

**SIGMA CAPITAL GROUP PLC**  
**INTERIM REPORT AND FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 JUNE 2019**



**EDINBURGH**  
18 Alva Street  
Edinburgh  
EH2 4QG

**MANCHESTER**  
Floor 3, 1 St Ann Street  
Manchester  
M2 7LR

**LONDON**  
40 Gracechurch Street  
London  
EC3V 0BT

**Tel: 0333 999 9926**

# **INTERIM REPORT AND FINANCIAL STATEMENTS**

**For the six months ended 30 June 2019**

## **CONTENTS**

## **PAGE**

HIGHLIGHTS	2
CHAIRMAN'S STATEMENT	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12

## HIGHLIGHTS

### Financial

	H1 2019	H1 2018	Change	FY 2018
Revenue	£5.8m	£4.8m	+19%	£12.5m
Profit from operations	£3.6m	£3.6m	-	£10.2m
Profit before tax	£4.3m	£4.2m	+3%	£12.2m
Earnings per share	4.15p	4.62p	(10%)	12.65p
Cash flow from operating activities	£2.9m	-	+£2.9m	£6.3m
Net cash at period end	£12.6m	(£2.7m)	+£15.3m	£11.9m*
Net assets per share	60.3p	49.8p	+21%	58.1p

\*excluding £8.4m of cash for land acquisitions paid just after period end

- Strong revenue growth driven by continuing expansion of Managed PRS activity
- Profit before tax was 3% higher after lower level of gains (realised and unrealised) from Self-funded PRS activity
- Cash generation significantly improved benefiting from increased activity
- Balance sheet is significantly stronger with NAV up 21% to 60.3p per share
- A final (and total) dividend will be proposed with the announcement of full year results

### Operational

- **Managed PRS activities:**

*The PRS REIT plc (“PRS REIT” or “REIT”):*

- 1,000<sup>th</sup> new rental home was delivered for the REIT in May – only two years after its launch
- 398 new rental homes were completed in H1
- currently 3,731 new homes are contracted across 42 sites (including Sigma-funded sites), with 302 already completed
- additional debt facilities were secured for the REIT in May, taking the REIT’s total funding to c.£900m (gross)
- 91% of the REIT’s net funds are now contracted and Sigma’s expects to contract the balance over the coming months
- total housing delivery is expected to amount to c.5,400 new rental homes, generating a stabilised dividend of 5.5 pence per annum

*Gatehouse Bank and UK PRS Properties partnerships:*

- completed rental homes (c.1,600) generated £0.5m of asset management fees for Sigma in H1

- **Self-funded PRS activities**

- major expansion of Sigma’s model with the launch of the Sigma PRS Scottish Fund. The fund has £43m of initial resource and is backed by the Scottish Government with £30m credit facilities
- one completed self-funded site was sold to the REIT for c.£12.7m in H1
- seven further development sites are under construction with a gross development cost of £46.9m

### Outlook

- H2 has started well, with 42 development sites (Managed and Self-funded) underway at 31 August – should deliver 3,731 new rental homes when completed
- Board continuing to seek to expand the Company’s reach and the funds under its management

## HIGHLIGHTS (Cont.)

### **Graham Barnet, CEO of Sigma, commented:**

*“The effectiveness of our model for large-scale delivery of family homes for the private rental market is now firmly established. In May, we delivered our 1,000th home for the PRS REIT, just two years after its launch and delivery is increasing as development sites complete.*

*“We expect to commit the balance of the PRS REIT’s net funds to further sites over the next few months, and have seven of our own self-funded developments underway. The launch of the Scottish PRS Fund, which is backed by Scottish Government, is exciting and takes us into Scotland, a new geography for our model.*

*“Demand for high quality rental homes for families remains high and, notwithstanding current political uncertainties, we remain confident that Sigma is well-positioned to achieve its targets for both this year and next year. We are also continuing to seek opportunities to broaden our geographies as well as the funds under our management.”*

## CHAIRMAN'S STATEMENT

### Introduction

The effectiveness of our model for large-scale delivery of family homes for the private rental market is now firmly established. While the first half of the year was not without its challenges, by mid-May 2019, our delivery for The PRS REIT plc ("PRS REIT" or "REIT") reached 1,000 completed homes, a significant milestone just two years after the REIT's launch. By the end of the first half, delivery stood at 1,173 completed homes, with a further 3,196 homes contracted. This delivery is across 54 sites, covering most of the major regions of the UK outside London and the gross development cost ("GDC") is £661m. When finished these 4,369 homes will generate an estimated rental income of £41m per annum.

In May 2019, we secured further debt facilities for the REIT, increasing its total funding resource to £900m (gross capital). To date, 91% of the REIT's net funds has been contracted to sites, and we expect to contract the balance to additional new sites over the coming months. The total number of homes we expect to deliver for the REIT is now around 5,400. This figure reflects a combination of factors, including an increasing allocation to sites in the South East. The overall yield target for 2022 at stabilisation remains at 5.5 pence per share.

The launch of the Sigma Scottish PRS Fund ("the Scottish Fund" or "the Fund"), which was announced in the second quarter of the year, represents a significant expansion to Sigma's geographic reach. Backed by the Scottish Government's Building Scotland Fund, it will have initial resources of £43m. Approximately £30m of this will be provided by Building Scotland Fund in the form of revolving credit facilities, with the balance provided by Sigma. The Fund creates the first dedicated vehicle to deliver new, professionally-managed rental homes for families in the private rented sector in Scotland. As with the other new-build homes we are developing, the properties within the Fund will be marketed under our 'Simple Life' lettings brand.

Our self-funded private rented sector activities saw the completion, letting and sale of a 78-unit site in Telford to the REIT, which took the total number of sites that we have self-financed, developed, and sold to the REIT to eight. Currently seven self-funded development sites are under construction, with one due to be completed and sold to the REIT by the year end.

With the growing scale of our housing delivery, Sigma's balance sheet has strengthened considerably. The Company is generating significantly improved cash flows, and we closed the half year with net cash of £12.6m (H1 2018: net debt of £2.7m). Our recurring income from annual asset management fees is also growing. This will make up a material element of Sigma's future earnings when the building programme for the REIT completes and homes are let.

With site development opportunities clearly identified and our PRS property platform working well, the Company is well-placed to achieve its objectives for both the remainder of the current financial year and next. We are also continuing to seek opportunities to broaden our geographies as well as the funds under our management.

### Financial Results

Sigma's revenues in the six months to 30 June 2019 increased by 19% to £5.8m (H1 2018: £4.8m). Managed PRS revenues accounted for substantially all this total at £5.5m (2018: £4.6m), with the rise over the same period last year reflecting the higher level of fees generated from development management and asset management as delivery expanded.

Gross profit rose by 19% to £5.7m over the period (H1 2018: £4.8m) while administrative expenses were lower at £2.6m (H1 2018: £2.8m).

Profit before tax for the period increased by 3% to £4.3m (H1 2018: £4.2m), with Managed PRS activities contributing £2.9m (H1 2018: £1.9m), Self-funded PRS activities contributing £0.7m (H1 2018: £1.7m) and Regeneration activities adding £0.7m (H1 2018: £0.6m).

The Group's basic earnings per share was 4.15p per share (H1 2018: 4.62p per share), which reflected the increased taxation charge of £0.6m compared to £0.08m in the same period last year.

Cash flow from operating activities increased substantially to £2.9m (H1: £0.04m) and net assets per share at 30 June 2019 increased by 21% to 60.3p (30 June 2018: 49.8p). Net cash at 30 June 2019 stood at £12.6m (30 June 2018: net debt of £2.7m), a £15.3m turnaround.

## CHAIRMAN'S STATEMENT (Cont.)

### Dividends

The Board will propose a final dividend with Sigma's full year results, in line with the Company's progressive dividend policy.

### Business and Operational Review

The Company is delivering new rental homes across the regions of the UK, with a particular focus on houses for families. Its PRS property platform provides a professional and secure supply chain for the acquisition, construction and management of rental homes. This platform brings together a network of formal and informal relationships, including construction partners, central government and local authorities.

Sigma typically delivers traditional housing, with differing housing types and sizes, to cater for a broad spectrum of demand.

The Company's income streams are broadly threefold:

- development management fees for the assets that Sigma procures and delivers to third parties, now primarily the PRS REIT;
- asset management fees for the overall management of the assets; and
- development profits on the assets the Company builds, and subsequently sells.

### Managed PRS Activities

#### *The PRS REIT plc*

Sigma's PRS property platform is now principally being used to support the PRS REIT's objective of creating a large-scale portfolio of new-build homes for the private rental market across the UK (outside London). Sigma's subsidiaries were appointed as Investment Adviser and Development Manager following the REIT's launch in May 2017, and they source all investments and subsequently manage the REIT's assets in line with the REIT's investment policy.

During the period, we delivered a further 398 homes for the PRS REIT through our property platform, taking the total number of completed homes at 30 June 2019 to 1,173. These homes are generating approximately £10.7m of rental income per annum.

While we experienced some planning approval delays that affected construction schedules, by the end of June 2019, 54 sites across the major regions of England were either completed or contracted. Their gross development cost amounts to £661m, and once they are fully completed and let, the number of rental homes delivered for the REIT will stand at 4,369, with the combined rental value expected to be £41m per annum.

Of the homes delivered in the period, one site comprising 78 homes, was bought from Sigma. As with all self-funded sites that Sigma develops and sells to the REIT, it was independently valued prior to its sale. Further details are provided below.

In May, we secured a further £200m of debt facilities on behalf of the REIT, taking its total debt facilities to £400m and its total gross funding to c.£900m. Currently, we have contracted 91% of the net funds to sites and expect to be fully contracted on the balance over the next few months. Taking into account our increasing geographical diversification, including our move into the South East, as well as other factors, we estimate that these funds should give rise to approximately 5,400 homes, with a combined rental value of approximately £55m per annum, generating a stabilised dividend yield of 5.5 pence per annum.

As of 31 August 2019, excluding those Sigma-funded development sites that are under forward-purchase agreements with the REIT, we had 35 development sites underway for the REIT, with a combined GDC of c.£542m. The sites are located in the North West, North East, Yorkshire, the Midlands, South East, and East of England, and will create c.3,502 homes when completed. The ERV of these homes is c.£34m per annum.

## **CHAIRMAN'S STATEMENT (Cont.)**

### ***Gatehouse Bank and UK PRS Properties***

We completed our rental housing programmes for Gatehouse Bank and UK PRS Properties, which is principally backed by the Kuwait Investment Authority and institutional shareholders from the State of Kuwait, in March 2017 and November 2018 respectively. The combined delivery, executed through our PRS platform, amounted to 1,602 new rental homes (918 of which were developed for the Gatehouse Bank, and the balance of 684 for UK PRS Properties). The homes are located in the North West of England and the Midlands, and we are pleased to report that the occupancy rates remain very high and that rental levels for both portfolios continue to be ahead of original forecasts.

The rental homes now generate asset management fees for the Company, and Sigma also retains a share of the net profits on disposal of the assets, subject to a minimum return to investors. We are currently in discussions to develop a few selected sites for UK PRS Properties, with these sites to be sourced by Gatehouse Bank.

### **Self-funded PRS Activities**

During the first half of the year, we completed the development of a 78-unit site in Telford, which, when fully let, was sold to the PRS REIT in June 2019, for c.£12.7m, following an independent valuation by Savills. This takes the number of self-funded sites sold to the REIT since its establishment in May 2017 to eight. Comprising 496 homes, they provide rental income of c.£4.5m per annum.

As of today, we have seven self-funded sites under construction, which will be purchased by the PRS REIT, subject to the fulfilment of contracted terms. One of the sites is expected to be completed over the next few months.

Sigma receives rental income from completed PRS homes up until each site is fully completed and let, and then typically acquired by the PRS REIT.

All our self-funded homes and those offered for rental by the PRS REIT are marketed under our '*Simple Life*' brand ([www.simplelifehomes.co.uk](http://www.simplelifehomes.co.uk)). This brand helps to identify our product to potential customers and our objective is to position '*Simple Life*' as the 'gold standard' experience for tenants.

### **Regeneration Partnerships**

In March 2019, along with our development partner, we completed the redevelopment of the Lime Street Eastern Terrace, in Liverpool. This mixed use development included a student residence, hotel, and retail and leisure units. The remaining project that we are currently involved with is the regeneration of a 19-acre former secondary school site in Gateacre, Liverpool. The site is being converted into 231 family homes for open market sale. Ranging from two and three bedroom townhouses to five bedroom executive detached homes, the development is nearly complete. At the end of June 2019, only 12 properties remained to be sold, with 219 homes already completed and sold. Any future regeneration work with our local authority partners will complement existing PRS activity.

### **The Board**

In early September, Graeme Hogg, Chief Operating Officer, stepped down from the Board and the Company after eight years with the business. On behalf of the Board, I would like to thank him for his valuable contribution to Sigma over this time. We have no plans to change the current composition of the Board. Graeme's responsibilities have now been absorbed by the existing management team.

### **Corporate and Social Responsibility**

Sigma is seeking to use its '*Simple Life*' brand to help establish a new, higher standard for tenants in the private rented market. The brand aims to provide customers with total 'peace of mind', from assurance on the quality of housing provided to its ongoing care and maintenance. Customer service teams are available on a twenty-four hour basis, seven days a week and we have dedicated 'handymen' teams. We also wish to create a sense of community within the developments that we help to create, and run initiatives and 'get-togethers' to encourage and foster social engagement. Alongside this, we are reaching out into the local community, and have become involved with many schools and charities within the areas in which we operate.

We intend to build on these efforts and increase our contribution as the Company grows, and are proud that in a recent customer satisfaction survey, 92% of respondents said that they would recommend '*Simple Life*' to a friend.

## **CHAIRMAN'S STATEMENT (Cont.)**

### **Outlook**

The second half of the year has started well and in line with management expectations.

The number of completions is rising as development activity progresses. At 31 August 2019, the number of completed homes across both our self-funded and managed PRS activities stood at 1,289, and the number of completed and contracted homes at 4,718, across 59 sites. These homes have a GDC of £734m and an ERV of approximately £46m per annum.

The professionally-managed, high quality homes that we deliver appeal to a broad spectrum of middle-income households, from young couples and families to retirees, and rental demand remains strong, with properties letting quickly.

We look forward to ongoing growth, and continue to explore further opportunities to expand our model.

**David Sigsworth**  
**Chairman**

16 September 2019



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
<b>Revenue</b>	4	5,756	4,840	12,477
Cost of sales		(35)	(28)	(67)
<b>Gross profit</b>		<u>5,721</u>	<u>4,812</u>	<u>12,410</u>
<b>Other operating income</b>				
Unrealised gain on revaluation of investment property		401	1,213	1,362
Realised gain on sale of investment property		214	408	2,302
Unrealised loss on the revaluation of investments		(169)	-	(151)
Administrative expenses		(2,557)	(2,820)	(5,719)
<b>Profit from operations</b>		<u>3,610</u>	<u>3,613</u>	<u>10,204</u>
Finance income net of finance costs		(71)	73	(31)
Dividends received		52	-	58
Share of profit of joint venture		713	508	1,950
<b>Profit before tax</b>		<u>4,304</u>	<u>4,194</u>	<u>12,181</u>
Taxation	5	(590)	(82)	(906)
<b>Profit after tax and for the period</b>		<u>3,714</u>	<u>4,112</u>	<u>11,275</u>
<b>Other comprehensive income</b>				
Revaluation of own property		-	-	186
<b>Total comprehensive income for the period/year</b>		<u>3,714</u>	<u>4,112</u>	<u>11,461</u>
<b>Profit per share attributable to the equity holders of the Company:</b>				
Basic profit per share	6	4.15p	4.62p	12.65p
Diluted profit per share	6	4.09p	4.53p	12.38p

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 2019

	Notes	As at 30 June 2019 (unaudited) £'000	As at 30 June 2018 (unaudited) £'000	As at 31 December 2018 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and other intangibles		533	533	533
Investment property		30,210	38,827	23,621
Property and equipment		1,291	1,117	1,297
Investments in joint ventures		4,407	2,252	3,694
Fixed asset investments		2	2	2
Financial assets at fair value through profit and loss		4,282	1,367	2,187
Trade and other receivables		1,889	3,315	3,001
		<u>42,614</u>	<u>47,413</u>	<u>34,335</u>
<b>Current assets</b>				
Trade receivables		1,595	989	1,927
Other current assets		2,349	2,546	1,076
Cash and cash equivalents		13,078	6,652	22,828
		<u>17,022</u>	<u>10,187</u>	<u>25,831</u>
<b>Total assets</b>		<u>59,636</u>	<u>57,600</u>	<u>60,166</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		387	9,329	2,988
Deferred Tax		766	-	716
		<u>1,153</u>	<u>9,329</u>	<u>3,704</u>
<b>Current liabilities</b>				
Trade and other payables		3,861	3,046	3,667
Interest bearing loans and overdrafts		55	55	55
Current tax		665	109	864
Deferred tax liability		-	648	-
<b>Total liabilities</b>		<u>5,734</u>	<u>13,187</u>	<u>8,290</u>
<b>Net assets</b>	7	<u>53,902</u>	<u>44,413</u>	<u>51,876</u>
<b>Equity</b>				
Called up share capital		893	892	893
Share premium account		32,096	32,017	32,048
Other capital reserves		(222)	(222)	(222)
Revaluation reserve		186	-	186
Retained earnings		20,949	11,726	18,971
		<u>53,902</u>	<u>44,413</u>	<u>51,876</u>
<b>Total equity</b>		<u>53,902</u>	<u>44,413</u>	<u>51,876</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 2019

	Share capital £'000	Share premium account £'000	Other capital reserves £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
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
<b>At 30 June 2018</b>	<b>892</b>	<b>32,017</b>	<b>(222)</b>	<b>-</b>	<b>11,726</b>	<b>44,413</b>
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Issue of shares	1	31	-	-	-	32
Revaluation reserve	-	-	-	186	-	186
Profit for the period	-	-	-	-	7,163	7,163
Share-based payments	-	-	-	-	82	82
<b>At 31 December 2018</b>	<b>893</b>	<b>32,048</b>	<b>(222)</b>	<b>186</b>	<b>18,971</b>	<b>51,876</b>
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Issue of shares	-	48	-	-	-	48
Profit for the period	-	-	-	-	3,714	3,714
Dividend paid	-	-	-	-	(1,788)	(1,788)
Share-based payments	-	-	-	-	52	52
<b>At 30 June 2019</b>	<b>893</b>	<b>32,096</b>	<b>(222)</b>	<b>186</b>	<b>20,949</b>	<b>53,902</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	8	<u>2,909</u>	<u>37</u>	<u>6,332</u>
<b>Net cash generated from operating activities</b>		<u>2,909</u>	<u>37</u>	<u>6,332</u>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment		(10)	(7)	(14)
Acquisition of financial assets at fair value		(2,265)	(468)	(1,439)
Purchase of investment property		(18,409)	(24,501)	(40,447)
Proceeds from the sale of investment property		12,435	16,500	49,696
Dividends received		52	-	58
Finance cost net of finance income		(121)	(19)	(159)
<b>Net cash (invested in)/generated from investing activities</b>		<u>(8,318)</u>	<u>(8,495)</u>	<u>7,695</u>
<b>Cash flows from financing activities</b>				
Bank and other loans		(2,601)	8,806	2,465
Issue of shares		48	137	169
Dividend paid		(1,788)	-	-
<b>Net cash (used in)/generated from financing activities</b>		<u>(4,341)</u>	<u>8,943</u>	<u>2,634</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(9,750)</u>	<u>485</u>	<u>16,661</u>
Cash and cash equivalents at beginning of period		<u>22,828</u>	<u>6,167</u>	<u>6,167</u>
<b>Cash and cash equivalents at end of period</b>		<u>13,078</u>	<u>6,652</u>	<u>22,828</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 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 16 September 2019.

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 2019 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 2018, 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 2018 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 2018 as described in the Group's Annual Report for that year and as available on the Company's website ([www.sigmacapital.co.uk](http://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 (Cont.)

For the six months ended 30 June 2019

### 4. Segmental information

At 30 June 2019, the Group has just one business activity, property. The segment analysis for the period ended 30 June is as follows:

	Regeneration £'000	Managed Property £'000	Owne PRS Property £'000	Venture Capital £'000	Holding company £'000	Intra Group adjustments £'000	Total £'000
<b>Six months ended 30 June 2019</b>							
<b>Revenue from services</b>	-	<b>5,533</b>	<b>223</b>	-	-	-	<b>5,756</b>
Trading profit/(loss)	5	2,950	188	(3)	24	-	3,164
Unrealised gain on revaluation of investment property	-	-	401	-	-	-	401
Realised profit on revaluation of investment property	-	-	214	-	-	-	214
Unrealised loss on revaluation of investments	-	(141)	-	(28)	-	-	(169)
Profit/(loss) from operations	5	2,809	803	(31)	24	-	3,610
Finance income	7	-	2	3	16	-	28
Finance costs	-	(5)	(94)	-	-	-	(99)
Dividend received	-	52	-	-	-	-	52
Profit distribution to partners	-	-	-	-	-	-	-
Share of associate	713	-	-	-	-	-	713
<b>Profit/(loss) before tax</b>	<b>725</b>	<b>2,856</b>	<b>711</b>	<b>(28)</b>	<b>40</b>	-	<b>4,304</b>
<b>Six months ended 30 June 2018</b>							
<b>Revenue from services</b>	<b>8</b>	<b>4,628</b>	<b>204</b>	-	-	-	<b>4,840</b>
Trading profit/(loss)	26	1,821	173	(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	26	1,821	1,794	(4)	(24)	-	3,613
Finance income	101	31	-	1	1	-	134
Finance costs	-	-	(61)	-	-	-	(61)
Share of associate	508	-	-	-	-	-	508
<b>Profit/(loss)/before tax</b>	<b>635</b>	<b>1,852</b>	<b>1,733</b>	<b>(3)</b>	<b>(23)</b>	-	<b>4,194</b>
<b>Year ended 31 December 2018</b>							
<b>Revenue from services</b>	<b>83</b>	<b>11,917</b>	<b>468</b>	<b>9</b>	-	-	<b>12,477</b>
Trading profit/(loss)	110	8,156	399	(906)	533	(1,601)	6,691
Unrealised gain on revaluation of investment property	-	-	1,362	-	-	-	1,362
Realised profit on revaluation of investment property	-	-	2,302	-	-	-	2,302
Unrealised gain on revaluation of investments	-	(140)	-	(11)	-	-	(151)
Profit/(loss) from operations	110	8,016	4,063	(917)	533	(1,601)	10,204
Finance income	86	44	-	3	2	-	135
Finance costs	-	(10)	(156)	-	-	-	(166)
Dividend (paid)/received	-	(5,392)	-	(900)	6,350	-	58
Profit distribution to partners	-	6,700	(6,700)	-	-	-	-
Share of associate	1,950	-	-	-	-	-	1,950
<b>Profit/(loss) before tax</b>	<b>2,146</b>	<b>9,358</b>	<b>(2,793)</b>	<b>(1,814)</b>	<b>6,885</b>	<b>(1,601)</b>	<b>12,181</b>
<b>Total net assets</b>							
<b>Six months ended 30 June 2019</b>	<b>9,714</b>	<b>7,981</b>	<b>2,775</b>	<b>268</b>	<b>34,066</b>	<b>(902)</b>	<b>53,902</b>
Six months ended 30 June 2018	7,499	(1,223)	6,643	2,106	28,693	695	44,413
Year ended 31 December 2018	8,989	5,683	2,100	295	35,713	(904)	51,876

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the six months ended 30 June 2019

### 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 2019, 30 June 2018 and 31 December 2018 is as follows:

	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Current tax	540	37	793
Deferred tax	50	45	113
	<u>590</u>	<u>82</u>	<u>906</u>

### 6. Earnings per share

The calculation of the basic earnings per share is for the six months ended 30 June 2019 (six months ended 30 June 2018; year ended 31 December 2018) 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
<b>Period ended 30 June 2019</b>	<b>3,714</b>	<b>89,388,857</b>	<b>4.15</b>
Period ended 30 June 2018	4,112	89,007,189	4.62
Year ended 31 December 2018	<u>11,275</u>	<u>89,136,953</u>	<u>12.65</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 2019 of 90,747,618 (2018: six months 90,846,221; full year 91,044,281). For the period ended 30 June 2019, the diluted earnings per share was 4.09 pence (2018: six months 4.53 pence, full year 12.38 pence).

### 7. Net assets

	Net assets £'000	Issued shares Number	Net assets per share Pence
<b>Period ended 30 June 2019</b>	<b>53,902</b>	<b>89,390,871</b>	<b>60.3</b>
Period ended 30 June 2018	44,413	89,243,331	49.8
Year ended 31 December 2018	<u>51,876</u>	<u>89,338,786</u>	<u>58.1</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the six months ended 30 June 2019

### 8. Cash used in operations

	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Profit after tax	3,714	4,112	11,461
<i>Adjustments for:</i>			
Share-based payments	52	129	211
Depreciation	15	14	26
Finance costs net of finance income	121	54	159
Dividends received	(52)	-	(58)
Fair value profit on financial assets at fair value through profit or loss	170	-	151
Share of associate profit	(713)	(508)	(1,950)
Unrealised (profit)/loss on revaluation of investment property	(401)	(1,213)	(1,362)
Realised profit on the sale of investment property	(214)	(408)	(2,302)
Unrealised profit on revaluation of freehold property	-	-	(186)
<i>Changes in working capital:</i>			
Trade and other receivables	173	(409)	435
Trade and other payables	(44)	(1,734)	(253)
Cash flows from operating activities	<u>2,909</u>	<u>37</u>	<u>6,332</u>

### 9. Copies of the interim financial statements

The Half Yearly Report 2019 is available on the Company's website ([www.sigmacapital.co.uk](http://www.sigmacapital.co.uk)).