**27 June 2019**

**Harwood Wealth Management Group plc**
**("HWMG" or the "Group")**

**Unaudited interim results for the six months ended 30 April 2019**

Harwood Wealth Management Group (AIM: HW.), a leading UK-based financial planning and discretionary wealth management business, is pleased to announce its unaudited consolidated interim results for the six months ended 30 April 2019.

Financial highlights:

| | **H1 2019** | **H1 2018** | **% change** |
|---|---|---|---|
| Assets Under Influence ("AUI") | £5.3bn | £4.3bn | +23% |
| Assets Under Management ("AUM") | £1.8bn | £1.6bn | +13% |
| | | | |
| Revenue | £16.12m | £15.13m | +6% |
| Gross profit | £7.93m | £6.85m | +16% |
| Adjusted EBITDA* | £3.46m | £2.71m | +28% |
| Profit before tax | £1.63m | £0.93m | +74% |
| Cash inflow from operating activities | £2.56m | £2.67m | -4% |
| | | | |
| Basic earnings per share | 1.69p | 0.91p | +86% |
| Adjusted earnings per share** | 4.48p | 3.51p | +28% |
| Dividend per share | 1.17p | 1.08p | +8% |

*Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation and separately disclosed items. It is a non-IFRS measure and is commonly used as a performance measure by market commentators.
**Adjusted earnings per share are calculated on a post-tax adjusted EBITDA.

Peter Mann, Chairman of Harwood Wealth Management Group, commented:

*"I am pleased to report another positive set of results for the Group, delivering growth in revenue, Assets Under Management and profit. Against the backdrop of turbulent equity markets the Group continued to deliver in line with its strategy.*

*At 27 June 2019, the date of reporting, we have completed five acquisitions and exchanged on a further two, with a healthy pipeline of acquisition opportunities ahead of us and our new external bank facility providing headroom to pursue them.*

*Our Group is in good health as we enter the second half of the year and we look forward with confidence to continuing to deliver profitable growth."*

For further information please contact:

| | |
|---|---|
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## CEO's statement

### Introduction

I am very pleased to report another positive set of results in the first half of the year, building on our successful history of organic and acquisition led growth. Revenue was £16.12m, an increase of 6% and adjusted EBITDA was £3.46m, an increase of 28%, compared to the first half results for 2018. At 30 April 2019, our Assets Under Influence (AUI) were £5.3bn, an increase of £500m from the year end and Assets Under Management (AUM) were £1.8bn, an increase of £100m from the year end. The cash balance at the end of April 2019 was £14.24m (31 October 2018: £13.63m). During the first half we completed one acquisition and exchanged on a further three. On 8 May 2019, we signed an external bank facility of £7m, at a competitive rate of interest, to fund continuing acquisition activity.

Our strategic aim is to deliver profitable growth across three areas: organic, through both the existing client base and attracting new clients; acquisitions of small to medium sized financial advisory and wealth management businesses which can help to fuel future organic growth; together with improving the efficiency of our operations and economies of scale as the business grows. The Investment Management division benefits from clients choosing to invest in our centralised investment products, as well as through external mandates.

I am delighted to announce that Gillian Davies has now been appointed as CFO, having been Interim over the last 10 months. Her contribution, not only to the finance department, but also the broader Group has been exceptional and we are very pleased that we can now benefit from her experience on a permanent basis.

### Overview of organic growth performance

In the first half of the year, growth has been delivered in each of our three divisions (Financial Planning, Investment Management and Network Services). This growth has been delivered against a backdrop of well publicised turbulent equity markets, particularly at the start of our financial year, which inevitably had a dampening effect on asset valuations upon which we earn our revenues. The market stabilised in the second quarter and our in-house investment portfolios have performed well since the start of 2019.

The Financial Planning and Network Services divisions continue to win new clients, both organically and via acquisitions, as well as generating new business from existing clients. This provides us with an opportunity to continue to grow our in-house Investment Management solutions, when suitable for clients, and we have continued to see a steady inflow of assets into these solutions. This drives organic growth and delivers growing recurring revenues and EBITDA. During the first half, the Investment Management division relaunched its Discovery Funds range, with lower costs and the addition of a new Cautious Fund. When combined with our other model portfolio solutions, we believe that we have a strong suite of widely available solutions to meet an even larger range of client needs.

### Acquisitions

In the first half of the year, the Group completed one acquisition of a client portfolio and exchanged on a further three. Since 30 April 2019, the Group has completed on all three exchanged contracts, as well as completing an additional acquisition and exchanging on a further two. The total consideration for these seven acquisitions is expected to be c£4.3m. We have been working on these deals for some time and I am delighted to welcome their clients and staff to the Group.

There continues to be no shortage of opportunity. We have a strong pipeline of potential acquisitions at various stages in the process and currently have heads of terms signed with a further three potential acquisitions. Whilst we face competition from other acquirers of IFA businesses, we do not believe the level of competition is very different from our experience over the last decade. The factors driving the supply of IFA businesses remain very similar and include the growing regulatory burden facing IFAs and the simple fact that many IFAs are considering retirement.

We are often asked about how we differentiate ourselves in the acquisition market. The terms of the deals offered by us and by other acquirers are clearly important, but they are not the only factor. We find that vendors are usually just as interested in the quality of our advice process, compliance history, the experience of our advisers and the fees that their clients will be paying on an ongoing basis. As a client-focused business, with robust compliance and governance frameworks, we are in a strong position to offer a good home to the clients of retiring IFAs. We also took the opportunity earlier this year to further bolster our acquisition and integration team to give us greater resource to not only complete on acquisitions, but also strengthen the crucial process of onboarding clients and advisers.

**Operational efficiency**

Gross margin percentage has continued to improve over the period, particularly in the Financial Planning division, proving the strength of our acquisition model. This is partly offset by an increase in administration costs to deliver MiFiD II requirements and an increase in business serviced by employed advisers.

Whilst the growth in the number of clients we serve is important, we are always mindful of improving the service our clients receive, as well as the efficiency of our business. We are working towards the introduction of a new Centralised Advice Process that will allow us to provide our services remotely, where appropriate. We believe that this will benefit clients and advisers, provide the Group with the opportunity to increase margins whilst meeting the increased demands of MiFID II. This will be trialled and then rolled out progressively.

**Revenue analysis**

| | 6 Months ended 30-Apr-19 Unaudited | 6 Months ended 30-Apr-18 Unaudited |
|---|---|---|
| **Revenue** | **£'m** | **£'m** |
| Financial Planning | 7.10 | 6.66 |
| Investment Management | 2.27 | 2.13 |
| Network Services | 6.75 | 6.34 |
| | 16.12 | 15.13 |

All three divisions contributed to the 6% growth in revenue, of which 4% represented the full year impact of 2018 acquisitions, in addition to net organic growth of 2%.

- Financial Planning delivered an increase in revenue of 6%. The AUM of the Financial Planning clients invested in the Group's Central Investment Proposition increased by 10% to £711m (H1 2018: £648m).
- Investment Management increased revenue by 6%, principally driven by investment of Financial Planning and Network Services clients into the Group's Centralised Investment Proposition.
- Network Services revenue also increased by 6%.

It is estimated that 73% (H1 2018: 68%) of the Group's total revenue is of a recurring nature in the first half.

**Gross profit**

| | 6 Months ended 30-Apr-19 Unaudited | | 6 Months ended 30-Apr-18 Unaudited | |
|---|---|---|---|---|
| **Gross profit** | **£'m** | *%* | **£'m** | *%* |
| Financial Planning | 5.15 | *73* | 4.27 | *64* |
| Investment Management | 2.07 | *91* | 1.98 | *93* |
| Network Services | 0.71 | *10* | 0.60 | *9* |
| | 7.93 | *49* | 6.85 | *45* |

Total gross profit has improved by 16% to £7.93m (H1 2018: £6.85m) with all divisions showing an increase compared to the prior period. Financial Planning gross margin increased to 73% (H1 2018: 64%). The improvement in gross margin percentage continues to demonstrate the positive impact of acquisitive activity (where, usually, clients are serviced by employed advisers whose costs are recorded in administrative expenses), as well as the benefit of one-off items in the first half of the year. The Investment Management and Network Services gross margin percentages were at similar levels to those achieved in the prior year.

**Administrative expenses**

Administrative expenses (excluding depreciation and amortisation) increased by 8% to £4.48m, compared to the same period prior year. The increase principally represented an increase in employment costs, reflecting employed advisers and other costs to support growth.

**Financial advisers, network members and staff headcount**

The total number of employed and self-employed financial advisers was 86 (H1 2018: 94). The number of Network Services members, who are not employees, was 83 (H1 2018: 87).

Total Group headcount increased to 145 (H1 2018: 138), including employed advisers, but excluding self-employed advisers and Network Services members.

**Separately disclosed items**

Separately disclosed items consisted of a credit of £0.01m (H1 2018: £0.12m charge) which represented adjustments to consideration paid on past acquisitions, together with third party costs incurred in relation to acquisition activity in the period. Consideration payments in relation to past acquisitions are contingent on actual recurring revenues and the charge or credit represents the difference between the final consideration payable and the deferred consideration provided in the statement of financial position.

**Net finance expenses**

Net finance expense was £0.29m (H1 2018: £0.26m), which represented the unwinding of discount on contingent consideration relating to acquisitions.

**Taxation**

The tax charge in the half year was £0.57m (H1 2019: £0.37m), representing an effective tax rate of 35% (H1 2018: 39%). The tax rate is higher than the UK tax rate, reflecting expenses which do not qualify for tax deduction (principally amortisation).

**Profitability**
Adjusted EBITDA, (being earnings before interest, taxation, depreciation and amortisation and separately disclosed items) was £3.46m (H1 2018: £2.71m), an increase of 28%, at an EBITDA margin of 21% (H1 2018: 18%).

Profit before taxation was £1.63m, compared to £0.93m in the prior half year, an increase of 74%.

**Earnings per share**
Basic and diluted earnings per share were 1.69p (H1 2018: 0.91p) an increase of 86%. Adjusted earnings per share were 4.48p (H1 2018: 3.51p), an increase of 28%, in line with the increase in Adjusted EBITDA.

**Dividends**
In line with its progressive dividend policy, the Board has proposed an interim dividend of 1.17p (2018 interim dividend: 1.08p), an increase of 8%. The dividend will be paid to Shareholders on 8 November 2019, based on the register of Shareholders at close of business on 25 October 2019.

**Cash and borrowing facility**
The Group had cash of £14.24m at 30 April 2019 (31 October 2018: £13.63m). One of the key features of our business has always been the way that high levels of recurring revenues translate into strong cash generation. This continued in the period under review, with a cash inflow from operating activities of £2.56m. The net cash used in investing activities was £0.75m (principally deferred consideration payments) and the net cash used in financing activities (dividend payment) was £0.68m. Discounted deferred consideration liabilities on the balance sheet totalled £5.05m (31 October 2018: £5.34m).

After taking account of the deferred consideration, consideration for acquisitions which have exchanged in the period to 30 April 2019, the final dividend payable and the Financial Conduct Authority's financial resource requirements, the amount of "free" cash available for acquisitions was estimated to be c£2.2m.

In addition, on 8 May 2019, the Group signed a five-year committed facility of up to £7m with Clydesdale Bank PLC, with an interest rate payable of LIBOR plus 2.75%. The facility may be used to fund the initial consideration payment for acquisitions, up to a maximum of 60% of the expected total consideration. The Group has not yet drawn on this facility. The Board believes that a modest amount of leverage represents an optimal way of delivering ongoing accretion to Shareholders without taking undue risk. The Board has no plans to take leverage in excess of the facility.

**Outlook**
Our Group is in good health as we enter the second half of the year. There will doubtless be further political twists and turns over the months ahead, but our business model is built around providing our clients with high quality advice and investment management to help them navigate periods of uncertainty and meet their long-term financial goals. Indeed, it is during periods of change when our clients value our services most highly. Whilst our revenues are to some extent dependent on the performance of asset markets, our diversified approach has insulated both our clients' and our own revenues from much of the volatility.

It is pleasing that we have concluded the purchases of some great businesses and have others at an advanced stage. The bank facility we have in place will facilitate delivery of our acquisition strategy. In addition, we continue to focus on driving the organic growth opportunities within the business.

Finally, I would like to thank all the clients, staff and business partners of Harwood Wealth Management Group for their support, it is greatly appreciated.

Alan Durrant
Chief Executive Officer

## Consolidated Statement of Comprehensive Income

| | Notes | 6 Months ended 30-Apr-19 Unaudited £'000 | 6 Months ended 30-Apr-18 Unaudited £'000 | Year ended 31-Oct-18 Audited £'000 |
|---|---|---|---|---|
| **Revenue** | 3 | 16,116 | 15,135 | 32,693 |
| Cost of sales | | (8,183) | (8,289) | (17,601) |
| **Gross profit** | 3 | 7,933 | 6,846 | 15,092 |
| Administrative expenses | | (6,031) | (5,528) | (12,330) |
| Separately disclosed items | 4 | 13 | (123) | (174) |
| **Operating profit before depreciation, amortisation and separately disclosed items ("Adjusted EBITDA")** | | 3,457 | 2,708 | 6,116 |
| Depreciation | | (5) | (7) | (12) |
| Amortisation | | (1,550) | (1,383) | (3,342) |
| Separately disclosed items | 4 | 13 | (123) | (174) |
| **Operating profit** | | 1,915 | 1,195 | 2,588 |
| Investment income | | 10 | 15 | 23 |
| Finance expenses | | (299) | (278) | (653) |
| **Profit before taxation** | | 1,626 | 932 | 1,958 |
| Income tax charge | 5 | (572) | (365) | (762) |
| **Profit and total comprehensive income for the period attributable to equity owners of parent** | | 1,054 | 567 | 1,196 |
| **Earnings per share** | | **pence** | **pence** | **Pence** |
| Basic and fully diluted | 6 | 1.69 | 0.91 | 1.91 |

## Consolidated Statement of Financial Position

| | 6 Months ended 30-Apr-19 Unaudited £'000 | 6 Months ended 30-Apr-18 Unaudited £'000 | Year ended 31-Oct-18 Audited £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 19,418 | 24,437 | 20,803 |
| Property, plant and equipment | 38 | 35 | 31 |
| | 19,456 | 24,472 | 20,834 |
| **Current assets** | | | |
| Trade and other receivables | 1,418 | 1,283 | 1,553 |
| Cash and cash equivalents | 14,236 | 13,914 | 13,634 |
| | 15,654 | 15,197 | 15,187 |
| **Total assets** | 35,110 | 39,669 | 36,021 |
| **Current liabilities** | | | |
| Trade and other payables | 6,002 | 6,383 | 3,916 |
| Accruals and deferred income | 647 | 1,244 | 1,405 |
| Current tax liabilities | 756 | 651 | 659 |
| Dividends payable | 1,514 | 1,401 | - |
| Provisions | 470 | - | 766 |
| | 9,389 | 9,679 | 6,746 |
| **Net current assets** | 6,265 | 5,518 | 8,441 |
| **Non-current liabilities** | | | |
| Trade and other payables | 50 | 2,125 | 2,407 |
| Deferred tax liabilities | 769 | 2,564 | 829 |
| Provisions | 109 | - | 109 |
| | 928 | 4,689 | 3,345 |
| **Total liabilities** | 10,317 | 14,368 | 10,091 |
| **Net assets** | 24,793 | 25,301 | 25,930 |
| **Equity** | | | |
| Called up share capital | 156 | 156 | 156 |
| Share premium account | 25,500 | 25,500 | 25,500 |
| Retained earnings | (863) | (355) | 274 |
| **Total equity attributable to the owners of the parent** | 24,793 | 25,301 | 25,930 |

## Consolidated Statement of Changes in Equity

| | Attributable to the owners of the parent | | | |
|---|---|---|---|---|
| | **Share capital £'000** | **Share premium account £'000** | **Retained earnings £'000** | **Total £'000** |
| **Balance at 1 November 2017** | 156 | 25,500 | 1,104 | 26,760 |
| Profit and total comprehensive income for the period | - | - | 567 | 567 |
| Dividends | - | - | (2,026) | (2,026) |
| Total transactions with owners recognised directly in equity | - | - | (2,026) | (2,026) |
| **Balance at 30 April 2018** | **156** | **25,500** | **(355)** | **25,301** |
| Profit and total comprehensive income for the period | - | - | 629 | 629 |
| **Balance at 31 October 2018** | **156** | **25,500** | **274** | **25,930** |
| Profit and total comprehensive income for the period | - | - | 1,054 | 1,054 |
| Dividends | - | - | (2,191) | (2,191) |
| Total transactions with owners recognised directly in equity | - | - | (2,191) | (2,191) |
| **Balance at 30 April 2019** | **156** | **25,500** | **(863)** | **24,793** |

## Consolidated Statement of Cash Flows

| | 6 months ended 30-Apr-19 Unaudited £'000 | 6 months ended 30-Apr-18 Unaudited £'000 | Year ended 31-Oct-18 Audited £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | 1,626 | 932 | 1,958 |
| | | | |
| **Non-cash adjustments** | | | |
| Depreciation and amortisation | 1,555 | 1,267 | 3,354 |
| Separately disclosed items | (13) | 123 | 174 |
| Other non-cash adjustments | (296) | - | - |
| Net finance costs | 289 | 263 | 630 |
| | | | |
| **Working capital adjustments** | | | |
| Decrease/(increase) in trade and other receivables | 134 | (144) | (414) |
| (Decrease)/increase in trade and other payables | (733) | 225 | 828 |
| Cash inflow from operating activities | 2,562 | 2,666 | 6,530 |
| | | | |
| Income tax paid | (536) | (466) | (1,063) |
| **Net cash generated by operations** | **2,026** | **2,200** | **5,467** |
| | | | |
| **Investing activities** | | | |
| Payment of deferred consideration | (684) | (1,712) | (3,865) |
| Purchase of intangible assets | (52) | (1,005) | (1,005) |
| Purchase of property, plant and equipment | (23) | (13) | (14) |
| Interest received | 10 | 15 | 23 |
| Acquisition of subsidiaries net of cash acquired | - | (3,905) | (3,905) |
| **Net cash used in investing activities** | **(749)** | **(6,620)** | **(8,766)** |
| | | | |
| **Financing activities** | | | |
| Dividends paid | (675) | (625) | (2,026) |
| **Net cash used in financing activities** | **(675)** | **(625)** | **(2,026)** |
| | | | |
| Net increase in cash and cash equivalents | 602 | (5,045) | (5,325) |
| Cash and cash equivalents brought forward | 13,634 | 18,959 | 18,959 |
| **Cash and cash equivalents carried forward** | **14,236** | **13,914** | **13,634** |

## Notes to the interim financial information

### 1. General information

The interim financial information is unaudited. This condensed consolidated interim financial information was approved by the Directors and authorised for issue on 26 June 2019.

Harwood Wealth Management Group plc is a public limited liability company incorporated and domiciled in England and Wales. The Group's business activities are principally the provision of financial advice and investment management to the retail market. The address of the registered office is 5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire, PO7 7SE. The Company is listed on the AIM market of the London Stock Exchange.

### 2. Basis of preparation and accounting policies

**Basis of preparation**

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly report.

This condensed, consolidated interim financial information for the six months ended 30 April 2019 does not, therefore, comply with all the requirements of IAS 34, "Interim financial reporting" as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements of Harwood Wealth Management Group plc for the year ended 31 October 2018, which have been prepared in accordance with IFRS as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 October 2018 were approved by the Board of Directors on 22 January 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least twelve months from the date this consolidated financial information is approved. Accordingly, they continue to adopt the going concern basis in preparing the consolidated interim financial information.

**Accounting policies**

The accounting policies used in the preparation of the financial information for the six months ended 30 April 2019 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 October 2018, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2018, and which will be adopted in the year ended 31 October 2019 financial statements, these are set out below:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers

There is no material impact on the Group's financial statements as a result of adopting these standards.

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 October 2019 (the date on which the Group's next annual financial statements will be prepared up to) that the Group has decided not to adopt early.

The most significant of these is IFRS 16 'Leases' (mandatorily effective for periods beginning on or after 1 January 2019). For leases classified as operating leases, under current accounting requirements, the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term as an operating expense, disclosing in its annual financial statements the total commitment. On adoption of IFRS 16, for the Group at 1 November 2019, this will result in the Group recognising an asset (a 'right of use asset') and a liability (a 'lease liability') for all contracts that are, or contain, a lease. The Group will measure the right-of-use asset by reference to the measurement of the total lease liability on the adoption date. Furthermore, instead of recognising an operating expense for its operating lease payments, the Group will recognise interest on its lease liabilities and amortisation on its right-of-use asset. This will, on adoption, increase reported EBITDA and Adjusted EBITDA by the amount of the Group's current operating lease expense.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the EU, these financial statements do not contain sufficient information to comply with IFRSs.

**Basis of consolidation**

These interim consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 April 2019. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control may cease. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

**3. Operating segments**

For management purposes the following information by segment is provided to the chief operating decision maker, which is considered to be the Group Board, and best describes the way the Group is managed. This provides a meaningful insight into the operations of the Group.

An analysis of the Group's operating segments is as follows:

| | **Financial Planning** | | | **Investment Management** | | |
|---|---|---|---|---|---|---|
| | **6 months ended 30-Apr-19 Unaudited £'000** | **6 months ended 30-Apr-18 Unaudited £'000** | **Year ended 31-Oct-18 Audited £'000** | **6 months ended 30-Apr-19 Unaudited £'000** | **6 months ended 30-Apr-18 Unaudited £'000** | **Year ended 31-Oct-18 Audited £'000** |
| Revenue | 7,092 | 6,662 | 14,589 | 2,270 | 2,132 | 4,544 |
| Cost of sales | (1,943) | (2,388) | (4,971) | (197) | (158) | (351) |
| Gross profit | 5,149 | 4,274 | 9,618 | 2,073 | 1,974 | 4,193 |

| | Network Services | | | Total | | |
|---|---|---|---|---|---|---|
| | 6 months ended 30-Apr-19 Unaudited £’000 | 6 months ended 30-Apr-18 Unaudited £’000 | Year ended 31-Oct-18 Audited £’000 | 6 months ended 30-Apr-19 Unaudited £’000 | 6 months ended 30-Apr-18 Unaudited £’000 | Year ended 31-Oct-18 Audited £’000 |
| Revenue | 6,754 | 6,341 | 13,560 | 16,116 | 15,135 | 32,693 |
| Cost of sales | (6,043) | (5,743) | (12,279) | (8,183) | (8,289) | (17,601) |
| Gross profit | 711 | 598 | 1,281 | 7,933 | 6,846 | 15,092 |

## 4. Separately disclosed items

| | 6 months ended 30-Apr-19 Unaudited £'000 | 6 months ended 30-Apr-18 Unaudited £’000 | Year ended 31-Oct-18 Audited £’000 |
|---|---|---|---|
| Adjustments to consideration on past acquisitions and acquisition costs | 13 | (123) | (174) |

The adjustments to consideration on past acquisitions is the difference between the final contingent consideration payable on acquisitions and the deferred consideration previously provided in the statement of financial position. The difference is due to actual revenues being higher or lower than expected at the time of acquisition. Acquisition costs represent third party costs incurred in relation to acquisitions.

## 5. Taxation

An analysis of the income tax charge for the period is detailed below:

| | 6 Months ended 30-Apr-19 Unaudited £'000 | 6 Months ended 30-Apr-18 Unaudited £'000 | Year ended 31-Oct-18 Audited £'000 |
|---|---|---|---|
| **Current tax** | | | |
| Total current tax charge | 633 | 497 | 1,094 |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences | (61) | (132) | (332) |
| Total deferred tax charge | (61) | (132) | (332) |
| Total tax charge | 572 | 365 | 762 |

## 5. Business combinations

In the period the Group completed the purchase of one acquired client portfolio for an estimated total consideration of £172,000, of which £52,000 was payable in cash on completion and the balance of £120,000 is payable on deferred terms.

## 6. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity Shareholders of the Company by the weighted average number of shares in issue during the year. There are no dilutive or potential shares.

| | 6 Months ended 30-Apr-19 Unaudited '000 | 6 Months ended 30-Apr-18 Unaudited '000 | Year ended 31-Oct-18 Audited '000 |
|---|---|---|---|
| **Number of shares** | | | |
| Weighted average number of ordinary shares for basic earnings per share | 62,543 | 62,543 | 62,543 |
| | **£'000** | **£'000** | **£'000** |
| **Earnings** | | | |
| Profit for the period from continuing operations | 1,054 | 567 | 1,196 |
| Earnings for basic and diluted earnings per share being net profit attributable to equity Shareholders of the Company for continuing operations | 1,054 | 567 | 1,196 |
| | **pence** | **pence** | **pence** |
| Basic and diluted earnings per share | 1.69 | 0.91 | 1.91 |

**Adjusted earnings per share**

The adjusted earnings per share are based on:

| | | 6 Months ended 30-Apr-19 Unaudited £'000 | 6 Months ended 30-Apr-18 Unaudited £'000 | Year ended 31-Oct-18 Audited £'000 |
|---|---|---|---|---|
| **Profit before taxation** | | 1,626 | 932 | 1,958 |
| Add: | Net finance expense | 289 | 263 | 630 |
| | Depreciation | 5 | 7 | 12 |
| | Amortisation | 1,550 | 1,383 | 3,342 |
| | Separately disclosed items | (13) | 123 | 174 |
| Adjusted EBITDA | | 3,457 | 2,708 | 6,116 |
| Tax charge on adjusted EBITDA | | (657) | (514) | (1,162) |
| Adjusted earnings for basic and diluted earnings per share | | 2,800 | 2,194 | 4,954 |
| | | **pence** | **pence** | **pence** |
| Adjusted basic and diluted earnings per share | | 4.48 | 3.51 | 7.92 |

The adjusted earnings per share is calculated before the after-tax effect of amortisation, depreciation and separately disclosed items and is included because the Directors consider this gives a measure of underlying performance of the business.

The basis for the presentation of the adjusted earnings per share is different to the previous half year. Adjusted earnings per share were previously reported before tax. An estimate of the tax charge on the adjusted EBITDA is now incorporated and the 2018 half year comparative has been restated.

**7. Dividends**

| | **6 months ended 30-Apr-19 Unaudited £'000** | **6 months ended 30-Apr-18 Unaudited £'000** | **Year ended 31-Oct-18 Audited £'000** |
|---|---|---|---|
| Dividends paid in period | 675 | 625 | 2,026 |

| | **6 months ended 30-Apr-19 Unaudited pence** | **6 months ended 30-Apr-18 Unaudited pence** | **Year ended 31-Oct-18 Audited pence** |
|---|---|---|---|
| **Dividends per share declared** | | | |
| Interim | 1.17 | 1.08 | 1.08 |
| Final | - | - | 2.42 |

At the Company's Annual General Meeting held on 17 April 2019, the Shareholders approved the final dividend of 2.42 pence per ordinary share totalling £1,514,000 payable on 10 May 2019. This is included as a current liability in the consolidated statement of financial position for the six-month period ended 30 April 2019.

**8. Events after 30 April 2019**

Since 30 April 2019 the following events have taken place:

**Completion of acquisitions**

The Group has completed the purchases of the trade and assets of GD White (Independent Financial Advisers); Castleton Financial Planning; as well as a further two client portfolios for a total consideration of £3.43m, £1.76m of which was payable on completion.

**Exchange on acquisitions**

The Group has exchanged contracts to complete the purchase of the trade and assets of two businesses for a total consideration of c£0.75m, payable 50% on completion and a further two instalments of 25% and 25% which are due to be paid on the first and second anniversaries of completion, contingent upon results.

**Bank facility**

On 8 May 2019 the Group signed a five-year committed facility of up to £7m with Clydesdale Bank PLC. The facility is secured by a debenture over the Group's assets. The facility may be used to fund the initial consideration payment for acquisitions, up to a maximum of 60% of the expected total consideration. The Group has not yet drawn on this facility.