Date: 24 April 2018
On behalf of: PROACTIS Holdings PLC ('PROACTIS', the 'Company' or the 'Group')
Embargoed until: 0700hrs

PROACTIS Holdings PLC

Interim results for the six months ended 31 January 2018

PROACTIS Holdings PLC, a global spend management solution provider, today announces its interim results for the six-month period ended 31 January 2018.

Trading performance

- Deal activity buoyant: 35 new name deals (31 January 2017: 27)
- Favourable revenue shift toward multi-year SaaS deals: 31 new names (31 January 2017: 22)
- Initial contract value signed was £4.5m (31 January 2017: £1.8m)
- Strong volumes from existing customers: 46 deals in the period (31 January 2017: 59)

Financial performance

- 124% increase in reported revenue to £26.4m (31 January 2017: £11.8m)
- Underlying revenue growth (excluding the benefit of acquisitions and currency translation related factors) was 3% (31 January 2017: 12%)
- 180% increase in Adjusted EBITDA[1] to £8.4m (31 January 2017: £3.0m) at a margin of 32% (2017: 25%)
- Adjusted EPS increased 20% to 5.4p (31 January 2017: 4.5p)
- Strong balance sheet with net debt at £29.8m (31 July 2017: £0.9m)

Revenue visibility

- Order book[2] was £47.8m (31 July 2017: £28.0m)
- Annualised[3] contracted revenue increased to £45.5m (31 July 2017: £22.6m)

M&A

- Acquired Perfect Commerce LLC ("Perfect") for £94.3m (net), a complementary provider of spend management systems to buyers and networking services to suppliers
- Post-acquisition performance of Perfect is in line with management's expectations with five new names being signed, reported revenues for the post acquisition period of £13.4m and Adjusted EBITDA of £3.7m
- Management estimate net annualised cost synergies made to date of £4.2m (31 January 2018: £3.2m)

1 - Adjusted EBITDA is stated before non-recurring administrative expenses, amortisation of customer related intangible assets and share based payment charges
2 - Order Book is the Group's current contracted revenue that is required to be recognised in future accounting periods
3 - Annualised contracted revenue is the Group's estimate of the annualised value of revenue of customers currently contracted with the Group

Hamp Wall, Chief Executive Officer, commented:

"The Board has dramatically enhanced the scale and financial performance of PROACTIS as well as its medium-term growth opportunity through its successful and focussed M&A strategy. Further, the Group has performed extremely well with a strong momentum in new names signed during the period delivering substantially improved initial contract value. Up-selling and cross-selling activity with existing customers has also been positive. However, this performance is not fully reflected by reported revenue which has been slower to build principally due to a strengthening Sterling which is reducing the impact of the Group's performance in the United States and in Europe and, latterly, a loss of a number of customers which the Board does not expect to continue.

"Following the acquisition of Perfect during August 2017, the Group commenced its restructuring plan. The new leadership team is formed and the Group has been successful in realising an estimated £4.2m of annualised cost savings to date. The Board is confident that it will meet its target of £5.0m by end of this financial year.

"The Group has been introduced to a high level of good quality M&A opportunities and the Board is keen to move forward with this element of the Group's strategy when it is prudent to do so.

"The Group has made substantial progress during the period. The Board is cautious about the immediate outlook for the financial performance of the Group due to the factors described above but is confident about the longer-term growth prospects for value creation. I look forward to the coming period and am confident in our ability to drive further growth and continue to deliver against our ambitious strategy."

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Notes to editors:

PROACTIS creates, sells and maintains specialist software which enables organisations to streamline, control and monitor all internal and external expenditure, other than payroll. PROACTIS is already used in approximately 800 organisations around the world from the commercial, public and not-for-profit sectors. It is the largest independent eProcurement solution provider to the UK Public Sector.

PROACTIS is head quartered in London. and floated on the AIM market of the London Stock Exchange in June 2006.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

I am delighted to report on the Group's substantial progress during the period under review and the significant opportunities it has for the future.

The Group acquired Perfect Commerce LLC on 4 August 2017 with a transformational acquisition (the "Acquisition") that created the sixth largest operator by revenue in the global market and which, after the execution of the Board's restructuring plan, is designed to create a company that the Directors believe will be a leading, growing and profitable business. The Group now has substantial commercial and operational capacity in each of the major territories of the global market and this allows a localised approach to demand generation, customer engagement and relationship management. These activities are supported by an ever-improving solution portfolio that is end-to-end and modular and that is designed to serve the needs of buyers and suppliers alike.

The combination of PROACTIS and Perfect is highly complementary with a strong strategic, commercial and financial rationale. The Acquisition brought together two companies that can serve pan-sector "tier 1" and "mid-market" buyer side customers with a full spend management solution portfolio across all of the major global markets. In addition, the Acquisition brought together a combination of solutions and technology for supplier side applications that the Directors believe offers substantial opportunities for enhanced levels of growth if supported by appropriate investment.

The Group is in a major transitional period as it executes the Board's restructuring plan to establish this organisation. The plan, which includes the creation of one brand, the arrangement of regional commercial and customer facing operational teams supported by a global service team providing product, technological infrastructure and corporate services in a coordinated approach is designed to maintain a high level of service to customers in order to maximise retention and to realise substantial cost savings through the removal of duplicated and unproductive costs as the two companies are merged.

Strategy

The Board's strategy, which has been in place for several years, remains unchanged and was designed to provide investors with a business capable of delivering:

- High revenue growth rates;
- Security through absolute scale and high levels of recurring and contracted income;
- Profitability; and
- Cash generation offering the opportunity to introduce bank debt as a non-dilutive funding line and deliver a yield through a dividend policy.

The Board's strategy is as follows:

- Adding new customers through delivery of best in class procurement solutions to buyers;
- Retention and a broadening of relationships with existing customers through a high level of service and an energetic approach to the upselling and cross selling of the Group's widening and improving solution portfolio;
- Undertake selective M&A activity with a focus on complementary customer bases, solutions, technology and business model characteristics to the Group's own; and
- Access a vast new opportunity through the provision of value added services to a new customer population, the Group's customers' suppliers.

Performance overview

Revenue increased 124% to £26.4m (31 January 2017: £11.8m), benefitting from the contribution of the two acquisitions of Perfect and Millstream Associates Limited ("Millstream") for the whole of the period with one contributing for only part of the comparative period.

The Group's buy side solutions continue to deliver substantial growth momentum with the Group performing in line with expected levels.

The Group performed strongly as 35 new names (31 January 2017: 27) were signed during the period of which 31 (31 January 2017: 22) were multi-year subscription or managed service deals and only 4 (31 January 2017: 5) were perpetual licence deals. Perfect contributed 5 new names, all of which were multi-year subscription deals, which is in line with the Board's expectations. In addition, the Group delivered 46 deals (31 January 2017: 59) from existing customers.

This increased and strong growth momentum in new business has only partially impacted current period reported revenues due to accounting convention but reported performance in the underlying business was encouraging in this transitionary period.

Whilst the volume and value of new business are good indicators of market traction and performance for the Group, the renewal of subscription deals sold in prior years is of critical importance to the Group's strategy as it provides the visibility of income for future periods. It is very encouraging that the vast majority of our customers continue to renew although the Group has had a higher loss rate toward the end of the period than it has historically experienced which will have an impact during the second half. The Board remains confident that this is not a reflection of a long-term pattern. The key performance indicator for short term visibility of income is annualised contracted revenue which increased to £45.5m (31 July 2017: £22.6m) with the Acquisition.

Longer term visibility of income is indicated by the quantum of the order book which increased to £47.8m (31 July 2017: £28.0m) and which provides confidence for the long-term.

The Group's rate of profitability moved forward substantially with the full period impact of the highly profitable Millstream business and with the success of the cost savings arising from the restructuring plan. Adjusted EBITDA (before non-recurring administrative expenses and share based payment charges) increased by 180% to £8.4m at a margin of 32% of revenue (31 January 2017: £3.0m, 25%).

The Board planned to realise annualised cost savings of £5m by 31 July 2018 with approximately £3.0m of benefit accruing during the year then ending. The Board estimates it has realised approximately £3.2m as at 31 January 2018 with approximately £1.0m accruing during the period then ended. The Board estimates that it has now realised approximately £4.2m on an annualised basis at the date of this report.

M&A activity

On 16 November 2016, the Group acquired Millstream and on 4 August 2017, the Group acquired Perfect. Both of these businesses provide solutions to both buyers and suppliers alike through the provision of software or technology backed management services.

Millstream contributed £2.6m of revenue to the Group during the period (2017: £1.0m for a ten-week period) and delivered Adjusted EBITDA of £1.4m (2017: £0.4m for a ten-week period).

Perfect was acquired on 4 August 2017 for consideration of $127.5m with an additional $5.0m depending on certain deliverables paid during December 2017. The net cash consideration for the acquisition was £94.3m and funded by the combination of a placing of new ordinary shares raising approximately £70.0m, from debt of £28.0m (from a new £45.0m facility provided by HSBC Bank plc) and from the issue of a $5.0m of convertible loan notes to two members of continuing management less cash acquired within the Perfect balance sheet of approximately $6.2m.

Perfect contributed £13.4m of revenue and approximately £3.7m of adjusted EBITDA during the period which is earned principally in the US Dollar and Euro currencies. The strengthening of Sterling against those two currencies since the date of the Acquisition has had the effect of reducing reported performance in Sterling and this is marginally beyond management's expectations during the period. As a consequence, the translation of future trading performance denominated in those currencies is likely to be below the Board's expectations.

The Board remains committed to further M&A activity as a fundamental part of its growth strategy and has now established a robust execution and integration platform for further acquisitions and the M&A pipeline is strong.

Supplier opportunity

The Group has a strategic objective to deliver value added services to a new customer grouping, the suppliers of its buy side customers. The acquisitions of Millstream and of Perfect greatly enhanced the Group's commercial and operational understanding of this new customer group and also its opportunities to access it. The Group is determining its tactical plans to maximise its opportunities through:

- The acquisitions of Millstream and of Perfect are already delivering supplier side revenues and the complementary nature of the solution portfolio provides excellent cross-sell opportunities to be realised during the coming years. Small scale cross-selling activity has already begun with an additional solution being launched into the Millstream customer base designed to aide churn rates and to create incremental sales opportunities for Millstream's Tenders Direct customer base;
- The Business Network ("TBN"), the networking solution acquired through the Acquisition, has been selected as the Group's principal technology and the forward roadmap for application to the Proactis customer base is under development; and
- The Group intends to offer an accelerated payment service to suppliers to facilitate growth or working capital benefits in return for a small discount. This opportunity has been previously deferred because of the technology transition referred to in the previous paragraph and because of capacity constraints. The Board considers that the opportunity is substantial and the Group is now in a position to pursue it vigorously and this will involve new resource capacity and a permanent re-allocation of existing capacity.

Financial overview

Reported revenues increased to £26.4m (31 January 2017: £11.8m). The Group's headline revenue growth was 124%, benefitting from the full period contribution of both Millstream (acquired 16 November 2016) and Perfect (acquired 4 August 2017). Millstream contributed to the comparative period revenues for only part of the period.

The Group's revenues are substantially driven by buyer side customer activity and the Group has increased momentum in the period with 35 new deals (31 January 2017: 27) being signed of which 31 were subscription based (31 January 2017: 22) and of which five were contributed by Perfect. Total Initial Contract Value sold was £4.5m (31 January 2017: £1.8m). Further, the Group made 46 upsell deals (31 January 2017: 59) in the period.

Reported buyer side revenues were £21.7m (2017: £10.9m) which includes the effect of the acquisitions of Perfect and of Millstream (for a ten-week period only in the comparative period).

The acquisitions of Millstream and of Perfect both included substantial supplier side revenues and the Group is looking to replicate certain solution offerings across the enlarged supplier population and to extend supplier solution offerings where appropriate. Revenue from supplier side solutions was £4.7m (2017: £0.9m from Millstream only and for a ten-week period only in the comparative period).

Underlying revenue growth from the Group's historic offering (excluding the benefit of acquisitions and foreign exchange translation differences) was solid at 3% (31 January 2017: 12%) which is also indicative of the nature, timing and size of the new name deals signed during the prior period and within the range of performance that has been experienced historically.

The order book has grown substantially, primarily as a result of the acquisition of Perfect, to £47.8m at 31 January 2018 (31 July 2017: £27.7m). This order book will be recognised in future periods of up to five years.

Annualised contracted revenue increased to £45.5m (31 July 2017: £22.6m).

In the period, the mix of revenue from new and upsell deals shifted toward higher margin direct deals offset by the revenue attributable to non-authored solutions. The Group maintained the strong levels of profitability delivered in prior periods and adjusted EBITDA increased by 180% to £8.4m (31 January 2017: £3.0m), adjusted operating profit of £6.2m (31 January 2017: £1.9m) and statutory operating profit of £2.9m (31 January 2017: £1.0m).

Underlying operating cash inflow in the period since 31 July 2017 was £5.9m before a one-time cash outflow related to the Acquisition of £3.8m. The Group invested £2.7m (excluding any acquisition based activity) of which £2.3m was in capitalised development costs and £0.4mwas in technical and physical infrastructure. The Group serviced its finance with bank interest payments of £0.4m and a dividend payment of £1.3m.

The total net new funding raised to support the Perfect acquisition was £99.9m (net of commissions) and the net cash outflow from the acquisition was £94.3m.

The Group's financial position is strong and, following the acquisition of Perfect, net debt has increased to £29.8m (31 July 2017: £0.9m).

Summary and Outlook

The momentum in new names is one of the foundations of the Group's growth strategy and it is very encouraging to have achieved this improved performance in the period, although there has been a marginally slowing rate of intake after the period end which, in itself, is quite normal. A high level of deal activity and a favourable continued shift toward multi-year SaaS deals illustrates the Group's ability to drive long-term value. Underpinning this, a continued high level of customer retention and of deal activity within the existing customer base both demonstrate the strength of the Group's proposition to its customers, notwithstanding the short-term impact of the customer losses.

M&A activity in this and the prior period has transformed the Group's scale and capacity and its medium-term opportunity as well as its financial performance in the period. The strategic rationale is clear and the long-term opportunities are substantial. Progress on the restructuring plan and the realisation of the associated cost synergies has been significant. There still remains a considerable amount of work to complete the integration process of the Group and the Board remains intently focussed on delivery.

The recent acquisitions of Millstream and Perfect provided the Group with revenues on the supplier side and a much stronger commercial understanding and technological platform which the Group has been assessing closely. This assessment has delayed the roll out of the existing early adopter programme but the Group now anticipates being able to realise this opportunity over time and with much lower risk.

The Group has a clear and ambitious strategy in place and is executing its plans, enabling it to exploit the growing spend management marketplace. The Board is confident of delivering further value to shareholders over the coming years.

Alan Aubrey	Hamp Wall
Chairman	*Chief Executive Officer*
24 April 2018	

Condensed consolidated income statement
for the six months ended 31 January 2018

	Unaudited	Unaudited	Audited
	6 months to 31 January 2018	6 months to 31 January 2017	Year ended 31 July 2017
	£000	£000	£000
Revenue	**26,355**	11,795	25,404
Cost of sales	**(3,204)**	(1,759)	(3,545)
Staff costs	**(11,213)**	(5,406)	(10,960)
Other operating expenses	**(4,754)**	(2,247)	(9,969)
Depreciation of property, plant and equipment	**(280)**	(128)	(216)
Amortisation of intangible assets	**(4,000)**	(1,301)	(3,322)
	------------	------------	------------
Operating profit before non-recurring items, amortisation of customer related intangibles and share based payment charges	**5,726**	1,926	5,249
Non-recurring administrative expenses	**(947)**	(589)	(6,796)
Amortisation of customer related intangibles	**(1,601)**	(321)	(936)
Share based payment charges	**(274)**	(62)	(125)
	------------	------------	------------
Operating profit/(loss)	**2,904**	954	(2,608)
Finance income	**1**	1	2
Finance expenses	**(453)**	(77)	(142)
	------------	------------	------------
Profit/(loss) before taxation	**2,452**	878	(2,748)
Income tax credit/(charge)	**107**	203	(23)
	------------	------------	------------
Profit/(loss)	**2,559**	1,081	(2,771)
	------------	------------	------------
Attributable to:			
Equity holders of the parent	**2,399**	1,081	(2,771)

Non-controlling interest	**160**	-	-
	-------------	-------------	-------------
	2,559	1,081	(2,771)
	-------------	-------------	-------------
Earnings/(loss) per ordinary share (Note 2)			
- Basic	**2.6p**	2.5p	(5.9p)
	-------------	-------------	-------------
- Diluted	**2.6p**	2.4p	(5.7p)
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Consolidated statement of comprehensive income
for the six months ended 31 January 2018

	Unaudited	Unaudited	Audited
	6 months to 31 January 2018	6 months to 31 January 2017	Year ended 31 July 2017
	£000	£000	£000
Profit/(loss) for the period	**2,559**	1,081	(2,771)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Share based payment charges	**72**	62	125
Deferred tax on share options	**-**	-	240
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences	**535**	168	(91)
	-------------	-------------	-------------
Other comprehensive gain/(loss), net of tax	**607**	230	(274)

Total comprehensive income/(loss)	**3,166**	1,311	(2,497)
Attributable to:			
Equity holders of the parent	**3,006**	1,311	(2,497)
Non-controlling interest	**160**	-	-
	3,166	1,311	(2,497)

Consolidated statement of financial position
as at 31 January 2018

	Unaudited As at 31 January 2018 £000	Unaudited As at 31 January 2017 £000	Audited As at 31 July 2017 £000
Non-current assets			
Property, plant & equipment	**1,149**	371	381
Intangible assets (Note 3)	**151,458**	38,136	38,628
Deferred tax asset	**444**	440	500
	153,051	38,947	39,509
Current assets			
Trade and other receivables	**18,837**	5,193	5,880
Cash and cash equivalents	**12,670**	4,920	4,277
	31,507	10,113	10,157
Total assets	**184,558**	49,060	49,666
Current liabilities			
Trade and other payables	**14,328**	2,582	8,104
Obligations under finance leases	**117**	-	14
Deferred income	**17,762**	9,644	10,880
Income taxes	**1,194**	515	555
Borrowings	**2,983**	4,809	1,400
	36,384	17,550	20,953

Non-current liabilities			
Deferred income	**357**	684	577
Deferred tax liabilities	**9,703**	1,746	1,778
Borrowings	**39,534**	2,800	3,760
Obligations under finance leases	**47**	-	54
Other loans	**3,756**	-	-
	53,397	5,230	6,169
Total liabilities	**89,781**	22,780	27,122
Net assets	**94,777**	26,280	22,544
Equity			
Called up share capital	**9,290**	5,017	5,024
Share premium account	**81,423**	17,566	17,631
Equity reserve	**80**	-	-
Merger reserve	**556**	556	556
Capital reserve	**449**	449	449
Foreign exchange reserve	**(629)**	(905)	(1,164)
Retained earnings	**1,220**	3,597	48
Equity attributable to equity holders of the parent	**92,389**	26,280	22,544
Non-controlling interest	**2,388**	-	-
Total equity	**94,777**	26,280	22,544

Condensed consolidated statement of changes in equity
As at 31 January 2018

	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	Share capital	**Share premium**	**Equity reserve**	**Merger reserve**	**Capital reserve**	**Foreign exchange reserve**	**Retained earnings**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 August 2016	3,983	5,962	-	556	449	(1,073)	3,095
Shares issued during the period	1,034	11,604	-	-	-	-	(3)
Arising during the period	-	-	-	-	-	168	-
Result for the period	-	-	-	-	-	-	1,081
Dividend	-	-	-	-	-	-	(638)
Share based payment charges	-	-	-	-	-	-	62
At 31 January 2017	5,017	17,566	-	556	449	(905)	3,597
Shares issued during the period	7	65	-	-	-	-	-
Arising during the period	-	-	-	-	-	(259)	-
Result for the period	-	-	-	-	-	-	(3,852)
Share based payment charges	-	-	-	-	-	-	63
Deferred tax on share options	-	-	-	-	-	-	240
At 1 August 2017	5,024	17,631	-	556	449	(1,164)	48

Shares issued during the period	4,266	63,792	80	-	-	-	-
Arising during the period	-	-	-	-	-	535	-
Arising on acquisition	-	-	-	-	-	-	-
Result for the period	-	-	-	-	-	-	2,399
Dividend	-	-	-	-	-	-	(1,299)
Share based payment charges	-	-	-	-	-	-	72
At 31 January 2018	9,290	81,423	80	556	449	(629)	1,220

Consolidated statement of cash flows
for the six months ended 31 January 2018

	Unaudited 6 months to 31 January 2018	Unaudited 6 months to 31 January 2017	Audited Year ended 31 July 2017
	£000	£000	£000
Operating activities			
Profit for the period	**2,559**	1,081	(2,771)
Amortisation of intangible assets	**4,000**	1,301	3,322
Depreciation	**280**	128	216
Net finance expense	**452**	76	140
Movement in fair value of forward contract	**(724)**	-	1,832
Income tax (credit)/charge	**(107)**	(203)	23
Share based payment charges	**274**	62	125
Operating cash flow before changes in working capital	**6,734**	2,445	2,887
Movement in trade and other receivables	**3,852**	645	148
Movement in trade and other payables and deferred income	**(8,492)**	(1,066)	2,513
Operating cash flow from operations	**2,094**	3,024	5,548
Finance income	**1**	1	2
Finance expense	**(445)**	(77)	(142)
Income tax paid	**(30)**	-	(743)
Net cash flow from operating activities	**1,620**	1,948	4,665
Investing activities			
Purchase of plant and equipment	**(425)**	(53)	(82)
Payments to acquire subsidiary undertakings	**(94,757)**	(14,680)	(14,327)
Development expenditure capitalised	**(2,265)**	(1,034)	(2,765)
Net cash flow from investing activities	**(97,447)**	(15,767)	(17,174)
Financing activities			
Proceeds from issue of new shares	**68,058**	12,187	12,707
Receipts from bank borrowings	**43,373**	4,235	4,200
Repayment of bank borrowings	**(6,400)**	(700)	(3,089)
Finance lease payments	**(93)**	-	(1)
Dividend payment	**(1,299)**	(638)	(638)
Net cash flow from financing activities	**103,639**	15,084	13,179

Effects of currency translation on cash and cash equivalents	**580**	60	12
Net increase in cash and cash equivalents	**7,813**	1,265	670
Cash and cash equivalents at the beginning of the period	**4,277**	3,595	3,595
Cash and cash equivalents at the end of the period	**12,670**	4,920	4,227

Unaudited notes

1. Basis of preparation and accounting policies

PROACTIS Holdings PLC is a company incorporated in England and Wales under the Companies Act 2006.

The condensed financial statements are unaudited and were approved by the Board of Directors on 23 April 2017.
The interim financial information for the six months ended 31 January 2018, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, with the exception of the amendment to IAS 1 (Presentation of Financial Statements) referred to below, and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 31 July 2017.

There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present comprehensive income in two statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount and timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. IFRS 9, 'Financial instruments' could impact the Group's recognition and impairment of financial assets, principally its trade receivables. The Group does not expect any material differences as a result of adopting IFRS 15 or IFRS 9 but this assessment is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

Going concern assumption
The Group manages its cash requirements through a combination of operating cash flows and long term borrowings.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current lending facilities.

Consequently, after making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Information extracted from 2017 Annual Report
The financial figures for the year ended 31 July 2017, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 31 July 2017 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditors reported on those accounts. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Basic and diluted earnings per ordinary share

	Unaudited 6 months to 31 January 2018 £000	Unaudited 6 months to 31 January 2017 £000	Audited Year ended 31 July 2017 £000
Earnings (£000)	**2,399**	1,081	(2,771)
Post tax effect of non-recurring administrative expenses (£000)	**947**	589	6,573
Post tax effect of customer related intangible assets (£000)	**1,173**	221	777
Post tax effect of share based payment charges (£000)	**274**	62	125
Non-recurring tax factors (£000)	**-**	-	(493)
Non-controlling interest (£000)	**160**	-	-
	-------------	-------------	-------------
Adjusted post tax earnings (£000)	**4,953**	1,953	4,211
	-------------	-------------	-------------
Weighted average number of shares (number '000)	**91,844**	43,736	46,944
Dilutive effect of share options (number '000)	**2,132**	2,048	1,827
	-------------	-------------	-------------
Fully diluted number of shares in issue (number '000)	**93,976**	45,784	48,771
	-------------	-------------	-------------
Basic earnings/(loss) per ordinary share (pence)	**2.6p**	2.5p	(5.9p)
Adjusted earnings per ordinary share (pence)	**5.4p**	4.5p	9.0p
Basic diluted earnings/(loss) per ordinary share (pence)	**2.6p**	2.4p	(5.7p)
Adjusted diluted earnings per ordinary share (pence)	**5.2p**	4.3p	8.6p
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3. Intangible assets

	Unaudited Goodwill £000	**Unaudited Customer related intangibles £000**	**Unaudited Development costs £000**	**Unaudited Software for own use £000**	**Unaudited Total £000**
Cost					
At 31 July 2017	20,870	16,080	11,965	3,069	51,984
Additions	-	-	-	29	29
Internally developed	-	-	2,106	130	2,236
On acquisitions	85,393	23,220	5,783	159	114,555
Foreign exchange differences	-	-	29	(19)	10
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At 31 January 2018	106,263	39,300	19,883	3,370	168,814
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Amortisation and impairment					
At 31 July 2017	-	3,453	8,144	1,759	13,356
Amortisation for the period	-	1,601	2,056	343	4,000
Foreign exchange differences	-	-	-	-	-
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At 31 January 2018	-	5,054	10,200	2,102	17,356
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Carrying amounts					
At 31 July 2017	20,870	12,627	3,821	1,310	38,628
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At 31 January 2018	**106,263**	**34,246**	**9,683**	**1,266**	**151,458**

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4. Acquisitions

On 4 August 2017, the Group acquired Perfect. The provisional fair values of assets and liabilities acquired are set out below.

	Fair value £000
Property, plant and equipment	662
Customer related intangible assets	23,220
Capitalised development costs	5,942
Other non-current assets	77
Trade and other receivables	15,680
Cash	4,524
Borrowings	(169)
Trade and other payables	(14,868)
Deferred revenue	(7,340)
Deferred tax	(8,647)

Net assets acquired	19,081
Net assets attributable to non-controlling interest	(2,228)
Goodwill	84,719

	101,572

Purchase consideration	
Cash	101,572
Cash acquired	(4,524)
Convertible loan note	(3,836)
Forward contract	1,109

Net cash outflow on acquisition	94,321

The Board confirms that to the best of its knowledge:

- The condensed set of financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- The interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

Hamp Wall	Tim Sykes
Chief Executive Officer	Chief Financial Officer

24 April 2018