

Adams plc

("Adams" or the "Company")

Interim Results for the Six Months ended 30 September 2018

Adams (AIM: ADA) delivered a profit after tax of £517,000 in the six months ended 30 September 2018 compared to a loss of £51,000 in the half year to 30 September 2017. The increase in profitability is principally due to investment returns being higher by £572,000.

The presentational currency of Adams was changed from Euros to Pounds Sterling during the year to 31 March 2018. In accordance with accounting standards, the comparative financial information for the half year ended 30 September 2017 as previously reported in Euros, has been presented in Pounds Sterling using the procedures outlined in note 4.2 to the condensed financial statements.

During the six months ended 30 September 2018, the Company remained almost fully invested and did not make any new investments or make any investment disposal realisations.

Adams held 6 investments at 30 September 2018, of which 3 were listed and 3 were un-listed, and for which the total investment carrying value was £2.62 million (31 March 2018: £2.08 million, represented by 3 listed and 3 un-listed investment holdings).

The Company held cash balances of £30,000 at 30 September 2018, compared to cash balances of £52,000 at the previous 31 March 2018 year end. Net assets attributable to shareholders of Adams at 30 September 2018 were £2.63 million (equivalent to 3.18 pence per share) versus £2.11 million (equivalent to 2.55 pence per share) at 31 March 2018.

Business model and investing policy

Adams is an investing company with an investing policy under which the Board is seeking to acquire interests in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes and that the Board perceives to be undervalued. The principal focus is in the small to middle-market capitalisation sectors in the UK or Europe, but the directors will also consider possible special situation opportunities anywhere in the world if they believe there is an opportunity to generate added value for shareholders.

Investment Portfolio

The listed investments held by the Company at 30 September 2018 comprise Petrofac Limited, Eland Oil & Gas Plc and Communisis Plc. In addition, the Company held shares and loan notes in unquoted Sherwood Holdings Limited (which owns Source Bioscience Ltd as its principal subsidiary asset) and unquoted shares in both Abaco Capital Plc and Oxford Pharmascience Limited.

Petrofac is a multinational service provider to the oil and gas production and processing industry. The company designs, builds, operates and maintains oil and gas facilities with a focus on delivering first class project execution, cost control and effective risk management. Petrofac has a 36-year track record and has grown significantly to become a constituent of the FTSE 250 Index. The company has 31 offices and approximately 13,500 staff worldwide, comprising more than 80 nationalities.

Eland is an independent oil and gas company with principal interests in the prolific Niger Delta. During 2018 to date, average gross production increased to around 30,000 barrels of oil per day and is expected to continue to increase further in the near-term.

Communisis is a leading provider of outsourced digital asset management and personalised

customer communication services. On 23 October 2018, Bidco Ltd, a wholly-owned indirect subsidiary of OSG Group Holdings Inc., made a recommended 71 pence per share cash offer for the entire share capital of Communis. It is proposed that the cash acquisition be implemented by means of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act, which requires the approval of Communis shareholders at a court meeting and general meeting and the sanction of the court. If approved, the acquisition is expected to complete in December 2018 and would generate cash proceeds of £143,000 for Adams on disposal of its investment holding in Communis.

Abaco Capital (formerly Oxford Pharmascience Plc) underwent a demerger of its Oxford Pharmascience Limited business in December 2017 and cancelled its AIM listing in May 2018. The company subsequently undertook a members' voluntary liquidation and a distribution of funds back to shareholders under which Adams received a £30,000 payment in October 2018. As a result and subsequent to Adams's 30 September 2018 half year end, the Company no longer has an investment holding in Abaco Capital.

Oxford Pharmascience (as demerged from Abaco Capital) is a drug development company that re-develops approved drugs to make them better, safer and easier to take and it has a current focus to develop improved formulations of non-steroidal anti-inflammatory drugs (NSAIDs) and statins. Subsequent to Adams's 30 September 2018 half year end, the Company sold its small investment holding in Oxford Pharmascience for £3,000.

Source Bioscience is an international provider of state of the art laboratory services and products and has an expertise in clinical diagnostics, genomics, proteomics, drug discovery & development research and analytical testing services.

Outlook

There is continued reason for investment caution in the near term, given the many threats to a sustained global recovery, including a trade war between the US and China, rising US interest rates, the tightening of global monetary conditions and ongoing Brexit uncertainties.

Weak equity markets in the current December quarter period to date have adversely impacted the value of our investment holdings and reversed some of the investment gains reported in the six months ended 30 September 2018. We remain committed, however, to delivering additional value for our shareholders and will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge. We are confident that this approach will enable us to build considerable value for shareholders going forward.

Michael Bretherton

Chairman

27 November 2018

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2018

	Note	6 months ended 30 Sep 2018 (Unaudited) £'000	Year ended 31 Mar 2018 (Audited) £'000	6 months ended 30 Sep 2017 (Unaudited) £'000
Gain on investments	5	541	280	13
Dividend income		57	45	13
Investment return		598	325	26
Expenses				
Administrative expenses		(86)	(155)	(82)
Operating profit/(loss)		512	170	(56)
Interest income		5	10	5
Profit/(loss) on ordinary activities before taxation		517	180	(51)
Tax on profit/(loss) on ordinary activities		-	-	-
Profit/(loss) for the period		517	180	(51)
Total comprehensive income/(loss) for the period		517	180	(51)
Earnings/(loss) per ordinary share				
Basic and diluted	10	0.63p	0.25p	(0.08)p

There are no other items of comprehensive income/(loss).

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	As at 30 Sep 2018 (Unaudited) £'000	As at 31 Mar 2018 (Audited) £'000	As at 30 Sep 2017 (Unaudited) £'000
Assets				
Non-current assets				
Investments	6	2,622	2,076	1,822
Current assets				
Trade and other receivables	7	6	2	1
Cash and cash equivalents		30	52	78
Current assets		36	54	79
Total assets		2,658	2,130	1,901
Liabilities				
Current liabilities				
Trade and other payables	8	(32)	(21)	(23)
Total liabilities		(32)	(21)	(23)
Net current assets		4	33	56
Net assets		2,626	2,109	1,878
Equity				
Called up share capital	9	826	1,001	1,001
Share premium	9	-	1,401	1,401
Accumulated gains/(losses)		1,800	(49)	(280)
Foreign currency translation reserve		-	(244)	(244)
Total shareholder equity		2,626	2,109	1,878

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2018

	Share Capital £'000	Share Premium £'000	Foreign currency translation reserve £'000	Accumulated gains/(losse s) £'000	Total £'000
At 31 March 2017 (audited)	636	783	(244)	(229)	946
Issue of shares	365	618	-	-	983
Total comprehensive loss for period	-	-	-	(51)	(51)
At 30 September 2017 (unaudited)	1,001	1,401	(244)	(280)	1,878
Total comprehensive gain for period	-	-	-	231	231
At 31 March 2018 (audited)	1,001	1,401	(244)	(49)	2,109
Total comprehensive gain for period	-	-	-	517	517
Redenomination of share capital	(175)	175	-	-	-
Elimination of foreign currency reserve	-	(244)	244	-	-
Reclassification of share premium	-	(1,332)	-	1,332	-
At 30 September 2018 (unaudited)	826	-	-	1,800	2,626

STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2018

	6 months ended 30 Sep 2018 (Unaudited) £'000	Year ended 31 Mar 2018 (Audited) £'000	6 months ended 30 Sep 2017 (Unaudited) £'000
Profit/(loss) for the period	517	180	(51)
Unrealised gain on revaluation of investments	(541)	(237)	(14)
Realised (gain)/loss on disposal of investments	-	(43)	1
(Increase)/decrease in trade and other receivables	(4)	-	1
Increase/(decrease) in trade and other payables	11	(5)	(3)
Net cash outflows from operating activities	(17)	(105)	(66)
Cash flows from investing activities			
Proceeds from sales of investments	-	730	72
Purchase of investments	(5)	(1,591)	(946)

Net cash used in investing activities	(5)	(861)	(874)
Cash flows from financing activities			
Issue of ordinary share capital	-	983	983
Net cash generated from financing activities	-	983	983
Net (decrease)/increase in cash and cash equivalents	(22)	17	43
Cash and cash equivalents at beginning of period	52	35	35
Cash and cash equivalents at end of period	30	52	78

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2018

The accounting policies and explanatory notes set out below form an integral part of the financial statements.

1 General information

Adams Plc is a company incorporated in the Isle of Man and is listed on the AIM market of the London Stock Exchange.

2 Basis of preparation

The interim financial statements of Adams Plc are unaudited condensed financial statements for the six months ended 30 September 2018. These include unaudited comparatives for the six months ended 30 September 2017 together with audited comparatives for the year ended 31 March 2018.

These interim condensed financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 March 2019 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention. The Company's presentation and functional currency is GBP Pounds Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Company's annual financial statements to 31 March 2018. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

3 Going concern

Information on the business environment, financial position and the factors underpinning the Company's future prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Company has adequate financial resources to continue in business for the medium term based on the current liquid resources available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

4 Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Adams Plc for the year ended 31 March 2018 which received an unqualified audit opinion. A copy of these financial statements is available on the Company website at www.adamsplc.co.uk.

4.1 Changes in significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for a change in the reporting currency of the Company to GBP, as described in the annual financial statements of Adams Plc for the year ended 31 March 2018.

The change in reporting currency is a change in accounting policy and has been accounted for retrospectively in line with IAS 8. New standards and amendments to IFRS effective as for the financial reporting period have been reviewed by the Company and there has been no material impact on the financial statements as a result of these standards and amendments. The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

4.2 Functional and presentational currency

The presentational currency of the Company was changed during the year ended 31 March 2018 from EUR (€) to GBP (£). This change in the reporting currency of the Company was made with effect from 1 April 2017 to reflect the fact that the Company no longer had Euro based operations, assets or significant transactions denominated in Euros.

The functional currency of the Company continues to be that of the primary economic environment in which the Company operates which is 'Pounds Sterling' (£). This is the currency in which expenses are incurred, salaries are paid, income is received, and equity funds are raised.

A change in presentational currency is classified as a change in accounting policy which is accounted for retrospectively. In accordance with accounting standards the statutory financial information included in the Company's annual report for the year ended 31 March 2017 previously reported in EUR was restated into GBP using the procedures outlined below:

- assets and liabilities denominated in non-sterling currencies were translated into sterling at closing rates of exchange. Non-sterling trading results were translated into sterling at average rates of exchange;
- Share Capital, share premium and other reserves were translated at the historic rates prevalent at the dates of transactions;

- all exchange rates used were extracted from the Company's underlying financial records; and
- foreign exchange translation differences resulting from the above retranslations were taken to a Foreign Exchange Translation Reserve.

The exchange rate applied to restate the 31 March 2017 balance sheet figures was €1.17775 per £1 sterling. The average exchange rate used to restate the result for the year to 31 March 2017 was €1.13139.

Given the functional currency of the Company continues to be GBP with effect from 1 April 2017, the comparable 6 months trading results to 30 September 2017 and the balance sheet figures at that date have now simply been presented in GBP without being retranslated into Euros as previously reported.

5 Segment reporting

Operating segments for Adams Plc are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 'Operating segments' the Company has only one reportable segment, being Investment Return. The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

The principal sources of revenue for the Company in the period to 30 September 2018 were as follows:

	6 months ended 30 Sep 2018 £'000	Year ended 31 Mar 2018 £'000	6 months ended 30 Sep 2017 £'000
Unrealised gain on investments	541	237	14
Realised gain/(loss) on investments	-	43	(1)
Total gain on investments	541	280	13

6 Investments

An analysis of movements in the value of the Company's investments is as follows:

	Quoted Equity Shares £'000	Unquoted Equity Shares £'000	Unquoted Loan Notes £'000	Total £'000
Fair value at 31 March 2017	837	5	93	935
Additions at cost	941	-	5	946
Disposals	(73)	-	-	(73)
Unrealised revaluation gains	14	-	-	14
Fair value at 30 September 2017	1,719	5	98	1,822
Additions at cost	640	-	5	645
Disposals	(614)	-	-	(614)

Unrealised revaluation gains	223	-	-	223
Fair value at 31 March 2018	1,968	5	103	2,076
Additions at cost	-	-	5	5
Unrealised revaluation gains	541	-	-	541
Fair value at 30 September 2018	2,509	5	108	2,622

7 Trade and other receivables

	As at 30 Sep 2018 £'000	As at 31 Mar 2018 £'000	As at 30 Sep 2017 £'000
Prepayments	6	2	1
	<u>6</u>	<u>2</u>	<u>1</u>

The carrying amount of trade and other receivables approximates to their fair value.

8 Trade and other payables

	As at 30 Sep 2018 £'000	As at 31 Mar 2018 £'000	As at 30 Sep 2017 £'000
Trade payables	13	8	13
Accruals and other creditors	19	13	10
	<u>32</u>	<u>21</u>	<u>23</u>

The carrying amount of trade and other payables approximates to their fair value.

9 Share capital and share premium

	Number of shares issued and fully paid up	Share capital £'000	Share premium £'000
Ordinary shares			
At 1 April 2017	41,276,616	636	783
Issue of shares	41,276,616	365	618
At 30 September 2017	82,553,232	1,001	1,401
Issue of shares	-	-	-
At 31 March 2018	82,553,232	1,001	1,401
Redenomination of share capital	-	(175)	175
Elimination of foreign currency reserve	-	-	(244)
Reclassification of share premium	-	-	(1,332)
At 30 September 2018	82,553,232	826	-

On 10 August 2018, a special resolution was passed authorising the par value of the Company's Ordinary Shares to be redenominated from €0.01 to £0.01. On that same date, resolutions were also passed that £244,000 of share premium be cancelled and applied to eliminate the Foreign Currency Translation Reserve and that the remaining balance on the Company's share premium account be reclassified as distributable reserves.

The authorised Ordinary share capital of the Company at 30 September 2018 is 350,000,000 Ordinary Shares of £0.01 each (31 March 2018 and 30 September 2017: 350,000,000 Ordinary Shares of €0.01 each).

10 Earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) after tax attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	6 months ended 30 Sep 2018	Year ended 31 Mar 2018	6 months ended 30 Sep 2017
Profit/(loss) after tax attributable to equity holders of the Company (£'000)	517	180	(51)
Weighted average number of ordinary shares	82,553,232	72,481,267	62,478,812
Basic and diluted earnings/(loss) per share	0.63p	0.25p	(0.08)p

There were no potentially dilutive shares in issue as at 30 September 2018, 31 March 2018 and 30 September 2017.

11 Events after reporting date

There were no significant events requiring disclosure after the reporting date.