 2018 (Unaudited)	**349**	**12,006**	**242**	**(5,774)**	**162**	**13,752**	**20,737**

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Unaudited 30 June 2018 £'000	Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
Operating activities				
Cash generated from operating activities	6	**2,318**	1,908	4,612
Tax paid		**(540)**	(250)	(912)
		1,778	1,658	3,700
Investing activities				
Capital expenditure on property, plant and equipment		**(56)**	(30)	(114)
Corporate network acquisitions		**-**	-	(1,854)
Settlement of contingent consideration		**(100)**	(988)	(76)
Return of funds from escrow		**100**	-	434
Corporate office (acquisitions)/disposals		**48**	-	-
Working capital and cash introduced by companies acquired		**-**	-	29
Disposals of assets		**3**	71	324
Franchisee loans granted		**(444)**	(75)	(681)
Loans repaid by franchisees		**1,177**	343	761
Finance income		**144**	153	313
Net cash from/ (used in) investing activities		**872**	(526)	(864)
Financing activities				
Finance costs		**(210)**	(185)	(192)
Funds advanced		**6,500**	-	-
Loan repayments in the period		**(6,675)**	(175)	(525)
Proceeds from share issue		**-**	936	-
Equity dividends paid		**(1,223)**	(1,171)	(2,360)
Net cash used in financing activities		**(1,608)**	(595)	(3,077)
Net change in cash and cash equivalents		**1,042**	537	(241)
Cash and cash equivalents at the beginning of the financial period		**1,350**	1,591	1,591
Cash and cash equivalents at the end of the period		**2,392**	2,128	1,350

Notes to the Interim Financial Statements

1 General information and basis of preparation

The financial information set out in these condensed consolidated interim financial statements for the six months ended 30 June 2018 and the comparative figures are unaudited.

They have been prepared taking into account the requirements of relevant accounting standards and the AIM rules. They do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act and do not contain all the information required for full annual financial statements. This is the first set of the Group's financial statements where IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) have been applied. Changes to significant accounting policies are disclosed below.

The statutory audited accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies in England and Wales. The Auditor’s report on these accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements are presented in sterling, which is also the functional currency of the parent company.

Belvoir Lettings PLC is the group’s ultimate parent company. The company is a Public Limited Company incorporated and domiciled in the United Kingdom.

The Group’s registered office and principal place of business is The Old Courthouse, 60a London Road, Grantham, Lincolnshire, NG31 6HR. Its shares are listed on the AIM market of the London Stock Exchange.

The condensed interim financial statements for Belvoir Lettings PLC have been approved for issue by the Board of Directors on 11 September 2018.

Significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. Being listed on the AIM of the London Stock Exchange, the company is required to present its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS’s”) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these condensed consolidated interim financial statements with the exception of the two new standards (IFRS 9 and 15) addressed below. A third significant standard, IFRS 16 Leases, also addressed below, will be effective from 1 January 2019.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments impacts the rules relating to the classification, measurement and impairment of financial assets. The Group has adopted the modified transition approach and chosen not to restate comparatives. The Group holds all financial assets with the intention of collecting the contractual cash flows, and no indicators have been noted through the assessment performed that contractual terms would fail the solely payments of principal and interest test. In moving from the current “incurred credit loss” model under IAS 39 to the “expected credit loss model”, there has been no material impact to the interim condensed consolidated group financial statements.

IFRS 15 Revenue from Contracts with Customers

Revenue represents income from management service fees (MSF), fees from the sale of franchise licences (initial franchise fees), commission on resales of franchised offices, fees generated from corporate-owned offices and commission received on financial services. The introduction of IFRS 15 on 1 January 2018 has had no material impact on the Group’ revenue streams as set out in note 2 below.

MSF are invoiced to individual franchisees on a monthly basis in relation to a percentage of their turnover for any given month. They are recognised in the month in which the income is receivable.

Initial franchise fees are recognised upon signing of the contract as it is at this point that the new franchisee has a legal obligation to make good the terms of the contract. The initial fees are for branding, training, support and promotion during the opening phase of the new office. As such the Group regards this as a separate initial transaction for which it has fulfilled its obligations.

Corporate-owned offices are those that are operated directly by the Group and not by franchises. These corporate offices invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out. Corporate revenue also arises from fees on property sales which are recognised by reference to the legal exchange date of the housing transaction as all obligations have been fulfilled at that point.

Commission from financial services is recognised on amounts received on a weekly basis from the Mortgage Advice Bureau on policies written by Brook Financial Services Limited and Newton & Derry Financial Services Limited, net of the provision for potential clawback of premiums on cancellation of life policies.

IFRS 16 Leases

IFRS 16 Leases addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. The standard is effective for annual periods beginning on or after 1 January 2019. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, Leases, and related interpretations. The Group holds a number of property, vehicle and equipment leases which will be recognised as additional tangible fixed assets together with an additional lease liability. From 1 January 2019, the operating lease charge would be replaced by a depreciation and an interest charge. The Directors are in the process of reviewing contracts to identify any additional lease arrangements that would need to be recognised under IFRS 16.

2 Segmental information

The Executive Committee of the Board, as the chief operating decision maker, reviews financial information for and makes decisions about the Group's overall franchising business and has identified a single operating segment, that of franchisor of property agents and related financial services.

The segmental information is, therefore, the same as that set out in the consolidated statement of comprehensive income. The Directors consider operating profit as the key performance measure. The reported segment is consistent with the Group's internal reporting for performance measurement and resources allocation.

Management does not report on a geographical basis and no customer represents greater than 10% of total revenue in either of the periods reported. The Directors believe there to be four material income streams, which are management service fees, revenue from corporate-owned offices, fees on the sale or resale of franchise territory fees and commission receivable on financial services and are split as follows:

	Lettings			**Property sales**			**Total revenue**		
	Unaudited H1 2018 £'000	Unaudited H1 2017 £'000	Audited FY 2017 £'000	**Unaudited H1 2018 £'000**	**Unaudited H1 2017 £'000**	Audited FY 2017 £'000	**Unaudited H1 2018 £'000**	**Unaudited H1 2017 £'000**	Audited FY 2017 £'000
Management service fees	**3,411**	3,238	6,634	**604**	558	1,244	**4,015**	3,796	7,878
Corporate owned outlets	**228**	400	756	**247**	287	646	**475**	687	1,402
	3,639	3,638	7,390	**851**	845	1,890	**4,490**	4,483	9,280
Franchise fees							**102**	115	310
Financial services							**1,311**	302	1,195
Other income							**220**	255	514
							6,123	5,155	11,299

3 Dividends

The company will pay an interim dividend of 3.4p pence per share (£1,187,973) on 2 November 2018 to the shareholders on the register on 21 September 2018.

4 Taxation

Taxation has been calculated by applying the forecast full year effective rate of tax to the results for the period.

5 Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period by the weighted average number of ordinary shares deemed to be in issue in the period. The calculation of diluted earnings per share is derived from the basic earnings per share, adjusted to allow for the issue of shares under share option plans.

Adjusted earnings per share and diluted adjusted earnings per share are calculated in the same way but having adjusted the profit for the year for exceptional items, amortisation of acquired intangibles and the share-based payment charge.

	Unaudited six months ended 30 June 2018	Unaudited six months ended 30 June 2017	Audited Year Ended 31 December 2017

Profit for the financial period (£'000)	**2,425**	1,399	2,962
Exceptional items	**-**	22	332
Amortisation of acquired intangibles	**211**	211	422
Share-based payment charge	**94**	13	72
Reduction in contingent consideration	**(800)**	-	-
Deemed interest on contingent consideration	**55**	68	134
Profit on sale disposal of corporate-owned office	**-**	-	(6)
Tax on deductible exceptional items	**-**	(3)	(10)
Adjusted profit for the financial period (£'000)	**1,985**	1,710	3,906
Weighted average number of ordinary shares – basic ('000)	**34,939**	34,413	34,639
Weighted average number of ordinary shares – diluted ('000)	**37,255**	35,351	36,469
Basic earnings per share	**6.9p**	4.1p	8.6p
Diluted earnings per share	**6.5p**	4.0p	8.1p
Adjusted basic earnings per share	**5.7p**	5.0p	11.3p
Adjusted diluted earnings per share	**5.3p**	4.8p	10.7p

6 Reconciliation of profit before taxation to cash generated from operations

	Unaudited 30 June 2018 £'000	Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
Profit before taxation	**2,869**	1,731	3,910
Depreciation and amortisation charges	**285**	321	619
Finance costs	**144**	104	192
Finance income	**(144)**	(158)	(313)
Reduction in contingent consideration	**(800)**	-	-
Deemed interest charge	**55**	68	134
Share based payments	**95**	13	72
	2,504	2,079	4,614
Increase in trade and other receivables	**(153)**	(68)	176
Increase in trade and other payables	**(33)**	(103)	(178)
Cash generated from operations	**2,318**	1,908	4,612