

Regulatory Story

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Adams PLC - ADA
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Adams Plc
("Adams" or the "Company")

Annual Report and Financial Statements 2018

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

Adams Plc ("Adams" or the "Company") announces its audited financial results for the year ended 31 March 2018.

Highlights:

- Net assets at 31 March 2018 of £2.11 million (2017: £0.95 million).
Net assets per share 2.55 pence at 31 March 2018 (2017: 2.29 pence).
- Profit after tax of £0.02 million (2017: profit of £0.01 million).
- Net proceeds of £0.98 million from new share subscriptions.
- Investments at 31 March 2018 valued at £2.07 million (2017: £0.94 million).
- Spend on new investments of £1.59 million (2017: £0.02 million).
- Investment realisation proceeds of £0.73 million (2017: £0.15 million).
- Change in presentational currency from Euros to Pounds Sterling.
- Adoption of revised investing policy.

Michael Bretherton, Chairman, said:

"The Board continues to seek attractive investment opportunities coupled with a focus on financial discipline as the strategy to best navigate challenging markets and the uncertain global climate. We remain committed to delivering additional value for our shareholders going forward."

The Company's Annual Report 2018 will shortly be posted to shareholders together with a Circular and Notice of Annual General Meeting, copies of which will be made available on the Company's website at www.adamsplc.co.uk under the *Investor Relations / Company & Shareholder Documents* section. The Annual General Meeting is to be held at 11.00 a.m. on Friday 10 August 2018 at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP.

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Chairman's Statement

Adams Plc (the "Company") is an AIM listed investment company primarily focused on special situation investment opportunities in the small to middle-market capitalisation sectors in the UK or Europe.

The presentational currency of Adams Plc ("Adams" or the "Company") was changed during the year from Euros to Pounds Sterling. This change in the reporting currency of the Company was made to reflect the fact that the Company no longer has Euro based operations, assets or significant transactions denominated in Euros. In accordance with accounting standards, the comparative financial information for the year ended 31 March 2017 as previously reported in Euros, has been restated into Pounds Sterling using the procedures outlined in note 2.13 to the financial statements.

Adams reported a profit after tax of £180,000 for the year ended 31 March 2018 compared to a profit of £77,000 in the prior year. The increase in profitability is principally due to higher reported gains on the valuation of investments.

During the year, the Company spent £1.59 million on the purchase of additional investments and realised proceeds of £0.73 million from investment disposals. The carrying value of investments at 31 March 2018 was £2.08 million, represented by 3 listed and 3 un-listed investment holdings, versus £0.94 million at 31 March 2017, represented by 4 listed and 1 un-listed investment holdings.

Net assets increased to £2.11 million (equivalent to 2.55 pence per share) at the 31 March 2018 balance sheet date, compared with £0.95 million (equivalent to 2.29 pence per share) at the previous year end. The increase in net assets reflects net proceeds of £0.98 million received from new share subscriptions, together with the profit of £0.18 million reported for the year.

Cash and cash equivalent balances were £52,000 at 31 March 2018 compared to cash balances of £35,000 at 31 March 2017.

Underwritten open offer and majority shareholder controlled undertaking

In order to provide the Company with additional resources with which to fund its investment strategy, the Company raised £0.98 million (after expenses) in June 2017 pursuant to an underwritten open offer of 41,276,616 ordinary shares at 2.5p per share. Under the open offer, existing shareholders had an opportunity to subscribe for new shares at the 2.5p issue price by taking up their respective open offer entitlements which were calculated on a pro rata basis to their holding in the existing shares.

The open offer was fully underwritten by the Company's largest shareholder, Richard Griffiths and following the open offer, which was approved by shareholders on 28 June 2017, the number of Adams ordinary shares in issue increased to 82,553,232 and consequent to the subscription and underwriting shares issued to Richard Griffiths, his holding increased to 63.8 per cent of the Company's issued share capital. As a result, Adams became a controlled undertaking of Richard Griffiths who will, if he so wishes, be able to further increase his interests in Adams shares without making a mandatory offer to the remaining shareholders. Subsequent to the open offer, Richard Griffiths has purchased further Adams shares in the AIM market such that his current holding in the Company is now 77.3 per cent.

The Company, Cairn Financial Advisers LLP (who are the Company's Nominated Advisor) and Richard Griffiths entered into a relationship agreement dated 2 June 2017, which governs the relationship between the Company and Richard Griffiths following the open offer, to ensure that the Company shall be managed independently for the benefit of shareholders as a whole.

Business model and change of investing policy

On 8 September 2017, shareholders approved a proposal by the Company's directors to revise the investing policy to one which provides the Board with a broader, more flexible approach to creating shareholder value. The existing policy at that time was focused on targeting undervalued or pre-commercialisation projects and assets in the biotechnology sector, whilst also considering opportunities in the wider technology and other sectors.

Under the revised investing policy, 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 they perceive 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 currently held by the Company comprise Petrofac Limited, Eland Oil & Gas Plc and Communisis Plc. In addition, the Company holds shares and loan notes in unquoted Sherwood Holdings Limited 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 the principal business objective of identifying, acquiring and developing interests in oil and gas assets in West Africa, focused initially on Nigeria including the prolific Niger Delta.

Communisis is a leading provider of outsourced digital asset management and personalised customer communication services.

Abaco Capital (formerly Oxford Pharmascience Plc) underwent a demerger of its Oxford Pharmascience Limited business on 21 December 2017 and subsequently cancelled its AIM listing on 9 May 2018. The company is now in the process of undertaking a members' voluntary liquidation and a distribution of funds to shareholders. The total amount expected to be available to distribute to shareholders is circa £19.0 million, on which basis Adams would receive approximately £30,000, and the distribution is expected to occur in the period around September to November 2018.

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.

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.

Corporate action proposals

Following the change in the presentational currency of Adams from Euros to Pounds Sterling during the year, it is proposed that a redenomination of the Company's share capital from Euros into Pounds Sterling is also undertaken, with the par value of the ordinary shares converting from €0.01 to £0.01, and that the AIM quotation of its ordinary shares is also subsequently changed from Euros to Pounds Sterling.

In addition, it is proposed that part of the Company's share premium be applied to eliminate the foreign currency translation reserve and that the balance of the share premium be reclassified as distributable reserves and that the Directors are authorised to purchase the Company's own ordinary shares in the open market subject to certain conditions and limited to a maximum of 14.99 per cent of the issued share capital of the Company. The Directors believe that the ability of the Company to purchase its own shares offers an important mechanism for managing capital efficiently. In particular, the Directors may wish to take advantage of circumstances where a purchase of its own shares would represent good use of the Company's available cash resources and increase net asset value per share and shareholder value.

The full detail of these corporate action proposals is included in the Notice of Annual General Meeting for the AGM which is to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 10 August 2018 at 11a.m.

Outlook

Global economic growth was stronger than expected in 2017, with a recovery in investment, manufacturing, and trade becoming visible. More moderate economic growth is forecast for 2018 as central banks gradually remove their post crisis fiscal accommodation. However, these positive growth trends must be tempered by the increasing threat of a decrease in liberalised global trade and the potential for the escalation of political tensions between advanced trading nations. Despite these macro considerations the Adams directors are confident in the underlying fundamentals, technologies and growth potential of the companies within our investment portfolio.

The Board continues to seek attractive investment opportunities coupled with a focus on financial discipline as the strategy to best navigate challenging markets and the uncertain global climate. We remain committed to delivering additional value for our shareholders going forward.

Michael Bretherton
Chairman
26 June 2018

Statement of Income

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Dividend income	45	15
Gain on investments	280	204
Investment return	325	219
Expenses		
Administrative expenses	(155)	(147)
Operating profit	170	72
Interest income	10	5
Profit on ordinary activities before taxation	180	77
Tax on profit on ordinary activities	-	-
Profit for the year	180	77
Basic and diluted profit per share	0.25p	0.18p

Statement of Comprehensive Income

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit for the year	180	77
Other comprehensive expense		
Exchange differences arising on change in reporting currency	-	(2)
Total comprehensive gain for the year	180	75

Statement of Financial Position at 31 March 2018

	31 March 2018	31 March 2017	31 March 2016
	£'000	£'000	£'000
Assets			
Non-current assets			
Investments	2,076	935	690
Current assets			
Prepayments	2	2	2
Cash and cash equivalents	52	35	204
Current assets	54	37	206
Total assets	2,130	972	896
Liabilities			
Current liabilities			
Trade and other payables	(21)	(26)	(25)
Total liabilities	(21)	(26)	(25)
Net current assets	33	11	181
Net assets	2,109	946	871
Equity			
Called up share capital	1,001	636	636
Share premium	1,401	783	783
Foreign currency translation reserve	(244)	(244)	(242)
Accumulated losses	(49)	(229)	(306)
Total shareholder equity	2,109	946	871

Statement of Changes in Equity as at 31 March 2018

	Share Capital	Share Premium	Foreign currency translation reserve	Accumulated Losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	636	783	(242)	(306)	871
Changes in equity					
Total comprehensive gain	-	-	(2)	77	75
At 31 March 2017	636	783	(244)	(229)	946
Changes in equity					
Issue of shares	365	618	-	-	983
Total comprehensive gain	-	-	-	180	180
At 31 March 2018	1,001	1,401	(244)	(49)	2,109

Statement of Cash Flows for the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit for the year	180	77
Unrealised gain on revaluation of portfolio investments	(237)	(188)
Realised gain on disposal of portfolio investments	(43)	(16)
Decrease in prepaid expenses	-	1
Decrease in trade and other payables	(5)	(2)
Net cash outflow from operating activities	(105)	(128)
Cash flows from investing activities		
Purchase of portfolio investments	(1,591)	(191)
Proceeds from sales of investments	730	150
Net cash used in investing activities	(861)	(41)
Cash flows from financing activities		
Issue of ordinary share capital	983	-
Net cash generated from financing activities	983	-
Net increase / (decrease) in cash and cash equivalents	17	(169)
Cash and cash equivalents at beginning of year	35	204
Cash and cash equivalents at end of year	52	35

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