13 December 2018

Purplebricks Group plc

("Purplebricks", the "Company" or the "Group")

Interim Results for the six months ended 31 October 2018

Step-up in UK profitability, building a global business

Purplebricks Group plc (AIM: PURP), the world's leading hybrid real estate agency, announces its Interim Results for the six months ended 31 October 2018 ("H1 2019" or the "First Half").

First Half	2019 IFRS 15	2018 IFRS 15	2019 IAS 18 (pro forma)	2018 IAS 18	Change IFRS 15	Change IAS 18
Group	**£m**	£m	£m	£m	**%**	%
Revenue	**70.1**	40.1	71.0	46.8	**75**	52
Gross profit	**42.0**	23.0	42.3	26.2	**82**	61
Gross profit margin (%)	**59.9**	57.3	59.6	56.0	**+260bps**	+360bps
Operating loss	**(25.6)**	(11.4)	(25.3)	(8.2)	**122**	205
Adjusted EBITDA[1]	**(21.0)**	(9.8)	(20.7)	(6.6)	**125**	214
Net cash[2]	**103.1**	64.4	103.1	64.4	**60**	60

Financial highlights (IFRS 15 basis[3])

- Group revenue up by 75% to £70.1 million (H1 2018: £40.1 million)
- UK revenue up by 39% to £48.3 million, UK ancillary revenue up 25%
- International now represents 31% of Group revenue
- Group gross margin up by 260bps to 59.9%, UK like for like[4] gross margin up by 180bps
- UK Adjusted EBITDA £8.4 million, up 265% (H1 2018: £2.3 million)

Operational highlights

- Completed on £5.4 billion of UK property (H1 2018: £4.6 billion), saving customers £96 million in commission
- UK hybrid market share of 74%
- UK average revenue per instruction up 6%
- Australian model evolved to work better for customers, LPEs and Purplebricks
- Confidence to expand US business to Arizona, Nevada and Florida – now operating in seven states, representing more than 20% of US-wide instructions
- DuProprio/ComFree our Canadian business acquired in July 2018 continues to meet management's high expectations
- Agreed minority JV investment in Homeday.de, the leading German hybrid real estate agent
- Appointed Vic Darvey (former Managing Director of MoneySupermarket) as our first Group Chief Operating Officer, starting January 2019

Michael Bruce, Group CEO, commented:

"Our UK business continues to make good progress, with strong sales growth, market share gains and a step-up in both profitability and positive cashflow. It is this strength that will see Purplebricks emerge stronger from the ongoing industry shakeout, which is expected to continue to expose undercapitalised traditional and online competitors.

"Following Axel Springer's investment in March, we are already seeing how shared knowledge and best practice across the business can benefit the entire Group.

[1] Adjusted EBITDA is defined by the Group as profit/loss before net finance costs, tax, depreciation, amortisation and a charge for share-based payments.

[2] Net cash of £103.1 million as at 31 October 2018 is before the payment of £11.1 million to acquire a 12.9% stake in Homeday.de, which is expected to complete shortly.

[3] For a full explanaton of the impact of IFRS 15 and a reconciliation between the new and old accounting standards see note 2.3

[4] Adjusted for defered payment charge and insourcing of property management for lettings

"Purplebricks has led industry change and through our strategy of relentless innovation will continue to do so. We are always looking to improve the customer experience and with over £100 million of net cash, we are uniquely placed to do so, investing in technology and first class people. We remain confident that our UK success will be replicated internationally and that we will deliver substantial value for our shareholders."

Outlook

Our UK business continues to outperform the industry, demonstrating an ability to grow strongly and win share in challenging market conditions. Whilst we expect no short-term improvement to this market dynamic, we are confident that we will continue to outperform and take further UK market share from competitors throughout the second half of our financial year.

Having now launched in phase one target states in the US, early indications show brand recognition and consideration are growing strongly. We are confident, with new marketing creative launching in the new year, that we will see a step up in instructions from our most recently added DMAs, which are yet to generate a meaningful contribution. Our near term strategy remains focused on maximising operational delivery, which will drive further revenue over time.

With six months of the year behind us and in light of the above, the Board narrows the range of our previously disclosed 2019 guidance, under IAS 18, from £165-185 million to between £165-175 million, in line with current market consensus.The adoption of IFRS 15 will result in an approximate 2% downward adjustment to our guidance, with a minimal impact on profit and no impact to cash.

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Presentation

A presentation will be held for analysts and professional investors at 09.00am (UK time) at Instinctif Partners, 65 Gresham Street, London EC2V 7NQ. Please RSVP to Catherine Walton (+44 020 7457 2020 – catherine.walton@instinctif.com) if you would like to attend.

The presentation will be webcast live and will be accessible via the Purplebricks website[5] at www.purplebricksplc.com/investors/latest_results. An on-demand replay will also be available on the Purplebricks website following the presentation.

Enquiries

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Forward-looking statements

This announcement includes statements that are, or may be considered to be, "forward-looking statements". By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Results may, and often do, differ materially from forward-looking statements previously made. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Except as required by law or by the AIM

[5] The content of the Purplebricks website should not be considered to form a part of or be incorporated into this announcement.

Rules of the London Stock Exchange, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations to reflect subsequent events or circumstances.

About Purplebricks

Purplebricks is the world's leading next generation real estate agency. Based in the UK, it also operates in Australia, the US and Canada. Purplebricks combines highly experienced and professional Local Property Experts (US: Local Real Estate Experts) and innovative technology to help make the process of selling, buying or letting more convenient, transparent and cost effective. Purplebricks shares are traded on the London Stock Exchange AIM market.

First Half 2019 Review

Purplebricks has delivered a strong trading performance as well as achieving substantial strategic progress in the six months to 31 October 2018.

Group revenue under the new accounting standard IFRS 15 “Revenue from Contracts with Customers” rose 75% to £70.1 million (H1 2018: £40.1 million). This performance was driven by 39% sales growth in the UK, 28% in Australia, 5,900% in the US and a contribution of £9.2 million from our newly acquired Canadian business, which is included for the first time. While reporting strong growth in Australia, the underlying performance was held back by market conditions and some operational issues, which we have taken steps to correct with changes to the team, customer proposition and business model.

The Group gross margin was 60%, up from 57% in the comparable period last year, with the UK margin rising to 65% (up 180bps on a like-for-like basis), reflecting the increasing contribution from higher margin ancillary sales, which recent investment in the Home Purchase team has enabled.

Notwithstanding the challenging macro economic backdrop and market disruption caused by Brexit uncertainty, Purplebricks has continued to outperform its UK peers, winning market share from traditional operators and maintaining its substantial lead over online/hybrid competitors. We completed on £5.4 billion of UK property (H1 2018: £4.6 billion), saving customers £96 million in commission during the First Half[6].

While the UK market has seen unprecedented investment by competitors in marketing and unsustainable reductions in fees charged, it has not materially impacted Purplebricks. As we have previously noted, this dynamic appears to have started to take its toll on the industry with mounting evidence of a shakeout in both traditional and online business models. Management believes that our growth, scale, flexibility and financial strength, with no debt and net cash as at 31 October 2018 of £103.1 million, places us in a strong position to continue to grow market share at the expense of under-capitalised competitors.

We have made substantial progress in the development of our US business over the first six months of the year – rolling out into the states of Arizona, Nevada and Florida, expanding the teams in both the East and West Coast offices, which now total 91 people, and further growing the base of Local Real Estate Experts (“LREEs”), which at 31 October numbered 140. Brand awareness continues to grow and in the Los Angeles DMA, where the business is most established, having soft launched in September 2017, prompted brand awareness as at October 2018 has grown to 44%, ahead of the UK at the same time of its development.

Management is confident that with Purplebricks now operating in seven states across the US in just over one year, we have built up a profile and a substantial amount of market intelligence to enable us to make more informed strategic decisions and prudent capital deployment. This is expected to drive further growth and achieve a meaningful share of the US market, where selling fees typically average between 5% to 6%, including the opportunity to earn buy side commission. Early key performance indicators, compared with other geographic markets at the same time in their development are encouraging, with the business achieving a higher conversion from listing appointment to listing, the highest conversion from listing to sale and a larger proportion of higher margin ancillary revenue.

The acquisition of the Duproprio and ComFree businesses in Canada in July 2018 and the agreed minority investment in Homeday.de in Germany as part of a strategic investment alongside Axel Springer, announced in October 2018 and expected to complete later in December, mark new milestones for the Group. Both deals back existing management teams, with local knowledge and proven track records. The strength and depth of the teams are such that Purplebricks' senior management is able to focus most of their time and attention on delivering in existing markets. Management believes that there are substantial growth opportunities in these new territories where there are materially higher estate agents fees and moving costs compared to the UK. In less than five years since launch, Purplebricks now operates in four countries with an addressable market of four million[7] property transactions a year.

[6] Estimated savings based on industry commission of 1.5%.
[7] Does not include Homeday.de. US transactions are those within our current footprint of nine DMAs.

Purplebricks remains focused on growing the business and winning further share in all its markets, and will continue to invest across the business in first class people, marketing, technology and infrastructure. This investment combined with the early stage rollout in the US, has resulted in Adjusted EBITDA losses widening to £21.0 million (H1 2018: loss of £9.9 million). The Group remains confident that this level of investment is necessary to extend its lead in a competitive marketplace and will, in time, generate an attractive return for shareholders.

Delivering an ever better service to customers remains critical to our success, evidenced by customer feedback from both Trustpilot (with an 89% 5* Excellent rating from over 61,100 reviews across the UK, US and Australia) and Feefo, where our rating is 4.7 out of 5.0 in the UK.

Business review by geography

UK
Financial summary

First Half	**2019 IFRS 15**	**2018 IFRS 15**	**2019 IAS 18 (pro forma)**	**2018 IAS 18**	**Change IFRS 15**	**IAS 18**
UK	**£m**	£m	£m	£m	**%**	%
Revenue	**48.3**	34.8	48.6	39.9	**39**	22
Gross profit	**31.2**	20.1	31.2	22.5	**56**	39
Gross profit margin (%)	**64.6**	57.7	64.2	56.4	**+690bps**	+780bps
Operating profit	**5.7**	0.8	5.7	3.2	**638**	78
Adjusted EBITDA	**8.4**	2.3	8.4	4.7	**265**	78
New instructions (000's)	**38.6**	32.1	38.6	32.1	**20**	20
Avg revenue per instruction (£)	**1,209**	1,138	1,209	1,138	**6**	6

A unique model of scale and agility

The core Purplebricks business model is built around a flexible cost base without the fixed salaried costs of real estate agents, substantial infrastructure costs and the cost of operating entirely on a flexible contingency fee basis. The strengths of the Purplebricks business model are evident and the risks of operating a traditional agency model or a no sale no fee online offer are increasingly clear.

Purplebricks has the added advantage of scale, achieving 38,600 new instructions in the six month period, a year-on-year increase of 20%. This scale is evident in the profitability of the UK business, with Adjusted EBITDA, the best proxy for cash profit, up 265% to £8.4 million (H1 2018: £2.3 million). Operating profit in the period was £5.7 million (H1 2018: £0.8 million). We continue to invest in technology and people in order to continue to lead change in the industry and to advance the target of reaching at least 10% market share in the medium term. In the First Half, UK adjusted administrative expenses were £9.3 million (H1 2018: £7.8 million), improving as a percentage of UK revenue to 19% (H1 2018: 22%).

Investing to drive customer experience and long-term market leadership

Building on our market leading technology

Purplebricks was built on the vision of combining first class Local Property Experts ("LPEs") with industry-leading technology, with our platform remaining a key differentiator from peers. Technology is also at the heart of our strategy to create longer lifetime relationships with customers, keeping them engaged with the business through a broader offering of products and services and with simple yet innovative ways of making their lives easier, more convenient and better informed.

The Group continues to invest in technology, with the ongoing focus on improvements to the customer experience as well as making the journey easier and simpler by reducing friction points across the platform. These improvements, which can be marginal in nature, through increased conversion, can drive a material improvement in profitability. We have invested in technology to create efficiencies, increase productivity and improve the customer experience.

The in-house technology team, along with external expertise, continues to work on Purplebricks Plus, the aim of which is to provide timely access to other value-based home-related services including broadband, TV, energy and insurance simply through the Purplebricks app. This will represent a major step forward in terms of customer experience and a further meaningful differentiator to the competition. Work remains on-going, with a number of partnership deals already signed, including Comparison Technologies. Purplebricks Plus is expected to launch before the end of our current financial year.

Outbound team strengthened

There has been a notable increase in the effectiveness of this central team whose role is to proactively convert leads from various sources. The team has been strengthened and is now led by an experienced Regional Director promoted into this role. Instructions per team member have risen by approximately 50% year-on-year, with an equivalent increase in valuations. We are making continuous productivity gains and will build on them with upgraded telephone systems, auto-dialers, enhanced reporting and smart distribution of calls, leads and opportunities.

Concierge team now covers the whole country

Purplebricks is fundamentally about selling houses while giving a much better experience and saving our customers money. As part of our strategy to deliver exceptional outcomes we have a Concierge team that focuses on those properties that need more input to increase exposure, create more activity and secure a sale. They supplement the contracted work of the LPE to identify ways of improving the prospects of sale by reviewing marketing exposure and sale price with customers. While this additional service comes at no added charge to the customer, the team has a very high success rate in helping to secure sales and typically attracts very positive feedback from customers.

Home Purchase team driving ancillary sales

During the First Half, we created a Home Purchase team, replacing and enlarging the existing Conveyancing Sales team, with an enhanced customer proposition, utilising sophisticated data resources to engage with buyers, sellers and viewers. This team is focused on driving ancillary sales predominantly to buyers. As can be seen from our First Half results, the investment is showing a good early payback, with UK ancillary revenues in the period increasing by 25% year-on-year. This growth has been primarily driven by early success in selling conveyancing services to the buyer. Some progress has been made with mortgage referrals, though this opportunity remains in its infancy. There still remains a significant opportunity with conveyancing and mortgages to further drive revenue and margin.

Post-sales Support team driving successful customer outcomes

As a full service real estate agency we have grown the team of people who support our customers through the journey from sale agreed to completion. This team supplements the work performed by LPEs rather than replacing it, with their specialist skills deployed when specific issues arise which potentially put a sale at risk. This team is extremely experienced and there has been a strong focus on productivity and efficiency as we further drive the operational leverage within our central functions. The number of sales being completed, influenced by this team, coupled with the number of customer reviews demonstrate that they play a significant part in the customer journey and indeed their satisfaction.

Improving LPE productivity

We had built up a national network of 851 LPEs, sales assistants and academy members as at 31 October 2018, and our focus is on improving productivity by on-going improvements to recruitment, training, technology and the sharing of best practise. During the First Half, we recruited an experienced People Director and are currently recruiting for a senior Training Director to jointly oversee the future growth and development of our LPEs and our people. We believe they will have a big impact on the quality of people and service, operational excellence, productivity and increased revenue growth through better conversion of opportunities.

As we expand internationally and learn more about ways to engage the customer, we are able to share best practice across the Group. This has led to the improvements in the productivity of LPEs.

There is an internal grading system for LPEs, which highlights differences in productivity and ultimately profitability between the highest and the lowest performers. It is very encouraging that an increasing number of LPEs are obtaining the highest gradings and work will continue to improve this further.

In addition to the productivity improvements, Purplebricks is in the process of recruiting further new LPEs as we approach the spring market. It is encouraging that the quality of the candidates remains at the highest level and that we are attracting more branch manager standard experts than a year ago. We also have 72 people currently in our academy training programme.

Creating engaging marketing and advertising

Effective marketing has always been one of the key drivers of our growth. Operating under a single national brand, the industry-leading strategy of running a high impact, near continuous presence on TV and radio has resulted in Purplebricks being the best-known estate agency brand in the UK in less than five years.

The marketing success in the First Half is set against increased investment in marketing by online competitors and a challenging housing market. The latest available data from The Nursery, a leading independent research and planning agency, shows that as at September 2018, Purplebricks has industry-leading unprompted brand awareness, which has grown to 48%, an increase of eight percentage points since May, from people looking to sell their property. Within its competitive set, including property portals and traditional leading high street agents, Purplebricks has the industry's highest prompted brand awareness at 97%.

Having established leading brand awareness, the marketing focus continues to be on consideration (whether customers would consider appointing us next time they sell a property), which had increased to 43% as at 30 September 2018, up from 40% at May 2018. Top box consideration, defined as a consumer stating that they would definitely use Purplebricks next time they sell a property has, over the same time period, increased by 500bps.

We continue to diversify our media mix with Outdoor included for the first time alongside category-leading investment in television, radio and PPC. We will continue to flex our approach to media channel in order to drive greater consideration through educating more and more people on the nature and extent of the service we offer. We recently undertook pitch sponsorship for each of the Scotland home rugby games televised on the BBC. This gave us access to new audiences with a broadcaster that does not permit traditional advertising.

Lettings

Lettings represented 8% of UK revenue in the First Half (H1 2017: 8%) and we continue to develop our capabilities with 5,800 units under management at 31 October 2018, up 32% year-on-year (31 October 2017: 4,400). We have recently strengthened our management of this team to examine ways to further scale the business and our national network of Local Lettings Experts. Our intention is to provide an opportunity for Landlords similar to what we offer Sales Vendors with service excellence and delivery.

The legislative risk to tenant fees is not expected to have a material impact on the business.

Australia
Financial summary

First Half	2019 IFRS 15	2018[8] IFRS 15	2019 IAS 18 (pro forma)	2018[8] IAS 18	Change IFRS 15	Change IAS 18
Australia	**£m**	£m	£m	£m	**%**	%
Revenue	**6.6**	5.2	6.4	6.8	**27**	(6)
Gross profit	**2.1**	2.8	2.0	3.6	**(25)**	(44)
Gross profit margin (%)	**31.1**	55.3	30.7	52.9	**(242)bps**	(222)bps
Operating loss	**(10.2)**	(5.8)	(10.3)	(5.1)	**76**	102
Adjusted EBITDA	**(9.7)**	(5.8)	(9.8)	(5.1)	**67**	92
New instructions (000's)	**2.1**	2.3	2.1	2.3	**(9)**	(9)
Avg revenue per instruction (£)	**3,331**	3,145	3,331	3,145	**6**	6

Evolving the offer to better work for customers, LPEs and Purplebricks

The operating loss of A$10.2 million in the First Half includes one-off costs in connection with the recent restructuring and re-positioning of the business. Some further one-off restructuring costs are also expected in the second half of the year. These changes have been implemented by the new management team, led by Neil Tavender, CEO of Australia. Neil has had a career in senior sales, management and leadership roles in digital and property businesses, including with Rightmove, where he was Sales Director.

The underlying results testify to the challenges in the first few months of the period but are too early to show the benefits of the recent changes in the customer offering and reward for LPEs. After undertaking consumer research and testing we launched a new customer proposition from 1 October 2018 as follows:

- An all-inclusive fee of A$8,800
- Only half of the fee is now paid upfront, which can be deferred for six months or until completion
- The other half of the fee is payable upon completion of a successful sale
- The service includes for the first time a premium marketing package, a premiere listing on realestate.com.au and professional photography

Lessons have been learned in Australia and we continue to believe that with the depth of knowledge and experience of the new management team, the business can grow to become the leading real estate agent in Australia. While it is too early to be definitive, early indications are encouraging.

In addition to the customer proposition the business model has also been revisited, including a review of all costs. This has resulted in a lower fixed cost base, and greater flexibility in cost structures. One such change has been the removal of the salaried position of Local Sales Assistants. Combined with other changes the number of monthly instructions required to reach breakeven has been substantially reduced. As a result, it is now expected that second half losses will be below those reported in the First Half.

[8] At constant currency, except average income per instruction, which is quoted at actual rates.

US

First Half	2019 IFRS 15	2018[9] IFRS 15	2019 IAS 18 (pro forma)	2018[9] IAS 18	Change IFRS 15	 IAS 18
US	**£m**	£m	£m	£m	**%**	%
Revenue	**5.9**	0.1	6.7	0.1	**5900**	6700
Gross profit	**3.7**	0.1	4.1	0.1	**3700**	4100
Gross profit margin (%)	**62.1**	71.7	61.1	69.6	**(960)bps**	(850)bps
Operating loss	**(20.5)**	(6.3)	(20.1)	(6.3)	**225**	219
Adjusted EBITDA	**(20.0)**	(6.3)	(19.7)	(6.3)	**217**	213
New instructions (000's)	**1.7**	0.0	1.7	0.0	**nm**	nm
Avg revenue per instruction (£)	**4,164**	1,673	4,164	1,673	**nm**	nm

We are very excited about the opportunity and progress we are making in the US, the largest residential market in the world. Since we successfully launched our real estate brokerage business in September 2017 in the Los Angeles designated market area ("DMA"), we now have established operations across seven states and ten separate DMAs. This established footprint represents more than 20% of the total US addressable residential existing resale market.

During the First Half, we accelerated expansion into DMAs across Arizona, Nevada and Florida, providing broader access to a strong consumer base. We continue to grow across all our markets and take share despite the California market as a whole softening in terms of year-on-year sales levels.

The US team also successfully launched its portfolio of ancillary services within the first year of operations, which now include escrow closing services and a national title business, positioning us favourably to continue strong revenue growth. We are already seeing over a 70% attachment rate on our escrow closing services. In calendar 2019, we will roll out our mortgage business and insurance services. We expect the US market to be our second largest market by revenue by the end of this financial year.

In 2019, we will continue to invest in marketing, building brand awareness across all our DMAs as we continue to refine our offering, driving market penetration with our established team, infrastructure and leadership. To date we have achieved notable success – with a net promoter score of more than 90 and some 1,000 five-star Trustpilot reviews, a testament to the outstanding customer service provided by our highly trained Local Real Estate Experts.

[9] At constant currency, except average income per instruction, which is quoted at actual rates.

Canada

Four months from acquisition	2019
	IFRS 15
Canada	**£m**
Revenue	**9.2**
Gross profit	**5.0**
Gross profit margin (%)	**54.1**
Operating loss	**(0.0)**
Adjusted EBITDA	**0.4**

In July 2018 the Canadian business trading under the brands DuProprio and ComFree was acquired for a net cash consideration of £27.3 million. The business has a leading position in the province of Quebec, with a market share of 20% and has recently expanded its operations into the territories of Ontario and Western Canada, which combined accounted for 78% of total Canadian instructions in 2017. Under the ownership of Purplebricks, but led by the local management team, headed by CEO Marco Dodier, the strategy is to deepen the rollout across the country and develop the buy side opportunity. Currently, the vast majority of the income is generated from the sellside.

The performance since acquisition has been strong, with KPIs in line or ahead of pre-acquisition expectations.

The business has a well-invested and highly scalable technology platform. Marketing however has historically been limited, despite the fact that the cost of media in the country is relatively low. A new and more ambitious marketing strategy has now been finalised for the new calendar year and will run in tandem with the rebranding of the ComFree business to Purplebricks. We will retain the DuProprio brand as it is well-established and respected in Quebec.

The Company will be investing over the medium term to capture the market share opportunity across the country, using the retained profits generated by Quebec and supplemented by cash from Purplebricks. It is anticipated that the new marketing campaign will have a significant impact on brand awareness and drive a substantial uplift in topline growth. With the inherent operational gearing in the model, market share gains outside of Quebec are expected to drive a move into profitability in the medium term.

People

We are delighted to confirm that Vic Darvey has agreed to join us as Group Chief Operating Officer with effect from January 2019.

Vic is a digital leader with more than 20 years' experience successfully scaling a number of international consumer brands, most recently as Managing Director of MoneySupermarket.com. He has held leadership roles across a number of highly competitive and disruptive businesses, including LastMinute.com. Vic brings a proven record of technology delivery and leadership of cutting edge data-led, customer-focused, commercial innovation.

Financial review

Adjusted EBITDA

Adjusted EBITDA, which is not defined in IFRS, is a measure which is used by the board and management for planning and reporting.

Definition

Profit or loss from operating activities, adding back depreciation, amortisation and share based payment charges and non-recurring acquisition costs. The Group believes that this measure, which is not considered to be a substitute for or superior to IFRS measures, provides stakeholders with helpful additional information on the underlying performance of the Group.

Relevance to strategy

The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding certain items is as follows:

Depreciation: a non cash item which fluctuates depending on the timing of capital investment. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Amortisation: a non cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in internally generated intangibles such as software. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Share based payment charges: a non cash item which varies significantly depending on the share price at the date of grants under the Group's share option schemes, and depending on the assumptions used in valuing these awards as they are granted. We believe that a measure which removes this volatility improves comparability of the Group's results period on period and also improves comparability with other companies which typically do not operate similar share based payment schemes.

Non-recurring acquisition costs: a one-off item which exists only in an accounting period when an acquisition occurs. We believe adjusting for these non-recurring items improves comparability period on period.

Adjusted operating costs

Adjusted operating costs are administrative expenses, adjusted by adding back depreciation, amortisation and share based payment charges and non-recurring acquisition costs.

Condensed consolidated statement of comprehensive income
for the six months ended 31 October 2018

	Note	Six months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments Six months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Revenue	3	**70,122**	40,067	87,787
Cost of Sales		**(28,154)**	(17,033)	(38,209)
Gross profit		**41,968**	23,035	49,578
Administrative and establishment expenses		**(28,537)**	(16,155)	(35,195)
Marketing costs		**(39,017)**	(18,254)	(42,142)
Loss from operating activities		**(25,586)**	(11,374)	(27,758)
Loss from operating activities before adjustments:		**(21,382)**	(10,015)	(23,044)
Share based payment charge		**(2,118)**	(868)	(3,458)
Amortisation of intangibles		**(1,639)**	(491)	(1,256)
Non-recurring acquisition costs		(447)		
Loss from Operating activities		**(25,586)**	(11,374)	(27,758)
Net finance costs	6	**(1,816)**	100	(1,492)
Fair value movement in respect of derivatives		**118**	(103)	60
Loss on ordinary activities before taxation		**(27,284)**	(11,377)	(29,191)
Taxation on loss on ordinary activities		**(522)**	-	(887)
Loss for the period		**(27,806)**	(11,377)	(30,078)
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign operations		**-**	-	(490)
Total other comprehensive income		**-**	-	(490)
Total comprehensive loss		**(27,806)**	(11,377)	(30,568)
Losses per share				
Basic and diluted loss per share	5	**(9p)**	(4p)	(11p)

Condensed consolidated statement of financial position
for the six months ended 31 October 2018

	Note	31 October 2018	Restated for IFRS 15 adjustments 31 October 2017	Restated for IFRS 15 adjustments 30 April 2018
		Unaudited	Unaudited	Unaudited
	Note	**£000**	£000	£000
Non-current assets				
Property, plant and equipment		**1,654**	1,004	1,054
Intangible assets		**25,891**	3,843	4,434
Goodwill		**15,602**	2,606	2,606
Deferred tax asset		**3,594**	3,301	3,068
		46,740	10,754	11,162
Current assets				
Tax receivable		**-**	-	306
Trade and other receivables		**27,035**	17,368	19,192
Cash and other cash equivalents		**103,084**	64,431	152,846
		130,118	81,799	172,344
Current liabilities				
Trade and other payables		**(27,370)**	(10,284)	(16,300)
Deferred income		**(19,252)**	(17,480)	(16,842)
Derivative financial instruments		**74**	(207)	(44)
		(46,548)	(27,971)	(33,187)
Net current assets		**83,570**	53,827	139,158
Total assets less current liabilities		**130,311**	64,581	150,320
Non-current liabilities				
Deferred tax liabilities		**(4,839)**	(458)	(142)
Net assets		**125,472**	64,123	150,178
Equity				
Share Capital	**7**	**3,024**	2,718	3,019
Share premium		**176,850**	75,341	176,400
Share based payments reserve		**6,571**	2,537	4,545
Foreign exchange reserve		**(375)**	117	(374)
Retained earnings		**(60,599)**	(16,590)	(33,412)
Total Equity		**125,472**	64,123	150,178

Condensed consolidated statement of changes in equity
for the six months ended 31 October 2018

Unaudited	Share Capital £000	Share Premium £000	Share based payment reserve £000	Foreign exchange reserve £000	Retained Earnings £000	Total Equity £000
At 1 May 2018 Restated	3,019	176,400	4,545	(374)	(33,413)	150,177
Exercise of options	5	450	(92)	-	92	455
Tax in respect of share options	-	-	-	-	528	528
Share based payment charge	-	-	2,118	-	-	2,118
Transactions with owners	**5**	**450**	**2,026**	**-**	**620**	**3,102**
Loss for the period	-	-	-	-	(27,806)	(27,806)
Exchange differences on translation of foreign operations	-	-	-	(1)	-	(1)
Total comprehensive loss	-	-	-	(1)	(27,806)	(27,807)
At 31 October 2018	**3,024**	**176,850**	**6,571**	**(375)**	**(60,599)**	**125,472**

Condensed consolidated statement of changes in equity
Restated for the six months ended 31 October 2017

Unaudited	Share Capital £000	Share Premium £000	Share based payment reserve £000	Foreign exchange reserve £000	Retained Earnings £000	Total Equity £000
At 1 May 2017 – as previously reported	2,705	74,901	694	116	(3,009)	75,407
Effect of misstatements	-	-	975	-	(975)	-
Effect of IFRS 15	-	-	-	-	(1,228)	(1,228)
At 1 May 2017 – Restated	2,705	74,901	1,669	116	(5,212)	74,179
Exercise of options	13	440	-	-	-	453
Share based payment charge	-	-	868	-	-	868
Foreign exchange translation	-	-	-	1	-	1
Transactions with owners	13	440	868	1	-	1,322
Loss for the period	-	-	-	-	(11,377)	(11,377)
Total comprehensive loss	-	-	-	-	(11,377)	(11,377)
At 31 October 2017 - Restated	2,718	75,341	2,537	117	(16,590)	64,123

Condensed consolidated statement of changes in equity
Restated for the year ended 30 April 2018

Unaudited	Share Capital £000	Share Premium £000	Share based payment reserve £000	Foreign exchange reserve £000	Retained Earnings £000	Total Equity £000
At 1 May 2017 – as previously reported	2,705	74,901	694	116	(3,009)	75,407
Effect of misstatements	-	-	975	-	(975)	-
Effect of IFRS 15 (Unaudited)	-	-	-	-	(1,228)	(1,228)
At 1 May 2017 – Restated	2,705	74,901	1,669	116	(5,212)	74,179
Issue of shares	278	99,722	-	-	-	100,000
Cost of share issue charged to share premium account	-	(650)	-	-	-	(650)
Exercise of options	36	2,427	(582)	-	582	2,463
Tax in respect of share options	-	-	-	-	1,295	1,295
Share based payment charge	-	-	3,458	-	-	3,458
Transactions with owners	314	101,499	2,876	-	1,877	106,566
Loss for the year	-	-	-	-	(30,078)	(30,078)
Exchange differences on translation of foreign operations	-	-	-	(490)	-	(490)
Total comprehensive loss	-	-	-	(490)	(30,078)	(30,568)
At 30 April 2018 as restated	3,019	176,400	4,545	(374)	(33,413)	150,177

Condensed consolidated Statement of Cash Flows
For the six months ended 31 October 2018

	Six months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments Six months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Loss for the period after taxation	(27,806)	(11,377)	(30,078)
Adjustments for:			
Amortisation of intangible assets	1,639	491	1,256
Depreciation	372	184	425
Share based payment charge	2,118	868	3,458
Debt factoring finance cost	2,276	-	1,724
Interest income	(459)	-	(232)
Fair value movement in respect of derivatives	(118)	103	(60)
Taxation	307	-	906
Operating cash outflow before changes in working capital	**(21,672)**	(9,731)	(22,601)
Movement in trade and other receivables	(4,933)	(6,109)	(7,934)
Movement in trade and other payables	6,954	2,424	8,441
Movement in deferred income	1,176	8,110	7,473
Net cash outflow utilised in operating activities	(18,475)	(5,306)	(14,620)
Cash flow from investing activities			
Interest received	459	-	232
Purchase of property, plant and equipment	(390)	(470)	(761)
Development expenditure capitalised	(1,602)	(1,577)	(2,292)
Purchase of intangible assets	(642)	-	(641)
Acquisition of subsidiary net of cash acquired	(27,290)	-	-
Net cash flow utilised in investing activities	(29,464)	(2,047)	(3,462)
Cash flow from financing activities			
Debt factoring finance cost	(2,276)	-	(1,724)
Issue of shares	455	453	102,462
Cost of issue of shares	-	-	(650)
Net cash flow from financing activities	(1,821)	453	100,088
Net increase in cash and cash equivalents	(49,761)	(6,900)	82,006
Effect of foreign exchange rates	(1)	1	(490)
Cash and cash equivalents at beginning of period	152,846	71,330	71,330
Cash and cash equivalents at the end of the period	**103,084**	64,431	152,846

Notes to the condensed set of financial statements

Six months ended 31 October 2018

1. General information

Purplebricks Group plc is a public limited company limited by shares registered in England and Wales. The address of the Company's registered office is Purplebricks Group plc, Suite 7, First Floor, Cranmore Place, Cranmore Drive, Shirley, Solihull, West Midlands, B90 4RZ. The Company is primarily involved in the estate agency business.

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The Consolidated Statement of Financial position at 30 April 2018, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and associated notes for the year then ended have been extracted and subsequently restated for IFRS 15 adjustments from the Group's 2018 financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498(2) or (3) of the Companies Act 2006.

2. Summary of significant accounting policies

These interim unaudited financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and do not contain all of the disclosures required by IAS 1 *Presentation of Financial Statements* or other standards. The accounting policies adopted are consistent with those of the previous financial period (see pages 41 to 45 of the 2018 Annual Report) except as described below at Note 2.2 and 2.3.

2.1 Basis of preparation

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention subject to recognising certain financial instruments at fair value.

2.2 Tax

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

2.3 New accounting standards adopted in the period

Revenue recognition

<u>Implementation of IFRS 15 Revenue from Contracts with Customers</u>

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* in these interim financial statements.

An explanation of how the Group has applied IFRS 15, including the judgements taken in the application of the standard, is set out below.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It has replaced IAS 18 *Revenue*. As the overall value of the adjustments on adoption of IFRS 15 to the Group's previously reported results is significant, in order to ensure comparability of current period reported results against the restated results of comparative periods, the Group has adopted the standard using the fully retrospective method, with the effect of initially applying the standard recognised at the beginning of the comparative period, ie 1 May 2017. Accordingly, the information presented for the 6 months to 31 October 2017 and the year to 30 April 2018 has also been restated.

The effect of initially applying this standard mainly arises from:

- Later recognition of instruction fee revenue, and associated cost of sales, and
- Earlier recognition of revenue from Conveyancing referrals and Brokerage activities, and associated cost of sales.

Please see the tables set out at the end of this document.

Table 1 summarises the impact of transition to IFRS 15 on retained earnings at 1 May 2017.

Tables 2 - 6 summarise the impacts of adopting IFRS 15 on the Group's previously reported:

- interim statement of profit or loss and other comprehensive income for the six months ended 31 October 2017
- statement of profit or loss and other comprehensive income for the year ended 30 April 2018
- interim statement of financial position as at 31 October 2017
- statement of financial position as at 30 April 2018.
- earnings per share for the 6 months ended 31 October 2017 and for the year ended 30 April 2018

The condensed consolidated statement of cash flow for both comparative periods have been restated to reflect the adjustments detailed in Tables 1 – 6.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below. Under IFRS 15, revenue is recognised when control of the services passes to the customer. The Group has been required to use judgement in determining the timing of the transfer of control – at a point in time or over time – for each service type.

Contracts with customers

The Group has identified the following significant categories of contracts with customers:

- Instructions ("a")
- Conveyancing ("b")
- Brokerage ("c")
- Lettings – landlord setup services ("d")
- Lettings – monthly management services ("e")

The adjustments arsing on the adoption of IFRS 15 in respect of categories "a" and "b" are set out in the tables at the end of this note. As the adjustments arising on categories "c", "d" and "e" are not material, they have been presented together in an "Other" category in these tables.

Instructions ("a")

The Group is entitled to an instruction fee at the point at which a property is listed for sale. The Group offers a number of additional services to customers who list their properties for sale, including accompanied viewings and premium portal listings, which are typically charged for at the same time as the instruction. Most services (for example, advice on property sales strategy) are provided before the listing of the property advertisement. Some services (for example post sales support) are only provided to those customers who accept an offer for their property.

The Group has taken the judgement that all of the services which are provided in exchange for the instruction fee and, where relevant, fees for additional services, represent a single Performance Obligation which is the provision of estate agency services. The reason for this is that the service of listing for sale and these additional services are highly interrelated, are dependent on each other and cannot be purchased separately by customers, or purchased at all unless those customers have instructed the Group to list their property for sale.

Although the services are priced separately, the overall revenue for each contract of this type is attributable to this single Performance Obligation and is recognised as the services as a whole are provided. Revenue is recognised on an output basis over time, straight line, as the estate agency services are performed. This method reflects the fact that the customer receives benefit from the Group's performance as the service is provided to the customer. The Group has assessed that the starting point for provision of service is the customer's instruction to the Group, and the ending point is either the completion of sale or the customer's decision to withdraw from sale.

A key estimate within the Group's accounting policy for revenue from instructions is the length of the period over which estate agency services are performed. The Group utilises analysis of historical data to ascertain the length this period, which covers both a marketing period and a post sales support period. If the length of the average service period increased by 5%, then there would be a corresponding decrease in revenue of £0.6m for the 6 months to 31 October 2018.

Costs associated with Instructions revenue include commissions paid to the Group's LPEs. This commission is due at listing of the advertisement for sale. Therefore, these costs are prepaid over the average service period. These costs are reported within prepayments.

New Australian model

The Group's Australian business has recently introduced a revised business model under which the instruction fee is split into two elements. These elements are (i) an upfront fee, which is non refundable and which is treated in line with the description above, and (ii) a success fee, which is due only on settlement of a successful sale of the property. Each fee is in respect of the performance obligation to provide estate agency services. The success fee is accrued over time as the Group fulfils its performance obligation, over the expected service period, at the fair value of expected consideration receivable. The expected fair value of consideration received is estimated based on historical experience. The Group monitors the rate of sales of properties marketed at each reporting date, in order to restrict the revenue recognised under this method to an amount at which it is highly probable that reversal will not occur.

Previous accounting policy and impact of adoption of IFRS 15

Under the Group's previous accounting policy, instruction fees were recognised as the Group's obligations were completed. Instruction fee revenue was allocated to obligations occurring before listing and obligations after listing. A significant proportion of the obligations, based on an assessment using an input method occurred prior to listing, and therefore a significant portion of the total transaction price was recognised at or before listing.

Therefore, on adoption of IFRS 15, the amount of reported deferred income in respect of instruction fees has increased, and the amount of reported revenue has decreased. The amount of prepaid cost of sales recognised as an asset in the statement of financial position has increased, and the amount of reported costs of sales has decreased. The impact of the relevant adjustments is shown within the tables below. The impact on reported revenue for the 6 months to 31 October 2017 and for the year ended 30 April 2018 is show in the table below.

	Six months ended 31 October 2017	**Year ended 30 April 2018**
	£000	**£000**
Instruction revenue as previously reported	34,671	66,597
Impact of adoption of IFRS 15	(7,937)	(6,301)
Instruction revenue as restated	26,734	60,296

Conveyancing ("b")

Where the Group introduces sellers and buyers of properties to one of the Group's third party partners for conveyancing services, the Group earns commission for these referrals, which is due at completion of the property transaction.

In respect of Conveyancing revenue, the Group's Performance Obligation is to make the referral to the Group's third party partners. Following that referral, the involvement of the Group in the conveyancing process is incidental. Therefore, the Group recognises revenue on completion of its Performance Obligation, at the point of referral. Revenue is recognised at the expected value of the consideration which will become due at completion as determined at the point of referral, calculated by reference to historical data in respect of sale completion rates. The Group monitors the conversion of cases referred at each reporting date, in order to restrict the revenue recognised under this method to an amount at which it is highly probable that reversal will not occur.

As part of the Group's work on the adoption of IFRS 15, the Group's relationship with its customers in respect of Conveyancing revenue has been re-assessed with a view to confirming whether the Group is principal or agent in the underlying transactions. The Group's view remains that, as previously, it is acting as an agent of the third party partner which contracts directly with the seller of the property and which invoices that seller directly. Therefore it is appropriate for the Group to recognise as revenue only the referral fee earned from the third party partner, which is the customer of the Group.

Previous accounting policy and impact of adoption of IFRS 15

Under the Group's previous accounting policy, conveyancing referral fees were recognised at the completion of the property sales that would give rise to them, ie when the receipt of each individual fee due became certain.

Therefore, on adoption of IFRS 15, the amount of reported accrued income has increased, and the amount of reported revenue has also increased. The amount of accrued cost of sales, which will become payable on completion of the transaction and which are reported within accruals, has increased. The impact of the relevant adjustments is shown within the tables below.

The impact on reported revenue for the 6 months to 31 October 2017 and for the year ended 30 April 2018 is show in the table below.

	Six months ended 31 October 2017	Year ended 30 April 2018
	£000	£000
Conveyancing revenue as previously reported	6,977	15,414
Impact of adoption of IFRS 15	1,150	153
Instruction revenue as restated	8,127	15,566

Brokerage (c)

The Group also provides, in the US, Buyside brokerage and Escrow services. These services are provided to customers who are both sellers and buyers of residential properties, with the performance obligation in each case being to assist the customer in bringing the transition to a successful conclusion. Revenue, in the form of commission, becomes due in respect of these transactions on successful completion of a property sale.

Customers receive benefit from the Group's services as they are performed over time between an instruction to act on the customer's behalf and completion of the property transaction. Therefore revenue in respect of these services is recognised under IFRS 15 over time on a straight line basis as the Group fulfils its performance obligation. Revenue is recognised at the fair value of the expected consideration which will be receivable, taking into account historical transaction completion rates. The fair value of consideration is a key estimate and therefore the Group monitors the rate of sales of properties marketed at each reporting date, in order to restrict the revenue recognised under this method to an amount at which it is highly probable that reversal will not occur.

Previous accounting policy and impact of adoption of IFRS 15

Under the Group's previous accounting policy, brokerage and escrow fees were recognised at completion of the underlying property sales.

Therefore, on adoption of IFRS 15, the amount of reported accrued income has increased, and the amount of reported revenue has also increased. The amount of accrued cost of sales, which will become payable on completion of the transaction and which are reported within accruals, has increased. The impact of the relevant adjustments is shown within the tables below .

The impact on reported revenue for the 6 months to 31 October 2017 and for the year ended 30 April 2018 is show within "other" revenue in table 7 below.

Lettings landlord setup services (d)

In respect of contracts with prospective landlords to list their property to let, the Group's performance obligation is to provide a series of services aimed at identifying a suitable tenant for the landlord's property. These services include preparation of an advertisement to let and later support services. Fees charged to landlords in exchange for identifying a tenant for their rental property become due to the Group at tenant move in.

The Group has taken the judgement that all elements of the advertisement service and other support services provided represent a single Performance Obligation related to the identification of a suitable tenant who then moves into the property. This Performance Obligation is the provision of Landlord Setup Services. The Group has taken the judgement that an expected value of consideration which will become due for the Services can be determined using historical data regarding the proportion of successful tenant move ins and therefore that revenue can be reliably estimated before tenant move in.

All revenue is therefore attributable to this single Performance Obligation. This revenue is recognised over time on a straight line basis between the instruction to list the property to let and tenant move in, as the customer receives the benefits of the Landlord Setup Services are performed.

Costs associated with Landlord Setup Services revenue include commissions paid to the Group's LLEs. This commission is due at tenant application, which is towards the end of the process. Therefore, these costs are accrued over the period over which Landlord Setup Services are provided. These costs are reported within deferred income.

Previous accounting policy and impact of adoption of IFRS 15

Under the Group's previous accounting policy, Landlord Setup fees were recognised only at tenant move in when consideration in respect of each individual contract became certain.

Therefore, on adoption of IFRS 15, the amount of reported accrued income has increased, and the amount of reported revenue has increased. The impact of the relevant adjustments revenue for the 6 months to 31 October 2017 and for the year ended 30 April 2018 is shown within "Other" revenue in table 7 below.

Lettings monthly management services (e)

The Group also enters into contracts with landlords to provide rent collection and other tenant management services. Fees charged to landlords in exchange for the ongoing management of their rental properties become due to the Group monthly in arrears over the period of the tenancy.

In respect of fees charged to landlords in exchange for the ongoing management of their rental properties the Group's Performance Obligation is to provide management services over a period of time. There is no change under IFRS 15 to the Group's previous accounting policy of recognising these fees over the period of the tenancy.

2.4 Restatement for prior period error

Share based payments reserve

This comprises the cumulative share based payment charge recognised in profit or loss in relation to equity-settled options, net of transfers of charge on exercise of options to the profit and loss reserve.

There was an error in the brought forward share based payment reserve at both 1 May 2016 and 1 May 2017, with an equal and opposite compensating error in retained earnings at £975k. This error, which was due to the incorrect application of the vesting period of the options resulting in an understatement of the SBP expense recognised, has been restated. There was no impact on reported earnings or net assets.

3. Segmental reporting

The Group trade is managed as a single division, providing services relating to the sale of properties however management report to the Board using geographical segments. The financial information reviewed by the board is materially the same as that reported under IFRS and falls under the four geographic locations it owns a Company in: UK, Australia, the US and Canada. During the period, no customer contributed 10% or more of the Group's revenues (six months ended 31 October 2017 – none; year ended 30 April 2018 – none).

The following is an analysis of the Group's revenue and results by reporting segment:

	H1 2019 unaudited					
	UK £000	**Australia £000**	**US £000**	**Canada £000**	**Consolidation adjustment £000**	**Consolidated £000**
Revenue	48,341	6,612	5,932	9,238	-	70,122
Cost of sales	(17,115)	(4,553)	(2,247)	(4,238)	-	(28,154)
Gross profit	**31,225**	**2,058**	**3,685**	**5,000**	**-**	**41,968**
Gross profit margin (%)	**65%**	**31%**	**62%**	**54%**	**-**	**60%**
Administrative and establishment expenses	(12,042)	(5,075)	(7,940)	(2,921)	(558)	(28,537)
Sales and marketing costs	(13,518)	(7,179)	(16,212)	(2,109)	-	(39,017)
Profit/(loss) from operating activities	**5,665**	**(10,196)**	**(20,467)**	**(30)**	**(558)**	**(25,586)**
Profit/(loss) from operating activities before adjustments:	8,173	(9,785)	(20,072)	302	-	(21,382)
Share based payment charge	(1,170)	(411)	(395)	(142)	-	(2,118)
Amortisation of intangibles	(891)	-	-	(190)	(558)	(1,639)
Non-recurring acquisition costs	(447)	-	-	-	-	(447)
Profit/(loss) from operating activities	5,665	(10,196)	(20,467)	(30)	(558)	(25,586)
Net finance costs	(997)	(340)	(494)	(14)	28	(1,816)
Fair value movement in respect of derivatives	118	-	-	-	-	118
Profit/(loss) on ordinary activities before taxation	4,787	(10,536)	(20,961)	(44)	(530)	(27,284)
Taxation on profit/(loss) on ordinary activities	(474)	-	-	(48)	-	(522)
Profit/(loss) for the period	**4,313**	**(10,536)**	**(20,961)**	**(92)**	**(530)**	**(27,806)**
Depreciation & amortisation	1,096	36	29	292	558	2,011
Net finance costs	997	340	494	14	(28)	1,816
Fair value movement in respect of derivatives	(118)	-	-	-	-	(118)
Acquisition costs	447	-	-	-	-	447
Taxation on profit/(loss) on ordinary activities	474	-	-	48	-	522

EBITDA	**7,209**	**(10,160)**	**(20,438)**	**262**	**-**	**(23,127)**
Share based payments	1,170	411	395	142	-	2,118
Adjusted EBITDA	**8,379**	**(9,749)**	**(20,043)**	**404**	**-**	**(21,009)**

Restated for IFRS 15 adjustments – H1 2018

Unaudited

	UK £000	Australia £000	US £000	Canada £000	Consolidated £000
Revenue	34,816	5,153	98	-	40,067
Cost of sales	(14,700)	(2,306)	(28)	-	(17,033)
Gross profit	**20,117**	**2,847**	**70**	**-**	**23,035**
Gross profit margin (%)	**58%**	**55%**	**72%**	**-**	**57%**
Administrative and establishment expenses	(9,282)	(3,025)	(3,848)	-	(16,155)
Sales and marketing costs	(10,050)	(5,655)	(2,549)	-	(18,254)
Profit/(loss) from operating activities	**785**	**(5,833)**	**(6,327)**	**-**	**(11,374)**
Profit/(loss) from operating activities before adjustments:	2,144	(5,833)	(6,327)	-	(10,015)
Share based payment charge	(868)	-	-	-	(868)
Amortisation of intangibles	(491)	-	-	-	(491)
Profit/(loss) from operating activities	785	(5,833)	(6,327)	-	(11,374)
Net finance costs	100	-	-	-	100
Fair value movement in respect of derivatives	(103)	-	-	-	(103)
Profit/(loss) on ordinary activities before taxation	782	(5,833)	(6,327)	-	(11,377)
Taxation on profit/(loss) on ordinary activities	-	-	-	-	-
Profit/(loss) for the period	782	(5,833)	(6,327)	-	(11,377)
Depreciation & amortisation	648	27	-	-	675
Net finance costs	(100)	-	-	-	(100)
Fair value movement in respect of derivatives	103	-	-	-	103
Taxation on profit/(loss) on ordinary activities	-	-	-	-	-
EBITDA	**1,433**	**(5,806)**	**(6,327)**	**-**	**(10,699)**
Share based payments	868	-	-	-	868
Adjusted EBITDA	**2,301**	**(5,806)**	**(6,327)**	**-**	**(9,831)**

Restated for IFRS 15 adjustments – Year ended 30 April 2018
Unaudited

	UK £000	Australia £000	US £000	Canada £000	Consolidated £000
Revenue	74,353	11,879	1,556	-	87,787
Cost of sales	(31,276)	(6,406)	(527)	-	(38,209)
Gross profit	**43,077**	**5,473**	**1,028**	**-**	**49,578**
Gross profit margin (%)	**58%**	**46%**	**66%**	**-**	**56%**
Administrative and establishment expenses	(19,487)	(7,306)	(8,402)	-	(35,195)
Sales and marketing costs	(21,388)	(11,355)	(9,400)	-	(42,142)
Profit/(loss) from operating activities	**2,203**	**(13,188)**	**(16,774)**	**-**	**(27,758)**
Profit/(loss) from operating activities before adjustments:	5,828	(12,595)	(16,278)	-	(23,044)
Share based payment charge	(2,369)	(593)	(496)	-	(3,458)
Amortisation of intangibles	(1,256)	-	-	-	(1,256)
Profit/(loss) from operating activities	2,203	(13,188)	(16,774)	-	(27,758)
Net finance costs	(1,489)	(3)	-	-	(1,492)
Fair value movement in respect of derivatives	60	-	-	-	60
Profit/(loss) on ordinary activities before taxation	774	(13,191)	(16,774)	-	(29,191)
Taxation on profit/(loss) on ordinary activities	(887)	-	-	-	(887)
Profit/(loss) for the period	(113)	(13,191)	(16,774)	-	(30,078)
Depreciation & amortisation	1,601	58	22	-	1,680
Net finance costs	1,489	3	-	-	1,492
Fair value movement in respect of derivatives	(60)	-	-	-	(60)
Taxation on profit/(loss) on ordinary activities	887	-	-	-	887
EBITDA	**3,804**	**(13,130)**	**(16,751)**	**-**	**(26,078)**
Share based payments	2,369	593	496	-	3,458
Adjusted EBITDA	**6,173**	**(12,537)**	**(16,255)**	**-**	**(22,619)**

Analysis of revenue by contract type

	As at 31 October 2018 Unaudited £000	As at 31 October 2017 As restated under IFRS 15 Unaudited £000	As at 30 April 2018 As restated under IFRS 15 Unaudited £000
Instructions	47,672	26,734	60,296
Conveyancing	10,069	8,127	15,566
Other	12,382	5,206	11,925
	70,122	40,067	87,787

Segment assets and liabilities by location

Non-current assets	31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments 30 April 2018 Unaudited £000
UK	**61,837**	10,116	29,469
Australia	**128**	107	139
US	**170**	117	90
Canada	**4,334**	-	-
Consolidation adjustments	**(19,730)**	414	(18,536)
Total	**46,740**	10,754	11,162
Total assets			
UK	**224,314**	105,186	211,892
Australia	**5,114**	3,010	3,835
US	**7,362**	417	3,326
Canada	**9,203**	-	-
Consolidation adjustments	**(69,134)**	(16,060)	(35,547)
Total	**176,858**	92,553	183,506
Total liabilities			
UK	**29,184**	22,402	24,429
Australia	**24,268**	15,216	12,645
US	**37,993**	6,841	12,109
Canada	**4,193**	-	-
Consolidation adjustments	**(44,252)**	(16,030)	(15,854)
Total	**51,387**	28,429	33,329

5. Loss per share

Diluted loss per share is equal to the basic loss per share as a result of the Group recording a loss for the year, which cannot be diluted.

	Basic and diluted 6 months ended 31 October 2018 Unaudited	Basic and diluted Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited	Basic and diluted Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited
Loss £000	**(27,806)**	(11,377)	(30,077)
Weighted average number of shares (‘000)	**302,124**	271,292	273,072
Loss per share (£)	**(0.09)**	(0.04)	(0.11)

The table below reconciles the weighted average number of shares:

Weighted average number of shares year ended 2018	273,072,234
Weighted average issue of new shares and exercise of options	29,051,612
Weighted average number of shares period ended October 2018	**302,123,846**

6. Finance (expense)/income and other charges

	6 months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Interest income	**459**	100	232
Invoice factoring charges	**(2,275)**	-	(1,724)
	(1,816)	100	(1,492)

7. Share capital

Share capital as at 31 October 2018 amounted to £3.024 million. During the period, the Group issued 535,346 ordinary shares of £0.01p each in satisfaction of the exercise of share options. The issue in satisfaction of the exercise of share options increased the number of shares in issue from 301,843,009 to 302,378,355.

8. Acquisition of subsidiary

On 6 July 2018, the Group obtained control of DuProprio/Comfree by acquiring 100 per cent of its issued share capital. DuProprio/Comfree owns and operates one of Canada's leading commission-free real estate service networks as an online offering with similar aspects to Purplebricks. Provisional goodwill of £14,169,000 arose on the acquisition.

The board believes that the acquisition will be a strong strategic fit with the Group's operations in the UK, Australia and the US and will provide an attractive opportunity to deliver on, and accelerate, the Group's stated strategy of continuing to expand its operations into new territories with an established operator and a strong management team.

The fair values included below are based on management's best estimates of the values as at 6 July 2018 based on all available data that has been received since that date. As at 31 October 2018 a full detailed fair value exercise is still in progress for all assets and liabilities acquired. Therefore, the amounts recognised for these assets and liabilities are provisional.

As outlined by IFRS 3, management has until the earliest of the date at which all information required is received or one year from the acquisition date in order to satisfy the measurement period criteria.

Acquisition related costs amounting to £447,000 were recognised as an expense in the income statement. No other acquisition costs were recognised.

Recognised amounts of identifiable assets acquired and liabilities assumed

	£000
Trade and other receivables	2,355
Cash and cash equivalents	3,652
Other assets	431
Inventory	247
Property, plant and equipment	582
Customer relationships	1,730
Du Proprio brand	13,266
Proprietary technology	2,884
Other identifiable intangible fixed assets	1,800
Deferred income tax liabilities	(4,829)
Trade and other payables	(2,879)
Provisions	(1,232)
Deferred revenues	(1,234)
Total identifiable assets	16,773
Goodwill	14,169
Total consideration	30,942
Satisfied by:	
Cash	29,269
Intercompany loan	1,673
	30,942
Net cash outflow arising on acquisition:	
Cash consideration	30,942
Less: cash and cash equivalents acquired	(3,652)
	27,290

9. Derivative financial instruments

The Group enters into contracts for foreign exchange forwards in order to secure a protected AUS:GBP and USD:GBP exchange rate.

	6 months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Foreign exchange forward contracts – carried at fair value through profit or loss			
Balance at start of period	**44**	104	104
Loss/(gain) in movement in fair value through profit or loss	**(118)**	103	(60)
Balance at end of period	**(74)**	207	44

Maturity analysis of foreign exchange forward contracts	**6 months ended 31 October 2018 Unaudited £000**	Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Less than one year	**(74)**	207	44
	(74)	207	44

10. Financial instruments

Capital risk management objectives are to ensure the Group's ability to continue as a going concern and to provide a return to shareholders.

The capital structure of the Group currently consists of cash and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The Group's Audit Committee reviews the capital structure as part of its risk analysis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital.

The Group is not subject to externally imposed capital requirements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Derivative financial instruments

The Group held the following financial assets at each reporting date:

Loans and receivables

	6 months ended 31 October 2018	Restated for IFRS 15 adjustments 6 months ended 31 October 2017	Restated for IFRS 15 adjustments Year ended 30 April 2018
	Unaudited	Unaudited	Unaudited
	£000	£000	£000
Trade and other receivables:			
Current	**16,484**	8,384	10,690
Cash and cash equivalents	**103,084**	64,431	152,846
	119,567	72,815	163,536

The Group held the following financial liabilities at each reporting date:

Financial liabilities

	6 months ended 31 October 2018	Restated for IFRS 15 adjustments 6 months ended 31 October 2017	Restated for IFRS 15 adjustments Year ended 30 April 2018
	Unaudited	Unaudited	Unaudited
	£000	£000	£000
Held at amortised cost:			
Trade and other payables	**24,323**	9,304	14,263
	24,323	9,304	14,263
Held at fair value through profit or loss:			
Derivative financial instrument - foreign exchange forward contracts	**74**	(207)	(44)
	24,397	9,097	14,219

The derivative was designated as fair value through profit or loss on initial recognition.

Fair value of financial instruments

The fair value of the financial instruments set out above is not materially different from the book value.

It is the policy of the Group to enter into USD and AUD forward foreign exchange contracts to manage currency risk in relation to the Group's funding requirements for its US and Australian subsidiaries. Due to the low complexity of the derivative contracts, hedge accounting has not been applied and is not considered necessary.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During each of the reporting periods, there were no transfers between valuation levels.

Fair values

	6 months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Financial liabilities			
Forward contract – Level 2	**74**	(207)	(44)
	74	(207)	(44)

Financial risk management

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Interest rate risk
- Credit risk
- Foreign currency risk

The Group's policies for financial risk management are outlined below

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligationsas they fall due. The Group manages liquidity risk by maintaining adequate cash reserves and by monitoring forecast and actual cash flows to ensure cash is available to meet financial liabilities as they fall due. Sufficient cash is retained in immediate access accounts whilst cash surplus to short term requirements is deposited in notice accounts and fixed term deposits. Liquidity risk is managed through regular senior review performance versus an integrated profit and loss, balance sheet and cash flow model. Sensitivities are applied to this model to ensure the Group has early warning of any manifestation of liquidity risk and communicate any such risk to investors in a timely and accurate manner.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities. The table includes principal only cash flows in respect of trade and other payables.

Trade and other payables

	6 months ended 31 October 2018 Unaudited £000	Restated for IFRS 15 adjustments 6 months ended 31 October 2017 Unaudited £000	Restated for IFRS 15 adjustments Year ended 30 April 2018 Unaudited £000
Trade payables and accruals due within one month	**20,527**	7,713	12,225
Trade payables and accruals due within three months	**6,842**	2,571	4,075
Trade and other payables	**27,370**	10,284	16,300

Interest rate sensitivity analysis

Interest rate risk is the risk that the value of the future cash flows of a financial instrument will fluctuate due to changes in market rates. At the period end date there was no material exposure to movement in interest rates as the Group has no borrowings or other financial assets or liabilities linked to interest rates.

Credit risk management

In order to manage both liquidity requirements and credit risk, the Group has a committed facility with a third party finance house, whereby customer receivables in respect of customers who utilise the Company's "pay later" option are sold immediately to the finance house. The receivables are sold at a discount to face value on non-recourse terms, and the discount retained by the finance house represents its fee for administering the collection of receivables. There are thresholds built into the faciltity agreement which allow the fee/discount to be revised upwards or downwards on a prospective only basis (i.e. in relation to the sale of receivables arising in the future) if actual credit and funding cost experience differs significantly from the initial assumptions that were used to set the fee.

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Company's credit risk is primarily attributable to its trade receivables. As discussed under "Sale of Receivables" above, credit risk is managed in the UK via a non-recourse receivable sale arrangement and a similar arrangement applies in Australia. In the US, at present the Group manages "pay later" receivables itself and has an excellent history with no significant trade receivables written off as irrecoverable, by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Company has an excellent history with no material trade receivables written off as irrecoverable.

The credit risk on liquid funds is minimised because the counterparties are UK banks with high credit-ratings assigned by international credit-rating agencies.

Foreign currency risk management

A significant part of the Group's transactions are carried out in pound sterling (GBP). Exposures to currency exchange rates arise from the Group's trading activity carries out by its overseas operations, which is primarily denominated in Australian dollars (AUD), US dollars (USD) and Canadian dollars (CAN) for the period ended 31 October 2018. The Group holds AUD and USD denominated loans with its Australian and US subsidiaries which are the result of funding planned, early stage losses and marketing expenses.

To mitigate the Group's exposure to foreign currency risk, planned non-GBP funding requirements in relation to its US and AUS subsidiaries are monitored and forward foreign exchange contracts are entered into in relation to those planned funding cashflows, in line with the Group's risk management policies.

The Group does not enter into forward exchange rate contracts to mitigate the exposure to foreign currency translation risk on the Group's AUD and USD loans. The loans carry a commercial rate of interest and are therefore not designated at fair value. Additionally, the Group does not hedge translation risk in relation to the financial statements of its overseas subsidiaries.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed in the table below. The sensitivity of the profit and equity in regards to the Group's financial assets and liabilities and the AUD/GBP and USD/GBP exchange rate is also disclosed.

This assumes a nil% change of the AUD/GBP rate, a +/- 7% change of the USD/GBP and a +/- 3% change of the CAN/GBP rate for the period ended 31 October 2018. These percentages have been determined based on the average market volatility in exchange rates in the previous 6 months.

31 October 2018	**AUD $000**	**USD $000**	**CAN $000**	**AUD +/- 0% (£000)**	**US +/- 7% (£000)**	**CAN +/- 3% (£000)**
Trade and other receivables	5,798	4,842	3,992	-	265	71
Cash and cash equivalents	3,193	3,230	3,501	-	177	63
Trade and other payables	(4,495)	(9,842)	(7,441)	-	(539)	(133)
Deferred income	(3,469)	(2,166)	(2,222)	-	(119)	(40)
	1,026	(3,937)	(2,170)	-	(215)	(39)

31 October 2017	AUD $000	USD $000	CAN $000	AUD +/- 1% (£000)	US +/- 4% (£000)	CAN +/- 3% (£000)
Trade and other receivables	2,988	157	-	17	5	-
Cash and cash equivalents	2,213	73	-	13	2	-
Trade and other payables	(3,368)	(35)	-	(19)	(1)	-
Deferred income	(4,793)	(55)	-	(28)	(2)	-
	(2,959)	140	-	(17)	4	-

30 April 2018	AUD $000	USD $000	CAN $000	AUD +/- 9% (£000)	US +/- 11% (£000)	CAN +/- 3% (£000)
Trade and other receivables	4,673	1,732	-	231	139	-
Cash and cash equivalents	2,064	1,881	-	102	150	-
Trade and other payables	(5,255)	(5,450)	-	(259)	(436)	-
Deferred income	(4,712)	(1,045)	-	(233)	(84)	-
	(3,230)	(2,882)	-	(159)	(230)	-

If GBP had strengthened against the USD by 7% then the net loss for the period would have reduced by £1,371,282.

If GBP had weakened against the USD by 7% then the net loss for the period would have increased by £1,577,712.

If GBP had strengthened against the CAND by 3% then the net loss for the period would have reduced by £1,287.

If GBP had weakened against the CAND by 3% then the net loss for the period would have increased by £1,367.

Exposures to foreign exchange rates may vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

11. Adjusted EBITDA

Adjusted EBITDA, which is not defined in IFRS, is a measure which is used by the board and management for planning and reporting.

Definition

Profit or loss from operating activities, adding back depreciation, amortisation and share based payment charges and non-recurring acquisition costs. The Group believes that this measure, which is not considered to be a substitute for or superior to IFRS measures, provides stakeholders with helpful additional information on the underlying performance of the Group.

Relevance to strategy

The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding certain items is as follows:

Depreciation: a non cash item which fluctuates depending on the timing of capital investment. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Amortisation: a non cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in internally generated intangibles such as software. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Share based payment charges: a non cash item which varies significantly depending on the share price at the date of grants under the Group's share option schemes, and depending on the assumptions used in valuing these awards as they are granted. We believe that a measure which removes this volatility improves comparability of the Group's results period on period and also improves comparability with other companies which typically do not operate similar share based payment schemes.

Non-recurring acquisition costs: a one-off item which exists only in an accounting period when an acquisition occurs. We believe adjusting for these non-recurring items improves comparability period on period.

Adjusted operating costs

Adjusted operating costs are administrative expenses, adjusted by adding back depreciation, amortisation and share based payment charges and non-recurring acquisition costs.

12. Revenue recognition – transition to IFRS 15

Table 1 - impact of transition to IFRS 15 on retained earnings at 1 May 2017

	£000	
Retained earnings as previously stated (post share based payment reserve adjustments)	(3,984)	
Increase in contract liabilities relating to estate agency services	(7,055)	(a)
Increase in contract liabilities relating to conveyancing services	3,015	(b)
Increase in prepaid expenses relating to estate agency services	3,288	(a)
Increase in accrued expenses relating to conveyancing services	(504)	(b)
Other effects of the implementation of IFRS 15	29	
Retained earnings as restated	(5,212)	

Table 2 - condensed statement of profit or loss and other comprehensive income for the six months ended 31 October 2017

Six months ended 31 October 2017
Unaudited
IFRS 15 adjustments by geographical segment

	Under previous accounting policies	UK	AUS	USA	Canada	As restated under IFRS 15
	£000	£000	£000	£000	£000	£000
Revenue	46,787	(5,115)	(1,601)	(4)	-	40,067
Cost of sales	(20,567)	2,682	848	3	-	(17,033)
Gross Profit	26,220	(2,432)	(753)	(1)	-	23,035
Administrative and establishment expenses	(16,155)	-	-	-	-	(16,155)
Marketing costs	(18,254)	-	-	-	-	(18,254)
Loss from operating activities	(8,189)	(2,432)	(753)	(1)	-	(11,374)
Loss from operating activities before adjustments:	(6,830)	(2,432)	(753)	(1)	-	(10,015)
Share based payment charge	(868)	-	-	-	-	(868)
Amortisation of intangibles	(491)	-	-	-	-	(491)
Loss from Operating activities	(8,189)	(2,432)	(753)	(1)	-	(11,374)
Net finance costs	100	-	-	-	-	100
Fair value movement in respect of derivatives	(103)	-	-	-	-	(103)
Loss on ordinary activities before taxation	(8,192)	(2,432)	(753)	(1)	-	(11,377)
Taxation on loss on ordinary activities	-	-	-	-	-	-
Loss for the period	(8,192)	(2,432)	(753)	(1)	-	(11,377)
Items that may subsequently be reclassified to profit and loss						
Exchange differences on translation of foreign operations	-	-	-	-	-	-
	(8,192)	(2,432)	(753)	(1)	-	(11,377)
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive profit/(loss)	(8,192)	(2,432)	(753)	(1)	-	(11,377)

Six months ended 31 October 2017
Unaudited
IFRS 15 adjustments by contract type

	Under previous accounting policies £000	Instructions £000	Conveyancing £000	Other £000	As restated under IFRS 15 £000
Revenue	46,787	(7,937)	1,150	68	40,067
Cost of sales	(20,567)	3,774	(192)	(47)	(17,033)
Gross Profit	26,220	(4,163)	957	21	23,035
Administrative and establishment expenses	(16,155)	-	-	-	(16,155)
Marketing costs	(18,254)	-	-	-	(18,254)
Loss from operating activities	(8,189)	(4,163)	957	21	(11,374)
Loss from operating activities before adjustments:	(6,830)	(4,163)	957	21	(10,015)
Share based payment charge	(868)	-	-	-	(868)
Amortisation of intangibles	(491)	-	-	-	(491)
Loss from Operating activities	(8,189)	(4,163)	957	21	(11,374)
Net finance costs	100	-	-	-	100
Fair value movement in respect of derivatives	(103)	-	-	-	(103)
Loss on ordinary activities before taxation	(8,192)	(4,163)	957	21	(11,377)
Taxation on loss on ordinary activities	-	-	-	-	-
Loss for the period	(8,192)	(4,163)	957	21	(11,377)
Items that may subsequently be reclassified to profit and loss					
Exchange differences on translation of foreign operations	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive profit/(loss)	(8,192)	(4,163)	957	21	(11,377)

Table 3 – condensed statement of profit or loss and other comprehensive income for the year ended 30 April 2018

Year ended 30 April 2018
Unaudited
IFRS 15 adjustments by geographical segment

	Under previous accounting policies £000	UK £000	AUS £000	USA £000	Canada £000	As restated under IFRS 15 £000
Revenue	93,697	(3,765)	(1,661)	(483)	-	87,787
Cost of sales	(41,107)	1,791	880	227	-	(38,208)
Gross Profit	52,590	(1,974)	(781)	(256)	-	49,579
Administrative and establishment expenses	(35,195)	-	-	-	-	(35,195)
Marketing costs	(42,142)	-	-	-	-	(42,142)
Loss from operating activities	(24,747)	(1,974)	(781)	(256)	-	(27,758)
Loss from operating activities before adjustments:	(20,033)	(1,974)	(781)	(256)	-	(23,044)
Share based payment charge	(3,458)	-	-	-	-	(3,458)
Amortisation of intangibles	(1,256)	-	-	-	-	(1,256)
Loss from Operating activities	(24,747)	(1,974)	(781)	(256)	-	(27,758)
Net finance costs	(1,492)	-	-	-	-	(1,492)
Fair value movement in respect of derivatives	60	-	-	-	-	60
Loss on ordinary activities before taxation	(26,179)	(1,974)	(781)	(256)	-	(29,190)
Taxation on loss on ordinary activities	(887)	-	-	-	-	(887)
Loss for the period	(27,066)	(1,974)	(781)	(256)	-	(30,077)
Items that may subsequently be reclassified to profit and loss						
Exchange differences on translation of foreign operations	(490)	-	-	-	-	(490)
Total other comprehensive income	(490)	-	-	-	-	(490)
Total comprehensive profit/(loss)	(27,556)	(1,974)	(781)	(256)	-	(30,567)

Year ended 30 April 2018
Unaudited
IFRS 15 adjustments by contract type

	Under previous accounting policies £000	Instructions £000	Conveyancing £000	Other £000	As restated under IFRS 15 £000
Revenue	93,697	(6,301)	153	238	87,787
Cost of sales	(41,107)	3,012	(26)	(88)	(38,208)
Gross Profit	52,590	(3,288)	127	150	49,579
Administrative and establishment expenses	(35,195)	-	-	-	(35,195)
Marketing costs	(42,142)	-	-	-	(42,142)
Loss from operating activities	(24,747)	(3,288)	127	150	(27,758)
Loss from operating activities before adjustments:	(20,033)	(3,288)	127	150	(23,044)
Share based payment charge	(3,458)	-	-	-	(3,458)
Amortisation of intangibles	(1,256)	-	-	-	(1,256)
Loss from Operating activities	(24,747)	(3,288)	127	150	(27,758)
Net finance costs	(1,492)	-	-	-	(1,492)
Fair value movement in respect of derivatives	60	-	-	-	60
Loss on ordinary activities before taxation	(26,179)	(3,288)	127	150	(29,190)
Taxation on loss on ordinary activities	(887)	-	-	-	(887)
Loss for the period	(27,066)	(3,288)	127	150	(30,077)
Items that may subsequently be reclassified to profit and loss					
Exchange differences on translation of foreign operations	(490)	-	-	-	(490)
Total other comprehensive income	(490)	-	-	-	(490)
Total comprehensive profit/(loss)	(27,556)	(3,288)	127	150	(30,567)

Table 4 - condensed statement of financial position as at 31 October 2017

	Six months ended 31 October 2017 Unaudited IFRS 15 adjustments by geographical segment					
	Under previous accounting policies	UK	AUS	USA	Canada	As restated under IFRS 15
	£000	£000	£000	£000	£000	£000
Non-current assets						
Property, plant and equipment	1,004	-	-	-	-	1,004
Intangible assets	3,843	-	-	-	-	3,843
Goodwill	2,606	-	-	-	-	2,606
Deferred tax asset	3,301	-	-	-	-	3,301
	10,754	-	-	-	-	10,754
Current assets						
Trade and other receivables	5,979	10,306	1,068	15	-	17,368
Cash and other cash equivalents	64,431	-	-	-	-	64,431
	70,410	10,306	1,068	15	-	81,799
Current liabilities						
Trade and other payables	(9,485)	(797)	-	(3)	-	(10,284)
Deferred income	(2,477)	(12,975)	(2,015)	(13)	-	(17,480)
Derivative financial instruments	(207)	-	-	-	-	(207)
	(12,169)	(13,772)	(2,015)	(16)	-	(27,971)
Net current assets	58,241	(3,466)	(947)	(1)	-	53,827
Total assets less current liabilities	68,995	(3,466)	(947)	(1)	-	64,581
Non-current liabilities						
Deferred tax liabilities	(458)	-	-	-	-	(458)
Net assets	68,537	(3,466)	(947)	(1)	-	64,123
Equity						
Share capital	2,718	-	-	-	-	2,718
Share premium	75,341	-	-	-	-	75,341
Share based payments reserve	1,562	-	-	-	-	1,562
Foreign exchange reserve	117	-	-	-	-	117
Retained earnings	(11,201)	(3,466)	(947)	(1)	-	(15,615)
Total equity	68,537	(3,466)	(947)	(1)	-	(64,123)

	Six months ended 31 October 2017 Unaudited IFRS 15 adjustments by contract type				
	Under previous accounting policies £000	Instructions £000	Conveyancing £000	Other £000	As restated under IFRS 15 £000
Non-current assets					
Property, plant and equipment	1,004	-	-	-	1,004
Intangible assets	3,843	-	-	-	3,843
Goodwill	2,606	-	-	-	2,606
Deferred tax asset	3,301	-	-	-	3,301
	10,754	-	-	-	10,754
Current assets					
Trade and other receivables	5,979	7,061	4,164	163	17,368
Cash and other cash equivalents	64,431	-	-	-	64,431
	70,410	7,061	4,164	163	81,799
Current liabilities					
Trade and other payables	(9,485)	-	(697)	(103)	(10,284)
Deferred income	(2,477)	(14,992)	-	(11)	(17,480)
Derivative financial instruments	(207)	-	-	-	(207)
	(12,169)	(14,992)	(697)	(114)	(27,971)
Net current assets	58,241	(7,931)	3,468	50	53,827
Total assets less current liabilities	68,995	(7,931)	3,468	50	64,581
Non-current liabilities					
Deferred tax liabilities	(458)	-	-	-	(458)
Net assets	68,537	(7,931)	3,468	50	64,123
Equity					
Share capital	2,718	-	-	-	2,718
Share premium	75,341	-	-	-	75,341
Share based payments reserve	1,562	-	-	-	1,562
Foreign exchange reserve	117	-	-	-	117
Retained earnings	(11,201)	(7,931)	3,468	50	(15,615)
Total equity	68,537	(7,931)	3,468	50	(64,123)

Table 5 – condensed statement of financial position as at 30 April 2018

	Six months ended 30 April 2018 Unaudited IFRS 15 adjustments by geographical segment					
	Under previous accounting policies	UK	AUS	USA	Canada	As restated under IFRS 15
	£000	£000	£000	£000	£000	£000
Non-current assets						
Property, plant and equipment	1,054	-	-	-	-	1,054
Intangible assets	4,434	-	-	-	-	4,434
Goodwill	2,606	-	-	-	-	2,606
Deferred tax asset	3,068	-	-	-	-	3,068
	11,162	-	-	-	-	11,162
Current assets						
Tax receivable	306	-	-	-	-	306
Trade and other receivables	9,380	8,406	1,100	306	-	19,192
Cash and other cash equivalents	152,846	-	-	-	-	152,846
	162,532	8,406	1,100	306	-	172,344
Current liabilities						
Trade and other payables	(15,624)	(659)	-	(18)	-	(16,300)
Deferred income	(3,467)	(10,755)	(2,076)	(545)	-	(16,842)
Derivative financial instruments	(44)	-	-	-	-	(44)
	(19,135)	(11,414)	(2,076)	(562)	-	(33,187)
Net current assets	143,397	(3,007	(976)	(256)	-	139,158
Total assets less current liabilities	154,559	(3,007)	(976)	(256)	-	150,320
Non-current liabilities						
Deferred tax liabilities	(142)	-	-	-	-	(142)
Net assets	154,417	(3,007)	(976)	(256)	-	150,178
Equity						
Share capital	3,019	-	-	-	-	3,019
Share premium	176,400	-	-	-	-	176,400
Share based payments reserve	4,545	-	-	-	-	4,545
Foreign exchange reserve	(374)	-	-	-	-	(374)
Retained earnings	(29,173)	(3,007)	(976)	(256)	-	(33,412)

Total equity	154,417	(3,007)	(976)	(256)	-	150,178

	Year ended 30 April 2018 Unaudited	IFRS 15 adjustments by contract type			
	Under previous accounting policies £000	Instructions £000	Conveyancing £000	Other £000	As restated under IFRS 15 £000
Non-current assets					
Property, plant and equipment	1,054	-	-	-	1,054
Intangible assets	4,434	-	-	-	4,434
Goodwill	2,606	-	-	-	2,606
Deferred tax asset	3,068	-	-	-	3,068
	11,162	-	-	-	11,162
Current assets					
Tax rceivable	306	-	-	-	306
Trade and other receivables	9,380	6,300	3,167	345	19,192
Cash and other cash equivalents	152,846	-	-	-	152,846
	162,532	6,300	3,167	345	172,344
Current liabilities					
Trade and other payables	(15,624)	-	(530)	(147)	(16,300)
Deferred income	(3,467)	(13,356)	-	(19)	(16,842)
Derivative financial instruments	(44)	-	-	-	(44)
	(19,135)	(13,356)	(530)	(166)	(33,187)
Net current assets	143,397	(7,056)	2,637	179	139,158
Total assets less current liabilities	154,559	(7,056)	2,637	179	150,320
Non-current liabilities					
Deferred tax liabilities	(142)	-	-	-	(142)
Net assets	154,417	(7,056)	2,637	179	150,178
Equity					
Share capital	3,019	-	-	-	3,019
Share premium	176,400	-	-	-	176,400
Share based payments reserve	4,545	-	-	-	4,545
Foreign exchange reserve	(374)	-	-	-	(374)
Retained earnings	(29,173)	(7,056)	2,637	179	(33,412)
Total equity	154,417	(7,056)	2,637	179	(150,178)

Table 6 - impact of the adoption of IFRS 15 on the Group's reported earnings per share for the 6 months ended 31 October 2017 and for the year ended 30 April 2018

	Basic and diluted		Basic and diluted	Basic and diluted		Basic and diluted
	6 months ended 31 October 2017	6 months ended 31 October 2017	6 months ended 31 October 2017	Year ended 30 April 2018	Year ended 30 April 2018	Year ended 30 April 2018
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited
Earnings per share restated	**As previously stated**	**Increase in loss on adoption of IFRS 15**	**As restated**	**As previously stated**	**Increase in loss on adoption of IFRS 15**	**As restated**
Loss for the period (£000)	(8,192)	(3,185)	(11,377)	(27,066)	(3,011)	(30,077)
Weighted average shares (000)	271,292	-	271,292	273,072	-	273,072
Loss per share (£)	(0.03)		(0.04)	(0.10)		(0.11)

Table 7 – impact of adoption of IFRS 15 on brokerage and lettings revenue

	Six months ended 31 October 2017 £000	Year ended 30 Arpil 2018 £000
Other revenue as previously reported	5,139	11,686
Impact of adoption of IFRS 15	8	48
	5,147	11,734

13. Related party transactions

The directors have taken the exemption from disclosing transactions with the following Group companies on the grounds that they are all wholly owned subsidiaries. Related party transactions occur as a result of funding provided to the wholy owned subsidiaries for the purposes of marketing and support from the UK.

Balances with subsidiary undertakings **Trade receivables**	**As at 31 October 2018 Unaudited £000**	As at 31 October 2017 Unaudited £000	As at 30 April 2018 Audited £000
Purplebricks Australia PTY Limited	19,997	10,190	7,348
Purplebricks Inc.	28,619	3,761	8,550
BFL Property Management Limited	323	178	502
Du Proprio/ComFree	-	-	-
	48,940	14,130	16,400
Trade paybles			
Purplebricks Australia PTY Limited	-	-	-
Purplebricks Inc.	-	-	7,420
BFL Property Management Limited	-	-	502
Du Proprio/ComFree	1,602	-	-
	1,602	-	7,922