27 March 2018

The Brighton Pier Group PLC

(the "Company" or the "Group")

Interim results for the 26 weeks ended 24 December 2017

Financial Highlights	**26 weeks ended 24 December 2017**	26 weeks ended 25 December 2016
	£m	£m
Revenue	**16.00**	17.74
Group EBITDA before highlighted items	**3.21**	3.51
Group EBITDA after highlighted items	**2.79**	3.22
Operating profit before highlighted items	**2.48**	2.81
Operating profit after highlighted items	**2.07**	2.11
Profit before taxation and highlighted items	**2.34**	2.65
Profit before taxation after highlighted items	**1.92**	1.94
Net debt at the end of the period	**13.37**	7.95
Basic earnings per share (with highlighted items added back)	**6.2p**	8.2p
Basic earnings per share	**4.9p**	6.0p
Diluted earnings per share (with highlighted items added back)	**6.0p**	7.9p
Diluted earnings per share	**4.8p**	5.8p

Commenting on the results, Luke Johnson, Executive Chairman said:

"During the period the group acquired Paradise Golf, and transformed the bars and Palm Court restaurant on Brighton Palace Pier. The business is now well positioned to grow across all of its operations."

All Company announcements and news are available at www.brightonpiergroup.com

Enquiries:

The Brighton Pier Group PLC	Tel: 020 7376 6300
Luke Johnson, Executive Chairman	
Anne Ackord, Chief Executive Officer	
John Smith, Chief Financial Officer	
Panmure Gordon (UK) Limited (Nominated Adviser and Joint Broker)	Tel: 020 7886 2500
Corporate Finance	
Andrew Godber / Atholl Tweedie / Edward Phillips	
Corporate Broking	
Charles Leigh-Pemberton	
Arden Partner plc (Joint Broker)	Tel: 020 7614 5900
Corporate Finance	
John Llewellyn-Lloyd / Benjamin Cryer	
Investor Relations	
Sarah-Jane Woodcock / Charlotte Ridler	

About The Brighton Pier Group PLC

The Brighton Pier Group PLC (the Group) owns and trades Brighton Palace Pier - the fourth most visited tourist attraction in the country, as well as eleven nationwide premium bars, two ping-pong concept bars and six indoor mini golf sites, all situated in high volume retail and leisure sites across England and Scotland.

Brighton Palace Pier offers a wide range of attractions including two arcades and eighteen funfair rides, together with a variety of on-site hospitality and catering facilities. The attractions, product offering and layout of the pier are focused on creating a family-friendly atmosphere that aims to draw a wide demographic of visitors. The pier is free to enter, with revenue generated from the pay-as-you-go purchase of products from the fairground rides, arcades, hospitality facilities and retail kiosks.

The bars trade under a variety of concepts including Embargo Republica, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander, Smash and Coalition. The Group predominantly targets a customer base of sophisticated students midweek and stylish over 21s and professionals at the weekend. This division focuses on delivering added value to its customers through premium product ranges, high quality music and entertainment, as well as commitment to exceptional service standards. The Bars estate is nationwide, incorporating key university cities and towns that provide a vibrant night-time economy and the demographics to support premium bars.

Paradise Island Adventure Golf was acquired by the Group on 8 December 2017. The Golf division operates six indoor mini golf sites at high footfall retail and leisure centres, offering an accessible and traditional activity for the whole family without age, health or safety restrictions. The first unit was opened in Glasgow in 2006, after which followed Manchester (2008), Sheffield (2012), Livingston (2012), Cheshire Oaks (2015) and Derby (2017). Each site offers two unique 18-hole mini golf courses.

Business review

The Group operates as three separate divisions under the leadership of Anne Ackord, the Group's Chief Executive Officer, who was appointed to this newly created role at the start of the financial year (26 June 2017).

The business review covers the trading results for the 26 weeks ended 24 December 2017 (2016: 26 weeks ended 25 December 2016).

Three weeks before the end of the half year, the Group acquired 100% of the share capital of Lethington Leisure Limited, owner of Paradise Island Adventure Golf, which operates six indoor mini golf sites. The business was acquired for a headline consideration of £10.5m and a further £0.3m completion payment for estimated working capital. The trading results for the Golf division represent the period from 8 December 2017 only, with no comparatives in the prior half year.

Half year results

The results for the 26 weeks to 24 December 2017 are in line with the trading outlook published in the Company's results announcement on 30 September 2017.

The highlight for the period was the acquisition on 8 December 2017 of Lethington Leisure Limited, owner and operator of Paradise Island Adventure Golf, for a total consideration of £10.8m on a cash-free, debt-free basis.

Revenue for the period: £16.0m (2016: £17.74m)

Group EBITDA before highlighted items: £3.21m (2016: £3.51m)

Profit before tax and highlighted items: £2.34m (2016: £2.65m)

Profit before tax and after highlighted items: £1.92m (2016: £1.94m)

As reported in the Group's preliminary announcement in September 2017 and in its FY 2017 annual report published in November 2017, the sales shortfall for the period was a result of three key factors: firstly, due to rain and strong winds, trading during the pier's peak summer period of August and September was mixed and did not match the strong performance of the same period in the previous year; secondly, the Group made the decision to utilise the winter months to close and improve the principal catering and hospitality offerings on the pier: and lastly £1.2m of sales in the 26 week period ended December 2016 relating to the six marginal bar sites that were closed during FY 2017 with no comparative in the current period.

The ambitious investment plan to improve facilities commenced with the redevelopment of Horatio's Bar, completed in December 2017. Benefitting from an enviable position on the pier with views across to the Brighton sea front, this bar has been transformed into a gastro pub offering with the added attraction of a live music platform. The upgrade and the extension to the outside terraces have increased overall capacity as well as enhancing the bars ability to diversify its offer.

Following the redevelopment of Horatio's Bar, significant improvements have also been made to the Palm Court restaurant and Victoria's Bar. These two venues have now been combined into one, with substantial modernisation, as well as modifications enabling the flexibility to provide either one large or two smaller conference and events space(s) throughout the year. Palm Court is now one of the largest venues in Brighton and is unique in its location. Furthermore, the main restaurant and takeaway kitchens have been merged in order to enhance efficiency and at the same time internal and external seating capacity has been increased by 60%. Whilst these closures have had an understandable and short-term impact on sales and EBITDA for the winter-period, an immediate benefit is expected to be generated post-Easter and into the next financial year.

Group gross margin for the period has increased by 25 basis points on last year, despite ongoing pressure from rising input costs as a result of the weakness of sterling.

Basic earnings per share (with highlighted items added back) were 6.2p, down 2.0p on the previous period (2016: 8.2p).

Highlighted costs totalling £0.4m were incurred in the period: the principal items involved were £0.3m relating to the acquisition of Lethington Leisure Limited and £0.1m pre-opening costs relating to the redevelopments of Wimbledon Smash and Reading Coalition.

The tax charge for the current period was £332,000, compared to £34,000 for the previous period, when tax losses incurred in prior years were applied. These losses from prior years have been fully utilised and, going forward, the Group will revert to a more normalised tax basis with the full year effective tax charge on the underlying trading profit estimated to be 17% for the current financial year.

In summary, for the 26 week period ended 24 December 2017 (compared to the equivalent 26 week period ended 25 December 2016):

- Revenue: £16.00m (2016: £17.74m)
- Group EBITDA before highlighted items: £3.21m (2016: £3.51m)
- Group EBITDA after highlighted items: £2.79m (2016: £3.22m)
- Operating profit before highlighted items: £2.48m (2016: £2.81m)
- Operating profit after highlighted items: £2.07m (2016: £2.11m)
- Profit before tax and highlighted items: £2.34m (2016: £2.65m)
- Profit before tax and after highlighted items: £1.92m (2016: £1.94m)
- Net debt at the end of the period of £13.37m (2016: £7.95m)
- Basic earnings per share (with highlighted items added back): 6.2p (2016: 8.2p)
- Basic earnings per share: 4.9p (2016: 6.0p)
- Diluted earnings per share (with highlighted items added back): 6.0p (2016: 7.9p)
- Diluted earnings per share: 4.8p (2016: 5.8p)

Acquisition of Lethington Leisure Limited (trading as Paradise Island Adventure Golf)

The highlight for the period was the acquisition on 8 December 2017 of Lethington Leisure Limited, which owns and operates Paradise Island Adventure Golf, for a total consideration of £10.8m on a cash-free, debt-free basis.

The consideration was funded through a placing of new ordinary shares (raising gross proceeds of £3.0m), an extension to the Group's existing facilities with Barclays Bank plc of £5.7m, the issue of £0.6m of consideration shares to management, a payment of £1.0m in cash deferred by one year by way of loan note to the remaining selling shareholders and the balance from existing cash resources of £0.5m.

The acquisition represents a profitable and high quality business, further building on the Group's stated strategy of selectively acquiring leisure and entertainment assets in the UK.

Lethington Leisure Limited has a strong track record as a profitable and growing leisure operator. In its financial year ended March 2017, Paradise Island Adventure Golf had revenues of £3.5m (with a three year CAGR from 2014-17 of 14.7%), and adjusted EBITDA of £1.2m.

The total consideration represented a multiple of approximately 6.25 times pro forma EBITDA for the 12-month period ended 31 March 2018 (representing six months of actual EBITDA, plus six months pro forma budgeted EBITDA, based on the prior year performance).

The acquisition also represents an opportunity to broaden and grow the Group's business base, with one additional site already contracted and a broader pipeline of new site opportunities and potential site acquisitions.

Mini golf is an accessible activity for the whole family, less seasonal than Brighton Palace Pier, thus providing the potential to improve the distribution of earnings throughout the financial year, whilst also helping to fulfil the growing demand for experiential leisure and 'competitive socialising'.

The Group intends to utilise its management team's experience of operating leisure assets by adding income streams to complement and further develop the Paradise Island Adventure Golf offer. The acquisition emphasises the Group's confidence in its ability to be a long-term consolidator within the sector, and is expected to enhance the Group's free cash flow and earnings in the first full financial year.

Principal developments on the pier

The £1.3m plan to refit the bars and restaurants began with the closure of Horatio's at the start of November 2017, prior to which work had been undertaken to move the high margin and hugely popular Dolphin Derby and relocate various storage facilities in order to make way for the extended outside terraces and improve visibility of the venue to customers.

Improvements on Horatio's Bar began with opening up some of the external walls of the building and replacing them with bi-fold doors. Extending the bar to the outside is enabling customers to benefit from its enviable position on the pier, with views over Brighton and the seafront. As a result of the upgrade work, Horatio's will now be connected to the new terraces in the summer months, increasing overall seating capacity as well as enhancing the bar's ability to offer food, live music and other events throughout the year. The newly-improved Horatio's bar opened its doors at the end of December 2017.

Palm Court (part closed in November) and Victoria's Bar both closed their doors in early January. The planned substantial modernisation of these two venues was intended to create flexibility in providing either one large or two smaller conference and events space(s) throughout the year. The main restaurant and takeaway kitchens have been merged in order to maximise efficiency, and at the same time internal and external seating capacity has been increased by 60%. The ceiling area has been opened up to reveal impressive Victorian metal roof beams and the venue has been refitted with modern colours and furnishings. During the whole process, 'Latest TV' has been filming every step of the transformation as part of its collaboration with Brighton Palace Pier, which was announced in February. Whilst these refits have impacted trading during the last few winter months, (Victoria's and Palm Court formally reopened mid-March) the transformational benefits will be seen in the years to come.

Planning permission is currently awaited for the new Brighton Palace Pier sign on the front of the main building. It is hoped this will be in place before the summer season, signalling the completion of the name change announced at the time of acquisition of the pier. There is substantial local support for the name change and the unveiling of the new sign on the front of the pier will present an ideal PR opportunity.

Shareholders will be aware that each year we undertake an annual substructure survey and this is now complete. We can report that no additional maintenance issues have been identified other than the usual budgeted requirements for the coming financial year.

During the period the pier successfully migrated its accounts to the new Group accounting software, and we now have the systems and structures in place with a Group finance team to manage the business and incorporate any future business acquisitions, including Lethington Leisure Limited, which will also be migrated during this financial year.

Principal developments in the bars

Despite the volatile trading backdrop, progress continues to be made in stabilising the Bars division with EBITDA for the period at £1.2m (2016 £1.1m). The division continues to perform well on key calendar dates, such as Halloween and Christmas, both of which traded ahead of last year on a like-for-like basis during the period.

Wimbledon

This venue closed its doors at the end of August 2017 for redevelopment, opening again at the end of September 2017 as the Group's second *Smash* bar. The bar trades during post-work hours and in the later evening with a menu that includes fresh dough pizza and craft beer. In addition, the venue provides activity areas for customers to enjoy games of ping-pong with friends and to watch major sports events on large screens. The refit has transformed the customer profile and resulted in successful trading to date.

Derby

The Group made the decision to close the Derby site and has granted a 20-year lease over the lower floors of this venue to a new tenant, at an annual passing rent of £90,000. The freehold of this site is currently being marketed.

Manchester Sakura

This venue has been closed for two years following water ingress from the railway above the club. Towards the end of December 2017, the landlord completed extensive repairs to make the venue water-proof. The lease on this site was assigned after the period (11 January 2018). A twelve-month rent-free period has been agreed with the new tenant and is payable quarterly by the Group as the rent falls due. The cost of this incentive was fully provided in prior periods.

Cash flow and balance sheet

Cash flow generated from operations and available for investment (after interest and tax payments) was £1.5m (2016: £1.7m).

£1.8m has been invested in capital expenditure (2016: £0.4m), the majority of which has been spent on the upgrades to Palm Court, Victoria's and Horatio's on the pier, as well as on the conversions of Wimbledon Po Na Na to Smash and other minor venue improvements across the Bars estate.

During the period, the Group made debt repayments of £1.2m (2016: £1.1m).

As part of the acquisition of Lethington Leisure Limited, the Group increased its term loan by £4.6m from £10.2m to £14.9m (2016: £11.6m), extended for a further five-year term with annual repayments of £1.5m. In addition, the £1.0m revolving credit facility was increased to £2.5m, of which £1.5m was drawn at the period end (2016: £nil). The Group continues to trade comfortably within its covenants.

At the period end, cash and cash equivalents were £2.8m (2016: £3.4m). Net cash outflow in the period was £1.3m (2016: net inflow of £0.3m) whilst net debt at the period end stood at £13.4m (2016: £8.0m). The increase in net debt at the period end relates to the Lethington Leisure acquisition. The Directors continue to take a cautious approach to net debt levels for the Group.

Outlook

Trading for the first half is in line with market expectations and this trend is expected to continue through the seasonally quieter second half as management execute the Group's strategy.

The long-term strategy of the enlarged Group is to create a growth company that operates across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth across the whole estate, together with the active pursuit of future potential strategic acquisitions of experiential leisure businesses, thus enhancing its portfolio and ability to realise synergies by leveraging scale.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited 26 weeks to *24 December 2017* *£'000*	Unaudited 26 weeks to *25 December 2016* *£'000*	Audited *52 weeks to 25 June 2017* *£'000*
Revenue		16,003	17,739	31,304
Cost of sales		(2,829)	(3,181)	(5,540)
Gross profit		**13,174**	**14,558**	**25,764**
Operating expenses - excluding highlighted items		(10,690)	(11,744)	(21,971)
Operating expenses - highlighted items	*5*	(418)	(706)	(1,584)
Total operating expenses		**(11,108)**	**(12,450)**	**(23,555)**
Operating profit - before highlighted items		2,484	2,814	3,793
Highlighted items - operating expenses	*5*	(418)	(706)	(1,584)
Operating profit		**2,066**	**2,108**	**2,209**
Finance revenue		-	1	-
Finance cost		(148)	(167)	(315)
Profit before tax and highlighted items		2,336	2,648	3,478
Highlighted items	*5*	(418)	(706)	(1,584)
Profit on ordinary activities before taxation		**1,918**	**1,942**	**1,894**
Taxation	*6*	(332)	(34)	(19)
Profit and total comprehensive income for the period		**1,586**	**1,908**	**1,875**
Earnings per share – basic	*7*	4.9p	6.0p	5.9p
Adjusted* earnings per share – basic	*7*	6.2p	8.2p	10.9p
Earnings per share – diluted	*7*	4.8p	5.8p	5.7p
Adjusted* earnings per share – diluted	*7*	6.0p	7.9p	10.4p

*adjusted basic and diluted earnings per share are calculated using the profit for the period adjusted for highlighted items (note 5).

No other comprehensive income was earned during the current or prior periods.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at 24 December 2017 £'000	*Unaudited As at 25 December 2016 £'000*	*Audited As at 25 June 2017 £'000*
ASSETS			
Non-current assets			
Intangible assets	11,804	4,122	3,729
Property, plant & equipment	26,102	22,007	22,543
	37,906	26,129	26,272
Current assets			
Assets held for sale	293	278	293
Inventories	595	651	547
Trade and other receivables	1,700	1,115	1,134
Cash and cash equivalents	2,796	3,354	4,073
	5,384	5,398	6,047
TOTAL ASSETS	43,290	31,527	32,319
EQUITY			
Issued share capital	8,896	7,941	7,941
Share premium	15,798	13,219	13,229
Merger reserve	(1,575)	(1,575)	(1,575)
Other reserve	366	210	321
Retained earnings	(2,585)	(4,138)	(4,171)
Equity attributable to equity shareholders of the parent	20,900	15,657	15,745
TOTAL EQUITY	20,900	15,657	15,745
LIABILITIES			
Current liabilities			
Trade and other payables	5,083	4,078	4,619
Other financial liabilities	2,680	1,202	1,200
Income tax payable	858	177	162
Provisions	284	305	491
	8,905	5,762	6,472
Non-current liabilities			
Other financial liabilities	13,485	10,102	10,102
Other payables	-	6	-
	13,485	10,108	10,102
TOTAL LIABILITIES	22,390	15,870	16,574
TOTAL EQUITY AND LIABILITIES	43,290	31,527	32,319

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Other reserves	Merger reserve	Retained deficit	Total shareholders' equity
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 25 June 2017	7,941	13,229	321	(1,575)	(4,171)	15,745
Profit for the period	-	-	-	-	1,586	1,586
Transactions with owners:						
Issue of share capital	955	2,675	-	-	-	3,630
Share issue costs taken to equity	-	(106)	-	-	-	(106)
Share-based payments charge	-	-	45	-	-	45
At 24 December 2017	**8,896**	**15,798**	**366**	**(1,575)**	**(2,585)**	**20,900**

	Issued share capital	Share premium	Other reserves	Merger reserve	Retained deficit	Total shareholders' equity
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 26 June 2016	7,920	13,187	180	(1,575)	(6,046)	13,666
Profit for the period	-	-	-	-	1,908	1,908
Transactions with owners:						
Issue of share capital	21	32	-	-	-	53
Share-based payments charge	-	-	30	-	-	30
At 25 December 2016	**7,941**	**13,219**	**210**	**(1,575)**	**(4,138)**	**15,657**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 26 weeks to 24 December 2017 £'000	Unaudited 26 weeks to 25 December 2016 £'000	Audited 52 weeks to 25 June 2017 £'000
Operating activities			
Profit before tax	1,918	1,942	1,894
Net finance costs	148	166	315
Amortisation of intangible assets	13	-	7
Depreciation of property, plant and equipment	668	665	1,265
Write-off of goodwill on closed sites	-	273	273
Impairment of goodwill on other sites	-	-	469
Write-off of property plant and equipment at closed sites	-	148	270
Impairment of property, plant and equipment	56	81	-
Share-based payment expense	45	30	141
(Increase)/decrease in inventories	(48)	15	119
(Increase)/decrease in trade and other receivables	(566)	764	745
(Decrease) in trade and other payables	(361)	(2,086)	(1,509)
(Decrease)/increase in provisions	(207)	(143)	43
Interest paid	(148)	(116)	(339)
Net cash flow from operating activities	**1,518**	**1,739**	**3,693**
Investing activities			
Purchase of property, plant and equipment, and intangible assets	(1,762)	(410)	(1,687)
Acquisition of business net of cash acquired	(8,667)	-	-
Proceeds from disposal of property, plant and equipment	-	13	25
Net cash flows used in investing activities	**(10,429)**	**(397)**	**(1,662)**
Financing activities			
Proceeds from borrowings	6,058	-	-
Repayment of borrowings	(1,200)	(1,100)	(1,076)
Proceeds from issue of shares	2,894	53	63
Share issue costs recognised directly in equity	(106)	-	-
Capital element on finance lease rental payments	(12)	(5)	(9)
Net cash flows generated from /(used in) financing activities	**7,634**	**(1,052)**	**(1,022)**
Net (decrease)/increase in cash and cash equivalents	**(1,277)**	**290**	**1,009**
Cash and cash equivalents at beginning of period	4,073	3,064	3,064
Cash and cash equivalents at period end date	**2,796**	**3,354**	**4,073**

1. GENERAL INFORMATION

The Brighton Pier Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM. Its registered address is 36 Drury Lane, London, WC2B 5RR. Both the immediate and ultimate Parent of the Group is The Brighton Pier Group PLC.

The Brighton Pier Group PLC owns and operates Brighton Palace Pier, one of the leading tourist attractions in the UK. The Group is also a leading operator of 13 premium bars and the operator of 6 indoor adventure golf facilities trading in major towns and cities across the UK.

The principal accounting policies adopted by the Group are set out in Note 2.

2. ACCOUNTING POLICIES

The financial information for the six months ended 24 December 2017 and 25 December 2016 does not constitute statutory accounts for the purposes of section 435 of the Companies Act 2006 and has not been audited. The Group's latest statutory financial statements were for the 52 weeks ended 25 June 2017 and these have been filed with the Registrar of Companies.

Information that has been extracted from the June 2017 accounts is from the audited accounts included in the annual report, published in November 2017, on which the auditor gave an unmodified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. A copy of these accounts can be found on the Group's website, www.brightonpiergroup.com.

The interim condensed consolidated financial statements for the 26 weeks ended 24 December 2017 have been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 25 June 2017, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies used in preparation of financial information for the six months ended 24 December 2017 are the same accounting policies applied to the Group's financial statements for the 52 weeks ended 25 June 2017. These policies were disclosed in the 2017 Annual Report, and are in accordance with IFRS as adopted by the European Union.

3. GOING CONCERN

After reviewing the Group's performance, future forecasted performance and cash flows, as well as its ability to draw down on its facilities and the covenant requirements of those facilities, and after considering the key risks and uncertainties set out on pages 10-11 of the 2017 Annual Report, the Directors consider that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

4. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") comprising the Board of Directors. During the 26 week period ended 24 December 2017, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The acquisition of Lethington Leisure has created a new Golf division of the Group which has been determined as being a separate reportable operating segment of the business.

The segmental information is split on the basis of those same profit centres - however, management report only the contents of the consolidated statement of comprehensive income and therefore no balance sheet information is provided on a segmental basis in the following tables.

26 week period ended 24 December 2017	Owned bars (26 weeks) £'000	Brighton Palace Pier (26 weeks) £'000	Golf (3 weeks) £'000	Total segments £'000	Overhead £'000	December 2017 consolidated total £'000	December 2016 consolidated total £'000
Revenue	7,984	7,807	212	16,003	-	16,003	17,739
Cost of sales	(1,675)	(1,153)	(1)	(2,829)	-	(2,829)	(3,181)
Gross profit	**6,309**	**6,654**	**211**	**13,174**	**-**	**13,174**	**14,558**
Gross profit %	79%	85%	100%	82%		82%	82%
Administrative expenses (excluding depreciation and amortisation)	(5,091)	(4,293)	(171)	(9,555)	(454)	(10,009)	(11,079)
Highlighted items					(418)	(418)	(706)
Depreciation and amortisation					(681)	(681)	(665)
Net finance cost					(148)	(148)	(166)
Profit/(loss) before tax	**1,218**	**2,361**	**40**	**3,619**	**(1,701)**	**1,918**	**1,942**
Income tax	-	-	-	-	(332)	(332)	(34)
Profit/(loss) after tax	**1,218**	**2,361**	**40**	**3,619**	**(2,033)**	**1,586**	**1,908**
EBITDA (before highlighted items)	1,218	2,361	40	3,619	(409)	3,210	3,509
EBITDA (after highlighted items)	1,218	2,361	40	3,619	(827)	2,792	3,224

For the comparative period ended 25 December 2016, EBITDA (before and after highlighted items) was £1,107,000 for the Owned Bars segment and £2,749,000 for the Brighton Palace Pier segment.

5. HIGHLIGHTED ITEMS

	26 weeks ended 24 December 2017 £'000	*26 weeks ended 25 December 2016 £'000*	*52 weeks ended 25 June 2017 £'000*
Acquisition, pre-opening and restructuring costs			
Acquisition costs	273	-	-
Site pre-opening costs	145	-	48
	418	**-**	**48**
Restructuring, closure and legal costs			
Impairment of intangible non-current assets	-	-	469
Other closure costs and legal costs	-	706	1,067
	-	**706**	**1,536**
Total	**418**	**706**	**1,584**

The above items have been highlighted to give a better understanding of non-comparable costs included in the consolidated income statement for this period.

Acquisition costs relate to the acquisition of Lethington Leisure Limited on 8 December 2017.

Site pre-opening costs relate to expenses incurred during the redevelopment of certain sites including Wimbledon Smash and Reading Coalition.

6. TAXATION

The tax charge has been calculated by reference to the expected effective current and deferred tax rates for the full financial year to 1 July 2018 applied against the profit before tax for the period ended 24 December 2017. The full year effective tax charge on the underlying trading profit is estimated to be 17%.

7. EARNINGS PER SHARE

The weighted average number of shares in the period was:

	26 weeks to 24 December 2017	*26 weeks to 25 December 2016*	*52 weeks to 25 June 2017*
	Thousands of shares	Thousands of shares	Thousands of shares
Ordinary shares	**35,583**	31,762	31,762
Weighted average number of shares - basic	**32,100**	31,703	31,733
Dilutive effect on ordinary shares from share options	**1,125**	1,319	1,415
Weighted average number of shares - diluted	**33,225**	33,022	33,148

Basic and diluted earnings per share are calculated by dividing the profit for the period into the weighted average number of shares for the year. In order to provide a measure of underlying performance, management have chosen to present an adjusted profit for the period, which excludes items that may distort comparability. Such items arise from events or transactions that fall within the ordinary activities of the Group but which management believes should be separately identified to help explain underlying performance.

On 8 December 2017 the Group issued 3,157,895 ordinary shares as part of the financing of the acquisition of Lethington Leisure Limited. On the same day, a further 663,158 ordinary shares were issued to the management of Lethington Leisure as part of the consideration paid for the business.

	26 weeks to 24 December 2017	*26 weeks to 25 December 2016*	*52 weeks to 25 June 2017*
Earnings per share from profit for the period			
Basic (pence)	4.9	6.0	5.9
Diluted (pence)	4.8	5.8	5.7
Adjusted earnings per share from profit for the period			
Basic (pence)	6.2	8.2	10.9
Diluted (pence)	6.0	7.9	10.4

8. RECONCILIATION TO EBITDA

Group profit before tax can be reconciled to Group EBITDA as follows:

	26 weeks to 24 December 2017	*26 weeks to 25 December 2016*	*52 weeks to 25 June 2017*
	£'000	*£'000*	*£'000*
Profit before tax for the year	1,918	1,942	1,894
Add back depreciation	668	665	1,265
Add back amortisation	13	-	7
Add back net interest paid	148	166	315
Add back share-based payment charge	45	30	141
Add back highlighted items	418	706	1,584
Group EBITDA before highlighted items	**3,210**	**3,509**	**5,206**
Remove highlighted items included in EBITDA	(418)	(285)	(570)
Group EBITDA after highlighted items	**2,792**	**3,224**	**4,636**

9. BUSINESS COMBINATIONS

On 8 December 2017 the Group acquired 100% of the issued share capital of Lethington Leisure Limited, an unlisted company based in the UK. The Group acquired this company in order to expand and diversify its business.

Due to the proximity of the acquisition to the period end, the amounts below are presented on a provisional basis. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the below amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

An independent assessment of the fair value of intangible assets (Lethington Leisure's brand and customer relationships) will be carried out within 12 months of the acquisition date. Any value attributed to these would reduce the provisional goodwill accordingly.

Provisional fair value of assets acquired and liabilities assumed	Provisional fair value recognised at 8 December 2017
	£000s
Assets	
Tangible assets	2,561
Cash	571
Trade and other receivables	475
Liabilities	
Trade and other payables	(561)
Debt acquired	(275)
Total provisional identifiable net assets at fair value	**2,771**
Provisional goodwill	8,042
Purchase consideration transferred	**10,813**
Purchase consideration	
Cash	8,667
Net cash acquired	571
Deferred cash consideration at fair value	945
Equity instruments (663,158 ordinary shares at 95p each)	630
Total purchase consideration	**10,813**

Acquisition-related costs incurred to 24 December 2017 amounting to £273,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income, as part of highlighted items (see note 5).

The deferred cash consideration of £945,000 is due to be paid one year from the date of acquisition and as such the effect of discounting was deemed immaterial. This additional consideration is not contingent.