The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

6 May 2020

Cambria Automobiles plc
("Cambria" or the "Group")

Unaudited Interim Results 2020

Cambria Automobiles plc (AIM: CAMB), the franchised motor retailer, is pleased to announce its unaudited interim results for the six months ended 29 February 2020, which show that the Group has performed ahead of the prior year and marginally ahead of management's expectations. The Group has continued to deliver on its Brand portfolio and property strategies in the period.

Continued Suspension of Forward Guidance

As announced on 24 March 2020, the Group took the decision to temporarily close its car showrooms across the UK, in line with Government guidance. Some of the Group's aftersales facilities have remained open on a limited basis to support key workers. This closure will have a material impact on the Group's financial performance in the current financial year to 31 August 2020 and as a result, the Board has suspended financial guidance in the market. In addition to other cost reduction measures taken by the Group, the CEO took a 50% reduction in salary and the Board voluntarily agreed between a 20% to 50% reduction in salary and fees whilst our Associates are on furlough leave. The Board is currently working through a number of return to work scenarios that can be initiated at the appropriate time, in line with Government guidance on social distancing, with the health, safety and wellbeing of our Associates and Guests integral to this process.

Financial highlights:

- Revenue reduced by 1.7% to £303.1m (H1 2019: £308.3m)
- Underlying profit before tax up 14.5% at £6.3m (H1 2019: £5.5m)
- Underlying earnings per share increased 13.3% to 5.11p (H1 2019: 4.51p)
- Underlying net profit margin of 2.07% (H1 2019: 1.79%)
- Positive operational cash flows maintained, with a cash position of £20.1m (H1 2019: £22.9m) and net debt of £6.0m (H1 2019 net debt: £3.2m)
- Strong balance sheet with net assets of £68.5m (H1 2019: £60.6m)
- Rolling twelve month return on equity* of 15.85% (H1 2019: 14.99%)
- As previously signalled, interim dividend suspended in light of COVID 19 impact (H1 2019: 0.25p)

Operational highlights:

- Units of new vehicle sales reduced by 10.1%, as anticipated, with the reduced unit impact offset by an 11.6% increase in average profit per unit following the improvement in the Group's franchise portfolio mix

- Units of used vehicle sales up 2.8%; gross profit increased as a result of the increased volumes and a 1.8% improvement in profit per unit
- Aftersales revenue increased by 1.1% with improvement in gross profit
- Group's entry into the Scottish market with the acquisition of an Aston Martin dealership and its Freehold Property in Edinburgh taking the Group to 4 Aston Martin dealerships
- Strengthening of High Luxury Segment with acquisition of Rolls-Royce Motor Cars dealership in leasehold premises in Edinburgh, welcoming this prestigious brand into the portfolio
- Refranchising of Volvo Preston into Alfa Romeo and Jeep to create FCA Brand centre in Preston
- Post period end completion of land purchase in Solihull for the development of Aston Martin Birmingham site relocation

** underlying profit after tax as a proportion of Average Shareholder's funds*

Mark Lavery, Chief Executive of Cambria, said:

"Whilst I am pleased with the results from the first half of our financial year, the material impact of Coronavirus has overtaken the normal operation of our businesses, as it has across the wider motor retail sector. The Group performed well in what were already difficult trading conditions and we were continuing to see improved results from the significant re-franchising activity of the previous few years.

"The impact of Coronavirus cannot be underestimated and despite the significant actions that we have taken to reduce costs, it will have a material negative impact on the financial performance in the second half of the financial year. We currently do not have visibility on the exit strategy from lockdown nor on the actions that we will have to take in light of the economic outturn as society has to operate in a different way. However, we are working through a number of return to work scenarios that can be initiated at the appropriate time, in line with Government guidance.

"The industry was already facing some significant headwinds in relation to changing technology to meet more stringent emissions targets, an increasing cost base and disruptive supply factors. The emergence from the COVID-19 lockdown will be another challenge that we will need to contend with but we reiterate that the Group is well placed to respond to these challenges. Along with our strong balance sheet, we are confident that we have sufficient liquidity to see through the challenges that the pandemic currently presents.

"I am very proud of the response of all of our Associates and thank them for all the support and flexibility that they have shown. Our resilient business model will help us navigate the current environment whilst our enhanced franchised portfolio stands us in good stead to benefit from the eventual upturn."

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About Cambria - www.cambriaautomobilesplc.com

Cambria Automobiles ("Cambria") was established in 2006 and has built a balanced portfolio of high luxury, premium and volume car dealerships, comprising over 40 franchises representing major brands across the UK. The Group's businesses are autonomous and trade under local brand names, including County Motor Works, Dees, Doves, Grange, Invicta, Motorparks and Pure Triumph.

The Group's strategy is to complement its existing franchise and brand portfolio by acquiring earnings enhancing operations, using its strong balance sheet and disciplined approach to capital allocation.

Cambria's medium-term ambition is to create a £1 billion turnover business producing attractive returns on capital.

CHIEF EXECUTIVE'S REVIEW

Introduction

I am pleased to report an improved set of results for the period, delivering underlying profit before tax of £6.3m, up 14.5% on the prior year. The results in the first half of our 2019/20 financial year have shown sustained improvement in our used car and aftersales businesses and a stabilisation in new car profitability, notwithstanding the reduction in new car volumes.

Financial highlights:

	Six months ended 29 February 2020	*Six months ended 28 February 2019*	*Change*
Revenue	**£303.1m**	£308.3m	*-1.7%*
Underlying EBITDA* **	**£10.1m**	£7.7m	*+31.2%*
Underlying operating profit* **	**£7.2m**	£6.1m	*+18.0%*
Underlying profit before tax* **	**£6.3m**	£5.5m	*+14.5%*
Underlying net profit margin*	**2.07%**	1.79%	*+28bps*
Underlying earnings per share*	**5.11p**	4.51p	*+13.3%*
Non-recurring (expense)/income*	**(£0.1m)**	£0.2m	
EBITDA **	**£9.9m**	£7.9m	*+25.3%*
Operating profit	**£7.0m**	£6.4m	*+9.4%*
Profit before tax	**£6.1m**	£5.8m	*+5.2%*
Net profit margin	**2.01%**	1.87%	*+14bps*
Earnings per share	**4.99p**	4.72p	*+5.7%*

**Underlying numbers in H1 2020 exclude non-recurring expenses of £0.1m relating to acquisition costs and net income of £0.2m in 2019 relating to the profit on sale of Royal Wootton Bassett less closure cost of Blackburn.*
***The adoption of IFRS 16 has an impact on the PBT, Operating Profit and EBITDA calculation as a result of the operating lease expense for rent payable being unwound and replaced with depreciation and finance expense. See Note 3.*

Underlying profit before tax was up 14.5% to £6.3m (H1 2019: £5.5m) with the Group's net profit margin at 2.07%. The positive impact on the profit before tax resulting from the adoption of IFRS 16 in the period was £0.14m.

Underlying operating profit increased 18.0% to £7.2m (H1 2019: £6.1m), which resulted in an operating margin of 2.38% (H1 2019: 1.98%). The IFRS 16 adoption impact on operating profit was a positive £0.3m in the period.

Underlying earnings per share were 5.11p (H1 2019: 4.51p).

Gross profit increased by 2.5% to £36.7m (H1 2019: £35.9m) with the new car division up £0.1m; used cars up £0.5m and aftersales up £0.3m. The overall gross profit margin across the Group showed an increase over the previous period to 12.1% (H1 2019: 11.6%) as a result of the change in revenue mix following reduced unit sales.

The Board considers the expenses associated with business closures, acquisition fees and refranchising activity of £0.1m and net profit from sales of freehold properties in H1 2019 giving net income of £0.2m to be non-recurring.

Net finance expenses for the period increased to £0.96m (H1 2019: £0.62m); the direct impact year on year of the IFRS 16 impact was £0.16m of the £0.34m overall increase. The remainder of the increase related partly due to the increased level of borrowing against the enhanced property assets and partly as a result of the increased consignment stock costs. The tax charge for the period of £1.1m represents an effective tax rate of 18.56% (H1 2019: 18.19%).

Balance sheet

Cambria has a strong balance sheet with net assets of £68.5m (H1 2019: £60.6m), underpinned by £79.5m of freehold property. At the balance sheet date, mortgages amounting to £26.1m were drawn.

The Group had a net debt position as at 29 February 2020 of £6.0m (H1 2019 net debt: £3.2m), reflecting gross debt of £26.1m (H1 2019: £26.1m) and the cash position of £20.1m (H1 2019: £22.9m).

Cash flow

During the period the Group generated an operating cash inflow of £3.0m (H1 2019: £10.9m). This includes a £5.4m outward movement in working capital in the period, £3.2m of which was a result of the VAT debtor arising from a movement in new vehicle stock and the freehold purchase in Edinburgh within the final quarter.

Cambria has continued to deliver on its property developments and strategic portfolio enhancement over the past three years. During the period the level of investment in development projects was significantly lower and therefore the total CAPEX in the period was £2.98m compared with £10.5m in the prior year. The major CAPEX items include the Edinburgh Aston Martin freehold purchase for £1.58m, development of existing freeholds of £0.6m, fixtures and fittings of £0.4m (including the Edinburgh acquisitions) and computer equipment of £0.2m.

Since the period end, the Group has completed on the purchase of land in Solihull for the development of its Aston Martin Birmingham dealership, although given the current pandemic the timing associated with commencement of the development is under review.

Given the Group's strong cash position during the period it repaid £4.0m of the RCF reducing the level of drawn facility from £30m to £26m. Post period end and as a precautionary, protective measure when entering the lock-down period, the Group took the decision to fully draw the £40m RCF facility to protect the cash balance in the Group.

A dividend of £0.85m, relating to the 2019 financial year, was paid in January 2020 following approval at the Annual General Meeting.

The total net cash outflow for the period was £6.2m (H1 2019: inflow £7.4m).

Dividend

As signalled on 24 March 2020, the Board is taking the prudent decision to suspend dividend payments until there is more clarity around the impact of the Coronavirus pandemic.

Acquisitions, refranchising and openings

Cambria's ongoing strategy is to build on the favourable mix of its brand portfolio and maintain a good balance of high luxury, premium and volume brands. It has made good progress over the past five years in delivering on this strategy by acquiring businesses, refranchising and opening dealerships as follows:

- Alfa Romeo and Jeep in Preston in March 2020
- Aston Martin and Rolls-Royce in Edinburgh in January 2020
- Vauxhall in Warrington in May 2019
- Citroen in Oldham in May 2019
- Suzuki in Maidstone in April 2019
- Peugeot in Warrington in October 2018
- Lamborghini in Tunbridge Wells in November 2018
- Lamborghini in Chelmsford in April 2018
- McLaren in Hatfield in January 2018
- Bentley in Essex and Kent in January 2018
- Woodford Jaguar Land Rover in July 2016
- Aston Martin Birmingham in May 2016
- Welwyn Garden City Land Rover in January 2016
- Swindon Land Rover in April 2015
- Barnet Jaguar Land Rover in July 2014

Operational review

	Six months ended 29 February 2020				Six months ended 28 February 2019			
	Revenue	**Revenue mix**	**Gross profit**	**Margin**	Revenue	Revenue mix	Gross profit	Margin
	£m	%	£m	%	£m	%	£m	%
New Vehicles	**121.2**	**40.0**	**9.7**	**8.0**	133.5	43.3	9.6	7.2
Used Vehicles	**151.4**	**50.0**	**12.5**	**8.3**	143.1	46.4	12.0	8.4
Aftersales	**37.9**	**12.5**	**14.5**	**38.3**	37.5	12.2	14.2	38.0
Internal sales	**(7.4)**	**(2.5)**			(5.8)	(1.9)		
Total	**303.1**	**100.0**	**36.7**	**12.1**	308.3	100.0	35.8	11.6
Admin Expenses			**(29.5)**				(29.7)	
Underlying Operating Profit			**7.2**				6.1	

New vehicles sales

	H1 2020	H1 2019	**Year-on-year**
New units	**3,087**	3,432	**(10.1%)**

New vehicle revenue decreased by 9.2% to £121.2m (H1 2019: £133.5m) with total new vehicle sales volumes being down 10.1%. The new vehicle gross profit margin was 8% (H1 2019: 7.2%) and there was a £0.1m increase in gross profit despite the volume reduction. The average profit per unit sold increased by 11.6% with improved mix of sales arising from the High Luxury Segment dealerships.

The Group's sale of new vehicles to private individuals was 9.2% lower year-on-year at 2,828 units. New commercial vehicle sales decreased by 27.7% to 141 units reflecting the decision not to enter into any low margin Commercial Vehicle fleet deals. New fleet unit vehicle sales decreased by 3.3% to 118 units.

Prior to the impact of the COVID-19 lockdown the Group was already experiencing reduced volumes and specific reductions in the performance of manufacturers with heavy diesel content in the range of models as well as a challenging and uncertain consumer outlook. Additionally the motor manufacturers remain under significant pressure with the investment demands put upon them in their attempts to meet the challenging European Union emissions targets to avoid the penal fines that they will incur for non-compliance with the targets.

Used vehicle sales

	H1 2020	H1 2019	**Year-on-year**
Used units	**6,407**	6,235	**2.8%**

The Group delivered another good performance in used vehicle sales. Revenues increased by 5.8% to £151.4m (H1 2019: £143.1m) whilst the number of units sold increased by 2.8%. The gross profit on used vehicles increased by 4.2% to £12.5m (H1 2019: £12.0m), with the profit per unit sold increasing by 1.8%.

We have continued our focused strategy in the used car department of increasing the efficiency with which we source, prepare and market our used vehicles in order to drive the Group's Velocity trading principles. This approach has produced pleasing results, increasing the profitability of the used car department from an already strong base.

Aftersales

	H1 2020	H1 2019	**Year-on-year**
Aftersales Revenue	**£37.9m**	£37.5m	**1.1%**

Aftersales revenue increased by 1.1% year on year to £37.9m (H1 2019: £37.5m), and the related gross profit increased to £14.5m (H1 2019: £14.2m). The aftersales department contributed 39.5% of the Group's overall gross profit.

Guest experience

The Group continues to review its processes for ensuring that it engages with all Guests to maximise the interaction opportunities through the Guest Relationship Management programme. Prior to the COVID-19 lockdown the Guest engagement process was already evolving as a reaction to the demands of customers and the level of interaction digitally and physically. The Group envisages that the impact of the COVID-19 pandemic will have a significant and long-lasting impact on the way that the business interacts with its Guests as appropriate social distancing and hygiene measures are adopted.

Outlook

As outlined above, the closure of the Group's car showrooms on 23 March 2020 will have a material impact on the Group's financial performance in the current financial year to 31 August 2020. The Board is currently working through a number of return to work scenarios that can be initiated at the appropriate time, maintaining the Government guidance on social distancing. The health and wellbeing of our Associates and Guests is integral to the scenario planning process and the relevant measures will be put in place to ensure the safest possible Guest experience as and when we are advised to reopen our car showrooms. The Board will continue to monitor the constantly evolving situation and will update shareholders as and when appropriate.

Mark Lavery
Chief Executive
6 May 2020

Consolidated Statement of Comprehensive Income

for the six months ended 29 February 2020

	Notes	**6 months to 29 February 2020 £000**	6 months to 28 February 2019 £000	12 months to 31 August 2019 £000
Revenue		**303,055**	308,258	657,777
Cost of Sales		**(266,396)**	(272,404)	(582,723)
Gross Profit		**36,659**	35,854	75,054
Administrative expenses: before exceptional items		**(29,466)**	(29,720)	(61,188)
Administrative expenses: exceptional items	***4***	**(149)**	248	
Results from operating activities		**7,044**	6,382	13,866
Finance income		**47**	34	64
Finance expenses		**(961)**	(651)	(1,435)
Net finance expenses		**(914)**	(617)	(1,371)
Profit before tax from operations before non-recurring (expense)/income		**6,279**	5,517	12,276
Non-recurring (expense)/income	***4***	**(149)**	248	219
Profit before tax		**6,130**	5,765	12,495
Taxation	*7*	**(1,138)**	(1,049)	(2,542)
Profit and total comprehensive income for the period		**4,992**	4,716	9,953
Basic earnings per share	*5*	**4.99p**	4.72p	9.95p
Diluted earnings per share	*5*	**4.98p**	4.72p	9.93p

Consolidated Statement of Changes in Equity

for the six months ended 29 February 2020

		Share Capital £000s	Share premium £000s	Retained earnings £000s	Total Equity £000s
For the 6 months ended 29 February 2020					
Balance at 31 August 2019		10,000	799	54,781	65,580
Change in accounting policy	8			(1,218)	(1,218)
As restated as at 1 September 2019		10,000	799	53,563	64,362
Profit for the period		-	-	4,992	4,992
Dividend paid		-	-	(850)	(850)
Balance at 29 February 2020		**10,000**	**799**	**57,705**	**68,504**
For the 12 months ended 31 August 2019					
Balance at 31 August 2018		10,000	799	45,828	56,627
Profit for the period		-	-	9,953	9,953
Dividend paid		-	-	(1,000)	(1,000)
Balance at 31 August 2019		**10,000**	**799**	**54,781**	**65,580**
For the 6 months ended 28 February 2019					
Balance at 31 August 2018		10,000	799	45,828	56,627
Profit for the period		-	-	4,716	4,716
Dividend paid		-	-	(750)	(750)
Balance at 28 February 2019		**10,000**	**799**	**49,794**	**60,593**

Consolidated Statement of Financial Position

as at 29 February 2020

	As at 29 February 2020 £000	As at 28 February 2019 £000	As at 31 August 2019 £000
Non-current assets			
Property, Plant & equipment	**86,401**	75,894	85,336
Intangible assets	**21,456**	21,487	21,478
Right of use assets	**7,282**	-	-
	115,139	97,381	106,814
Current assets			
Inventories	**116,527**	120,602	112,804
Trade and other receivables	**15,458**	16,791	12,051
Cash & Cash equivalents	**20,062**	22,895	26,299
Property assets classified as held for resale	**899**	890	899
	152,946	161,178	152,053
Total assets	**268,085**	258,559	258,867
Current liabilities			
Trade and other payables	**(161,867)**	(169,669)	(160,129)
Lease liabilities	**(2,479)**	-	-
Taxation	**(1,472)**	(1,042)	(1,297)
Provisions	**(48)**	-	(459)
	(165,866)	(170,711)	(161,885)
Non-current liabilities			
Other Interest Bearing loans and borrowings	**(26,105)**	(26,070)	(30,088)
Provisions		(1,000)	(877)
Deferred tax liability	**(192)**	(185)	(437)
Lease liabilities	**(7,418)**	-	-
	(33,715)	(27,255)	(31,402)
Total liabilities	**(199,581)**	(197,966)	(193,287)
Net assets	**68,504**	60,593	65,580
Equity attributable to equity holders of the parent			
Share capital	**10,000**	10,000	10,000
Share premium	**799**	799	799
Retained earnings	**57,705**	49,794	54,781
	68,504	60,593	65,580

Consolidated Cash flow statement

for the six months ended 29 February 2020

	6 months to 29 February 2020 £000	6 months to 28 February 2019 £000	12 months to 31 August 2019 £000
Cash flows from operating activities			
Profit for the period	**4,992**	4,716	9,953
Adjustments for:			
Depreciation, amortisation and impairment	**2,864**	1,521	3,437
Finance income	**(47)**	(34)	(64)
Finance expense	**961**	651	1,435
Non-recurring (Profit)/loss on sale of property, plant and equipment	**-**	(414)	(414)
Taxation	**1,138**	1,049	2,542
Non-recurring expenses	**149**	166	(219)
	10,057	7,655	16,670
Decrease/(Increase) in trade and other receivables	**(3,341)**	(5,349)	(609)
(Increase) / decrease in inventories	**(3,723)**	(30,927)	(23,129)
Increase in trade and other payables	**1,706**	40,875	31,607
	4,699	12,254	24,539
Interest paid	**(658)**	(437)	(841)
Taxation paid	**(927)**	(728)	(1,714)
Non-recurring income/(expenses)	**(149)**	(166)	219
Net cash flow from operating activities	**2,965**	10,923	22,203
Cash flows from investing activities			
Interest received	**47**	34	64
Proceeds from sale of property, plant and equipment	**1**	2,874	2,917
Acquisition/purchase of property, plant and equipment	**(2,980)**	(10,506)	(21,907)
Net cash flow from investing activities	**(2,932)**	(7,598)	(18,926)
Cash flows from financing activities			
Proceeds for new loan	**(3,983)**	5,017	9,000
Interest paid	**(303)**	(214)	(495)
Lease payments	**(1,134)**	-	-
Dividend paid	**(850)**	(750)	(1,000)
Net cash (outflow)/inflow from financing activities	**(6,270)**	4,053	7,505
Net increase/(decrease) in cash and cash equivalents	**(6,237)**	7,378	10,782
Cash and cash equivalents at start of period	**26,299**	15,517	15,517
Cash and cash equivalents at end of period	**20,062**	22,895	26,299

Notes

1 General information

Cambria Automobiles plc is a company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the United Kingdom. The address of the registered office is Swindon Motor Park, Dorcan Way, Swindon, SN3 3RA. The registered number of the company is 05754547.

These interim financial statements as at and for the six months ended 29 February 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and have been prepared in accordance with Adopted International Financial Reporting Standards as Adopted by the EU ("Adopted IFRS").

The financial statements for the period ended 29 February 2020 have neither been audited nor reviewed by the auditors. The financial information for the year ended 31 August 2019 has been based on information in the audited financial statements for that period.

2 Accounting policies

The Group's principal activity is the sale and servicing of motor vehicles and the provision of ancillary services.

With the exception of accounting for leases, the accounting policies adopted in these interim financial report are consistent with the Groups financial report for the year ended 31 August 2019 which can be found on the website:

www.cambriaautomobilesplc.com.

The Group has applied the requirements of IFRS 16 "Leases" in these interim financial statements for the first time having transitioned using the modified retrospective approach. Under IFRS 16 the Group previously classified leases as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset. From 1 September 2019, subject any permitted exemptions, the Group has recognised a Right of Use asset and associated lease liability in the Statement of Financial Position. The Group takes exemption from this treatment where lease terms are less than 12 months at inception of the lease and such leases are charged to the Income statement over the period of the lease. Right of use assets are depreciated over the remaining life of the lease and are tested for impairment.

3 Operating Segments

Segmental reporting

The Group complies with IFRS 8 'Operating Segments' which determines and presents operating segments based on information presented to the Groups Chief Operating Decision Maker ("CODM"), the Chief Executive Officer. The Group is operated and managed on a Dealership by Dealership basis. The CODM receives information both on a dealership basis and by revenue stream (New, Used, Aftersales). Given the number of dealerships, it was deemed most appropriate to present the information by revenue stream for the purposes of segmental analysis.

	Six months ended 29 February 2020				Six months ended 28 February 2019			
	Revenue	**Revenue mix**	**Gross profit**	**Margin**	Revenue	Revenue mix	Gross profit	Margin
	£m	%	£m	%	£m	%	£m	%
New Vehicles	**121.2**	**40.0**	**9.7**	**8.0**	133.5	43.3	9.6	7.2
Used Vehicles	**151.4**	**50.0**	**12.5**	**8.3**	143.1	46.4	12.0	8.4
Aftersales	**37.9**	**12.5**	**14.5**	**38.3**	37.5	12.2	14.2	38.0
Internal sales	**(7.4)**	**(2.5)**			(5.8)	(1.9)		
Total	**303.1**	**100.0**	**36.7**	**12.1**	308.3	100.0	35.8	11.6
Admin Expenses			**(29.5)**				(29.7)	
Underlying Operating Profit			**7.2**				6.1	

The CODM reviews the performance of the business in terms of both net profit before tax and EBITDA, as such the following table shows a reconciliation of EBITDA to the Profit before tax.

The EBITDA in the period varies significantly with the prior year comparative as a result of the transition to IFRS 16 lease accounting (positive impact on Profit Before Tax of £0.14m) which resulted in the exclusion of operating lease expenses (£1.56m) and replacement with depreciation on the right of use assets (£1.26m) and finance expenses in relation to the lease liability (£0.16m) for those leased assets. Excluding the impact of IFRS 16 the Underlying EBITDA for the period would have been £8.5m (H1 2019: £7.7m).

	6 months to 29 February 2020	6 months to 28 February 2019
	£000	£000
Profit Before Tax	**6,130**	5,765
Net finance expense	**757**	617
Finance expense IFRS 16	**157**	-
Depreciation	**1,601**	1,521
Depreciation – Right of use asset	**1,263**	-
EBITDA	**9,908**	7,903
Non-recurring Expenses/(Income)	**149**	(248)
Underlying EBITDA	**10,057**	7,655

4 Non-recurring Income / (Expense)

	6 months to 29 February 2020	6 months to 28 February 2019
	£000	£000
Site closures and refranchising cost	**(12)**	(166)
Profit on sale of Freehold property	**-**	414
Acquisitions	**(137)**	
Net non-recurring income / (expense)	**(149)**	248

5 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue in the period. There is one class of ordinary share with 100,000,000 shares in issue.

	6 months to 29 February 2020 £'000	6 months to 28 February 2019 £'000	Year ended 31 August 2019 £'000
Profit attributable to shareholders	**4,992**	**4,716**	9,953
Non-recurring income and expenses	**149**	**(248)**	(219)
Tax on adjustments (at 18.56 %) (2019: 18.19%)	**(27)**	**45**	41
Adjusted profit attributable to equity shareholders	**5,114**	**4,513**	9,775
Adjusted number of share in issue ('000s)	**100,000**	**100,000**	100,000
Basic earnings per share	**4.99p**	**4.72p**	9.95p
Adjusted earnings per share	**5.11p**	**4.51p**	9.78p

Diluted Earnings Per Share

In the previous financial year the performance conditions relating to certain share options were satisfied and therefore 740,000 of the remaining 4,500,000 are considered dilutive at the period-end.

	6 months to 29 February 2020 £'000	**6 months to 28 February 2019 £'000**	Year ended 31 August 2019 £'000
Profit attributable to shareholders	**4,992**	**4,716**	9,953
Number of shares in issue (000's)	**100,000**	**100,000**	100,000
Effect of dilutive share options (000's)	**178**	**-**	189
Adjusted number of shares in issue ('000s)	**100,178**	**100,000**	100,189
Diluted earnings per share	**4.98p**	**4.72p**	9.93p

6 Acquisitions

Effect of Acquisitions in the period ended 29 February 2020

On 21 January 2020, the Group announced the acquisition of the trade and assets of the Aston Martin and Rolls-Royce Motor Cars dealerships in Edinburgh for a total cash consideration of £1.57m. Transactions fees, payroll arrears and rationalization costs of £137,000 have been expensed through operating expenses in the period.

Acquiree's Net Assets at the acquisition date	**Recognised values on acquisition £000**
Plant and equipment	70
Freehold Property	1,589
	1,659
Goodwill on acquisition	-

7 Taxation

The tax charge for the six months ended 29 February 2020 has been provided at the effective rate of 18.56% *(H1 2019: 18.19%).*

8 IFRS 16 Leases

In the period to 29 February 2020, the Group has applied the requirements of IFRS 16 "Leases" for the first time. The Group has transitioned to IFRS 16 using the modified retrospective approach whereby comparatives amounts have not been restated. The adjustments arising from the change of accounting policy have therefore been recognised in the opening position as at 1 September 2019.

On transition, the Group has recognised lease liabilities in relation to property leases which were previously accounted for as operating leases and these liabilities are measured at the present value of the estimated future lease payments discounted as the Groups incremental borrowing rate which was applied to all such leases in the portfolio. An associated Right of Use asset was measured on the retrospective basis assuming that the asset had been calculated at the commencement of each individual lease and depreciated over the period to 31 August 2019.

This change in accounting policy resulted in the following adjustments on transition (as at 1 September 2019):-

Right of Use asset	Increase	£5,655,000
Current assets	Increase	£66,000
Lease liability	Increase	£8,475,000
Onerous lease provision	Decrease	£1,288,000
Deferred Tax Liability	Decrease	£249,000
Retained earnings	Decrease	£1,218,000

In applying IFRS 16 for the first time the following practical expedients, included in the standard have been applied:-

a) The use of a single estimated incremental borrowing rate applied to all leases in a portfolio;

b) Previous assessment of the onerous nature of leases;

c) The use of hindsight when establishing the period of the lease in respect of options to change the lease term;

d) The exclusion of leases with a remaining term of less than 12 months at the date of transition.

As the comparative amounts have not been restated, the table below illustrates the impact on the interim financial statements of the change in accounting policy

	Previous	**Effect**	**29/02/2020**
	£000	**£000**	**£000**
Revenue	303,055	-	303,055
Cost of sales	(266,396)	-	(266,396)
Gross profit	36,659	-	36,659
Operating expenses	(29,764)	298	(29,466)
Operating profit	6,895	298	7,193
Net finance expense	(757)	(157)	(914)
Underlying Profit before tax	6,138	141	6,279
Exceptional items	(149)	-	(149)
Profit before tax	5,989	141	6,130
Taxation	(1,102)	(36)	(1,138)
Profit after tax	4,887	105	4,992

	Previous	**Effect**	**29/02/2020**
	£000	**£000**	**£000**
Non current assets	107,857	7,282	115,139
Current assets	152,945	1	152,946
Total assets	260,802	7,283	268,085
Current liabilities	(163,798)	(2,068)	(165,866)
Deferred Tax	(405)	213	(192)
Non-current liabilities	(26,982)	(6,541)	(33,523)
	(191,185)	(8,609)	(199,581)
Net assets	69,617	-1,113	68,504

The change of accounting policy has not affected the overall cash flows of the Group.