

Everyman Media Group PLC  
Registered number: 08684079

Interim Report and Financial Statements (unaudited)  
26 weeks ended  
4 July 2019

## Contents

---

	Page
Chairman's statement	1
Chief Executive's statement	2-3
Chief Financial Officer's statement	4
Consolidated statement of profit and loss and other comprehensive income	5
Consolidated balance sheet	6
Consolidated statement of changes in equity	7
Consolidated cash flow statement	8
Notes to the interim financial statements	9-10

## Chairman's Statement

---

Once again, I am pleased to be reporting on a strong period of growth, where the Group has continued to live up to its ambitions and customers have continued to embrace and enjoy our Everyman offer all throughout the UK; from Glasgow in the North, Chelmsford in the East, Horsham in the South and Bristol in the West. We have further expanded our geographic footprint, now operating 28 venues across the UK, and have continued to deliver high quality and engaging experiences for our customers. This has resulted in an increase in both the number of admissions and average spend on food and beverage.

### Everyman's place in today's experiential culture

We believe that experience is what matters in cinema, and this is the heart of what we do at Everyman. It is the film and all of its complementary components; being the venue, food, drink and staff, that makes the experience. Hospitality, the experiential economy and of course, cinema, are our three core markets. Each market has varying degrees of growth dynamics, but crucially, they are all set to benefit from the continuing strong leisure spend in the UK (source: Deloitte UK leisure consumer report 2019).

We are seeing a distinct diversification of the industry, which plays to Everyman's strengths. Consumers now have the ability to curate their individual film-viewing experience, be that visiting a multiplex, boutique cinema, or an outdoor event. Within this spectrum of options, Everyman stands out as a premium offering with a distinct focus on hospitality. Our customers choose us because visiting our venues is a unique and enjoyable experience in its own right.

There is significant appetite for all forms of entertainment and cinema continues to be a core pillar of this market. In 2018, there were 177 million admissions, the highest since 1970, and in the same year there were around 900 film and event cinema releases theatrically. This is a huge opportunity for growth in the UK; not only have we continued to take more market share over the reported period, from 2.5% in the first six months of 2018, to 3.0% in 2019, but we are also set to benefit from being part of an expanding market. Importantly, Everyman's venues, location, food, drink, staff and film make us relevant, modern and much loved within our communities regardless of any specific film or upcoming slate.

These market dynamics and diverse content provide us with the foundation to continue expanding our footprint and to be confident that the appetite to consume our entertainment and food continues to grow from strength to strength.

### Enhancing local communities

We are proud of the positive impact that our venues have on the high streets, communities and cities that host them and are driving the move back to local cinema in the heart of communities. Our aim is to breathe new life into public spaces, either through regeneration, or new developments. Both venues we opened in this period were excellent examples of this and the opportunity to continue to do this is significant.

The Newcastle venue was previously a nightclub, which had lain disused for four years. It has now become a beautiful space with screens able to seat 200 people at capacity, and with a premium menu that can be enjoyed either in the bar or through a waiter service to the cinema seats. Meanwhile, in Horsham we were proud to be the key leisure anchor of a broader redevelopment project in the town centre.

More recently we added a further screen at Gerrards Cross, illustrating our long term commitment to maintaining the standard of our older venues and also providing us with an uplift in local trade.

### Building our team

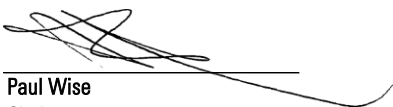
In the period, we have bolstered our committed and enthusiastic team to over 900 in total, including key hires in digital marketing and finance as well as local venue managers to support our growth ambitions.

Elizabeth Lake joined us as Chief Financial Officer post-period end, on 16 September 2019. Elizabeth is an excellent addition to the team and will support the Group as we continue to grow.

### Continued momentum

Our business model and offering has been proven to work across the UK and has once again proved its success over the last six months. Trading since the period end has been robust, and we continue to trade in line with expectations for the full year.

We have innovative and ambitious plans for the remainder of the year and beyond and remain confident and excited of what lies ahead.



---

Paul Wise  
Chairman  
23 September 2019

## Chief Executive's statement

The first half of 2019 was a demonstration of Everyman's ability to not only deliver, but to deliver ahead of the market, with our box office market share growing significantly to 3.0% from 2.5% for the same period in 2018. This has been predominantly driven by an increase in the number of venues and the box office performance of our existing estate continues to perform well alongside an improved spend per head on food and beverages.

Growth has been delivered across revenue and operating profit, with all of our KPIs showing an improvement. A reflection of our quality F&B offering, spend per head grew to £6.95, up 13.2%. This was driven partly by our estate expansion with new venues having larger and better equipped bars, but also the continued menu development and an ongoing investment in the use of technology to improve service across all venues.

Alongside our commercial progress, the business continued on its ambitious path to further expand its footprint, with the opening of our Horsham and Newcastle venues, with seven screens between them. Furthermore, we delivered a successful 'Summer Love' outdoor pop-up experience at Kings Cross and announced several new partnerships with renowned F&B brands, alongside launching the Everyman app, to further enhance the customer experience.

### Review of the business

#### *Delivering exceptional leisure experiences to all*

Everyman's business model is simple; our aim is to further build our portfolio of venues whilst successfully growing our existing estate by bringing together great food, drink, atmosphere, service and of course film, to create exceptional experiences for our customers.

Our growth strategy is multi-faceted:

- i. Expanding the geographical footprint by establishing new venues in order to reach new customers.
- ii. Continually evolving the quality of experience and breadth of choice we offer at our venues.
- iii. Engaging in effective brand and marketing activity, to expand awareness of Everyman and increase the frequency of visits from our existing loyal

Our model is one that delivers financial benefits, with the premium experience warranting a premium price point and with more revenue-generating activities offered than traditional cinema. As we grow, we also benefit from increasingly efficient central costs, allowing top line revenue growth to drop to bottom line.

### Progress against strategy

#### *KPIs*

The Group uses the following key performance indicators, in addition to total revenue, to monitor the progress of the Group's activities:

		Six-month period ended 4 July 2019	Six-month period ended 5 July 2018	Year ended 3 January 2019
Admissions	9.4% ↑	1,475,425	1,348,097	2,795,359
Box office average ticket price	-0.1% ↓	£11.27	£11.28	£11.26
Food and beverage spend per head	13.2% ↑	£6.95	£6.14	£6.30

\* 2018 was a 53-week year with an additional week in the period ended 5 July 2018.

Progress in the Group's KPIs is driven by a number of factors: acquiring more customers, encouraging more frequent visits to venues, upgrading customers onto membership schemes and the provision of a broader range of opportunities to spend during the visits.

#### *Enhancing the Everyman experience*

Maintaining a focus on enhancing the quality of its venues, F&B offering, staff service and content programming is vital for Everyman and its continued growth. Our Everyman venues are each uniquely designed to deliver stylish, welcoming and comfortable spaces using high quality materials whether within a brand new building or an older, traditional space.

We invested £1m building a completely new third screen at Gerrards Cross along with an expanded bar and new kitchen now capable of serving our full Spielburger menu. These investments are important to maintain the customer experience and continued profitability of existing venues or as additional stand-alone investment opportunities.

As our best asset and at the front line of delivering an exceptional experience to our customers, we are committed to ensuring that our teams are fully supported, developed and provided with outstanding opportunities. As such, amongst a number of initiatives, we introduced new means of internal communications across the Group to drive collaboration and enhanced our training programmes to support our staff's development. I would like to thank all our teams for their unrelenting enthusiasm, passion, hard work and exceptional delivery in the period.

We were very pleased to have launched our Everyman app in June and have subsequently launched an updated version this month. The app will enhance the Everyman customer journey with improved access to upcoming venue schedules and booking, food and drink functionality, and Apple music. The technology we use as part of our infrastructure has also been upgraded to ensure we remain cutting edge, including the implementation of the next iteration of Vista (EPOS) software which delivers better remote functionality for our bar teams and the adoption of Apple music playlists throughout our venues.

The Everyman offering was once again expanded in the period, with partnerships announced with key brands including Apple, Green & Blacks, Wild Turkey, Grey Goose, Campari and American Airline. Not only have these initiatives proven to be revenue-generating, but they also broaden our audience reach and enhance the experience they have in venue.

**Progress against strategy** *(continued)*

*Expansion of our geographic footprint*

We were delighted to have opened a three-screen venue in Horsham and a four-screen venue in Newcastle during the period.

In addition, we were pleased to announce that we have plans in place to open our first international venue in Dublin, Ireland. International expansion represents an entirely incremental opportunity for Everyman and one we will look to pursue cautiously. There remains however, continued scope for significant expansion in the UK and we will continue our ambitious roll-out in our primary market.

Whilst continuing to grow our pipeline at an exciting pace, we remain as diligent as ever in ensuring that each opportunity is correct for our business and is fully funded at the time of agreement. As with all investment opportunities, we ensure it fits our strict criteria and a minimum financial return on capital invested on any new project.

*Building the Everyman brand*

Everyman's marketing activity is focused on creating memorable moments and events, exceeding customer expectations, and fostering and garnering strong authentic word of mouth advocacy. In the period, we have hosted several events including our 'Summer Love' pop up cinema at Kings Cross, our fifth annual Everyman Film Festival and many Q&A sessions with high profile individuals in the film community, such as Danny Boyle and Alex Garland.

**Delivering on our ambitions**

We have a further 15 committed venues, with a variety of lead times through to 2022. In addition, we have a further eight sites on which we have instructed lawyers and we continue to consider a range of new opportunities, some that can be delivered quickly, often within twelve months, once signed. Specifically, we look forward to opening London Broadgate, Manchester St Johns, Clitheroe, Wokingham and Cardiff before the end of the calendar year.

Alongside geographic expansion, we will continue to enhance the quality of experience for our customers and develop our F&B offerings.

Trading in the first 26 weeks of 2019 was robust and has continued in line with expectations post period. The Board is confident of meeting expectations for the full year and driving growth in the period ahead.



---

Crispin Lilly  
CEO

23 September 2019

## Chief Financial Officer's statement

---

Revenue for the period was up 16.1% on last year to £28.9m (5 July 2018: £24.9m, full year to 3 January 2019: £51.9m). This result is particularly pleasing given the extra week of trading in the comparable period.

The Group's adjusted operating profit before depreciation, amortisation, pre-opening expenses and share-based payments was £6.6m (5 July 2018: £4.1m, full year to 3 January 2019: £9.2m). The pre-IFRS16 equivalent, as has been historically reported, would have been £4.9m for the period.

The Group generated a profit for the period of £0.6m (Pre-IFRS16 equivalent: £1.0m, 5 July 2018: £0.8m, full year to 3 January 2019: £2.0m). The impact of the implementation of IFRS16 has resulted in a reduction in reported profit due to the charge for depreciation on right-of-use assets and the interest charge on lease liabilities being greater than the charge for rent that would have been reported pre-IFRS16. The interest charge on the lease liabilities is higher in the earlier years of a lease and, as a significant number of the Group's leases are relatively new, this has resulted in a reduction in reported profit. The net impact on reported profit is £0.5m.

The effective tax rate is higher than the standard rate of corporation tax for the six-month period ended 4 July 2019 due to the effect of deferred tax arising from the valuation of share options (both exercised and unexercised).

The share-based payment expense for the period was £0.4m (5 July 2018: £0.2m, full year to 3 January 2019: £0.5m) reflecting share option incentives provided to the Group's management and employees.

The Board does not recommend the payment of a dividend at this stage of the Group's development.

### Cash flows

Net cash generated from operating activities was £2.9m (5 July 2018: £2.3m used in operating activities, full year to 3 January 2019: £7.6m generated from operating activities). Net cash outflows for the year, before financing, were £6.0m (5 July 2018: £9.3m, full year to 3 January 2019: £15.5m). This is largely represented by capital expenditure (£8.4m on the expansion of the business through build costs and refurbishment of venues).

The movement in trade and other payables in the period is largely due to construction invoices relating to new venues in Horsham and Newcastle.

Cash held at the end of the period was £1.9m (5 July 2018: £3.1m, 3 January 2019: £3.5m). The cash held will be invested in the continuing development and expansion of the Group's business.

The Group has access to a £30m facility of which £11m had been drawn down at the end of the period.

### Openings and capital expenditure

During the period, the Group opened a new three-screen venue in Horsham at the end of March 2019, and a four-screen cinema in Newcastle at the beginning of May 2019.

During the period the Group exchanged contracts on further venues at Kings Road Chelsea, Dawson Street Dublin and Egham. This is in addition to the pre-existing contracts for London Broadgate, Cardiff, Manchester, Clitheroe, Northallerton, Plymouth, Lincoln, London's Borough Market, Tunbridge Wells, Durham, Wokingham and Edinburgh.

The Group continues to invest in its infrastructure and head office to support the growth of new venues. Investment in capital spend was £8.8m, of which £8.4m was on venues, with the remainder being developed for the Everyman app and general infrastructure.



Elizabeth Lake

CFO

23 September 2019

**Consolidated statement of profit and loss and other comprehensive income for the period ended 4 July 2019 (unaudited)**

		Six-month period ended 4 July 2019 £000	Six-month period ended 5 July 2018 £000	Year ended 3 January 2019 £000
	Note			
<b>Revenue</b>	<b>3</b>	<b>28,924</b>	24,916	51,880
Cost of Sales		<u>(11,076)</u>	(9,602)	(20,248)
<b>Gross profit</b>		<u>17,848</u>	15,314	31,632
Other operating income		-	-	3
Administrative expenses		<u>(16,250)</u>	(13,950)	(28,759)
<b>Operating profit</b>		<u>1,598</u>	1,364	2,876
Financial expenses*		<u>(1,153)</u>	-	(160)
<b>Profit before taxation</b>		<b>445</b>	1,364	2,716
Tax credit/(expense)	<b>4</b>	<u>115</u>	(596)	(679)
<b>Profit for the period</b>		<b>560</b>	768	2,037
Other comprehensive income for the period		-	16	-
<b>Total comprehensive income for the period</b>		<u>560</u>	784	2,037
<b>Basic earnings per share (pence)</b>	<b>5</b>	<u>0.78</u>	1.08	2.89
<b>Diluted earnings per share (pence)</b>	<b>5</b>	<u>0.75</u>	1.03	2.78

*All amounts relate to continuing activities.*

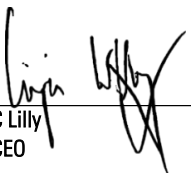
<b>Non-GAAP measure: adjusted profit from operations</b>				
<b>Adjusted profit from operations</b>		<b>6,631</b>	4,067	9,150
Before:				
Depreciation and amortisation*		<b>(4,151)</b>	(2,246)	(4,563)
Acquisition expenses	<b>8</b>	<b>(1)</b>	(4)	(9)
Pre-opening expenses		<b>(445)</b>	(232)	(1,099)
Share-based payment expense		<b>(370)</b>	(221)	(500)
Option-based social security		<b>(66)</b>	-	(103)
Operating profit		<u>1,598</u>	1,364	2,876
Equivalent operating lease expense included within administrative expenses prior to IFRS16		<u>(1,743)</u>		
Adjusted profit from operations comparable with prior year		<u><b>4,888</b></u>		

\*Included within depreciation and financial expenses is £72,000 relating to pre-opening expenditure. This was accounted for as pre-opening operating lease expenditure in the prior year.

Consolidated balance sheet at 4 July 2019 (unaudited)

		Registered in England & Wales 08684079		
		4 July 2019 £000	5 July 2018 £000	3 January 2019 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		71,812	52,910	66,150
Right-of-use assets	6	46,833	-	-
Intangible assets		10,326	10,191	10,655
Trade and other receivables		173	173	173
		<b>129,144</b>	<b>63,274</b>	<b>76,978</b>
<b>Current assets</b>				
Inventories		404	315	406
Trade and other receivables		5,144	3,060	3,790
Cash and cash equivalents		1,866	3,145	3,517
		<b>7,414</b>	<b>6,520</b>	<b>7,713</b>
<b>Total assets</b>		<b>136,558</b>	<b>69,794</b>	<b>84,691</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Other interest-bearing loans and borrowings		122	15	56
Trade and other payables		10,780	8,356	12,398
Lease liabilities	7	2,054	-	-
		<b>12,956</b>	<b>8,371</b>	<b>12,454</b>
<b>Non-current liabilities</b>				
Other interest-bearing loans and borrowings		11,000	1,000	7,000
Other payables		-	5,221	7,796
Lease liabilities	7	58,676	-	-
Provisions for other liabilities		-	1,838	1,794
Deferred tax liabilities		1,431	863	1,210
		<b>71,107</b>	<b>8,922</b>	<b>17,800</b>
<b>Total liabilities</b>		<b>84,063</b>	<b>17,293</b>	<b>30,254</b>
<b>Net assets</b>		<b>52,495</b>	<b>52,501</b>	<b>54,437</b>
<b>Equity attributable to owners of the Company</b>				
Share capital		7,234	7,021	7,099
Share premium		41,034	38,493	39,066
Merger reserve		9,642	11,152	11,152
Retained earnings		(5,415)	(4,165)	(2,880)
<b>Total equity</b>		<b>52,495</b>	<b>52,501</b>	<b>54,437</b>

These financial statements were approved by the Board of Directors on 23 September 2019 and signed on its behalf by:

  
C Lilly  
CEO



Consolidated statement of changes in equity for the period ended 4 July 2019 (unaudited)

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 5 January 2018</b>	7,003	38,354	11,152	(5,170)	51,339
Profit for the period	-	-	-	768	768
Shares issued in the period	18	137	-	-	155
Deferred tax on share-based payments	-	-	-	16	16
Share-based payments	-	-	-	221	221
Total transactions with owners of the parent	18	137	-	237	392
<b>Balance at 5 July 2018</b>	7,021	38,491	11,152	(4,165)	52,499
<b>Balance at 6 July 2018</b>	7,021	38,491	11,152	(4,165)	52,499
Profit for the period	-	-	-	1,269	1,269
Shares issued in the period	78	575	-	-	653
Deferred tax on share-based payments	-	-	-	(263)	(263)
Share-based payments	-	-	-	279	279
Total transactions with owners of the parent	78	575	-	16	669
<b>Balance at 3 January 2019</b>	7,099	39,066	11,152	(2,880)	54,437
<b>Balance at 4 January 2019</b>	7,099	39,066	11,152	(2,880)	54,437
Profit for the period	-	-	-	560	560
Shares issued in the period	135	1,968	-	-	2,103
Acquisition of NCI with no change in control	-	-	(1,510)	-	(1,510)
Deferred tax on share-based payments	-	-	-	(335)	(335)
Share-based payments	-	-	-	370	370
IFRS16 accumulated restatement	-	-	-	(3,130)	(3,130)
Total transactions with owners of the parent	135	1,968	(1,510)	(3,095)	(2,502)
<b>Balance at 4 July 2019</b>	<b>7,234</b>	<b>41,034</b>	<b>9,642</b>	<b>(5,415)</b>	<b>52,495</b>

Consolidated cash flow statement for the period ended 4 July 2019 (unaudited)

	4 July 2019 £000	5 July 2018 £000	3 January 2019 £000
<b>Cash flows from operating activities</b>			
Profit for the period	560	768	2,037
Adjustments for:			
Financial expenses	1,153	-	160
Income tax (credit)/expense	(115)	596	679
Operating profit	<b>1,598</b>	1,364	2,876
Depreciation and amortisation	4,152	2,243	4,563
Loss on disposal of property, plant and equipment	51	-	17
Transfer of property, plant and equipment to profit and loss	-	-	41
Bad debts	(105)	(2)	141
Acquisition expenses	1	4	9
Lease incentives amortised	-	4	214
Market rent provisions	-	(45)	(88)
Equity-settled share-based payment expenses	370	221	500
	<b>6,067</b>	3,789	8,273
<b>Changes in working capital</b>			
Decrease/(increase) in inventories	2	(7)	(98)
Increase in trade and other receivables	(1,987)	(2,014)	(2,887)
Decrease in lease liabilities net of lease incentives	(308)	-	-
Decrease in trade and other payables	(915)	(4,074)	2,332
Cash generated from/(used in) operating activities	2,859	(2,306)	7,620
Corporation tax paid	-	(1)	-
Net cash generated from/(used in) operating activities	<b>2,859</b>	(2,307)	7,620
<b>Cash flows from investing activities</b>			
Acquisition as business combination	(1)	(4)	(9)
Acquisition of property, plant and equipment	(8,439)	(6,683)	(22,235)
Proceeds from sale of property, plant and equipment	-	-	9
Acquisition of intangibles	(403)	(263)	(895)
Net cash used in investing activities	<b>(8,843)</b>	(6,950)	(23,130)
<b>Cash flows from financing activities</b>			
Proceeds from the issuance of ordinary shares	446	157	808
Proceeds from bank borrowings	6,000	-	6,000
Repayment of bank borrowings	(2,000)	(6,000)	(6,000)
Interest paid	(113)	(121)	(147)
Net cash generated from/(used in) financing activities	<b>4,333</b>	(5,964)	661
Net decrease in cash and cash equivalents	<b>(1,651)</b>	(15,221)	(14,849)
Cash and cash equivalents at the beginning of the period	<b>3,517</b>	18,366	18,366
Cash and cash equivalents at the end of the period	<b>1,866</b>	3,145	3,517

## Notes to the financial statements

### 1 General information

Everyman Media Group PLC and its subsidiaries (together, 'the Group') are engaged in the ownership and management of cinemas in the United Kingdom. Everyman Media Group PLC (the Company) is a public company limited by shares domiciled and incorporated in England and Wales (registered number 08684079). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR.

### 2 Basis of preparation and accounting policies

These condensed interim financial statements of the Group for the period ended 4 July 2019 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 3 January 2019. Amendments made to IFRSs, specifically IFRS9 and IFRS15, since 3 January 2019, have not had a material effect on the Group's results or financial position for the period. IFRS16 has had a material impact as described in the proceeding notes.

The financial statements presented in this report have been prepared in accordance with IFRSs applicable to interim periods. However, as permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS34 "Interim Financial Reporting".

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's statutory consolidated annual financial statements for the year ended 3 January 2019. The auditor's opinion on these financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

#### IFRS16 Leases

Effective 1 January 2019, IFRS16 has replaced IAS17 and IFRIC4 (Determining whether an arrangement contains a lease).

The Group adopted IFRS16 using the modified retrospective approach on transition, recognising leases at the carried forward value had they been treated as such from inception, without restatement of comparative figures. On adoption of IFRS16, the Group recognised right-of-use assets and lease liabilities in relation to cinema venues, office space and cars. These had previously been classified as operating leases, including any lease incentives, favourable leases and market rent provisions.

Right-of-use assets are measured on transition and during the period as follows:

- Venues and office space: at an amount equal to the lease liability less any lease incentives, favourable leases and market rent provisions
- Cars: at an amount equal to the lease liability

The right-of-use assets at 4 July 2019 were £46.8m.

Lease liabilities are measured on transition at the carried forward present value of the remaining lease payments discounted using the Group's incremental borrowing rate at 1 January 2019 of 3.2%. During the period lease liabilities are measured at the present value of the lease payments discounted using the Group's incremental borrowing rate at inception of each lease (3.2% average during the period).

The lease liabilities at 4 July 2019 were £60.7m, with £2.1m due within 12 months.

The difference between the right-of-use assets and lease liabilities on transition is an adjustment to retained earnings. Included in profit and loss for the period is £1.2m depreciation of right-of-use assets and £1m financial expenses on lease liabilities.

### 3 Revenue

	Six-month period ended 4 July 2019 £000	Six-month period ended 5 July 2018 £000	Year ended 3 January 2019 £000
Film and entertainment	16,629	15,201	31,465
Food and beverages	10,261	8,277	17,622
Other income	2,034	1,438	2,793
	<b>28,924</b>	<b>24,916</b>	<b>51,880</b>

4 Taxation

	Six-month period ended 4 July 2019 £000	Six-month period ended 5 July 2018 £000	Year ended 3 January 2019 £000
Current tax	-	-	-
<i>Deferred tax (credit)/expense</i>			
Origination and reversal of temporary differences	(222)	201	296
Adjustments in respect of prior years	107	395	383
<i>Total tax (credit)/charge</i>	<b>(115)</b>	<b>596</b>	<b>679</b>

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to the profit for the period are as follows:

Reconciliation of effective tax rate

	Six-month period ended 4 July 2019 £000	Six-month period ended 5 July 2018 £000	Year ended 3 January 2019 £000
Profit before taxation	445	1,364	2,716
Tax at the UK corporation tax rate of 19.00%	84	259	516
Permanent differences (allowable deductions)/expenses not deductible for tax purposes	(120)	(11)	19
Deferred tax not previously recognised	107	395	383
Other short term timing differences (potentially exercisable share options)	(69)	(47)	(239)
Effect of change in expected future statutory rates on deferred tax	(117)	-	-
Total tax (credit)/expense	<b>(115)</b>	<b>596</b>	<b>679</b>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax at 4 July 2019 has been calculated based on these rates.

5 Earnings per share

	Six-month period ended 4 July 2019 £000	Six-month period ended 5 July 2018 £000	Year ended 3 January 2019 £000
Profit used in calculating basic and diluted earnings per share	560	768	2,037
<i>Number of shares (000's)</i>			
Weighted average number of shares for the purpose of basic earnings per share	<b>71,777</b>	71,413	70,391
<i>Number of shares (000's)</i>			
Weighted average number of shares for the purpose of diluted earnings per share	<b>74,625</b>	74,598	73,366
Basic earnings per share (pence)	<b>0.78</b>	1.08	2.89
Diluted earnings per share (pence)	<b>0.75</b>	1.03	2.78

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the period attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

The Company has 4,295,000 potentially issuable shares (2018: 5,575,000) all of which relate to the potential dilution from the Group's share options issued to the Directors and certain employees and contractors, under the Group's incentive arrangements.

6 Right-of-use assets

*Implementation of IFRS16 Leases accounting standard in the period*

At the beginning of the period the Group accounted for the net present value of existing operating leases as lease liabilities and equivalent right-of-use assets less any lease incentives, favourable leases and market rent provisions. The Group opted to use a modified retrospective approach by recognising the leases at the carried forward value had they been treated as such from inception. This is reflected as an adjustment to retained earnings of £3.1m. After accounting for newly-signed leases, contributions from landlords and depreciating existing right-of-use assets by £1.2m, the resulting figure carried forward of £46.8m is shown in non-current assets.

**7 Lease liabilities**

*Implementation of IFRS16 Leases accounting standard in the period*

After accounting for newly-signed leases, repayments of existing leases and financing costs of £1m, the resulting figure carried forward of £60.7m is shown in current and non-current lease liabilities.

**8 Acquisition of Group companies**

*Acquisitions in the period*

During the period Everyman Media Group PLC acquired the remaining A Ordinary shares in Everyman Media Holdings Limited for £1.7m. Consideration was paid in a share-for-share exchange of newly-issued shares in Everyman Media Group PLC. The consideration in excess of net assets acquired was accounted for as acquisition of non-controlling interests without any resulting change in control of £1.5m.

The Group also acquired 100 Ordinary shares, being the entire issued share capital, of Foxdon Ltd (a limited company established and resident in Republic of Ireland) for €100 on 24 June 2019.

**9 Related party transactions**

The purchase of A Ordinary Shares in Everyman Media Holdings Limited held by Adam Kaye and Paul Wise were acquired by way of a share exchange for newly-issued shares in Everyman Media Group PLC.