

SIGMA CAPITAL GROUP PLC
INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018



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INTERIM REPORT AND FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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HIGHLIGHTS

Financial

	H1 2018	H1 2017	% increase	FY 2017
Revenue	£4.8m	£1.8m	168%	£4.4m
Profit from operations	£3.6m	£0.8m	352%	£3.1m
Profit before tax	£4.2m	£1.0m	315%	£4.1m
EPS	4.62p	1.14p	305%	4.15p
Cash	£6.7m	£5.2m	29%	£6.2m
Net assets per share	49.8p	41.9p	19%	45.1p

Summary

- Financial results reflect the benefits of the launch of The PRS REIT plc in 2017, which has fundamentally transformed Sigma's growth prospects:
 - The PRS REIT plc is the first UK-quoted REIT wholly dedicated to investment in new family rental homes
- Board intends to propose a final dividend for the current financial year, commencing a progressive dividend policy

Operational

- Continuing major expansion of the Group's PRS activity was underpinned by the successful completion of a further fundraising of £250m (gross) for The PRS REIT plc in February 2018:
 - Homes England made a second, follow-on investment, showing its continued support
 - The PRS REIT plc's resources are expected to grow to c.£900m, including additional gearing – which will support the construction of c.6,000 new rental homes
- Sigma's PRS Platform's delivery capability was significantly increased, with the signing of a major new Collaboration Agreement with Countryside Properties PLC in June 2018:
 - agreement provides for the delivery of over 5,000 new homes over the next three years
- Sale of a fully-completed and let site to The PRS REIT plc for c.£9.1m, with another completed PRS site sold for c.£10.3m post period:
 - five Sigma-funded sites are now under construction and are expected to be sold to The PRS REIT plc, subject to the fulfillment of contracted terms
- Today, c.1,787 homes are under construction for delivery to The PRS REIT plc via Sigma's PRS Platform. This includes Sigma-funded sites that are under forward purchase contracts with The PRS REIT plc:
 - gross development cost of these homes is c.£280.2m and estimated rental value is c.£17.5m
- Pipeline of development opportunities remains very strong - sites with gross development cost of c.£600m have been qualified, equating to a further c.4,000 new homes

Graham Barnet, CEO of Sigma, commented:

"Sigma's revenues and pre-tax profits for the first six months of the year outstrip the whole of 2017. This acceleration in the Group's growth and earnings reflects the successful launch of The PRS REIT plc in May last year, which has transformed our business model."

"We believe that Sigma is well-placed for continuing growth, and expect profitability in the second half to overtake the first half, with 2019 showing even greater value creation over 2018."

"Demand for family housing for rent remains very strong against a background of structural undersupply and growing need. We are pleased to play our part in helping to meet this shortfall, and look forward to delivering the PRS REIT's target of thousands of high-quality new homes across the major regions of England."

CHAIRMAN'S STATEMENT

Introduction

Sigma's revenues and pre-tax profits for the first six months of the current year exceed those of the whole of 2017, and pre-tax profit in the first half is over four times that of the same period last year. These very pleasing results reflect the successful launch, on 31 May 2017, of The PRS REIT plc ("the PRS REIT" or "the REIT"), the UK's first REIT dedicated entirely to investment in newly-built rental homes.

As we previously reported, the REIT's launch has fundamentally changed Sigma's growth prospects and earnings profile, and has created a huge opportunity for the Group to cement its position as a leader in the Private Rented Sector ("PRS"). Sigma's activities are now wholly focused on delivering the PRS REIT's initial goal of creating 10,000 high quality new rental homes for middle-income families.

In the first quarter of the year, having fully committed the net proceeds of the PRS REIT's £250m IPO funding to qualified PRS sites, we raised a further £250m (gross) through an equity placing of the REIT's shares, and secured terms for £200m of debt facilities. An additional £200m of gearing is planned, taking the REIT's resources to c.£900m. This equates to approximately 6,000 new homes.

At the end of the first half, we formalised a major new Collaboration Agreement with our primary home building partner, Countryside Properties PLC ("Countryside"), to support the ongoing scaling of our PRS delivery. The new agreement targets the construction of 5,000 new rental homes over the next three years, over and above those already built or in process. We are now fully engaged on appraising the new opportunities under this agreement.

The Group's PRS Platform has identified a pipeline of development opportunities amounting to in excess of £1.0bn gross development cost ("GDC") or some 7,000 additional new homes. Over £600m of this is already qualified in our existing Framework Agreements or in our new Collaboration Agreement with Countryside. These opportunities support our confidence that we are in a good position to fully invest both the PRS REIT and Sigma's resources.

Now that the PRS REIT's capital base is in place and we have established both a substantial pipeline of development opportunity and capacity to deliver it, the main variable for Sigma's model is the timing of the commencement of sites, as experienced in the second quarter when there were some site-specific delays.

In July 2018, we passed a key milestone, with the letting of the 2,000th PRS home that we have delivered since launching our PRS Platform in November 2014.

Today, the Group has approximately 1,787 new homes under construction for delivery to the PRS REIT at a GDC of c. £280.2 and providing an estimated rental value of ("ERV") of c. £17.5m. They include Sigma-funded sites under forward purchase agreements with the PRS REIT. We have a further c.£424m committed to sites that have received planning consent or are in that process or are being acquired. This is equivalent to c.2,970 new homes, with the long term potential significantly greater.

Accordingly, looking ahead over the remainder of the financial year and into 2019, the Group is well-placed to make continuing substantial progress, and we expect 2019 to show significant value creation over and above 2018.

Financial Results

Sigma's revenues in the six months to 30 June 2018 increased to £4.8m (H1 2017: £1.8m), a rise of over 2.6 times over the same period last year and 9% higher than revenues generated in the 2017 financial year (FY 2017: £4.4m). Managed PRS revenues account for substantially all of this total, at £4.6m, reflecting the growth in development management and asset management fees. The gross profit for the period was significantly higher than the comparative period last year at £4.8m (H1 2017: £1.7m). As expected, administrative expenses increased to £2.8m (H1 2017: £2.2m), reflecting the Company's expansion.

Profit before tax for the period more than quadrupled to £4.2m (H1 2017: £1.0m) and was 2% higher than the result for the full year in 2017 (FY 2017: £4.1m). Managed PRS activities contributed £1.9m (H1 2017: loss £0.5m) and our Self-funded PRS activities contributed £1.7m (H1 2017: £1.1m) to this result, with regeneration activities adding £0.6m (H1 2017: £0.2m) to pre-tax profits.

The Group's basic earnings per share quadrupled to 4.62p per share (H1 2017: 1.14p per share).

Net assets per share at 30 June 2018 increased by 19% to 49.8p (30 June 2017: 41.9p) and cash balances at

CHAIRMAN'S STATEMENT

the period end stood at £6.7m (30 June 2017: £5.2m).

Business and Operational Review

Sigma is focused on delivering new rental homes, in particular for families, primarily in the regions outside London. The Group's PRS Platform brings together a network of formal and informal relationships, which include construction partners, central government and local authorities. With our Platform partners, we typically deliver traditional housing of differing housing types to cater for a broad spectrum of demand, including smaller houses for young couples, and larger houses for growing families.

Sigma's income streams are broadly threefold:

- development management fees for the assets the Group procures and delivers to third parties, now almost exclusively the PRS REIT;
- asset management fees for the overall management of the assets; and
- development profits on the assets the Group builds, and subsequently sells.

Managed PRS Activities

The PRS REIT plc

The PRS REIT plc was successfully launched on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 31 May 2017, raising an initial £250m, with Sigma PRS Management Ltd ("Sigma PRS"), a wholly-owned subsidiary of the Group, appointed as Investment Adviser to source investments and manage assets in line with the REIT's Investment Policy. This Policy is principally geared around acquiring undeveloped sites (sourced and subsequently managed by Sigma PRS) but also acquiring fully completed PRS sites from Sigma, provided that they meet the REIT's investment objectives.

By the beginning of January 2018, Sigma PRS had fully committed the net proceeds of the IPO fundraising, equating to the delivery c.1,720 new homes, with an ERV of c.£15m per annum.

In February 2018, we raised a further £250m for the REIT through a Placing Programme, with Homes England continuing to show its support through a second direct investment, and, in June 2018, we secured £200m of debt financing from Scottish Widows and Lloyds Banking Group. A further £200m of debt facilities is planned, which would bring the REIT's total funding to c. £900m.

As of today, excluding those Sigma-funded development sites that are under forward purchase agreements with the REIT, Sigma PRS is managing the development of 19 sites for the REIT, with a GDC of c. £232m. When completed, these sites will yield c.1,500 PRS homes, and the ERV of these homes is c.£13m per annum once fully let.

In the period to June 2018, the Group also sold one fully-developed site of 59 homes to the PRS REIT, and, after the half year end, we sold another newly-completed and let site, comprising 63 homes. All sites that Sigma sells to the REIT are independently valued by Savills. Further details are provided below.

During the second quarter, there were some site-specific delays on PRS REIT developments, however, the overall timetable for the delivery of a portfolio of homes, utilising the two equity fundraisings and associated gearing remains on track.

Gatehouse Bank and UK PRS Properties

We completed our venture with Gatehouse Bank in March 2017, delivering 918 new residential rental properties in the North West of England through our PRS Platform. We are pleased to report that the current occupancy rate is very high and rental levels remain ahead of original forecasts. This relationship now generates asset management fees for Sigma, and we also hold a carried interest element in the properties, subject to hurdle rates, which will be realised when the assets are sold.

Our UK PRS Properties venture, which is principally backed by the Kuwait Investment Authority and institutional shareholders from the State of Kuwait, will be completed by the end of 2018. Launched in December 2015, so far, we have delivered 627 of the 684 planned new rental homes through our PRS platform. The homes have a development value of c.£94m and are located in the North West and West Midlands.

CHAIRMAN'S STATEMENT

Self-funded PRS Activities

Our Self-funded PRS activities continue to progress well and, during the first half of the year, we completed the development a 59 unit site in Greater Manchester. As planned, once fully let, the site was sold to the PRS REIT, in May 2018, for c.£9.1m.

After the period end, we sold an additional completed site, comprising 63 fully let homes, in the Midlands to the PRS REIT for c.£10.3m.

Earlier in September, we were pleased to announce the acquisition of two new development sites in Nuneaton, in the West Midlands, and in Harlow, Essex, which will respectively deliver 50 and 28 new family homes, with a combined ERV of c.£1.1m per annum. The site in Essex is Sigma's first acquisition in the Southern region of England, and both locations are being developed by Countryside for Sigma. We expect them to be completed in the second half of 2019.

We have now completed the sale of six self-funded and fully-let sites to the PRS REIT. Comprising 345 PRS units in total, they provide an annualised rental income of c.£3.1m per annum. As of today, we have five active sites under construction, which will be purchased by the PRS REIT, subject to the fulfilment of contracted terms. Two sites are expected to be completed by the end of 2018 and will comprise the balance of PRS REIT's First Acquisition Portfolio.

The remaining sites should be completed in 2019. Sigma receives rental income from completed PRS homes up until each site is fully completed and subsequently acquired by the PRS REIT.

All our self-funded homes and those offered for rental by the PRS REIT are marketed under our PRS brand 'Simple Life' (www.simplelifehomes.co.uk). As previously reported, the creation of this brand helps to identify our product to potential customers and, over time, we hope that Simple Life is recognised as the 'gold standard' for tenant experience.

Construction Capacity and Geographic Reach

As we expand the scale of our PRS activities, including opening up new geographies, we continue to take steps to ensure that our PRS Platform increases its resource base. In June 2018, we completed a major new Collaboration Agreement with Countryside that is targeting the delivery of 5,000 PRS homes over and above those already built or in process. These additional homes will be built in and around the major UK conurbations, including in our existing geographies of the North West of England, South Yorkshire and the East and West Midlands. We also expect to work together in new areas in the South and South West of England. This collaboration also supports Countryside's own ambitions for growth, with the mixed tenure model of delivery, combining market-for-sale and build-to-rent, allowing for faster delivery of homes on large sites. We were also pleased to announce a first collaboration with Galliford Try Partnerships for 40 PRS units in the first half.

Regeneration Partnerships

Our regeneration activities support our local authority partners and involve taking on projects that fit well with our existing relationships and core PRS activities. Construction continues to progress well at Gateacre, a 19 acre former secondary school site in Liverpool. The development consists of 231 new family homes for open market sale, ranging from two and three bedroom townhouses to five bedroom executive detached homes. To date, 194 of the new homes have been sold or reserved, since the show homes opened in January 2017, which is an additional 30 properties since we last reported in April 2018.

We are continuing to work on other regeneration schemes with Liverpool City Council, including a £36m mixed-use development in Lime Street, in the centre of Liverpool, which is due for completion by the end of 2018.

Dividends

The Board of Sigma has taken the decision to update its dividend policy now that the Group's PRS activities are sufficiently mature to support the payment of dividends. It is the Board's intention to propose the payment of a final dividend at the Group's AGM in 2019 and to commence a progressive dividend policy.

CHAIRMAN'S STATEMENT

Outlook

These encouraging interim results mark another significant stage for Sigma, evidencing the evolution of the Group's PRS model.

Sigma is well-placed for continuing growth and we would like to express our thanks to all stakeholders who have supported Sigma and the PRS REIT, and who share our goal of creating high-quality, new homes for families.

We look forward to reporting on further progress and to the introduction of a dividend payments and a progressive dividend policy in 2019.

David Sigsworth
Chairman

24 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Revenue	4	4,840	1,810	4,437
Cost of sales		(28)	(66)	(103)
Gross profit		4,812	1,744	4,334
Other operating income				
Unrealised gain / (loss) on revaluation of investment property		1,213	(116)	1,915
Realised gain on sale of investment property		408	1,082	812
Unrealised gain on the revaluation of investments		-	251	323
Administrative expenses		(2,820)	(2,161)	(4,268)
Profit from operations		3,613	800	3,116
Finance income net of finance costs		73	74	89
Share of profit of joint venture		508	137	852
Profit before tax		4,194	1,011	4,057
Taxation	5	(82)	-	(378)
PROFIT AFTER TAX AND FOR THE PERIOD		4,112	1,011	3,679
Profit per share attributable to the equity holders of the Company:				
Basic profit per share	6	4.62	1.14	4.15
Diluted profit per share	6	4.53	1.13	4.10

All of the Group activities are classed as continuing and there were no comprehensive gains or losses in any period other than those included in the statement of comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	As at 30 June 2018 (unaudited) £'000	As at 30 June 2017 (unaudited) £'000	As at 31 December 2017 (audited) £'000
Assets				
Non-current assets				
Goodwill and other intangibles		533	535	533
Investment property		38,827	34,237	29,205
Property and equipment		1,117	1,130	1,123
Investments in joint ventures		2,252	1,030	1,744
Fixed asset investments		2	2	2
Financial assets at fair value through profit and loss		1,367	827	899
Trade and other receivables		3,315	3,969	3,088
		<u>47,413</u>	<u>41,730</u>	<u>36,594</u>
Current assets				
Trade receivables		989	748	950
Other current assets		2,546	2,617	2,403
Cash and cash equivalents		6,652	5,167	6,167
		<u>10,187</u>	<u>8,532</u>	<u>9,520</u>
Total assets		<u>57,600</u>	<u>50,262</u>	<u>46,114</u>
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings		9,329	9,125	523
Current liabilities				
Trade and other payables		3,046	3,576	4,826
Interest bearing loans and overdrafts		55	55	55
Current tax		109	-	72
Deferred tax liability		648	297	603
Total liabilities		<u>13,187</u>	<u>13,053</u>	<u>6,079</u>
Net assets	7	<u>44,413</u>	<u>37,209</u>	<u>40,035</u>
Equity				
Called up share capital		892	887	887
Share premium account		32,017	31,885	31,885
Other capital reserves		(222)	(222)	(222)
Retained earnings		11,726	4,659	7,485
Total equity		<u>44,413</u>	<u>37,209</u>	<u>40,035</u>

The accompanying notes are an integral part of this consolidated balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 June 2018

	Share capital £'000	Share premium account £'000	Other capital reserves £'000	Retained earnings £'000	Total equity £'000
At 31 December 2016	887	31,885	(222)	3,537	36,087
Transactions with owners in their capacity as owners	-	-	-	-	-
Profit for the period	-	-	-	1,011	1,011
Share-based payments	-	-	-	111	111
At 30 June 2017	887	31,885	(222)	4,659	37,209
Transactions with owners in their capacity as owners	-	-	-	-	-
Issue of shares	-	-	-	-	-
Profit for the period	-	-	-	2,668	2,668
Share-based payments	-	-	-	158	158
At 31 December 2017	887	31,885	(222)	7,485	40,035
Transactions with owners in their capacity as owners	-	-	-	-	-
Issue of shares	5	132	-	-	137
Profit for the period	-	-	-	4,112	4,112
Share-based payments	-	-	-	129	129
At 30 June 2018	892	32,017	(222)	11,726	44,413

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000	
Cash flows from operating activities				
Cash generated from/(used in) operations	8	37	(830)	1,786
Net cash generated from/(used in) operating activities		<u>37</u>	<u>(830)</u>	<u>1,786</u>
Cash flows from investing activities				
Purchase of property and equipment		(7)	(32)	(37)
Acquisition of equity securities		(468)	-	-
Purchase of investment property		(24,501)	(18,642)	(35,925)
Proceeds from the sale of investment property		16,500	10,195	34,273
Repayment of loans by PRS Fund		0	-	92
Finance cost net of finance income		(19)	152	(189)
Net cash invested in investing activities		<u>(8,495)</u>	<u>(8,327)</u>	<u>(1,786)</u>
Cash flows from financing activities				
Bank and other loans		8,806	8,199	42
Issue of shares		137	-	-
Net cash generated from financing activities		<u>8,943</u>	<u>8,199</u>	<u>42</u>
Net increase/(decrease) in cash and cash equivalents		485	(958)	42
Cash and cash equivalents at beginning of period		<u>6,167</u>	<u>6,125</u>	<u>6,125</u>
Cash and cash equivalents at end of period		<u>6,652</u>	<u>5,167</u>	<u>6,167</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. General information

The Company is a limited liability company incorporated in England and with its registered office at Floor 3, 1 St. Ann Street, Manchester, M2 7LR. The Company's trading office is situated at 18 Alva Street, Edinburgh, EH2 4QG.

The Company is quoted on AIM.

This condensed consolidated interim financial information was approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 24 September 2018.

This condensed consolidated interim financial information has not been audited or reviewed by the Company's auditor.

2. Basis of presentation

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The comparatives for the full year ended 31 December 2017 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 31 December 2017 as described in the Group's Annual Report for that year and as available on our website www.sigmacapital.co.uk.

No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. Segmental information

At 30 June 2018, the Group has just one business activity, property. The segment analysis for the period ended 30 June is as follows:

	Managed Property £'000	Owned PRS Property £'000	Regeneration £'000	Venture Capital £'000	Holding company £'000	Intra Group adjustments £'000	Total £'000
Six months ended 30 June 2018							
Revenue	4,628	204	8	-	-	-	4,840
Trading profit/(loss)	1,821	173	26	(4)	(24)	-	1,992
Unrealised gain on revaluation of investment property	-	1,213	-	-	-	-	1,213
Realised profit on disposal of investment property	-	408	-	-	-	-	408
Profit/(loss) from operations	1,821	1,794	26	(4)	(24)	-	3,613
Finance income/(costs)	31	(61)	101	1	1	-	73
Share of associate	-	-	508	-	-	-	508
Profit/(loss)/before tax	1,852	1,733	635	(3)	(23)	-	4,194
Six months ended 30 June 2017							
Revenue	1,661	123	23	3	-	-	1,810
Trading (loss)/profit	(523)	190	(19)	1	(57)	(9)	(417)
Unrealised loss on revaluation of investment property	-	(116)	-	-	-	-	(116)
Realised profit on revaluation of investment property	-	1,082	-	-	-	-	1,082
Unrealised profit on the revaluation of investments	-	-	-	251	-	-	251
(Loss)/profit from operations	(523)	1,156	(19)	252	(57)	(9)	800
Finance Income/(costs)	54	(77)	93	1	3	-	74
Share of associate	-	-	137	-	-	-	137
(Loss)/profit before tax	(469)	1,079	211	253	(54)	(9)	1,011
Year ended 31 December 2017							
Revenue	3,898	488	38	13	-	-	4,437
Trading (loss)/profit	(269)	385	(11)	(8)	(20)	(11)	66
Unrealised gain on revaluation of investment property	-	1,915	-	-	-	-	1,915
Realised profit on revaluation of investment property	-	812	-	-	-	-	812
Unrealised gain on the revaluation of investments	-	-	-	323	-	-	323
(Loss)/profit from operations	(269)	3,112	(11)	315	(20)	(11)	3,116
Finance income/(costs)	78	(181)	186	1	5	-	89
Share of associate	-	-	852	-	-	-	852
(Loss)/profit before tax	(191)	2,931	1,027	316	(15)	(11)	4,057
Total net assets							
Six months ended 30 June 2018	(1,223)	6,643	7,499	2,106	28,693	695	44,413
Six months ended 30 June 2017	(2,984)	3,147	6,055	2,046	28,251	694	37,209
Year ended 31 December 2017	(3,014)	4,926	6,869	2,109	28,449	696	40,035

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. Taxation

Current taxation charge is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year and after considering losses carried forward from previous years. Deferred taxation is calculated based on management's best estimate of future taxation rates.

The taxation charge for the period to 30 June 2018, 30 June 2017 and 31 December 2017 is as follows:

	Six months ended 30 June 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Current tax	37	-	72
Deferred tax	45	-	306
	<u>82</u>	<u>-</u>	<u>378</u>

6. Earnings per share

The calculation of the basic earnings per share is for the six months ended 30 June 2018 (six months ended 30 June 2017; year ended 31 December 2017) and is based on the profits attributable to the shareholders of Sigma Capital Group plc divided by the weighted average number of shares in issue during the year.

	Profit attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share Pence
Period ended 30 June 2018	4,112	89,007,189	4.62
Period ended 30 June 2017	1,011	88,715,715	1.14
Year ended 31 December 2017	<u>3,679</u>	<u>88,715,715</u>	<u>4.15</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive ordinary shares, those share options granted where the exercise price is less than the average price of the Company's shares during the period. Diluted earnings per share is calculated by dividing the same profit attributable to equity holders of the Company as above by the adjusted number of ordinary shares in issue during the six months ended 30 June 2018 of 90,846,221 (2017: six months 89,660,412; full year 89,700,931). For the period ended 30 June 2018, the diluted earnings per share was 4.53 pence (2017: six months 1.13 pence, full year 4.10 pence).

7. Net assets

	Net assets £'000	Issued shares Number	Net assets per share Pence
Period ended 30 June 2018	44,413	89,243,331	49.8
Period ended 30 June 2017	37,209	88,715,715	41.9
Year ended 31 December 2017	<u>40,035</u>	<u>88,715,715</u>	<u>45.1</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2018

8. Cash used in operations

	Six months ended 30 June 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Profit after tax	4,112	1,011	3,679
<i>Adjustments for:</i>			
Share-based payments	129	111	269
Depreciation	14	13	25
Amortisation	-	9	11
Finance costs net of finance income	54	(72)	189
Fair value profit on financial assets at fair value through profit or loss	-	(251)	(323)
Share of associate profit	(508)	(137)	(852)
Unrealised (profit)/loss on revaluation of investment property	(1,213)	116	(1,915)
Realised profit on the sale of investment property	(408)	(1,082)	(812)
<i>Changes in working capital:</i>			
Decrease in stocks	-	-	-
Trade and other receivables	(409)	102	538
Trade and other payables	(1,734)	(650)	977
Cash flows from operating activities	<u>37</u>	<u>(830)</u>	<u>1,786</u>

9. Copies of the interim financial statements

The Half Yearly Report 2018 is available on the Company's website, www.sigmacapital.co.uk.