

31 December 2018

Gordon Dadds Group PLC

(“Gordon Dadds” or the “Company” or the “Group”)

Completion of acquisition of Ince UK

Half year results for the six months ended 30 September 2018

Expected restoration of trading on AIM

Gordon Dadds Group PLC (AIM: GOR), the London-based legal and professional services group announces:

- Completion of the acquisition of the members’ interests in Ince & Co LLP (“Ince UK”)
- Unaudited results for the six months ended 30 September 2018
- Trading in Gordon Dadds ordinary shares is expected to resume at 7:30 on Wednesday 2 January 2019

Ince acquisition

- Gordon Dadds has acquired control of the assets of Ince UK, a well-known and respected London-headquartered international law firm
- The legal practice of Ince UK is being merged with Gordon Dadds LLP to trade as Ince Gordon Dadds
- The assets coming under Gordon Dadds control generated fees of £30.5m in the year ended 30 April 2018
- Total consideration is estimated at £27.3m payable in cash over four years and a grant of options over up to 3m new shares
- £12.5m of new borrowing facilities have been arranged
- The international offices of Ince International are not being acquired but have agreed to enter into new network arrangements and will continue to trade as Ince & Co
- The deal is expected to be earnings enhancing in the current year before exceptional costs and significantly earnings enhancing for Gordon Dadds from 1 April 2019 as duplicated costs are eliminated

Financial highlights from first half results

- Revenue up by 56% to £20.11m (*H1 2017 £12.89m*)
- Operating profits increased by 23% to £4.27m (*H1 2017 £3.47m*)
- Adjusted profit before tax* increased by 91% to £1.10m (*H1 2017 £0.58m*)
- Interim dividend of 2p (*H1 2017: nil*) for payment on 10 April 2019 to shareholders on the register at 1 March 2019
- Adjusted earnings per share* 1.91p (*H1 2017 2.26p*)
- Strong balance sheet with gross assets of £50.4m (*30 September 2017 £40.8 m*)

**Adjusted profit before tax represents the profit before income tax of £3.54m after adding back exceptional items of £0.72m and deducting partners' profit shares of £3.16m. Adjusted earnings per share represents earnings per share based on the Adjusted profit before tax less taxation and remaining non-controlling interests as shown in note 4.*

Adrian Biles, Chief Executive of Gordon Dadds Group PLC, commented:

On the Ince deal:

"We are very pleased to have completed the Ince deal. It is a landmark in our development and I'm delighted to welcome our new colleagues. It increases our capacity hugely and we expect it to boost revenue significantly in the coming years.

"We will foster the close working relationships under the Ince Gordon Dadds International Network, ensuring that the enlarged business and the affiliate network will offer our clients breadth of service both by practice area and by geography."

On the results

"The deal is underpinned by the strong performance of Gordon Dadds, with first half revenues up by over a half and adjusted profit (before tax) up by over 90%. We have focussed on interoffice collaboration and cross-selling to deliver organic growth. These activities are beginning to bear fruit and there is much more to come.

"The Group has traded to our expectations and the second half of the year should again produce the greater proportion of revenue and profits which gives us confidence that we will meet market expectations for the full year."

Further deals

"The quality of this deal reflects the attractiveness of our business model. We have had many approaches from other firms that are similarly interested.

"We have refined our acquisition strategy into three categories: UK firms with over £10 million of annual fee income, international acquisitions which will add to the depth of our core business and smaller acquisitions which can be absorbed into existing offices, increasing the intellectual capital of the Group through niche specialisms and promoting cross-selling."

**FOR FURTHER INFORMATION,
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Ince acquisition

On 29 October 2018, Gordon Dadds announced that it had agreed terms in principle to acquire all of the equity partners' interests in Ince and Co LLP and Ince & Co International LLP, its affiliated entities ("**Ince International**") and all of their respective business and assets or, where legal or regulatory considerations required it in respect of overseas affiliates, to enter into alternative network sharing or governance arrangements. It was also announced that it was the intention of the parties to complete the transaction by 31 December 2018.

Since that date, following a detailed due diligence it has been concluded that it would not be possible to agree arrangements with the affiliated network entities and obtain local regulatory approvals (which is a time-consuming process) by 31 December 2018. Accordingly, the parties agreed to change the transaction to exclude the acquisition of the affiliated network entities other than Ince's Shanghai and Beijing practices, which are branches of the London firm. These mainland China practices and the Ince UK business will be merged with the UK legal services business of Gordon Dadds and will now trade as Ince Gordon Dadds. Gordon Dadds have agreed to enter into new network sharing arrangements with the practices which are not now being acquired and these will continue to trade as Ince & Co. We will be looking to deepen those arrangements in the coming months.

Plans for integration of the operations of Ince UK and Gordon Dadds' UK legal services business are in place and will be implemented as soon as possible, with Gordon Dadds' London office moving into Ince UK's London office from next weekend.

Due to the change to the merger terms previously announced, the acquisition of Ince UK is no longer classified as a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and will not require the production of an admission document. As such, it is expected that trading in the Company's shares will resume at 7:30 a.m. on 2 January 2019.

Summary of the business of Ince UK

Ince UK is an established and highly regarded London-based legal services business with branches in Beijing and Shanghai, specialising in the shipping, insurance and transport sectors. The 24 equity partners of Ince UK will join Ince Gordon Dadds and have committed to Ince Gordon Dadds LLP for a minimum of eighteen months. The fee income attributable to the assets coming under the Group's control generated fees of £30.5m in the year ended 30 April 2018.

Summary of the acquisition terms

Gordon Dadds has acquired control of the assets of Ince UK for a consideration equal to the capital and current account balances of those members (which will be established through completion accounts to be prepared as at 31 December 2018) together with a goodwill payment. Gordon Dadds will also repay the capital account balances of the members of Ince International and certain former members of Ince as many of them were funded by borrowings effectively guaranteed by Ince UK. It is estimated that the payments in respect of capital and current account balances will aggregate £12.3 million. The goodwill payment will be equivalent to a percentage of the turnover generated in the first three years by the members joining Gordon Dadds and, based on the fee income generated by those members in the last financial year, it is estimated that the goodwill payment will amount to £15.0 million. In addition, Ince fee earners will be granted options to acquire a total of up to 3,000,000 ordinary shares at 140p.

The capital account balances will mainly be settled in cash on or shortly after completion and will discharge the partner capital loans with the balance paid over a period of up to 2 years. The goodwill consideration will be paid in cash over approximately the next four years.

The total consideration for the acquisition (excluding the options) is estimated at £27.3 million. To finance the consideration payments, the Company has arranged, with advice from Rothschild & Co, a new three year term loan of £6 million which is being drawn down at completion and a three year revolving credit facility of £6.5 million.

Ongoing relationship with Ince International

Gordon Dadds will maintain close working relationships with the other member firms of the Ince Gordon Dadds International network following termination of the previous network arrangements. The independent Network firms operate in Germany, Greece, Dubai, Singapore and Hong Kong. Gordon Dadds has entered into a new service agreement with member firms in the network to provide common services. Gordon Dadds will continue to seek to develop deeper arrangements with the network of affiliates which would be regulatorily appropriate. Until any such agreement, the results of those entities will not be consolidated into the results of the Company and they remain separate businesses.

Results for the six months ended 30 September 2018

Review of the period

After a period of rapid expansion through acquisitions in the later months of 2017 and the early months of 2018, the Group entered a period of consolidation to begin to derive the benefits of the acquisitions through operating efficiencies and organic growth from cross-selling. Although we made no acquisitions during the period we opened our Hong Kong office which is now registered to be able to deliver UK and local legal services. Then in the summer we started discussions with Ince & Co International LLP and its international network. These discussions have now led to the acquisition of control of the assets of Ince UK and its integration with Gordon Dadds LLP, the Group's London and international legal services business.

We continue to look for attractive opportunities for further acquisitions and have broadened our horizons to look for international firms which will complement our business while increasing the scale of businesses we are looking to acquire.

It continues to be clear that there is considerable genuine interest in the UK market for legal services businesses to achieve the following:

- Realisation of partners' goodwill
- De-risking partners from capital provision
- Insulation of partners from all business liabilities
- Access to cash and IT resources

It is also becoming clear that there is equal interest in this model overseas where local regulations permit. We continue to believe that we can design structures which will achieve this while meeting regulatory requirements.

In assessing acquisitions, we expect any which we pursue will increase the intellectual capital of the Group and/or the scale of the clients and matters the Group has.

Finance and results

During the first six months of the year, we saw good progress in our legal services businesses from the dispute resolution, corporate, fintech, taxation and regulatory segments of the business. Property continued to be in a competitive sector where activity slowed and the

family and private client segment not continuing the progress of last year. In our other business lines, financial services generally performed satisfactorily and the significant progress reported in previous announcements by our consultancy businesses has continued.

Of the acquisitions made during the second half of the last year, CW Energy, our corporate tax consultancy business, and White & Black, our fintech corporate specialists, have both made continuing progress ahead of our expectations. The Thomas Simon business was merged in with the Gordon Dadds LLP's Cardiff office and this integration is working increasingly well. The Bristol businesses of Metcalfe and Burroughs Day have proved harder to integrate satisfactorily with each other, in part because of infrastructure issues, but are now responding to the measures implemented including the appointment of a regional director to oversee the Bristol and Cardiff legal services businesses. We continue to believe that all of these acquisitions will contribute well to the Group in the future.

During the first half, we have made further progress on our gross margin but are still a couple of percentage points short of our target of 50% (after charging productive partners' profit shares) and in a higher revenue second half, we would expect further progress on this measure.

The Group's lock-up has been steady during the first half, with the absolute lock-up increasing slightly as the lock-up of the businesses acquired late in the last financial year have reached a mature level. There is still room for improvement in this KPI which our revenue management team work hard to deliver.

Our target of the overheads of running the business being contained to 30% of revenues has not been met. A significant reason for this is that we have not slimmed the overhead as fast as we would have done in the absence of negotiations for the acquisition of Ince. Our immediate focus is on achieving the successful integration of Ince UK with Gordon Dadds so that the significant benefits of the merger can be delivered and we will re-focus on this KPI after the integration is completed. We would expect such improvement in this KPI to begin to be reflected in the next financial year.

Outlook

Trading since the period end continues to progress broadly in line with our expectations. It is normal in the Group's business for trading to be weighted towards the second half of the year and this year is no exception, particularly as the revenue of Ince UK is included.

We have continued to build our support function to be ready to take on the work of the larger group we now have. The integration of the businesses of the Ince UK business will produce a large one-off cost in the current year with a rationalisation programme (including office moves and staff changes), system expansion and professional and other fees incurred. Given the timing of completion of the transaction and the distraction to both managements of the prolonged negotiations, it is likely that the benefit of the acquisition will only be markedly evident in the trading results of the next financial year. That benefit should, however, then be significant to each of revenue, profits and earnings per share.

We therefore look forward to reporting further progress in the rest of the year to 31 March 2019 and thereafter.

Unaudited Consolidated Statement of Comprehensive Income

		6 months to 30 September 2018 £'000	6 months to 30 September 2017 £'000	12 months to 31 March 2018 £'000
Continuing operations				
Fees and commissions		20,114	12,894	31,238
Staff costs	2	(8,116)	(4,845)	(10,756)
Depreciation and amortisation		(690)	(977)	(2,137)
Other operating expenses		(7,038)	(3,601)	(9,546)
Operating profit		4,270	3,471	8,799
Finance income		132	24	159
Finance expense		(20)	(200)	(239)
Flotation and acquisition related costs	3	(90)	(1,916)	(2,305)
Costs re potential acquisition	3	(626)	-	-
Share of profit of associates		(118)	(63)	(37)
Profit before income tax		3,548	1,316	6,377
Income tax expense		(159)	(3)	(27)
Profit and total comprehensive income for the period		3,389	1,313	6,350
Attributable to:-				
Equity holders of the Company		(168)	(1,513)	127
Non-controlling interests – partners profit shares		3,160	2,653	5,720
Non-controlling interests - other		397	173	503
Total comprehensive income for the period		3,389	1,313	6,350
Earnings per share				
Basic and diluted earnings per share (pence)	4	(0.58)	(8.47)	0.55
Adjusted basic and diluted earnings per share (pence)	4	1.91	2.26	10.46

The profit for the period relates to continuing operations only.

The attached notes are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

		30 September 2018	30 September 2017	31 March 2018
	Note	£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment		337	28	367
Intangible assets	5	26,393	13,544	27,044
Investments		200	172	267
		26,930	13,744	27,678
Current assets				
Trade and other receivables	6	19,254	12,940	18,411
Cash and cash equivalents	7	4,257	14,113	8,948
		23,511	27,053	27,359
Total assets		50,441	40,797	55,037
EQUITY				
Capital and reserves attributable to equity holders				
Share capital	8	288	850	288
Share premium	9	230	45,884	230
Capital redemption reserve	9	46,448	-	46,448
Reverse acquisition reserve	9	(24,724)	(24,723)	(24,724)
Other reserves		-	-	-
Retained earnings	9	723	401	2,041
		22,965	22,412	24,283
Non-controlling interest		4,898	4,086	4,512
Total equity		27,863	26,498	28,795
LIABILITIES				
Non-current liabilities				
Trade and other payables	10	10,391	3,126	11,896
Borrowings	11	148	161	155
Provisions		-	-	-
		10,539	3,287	12,051
Current liabilities				
Trade and other payables	10	10,730	9,020	13,654
Borrowings	11	1,006	1,419	372
Provisions		303	573	165
		12,039	11,012	14,191
Total liabilities		22,578	14,299	26,242
Total equity and liabilities		50,441	40,797	55,037

The attached notes are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows

	6 months to 30 September 2018 £'000	6 months to 30 September 2017 £'000	12 months to 31 March 2018 £'000
Cash flows from operating activities			
Profit before income tax	3,548	1,316	6,377
Adjustments for:			
Finance income	(132)	(24)	(159)
Finance expense	20	200	239
Acquisition related costs	716	1,916	2,305
Depreciation, amortisation and impairment	690	977	2,137
Share of profits of associates	118	63	37
Changes in operating assets and liabilities (net of acquisitions):			
Decrease/(Increase) in trade and other receivables	(894)	302	(1,491)
(Decrease)/Increase in trade and other payables	(2,260)	(1,322)	(1,298)
(Decrease)/Increase in provisions	138	150	(288)
Cash generated by operations	1,944	3,578	7,859
Interest and other financial costs paid	(20)	(173)	(184)
Tax paid	(134)	(3)	(3)
Net cash generated by operating activities	1,790	3,402	7,672
Cash flows from investing activities			
Cash paid on acquisitions (net of cash acquired)	-	(131)	(1,741)
Payment of contingent and deferred consideration on acquisitions	(2,276)	(1,517)	(4,824)
Payment of acquisition related costs	(716)	(1,916)	(2,305)
Purchase of PPE	(6)	-	(2)
Purchase of intangible assets	-	(20)	(130)
Purchase of interest in associates	-	(35)	-
Dividends received	-	-	-
Interest received	112	24	159
Net cash absorbed by investing activities	(2,886)	(3,595)	(8,843)
Cash flows from financing activities			
Movement in borrowings (including finance leases)	144	(2,112)	(3,647)
Proceeds from issuance of shares	-	19,558	19,789
Transactions costs relating to issue of shares	-	(862)	(862)
Dividends paid	(1,150)	-	-
Transactions with non-controlling interests	(3,072)	(1,842)	(4,725)
Net cash (absorbed)/generated from financing activities	(4,078)	14,742	10,555
Net (decrease) / increase in cash and cash equivalents	(5,174)	14,549	9,384
Cash and cash equivalents at beginning of period	8,948	(436)	(436)
Cash and cash equivalents at end of period	7	3,774	14,113
	3,774	14,113	8,948

Unaudited Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 April 2017	572	8,240	-	(7,397)	1,914	3,941	7,270
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	-	(1,513)	2,826	1,313
Shares issued for acquisition	278	38,506	-	(17,326)	-	-	21,458
Share issue transactions costs	-	(862)	-	-	-	-	(862)
Transferred to members	-	-	-	-	-	(2,681)	(2,681)
Balance at 30 September 2017	850	45,884	-	(24,723)	401	4,086	26,498
Balance at 1 October 2017	850	45,884	-	(24,723)	401	4,086	26,498
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	-	1,640	3,397	5,037
Shares issued in period	2	230	-	-	-	-	232
Share issue transactions costs	-	-	-	-	-	-	-
Deferred shares cancelled	(564)	-	564	-	-	-	-
Share premium cancelled	-	(45,884)	45,884	-	-	-	-
Transferred to members	-	-	-	(1)	-	(2,971)	(2,972)
Balance at 31 March 2018	288	230	46,448	(24,724)	2,041	4,512	28,795
Balance at 1 April 2018	288	230	46,448	(24,724)	2,041	4,512	28,795
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	-	(168)	3,557	3,389
Dividends paid	-	-	-	-	(1,150)	-	(1,150)
Transferred to members	-	-	-	-	-	(3,171)	(3,171)
Balance at 30 September 2018	288	230	46,448	(24,724)	723	4,898	27,863

The attached notes are an integral part of these consolidated financial statements.

Notes to the Financial Statements

These interim consolidated financial statements have been approved for issue by the Board of Directors on 23 December 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation and significant accounting policies

1. Accounting policies

The financial information for the year ended 31 March 2018 set out in this half yearly report does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The figures for the year ended 31 March 2018 have been extracted from the Group financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included an independent auditor's report, which was unqualified and did not contain a statement under section 493 of the Companies Act 2006.

The half yearly financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 March 2019. The Group financial statements for the year ended 31 March 2018 were prepared under International Financial Reporting Standards as adopted by the European Union. These half yearly financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 31 March 2018. The interim condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2018.

None of the standards, interpretations and amendments effective for the first time from 1 April 2018 have had a material effect on the Interim Report. The following standards and interpretations, relevant to the Group's operations have been applied in the Interim Report for the first time: IFRS9 Financial Instruments; and, IFRS 15 Revenue from contracts with customers.

1.2 Business combinations

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3 'Business Combinations'. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as operating expenses. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the income statement.

1.3 Financial instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables and cash and cash equivalents.

Financial liabilities are included on the balance sheet as trade and other payables and borrowings.

(a) Trade receivables

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

(b) Trade payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

(c) Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

1.4 Going concern

The financial statements have been prepared on the going concern basis. In deciding this, the directors have considered the detailed budgets for the current financial year and high level budgets for the succeeding year including in both cases cash flows. They have also considered the impact of adverse changes resulting from the major risks and uncertainties they consider apply to the Group.

2. STAFF COSTS

The average number of persons employed by the Group (excluding Directors) during the period, analysed by category, was as follows:

	Number of employees		
	6 months to 30 September 2018	6 months to 30 September 2017	12 months to 31 March 2018
Fee earners	179	92	107
Direct production support	56	47	55
Administration	109	61	77
Total	344	200	229

The aggregate employment costs of these persons were as follows:

	6 months to 30 September 2018	6 months to 30 September 2017	12 months to 31 March 2018
	£'000	£'000	£'000
Wages and salaries	6,986	4,163	9,198
Social security costs	690	402	911
Employee benefits costs	232	171	399
Pension costs	208	109	248
Total staff costs	8,116	4,845	10,756

3. NON RECURRING COSTS

Acquisition related cost in the current financial year represent professional fees and other costs incurred in respect of acquisitions completed in the previous year. Exceptional costs in the period to 30 September 2018 represent costs incurred in pursuing the acquisition of Ince & Co.

Non recurring costs in the year ended 31 March 2018 include acquisition related costs of £382,000 and exceptional costs relating to the Group's restructuring, including the reverse acquisitions of Brook Street Holdings LLP and Gordon Dadds Group Limited, placing of new ordinary shares and re-admission to the AIM market of the London Stock Exchange of £1,923,000.

Non recurring costs include non-audit fees payable to the Company's auditors of £21,000 (2018: £233,000).

4. EARNINGS PER SHARE

Earnings per share for the year ended 31 March 2018 and the periods ended 30 September 2018 and 30 September 2017 are based on the weighted average number of shares of the Company in issue or issued as consideration for the entities whose results are reported in the period. The number of shares and periods are as follows:

1 April 2017	12,509,623	Being the shares issued by the Company for the acquisition of the shares in issue by Culver Holdings Limited immediately following the acquisition of Brook Street Holdings LLP allowing for the cancelation of shares in Culver Holdings Limited
15 June 2017	13,417,143	Being the shares issued by the Company as consideration for the acquisition of all of the shares in issue by Culver Holdings Limited at the date of the reverse acquisition
4 August 2017	28,597,310	Being the Company's issued shares on re-admission to the AIM market of the London Stock Exchange
19 January 2018	28,759,711	Being the Company's current issued shares following new shares issued to Culver Ventures Limited loan stock holders

Basic earnings per share, shown on the consolidated income statement, is based on loss after tax for the period ended 30 September 2018 of (£168,000) (31 March 2018: profit of £127,000) attributable to equity holders, divided by 28,759,711 (31 March 2018: 23,229,943), being the weighted average total number of ordinary shares in issue during the period.

Adjusted basic earnings per share, shown on the consolidated income statement, is based on adjusted profit before tax for the period ended 30 September 2018 of £1,104,000 after deducting other non-controlling interests of £397,000 and tax of £159,000 divided by 28,759,711 (31 March 2018: 23,229,943), being the weighted average total number of ordinary shares in issue during the period.

Adjusted profit before tax is calculated as follows:

	6 months to 30 September 2018 £'000	6 months to 30 September 2017 £'000	12 months to 31 March 2018 £'000
Profit before tax from statement of comprehensive income	3,548	1,316	6,377
Deduct: Partners profit shares shown as non-controlling interests	(3,160)	(2,653)	(5,720)
Add: Non-recurring expenses:			
- Flotation costs	-	1,848	1,923
- Costs connected to acquisition of Ince & Co	626	-	-
- Acquisition related expenditure	90	68	382
Adjusted profit before tax	1,104	579	2,962
Deduct:			
Taxation	(159)	(3)	(27)
Other non-controlling interests	(397)	(173)	(504)
Adjusted profit after tax	548	403	2,431

5. INTANGIBLE ASSETS

	Goodwill £'000	Client portfolio £'000	Internally generated software £'000	Intellectual property £'000	Total £'000
Cost					
Balance at 1 April 2018	24,150	7,719	453	189	32,511
Acquisition of subsidiary	-	-	-	-	-
Additions	-	-	-	-	-
Reassessment of fair value	4	-	-	-	4
Balance at 30 September 2018	24,154	7,719	453	189	32,515
Amortisation and impairment					
Balance at 1 April 2018	-	5,336	103	28	5,467
Charge for the period	-	614	32	9	655
Balance at 30 September 2018	-	5,950	135	37	6,122
Carrying value					
At 31 March 2018	24,150	2,383	350	161	27,044
At 30 September 2018	24,154	1,769	318	152	26,393

The total amortisation and depreciation charge on the face of the statement of comprehensive income includes £45,000 of depreciation of tangible fixed assets.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination.

Client portfolio represents the acquisition of the business and certain assets from other professional services firms. The client portfolio intangible asset is carried at cost less accumulated amortisation.

Amortisation is provided for in line with the fees billed and cash collections generated by the client portfolio acquired.

Internally generated software includes £453,000 (2018: £453,000) of development costs relating to development of software applications. The directors have considered the carrying value of internally generated software of £318,000 (2018: £350,000) as appropriate as it is expected to create future economic benefit.

Intellectual property includes £152,000 (2018: £161,000) of intellectual property acquired on the acquisition of certain assets and liabilities of Prolegal Limited (in administration).

The Intangible assets of the Group for the prior year were as follows:-

	Goodwill £'000	Client portfolio £'000	Internally generated software £'000	Intellectual property £'000	Total £'000
Cost					
Balance at 1 April 2017	6,734	8,014	323	189	15,260
Acquisition of subsidiary	17,334	-	-	-	17,334
Additions	-	-	130	-	130
Reassessment of fair value	82	-	-	-	82
Eliminated on disposal	-	(295)	-	-	(295)
Balance at 31 March 2018	24,150	7,719	453	189	32,511
Amortisation and impairment					
Balance at 1 April 2017	-	3,583	38	-	3,621
Charge for the period	-	2,016	65	28	2,109
Eliminated on disposal	-	(263)	-	-	(263)
Balance at 31 March 2018	-	5,336	103	28	5,467
Carrying value					
At 31 March 2017	6,734	4,431	285	189	11,639
At 31 March 2018	24,150	2,383	350	161	27,044

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination and is analysed below.

The goodwill of the Group is analysed as follows:

	Consulting and Technology £'000	Culver Financial Services £'000	Personal Injury Legal Services £'000	GDLLP Legal Services £'000	Alen Buckley £'000
Cost					
At 1 April 2018	1,751	4,185	5,313	3,103	1,329
Acquisitions	-	-	-	-	-
Reassessment of fair value	-	-	4	-	-
At 30 September 2018	1,751	4,185	5,317	3,103	1,329
Impairment					
At 1 April 2018	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 September 2018	-	-	-	-	-
Carrying value					
At 31 March 2018	1,751	4,185	5,313	3,103	1,329
At 30 September 2018	1,751	4,185	5,317	3,103	1,329

	CW Energy £'000	White & Black £'000	Total Goodwill £'000
Cost			
At 1 April 2018	6,464	2,005	24,150
Acquisitions	-	-	-
Reassessment of fair value	-	-	4
At 30 September 2018	6,464	2,005	24,154
Impairment			
At 1 April 2018	-	-	-
Impairment	-	-	-
At 30 September 2018	-	-	-
Carrying value			
At 31 March 2018	6,464	2,005	24,150
At 30 September 2018	6,464	2,005	24,154

5.1 Business combinations and acquisitions

There were no business combinations or acquisitions during the period to 30 September 2018.

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5.2 Disposals

There were no disposals from the Group during the period to 30 September 2018.

6. TRADE AND OTHER RECEIVABLES

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Trade receivables	11,057	6,599	10,605
Accrued income	4,123	2,873	3,514
Other receivables	2,092	1,830	2,043
Prepayments	1,982	1,638	2,249
	19,254	12,940	18,411

7. CASH AND CASH EQUIVALENTS

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Cash in hand and at banks	4,257	14,113	8,948
Total	4,257	14,113	8,948

Cash and cash equivalents include the following:-

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Cash as above	4,257	14,113	8,948
Bank overdrafts	(483)	-	-
Total	3,774	14,113	8,948

8. SHARE CAPITAL

	30 September 2018 Number	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Allotted, called up and fully paid				
Ordinary shares of 1p each	28,759,711	288	286	288
Deferred shares of 63p each	-	-	564	-
		288	850	288

Ordinary shares rank equally as regards to dividends, other distributions and return on capital. Each ordinary share carries the right to one vote.

9. RESERVES

Share premium represents the difference between the amount received and the par value of shares issued less transaction costs.

The capital redemption reserve represents distributable reserves arising from the cancellation of deferred shares and share premium.

The reverse acquisition reserve has arisen under IFRS3 'Business Combinations' following the acquisition of the Gordon Dadds Group.

Retained earnings represents the cumulative profits or losses net of dividends paid and other adjustments.

10. TRADE AND OTHER PAYABLES

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Current:			
Trade payables	2,632	2,638	3,377
Corporation tax payable	272	-	248
Other taxes and social security	987	1,221	1,854
Other payables	731	570	1,493
Deferred consideration	4,617	3,265	5,407
Accruals	1,491	1,326	1,275
	10,730	9,020	13,654
Non-current:			
Deferred consideration	10,391	3,126	11,896
Total	21,121	12,146	25,550

11. BORROWINGS

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Bank overdrafts	483	-	-
Bank loans	-	826	66
Other loans	636	707	420
Obligations under hire purchase and lease contracts	35	47	41
Total borrowings	1,154	1,580	527
Current	1,006	1,419	372
Non-current	148	161	155
Total	1,154	1,580	527

Bank loans of £Nil (2018: £66,000) and other loans of £636,000 (2018: £420,000) are unsecured and carry interest at between 3.0 per cent and 12.5 per cent per annum. Bank and other loans are repayable within 12 months, except non-current other loans of £148,000 (2018: £155,000) which has a maturity of 1-3 years.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014