22 November 2018

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Redcentric plc

Half year results for the six months ended 30 September 2018 (unaudited)

Redcentric plc ("Redcentric" or "the Company") (AIM: RCN), a leading UK IT managed services provider, today announces its unaudited interim results for the six months to 30 September 2018.

Key financial measures	**Six months to 30 Sept 2018**	Six months to 30 Sept 2017	Change £m	Change %
Revenue (£m)	**47.5**	51.4	(3.9)	(7.6)%
Recurring monthly revenue (RMR) (£m)	**41.3**	44.6	(3.3)	(7.4)%
Adjusted EBITDA (£m)[1]	**8.1**	9.1	(1.0)	(11.0)%
Gross profit (£m)	**28.4**	30.5	(2.1)	(7.0)%
Gross margin (%)	**59.8%**	59.4%	4 bps	n/a
Adjusted basic EPS (p)[2]	**1.89p**	2.47p	(0.58)p	(23.5)%
Adjusted operating cash flow (£m)[3]	**9.2**	11.4	(2.2)	(19.3)%
Net debt (£m)[4]	**22.6**	33.3	(10.7)	(32.1)%
Statutory results				
Operating profit (£m)	**0.5**	0.5	0.0	0.0%
Loss before tax (£m)	**(0.1)**	(0.0)	(0.1)	n/a
Cash generated from operations (£m)	**8.8**	10.5	(1.7)	(16.2)%
Basic EPS (p)	**(0.38)p**	(0.04)p	(0.34)p	n/a

[1]Adjusted EBITDA refers to underlying operating profit before depreciation, amortisation, non-recurring costs and share based payments.
[2]Adjusted basic earnings per share excludes amortisation of acquired intangibles, non-recurring items and share-based payments and replaces the reported tax credit with a notional tax charge at the full rate of corporation tax.
[3]Adjusted operating cash flow is before non-recurring items.
[4]Net debt is the sum of cash less bank loans and overdrafts and other financial liabilities.

Financial Highlights

- Recurring revenue maintained at 87% of total revenue.
- Continued strong cash flows with £9.2m of adjusted operating cash flow in the period (114% cash conversion).
- Net debt reduced by £5.1m over the six-month period.
- Further efficiencies and cost savings achieved across the operating cost base.
- Dividend reinstated with an interim dividend of 0.4p per share.

Operational Highlights

- Renewal and extension of major customer contracts to 2021 and beyond.
- Five health & social care network procurement awards.
- Launch of Managed Azure Services enabling customers to make better use of hyper cloud.
- Investment in systems, networks and hosting platforms with upgrades to core Redcentric network.
- Introduction of new sales CRM system and ongoing implementation of company-wide ERP system.
- Strong management of costs and migration of work to Hyderabad, India.

Chris Cole, Non-Executive Chairman, commented:

"During the period Redcentric has made strong progress with its programme of driving operational efficiencies, cost control and cash discipline. This work has led to a leaner, more efficient business and one that is able to respond more quickly in a dynamic industry.

Despite these positives, top-line revenue performance has been disappointing and we have taken action to address this and return the business to organic revenue growth.

Representing the Board's confidence in the Company's outlook, I am pleased to report a reinstatement of the Company's dividend with an interim dividend of 0.4p per share."

For further enquiries please contact:

Redcentric plc	+44 (0)1423 850 000
Peter Brotherton, Chief Financial Officer	
Tulchan	+44 (0)20 7353 4200
James Macey White / Matt Low	
Numis Securities Limited – Nomad and Joint Broker	+44 (0)20 7260 1000
Simon Willis / Oliver Hardy	
finnCap Ltd - Joint Broker	+44 (0)20 7220 0500
Stuart Andrews / Rhys Williams	

This announcement contains inside information. There will be a presentation for analysts held at 09:30hrs on 22 November 2018 at the offices of Tulchan Communications, 85 Fleet Street, EC4 1AE. Please contact redcentric@tulchanCompany.com if you would like to attend.

Half Year Review

For the six months to 30 September 2018

Overview

The results for the first half of the year reflect a mixed performance. Notwithstanding previously disclosed headwinds, the decline in revenue despite initiatives to reverse this is a source of particular disappointment. The Company continues to make good progress with cost control and cash discipline. However, the positive impact from these workstreams does not fully mitigate the revenue decline experienced in the period. Looking forward it is very clear that the business needs to return to top line growth and several further initiatives are being introduced to enable this. It is also equally clear that there are further opportunities to achieve material cost savings and efficiencies in the second half of this year and next year, which will support the ongoing profitability and cash generation of the business.

Financial Performance

Revenue reduced by 7.6% to £47.5m versus the prior period. Recurring monthly revenue, a key performance indicator for the Company, remained high at 87% of total revenue, but declined 7.4% versus the prior comparable period.

The shortfall in revenue resulted in a £2.1m reduction in gross profit which was partially offset by £1.1m of operating cost savings. As a result, adjusted EBITDA decreased by £1.0m or 11% to £8.1m.

Cash flows have remained strong during the half allowing a reduction in net debt from £27.7m at 31 March 2018 to £22.6m at 30 September 2018.

Business Performance

The Company's progress on delivering top line growth has been disappointing. Our contract win rates have been lower than expected and the quality of the new business pipeline has reduced. While our new sales director, Brendan Lynch, has made good initial progress in implementing the required changes, it is taking time to rebuild a high-quality sales function with a mature pipeline, especially in the private sector. At the same time the Health & Social Care Network (HSCN) contracts, despite having long-term potential, are now not expected to deliver the anticipated revenues in the timeframe previously expected, and the headwinds identified in prior announcements have continued.

Redcentric has continued to make considerable progress with its programme of operational efficiency, cost control and cash discipline. This has resulted in a business that is leaner, more responsive to changing customer requirements and more efficient. During the period under review we have continued to transition work to Hyderabad, our low-cost centre with a high-quality local talent pool, and are in the process of implementing a company-wide ERP system. It is pleasing that this substantial body of work has been delivered while retaining the high levels of customer service for which Redcentric is recognised. This is reflected in the renewal and extension of several major customer contracts through to 2021 and beyond.

Public Sector

In April 2018 Redcentric announced that it had been confirmed as the preferred supplier for Health & Social Care Network and Public Services Network (PSN) services to the Yorkshire and Humber region (YHSPN). This framework agreement covers local authorities, emergency services, transport and health sectors and will include connectivity to the new Health & Social Care Network and Public Services Network.

While this framework offers potentially significant long-term revenues, it has become clear during the period that it will fall short both in terms of overall value and the pace at which revenue growth will be delivered. Part of this delay has been outside of our control and related to issues typically associated with large and complex technology transition projects. In addition issues of customer readiness and the administration of the framework have proved to be a notable headwind to progress. However, we have learned valuable lessons on actions we need to take to improve our engagement within our frameworks going forward. Our experience is that partners within the framework wish to re-evaluate their requirements rather than simply replacing existing services with Redcentric's products and services. There are limited options available to Redcentric in order to mitigate these factors albeit we are working closely with our partners in order to make progress.

During the period under review, Redcentric was appointed to three additional, smaller HSCN frameworks. With these other frameworks, we experienced similar headwinds to those mentioned above while pricing has also been aggressive in this market. As such, we currently anticipate a limited impact from HSCN contracts on FY19 and FY20 revenues but remain committed to the projects and are confident of a more meaningful contribution in subsequent periods. As an example of a recent HSCN contract, Redcentric won a five year connectivity contract worth a total of £1.8m with Worcester Health and Care NHS and we are looking to do more of these types of contracts in the future.

Private sector

Redcentric continues to successfully renew and expand contracts with its major clients. We have a track record in building long-term relationships with our clients focused on our high levels of customer service and reliability. Customer churn is largely driven through factors outside of our control such as M&A activity within our customer base. Despite our strong market position, over the past twelve months sales resource has been on the public sector. As previously referenced, this effort has not delivered the anticipated results. One of the initiatives actioned to take Redcentric forward is the re-focusing of the sales force on the private sector opportunity – particularly in verticals where Redcentric has a proven track record – which has traditionally been a core strength.

Cloud Transformation

The markets that Redcentric operate in are experiencing significant disruption and during the last twelve months we have developed new services to allow us to assist new and existing customers to navigate these changes. The nature of these new services, however, mean that sales cycles are longer, margins are typically lower and the revenue generated to date has been lower than planned.

Operational efficiencies and cost reductions

Management of costs has continued to be effective. We have exited from unprofitable non-strategic customer segments and introduced effective procurement practices which have more than offset other cost pressures such as higher energy charges. Building on Redcentric's sales CRM system launched in April, our new ERP platform will be introduced later this financial year, enabling us to drive further efficiency improvements, and accelerate our pace of business to meet rising customer expectations.

Board

Redcentric has separately announced today the resignation of Chris Jagusz from his directorship and position as Chief Executive Officer. Peter Brotherton, Chief Financial Officer, will temporarily assume Chief Executive responsibilities while a formal process to appoint a permanent Chief Executive is carried out. We thank Chris for his efforts and wish him the best with his future endeavours.

Taking the business forward

There are two priorities to take Redcentric forward. The first is to continue the progress made in making the business more efficient, with a sustainable and right-sized cost base. Secondly, actions are being undertaken which will start to drive revenue growth. Plans are in place to deliver on both of these priorities.

We have well developed plans underway to further improve the operational efficiency of the business, reduce the cost base significantly and transfer further work across to Hyderabad. In addition, we have identified several areas which we intend to focus on in order to drive sustainable revenue growth. The sales team, and the sales support experts around them, will be strengthened both via recruitment and through the transition of skilled resource to customer facing roles. The team will be incentivised to build a credible, well-qualified sales pipeline, particularly in the private sector. Historically, this was a core strength of Redcentric. We still have major customers in this area where we remain a leading provider of services to mid-market businesses, especially those with dispersed infrastructure, such as multi-site operators. We believe that this can be a key area of future growth.

Industry change and shifting client expectations of their IT provider necessitate consistent re-evaluation of our product suite and development focus to ensure they are relevant to the market and can contribute to Redcentric's future performance. Given this, we intend to review the performance and outlook of the Cloud Transformation Practice to provide confidence that continued investment and development is the correct allocation of capital and resource in order to succeed in the present and future market.

Investment in new capabilities will continue, supported by the continued cash generation of the Company. This spend will be concentrated around our core competencies in connectivity and collaboration and allow us to take advantage of our differentiating capabilities in networking. This will, in time, de-emphasise our dependency on hosting-only contracts where competitive pressures are most intense.

Given the ongoing consolidation within the industry the Company will continue to evaluate selectively the opportunities open to it.

Dividend

Reflecting its confidence in the outlook for Redcentric, the Board has decided to reinstate the dividend with an interim payment of 0.4p per share for the period under review. This represents the implementation of a prudent dividend policy.

Summary and outlook

Redcentric has been successful at retaining key customers in the period and maintaining its reputation for customer service. In addition, further progress has been made on reducing costs and managing cash which has enabled a significant reduction in net debt and the reinstatement of a dividend. However, this has been offset by a disappointing performance in revenue.

Looking forward, there are two strategic priorities. The first is to continue streamlining the business where there is the potential for further significant cost savings and efficiency improvements. Secondly, returning the business to organic revenue growth. We have identified the areas where we believe we can utilise Redcentric's strengths to achieve this particularly within the private sector. Changes are being made to the Company's sales team structure and areas of focus aligned to these growth areas. Given these initiatives the Board expects that the rate of revenue decline will slow in H2 19 and return to growth in FY20. The Board also expects that profits and net debt for FY19 will be in-line with its expectations.

A process is underway to appoint a new Chief Executive and we look forward to updating the market on progress in due course.

Finance Review

Financial highlights and overview

Statutory financial reporting measures	**Six months to 30 Sept 2018**	Six months to 30 Sept 2017	Change	
Revenue	**£47.5m**	£51.4m	£(3.9)m	(7.6)%
Operating profit	**£0.5m**	£0.5m	£0.0m	0.0%
Basic loss per share	**(0.38)p**	(0.04)p	(0.34)p	-
Adjusted performance measures (APMs)				
Adjusted EBITDA	**£8.1m**	£9.1m	£(1.0)m	(11.0)%
Adjusted EBITDA margin	**17.1%**	17.7%		6 bps
Adjusted cash generated from operations	**£9.2m**	£11.4m	£(2.2)m	(19.0)%
Adjusted cash conversion	**113.8%**	125.0%		11.2 bps
Adjusted operating profit	**£4.1m**	£5.3m	£(1.2)m	(22.6)%
Adjusted basic earnings per share	**1.89p**	2.47p	(0.58)p	(23.5)%

The Directors use the APMs listed above as they are critical to understanding the financial performance of the Company. As they are not defined by IFRS, they may not be directly comparable with other companies who use similar measures.

APM	**Definition**	**Reconciliation to equivalent IFRS measure of performance**
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, exceptional costs and share-based payments	A reconciliation of this measure is provided in the consolidated income statement
Adjusted EBITDA margin	Adjusted EBITDA to revenue	Adjusted EBITDA excluding exceptional costs and share-based payments
Adjusted cash generated from operations	Adjusted EBITDA plus working capital movements	Adjusted EBITDA plus working capital movements
Adjusted cash conversion	Adjusted cash generated from operations to adjusted EBITDA	Cash generated from operations to EBITDA
Adjusted operating profit	Operating profit add amortisation on acquired intangibles, exceptional costs and share based payments	Operating profit as disclosed on the consolidated income statement
Adjusted basic earnings per share	Adjusted earnings – profit/loss add amortisation (acquired intangibles), share based payments, exceptional costs, tax charge/credit	A reconciliation of this measure is provided in Note 8
Adjusted operating costs	Operating costs less depreciation, amortisation and share based payments	Operating expenditure as outlined in the consolidated income statement

Revenue

Recurring revenue for the six months to 30 September 2018 was £41.3m, a reduction of £3.3m on the equivalent period last year.

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Recurring monthly revenue	**41,322**	44,644	(3,322)	(7.4)%
Product sales	**3,328**	4,121	(793)	(19.2)%
One off service revenue	**2,802**	2,609	193	7.4%
	47,452	51,374	(3,922)	(7.6)%

The Company's prime focus is on recurring monthly revenues ("RMR"), product and service sales are undertaken to support the recurring revenue base. Product and Services revenues can fluctuate from period to period.

The key revenue metric of RMR was 7.4% lower than the equivalent period last year and accounted for 87% of total revenue (H1 FY17/18: 87%).

Gross profit

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Gross profit	**28,368**	30,507	(2,139)	(7.0)%
Gross margin	**59.8%**	59.4%		

Gross profit decreased by £2.1m largely reflecting the reduction in recurring revenue as above, as well as demonstrating the effect of product mix. Product sales at lower margin were reduced in H1 FY18/19, resulting in an uplift to overall gross margin.

Adjusted Operating costs

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Staff costs	**10,480**	11,940	(1,460)	(12.2)%
Office and data centre costs	**3,462**	3,589	(127)	(3.5)%
Network and equipment costs	**3,708**	3,286	422	12.8%
Other sales, general and administration costs	**1,463**	1,575	(112)	(7.1)%
Offshore costs	**1,140**	999	141	14.1%
	20,253	21,389	(1,136)	(5.3)%

Adjusted operating costs excludes depreciation, amortisation, non-recurring costs and share based payments.

Employees

Half Year End Headcount	**30 Sept 2018**	30 Sept 2017	Change	Change %
UK	**331**	366	(35)	(9.6)%
India	**153**	140	13	9.3%
Total	**484**	506	(22)	(4.3)%

Average eadcount	**30 Sept 2018**	30 Sept 2017	Change	Change %
UK	**337**	377	(40)	(10.6)%
India	**146**	142	4	2.8%
Total	**483**	519	(36)	(6.9)%

Overall, adjusted operating costs for H1 FY18/19 were £1.1m (5.3%) lower compared to the equivalent period last year. The majority of this cost reduction has been realised through a reduced UK headcount and therefore a reduced staff cost spend. There has been a strategic initiative to move UK operational roles to Hyderabad where possible to reduce costs whilst maintaining quality of service. This has been largely achieved through natural attrition.

Office and data centre costs were down on the equivalent period last year reflecting the annualisation of savings from the closure of the London office and exit from a third-party data centre.

Network and equipment costs have increased half year on half year by £0.4m, mainly due to increased licensing costs in relation to Microsoft Dynamics 365 and the associated investment in the new ERP system.

Other sales, general and administration costs have reduced compared to the equivalent period last year. Whilst there has been an investment in the first half of the year in consultancy costs to help support the YHPSN bid, these increased costs have been offset by reductions across, marketing and corporate costs.

Costs relating to the offshore operation have increased slightly due to the increase in staff following the transfer of certain roles from the UK.

Adjusted Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Adjusted EBITDA	**8,115**	9,118	(1,003)	(11.0)%
Adjusted EBITDA margin	**17.1%**	17.7%		

Adjusted EBITDA is the key measure that the Company uses to assess the underlying profitability of the business. Adjusted EBITDA excludes non-recurring items and share based payments.

Adjusted EBITDA decreased by £1.0m or 11.0% to £8.1m reflecting a reduction in gross profit that has been partially mitigated by savings made across operating costs.

Non-recurring items

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Professional fees associated with the forensic review and Financial Conduct Authority (FCA) investigation	**243**	509	(266)	(52.3)%
Integration & restructuring	**-**	840	(840)	(100.0)%
	243	1,349	(1,106)	(82.0)%

Overall, the level of non-recurring items has decreased from £1.3m to £0.2m. The only material costs classified as non-recurring are in relation to the ongoing FCA investigation and corresponding legal advice. The Board and Senior Management continue to fully co-operate with the FCA to aid with the investigation, however any timescales for resolution have not yet been indicated.

Net financing costs

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Change £'000	%
Interest receivable				
Other interest receivable	**(12)**	(257)	245	95.3%
Interest payable				
Interest payable on bank loans and overdrafts	**550**	724	(174)	(24.0)%
Amortisation of loan arrangement fees	**34**	34	-	-
	584	758	(174)	(23.0)%
Net financing costs	**572**	501	71	14.2%

The reduction in interest payable costs in H1 FY18/19 reflects the reduction of the outstanding balance drawn down on the revolving credit facility from £32.0m at September 2017 to £24.5m at September 2018.

Taxation

Current tax for the six-month period represents the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period. Deferred tax is calculated based on the expected annual outturn. The charge to the condensed consolidated statement of comprehensive income reflects:

i) Adjustments to prior year tax of £0.4m
ii) Overseas tax paid via Redcentric Solutions Private Ltd, a wholly owned subsidiary of the Company incorporated in India, £0.1m
iii) Movement in the deferred tax liability £(0.1)m
iv) Corporation tax due on trading profits in the year after the effects of loss streaming

During the six months to 30 September 2018, £1.6m of trading losses were utilised leaving a balance of £17.1m outstanding.

Earnings per share

Basic adjusted earnings per share for H1 FY18/19 was 1.89p, compared to 2.47p in H1 FY17/18. Diluted adjusted earnings per share for H1 FY18/19 was 1.88p compared to 2.38p in H1 FY17/18 (see note 8).

Dividends

In these results the Board is announcing the reinstatement of a dividend. An interim payment of 0.4p per share will be paid on 21 December 2018. The shares will have an ex-dividend date of 29 November 2018 and a record date of 30 November 2018.

Financial position

The summary financial position of the Company is set out below:

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Non-current assets	**98,609**	107,510	102,724
Net current assets (excl. net debt)	**2,500**	5,582	3,326
Non-current liabilities (excl. net debt)	**(1,036)**	(2,819)	(421)
Net debt	**(22,621)**	(33,324)	(27,707)
Net assets	**77,452**	76,949	77,922

Net debt and cash flows

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Revolving credit facility	**24,500**	32,000	28,000
Term loans	**-**	2	-
(Cash) balance	**(6,282)**	(4,692)	(6,089)
Finance leases	**4,505**	6,184	5,932
Unamortised loan arrangement fees	**(102)**	(170)	(136)
Net Debt	**22,621**	33,324	27,707

During H1 FY18/19, net debt fell from £27.7m at 31 March 2018 to £22.6m at 30 September 2018. The movements in net debt are analysed below along with the prior half year comparative.

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000
Adjusted EBITDA	**8,115**	9,118
Working capital movements	**1,120**	2,278
Adjusted cash generated from operations	**9,235**	11,396
Cash conversion	***113.8%***	*125.0%*
Corporation tax	**(38)**	(55)
Adjusted net cash inflow from operating activities	**9,197**	11,341
Net debt movements from investing activities		
Purchase of property, plant and equipment		
- Cash purchases	**(2,884)**	(2,276)
- Finance lease purchases	**(185)**	(1,464)
	(3,069)	(3,740)
Net debt movements from financing activities		
Interest paid	**(545)**	(665)
Non cash movements in net debt		
Amortisation of loan arrangement fees	**(34)**	(34)
Effect of exchange rates	**(32)**	(16)
Decrease in net debt pre non-recurring items	**5,517**	6,886
Non-recurring net debt movements		
Non-recurring expense items	**(431)**	(936)
Non-recurring interest income	**-**	257
	(431)	(679)
Decrease in net debt at 30 Sept 2018/ 2017	**5,086**	6,207

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000
Net debt at 31 March	**(27,707)**	(39,531)
Net decrease in net debt	**5,086**	6,207
Net debt at 30 September	**(22,621)**	(33,324)

Working capital movements

Working capital movements total £1.1m, of which £2.9m relate to trade debtors, accrued income, deferred income and other debtors. This resulted in cash conversion in the period of 114% compared to 125% in the prior period.

Trade debtor days were 44 at 30 September 2018 compared to 57 in the comparative period.

Trade creditor days were 31 at 30 September 2018 compared to 25 in the comparative period.

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Current	**7,946**	10,297	11,323
1 to 30 days overdue	**1,112**	1,957	1,951
31 to 60 days overdue	**1,150**	1,647	1,417
61 to 90 days overdue	**182**	628	550
91 to 180 days overdue	**470**	1,261	945
> 180 days overdue	**382**	1,802	593
Gross trade debtors	**11,242**	17,592	16,779
Trade debtor impairment provision	**(1,057)**	(1,864)	(981)
Net trade debtors	**10,185**	15,728	15,798

Financing and covenants

The Company's committed facilities at 30 September 2018 were £40m (H1 FY17/18: £40m). In addition to this, the Company has access to a £3m overdraft facility, a £6m finance lease facility and a £10m accordion facility.

As at 30 September 2018, the Company had drawn £25m on its revolving credit facility leaving headroom of £15m.

Post the half year end, £10m of the RCF was cancelled leaving a committed facility of £30m.

The Company's banking facilities are in place until 31 March 2020.

Responsibility Statement

The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Peter Brotherton

Chief Financial Officer

22 November 2018

Cautionary Statement

To the shareholders of Redcentric plc

The Interim report and accounts have been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The report and accounts should not be relied on by any other party or for any other purpose. The report and accounts contains some forward looking statements. These statements are made by the directors in good faith based on information available to them at the time of their approval of this report, but such statements should be treated with caution due to the inherent uncertainties, including both economic and business factor risks, underlying any such forward looking information.

Consolidated income statement for the six months ended 30 September 2018 (unaudited)

	Note	**Six months to 30 Sept 2018 £'000**	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Revenue	3	**47,452**	51,374	99,990
Cost of sales		**(19,084)**	(20,867)	(39,996)
Gross Profit		**28,368**	30,507	59,994
Operating expenditure		**(27,918)**	(30,034)	(59,054)
Operating Profit		**450**	473	940
Analysed as:				
Adjusted EBITDA*	4	**8,115**	9,118	18,085
Depreciation		**(3,493)**	(3,679)	(7,769)
Amortisation of intangibles		**(3,689)**	(3,272)	(7,136)
Non-recurring costs	5	**(243)**	(1,349)	(1,672)
Share-based payments		**(204)**	(345)	(534)
NI on share-based payments		**(36)**	-	(34)
Operating Profit		**450**	473	940
Net Finance costs	6	**(572)**	(501)	(1,433)
Loss on ordinary activities before taxation		**(122)**	(28)	(493)
Tax credit/(charge) on profit on ordinary activities	7	**(449)**	(36)	1,004
Profit/(Loss) for the year (attributable to owners of the parent)		**(571)**	(64)	511
Basic earnings/(loss) per share	8	**(0.38)p**	(0.04)p	0.34p
Diluted earnings/(loss) per share		**(0.38)p**	(0.04)p	0.34p

*Adjusted EBITDA refers to underlying operating profit before depreciation, amortisation, non-recurring costs and share based payments

Consolidated statement of comprehensive income (unaudited)

	Six months ended 30 Sept 2018 £'000	Six months ended 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Profit/(Loss) for the period	**(571)**	(64)	511
Exchange differences arising on re-translation of foreign subsidiary	**(28)**	(2)	(45)
Total comprehensive Profit/(loss) for the period	**(599)**	(66)	466

Consolidated statement of changes in equity (unaudited)

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	149	65,395	(9,454)	20,639	76,729
Loss for the period	-	-	-	(64)	(64)
Other comprehensive loss - before tax	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	(66)	(66)
Transactions with owners:					
Deferred tax on share-based payments	-	-	-	(59)	(59)
IFRS2 charge	-	-	-	345	345
Balance at 30 September 2017	149	65,395	(9,454)	20,859	76,949
Profit for the period	-	-	-	575	575
Other comprehensive loss - before tax	-	-	-	(43)	(43)
Total comprehensive income	-	-	-	532	532
Transactions with owners:					
Issue of new shares	-	193	-	-	193
Deferred tax on share-based payments	-	-	-	59	59
IFRS2 charge	-	-	-	189	189
Balance at 31 March 2018	149	65,588	(9,454)	21,639	77,922
Adjustment on initial application of IFRS 15				**(75)**	**(75)**
Loss for the period				**(571)**	**(571)**
Other comprehensive loss - before tax				**(28)**	**(28)**
Total comprehensive income				**(599)**	**(599)**
Transactions with owners:					
IFRS2 Charge				**204**	**204**
Balance at 30 September 2018	**149**	**65,588**	**(9,454)**	**21,169**	**77,452**

Consolidated balance sheet as at 30 September 2018 (unaudited)

	Note	**30 Sept 2018 £'000**	30 Sept 2017 £'000	31 March 2018 £'000
Non-Current Assets				
Property, plant and equipment	9	**19,173**	22,058	20,238
Intangible assets and goodwill	10	**79,436**	85,452	82,486
		98,609	107,510	102,724
Current Assets				
Inventories		**443**	232	666
Trade and other receivables	11	**22,510**	25,323	26,120
Corporation tax receivable		**-**	395	-
Cash and short term deposits		**6,282**	4,692	6,089
		29,235	30,642	32,875
Total assets		**127,844**	138,152	135,599
Equity				
Called up share capital	15	**149**	149	149
Share premium account		**65,588**	65,395	65,588
Capital redemption reserve		**(9,454)**	(9,454)	(9,454)
Retained earnings		**21,169**	20,859	21,639
Total Equity		**77,452**	76,949	77,922
Non-current liabilities				
Loans and borrowings	14	**25,812**	35,337	30,671
Provisions	13	**530**	309	376
Deferred tax liability		**506**	2,177	45
		26,848	37,823	31,092
Current Liabilities				
Trade and other payables	12	**19,617**	20,368	22,570
Corporation tax payable		**836**	-	890
Loans and borrowings	14	**3,091**	2,679	3,125
Provisions	13	**-**	333	-
		23,544	23,380	26,585
Total Liabilities		**50,392**	61,203	57,677
Total Equity and Liabilities		**127,844**	138,152	135,599

Consolidated cash flow statement for the six months ended 30 September 2018 (unaudited)

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Cash flows from operating activities			
Loss before taxation	**(122)**	(28)	(493)
Net finance expense	**572**	501	1,433
Operating profit	**450**	473	940
Depreciation and amortisation	**7,182**	6,951	14,905
Non-recurring items	**243**	1,349	1,672
Share based payments	**240**	345	568
Operating cash flow before non-recurring costs and movements in working capital	**8,115**	9,118	18,085
Non-recurring costs and NI on share based payments	**(431)**	(937)	(3,002)
Operating cash flow before movements in working capital	**7,684**	8,181	15,083
Decrease/(increase) in inventories	**223**	2	(432)
Decrease in trade and other receivables	**1,364**	665	1,079
(Increase)/decrease in trade and other payables	**(466)**	1,611	3,912
Cash generated from operations	**8,805**	10,459	19,642
Corporation tax (paid)/received	**(38)**	(55)	217
Net cash inflow from operating activities	**8,767**	10,404	19,859
Cash flows from investing activities			
Purchase of property, plant and equipment	**(2,884)**	(2,276)	(3,983)
Net cash outflow from investing activities	**(2,884)**	(2,276)	(3,983)
Cash flows from financing activities			
Interest paid	**(545)**	(462)	(1,196)
Finance fees paid on bank loans	**-**	(50)	(50)
Repayment of borrowings	**-**	(321)	(323)
Repayment of revolving credit facility	**(3,500)**	(6,000)	(10,000)
Proceeds of issue of shares less costs of issue	**-**	-	193
Finance Lease repayments	**(1,613)**	(927)	(2,795)
Net cash inflow from financing activities	**(5,658)**	(7,760)	(14,171)
Net increase in cash and cash equivalents	**225**	368	1,705
Opening cash and cash equivalents	**6,089**	4,340	4,340
Net increase in cash and cash equivalents	**225**	368	1,705
Effect of exchange rates	**(32)**	(16)	44
Cash and cash equivalents at end of the period	**6,282**	4,692	6,089

The accompanying notes form part of these financial statements.

Notes to the interim financial statements for the six months ended 30 September 2018

1. General information

Reporting entity

Redcentric plc ('the Company') is a company domiciled in England and Wales. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months to 30 September 2018 comprise the Company and its subsidiaries (together referred to as 'the Company'). The principal activity of the Company is the supply of IT managed services.

2. Accounting policies

Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 March 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The information for the year ended 31 March 2018 does not constitute statutory accounts as defined in section 435 of the Companies Act 2016. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2018.

Going concern

The directors have prepared a detailed trading and cash flow forecast for a period which covers at least 12 months after the date of approval of these condensed interim financial statements. Having considered the forecasts and making other enquiries, the directors have a reasonable expectation that Redcentric has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements.

Significant accounting policies

The accounting policies applied in these interim financial statements are mostly the same as those applied in the last annual financial statements, however the Company has now adopted IFRS 9 and IFRS 15.

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and is effective for the Company for the year ended 31 March 2019. Applying IFRS 9 has resulted in changes to the measurement and disclosure of financial instruments and introduced a new expected loss impairment model. Regarding impairment, the Company has applied the IFRS 9 approach to measuring expected credit losses which uses a lifetime expected loss allowance for all assets held at amortised cost. The impact of the change in impairment methodology was not material.

IFRS 15 'Revenue from contracts with customers' is effective for periods beginning on or after 1st January 2018. The Company has adopted IFRS 15, 'Revenue from Contracts with Customers', for the year ending 31 March 2019. This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. As permitted by the standard, the Company has taken advantage of the modified transitional provisions and the results for the year ended 31 March 2018 remain as previously reported. Under the modified approach the cumulative approach of initially applying the standard is recognised at 1 April 2018 with no restatement of prior periods. The overall impact on reserves as at the transition date is not significant. Further details relating to IFRS15 are disclosed in note 16

Standards issued but not yet effective

IFRS 16 'Leases' introduces a single lessee accounting model and is effective for periods beginning on or after 1st January 2019. The new standard will require lessees to recognise a lease liability reflecting the obligation to make future lease payments and a 'right-of-use' asset for all leases unless exemption is taken for certain short-term leases or for leases of low-value assets. The Company is currently assessing the impact of the new standard and it is not practicable to quantify the effect of this standard until this detailed review has been completed. The Company expects to adopt the standard from 1st April 2019 and will be considering whether to use fully or modified retrospective application.

3. Business segments

As applied to the consolidated financial statements as at and for the year ended 31 March 2018, the Board believes that the Company comprises a single reporting segment being the provision of managed services to customers. Whilst the Board still reviews revenue streams of the three categories separately; recurring, product and service revenue, the operating costs and operating asset base used to derive these revenue streams are the same for all three categories and are presented as such in the Company's internal reporting.

4. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it believes that this measure is relevant to an understanding of the Company's financial performance. The definition of adjusted EBITDA is the same as in the last annual financial statements. Adjusted EBITDA is not a defined performance measure in IFRS. The Company's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Operating Profit	**450**	473	940
Adjustments for:			
Depreciation	**3,493**	3,679	7,769
Amortisation of Intangibles	**3,689**	3,272	7,136
Non-recurring costs	**243**	1,349	1,672
Share-based payments	**240**	345	568
Adjusted EBITDA	**8,115**	9,118	18,085

5. Non-recurring costs

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Professional fees associated with the forensic review and Financial Conduct Authority (FCA) investigation	**243**	509	672
Integration & restructuring	**-**	840	1,000
	243	1,349	1,672

Overall, the level of non-recurring items has decreased from £1.1m to £0.2m. The only material costs being treated as non-recurring are in relation to the ongoing FCA investigation and related to legal advice. The Board and Senior Management continue to fully co-operate with the FCA to aid with the investigation, however any timescales for resolution have not yet been indicated.

6. Finance costs

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Interest receivable			
Other interest receivable	**(12)**	(257)	(19)
Interest payable			
Interest payable on bank loans and overdrafts	**550**	724	1,384
Amortisation of loan arrangement fees	**34**	34	68
	584	758	1,452
Net financing costs	**572**	501	1,433

7. Taxation

Tax of profit on ordinary activities

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Current income tax	**251**	46	331
Adjustment to prior year	**(262)**	-	696
Overseas tax			53
Deferred tax:			
Origination and reversal of timing differences:			
– Deferred tax asset: adjustment to prior year	**698**	-	(604)
– Deferred tax asset: current year	**-**	521	
– Deferred tax liability: adjustment to prior year	**-**	(531)	(410)
– Deferred tax liability: current year	**(238)**	-	(1,070)
Total income tax charge/(credit) reported in the income statement	**449**	36	(1,004)

Reconciliation of the total income tax charge/(credit)

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Profit /(Loss) before taxation	**(122)**	(28)	(493)
Profit multiplied by the UK standard rate of corporation tax of 19%	**(23)**	(4)	(94)
Expenses not deductible for tax purposes	**47**	28	53
Share scheme deduction under Part 12 CTA 2009			(12)
Movement in unprovided tax losses	**(30)**	-	(1,000)
Adjustment to prior year	**416**	-	92
Effect of tax rate change	**23**	1	28
Impact of overseas tax rates	**16**	11	8
Tangible Asset timing difference	**-**	-	(79)
Total income tax charge/(credit) reported in the income statement	**449**	36	(1,004)

8. Earnings per share

Basic earnings per share have been calculated using a weighted average number of shares of 149,135,316 (H1 FY17/18: 148,859,173). The dilutive effect of share options in issue at 30 September 2018 increased the weighted average number of shares to 150,589,987 (H1 FY17/18: 154,641,819).

In addition, adjusted earnings per share have been calculated to reflect the underlying performance of the business. This measure is derived as follows:

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Statutory earnings/(loss)	**(571)**	(64)	511
Amortisation of acquired intangibles*	**3,126**	3,126	6,252
Share-based payments	**240**	345	568
Tax (credit)/charge in income statement	**449**	36	(1,004)
Non-recurring interest	**-**	(257)	-
Non-recurring costs	**243**	1,349	1,672
Adjusted earnings before tax	**3,487**	4,535	7,999
Notional tax charge at 19%; (H1 FY16: 20%; FY17 20%)	**(662)**	(862)	(1,520)
Earnings for the purpose of earnings per share being net profit attributable to owners of the Company	**2,825**	3,673	6,479
Weighted average number of ordinary shares for the purposes of basic earnings per share	**149,135,316**	148,859,173	148,890,948
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**150,589,987**	154,641,819	149,871,477
Statutory earnings/(loss) per share – basic	**(0.38)p**	(0.04)p	0.34p
Statutory earnings/(loss) per share – diluted	**(0.38)p**	(0.04)p	0.34p
Adjusted earnings per ordinary share – basic	**1.89p**	2.47p	4.35p
Adjusted earnings per ordinary share – diluted	**1.88p**	2.38p	4.32p

Reconciliation of Amortisation

Amortisation charge per P&L	**3,689**	3,272	7,136
Amortisation of software	**(563)**	(146)	(884)
*Amortisation of acquired intangibles	**3,126**	3,126	6,252

9. Tangible Assets

	Leasehold improvements £000	Office fixtures and fittings £000	Vehicles & computer equipment £000	**Total £000**
Cost				
At 31 March 2018	13,896	1,372	29,837	**45,105**
Additions	88	54	2,422	**2,564**
Reclassification to intangible assets			(194)	**(194)**
Exchange differences	-	-	(12)-	**(12)**
At 30 September 2018	**13,984**	**1,426**	**32,053**	**47,463**
Accumulated depreciation				
At 31 March 2018	9,526	1,002	14,339	**24,867**
Charge for the half year ended 30 Sept 2018	248	48	3,197	**3,493**
Reclassification to intangible assets			(59)	**(59)**
Exchange differences	-	-	(11)	**(11)-**
At 30 September 2018	**9,774**	**1,050**	**17,466**	**28,290**
Net book amount				
At 30 September 2018	**4,210**	**376**	**14,587**	**19,173**
At 31 March 2018	4,370	370	15,498	20,238

Included in vehicle and computer equipment are assets held under finance leases with a carrying value of £3.5m at 30 September 2018 (H1 FY17/18: £6.2m). Of the £2.5m fixed assets acquired in the year, £nil were funded using finance leases (H1 FY17/18 £0.9m).

10. Intangible assets

	Goodwill £000	Customer contracts and related relationships £000	Trademarks £000	Software & Licences £000	Total £000
Cost					
At 31 March 2017	43,269	62,300	275	4,700	110,544
Additions	-	-	-	913	913
FOREX difference on carrying value	-	(16)	-	-	(16)
At 31 March 2018	43,269	62,284	275	5,613	111,441
Additions	-	-	-	504	504
Reclassification from tangible assets				194	194
Exchange differences				(1)	(1)
At 30 September 2018	**43,269**	**62,284**	**275**	**6,310**	**112,138**
Accumulated amortisation and impairment					
At 31 March 2017	-	19,596	240	1,983	21,819
Amortisation charge for the year ended 31 March 2018	-	6,217	35	884	7,136
At 31 March 2018	-	25,813	275	2,867	28,955
Amortisation charge for the half year ended 30 September 2018	-	3,126	-	563	3,689
Reclassification from tangible assets				59	59
Exchange differences				(1)	(1)
At 30 September 2018	**-**	**28,939**	**275**	**3,488**	**32,702**
Carrying amount at 30 September 2018	**43,269**	**33,345**	**-**	**2,822**	**79,436**
Carrying amount at 31 March 2018	43,269	36,471	-	2,746	82,486

Included in software and licences are intangibles assets held under finance leases with a carrying value of £0.7m at 30 September 2018 (2017: £nil). Of the £0.5m intangible assets acquired in the year, £0.2m were funded using finance leases (2017: £nil).

Intangible assets are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In the half year to 30 September 2018, there have been no such events that might trigger an impairment review.

11. Trade and other receivables

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Trade Receivables	**11,242**	17,592	16,779
Less: Provision for impairment of trade receivables	**(1,057)**	(1,864)	(981)
Trade receivables – net	**10,185**	15,728	15,798
Other receivables	**270**	224	265
Prepayments	**8,170**	6,151	7,211
Accrued income	**3,885**	3,220	2,846
Total	**22,510**	25,323	26,120

Through the adoption and implementation of IFRS 9, the Company has reviewed its approach to expected credit losses to ensure that the current policy is compliant and reflects the early recognition of any expected debtor impairment. The current policy was found to adhere to the guidelines of IFRS 9 as trade receivable credit provisions are made at the point of revenue recognition.

12. Trade and other payables

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Trade Payables	**6,524**	6,122	9,005
Other Payables	**233**	1,004	27
Taxation and Social Security	**2,142**	2,667	2,490
Accruals	**2,959**	3,598	2,705
Deferred Income	**7,759**	6,977	8,343
Total	**19,617**	20,368	22,570

13. Provisions

	Dilapidations - Total Provision £'000
At 31 March 2018	376
Additional provisions created during the year	154
Utilisation of provision	-
Reclassification of provision	-
At 30 September 2018	530

Dilapidation provisions are made in respect of contractual obligations relating to leased property. Vacant property provisions are made in respect of vacated properties under onerous leases.

	At 30 September 2018			At 30 September 2017		
	Dilapidations £'000	**Vacant Property £'000**	**Total £'000**	Dilapidations £'000	Vacant Property £'000	Vacant Property £'000
Current	-	-	-	21	312	333
Non-current	**530**	-	**530**	309	-	309
Total	**530**	-	**530**	330	312	642

14. Borrowings

	Six months to 30 Sept 2018 £'000	Six months to 30 Sept 2017 £'000	Year ended 31 March 2018 £'000
Bank Loan	**24,500**	32,000	28,000
Arrangement Fee	**(102)**	(170)	(136)
Finance Leases – Non Current	**1,414**	3,507	2,807
Total Non-Current	**25,812**	35,337	30,670
Finance Leases – Current	**3,091**	2,677	3,125
Term Loans	**-**	2	-
Total Current	**3,091**	2,679	3,125

15. Capital and reserves

Issued share capital

	Number	**£'000**
At 30 September 2017	148,859,173	149
Issued during six month period	276,143	-
At 31 March 2018	149,135,316	149
Issued during six the period	-	-
At 30 September 2018	**149,135,316**	**149**

16. IFRS15 (Revenue from contracts with customers) restatement

There were two main changes to the Company accounts when prepared under IFRS15. The first was in relation to recognition of revenue for Customer Premises Equipment (i.e routers) and the second was in relation to commission payments made to members of the Sales department. The Company has chosen to adopt the retrospective method of transition which allows for the recognition of the cumulative effect of applying the standard through opening retained earnings.

Customer Premises Equipment (CPE)

Prior to IFRS 15 adoption, CPE set up and activation revenue was recognised up front upon installation. Under IFRS 15 this has now been amended so that all revenue received in relation to CPE set up and activation is now recognised over the life of the relevant customer contract. The impact of this has been a reduction in reported revenue and an equivalent increase in deferred income

Sales Commission Payments

Prior to IFRS15 adoption, the policy was to recognise the commission expense in the income statement in the period in which it was paid via payroll. Under IFRS15 sales commission costs are now recognised across the life of the contract to which the commission relates. This restatement has had a positive earnings impact alongside an impact on the statement of financial position to reflect a contract asset for commission costs to be recognised over the term of the contract. The Company is also now recognising the liability for future commission payments due as a result of commission already earned (for example through multi-year payments)

Income statement for the six months ended 30 September 2018 prepared under IFRS 15 and IAS 18

	Six months to 30 Sept 2018 IFRS 15 £'000	Six months to 30 Sept 2018 IAS 18 £'000
Revenue	**47,452**	47,344
Cost of sales	**(19,084)**	(19,084)
Gross Profit	**28,368**	28,260
Operating expenditure	**(27,918)**	(28,071)
Operating Profit	**450**	189
Analysed as:		
Adjusted EBITDA*	**8,115**	7,854
Depreciation	**(3,493)**	(3,493)
Amortisation of intangibles	**(3,689)**	(3,689)
Non-recurring costs	**(243)**	(243)
Share-based payments	**(204)**	(204)
NI on share-based payments	**(36)**	(36)
Operating Profit	**450**	189
Net Finance costs	**(572)**	(572)
Loss on ordinary activities before taxation	**(122)**	(383)
Tax credit/(charge) on profit on ordinary activities	**(449)**	(399)
Profit/(Loss) for the year (attributable to owners of the parent)	**(571)**	(782)

Statement of financial position at 30 September 2018 prepared under IFRS 15 and IAS 18

	30 Sept 2018	30 Sept 2018
	IFRS 15	IAS 18
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	**19,173**	19,173
Intangible assets and goodwill	**79,436**	79,436
	98,609	98,609
Current Assets		
Inventories	**443**	443
Trade and other receivables	**22,510**	20.983
Cash and short term deposits	**6,282**	6,282
	29,235	27,708
Total assets	**127,844**	126,317
Equity		
Called up share capital	**149**	149
Share premium account	**65,588**	65,588
Capital redemption reserve	**(9,454)**	(9,454)
Retained earnings	**21,169**	21,032
Total Equity	**77,452**	77,315
Non-current liabilities		
Loans and borrowings	**25,812**	25,812
Provisions	**530**	530
Deferred tax liability	**506**	506
	26,848	26,848
Current Liabilities		
Trade and other payables	**19,617**	18,277
Corporation tax payable	**836**	786
Loans and borrowings	**3,091**	3,091
	23,544	22,154
Total Liabilities	**50,392**	49,002
Total Equity and Liabilities	**127,844**	126,317