

Regulatory Story

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

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Adams Plc presents its annual report and audited financial results for the year ended 31 March 2019.

Highlights:

- Net assets at 31 March 2019 of £2.37 million (2018: £2.11 million).
- Net assets per share 2.87 pence at 31 March 2019 (2018: 2.55 pence).
- Profit after tax of £0.26 million (2018: profit of £0.18 million).
- Investments at 31 March 2019 valued at £2.08 million (2018: £2.08 million).
- Spend on new investments of £0.21 million (2018: £1.59 million).
- Investment realisation proceeds of £0.53 million (2018: £0.73 million).
- Secured £3.00 million loan facility of which no part drawn down to date.

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 2019 Annual Report will shortly be posted to shareholders together with a 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 9 August 2019 at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP.

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Chairman's Statement

Adams Plc ("Adams" or the "Company") reported a profit after tax of £257,000 for the year ended 31 March 2019 compared to a profit of £180,000 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 £0.21 million on the purchase of additional investments and realised proceeds of £0.53 million from investment disposals. The carrying value of investments at 31 March 2019 was £2.08 million, represented by 3 listed and 1 un-listed investment holding, which was in line with the prior year end carrying value of £2.08 million as represented by 3 listed and 3 un-listed investment holdings at 31 March 2018.

Net assets increased to £2.37 million (equivalent to 2.87 pence per share) at the 31 March 2019 balance sheet date, compared with £2.11 million (equivalent to 2.55 pence per share) at the previous year end. The increase in net assets fully reflects the profit reported for the year.

Cash and cash equivalent balances were £315,000 at 31 March 2019 compared to cash balances of £52,000 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.

Loan Facility

On 29 January 2019, Adams announced that, in support of its investment strategy, the Company had entered into an agreement with Adams's largest shareholder, Richard Griffiths, and his controlled company, Blake Holdings Limited, for the provision of an unsecured loan facility of up to £3 million in total. The Company believes there is potential to yield increased investment returns if Adams has access to such further cash resources to finance additional special situation investment opportunities.

This loan facility may be drawn down by the Company in minimum tranches of £500,000 and has no fixed term but is repayable in full or in part six months after any repayment notice issued by either the lender or the Company. Interest accrues daily based on a rate of 7 per cent. per annum and is paid six monthly in arrears. No arrangement, commitment or exit fees have or will be charged.

No part of this loan facility has been drawn down to date.

Investment Portfolio

The listed investments held by the Company at 31 March 2019 comprised Petrofac Limited ("Petrofac"), Eland Oil & Gas Plc ("Eland"), and Midatech Pharma Plc ("Midatech"). In addition, the Company holds shares and loan notes in unquoted Sherwood Holdings Limited which has Source Bioscience Limited ("Source Bioscience") as its principal subsidiary company asset.

Petrofac is listed on the Main Market of the London Stock Exchange and is a multinational service provider to the oil and gas production and processing industry. The company, which has 31 offices and approximately 13,500 staff worldwide, designs, builds, operates and maintains oil and gas facilities with a focus on delivering first class project execution, cost control and effective risk management. For the year ended 31 December 2018, Petrofac reported a profit of US \$350 million after tax before exceptional items, on revenue of US \$5.83 billion. During that period, the company incurred exceptional costs of US \$289 million on mainly the write down of an installation vessel following the decision to exit the deep-water market, together with a further write down of its interests in Mexico and the Greater Stella Area development, both of which are in the process of disposal, and which resulted in a reported overall profit after tax for the year of US \$61 million.

Eland is an AIM listed independent oil and gas company focused on production and development in principally the Niger Delta in West Africa where, through its joint venture company Elcrest Exploration and Production Nigeria Ltd, it has acquired a number of oil field licenses. Since acquiring its Opuama oil field, Eland has successfully redeveloped this asset with first production oil commencing in February 2014 from the recommissioning of two existing wells. The company subsequently brought two further wells onstream, resulting in an all-time production high in 2018. Eland's increasing production has led to growing revenues of US \$169.2 million for the year to 31 December 2018 and a resultant US \$148.0 million post-tax profit in that period.

Midatech is an AIM listed company focussed on improved bio-delivery and bio-distribution of medicines or agents to areas of the body where they are most needed and can exert their actions in an effective, safe and precise manner in order to extend the lives of patients with rare and serious cancers.

Source Bioscience is a private company that 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.

Post year end investment transactions. Subsequent to the Company's 31 March 2019 year end, Adams realised its investment in Midatech in full, generating investment disposal proceeds amounting to £580,000. Adams also made a new investment of £233,000 in a UK-based AIM listed specialty pharmaceutical company dedicated to developing high-quality hormone therapeutics to aid lifelong treatment for rare and chronic endocrine conditions, as well as a new investment of £195,000 in an AIM listed mining company with principal interests in China. Together with other cash flows, Adams currently has cash balances of approximately £479,000, in addition to an unused loan facility of £3.0 million, available for further investment as and when the directors identify appropriate attractive opportunities to exploit.

Outlook

Expansion of the world economy is continuing to lose momentum and growth forecasts have been revised downwards in almost all G20 economies, with particularly large revisions in the euro area for both 2019 and 2020. Ongoing trade tensions between the US and China, Brexit uncertainties and a further erosion of business and consumer confidence are all contributing to the slowdown. Consequently, your Board will continue to maintain a rigorous and highly selective investment approach, coupled with a focus on financial discipline, as the best strategy to navigate these challenging markets and the uncertain global climate.

We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio and are committed to delivering additional value for shareholders going forward.

Michael Bretherton
Chairman
2 July 2019

Statement of Comprehensive Income

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Dividend income	87	45
Gain on investments	317	280
Investment return	404	325
Expenses and other income		
Administrative expenses	(172)	(155)
Other income	14	-
Operating profit	246	170
Interest income	11	10
Profit before income tax	257	180
Income tax expense	-	-
Profit and total comprehensive profit for the year	257	180
Basic and diluted earnings per share	0.31p	0.25p

Statement of Financial Position at 31 March 2019

	31 March 2019 £'000	31 March 2018 £'000
Assets		
Non-current assets		
Investments	2,075	2,076
Current assets		
Prepayments	2	2
Cash and cash equivalents	315	52
Current assets	317	54
Total assets	2,392	2,130
Liabilities		
Current liabilities		
Trade and other payables	(26)	(21)
Total liabilities	(26)	(21)
Net current assets	291	33
Net assets	2,366	2,109
Equity		
Called up share capital	826	1,001
Share premium	-	1,401

Foreign currency translation reserve	-	(244)
Retained earnings / (deficit) reserve	1,540	(49)
Total shareholder equity	2,366	2,109

Statement of Changes in Equity as at 31 March 2019

	Share Capital £'000	Share Premium £'000	Foreign currency translation reserve £'000	Retained earnings / (deficit) reserve £'000	Total £'000
At 1 April 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
Changes in equity					
Redenomination of share capital	(175)	175	-	-	-
Elimination of foreign currency reserve	-	(244)	244	-	-
Reclassification of share premium	-	(1,332)	-	1,332	-
Total comprehensive gain	-	-	-	257	257
At 31 March 2019	826	-	-	1,540	2,366

Statement of Cash Flows for the year ended 31 March 2019

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 *Restated £'000
Profit for the year	257	180
Unrealised gain on revaluation of portfolio investments	(174)	(237)
Realised gain on disposal of portfolio investments	(143)	(43)
Increase / (decrease) in trade and other payables	5	(5)
Net cash outflow from operating activities	(55)	(105)
Cash flows from investing activities		
Purchase of portfolio investments	(211)	(1,591)
Proceeds from sales of investments	529	730
Net cash generated / (used) in investing activities	318	(861)
Cash flows from financing activities		
Issue of ordinary share capital	-	983
Net cash generated from financing activities	-	983
Net increase in cash and cash equivalents	263	17
Cash and cash equivalents at beginning of year	52	35
Cash and cash equivalents at end of year	315	52

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