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reach4entertainment enterprises plc ("r4e", "the Company" or "the Group")

Unaudited interim results for the six months ended 30 June 2013

Stabilised business delivers solid first half performance;
full year earnings expectations unchanged

r4e, the transatlantic media and entertainment company, today announces its unaudited interim results for the six months ended 30 June 2013.

Highlight

	Unaudited six months to 30 June 2013 £'000	Unaudited six months to 30 June 2012 £'000	Change
Revenue	**35,024**	34,252	+2%
Adjusted EBITDA[1]	**666**	531	+25%
Loss before Tax	**(77)**	(419)	Improved 82%
Profit/(Loss) after tax	**23**	(312)	Improved by £335,000
Earnings/(loss) per share	**0.03p**	(0.47p)	Improved by 0.50p

[1] Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items

- Adjusted EBITDA increased 25% to £666,000 (2012: £531,000)
- Reduced loss before tax of £77,000, an improvement of £342,000 against losses of £419,000 in the corresponding period last year
- Profit per share of 0.03p, an improvement of 0.50p against loss per share of 0.47p in the corresponding period last year
- Robust performance from Dewynters and SpotCo with Adjusted EBITDA of £573,000 and £430,000 respectively
- Continued focus on tight cost control led to £310,000 reduction in Head Office costs
- Post period end, Heads of Terms agreed with Allied Irish Bank to restructure loan facility; the agreement, which is subject to contract, establishes a six year term at 3% over LIBOR

David Stoller, Executive Chairman, commented:

"These results reflect the stability that has been established in r4e's business in recent times. We have brought consistency to our trading performance and our focus on tight cost control has been maintained, as demonstrated by the significant reduction in our Head Office costs.

"We expect our trading performance to be weighted towards the second half of our financial year and, as such, are confident of achieving a performance in our operations that is in line with market expectations for 2013.

"In the longer term, we continue to explore opportunities for growth in associated market sectors. The benefits from this focus combined with our stabilised performance in our core operations positions us well for the future."

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Chairman's Statement

These results reflect the stability that has been established in r4e's business in recent times. We have brought consistency to our trading performance and our focus on tight cost control has been maintained, as demonstrated by the significant reduction in our Head Office costs.

The restructuring action that we carried out and concluded last year has resulted in a leaner, more efficient business with market leading operations in both of our core territories, London and New York. While we continue to strive for improved operational performance and profitability, these results do represent progress and are a further step towards the Group delivering profit on a sustainable basis.

The results for the 6 months ended 30 June 2013 show the following:

Summary of results

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000
Total Revenue from continuing operations	35,024	34,252
Adjusted EBITDA[1] from continuing operations	666	531
Net exceptional income/(costs) (see note 5)	148	(128)
Group EBITDA	**814**	**403**

[1]Adjusted EBITDA is stated before exceptional items.

Revenue increased by 2% to £35.0m (2012: £34.3m), driven by strong revenue growth at Dewynters. Revenue at SpotCo and Newman Displays ("Newmans") was down on the corresponding period last year. We expect revenue in the second half of the year to increase marginally compared to that achieved in the first half, while a change in the sales mix should deliver increased profitability.

We are pleased that the Company's underlying profitability (Adjusted EBITDA) has improved by 25% per cent to £666,000 (2012: £531,000), which has been helped by the cost conscious culture that has been embedded across our operating businesses and the reduction of over £300,000 in Head Office costs.

Group EBITDA has more than doubled, from £403,000 to £814,000. The Company recorded net exceptional income of £148,000 (30 June 2012: £128k expense). The exceptional income relates to the office relocation of Dewynters in London. The relocation was at the requirement of the Landlord who is renovating Dewynters' former premises and therefore compensation of £907,000 was received as the tenancy was within the scope of the Landlords and Tenants Act 1954. This was offset against relocation costs for both Dewynters and SpotCo of £759,000, resulting in an exceptional net gain of £148,000.

Continuing Operations

Company	Unaudited 6 months ended 30 June 2013		Unaudited 6 months ended 30 June 2012	
	Revenue	Adjusted EBITDA*	Revenue	Adjusted EBITDA*
	£'000		£'000	
Dewynters	16,159	573	13,650	767
Newmans	1,804	236	2,065	361
SpotCo	16,850	430	17,392	327
DAI	211	(30)	1,145	(71)
Head Office	-	(543)	-	(853)
TOTAL	**35,024**	**666**	**34,252**	**531**

*Adjusted EBITDA before exceptional administrative items. Adjusted EBITDA figures are shown before intergroup management fees. Note that the report and financial statements at 31 December 2012 reflect company numbers after accounting for intergroup management fees.

Our operations now comprise the London and New York based theatre marketing businesses of Dewynters and SpotCo respectively, together with the London based signage and fascia business, Newman Displays. The operational fulfilment of the merchandising operations of the New York based Dewynters Advertising Inc. ("DAI") was outsourced in the prior financial year, as the division had been loss making for a number of years.

Dewynters produced a satisfactory performance in the first half of the year, growing revenue by 18% to £16.2m (2012: £13.7m). Adjusted EBITDA reduced to £573,000 (2012: £767,000), largely as a result of a change in the sales mix that is not expected to continue in the second half of the financial year. Dewynters has sought to increase its exposure to non-theatre clients in order to broaden its client base, fuel growth and reduce its sensitivity to the theatre-focussed West End market. While theatre-related work remains its core business, it has been successful in diversifying its client base, covering sports, exhibitions and other events. The division's management team is confident of delivering further growth in this area in the medium-term.

Newmans' performance was impacted by a lack of major film premieres during the first half of the year resulting in a drop in Adjusted EBITDA to £236,000 (2012: £361,000). The division traditionally benefits from a stronger second half as the film industry moves into Oscar season and also benefits from the launch of major pre-Christmas film productions. Accordingly, we expect Newmans' performance in the second half of the year to improve.

SpotCo traded well during the period, delivering a 31% improvement in adjusted EBITDA of £430,000 (2012: £327,000) on revenue of £16.9m that was broadly in line with that achieved in the corresponding period last year (2012: £17.4m).

SpotCo has also been seeking to expand its client base by strategically broadening the marketing and promotional services it offers and seeking work outside of its core theatre market. It has been successful in delivering campaigns across a range of design projects and for clients including museums and other, non-theatre related, entertainment business.

Aside from its three primary divisions, the Group has made progress in seeking to expand its business and drive revenues through securing work in associated market sectors and expects to announce new initiatives in the second half of this financial year.

Post Period Events

Banking update

As announced on 30 July, the Company has entered into a Heads of Terms agreement with Allied Irish Bank to restructure its existing £14.8m revolving credit facility. The agreement, which is subject to contract, will establish a six year term at an interest rate of 3% over LIBOR. The existing facility currently incurs LIBOR plus 4%, rising to LIBOR plus 5% in its final year.

Board Change and Senior Management Appointment

As announced on 22 July 2013, Shirley Stapleton stepped down as Group Finance Director on 31 July 2013. r4e has strengthened Group and subsidiary finance teams and therefore has no plans to replace Ms Stapleton.

On the same date, the Company announced the appointment of Sarah Hall to the newly created position of Chief Operating Officer, with a remit to drive further integration between Dewynters and SpotCo, expand the Group's on-going knowledge exchange programme and drive best practice across all Group divisions.

Summary and Outlook

We expect our trading performance to be weighted towards the second half of our financial year and, as such, are confident of achieving a performance in our operations that is in line with market expectations for 2013.

In the longer term, we continue to explore opportunities for growth in associated market sectors. The benefits from this focus combined with the stabilised performance in our core operations positions us well for the future.

David Stoller, Executive Chairman
reach4entertainment enterprises plc

Unaudited Condensed Consolidated Income Statement
For the six months ended 30 June 2013

	Note	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Continuing Operations				
Revenue		35,024	34,252	69,326
Cost of sales		(25,855)	(25,132)	(51,354)
Gross profit		9,169	9,120	17,972
Administrative expenses		(8,739)	(9,178)	(17,749)
EBITDA before exceptional administrative items		666	531	1,306
Exceptional administrative expense	5	(759)	(128)	(188)
Exceptional administrative income	5	907	-	-
Depreciation		(138)	(148)	(282)
Amortisation of intangibles		(246)	(313)	(613)
Operating profit/(loss)		430	(58)	223
Gain on rescheduling of deferred consideration payment		-	-	507
Finance income	2	56	39	120
Finance costs	3	(563)	(400)	(688)
(Loss)/profit before taxation		(77)	(419)	162
Taxation		100	107	547
Profit/(loss) for the period from continuing operations		23	(312)	709
Discontinued operations				
Loss for the period from discontinued operations		-	-	(16)
Profit/(loss) for the period		23	(312)	693

The profit/(loss) is attributable to owners of the parent.

Earnings/(loss) per share (pence)

	Note	6 months ended 30 June 2013	6 months ended 30 June 2012	Year ended 31 December 2012
Basic and diluted earnings/(loss) per share (pence)				
From continuing operations	4	0.03	(0.47)	1.04
From discontinued operations	4	-	-	(0.02)
Total operations		0.03	(0.47)	1.02

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Profit/(loss) for the period	23	(312)	693
Other comprehensive income:			
Currency translation differences	326	(113)	(389)
Other comprehensive income (net of tax) for the period	349	(113)	(389)
Total comprehensive income for the period attributable to owners of the parent	349	(425)	304

Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2013

	Note	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Non-current assets				
Goodwill	6	13,805	13,509	13,478
Intangible assets		4,252	4,761	4,408
Property, plant and equipment		2,381	512	514
		20,438	18,782	18,400
Current assets				
Inventories		257	417	228
Trade and other receivables		6,032	7,844	9,758
Cash and cash equivalents		3,124	1,611	2,316
		9,413	9,872	12,302
Total assets		29,851	28,654	30,702
Current liabilities				
Trade and other payables		(10,867)	(10,880)	(12,813)
Current taxation liabilities		(110)	(60)	(115)
Provisions	7	-	(2,720)	-
Borrowings		(950)	-	(646)
		(11,927)	(13,660)	(13,574)
Net current liabilities		(2,514)	(3,788)	(1,272)
Non-current liabilities				
Deferred taxation		(1,137)	(1,606)	(1,162)
Borrowings	8	(16,141)	(14,800)	(16,257)
Other payables	9	(588)	-	-
		(17,866)	(16,406)	(17,419)
Total liabilities		(29,793)	(30,066)	(30,993)
Net assets/(liabilities)		58	(1,412)	(291)
Equity				
Called up share capital		1,872	1,649	1,872
Share premium		13,501	13,332	13,501
Capital redemption reserve		15	15	15
Retained earnings		(15,221)	(16,249)	(15,244)
Own shares held		(259)	(259)	(259)
Foreign exchange reserve		150	100	(176)
Total equity attributable to owners of the parent		58	(1,412)	(291)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2013

ATTRIBUTABLE TO OWNERS OF THE PARENT	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Own shares held £000	Foreign exchange reserve £000	Total Equity £000
At 1 January 2012 (Audited)	1,649	13,332	15	(15,937)	(259)	213	(987)
Loss for the period	-	-	-	(312)	-	-	(312)
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	(113)	(113)
Total comprehensive income for the period	-	-	-	(312)	-	(113)	(425)
At 30 June 2012 (Unaudited)	1,649	13,332	15	(16,249)	(259)	100	(1,412)
At 1 July 2012							
Profit for the period	-	-	-	1,005	-	-	1,005
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	(276)	(276)
Total comprehensive income for the period	-	-	-	1,005	-	(276)	729
Total transactions with owners in their capacity as owners							
Shares issued	223	169	-	-	-	-	392
Total transactions with owners in their capacity as owners	223	169	-	-	-	-	392
At 31 December 2012 (Audited)	1,872	13,501	15	(15,244)	(259)	(176)	(291)

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)
For the six months ended 30 June 2013

ATTRIBUTABLE TO OWNERS OF THE PARENT	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Own shares held £000	Foreign exchange reserve £000	Total Equity £000
At 1 January 2013	1,872	13,501	15	(15,244)	(259)	(176)	(291)
Profit for the period	-	-	-	23	-	-	23
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	326	326
Total comprehensive income for the period	-	-	-	23	-	326	349
At 30 June 2013 (Unaudited)	1,872	13,501	15	(15,221)	(259)	150	58

Unaudited Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2013

		6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Cash generated from/(used in) operating activities	10	2,498	(280)	779
Income taxes paid		-	(44)	(24)
Net cash inflow/(outflow) from operating activities		2,498	(324)	755
Investing activities				
Finance income		56	-	1
Purchase of property, plant and equipment		(1,345)	(28)	(193)
Proceeds from disposal of property, plant and equipment		-	-	4
Proceeds from disposal of investments		20	-	-
Receipt of deferred sales proceeds		-	-	11
Payment of deferred consideration		(321)	-	(131)
Net cash used in investing activities		(1,590)	(28)	(308)
Financing activities				
Other new loans raised	11	390	-	-
Repayment of new loans		(132)		
Net cash proceeds from issue of shares		-	-	392
Interest paid		(305)	(335)	(663)
Net cash used in financing activities		(47)	(335)	(271)
Net increase/(decrease) in cash and cash equivalents		861	(687)	176
Cash and cash equivalents at the beginning of the period		2,316	2,289	2,289
Effect of foreign exchange rate changes		(53)	9	(149)
Cash and cash equivalents at end of the period		3,124	1,611	2,316

Unaudited notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

1 Basis of Presentation

These unaudited condensed consolidated interim financial statements are for the six months ended 30 June 2013. They have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union. This report should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations and the Companies Act 2006, as applicable to companies reporting under IFRS.

The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The unaudited interim financial statements were approved by the Board on 9 September 2013.

The comparative financial information for the year ended 31 December 2012 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of reach4entertainment enterprises plc for the year ended 31 December 2012 have been reported on by the Company's auditor, Baker Tilly UK Audit LLP, and have been delivered to the Registrar of Companies. The report of the auditor was unqualified but contained an emphasis of matter statement with regard to going concern. The auditor's report did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

The financial information for the six months ended 30 June 2013 is unaudited.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, with exception of standards, amendments and interpretations effective in 2013.

Standards, amendments and interpretations effective in 2013

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013, but had no significant impact on the Group:

- IFRS 7 - Financial Instruments: Disclosures - Amendment
- IAS 16 - Presentation of Financial Statements - Clarifies classification of service equipment and spare parts
- IAS 1 - Presentation of Financial Statements – Amendment to comparative information
- IFRS13 – Fair Value Measurement

Standards, amendments and interpretations effective in 2013 (continued)

- IAS 32 - Financial Instruments: Presentation Amendment.
- IAS 34 Interim Financial Reporting – Amendment to Disclosures

1 Basis of Presentation (continued)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial statements – Redefining control and Transition Amendments
- IFRS 11 – Joint Arrangements. This new standard replaces IAS 31 "Interests in Joint Ventures"
- IFRS 12 – Disclosure of Interest in Other Entities
- IAS 27 – Consolidated and Separate Financial Statements. Amendment to accounting and disclosure requirements
- IAS 28 – Investments in Associates and Joint Ventures - Amendment
- IAS 27 – Consolidated and Separate Financial Statements — Amendments for investment entities
- Amendments to IAS 32- Offsetting Financial Assets and Financial Liabilities. IFRS 9 - Financial Instruments. IAS 39 will be replaced by this standard over 3 phases.
- IAS 32 – Financial Instruments – Presentation – Amendment Offsetting Financial Assets and Financial Liabilities
- IAS 36 Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis.

During the prior year ended 31 December 2012 the Group agreed a debt repayment schedule for the remaining $4.2 million of deferred consideration in relation to the SpotCo acquisition in 2008. This is repayable over 2013 – 2015 (see note 8). In addition the AIB Group (UK) bank debt of £14.8 million is repayable in 2015 and the Group agreed a set of financial covenants with AIB Group (UK) in relation to this debt. At 30 July 2013, the Group entered into a Heads of Terms agreement with Allied Irish Bank to restructure the existing bank debt. This agreement, subject to contract, establishes a six year term from date of contract and a new interest rate of 3 per cent over LIBOR. Covenants in relation to the current, and restructured loan facility will be measured quarterly over the remaining term of the facility. Repayment of these financial obligations and adherence to the covenants are key areas of management focus.

The Directors have prepared and reviewed detailed forecasts which indicate that the Group will have sufficient cash flow to meet in full the deferred consideration debt obligation, and meet future covenant requirements. The Board is confident that these matters will be concluded in a manner which enables the going concern basis of accounting to be applicable.

After making enquiries and considering the uncertainty noted above, the Directors have concluded that the Group has adequate resources to continue trading for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the Group interim financial statements.

2 Finance Income

	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Bank interest	1	-	1
Dividends received	55	-	-
Foreign exchange gains on deferred consideration	-	39	119
	56	**39**	**120**

The foreign exchange gain for the period ended 30 June 2012 of £39k (31 December 2012: £119k) is unrealised and relates to the revaluation of borrowings and deferred consideration denominated in US$. For the period ended 30 June 2013 this was an exchange loss (note 3).

3 Finance Costs

	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Bank interest	1	-	-
Interest on bank loans	309	335	652
Amortisation of issue costs of bank loan	2	-	1
Unwinding of discounting on deferred consideration	119	-	35
Interest on late settlement of deferred consideration	-	65	-
Foreign exchange losses on deferred consideration	132	-	-
	563	**400**	**688**

4 Earnings Per Share

The calculations of earnings per share are based on the following results and numbers of shares.

	6 months ended 30 June 2013 (Unaudited)	6 months ended 30 June 2012 (Unaudited)	Year ended 31 December 2012 (Audited)
	Number	Number	Number
Weighted average number of 2.5 pence ordinary shares in issue during the period			
For basic earnings per share	74,894,792	65,957,718	67,771,987
	£000's	£000's	£000's
Loss from discontinued operations	-	-	(16)
Profit/(loss) from continuing operations	23	(312)	709
Profit/(loss) for the period	**23**	**(312)**	**693**

There were no share options in issue at 30 June 2013, 31 December 2012 or 30 June 2012.

5 Exceptional Items

	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
Group restructuring costs	-	(5)	-
Termination related costs	-	(123)	(188)
Office relocation costs	(759)	-	-
Exceptional expenses	(759)	(128)	(188)
Landlord reimbursement income	907	-	-
Net exceptional administrative income/(expenses)	**148**	**(128)**	**(188)**
Gain on recognition of deferred consideration liability	-	-	507
	148	**(128)**	**319**

Exceptional costs in the 6 month period to 30 June 2013 relate to relocation of SpotCo offices in New York and the Dewynters/r4e plc offices in London. Costs include search fees, legal and removal costs, plus rent required to be paid on the office which remained unoccupied in each location prior to/after the move.

In London the relocation was at the requirement of the Landlord who is renovating the premises, therefore compensation was received of £907k as the tenancy was within the scope of the Landlords and Tenants Act 1954.

6 Goodwill

	Total £000's
Cost:	
1 January 2012	13,597
Foreign exchange differences	(88)
30 June 2012	13,509
Adjustment to consideration	130
Foreign exchange differences	(161)
31 December 2012	13,478
Foreign exchange differences	327
30 June 2013	13,805
Net Book Value:	
30 June 2013 (unaudited)	**13,805**
30 June 2012 (unaudited)	**13,509**
31 December 2012 (audited)	**13,478**

7 Provisions – Deferred Consideration

The provisions for liabilities at 30 June 2012 related to deferred contingent consideration. Deferred contingent consideration represented the estimated amounts payable. In November 2012 a debt repayment agreement was entered into to restructure the outstanding debt which therefore crystallised the repayment as a known liability (note 8).

	30 June 2013 (Unaudited) £000's	30 June 2012 (Unaudited) £000's	31 December 2012 (Audited) £000's
Within one year	-	2,720	-
	-	**2,720**	**-**

	30 June 2013 (Unaudited) £000's	30 June 2012 (Unaudited) £000's	31 December 2012 (Audited) £000's
At start of period	2,103	2,694	2,694
Adjustments to existing deferred consideration	-	-	131
Discounting of new deferred consideration balance	-	-	(507)
Unwinding of discounting on deferred consideration	119	-	35
Payment of deferred consideration - cash	(321)	-	(131)
Foreign exchange differences	132	(39)	(119)
Interest on late settlement	-	65	-
Settled liability (recognised as borrowings at 30 June 2013 and 31 December 2012 and provisions at 30 June 2012)	**2,033**	**2,720**	**2,103**

8 Borrowings

	30 June 2013 (Unaudited) £000's	30 June 2012 (Unaudited) £000's	31 December 2012 (Audited) £000's
Current:			
Deferred consideration	692	-	646
Related party loan (note 11)	258	-	-
	950	-	646
Non-current:			
Bank loans	14,800	14,800	14,800
Deferred consideration	1,341	-	1,457
	16,141	14,800	16,257
In the second to fifth years inclusive:			
Bank loan – revolving facility	14,800	14,800	14,800
Deferred consideration	1,341	-	1,457

The bank loan was entered into on 17 May 2011 and is a revolving credit facility with the lender Allied Irish Bank (AIB Group (UK)) plc. AIB Group (UK) continues to charge interest on the credit facility at LIBOR + 3.5% per annum in 2013 being the second year of the facility, then LIBOR + 4% for the third year and LIBOR + 5% for the final year. The facility matures in May 2015.

In November 2012 the Group agreed a set of financial covenants with AIB Group (UK) in relation to the £14.8m revolving credit facility. The covenants are measured quarterly and took effect from 31 December 2012. All banking covenants had been met as at 30 June 2013.

The AIB Group (UK) facility is in negotiation to be restructured, see note 13.

9 Other payables

Amounts in non-current other payables of £588k (30 June 2012: Nil) relate to the re-imbursement of leasehold improvement costs from SpotCo's landlord at the new New York office. As with many US leases SpotCo, as tenant, had to undertake a programme of complete refurbishment of the property and some of these expenses, related to the provision of basic utilities and services, were then refunded by the landlord. In line with IFRS SIC 15 this reimbursement has been recognised as a liability and will be unwound to the income statement over the period of the lease reducing rental costs. Amounts in current liabilities relating to the reimbursement total £46k (30 June 2012: Nil).

	30 June 2013 (Unaudited) £000's	30 June 2012 (Unaudited) £000's	31 December 2012 (Audited) £000's
Within one year	46	-	-
Within second to fifth years	183	-	-
More than five years	405	-	-
	588	-	-

10 Cash Used In Operating Activities

Reconciliation of net cash flows from operating activities	6 months ended 30 June 2013 (Unaudited) £000's	6 months ended 30 June 2012 (Unaudited) £000's	Year ended 31 December 2012 (Audited) £000's
(Loss)/profit before taxation (including discontinued operations)	(77)	(419)	146
Finance costs	563	400	688
Finance income	(56)	(39)	(120)
Depreciation	138	148	282
Amortisation of intangibles	246	313	613
Adjustments to deferred consideration	-	-	(342)
Profit on sale of property, plant and equipment	-	-	(4)
Profit on sale of investments	(20)	-	-
Operating cash flows before movements in working capital	794	403	1,263
(Increase)/decrease in inventories	(29)	18	207
Decrease/(increase) in trade and other receivables	3,725	164	(1,760)
(Decrease)/increase in trade and other payables	(1,992)	(865)	1,069
Cash generated from / (used in) operating activities	**2,498**	**(280)**	**(779)**

11 Related Party Disclosures

During the 6 month period ending 30 June 2013, SpotCo entered into a bridge loan facility agreement (the "Facility Agreement") with Stoller Family Partners LLC to augment internal cash-flows to finance the up-front refurbishment costs of the office relocation in New York. A maximum of $0.6m can be drawn down under the Facility Agreement which falls due for repayment within 90 days of SpotCo having been reimbursed by the landlord. Under the terms of the lease agreement entered into by SpotCo, the landlord has a contractual obligation to repay a maximum of $1.25 million of refurbishment costs incurred by SpotCo, once the works have been completed. The Facility has an arrangement fee of $5,000 and interest will be charged on funds drawn down at a rate of 8 per cent per annum.

During the period $600k had been drawn down and $200k repaid leaving a balance outstanding at 30 June 2013 of $400k (£258k). Subsequent to 30 June another $100k has been repaid.

Stoller Family Partners LLC is classified as a related party of the Company by virtue of being an existing substantial shareholder in the Company and also due to David Stoller, Executive Chairman of the Company, being a director and a substantial shareholder in Stoller Family Partners LLC.

12 Transactions with Directors

At 30 June 2013 David Stoller owed the Group £2,424 (30 June 2012: £Nil) which was repaid in August 2013. The loan is non-interest bearing and no terms and conditions are attached.

13 Subsequent Events

At 30 July 2013, the Group entered into a Heads of Terms agreement with Allied Irish Bank to restructure the existing loan facility which is due to expire in May 2015.

This agreement, subject to contract, establishes a six year term from date of contract and a new interest rate of 3 per cent over LIBOR.

14 Interim Report

This document is available on the Group's website at www.r4e.com.