

adept4 plc ("adept4", the "Group" or the "Company")

Interim Results for the six months ended 31 March 2016

adept4 plc (AIM: AD4), the AIM listed provider of IT as a Service, today announces its unaudited interim results for the six months ended 31 March 2016.

Financial Summary	Unaudited 6 months to 31 March 2016 £	Unaudited 6 months to 31 March 2015 £
Revenue from continuing operations ⁴	830,577	-
Gross Profit from continuing operations ⁴	462,186	-
Gross Profit Margin %	55.6%	-
Adjusted Trading Group EBITDA ¹	166,132	-
Adjusted Group EBITDA ²	(138,919)	(198,068)
Net Cash ³	1,439,108	193,197
Net Assets	6,597,826	320,793
Loss for the period	(695,338)	(521,524)
One-off Reorganisation costs	(458,338)	-

Operational Highlights

- Acquisitions of Ancar-B Technologies Limited ("Ancar"), provider of IT support services and Weston Communications Limited ("Weston"), provider of telecoms and IT support services, in February 2016
- Placing and open offer raising gross proceeds of £4.80 million in February 2016 to fund cash element of acquisition of Ancar and provide working capital
- Acquisition of 70% shareholding not already held in Accent Telecom North in March 2016
- Disposal of stake (40%) in Stripe 21, a provider of voice over IP software, a non-core asset, for £0.4 million in March 2016.

Post Period End Highlights

- Disposal of RMS Managed Security IT Limited in May 2016
- Disposal of trade and assets of Pinnacle CDT Limited in May 2016 for gross proceeds of £2.8 million
- Acquisition of adept4 Limited, provider of IT as a Service, in May 2016 with associated issue of £5 million loan notes to the Business Growth Fund plc
- Change of name to adept4 plc in June 2016

Commenting on the results, Gavin Lyons, Executive Chairman stated:

“Since I was appointed in December 2015, our entire focus has been on the turnaround of the business. Having executed five acquisitions and three disposals in a very short period of time, that turnaround is now complete

A consequence of all the above activity is that the numbers reported in this interim condensed financial statement are not representative of the new underlying trading business - we now have a trading business with healthy gross margins, high recurring revenues and positive cashflows.

Our focus now is on the integration of our acquisitions and scaling our proposition to become a leading UK supplier of IT as a Service.”

¹ *Adjusted Trading Group EBITDA is measured as Earnings from continuing operations before plc costs, interest, taxation, depreciation, amortisation of intangibles, separately identifiable costs and income and share based payments*

² *Adjusted EBITDA is measured as Adjusted Trading Group EBITDA after plc costs*

³ *Net cash is calculated as cash and cash equivalents less any short term borrowings*

⁴ *Continuing operations solely relate to Ancar and Weston (plus plc and separately identifiable costs and income relating to these operations) acquired February 2016.*

All company announcements can be found at www.adept4plc.com

For further information please contact:

adept4 plc	020 8185 6393
Gavin Lyons, Chairman	
Ian Winn, Chief Operating Officer and Finance Director	
N+1 Singer	
Shaun Dobson / Jen Boorer	020 7496 3000
MXC Capital Advisory LLP	
Marc Young / Charlotte Stranner	020 7965 8149

About adept4

adept4 is seeking to become a leading provider of ‘IT as a Service’ to the SME sector in the UK utilising asset light technology and services so that customers always benefit from innovative and aggregated solutions. Our value proposition is focused on helping organisations with their IT strategy, being the single trusted partner to manage the provisioning process and provide superior customer experience and support.

adept4, through a dedicated professional services team comprising software, infrastructure and project management resources, is perfectly placed to transition customers into a fully managed service, supported by a 24x7x365, UK based helpdesk. adept4 is a Tier 1 Microsoft SLPA and Cloud Service Provider. adept4 is a public company quoted on the AIM market of the London Stock Exchange with offices in Leeds, Warrington, Aberdeen, Brighton and Northampton.

CHAIRMAN'S STATEMENT & BUSINESS AND OPERATIONAL REVIEW

INTRODUCTION

I am pleased to report upon my first set of results since I joined the Group as Executive Chairman and also the first set of results under our new name of adept4 plc. The period under review has been one of considerable change.

I believe it is only appropriate to start by acknowledging the service of my predecessor in the role of Chairman, James Dodd, as well as that of Nicholas Scallan, former Chief Executive Officer, both of whom left the business following the annual general meeting in March 2016. I wish them well for the future. I also want to thank former colleagues who left the business with the sale of RMS Managed IT Security Limited and the disposal of the trade and assets of Pinnacle CDT Limited. All of their efforts in the face of challenging circumstances were very much appreciated, and it is to their ultimate credit that we have been able to effect a re-organisation which has, in my view, generated the best outcome for all stakeholders of the business without any further financial or employment losses.

STRATEGY, PROPOSITION & INITIAL PLAN

On 7 December I was appointed to the Board as Executive Chairman to drive the strategy of the business and assist executive management in the execution of that strategy.

In the announcement in January 2016 of the proposed acquisitions of Ancar B Technologies Limited ("Ancar") and Weston Communications Limited ("Weston") alongside a placing of new shares and an open offer, we set out the Company's strategy of re-focusing the business on higher margin services through a buy and build strategy to become a leading provider of IT as a Service ("ITaaS").

We also announced the appointment of Ian Winn to the role of Chief Operating Officer and Finance Director from 1 February with Nicholas Scallan, CEO, stepping down from the board and the Company at the end of March 2016.

In the same announcement, we outlined the Board's intention to perform a full review of the existing Pinnacle business which would include the possibility of making disposals and potential acquisitions of joint ventures already within the business to maximise shareholder value.

As I report to you today, I believe that we have made substantial progress in a relatively short time frame. Through executing this strategy we now have a sustainable operational platform from which to grow the Company organically and through potential further acquisitions.

ACQUISITIONS AND DISPOSALS DURING THE PERIOD

In February 2016, following shareholder approval, we completed the acquisitions of Ancar and Weston to create a Yorkshire hub for provision of ITaaS to SME customers for gross consideration of £6.5m, £5.0m net of cash in this business at completion. The net £5m consideration was satisfied by the issue of £2.25m new shares in the Group and £2.75m of cash from the placing and open offer referred to below.

The combined businesses, on a pro-forma basis based on historic filed information, were generating annual revenues of £5m (of which 59% were recurring) and EBITDA of £0.8m.

At the same time, we raised £4.8m through a placing and open offer for new ordinary shares at 4.2p per share, in order to fund the cash consideration for the acquisition of Ancar and provide working capital for the Group.

Following the acquisitions of Ancar and Weston, we undertook a strategic review of the legacy Pinnacle business. The strategic review concluded, *inter alia*, that the fragmented operational and contractual organisation structure required a significant overhaul. In order to help achieve this, we made the decision to rationalise the joint venture arrangements in place. To that end, on 14 March 2016 we announced that we had reached agreement with two out of three of our joint venture partnerships to effectively acquire the rights to 100% of the gross profit originated by them for an initial consideration of £0.40m, with a further payment to be made in March 2017 for £0.26m. The annual commission payments saved were £0.40m. On the same date we also announced that we had successfully sold our minority shareholding in Stripe 21 Limited, a provider of voice over IP software considered non-core to the Group, for £0.39m.

On 31 March 2016, we completed a group re-organisation where we ‘hived’ up the trade and assets of the majority of the legacy Pinnacle subsidiaries which provided a range of data, telecommunication and fixed line services. Following the ‘hive’ up, all the activities of those businesses were transacted by a single legal entity – Pinnacle CDT Limited (“Pinnacle CDT”).

We also took the commercial decision to look for ways to exit from both Pinnacle CDT and RMS Managed IT Security Limited (“RMS”), which were no longer considered to be in line with the Group’s new strategy and I am pleased to report that, post period end, we achieved exits for both businesses as described further below.

POST PERIOD END

During April 2016 we announced to staff in the Ancar and Weston businesses that we would be consolidating onto a single site – Ancar’s existing office. This integration is on track to be completed by July 2016 and will generate a modest level of cost savings.

On 3 May 2016, we announced the disposal of RMS, to Intronovo Limited for £1. At the date of transfer RMS had net liabilities of £45,000, excluding intra group indebtedness of £2.15m which was written off immediately prior to disposal.

On 16 May 2016 we announced that we had disposed of the trade and assets of Pinnacle CDT to Chess ICT Limited for cash consideration of £2.8m.

The sale of these two businesses meant that all of the Group’s legacy businesses which formed the trading business of the Group at the start of the financial period were no longer part of the Group. As part of these disposals, approximately 33 people left the Group, and the Group no longer has an operating presence in Stoke-on-Trent or Glasgow.

On 26 May 2016 we announced the acquisition of adept4 Limited, a provider of ITaaS encompassing fully managed IT service contracts, cloud based services, professional services, software support and development. Initial consideration for the acquisition was £4.5m, payable in cash, plus deferred consideration of £1m in cash, payable in January 2018. Further contingent consideration of up to £1.5m in cash is payable in March 2018, subject to performance criteria for the year to 31 December 2017.

adept4 Limited has a widely experienced and capable executive management team which will be retained and leveraged across the larger group. We believe that this team combined with two dedicated operation centres in Warrington and Leeds provides a strong platform for future organic and acquisition led growth.

The decision was also taken to rename the Company to adept4 plc, for which shareholder approval was obtained in June 2016 and the name change became effective on 13 June 2016, signalling the beginning of a new era for the Group.

Business Growth Fund plc (“BGF”)

In order to fund the acquisition of adept4 Limited, the Company issued £5m loan notes to the BGF in June 2016, with an associated £3m option to subscribe for shares in the Company at 6 pence, representing a 43% uplift from the February placing price of 4.2 pence. We were particularly pleased to secure the investment from BGF and also at the speed with which the funding was completed which, combined with the exercise price of the option, I believe provides clear external validation of the strategy we are pursuing.

FINANCIAL SUMMARY

A consequence of all the above activity is that the numbers reported are not representative of the new underlying trading business.

The RMS and Pinnacle CDT businesses have been treated as ‘discontinued operations’ and therefore continued operations relate solely to the trading performance of Ancar and Weston post acquisition (10 February 2016) plus plc costs.

On the Consolidated Statement of Financial Position the assets and liabilities related to discontinued operations have each been separately identified and classified as a single value and included in current assets and current liabilities held for sale.

The previous segmentation used to analyse the business is no longer appropriate for the business as it now exists. ITaaS should be viewed as a holistic approach to meeting a customer’s requirements and therefore a granular break down of revenue streams and profitability between data connectivity, mobiles, telecommunication services etc. is not appropriate. For the purposes of the interim statement we have analysed revenues and profitability between recurring and non-recurring. As we integrate adept4 Limited we will further review any additional segmentation which is required to effectively manage and control the business for group reporting purposes.

Revenue for the period was £0.83m, with gross profit at £0.46m, which represented a gross profit margin of 55%.

Recurring revenues for the period were £0.57m, which represented 69% of total revenue, and generated gross profit of £0.35m, representing 76% of gross profit.

Trading Group EBITDA for the period was £0.16m, which, as previously stated, represented only two months trading results for Ancar and Weston.

Plc costs for the period were £0.3m and reflected the higher costs associated with my executive chairmanship due to the significantly larger time commitment to the business than in the previous period.

Separately identifiable costs and income for the period were £0.46m comprising costs for the following - compensation for loss of office £0.08m, deal origination costs £0.13m and legal and advisory fees on the Group restructure £0.25m.

Discontinued activities generated a loss for the period of £0.32m, which I believe fully vindicates the decisions we took during the period to exit these business lines.

Group loss after tax for the period was £0.7m (H1 2015:£0.5m).

The placing and open offer in February 2016 resulted in the issue of 114.3 million new ordinary shares raising £4.64m net of issue costs which was used to acquire Ancar, settle the joint venture arrangements, cover re-organisation costs and provide working capital.

Intangible assets recognised on the acquisition of Ancar and Weston based on the provisional opening balancing sheet were £5.8m, split between goodwill £1.8m and customer contracts £4.0m (which will be amortised over 10 years). As a result of the disposal of Pinnacle CDT after the period end for £2.8m there has been no need to impair the intangible assets related to this asset as these proceeds more than support the carrying value of intangibles at the period end.

At the period end net cash balances were £1.39m (H1 2015: £0.15m). Following the acquisition of adept4 Limited and receiving funding from the BGF the cash balances of the group were £4.3m at 27 May 2016.

During the period there was a net cash inflow of £0.8m. This breaks down as follows:

- Trading cash inflow from continuing operations (excluding plc costs) of £0.2m;
- Corporate activity, including the placing and open offer, acquisitions, restructure costs and the cost of running the plc generated net cash inflow of £1.0m; and
- Operating cash outflow from discontinued operations was £0.4m.

OUTLOOK

Having acquired three trading businesses, all of which are profitable, our focus is now on the integration of our acquisitions so that we can scale our 'IT as a Service' proposition. We have started to cross sell across these businesses and we expect to make further progress on this front.

We have a strategy which is aligned with an asset light approach and therefore does not require us to make substantial investments in technology or assets, allowing us to be flexible and pick best of breed solutions that meet our customers' requirements.

We now have a strong operational management team, who are motivated through an earn-out and an employee share scheme is in the process of being put in place (in line with the detail in my announcement in January 2016), and which firmly aligns their rewards with the creation of shareholder value.

Finally we have funds in the bank which allow us the potential to make further acquisitions, subject to identifying suitable targets, which align with our strategy.

I look forward to providing further updates through the remainder of this year on our progress and look to the future with confidence.

Gavin Lyons

CHAIRMAN

29 June 2016

INDEPENDENT REVIEW REPORT TO ADEPT4 PLC (“the Company”)

Introduction

We have been engaged by the Company to review the interim condensed financial statements for the six months ended 31 March 2016 which comprises the consolidated statement of financial position, the consolidated income statement, consolidated statement of changes in equity, consolidated statement of comprehensive income, consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the AIM Rule 18. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report or for the conclusions we have reached.

Directors’ responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with AIM Rule 18.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. It is the responsibility of the directors to ensure that the condensed set of financial statements included in this half-yearly report have been prepared on a basis consistent with that which will be adopted in the Group’s annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2016 is not prepared, in all material respects, in accordance with the requirements of the AIM rules.

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
29 June 2016

25 Moorgate
London
EC2R 6AY

CONSOLIDATED INCOME STATEMENT

for the six month period ended 31 March 2016

	Note	6 months to 31 March 2016 £	6 months to 31 March 2015 £	Year to 30 Sept 2015 £
Revenue	3	830,577	-	-
Cost of sales		(368,391)	-	-
Gross profit		462,186	-	-
Operating expenses		(1,131,768)	(205,431)	(476,562)
Operating loss		(669,582)	(205,431)	(476,562)
Trading EBITDA		166,132	-	-
Head Office costs		(305,051)	(198,068)	(457,547)
Adjusted EBITDA loss		(138,919)	(198,068)	(457,547)
Amortisation of Intangible Assets	8	(65,105)	-	-
Depreciation		(6,050)	-	-
Separately identifiable costs and expenses	4	(458,338)	-	-
Share based payments		(1,170)	(7,363)	(19,015)
Operating loss		(669,582)	(205,431)	(476,562)
Interest receivable		33	123	96
Interest payable		(219)	(1,041)	(254)
Net Finance expense		(186)	(918)	(158)
Profit on sale of associate		284,592	-	-
Loss before tax		(385,176)	(206,349)	(476,720)
Taxation	6	13,021	-	-
Loss for the period from continuing operations		(372,155)	(206,349)	(476,720)
Discontinued operations				
Loss for the period from discontinued operations	5	(323,183)	(315,175)	(775,322)
Loss for the period		(695,338)	(521,524)	(1,252,042)
Loss per share (pence)				
basic and fully diluted – continuing operations	7	(0.56)	(0.51)	(0.95)
basic and fully diluted – discontinued operations	7	(0.48)	(0.78)	(1.56)
basic and fully diluted	7	(1.04)	(1.29)	(2.51)

Notes 1 to 11 form part of the analysis of the interim condensed financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	Note	At 31 March 2016 £	At 31 March 2015 £	At 30 September 2015 £
Non-current assets				
Goodwill	8	1,849,177	-	-
Intangible assets	8	3,962,551	790,029	490,773
Investments		35,319	165,300	100,408
Property, plant and equipment		79,331	170,876	125,664
Total non-current assets		5,926,378	1,126,205	716,845
Current assets				
Inventories		65,941	33,118	7,365
Trade and other receivables		1,169,679	1,565,255	1,461,011
Assets of the disposal group and non-current assets classified as held for sale	5	2,947,768	-	-
Cash and cash equivalents		1,439,108	193,197	640,838
Total current assets		5,622,496	1,791,570	2,109,214
Total assets		11,548,874	2,917,775	2,826,059
Liabilities				
Short term borrowings		(57,497)	(64,506)	(65,881)
Trade and other payables		(703,628)	(1,602,817)	(1,486,429)
Liabilities of the disposal group classified as held for sale	5	(2,354,093)	-	-
Other taxes and social security costs		(279,987)	(172,369)	(158,910)
Accruals and other payables		(763,333)	(584,254)	(604,822)
Total current liabilities		(4,158,538)	(2,423,946)	(2,316,042)
Non-current liabilities				
Long term borrowings		-	(7,130)	(10,079)
Deferred tax liability		(792,510)	(165,906)	(98,155)
Total liabilities		(4,951,048)	(2,596,982)	(2,424,276)
Net assets		6,597,826	320,793	401,783
Equity				
Share capital		2,270,651	6,949,092	591,826
Share premium account		13,050,861	7,171,261	7,839,475
Capital Redemption Reserve		6,488,907	-	6,488,907
Merger reserve		283,357	283,357	283,357
Other reserve		52,210	39,387	51,040
Fair value adjustment		(1,064,130)	(1,064,130)	(1,064,130)
Retained earnings	9	(14,484,030)	(13,058,174)	(13,788,692)
Total equity		6,597,826	320,793	401,783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for six month period ended 31 March 2016

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Merger Reserve £	Other Reserve £	Fair Value £	Retained Earnings £	Total £
At 1 October 2014	6,862,250	6,774,870	-	283,357	32,024	(1,064,130)	(12,536,650)	351,721
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(521,524)	(521,524)
Transactions with owners								
Share Issue	86,842	477,628	-	-	-	-	-	564,470
Share based payments	-	-	-	-	7,363	-	-	7,363
Expenses on Share Issue	-	(81,237)	-	-	-	-	-	(81,237)
Total Transactions with owners	86,842	396,391	-	-	7,363	-	-	490,596
Total movements	86,842	396,391	-	-	7,363	-	(521,524)	30,928
Equity at 31 March 2015	6,949,092	7,171,261	-	283,357	39,387	(1,064,130)	(13,058,174)	320,793

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Merger Reserve £	Other Reserve £	Fair Value £	Retained Earnings £	Total £
At 1 April 2015	6,949,092	7,171,261	-	283,357	39,387	(1,064,130)	(13,058,174)	320,793
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(730,518)	(730,518)
Transactions with owners								
Share Issue	131,641	724,027	-	-	-	-	-	855,668
Cancellation of Deferred Shares	(6,488,907)	-	6,488,907	-	-	-	-	-
Share based payments	-	-	-	-	11,653	-	-	11,653
Expenses on Share Issue	-	(55,813)	-	-	-	-	-	(55,813)
Total Transactions with owners	(6,357,266)	668,214	6,488,907	-	11,653	-	-	811,508
Total movements	(6,357,266)	668,214	6,488,907	-	11,653	-	(730,518)	80,990
Equity at 30 September 2015	591,826	7,839,475	6,488,907	283,357	51,040	(1,064,130)	(13,788,692)	401,783

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Merger Reserve £	Other Reserve £	Fair Value £	Retained Earnings £	Total £
At 1 October 2015	591,826	7,839,475	6,488,907	283,357	51,040	(1,064,130)	(13,788,692)	401,783
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(695,338)	(695,338)
Transactions with owners								
Share Issue	1,678,825	5,372,241	-	-	-	-	-	7,051,066
Share based payments	-	-	-	-	1,170	-	-	1,170
Expenses on Share Issue	-	(160,855)	-	-	-	-	-	(160,855)
Total Transactions with owners	1,678,825	5,211,386	-	-	1,170	-	-	6,891,381
Total movements	1,678,825	5,211,386	-	-	1,170	-	(695,338)	6,196,043
Equity at 31 March 2016	2,270,651	13,050,861	6,488,907	283,357	52,210	(1,064,130)	(14,484,030)	6,597,826

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 March 2016

	6 months to 31 March 2016 £	6 months to 31 March 2015 £	12 months to 30 Sept 2015 £
Loss for the year from total operations	(695,338)	(521,524)	(1,252,042)
Total comprehensive negative income for the year	(695,338)	(521,524)	(1,252,042)
Attributable to equity holders of the parent	(695,338)	(521,524)	(1,252,042)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six month period ended 31 March 2016

	Note	6 months to 31 March 2016 £	6 months to 31 March 2015 £	12 months to 30 September 2015 £
Cash flows from continuing operating activities				
Net cash flow from operating activities	10	(325,436)	(219,886)	(499,824)
Cash flows from investing activities				
Interest received		33	123	96
Acquisition of subsidiaries, net of cash acquired		(3,130,138)	-	-
Net cash used in investing activities		(3,130,105)	123	96
Cash flows from financing activities				
Issue of shares	9	4,801,067	564,470	1,420,138
Expenses paid in connection with share issue		(160,855)	(81,237)	(137,050)
Interest paid		(219)	(1,041)	(254)
Net cash from financing activities		4,639,993	482,192	1,282,834
Cashflow from discontinued operations		(392,648)	(168,668)	(246,905)
Net (decrease)/increase in cash		791,804	93,761	536,201
Cash at bank and in hand at beginning of period		593,304	57,103	57,103
Cash at bank and in hand at end of period		1,385,108	150,864	593,304
Comprising:				
Cash at bank and in hand		1,439,108	193,197	640,838
Bank overdrafts		(54,000)	(42,333)	(47,534)
		1,385,108	150,864	593,304

NOTES TO THE FINANCIAL INFORMATION

for the six month period ended 31 March 2016

1. General Information

Adept4 plc is a company incorporated in the United Kingdom under the Companies Act 2006. The principal activity of the group is the provision of IT as a Service ("ITaaS") to small and medium sized businesses in the United Kingdom. The interim condensed financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which each of the Group's subsidiaries operates.

The address of its registered office is 5 Fleet Place, London, EC4M 7RD and its principal places of business are Leeds and Warrington. The company is listed on the AIM market of the London Stock Exchange under ticker symbol AD4.L

2. Basis of preparation

These unaudited consolidated interim condensed financial statements are for the six months ended 31 March 2016. They have not been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the year ended 30 September 2015.

The financial information set out in these unaudited consolidated interim condensed financial statements does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The consolidated statement of financial position as at 30 September 2015 and the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and associated notes for the period then ended have been extracted from the group's financial statements as at 30 September 2015. Page 33 of those financial statements have received an unmodified report from the auditors, Nexia Smith & Williamson LLP, and have been delivered to the Registrar of Companies. The 2015 statutory accounts contained no statement under section 498(2) or section 498(3) of the Companies Act 2006.

The consolidated interim condensed financial statements for the period ended 31 March 2016 have not been audited but reviewed in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The independent review report to adept4 plc follows the Chairman's Statement and Business and Operational Review in this interim condensed financial statement.

The interim statements were approved by the Board of Directors on 29 June 2016.

3. Segment Reporting

Following the disposal of all of the trading operations which comprised the Group's operating activities at 1 October 2015 and the subsequent acquisitions, as referred to in note 8, the operating segments used by the Group are currently under review to ensure they meet its requirements for effective management and reporting. However management consider that a key feature of the business is the differentiation between recurring revenues, which are by definition either contractual or a regular commitment to take services, and non-recurring revenues, which are primarily hardware, product or installation related. Segmental information has therefore been presented on the basis of revenue and gross profit split between these two revenue types.

All revenues for continuing operations relate to the UK.

3.1 Analysis of revenue	6 months to 31 March 2016 £	6 months to 31 March 2015 £	12 months to 30 September 2015 £
By operating segment			
Recurring and renewable – continuing operations	568,767	-	-
Non-Recurring – continuing operations	261,810	-	-
Continuing operations	830,577	-	-
Total revenue	830,577	-	-

3.2 Analysis of gross profit for continuing operations	6 months to 31 March 2016 £	6 months to 31 March 2015 £	12 months to 30 September 2015 £
By operating segment			
Recurring and renewable – continuing operations	349,574	-	-
Non-Recurring – continuing operations	112,612	-	-
Continuing operations	462,186	-	-
Total gross profit	462,186	-	-

4. Separately identifiable costs and expenses

During the period, the Group incurred the following separately identifiable costs and expenses which are material by their size or incidence:

	6 Months to 31 March 2016 £	6 Months to 31 March 2015 £	12 Months to 30 September 2015 £
Costs:			
Deal origination fees	(125,000)	-	-
Legal and advisory fees on group re-structure	(249,329)	-	-
Settlement of former Directors Service Agreements	(84,009)	-	-
Separately identifiable costs and expenses	(458,338)	-	-

5. Discontinued operations

As detailed in Note 11, on 30 April 2016, the Group disposed of the entire share capital of RMS Managed ICT Security Limited (and its dormant subsidiary Aware Distribution Limited) to Intronovo Limited, for a net gain of £45,000. On 13 May 2016, the Group also sold the entire trade and assets of Pinnacle CDT Limited to Chess ICT Limited for £2,800,000 in cash.

These transactions allowed the Group to exit the highly competitive, but declining, IT Security and Telecommunications markets and as such represent an exit from these major business lines.

The decision and process to dispose of these businesses were initiated prior to 31 March 2016 and in accordance with IFRS5, all trade and assets relating to these disposals have been classified as discontinued operations in the Income Statement of the Group.

5.1 Net loss from discontinued operations

	6 Months to 31 March 2016 £	6 Months to 31 March 2015 £	12 Months to 30 September 2015 £
Revenue	3,744,044	3,987,548	7,883,640
Gross profit	1,093,861	1,242,868	2,317,790
Administrative expenses	(1,170,972)	(1,279,042)	(2,432,671)
Amortisation and impairment of intangible assets	(88,471)	(202,067)	(501,323)
Depreciation	(30,584)	(105,196)	(197,773)
Separately identifiable costs	(70,000)	-	(64,892)
Operating expenses	(1,360,027)	(1,586,305)	(3,196,659)
Operating loss from discontinued operations	(266,166)	(343,437)	(878,869)
Interest payable	(2,779)	(14,062)	(6,637)
Taxation	(54,238)	42,324	110,184
Net loss from discontinued operations	(323,183)	(315,175)	(775,322)

The separately identifiable cost of £70,000 above, relates to a payment made to a joint venture partner during the period in full and final settlement of their agreement with Pinnacle CDT Limited. The intangible assets figure below includes £326,000 paid to the owners of Accent Telecom North Limited, as part payment against the acquisition of the remaining share capital in that business.

Accordingly, all assets held by the Group on behalf of RMS Managed ICT Security Limited and Pinnacle CDT Limited (the disposal group) at 31 March 2016 have been recorded as assets classified as held for sale in the Consolidated Balance Sheet of the Group. The net carrying value of these assets and liabilities at 31 March 2016 is £593,675, made up of current and non-current assets classified as held for sale of £2,947,768 and liabilities classified as held for sale of £2,354,093 as follows:

5.2 Assets of the disposal group and non-current assets classified as held for sale

	At 31 March 2016 £
Intangible assets	988,033
Property, plant and equipment	125,116
Inventories	18,424
Trade and other receivables	1,816,195
Assets of the disposal group and non-current assets classified as held for sale	2,947,768

5.3 Liabilities of the disposal group classified as held for sale

	At 31 March 2016 £
Short term borrowings	(24,658)
Trade and other payables	(1,225,450)
Other taxes and social security costs	(94,511)
Accruals and other payables	(781,472)
Long term borrowings	(30,395)
Deferred tax liability	(197,607)
Liabilities of the disposal group classified as held for sale	(2,354,093)

6. Taxation

The tax credit represents:	6 Months to 31 March 2016 £	6 Months to 31 March 2015 £	12 Months to 30 September 2015 £
Reversal of timing difference in the period	13,021		
Taxation	13,021	-	-

7. Loss per share

	6 Months to 31 March 2016 p/share	6 Months to 31 March 2015 p/share	12 Months to 30 September 2015 p/share
Basic and fully diluted – continuing operations	0.56	0.51	0.95
Basic and fully diluted – discontinued operations	0.48	0.78	1.56
Basic and fully diluted	1.04	1.29	2.51
Loss on continuing operations	(372,155)	(206,349)	(476,720)
Loss on discontinued operations	(323,183)	(315,175)	(775,322)
Loss attributable to ordinary shareholders	(695,338)	(521,524)	(1,252,042)
Weighted average number of shares in issue:			
Basic and fully diluted	66,757,368	40,427,272	49,924,907

8. Intangible assets

Intangible assets are non-physical assets which have been obtained as part of an acquisition and which have an identifiable future economic benefit to the Group at the point of acquisition. The Group's policy regarding assessing impairment of intangible assets remains the same as disclosed in the financial statements for the year ended 30 September 2015.

- Maintenance contracts to be amortised over a period of 10 years
- Customer lists to be amortised over a period of 10 years
- Intellectual property and software applications to be amortised over a period of 10 years

8.1 Movement on intangible assets	As at 31 March 2016	As at 31 March 2015	As at 30 September 2015
	£	£	£
Net intangible assets at start of period	490,773	992,096	992,096
Transferred to non-current assets held for sale	(490,773)	-	-
Intangible asset additions			
- Ancar-B Technologies Limited	3,021,712	-	-
- Weston Communications Limited	1,005,944	-	-
Impairment in the period	-	(46,857)	(190,903)
Amortisation in the period	(65,105)	(155,210)	(310,420)
Net intangible assets at period end	3,962,551	790,029	490,773

8.2 Acquisition of Ancar-B Technologies Limited

On 10 February 2016, the Group acquired the entire issued share capital of Ancar-B Technologies Limited for a total consideration of £5.0 million which includes a cash for cash payment of £1.5 million resulting in net consideration of £3.5 million. The consideration was satisfied as to £2.75 million in cash and £0.75 million in new Ordinary Shares at 4.2p per share.

8.2.1 Ancar-B Technologies Limited	Book Cost	Provisional Fair value adjustment	Provisional Fair Value
	£	£	£
Non-current assets			
Intangible asset	-	3,021,712	3,021,712
Property, plant and equipment	153,576	(117,649)	35,927
Investments	35,319	-	35,319
Total non-current assets	188,895	2,904,063	3,092,958
Current assets			
Inventories	9,000	(9,000)	-
Trade and other receivables	325,972	-	325,972
Cash at bank	1,625,941	-	1,625,941
Total current assets	1,960,913	(9,000)	1,951,913
Total assets	2,149,808	2,895,063	5,044,871
Current liabilities			
Trade and other payables	(191,072)	-	(191,072)
Other taxes and social security costs	(227,094)	-	(227,094)
Deferred Income and accruals	(273,966)	-	(273,966)
Total current liabilities	(692,132)	-	(692,132)
Total non-current liabilities			
Long term borrowings	(13,676)	-	(13,676)
Deferred Tax Liability	-	(604,342)	(604,342)
Total liabilities	(705,808)	(604,342)	(1,310,150)
Net (Liabilities) / Assets	1,444,000	2,290,721	3,734,721
- Consideration in cash			(4,250,000)
- Consideration in shares			(750,000)
Fair value of cost of acquisition			(5,000,000)
Goodwill			1,265,279

8.3 Acquisition of Weston Communications Limited

On 10 February 2016, the Group acquired the entire issued share capital of Weston Communications Limited for a total consideration of £1.5 million satisfied by the issue of 35,714,285 shares at 4.2p per share.

8.3.1 Weston Communications Limited	Book Cost	Provisional Fair Value adjustment	Provisional Fair Value
	£	£	£
Non-current assets			
Intangible asset	4,178	1,001,766	1,005,944
Property, plant and equipment	48,832	-	48,832
Total non-current assets	53,010	1,001,766	1,054,776
Current assets			
Inventories	51,361	(30,920)	20,441
Trade and other receivables	250,251	-	250,251
Cash at bank	175,281	-	175,281
Total current assets	476,893	(30,920)	445,973
Total assets	529,903	970,846	1,500,749
Current assets			
Trade and other payables	(134,972)	-	(134,972)
Other taxes and social security costs	(33,023)	-	(33,023)
Deferred Income and accruals	(165,167)	-	(165,167)
Total current liabilities	(333,162)	-	(333,162)
Total non-current liabilities			
Deferred Tax Liability	-	(251,486)	(251,486)
Total liabilities	(333,162)	(251,486)	(584,648)
Net (Liabilities) / Assets	196,741	719,360	916,101
- Consideration in shares			(1,500,000)
Fair value of cost of acquisition			(1,500,000)
Goodwill			583,899

9. Profit and loss reserve & Share Capital

9.1 Profit and loss reserve

	6 Months to 31 March 2016 £	6 Months to 31 March 2015 £	12 months to 30 September 2015 £
Opening deficit	(13,788,692)	(12,536,650)	(12,536,650)
Loss for the period	(695,338)	(521,524)	(1,252,042)
Closing deficit	(14,484,030)	(13,058,174)	(13,788,692)

9.2 Share Capital

The total number of shares issued in the 6 month period to 31 March 2016 was 167,882,542 ordinary shares. The placing and open offer resulted in the issue of 114,311,113 ordinary shares for 4.2 pence which raised £4,801,067 in cash. 53,571,429 ordinary shares, with an aggregate fair value of £2,250,000, were issued as consideration in relation to the acquisition of Ancar-B Technologies Limited and Weston Communications Limited as above.

10. Cashflow from operating activities	6 months to 31 March 2016	6 months to 31 March 2015	12 months to 30 September 2015
Note	£	£	£
Loss before tax from continuing operations	(385,176)	(206,349)	(476,720)
<u>Adjustments for:</u>			
Depreciation	6,050	-	-
Amortisation	65,105	-	-
Impairment of intangible assets	-	-	-
Share of loss from associate	-	-	-
Share option charge	1,170	7,363	19,015
Loss on disposal of fixed assets	-	-	-
Interest expense	186	918	158
Decrease/(increase) in trade and other receivables	348,359	3,646	37,167
Decrease/(Increase) in inventories	(63,146)	-	-
Increase/(decrease) in trade payables, accruals and other creditors	(297,984)	(25,464)	(79,444)
Net cash flow from continuing operations	(325,436)	(219,886)	(499,824)

11. Post Balance Sheet Events

Disposal of RMS Managed ICT Security Limited

On 30 April 2016, the Group disposed of the entire share capital of RMS Managed IT Security Limited ("RMS") (and its dormant subsidiary Aware Distribution Limited) to Intronovo Limited for £1. On disposal of RMS, the balance sheet of RMS was negative, therefore the disposal represented a net gain to the Group of £45,001.

Disposal of Pinnacle CDT Limited to Chess ICT Limited

On 13 May 2016, the Group sold the trade and assets of Pinnacle CDT Limited to Chess ICT Limited ("Chess") for £2.8m in cash.

Business Growth Fund Loan of £5m

On 26 May the Company issued £5 million unsecured loan notes ("Loan Notes") to the Business Growth Fund Plc ("BGF"). The Loan Notes have a 7 year term, with redemption permissible from the third anniversary and required from the fifth anniversary, and carry interest at a rate of 8% per annum. In addition, the Company agreed to grant the BGF an option to subscribe for 50,000,000 ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") at a price of 6 pence per Ordinary Share (the "Option").

Acquisition of Adept4 Limited

On 26 May 2016, the Group announced that it had acquired the entire issued share capital of adept4 Limited ("adept4"), a provider of cloud based IT services and solutions headquartered in Warrington, for an initial cash consideration of £4.5m, plus deferred consideration of £1m payable in cash in January 2018. Further contingent consideration of up to £1.5m is also payable in cash in March 2018, subject to performance criteria for the year to 31 December 2017.

Change of Name to adept4 Plc

On 13 June 2016 the Company changed its name from Pinnacle Technology Group plc to adept4 plc.