

Midwich Group Plc
 (“Midwich” or “the Group”)

Interim Results for the Six Months Ended 30 June 2016

Midwich, a specialist audio visual and document solutions distributor to the trade market, today announces its interim results for the six-month period ended 30 June 2016.

	Note	Six Months Ended		
		30 June 2016	30 June 2015	% change
Revenue		158,349	141,300	12%
Gross Profit		24,641	20,558	20%
<i>Gross profit %</i>		<i>15.6%</i>	<i>14.6%</i>	
Operating profit		5,575	5,219	7%
Adjusted operating profit	13	7,872	6,414	23%
<i>Adjusted operating profit %</i>		<i>5.0%</i>	<i>4.5%</i>	
Profit before tax		3,825	4,451	(14%)
Adjusted profit before tax	13	7,563	6,136	23%
<i>Adjusted profit before tax %</i>		<i>4.8%</i>	<i>4.3%</i>	
Profit after tax		2,716	3,353	(19%)
Adjusted profit after tax	13	6,438	4,978	29%
Basic and diluted earnings per share		3.5p	4.5p	(22%)
Adjusted basic and diluted earnings per share	13	8.7p	6.8p	28%
Interim Dividend per Share		1.5p	-	n/a

Financial Highlights

- Revenue increased by 12.1% to £158.3 million (11.8% in constant currency)
- Gross margin increased by 1% to 15.6% due to improved product mix
- Adjusted operating profit increased by 22.7% to £7.9 million (22.4% on constant currency)
- Adjusted profit before tax improved by 23.3% to £7.6 million (22.9% on constant currency)
- Paying a maiden, interim dividend of 1.53 pence per share (2015: n/a)

Operating Highlights

- Improved revenue and net profits across all territories driven by impressive growth in the audio visual business and the continued roll out of technical brands overseas
- Significant new distribution agreements, including SMART Technologies in the UK and Biamp in Australia
- Successfully listed on AIM in May 2016, positioning the Group well for its next stage of development and providing a strong platform for future growth

Post-Period Highlights

- Acquisition of Holdan Limited, a UK based value-added distributor serving the UK and European broadcast and professional video markets
- Acquisition of the business of Wired Limited, a small New Zealand based AV distributor

Andrew Herbert, Chairman, commented:

“We are pleased with performance over the first six months of the year, and in particular the continuing progress of the Group following the successful IPO in May. Sales increased in all territories, with particularly encouraging growth outside the UK.

The Group has a strong balance sheet and is well placed to continue its buy and build strategy in both new and existing territories. We were pleased to announce recently the acquisitions of Holdan Limited in the UK and Wired Limited in New Zealand.

The Board remains positive about the financial and operational prospects of the Group. Traditionally, the Group’s financial performance tends to be slightly weighted towards the second half of the year, which we anticipate will be the case in the current year. Whilst it is still very early days, the uncertainties that have followed the Brexit vote so far appear to have had minimal impact on our business. Underlying trading since 30 June remains in line with the Board’s expectations. As a result, on a constant currency basis and before the potential impact of the acquisition of Holdan, the Board’s expectations for the full year remain unchanged. We expect the addition of Holdan to be modestly earnings accretive in the full year.”

Enquiries:

Midwich Group

Stephen Fenby, Managing Director
Anthony Bailey, Finance Director

+44 (0) 13 7964 9200

FTI Consulting

Oliver Winters/ Alex Beagley/ Tom Hufton

+44 (0) 20 3727 1000

Note to Editors:

Midwich is a specialist AV and document solutions distributor to the trade market, with operations in the UK and Ireland, France, Germany and Australasia. The Group's long-standing relationships with over 300 vendors, including blue-chip organisations such as Samsung, LG, Epson and NEC, supports a comprehensive product portfolio across major audio visual categories such as large format displays, projectors, digital signage and printers. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets. The Directors attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years. The Group has a large and diverse base of approximately 10,000 customers, most of which are professional AV integrators and IT resellers serving sectors such as corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, it believes that the majority of its products are used by commercial and educational establishments rather than consumers.

Initially a UK only distributor, the Group now has 493 employees across the UK, Germany, France, Ireland, Australia and New Zealand, and in the six months to 30 June 2016, 36 per cent of the Group's revenues were derived from outside the UK. A core component of the Group's growth strategy is further expansion of its international operations and footprint into strategically targeted jurisdictions.

For further information, please visit www.midwichgroupplc.com

Midwich Group Plc

(“Midwich” or “the Group”)

Interim Results for the six months ended 30 June 2016

INTERIM STATEMENT

MANAGING DIRECTOR’S REPORT

Overview

The Group has performed well in the first six months of 2016. Our business continues to develop in all markets, with particularly encouraging performances seen across our overseas businesses. The momentum of the business has also continued apace with the Group taking on a number of significant new distribution agreements, including SMART Technologies in the UK and Biamp in Australia.

Our admission to AIM (“IPO”) in May 2016 has been well received by our customers, vendors and staff as the Group continues to follow the strategy that made it such a successful independent business. The Group’s senior management team remains highly ambitious and focused on driving performance.

Strategy

As stated at the time of IPO, the Group’s strategy for growth is both organic and inorganic, reflecting the contributors to the successful growth track record in recent years.

The Group’s organic growth strategy is focussed on the provision of market leading support to its customers and vendors. As a distributor, the Group neither develops product nor does it sell to the end-users of those products. It is aware that both its vendors and customers generally have a choice of distribution partner. The Group’s expertise is the provision of services which provide the greatest assistance to vendors in pushing product out into the market, and to help customers provide the highest level of support to their end-users.

Underpinning the Group’s growth strategy is its success in sourcing, executing and integrating its chosen acquisitions. The Group takes a disciplined approach to acquisitions, seeking to add capital value without an adverse impact on the existing business. Acquisitions remain a fundamental aspect of the Group’s strategy and it continues to pursue a strong pipeline of opportunities.

Acquisitions and trading relationships

On 8 September the Group announced the acquisition of Holdan Limited, a UK based value-added distributor serving the UK and European broadcast and professional video markets for a maximum consideration of approximately £7.1m¹. This followed the purchase of the business of Wired Limited, a small New Zealand based AV distributor. As outlined at the

¹ The announcement on 8 September 2016 incorrectly stated a maximum consideration for Holdan Limited of £7.9m. Under the terms of the sale and purchase agreement entered into by Midwich, the maximum consideration that might be paid out by the Group including deferred consideration is c.£7.1m

time of IPO, the Group's robust balance sheet means it is well placed to continue its buy and build strategy both in new and existing territories.

Shortly before the end of the period, the Group signed a distribution agreement with SMART Technologies to distribute its products in the UK. SMART is a major supplier of digital whiteboards, collaboration software and interactive displays for education, business and government. Although it is too early to properly assess the potential impact of this new vendor relationship, the Board is pleased with initial progress.

Trading and Financial Review

Group turnover increased by 12% to £158.3 million for the period (H1 2015: £141.3m). Growth was achieved in all territories, with France and Germany demonstrating the largest growth at 43% and 23% respectively. Sidev in France continues to build market share in each of the projection, large format and technical categories. Kern and Stelly in Germany has focused more on higher end products in its key projector business, and has made encouraging progress in developing its large format display and technical product categories. The UK and Ireland segment grew at 7%, with particularly strong growth being seen in Ireland. Australasia grew at 10% - a notable performance given that the business had a large project in the first half of 2015 that did not recur in 2016.

The Group's gross margin improved by 1% to 15.6%, with particularly strong performance being seen in Australia (from 12.8% in the comparative period in 2015 to 15.3% in the first half of this year). The large fulfillment project in Australia in 2015 was at a relatively low margin and had a one off impact on the comparative margin. In addition, high margin brands have also taken an increasing share of our Australasian business in H1 2016.

The only territory in which gross margins declined was France, where the large format display category, which grew at the fastest rate year on year, is currently less profitable than other categories due to Sidev holding a relatively low market share and carrying out a higher proportion of fulfillment deals than other Group companies.

Operating profit (after one-off charges in respect of the IPO of £1.0 million) increased to £5.6 million (H1 2015: £5.2 million). Adjusting for the IPO costs & amortisation, the total increase in operating profit of £1.4 million to £7.9 million represents growth of 23% on H1 2015. Adjusted operating profit in the UK and Ireland improved by 11% (after adding back IPO costs), with particularly strong performance from Square One in Ireland and Invision in the UK. PSCo (the Group's rental and LED distribution specialist) had a slower than expected start to the year, following some product supply issues, but has since improved. Operating profit in Germany and Australasia grew by over 70% compared with the prior year, and the profit in France more than doubled (albeit from a low base in 2015).

Taxation

The tax charge for the period was £1.1 million (H1 2015: £1.1 million) which represents an effective tax rate of 22% (H1 2015: 23.5%). The charge in H1 2016 is stated after prior year credits amounting to an aggregate of £0.3m. The Group benefited from a very small foreign currency gain in H1. Were it to be sustained, the recent devaluation of Sterling to the Euro and Australian Dollar should have a positive impact on full year earnings.

Financial Position

The Group had a net cash outflow from operations before tax of £1.2 million for the period. This included a £1.0 million outflow in respect of one-off IPO costs. The negative movement in working capital in the period was partly down to normal seasonal factors in the first half of the year, a stronger increase in inventory in June 2016 (in expectation of higher trading over the summer months) and an expected reversal in the abnormally low level of inventory and trade receivables in Kern & Stelly at 31 December 2015.

The proceeds of the placing at IPO substantially strengthened the Group's financial position, resulting in net debt at 30 June 2016 of £13.9 million (£29.8 million at 31 December 2015)

Dividend

The Board is delighted to declare an interim dividend of 1.53p per share (2015: nil), which will be paid on 21 October 2016 to those shareholders on the Company's register as at 23 September 2016.

The Board intends to adopt a progressive dividend policy to reflect the Group's strong earnings potential and cash generative qualities whilst maintaining an appropriate level of dividend cover to allow the Board to invest in the Group's long term growth. This first interim dividend covers the period since the Company's Admission to AIM.

Outlook

The Board remains positive about the financial and operational prospects of the Group. Traditionally, the Group's financial performance tends to be slightly weighted towards the second half of the year, which we anticipate will be the case in the current year. Whilst it is still very early days, the uncertainties that have followed the Brexit vote so far appear to have had minimal impact on our business. Underlying trading since 30 June remains in line with the Board's expectations. As a result, on a constant currency basis and before the potential impact of the acquisition of Holdan, the Board's expectations for the full year remain unchanged. We expect the addition of Holdan to be modestly earnings accretive in the full year.

Stephen Fenby

Managing Director

KEY STRENGTHS

The Directors believe that the key strengths of the Group are as follows

- **Proven buy and build capabilities.** The Group has proven expertise in entering new geographies and product markets through acquisition and then substantially growing the acquired businesses.
- **Strong financial track record and delivery of growth strategy.** For each of the last ten years, the Group has delivered revenue growth and gross margin improvement.
- **Focus on the AV and document solutions markets.** Depth of expertise and focus ensures that the Group has built up a strong position in the AV and document solutions markets, and is at the forefront of technological developments.
- **Key long-term, value-add relationships with major vendors and customers.** Expertise and consistent delivery of high value-add services has built mutually beneficial long-term trading relationships with the Group's key vendors and customers. The Group's market insight, highly effective sales and marketing operations and efficient logistics provide significant value to both vendors and customers.
- **High value-add distribution with specialisms and bespoke service offering acting as a key differentiator.** The focus on adding value rather than just cost differentiates the Group from its competitors and increases its relevance to customers and vendors. The Group's focus on products and technologies that are in their early to mid-growth phase increases its ability to provide a value-add service and enhances the value that vendors and customers can gain from the Group's offering.
- **Leading competitive position and established international platform for future growth, underpinned by compelling market drivers.** With strong market positions in most of its product and geographical markets, the Group is well placed to take advantage of the opportunities presented by increased demand for AV products and the development of new technologies.
- **Experienced management team with long-standing industry expertise.** Senior management team with an average of 18 years' experience in the AV and/or document solutions markets. Experience gained through distributors, integrators and manufacturers gives an in-depth understanding of the needs of different parts of the market.

GROUP STRATEGY AND GROWTH OPPORTUNITIES

The Group's growth strategy is both organic and inorganic, reflecting the contributors to the successful growth track record in recent years. Underpinning the Group's growth strategy is its success in sourcing, executing and integrating its chosen acquisitions. The Group takes a disciplined approach to acquisitions, seeking to add capital value without an adverse impact on the existing business. Acquisitions remain a fundamental aspect of the Group's strategy, of which it has a strong ongoing pipeline of multiple opportunities that it will be reviewing and actively engaging with at any given time. The Group expects its future acquisitions to fit a similar mould to those it has completed historically with regards size and valuation. The Board believe they have had success in acquiring businesses for sensible multiples and driving good growth post-acquisition and this is something they will continue to target.

Overall strategy comprises development across the Group's established jurisdictions, developing jurisdictions and potential new jurisdictions. It involves continued progression in areas of technology, product and vendor selection to ensure that the right growth areas are targeted in order to maximise the value that the Group can add to customers in a manner that maximises gross margins.

Established jurisdictions

Across the UK and Ireland, the core focus is on the continued development of the respective product portfolios and the appropriate mix of higher margin and higher growth product sets. Areas of particular focus are currently large format display, LED display technology, audio and technical products. The development of the business is reliant on continued success in identifying and developing the business into new product areas and technologies. In addition, the success of the Group's operations in its established markets has been underpinned by the high levels of service provided to both vendors and customers. The future growth of the business will continue to be driven by the ability of the Group to consistently deliver high general service levels and further penetration of the Midwich Solutions offering across the client base. The Group will also continue to use selective acquisitions to enter or grow its presence in market niches where it sees opportunities. This is most likely to include acquisitions that will add to the Group's capability in a new or underweight technology or product area, such as security or broadcast equipment.

Developing jurisdictions

Across the Group's developing markets – France, Germany, Australia and New Zealand – the core focus is on driving profitable market share growth in these regions. The means of driving this growth will be the continued expansion of the product range, which are more limited in these geographies than in the Group's more established UK market, with a bias towards higher margin and technical products. The Group has established a successful blueprint in the UK for targeted acquisitions to bolster its product offering and sector penetration. Bolt-on acquisitions to either gain access to new areas or increase scale will be a key focus of the Group in its developing markets.

New jurisdictions

The Group intends to continue executing its successful strategy of entering into new jurisdictions through carefully targeted acquisitions, as was the case with its entry into each of the German, French, Irish and Australasian markets. The Group has so far chosen to enter new jurisdictions by way of acquisition rather than organically in order to ensure immediate local market knowledge, an established brand name and a local reputation. However, the Group may choose to enter organically in some circumstances.

The Group takes a disciplined approach to acquisitions with assessments made as to the long-term strategic rationale of opportunities based on the following criteria used to assess opportunities and new markets:

- Size of the local market
- Global brand penetration and interest
- Vendor perceptions
- Market dynamics
- Competitive positions
- Cultural fit of brands and management teams

Further expansion opportunities have been identified across Europe and the Group expects to increase its European footprint within three years. Specifically, the Netherlands, Italy, Spain, Sweden and Poland are large AV European markets and could all present attractive opportunities for the Group. Outside of Europe, it is intended that the Group will further develop its Asia Pacific presence from its current Australasian base.

Unaudited Consolidated Income Statement for the 6 months ended 30 June 2016

	Note	30 June 2016 Unaudited £'000	30 June 2015 Unaudited £'000	31 December 2015 Audited £'000
Revenue		158,349	141,300	314,283
Cost of sales		(133,708)	(120,742)	(267,322)
Gross profit		24,641	20,558	46,961
Distribution costs		(16,001)	(14,122)	(30,037)
Admin expenses		(3,380)	(2,382)	(6,751)
Exceptional admin expenses	6	(1,018)	-	-
Other operating income		1,333	1,165	2,468
Operating profit		5,575	5,219	12,641
Finance income		-	-	4
Finance costs	5	(1,750)	(768)	(4,087)
Profit before taxation		3,825	4,451	8,558
Taxation		(1,109)	(1,098)	(2,746)
Profit after taxation		2,716	3,353	5,812
Profit for the financial year attributable to:				
The company's equity shareholders		2,461	3,146	5,005
Non-controlling interest		255	207	807
		2,716	3,353	5,812
Basic & diluted earnings per share	3	3.47p	4.47p	7.14p

Unaudited Consolidated Statement of Comprehensive Income for 6 months ended 30 June 2016

	30 June 2016 Unaudited £'000	30 June 2015 Unaudited £'000	31 December 2015 Audited £'000
Profit for the financial year	2,461	3,146	5,005
Other comprehensive income - items that may subsequently be reclassified to profit / loss			
Foreign exchange (losses) / gains on consolidation	1,261	(877)	(785)
Other comprehensive income for the financial year, net of tax	1,261	(877)	(785)
Total comprehensive income for the financial year attributable to the Company's equity shareholders	3,722	2,269	4,220
Total comprehensive income for the financial year attributable to non-controlling interests	255	207	807
Total comprehensive income for the financial year	3,977	2,476	5,027

Unaudited Consolidated Balance Sheet as at 30 June 2016

	30 June 2016 Unaudited £'000	30 June 2015 Unaudited £'000	31 December 2015 Audited £'000
Assets			
Non-current assets			
Goodwill	3,303	3,303	3,303
Intangible assets	18,370	20,665	19,520
Property, plant and equipment	3,424	3,027	3,653
	<u>25,097</u>	<u>26,995</u>	<u>26,476</u>
Current assets			
Inventories	40,351	33,038	37,849
Trade and other receivables	48,015	43,241	42,707
Cash and cash equivalents	14,880	12,040	18,102
	<u>103,246</u>	<u>88,319</u>	<u>98,658</u>
Current liabilities			
Trade and other payables	(51,870)	(44,620)	(52,692)
Financial instruments	-	(3,299)	(6,094)
Deferred consideration	-	(1,422)	-
Borrowings	(28,737)	(39,811)	(41,968)
Current tax	(1,995)	(1,380)	(2,264)
	<u>(82,602)</u>	<u>(90,532)</u>	<u>(103,018)</u>
Net current assets / (liabilities)	<u>20,644</u>	<u>(2,213)</u>	<u>(4,360)</u>
Non-current liabilities:			
Borrowings	-	(9,790)	(5,908)
Finance lease payables	(26)	(190)	(166)
Deferred tax	(3,378)	(3,914)	(3,664)
	<u>(3,404)</u>	<u>(13,894)</u>	<u>(9,738)</u>
Net assets	<u>42,337</u>	<u>10,888</u>	<u>12,378</u>
Capital and reserves			
Share capital	794	1,449	1,398
Share premium	25,857	-	-
Investment in own shares	(5)	(1,000)	(1,000)
Retained earnings	15,220	7,853	8,652
Translation reserve	271	(1,082)	(990)
Put option reserve	-	(1,735)	(1,735)
Capital redemption reserve	50	-	50
Other reserve	150	1,145	1,145
	<u>42,337</u>	<u>6,630</u>	<u>7,520</u>
Equity attributable to owners of parent	<u>42,337</u>	<u>6,630</u>	<u>7,520</u>
Non-controlling interests	-	4,258	4,858
Total equity	<u>42,337</u>	<u>10,888</u>	<u>12,378</u>

Unaudited Consolidated Statement of Changes in Equity for 6 months ended 30 June 2016

For the period ended 30 June 2016

	Share capital	Share premium	Investment in own shares	Retained earnings	Translation reserve	Put option reserve	Capital redemption reserve	Other reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	1,398	-	(1,000)	8,652	(990)	(1,735)	50	1,145	7,520	4,858	12,378
Profit for the period	-	-	-	2,461	-	-	-	-	2,461	255	2,716
Other comprehensive income	-	-	-	-	1,261	-	-	-	1,261	-	1,261
Total comprehensive income	-	-	-	2,461	1,261	-	-	-	3,722	255	3,977
Bonus share issue*	663	-	(5)	(663)	-	-	-	5	-	-	-
Share capital reduction*	(1,392)	-	1,000	1,392	-	-	-	(1,000)	-	-	-
Issue of shares*	125	26,647	-	-	-	-	-	-	26,772	-	26,772
Costs of share issue*	-	(790)	-	-	-	-	-	-	(790)	-	(790)
Acquisition of non-controlling interest (note 9)	-	-	-	3,378	-	1,735	-	-	5,113	(5,113)	-
Transactions with owners	(604)	25,857	995	4,107	-	1,735	-	(995)	31,095	(5,113)	25,982
At 30 June 2016 (Unaudited)	794	25,857	(5)	15,220	271	-	50	150	42,337	-	42,337

*See note 8

For the period ended 30 June 2015

	Share capital	Investment in own shares	Retained earnings	Translation reserve	Put option reserve	Other reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2015	1,449	(1,000)	4,707	(205)	(1,735)	1,145	4,361	4,051	8,412
Profit for the period	-	-	3,146	-	-	-	3,146	207	3,353
Other comprehensive income	-	-	-	(877)	-	-	(877)	-	(877)
Total comprehensive income	-	-	3,146	(877)	-	-	2,269	207	2,476
At 30 June 2015 (Unaudited)	1,449	(1,000)	7,853	(1,082)	(1,735)	1,145	6,630	4,258	10,888

For the year ended 31 December 2015

	Share capital	Investment in own shares	Retained earnings	Translation reserve	Put option reserve	Capital redemption reserve	Other reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2015	1,449	(1,000)	4,707	(205)	(1,735)	-	1,145	4,361	4,051	8,412
Profit for the year	-	-	5,005	-	-	-	-	5,005	807	5,812
Other comprehensive Income	-	-	-	(785)	-	-	-	(785)	-	(785)
Total comprehensive income for the year	-	-	5,005	(785)	-	-	-	4,220	807	5,027
Purchase of own shares	(51)	-	(1,060)	-	-	50	-	(1,061)	-	(1,061)
Transactions with owners	(51)	-	(1,060)	-	-	50	-	(1,061)	-	(1,061)
At 31 December 2015 (Audited)	1,398	(1,000)	8,652	(990)	(1,735)	50	1,145	7,520	4,858	12,378

Unaudited Consolidated Cashflow Statement for 6 months ended 30 June 2016

	30 June 2016 Unaudited £'000	30 June 2015 Unaudited £'000	31 December 2015 Audited £'000
Cash outflow from operating activities			
Profit before tax	3,825	4,451	8,558
Depreciation	604	276	810
Amortisation	1,279	1,195	2,473
Gain on disposal of assets	(85)	-	(121)
Foreign exchange (gains)/losses	(15)	(360)	(22)
Finance income	-	-	(4)
Finance costs	1,750	768	4,087
Adjusted profit from operations before changes in working capital	7,358	6,330	15,781
(Increase) / decrease in inventories	(2,502)	3,497	(1,265)
(Increase) in trade and other receivables	(5,308)	(3,700)	(3,168)
(Decrease) / increase in trade and other payables	(755)	917	9,104
Cash flow from operations	(1,207)	7,044	20,452
Income tax paid	(1,664)	(1,233)	(2,248)
Net Cash outflow from operating activities	(2,871)	5,811	18,204
Cash flow from investing activities			
Acquisition of non-controlling interest	(7,454)	-	-
Business acquisitions	-	(2,035)	(2,170)
Cash acquired within business combination	-	686	686
Deferred consideration paid	-	-	(1,422)
Purchase of intangible assets	(126)	(3)	(64)
Purchase of plant and equipment	(606)	(100)	(1,261)
Proceeds on disposal of plant and equipment	371	-	449
Interest received	-	-	4
Net cash outflow from investing activities	(7,815)	(1,452)	(3,778)
Net cash from financing activities			
Issue of shares net of issue costs	25,982	-	-
Invoice financing inflows / (outflows)	(3,688)	1,293	2,337
Purchase of own shares	-	-	(1,061)
New loans	-	-	6,500
Repayment of loans	(13,424)	(3,280)	(13,052)
interest paid	(390)	(779)	(1,683)
interest paid on finance leases	(10)	(6)	(22)
Capital element of finance lease payments	(219)	(188)	(406)
Net cash inflow / (outflow) from financing activities	8,251	(2,960)	(7,387)

Net (decrease) / increase in cash and cash equivalents	(2,435)	1,399	7,039
Cash and cash equivalents at beginning of year	14,351	8,053	8,053
Effects of exchange rate changes	1,222	(517)	(741)
Cash and cash equivalents at end of year	<u>13,138</u>	<u>8,935</u>	<u>14,351</u>

Comprising:

Cash at bank	14,880	12,040	18,102
Bank overdrafts	(1,742)	(3,105)	(3,751)
	<u>13,138</u>	<u>8,935</u>	<u>14,351</u>

Notes to the Interim Consolidated Financial Information

1. GENERAL

The interim financial information for the period to 30 June 2016 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

They do not include all the information required in annual financial statements in accordance with IFRS, and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2015.

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the year ended 31 December 2015, which complied with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2016.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future.

The statutory accounts for the year ended 31 December 2015, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified; did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and did not include reference to any matters to which the auditor drew attention by way of emphasis.

3. EARNINGS PER SHARE

Basic earnings per share is based on the profit after tax for the year and the weighted average number of shares in issue during the year. Preference shares are non-participating and therefore excluded.

Diluted earnings per share is calculated by adjusting the average number of shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The Company has no potentially dilutive shares in any period presented. Diluted loss per share is therefore the same as basic loss per share.

	June 2016	June 2015	December 2015
Profit attributable to equity holders of the Group (£'000)	2,461	3,146	5,005
Weighted average number of shares in issue*	71,000,398	70,402,145	70,070,235
Basic & diluted earnings per share	<u>3.47p</u>	<u>4.47p</u>	<u>7.14p</u>

*The weighted average number of shares for the purpose of earnings per share has been based on the assumed number of shares as if the bonus issue on 29 April 2016 had occurred at the beginning of the earliest period presented.

4. SEGMENTAL REPORTING

	June 2016 £'000	June 2015 £'000	December 2015 £'000
Segment revenues:			
UK & Ireland	109,532	102,337	221,435
France	14,536	10,181	23,981
Germany	24,157	19,590	51,013
Australasia	<u>10,124</u>	<u>9,192</u>	<u>17,854</u>
Total for continuing operations	<u>158,349</u>	<u>141,300</u>	<u>314,283</u>
	June 2016 £'000	June 2015 £'000	December 2015 £'000
Gross profit by segment:			
UK & Ireland	17,961	15,525	34,745
France	1,915	1,446	3,301
Germany	3,220	2,407	6,366
Australasia	<u>1,545</u>	<u>1,180</u>	<u>2,549</u>
Gross profit	<u>24,641</u>	<u>20,558</u>	<u>46,961</u>
	June 2016 £'000	June 2015 £'000	December 2015 £'000
Segment results:			
UK & Ireland	3,508	4,079	8,944
France	342	152	489
Germany	1,159	661	2,505
Australasia	<u>566</u>	<u>327</u>	<u>703</u>
Total for continuing operations	5,575	5,219	12,641
Interest income	-	-	4
Interest expense	<u>(1,750)</u>	<u>(768)</u>	<u>(4,087)</u>
Profit before tax	<u>3,825</u>	<u>4,451</u>	<u>8,558</u>

Segment assets and liabilities

	June 2016 £'000	June 2015 £'000	December 2015 £'000
Segment assets:			
UK & Ireland	93,520	89,697	95,732
France	10,561	8,318	7,544
Germany	17,799	12,987	16,824
Australasia	<u>6,463</u>	<u>4,312</u>	<u>5,034</u>
Total Consolidated Assets	<u>128,343</u>	<u>115,314</u>	<u>125,134</u>

	June 2016 £'000	June 2015 £'000	December 2015 £'000
Segment liabilities:			
UK & Ireland	65,557	90,147	94,255
France	9,701	6,752	7,056
Germany	5,899	4,610	7,118
Australasia	<u>4,849</u>	<u>2,917</u>	<u>4,327</u>
Total Consolidated Liabilities	<u>86,006</u>	<u>104,426</u>	<u>112,756</u>

Other information:

	June 2016 £'000	June 2015 £'000	December 2015 £'000
Depreciation and amortisation			
UK & Ireland	1,539	1,209	2,760
France	63	45	95
Germany	207	203	389
Australasia	<u>74</u>	<u>14</u>	<u>39</u>
Total Consolidated	<u>1,883</u>	<u>1,471</u>	<u>3,283</u>

	June 2016 £'000	June 2015 £'000	December 2015 £'000
Total non-current assets			
UK & Ireland	20,615	22,356	20,122
Rest of the world	<u>4,482</u>	<u>4,639</u>	<u>6,354</u>
Total Consolidated	<u>25,097</u>	<u>26,995</u>	<u>26,476</u>

5. FINANCE COSTS

	June 2016	June	December
	£'000	2015	2015
		£'000	£'000
Interest on overdraft and invoice discounting	305	265	568
Interest on finance leases	20	13	22
Dividend on preference shares treated as borrowings	(14)	31	61
Interest on other loans	79	266	448
Interest & fair value movement on put option liability	<u>1,360</u>	<u>193</u>	<u>2,988</u>
	<u>1,750</u>	<u>768</u>	<u>4,087</u>

6. EXCEPTIONAL ADMINISTRATIVE EXPENSES

Exceptional administrative expenses in the period consists of expenses incurred pertaining to the admission of the company to the AIM Market.

7. BORROWINGS

On 22 April, the Preference shares classified as a financial liability were redeemed, settling the financial liability of £3,187,000 in full.

Proceeds from the issue of share capital were also used to pay the following borrowings balances:

- Loan notes £3,737,000
- Bank loan £6,500,000

8. SHARE CAPITAL

The total allotted share capital of the company is:

Allotted, issued and fully paid

Classed as equity:	June 2016 Number	£'000	June 2015 Number	£'000	December 2015 Number	£'000
Ordinary shares of £0.01 each	79,448,200	794	-	-	-	-
Ordinary shares of £1 each	-	-	446,000	446	396,000	396
Preference share of £1 each	-	-	4,123,746	4,124	4,123,746	4,124
A Ordinary shares of £0.01 each	-	-	54,000	-	52,500	-
B1 Ordinary shares of £0.01 each	-	-	174,474	3	174,474	2
B2 Ordinary shares of £0.01 each	-	-	9,214	-	-	-
B3 Ordinary shares of £0.01 each	-	-	7,179	-	7,179	-
B4 Ordinary shares of £0.01 each	-	-	7,179	-	-	-
B5 Ordinary shares of £0.01 each	-	-	14,358	-	14,358	-
	<u>79,448,200</u>	<u>794</u>	<u>4,836,150</u>	<u>4,573</u>	<u>4,768,257</u>	<u>4,522</u>
Shares classed as financial liabilities:						
Preference shares of £1 each	-	-	(3,123,746)	(3,124)	(3,123,746)	(3,124)
Total equity	<u>79,448,200</u>	<u>794</u>	<u>1,712,404</u>	<u>1,449</u>	<u>1,644,511</u>	<u>1,398</u>

Share transactions effected during the period (see notes):

Number of shares

	Opening 1 January 2016	Issue of B1 Ordinary shares*	Buy back of B5 Ordinary shares 4 February	Share capital reduction 13 April	Redemption of Preference shares 22 April	Write down of Preference, B3 and B5 shares 29 April	Re- designation to Ordinary shares 29 April	Bonus share issue 29 April	Issue of Ordinary shares 3 May	Closing 30 June 2016
Ordinary shares of £0.01	-	-	-	-	-	-	669,482	66,278,718	12,500,000	79,448,200
Ordinary shares of £1	396,000	-	-	-	-	-	(396,000)	-	-	-
Preference shares of £1	4,123,746	-	-	-	(3,123,746)	(995,193)	(4,807)	-	-	-
A Ordinary shares of £0.01	52,500	-	-	-	-	-	(52,500)	-	-	-
B1 Ordinary shares of £0.01	174,474	36,450	-	-	-	-	(210,924)	-	-	-
B2 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B3 Ordinary shares of £0.01	7,179	-	-	-	-	(4,331)	(2,848)	-	-	-
B4 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B5 Ordinary shares of £0.01	14,358	-	(7,179)	-	-	(4,776)	(2,403)	-	-	-
	<u>4,768,257</u>	<u>36,450</u>	<u>(7,179)</u>	<u>-</u>	<u>(3,123,746)</u>	<u>(1,004,300)</u>	<u>-</u>	<u>66,278,718</u>	<u>12,500,000</u>	<u>79,448,200</u>

Value of shares

£'000	Opening 1 January 2016	Issue of B1 Ordinary shares*	Buy back of B5 Ordinary shares 4 February	Share capital reduction 13 April	Redemption of Preference shares 22 April	Write down of Preference, B3 and B5 shares 29 April	Re- designation to Ordinary shares 29 April	Bonus share issue 29 April	Issue of Ordinary shares 3 May	Closing 30 June 2016
Ordinary shares of £0.01	-	-	-	-	-	-	6	663	125	794
Ordinary shares of £1	396	-	-	(392)	-	-	(4)	-	-	-
Preference shares of £1	4,124	-	-	(990)	(3,124)	(10)	(0)	-	-	-
A Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B1 Ordinary shares of £0.01	2	-	-	-	-	-	(2)	-	-	-
B2 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B3 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B4 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B5 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
	4,522	-	-	(1,382)	(3,124)	(10)	-	663	125	794

* Issue of B1 Ordinary shares took place on the following dates at a price of £21.20 per share:

13 January	10,000
18 January	20,000
4 February	3,700
10 March	2,750
	<u>36,450</u>

Notes on share capital movements

As explained further in the admission document, the following share capital changes (as illustrated in the above tables) have taken place during the period:

1. Issue of B1 Ordinary shares at £21.20 per share as noted above, creating share premium of £772,000
2. Buy back of 7,179 B5 Ordinary shares on 4 February for cancellation at par value
3. Share capital reduction on 13 April, reducing the equity Preference share capital and Ordinary share capital from £1.00 per share nominal value to £0.01 per share nominal value
4. Redemption of Preference shares classified as a financial liability on 22 April, settling the financial liability in full
5. Re-designation of the Preference shares', B3 shares' and B5 shares' percentages on 29 April, and subsequently re-designation of these as Deferred shares, pursuant to which these Deferred shares were transferred in favour of the Company for nil consideration and then cancelled.
6. Re-designation of all remaining categories of shares as £0.01 Ordinary shares on 29 April
7. Bonus share issue on 29 April in the proportion of 99 Ordinary shares for each existing Ordinary share
8. Placing of new shares on 3 May (date of admission to the AIM Market) at £2.08 per share, creating share premium of £25,875,000 less issue costs of £790,000

All reductions in value of existing share capital have created additional distributable reserves which have been recorded in retained earnings. The bonus issue of ordinary shares has used some of the additional distributable reserves created by the preceding share capital reductions.

Rights and obligations

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

Employee benefit trust

The employee benefit trust previously owned 1,000,000 of the Preference shares. This proportion of the share capital was treated as equity for disclosure purposes. Further to the above share capital changes, the employee benefit trust owns 480,700 £0.01 Ordinary shares.

9. ACQUISITION OF NON-CONTROLLING INTEREST

On 9 May, the Group exercised a call option to acquire the remaining 49% non-controlling interest in their subsidiary, Kern & Stelly Medientechnik GmbH for €9,237,000.

As a result of this acquisition, the put option liability and put option reserve have been derecognised and the non-controlling interests in equity have been extinguished.

As this company was previously consolidated as a subsidiary, no other changes in the net assets of the subsidiary included in the consolidated financial statements arise because no change in control has occurred.

10. CURRENCY IMPACT

The Group report in Pounds Sterling (GBP) but has significant revenues and costs as well as assets and liabilities that are denominated in Euros (EUR) and Australia Dollars (AUD). The table below sets out the prevailing exchange rates in the periods reported.

	Six months to 30 June		At 30 June		At 31 December
	2016	2015	2016	2015	2015
	Average	Average			
EUR/GBP	1.3004	1.3244	1.2076	1.3916	1.3559
AUD/GBP	1.9658	1.9079	1.8022	1.9822	2.0190

The impact of changes in the key exchange rates from the first half of 2015 to the first half of 2016 are summarised as follows:

£000	EUR	AUD
Impact on revenues	662	(256)
Impact on profit before tax	25	(8)
Impact on net debt	91	(37)

11. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at Vines Road, Diss, IP22 4YT.

12. POST BALANCE SHEET EVENTS

Share Awards

On 1 July 2016 the Company issued conditional share awards and share options to staff. The conditional award was offered to all staff who had been employed by the Group for at least one year prior to the IPO date of 6 May 2016. Share options were offered to a number of senior management around the Group, none of whom were shareholders at the time of the IPO. All of these share awards will vest on 1 July 2019. The maximum number of shares which will vest under these awards is 187,500.

No member of the Board participated in these share awards.

13. ADJUSTMENTS TO REPORTED RESULTS

	Six months ended	
	30 June	30 June
	2016	2015
	£000	£000
Operating profit	5,575	5,219
Exceptional administrative costs	1,018	-
Amortisation	1,279	1,195
Adjusted operating profit	7,872	6,414
Profit before tax	3,825	4,451
Exceptional administrative costs	1,018	-
Amortisation	1,279	1,195
Finance costs – put and call option	1,360	193
Finance costs – interest on loan notes and preference shares	81	297
Adjusted profit before tax	7,563	6,136
Profit after tax	2,716	3,353
Exceptional administrative costs	1,018	-
Amortisation	1,279	1,195
Finance costs – put and call option	1,360	193
Finance costs – interest on loan notes and preference shares	81	297
Tax impact – at 20% / 20.25%	(16)	(60)
Adjusted profit after tax	6,438	4,978
Profit after tax	2,716	3,353
Non-controlling interest	(255)	(207)
Profit after tax attributable	2,461	3,146
Adjusted profit after tax	6,438	4,978
Non-controlling interest	(255)	(207)
Adjusted profit after tax attributable	6,183	4,771
Number of shares	71,000,398	70,402,145
Reported EPS – pence	3.5p	4.5p
Adjusted EPS – pence	8.7p	6.8p