RNS Number : 0236R
Gateley (Holdings) PLC
06 December 2016

For Immediate Release **6 December 2016**

Gateley (Holdings) Plc

("Gateley" or the "Group")

Half Year Results for the six months ended 31 October 2016

Gateley (AIM:GTLY), a national commercial law firm and complementary business services group, is pleased to announce its unaudited results for the six months ended 31 October 2016 ("the period").

Financial Highlights

- Revenue increased 18.9% (2015: 10.9%) to £35.2m (2015: £29.6m)
- Adjusted EBITDA* increased 11.1% (2015: 40.6%) to £5.0m (2015: £4.5m)
- Profit before tax increased 44.8% (2015: 11.5%) to £4.2m (2015: £2.9m)
- Basic EPS increased 55% (2015: 5%) to 3.1p (2015: 2.0p)
- Interim dividend increased 16% to 2.2p per ordinary share (2015: 1.895p)
- Strong cash generation

* Adjusted EBITDA excludes income or expenses that relate to non-underlying items and non-cash charges relating to share based payments

Operational Highlights

- Successful acquisition of two complementary businesses with integration progressing well:
    - Gateley Capitus Limited was acquired in April 2016
    - Gateley Hamer Limited was acquired in September 2016
- Expansion of legal services via investment in our new Reading office in the 5 months since opening (including the appointment of 5 legal partners)
- Staff numbers increased by 12.7% since October 2015 to 701
- All staff SAYE share scheme introduced in August 2016 together with a further Stock Appreciation Rights Scheme issue on 7 October for partners. CSOP scheme for middle management to be introduced before 31 December 2016
- Strengthening balance sheet with gross assets of £41.6m (2015: £40.7m)
- Expanding shareholder base following the successful sale of former partner shares in October 2016 increasing Group free float from 30% to 34.3%

Michael Ward, CEO of Gateley, commented:
"Trading for the first half of the year has been good, with growth in revenue and operating profit supported by strong cash generation in line with the Board's expectations. I am pleased to report continued expansion of service lines and the successful acquisition of our second complementary business services company, Gateley Hamer Limited.

Significant progress is being made with recruitment in our new Reading office, whilst careful and considered expansion of existing services lines continues to position us well for the second half of the year. Our broad client base has started to benefit from our new complementary business service lines and our people are showing exceptional long term commitment to the strategy, evidenced by a 43% take up by staff in our all staff share scheme, materially ahead of normal take-up rates for such schemes. Given the progress made by the business, the Board is pleased to announce an increase in our interim dividend to 2.2p per share.

"Opportunities for organic growth continue as our market share remains small relative to the overall size of the UK commercial legal sector. We remain on track to deliver against our expectations for the year and continue to look to maximise synergies from our recent acquisitions as their services continue to attract further interest from new and existing clients. We are very pleased with the progress made by the Group since IPO and the Board look forward with optimism given the opportunities it believes exist."

Enquiries:

Gateley (Holdings) Plc	
Neil Smith, Finance Director	+44 121 234 0196
Nick Smith, Acquisitions Director and Head of Investor Relations	+44 20 7653 1665
Dawn Roberts/Matt Taylor, Interim Head of Communications	+44 7720 095114/+44 121 221 7852
Cantor Fitzgerald Europe - Nominated adviser and broker	+44 20 7894 7000
David Foreman, Marc Milmo, Michael Reynolds (Corporate Finance)	
Mark Westcott , Alex Pollen, Caspar Shand Kydd (Sales)	
IFC Advisory - Financial PR adviser	+44 20 3053 8671
Tim Metcalfe, Graham Herring, Heather Armstrong, Miles Nolan	

CEO Operational Review

Introduction

I am pleased to report that the Group has performed well in its start to its second year as a public company. In a market that continues to be challenging, the Board has remained focused on the execution of our stated strategy of long term organic and acquisitive growth. The Group has made excellent progress since our successful AIM IPO, all of which has been made possible by the positive reaction to our flotation by our diversified client base and excellent staff.

Financial Results

The Group reports a strong trading performance with increases against last year in both revenue (up 18.9% to £35.2m) and adjusted EBITDA (up 11.1% to £5.0m). Our transition from LLP to Plc has been smooth and with the strong cash generation of the business our balance sheet continues to strengthen. We have invested for the long-term future of the business and are pleased to propose an increase in the interim dividend to 2.2p (2015: 1.895p) in line with expectations.

Operational Review

Whilst growth in our divisions is encouraging, it is also important to highlight that the Group operates through a diverse and resilient business structure that performs well in both good as well as more challenging economic environments.

Since 1 May 2015 we have welcomed 15 new lateral legal partner hires to the Group across our offices evidencing our ability to continue to attract and retain talent. In addition, 4 senior associates have been promoted to legal partner with effect from 1 May 2016. Our overall staff numbers continue to increase as our measured expansion across legal and now non-legal complementary business services enhances our offering to new and existing clients. Our new SAYE and CSOP schemes will assist with our incentivisation strategy to enable all staff to obtain equity ownership in the business.

We announced the opening of a new office in Reading on 1 November 2015 and officially moved into new leasehold premises at The Blade on 1 June 2016. Staff numbers in Reading have risen to 13, including 5 legal partners, and recruitment continues to progress well.

We continue to successfully maintain our presence on legal panels and have been reappointed to all national panels that have required retendering during this period.

Whilst we have never owned any assets in Scotland, post period end, we received six months' notice of termination of our affiliation agreement with HBJ in Scotland. We will be looking to enter into new arrangements with another firm in Scotland in the first half of next year.

Acquisitions

At the time of the Group's AIM IPO, we stated that the Group would seek to acquire businesses offering complementary professional and other specialist services to clients in Gateley's target markets. In April 2016 we successfully completed our first acquisition of a non-legal fiscal incentives business, Gateley Capitus Limited, consistent with our stated growth strategy. This was followed by our second acquisition, Gateley Hamer Limited, a specialist property consultancy. We are pleased to report that integration of both businesses is progressing well as their respective Midlands operations have been moved into Gateley's Birmingham office and Gateley Capitus' office in Northern Ireland has been moved to a new Belfast city centre location. Both acquisitions have also been rebranded. The reception from the marketplace to our enlarged service offering has been encouraging. We continue to explore acquisitions of further businesses providing complementary professional services to enable us to further diversify our income streams going forward.

Current trading and outlook

Trading is robust and we anticipate this will continue into the second half of the current financial year. We are confident that our business is well balanced and resilient and we remain focused on delivering another year of growth in our core services and exploiting synergies between all Group companies whilst looking to continue to enhance our offering to clients through further acquisitions.

Michael Ward
CEO
6 December 2016

Finance Director's Review

The Group's results for the 6 month period ended 31 October 2016 continue to demonstrate a healthy balance of solid, profitable organic revenue and EBITDA growth as we look to further increase our market share in the national commercial legal market and benefit from the implementation of our acquisition strategy. We have worked hard to fully integrate two excellent complementary professional services businesses in Gateley Capitus and Gateley Hamer and welcome the diversification these new businesses and their professionals bring to our expanding Group.

The Group has delivered a solid return for investors since its IPO and has continued, with these results, to demonstrate that it has adjusted to life in the public markets. We have increased our adjusted EPS to 3.09p (2015 2.88p) and strengthened our balance sheet as we have moved from LLP to Plc.

Revenues grew by 18.9% (2015: 10.9%) to £35.2m (2015: £29.6m) as the Group's well balanced, resilient mix of work types continued to serve our clients well.

Adjusted EBITDA[1] increased by 11.1% to £5.0m (2015 £4.5m) despite the Board making a net investment in our new Reading office of more than £0.6m in the period. Profit before tax increased to £4.2m (2015: £2.9m).

Total operating costs rose by 16.4% to £30.5m (2015: £26.2m) as we continue to invest in building a full service offering in Reading and increase the number of professional and support staff we employ across the Group. Our average number of legal staff numbers rose by 6.2% to 410 during the period (2015: 386). Personnel costs rose accordingly by 18.9% to 21.4m (2015: £18.0m). Personnel costs as a percentage of revenue were maintained at a similar rate to the prior year. As expected, due to the number of new starters, especially in Reading, utilisation of fee generating staff reduced to 83% (2015: 85%).

[1] Adjusted for depreciation, amortisation and non-underlying items and non-cash charges relating to share base payments

Balance sheet, cash flow and financing

The Group continues to build a strong balance sheet with gross assets of £41.6m (2015: £40.7m) including cash and cash equivalents of £2.2m (2015: £7.8m). The Group's cash generation remains strong as the time taken to collect debts continues to improve. Following the cash outlay of £1.0m on the acquisition of Gateley Capitus the Group has, during September, funded a further £0.5m of the cash consideration in respect of the acquisition of Gateley Hamer. Deferred consideration of £0.05m and £1.1m remain outstanding on the acquisitions of Gateley Capitus and Gateley Hamer, respectively. £0.65m is anticipated to be payable within one year, with £0.5m payable within two years.

Total net debt has reduced to £7.4m (2015: £12.0m) as the Group continues to manage working capital well.

Earnings per share and Dividend

Adjusted basic earnings per share was 3.09p (2015: 2.88p). Basic and diluted earnings per share was 3.09p (2015: 2.03p). The Board today declares an interim dividend of 2.2 pence per share which will be paid in early March 2017 to shareholders on the register at the close of business on 10 February 2017. The shares will go ex-dividend on 9 February 2017.

Neil Smith
Finance Director
6 December 2016

Gateley (Holdings) Plc
Consolidated income statement and other comprehensive income (Unaudited)
For the 6 months ended 31 October 2016

	Notes	**Unaudited 6 months to 31 October 2016**	Unaudited 6 months to 31 October 2015	Audited 12 months to 30 April 2016
		£000	£000	£000
Revenue	2	**35,153**	29,636	67,061
Other operating income		**197**	149	442
Personnel costs	3	**(21,378)**	(18,014)	(38,951)
Depreciation and amortisation		**(569)**	(357)	(687)
Other operating expenses		**(9,101)**	(8,324)	(16,605)
Adjusted EBITDA		**4,971**	4,473	12,928
Share based payments		**(100)**	(100)	(125)
Depreciation and amortisation		**(569)**	(357)	(687)
Non-underlying items				
One off professional costs		-	(171)	(101)
Admission costs		-	(755)	(755)
Operating profit		**4,302**	3,090	11,260
Net financing expense		**(84)**	(160)	(226)
Profit before tax		**4,218**	2,930	11,034
Taxation		**(926)**	(800)	(2,448)
Profit for the year after tax		**3,292**	2,130	8,586
Total comprehensive income for the period, net of tax		**3,292**	2,130	8,586

Earnings per share (pence)

Basic and diluted earnings per share	*4*	3.09	**2.03**	8.18

Adjusted basic earnings per share	*4*	3.09	**2.88**	8.98
Proposed interim dividend per share	*5*	2.20	**1.895**	

The results for the periods presented above are derived from continuing operations.

Gateley (Holdings) Plc
Consolidated statement of financial position
at 31 October 2016

	Note	**Unaudited at 31 October 2016**	Unaudited at 31 October 2015	Audited at 30 April 2016
		£000	£000	£000
ASSETS				
Non-current assets				
Property, plant and equipment		**2,019**	1,422	1,478
Investment property		**164**	164	164
Intangible assets & goodwill	6	**4,119**	-	2,515
Investments		**85**	70	85
Total non-current assets		**6,387**	1,656	4,242
Current assets				
Trade and other receivables	*7*	**33,023**	31,238	33,696
Cash and cash equivalents		**2,214**	7,808	9,795
Total current assets		**35,237**	39,046	43,491
Total assets		**41,624**	40,702	47,733
Non-current liabilities				
Other interest-bearing loans and borrowings	*8*	**(5,950)**	(9,458)	(7,438)
Other payables	*9*	**(654)**	-	(154)
Deferred tax liability		**(295)**	-	(200)
Provisions		**(755)**	(339)	(339)
Total non-current liabilities		**(7,654)**	(9,797)	(8,131)
Current liabilities				
Other interest-bearing loans and borrowings	*8*	**(3,705)**	(10,304)	(6,583)
Trade and other payables	*9*	**(17,553)**	(13,366)	(20,038)
Provisions		**(150)**	(150)	(257)
Total current liabilities		**(21,408)**	(23,820)	(26,878)
Total liabilities		**(29,062)**	(33,617)	(35,009)
NET ASSETS		**12,562**	7,085	12,724
EQUITY				
Share capital	10	**10,678**	10,527	10,640
Share premium		**4,333**	4,333	4,332
Merger reserve		**(9,950)**	(9,950)	(9,950)
Other reserves		**1,418**	-	1,013
Treasury reserve		**(29)**	(55)	(27)
Retained earnings		**6,112**	2,230	6,716
TOTAL EQUITY		**12,562**	7,085	12,724

Gateley (Holdings) Plc
Consolidated cash flow statement
for the 6 months ended 31 October 2016

	Unaudited 6 months to 31 October 2016	**Unaudited 6 months to 31 October 2015**	**Audited 12 months to 30 April 2016**

	Note	£000	£000	£000
Cash flows from operating activities				
Profit for the period		3,292	2,130	8,586
Adjustments for:				
Depreciation and amortisation		374	357	687
Amortisation of intangible assets		195	-	-
Financial income		(153)	(121)	(265)
Financial expense		237	280	491
Equity settled share based payments		100	100	125
Profit on disposal of property, plant and equipment		-	(2)	(8)
Tax expense		926	800	2,448
		4,971	3,544	12,064
Increase in trade and other receivables		1,022	457	(1,387)
Increase in trade and other payables		(2,783)	(1,087)	4,605
Increase in provisions		309	(48)	59
Cash generated from operations		**3,519**	**2,866**	**15,341**
Tax expense paid		(1,526)	-	(1,007)
Net cash flows from operating activities		**1,993**	**2,866**	**14,334**
Investing activities				
Interest and other financial income paid		(84)	(159)	(226)
Acquisition of property, plant and equipment		(899)	(280)	(670)
Purchase of other investments		-	-	(15)
Consideration paid on acquisition of subsidiary	12	(508)	-	(1,592)
Cash received on acquisition of subsidiary	12	280	2,719	350
Proceeds from sale of property, plant and equipment		-	2	16
Net cash (outflow)/inflow investing activities		**(1,211)**	**2,282**	**(2,137)**
Financing activities				
Issue of ordinary shares, net of issue costs		-	4,910	4,910
Proceeds from new term bank loans		-	9,907	9,907
Repayment of term bank loans		(990)	-	(989)
Repayment of loans from former members of Gateley Heritage LLP		(3,375)	(5,402)	(10,153)
Repayment of fixed capital from former members of Gateley Heritage LLP		-	(6,717)	(6,717)
Transactions with Gateley EBT Limited		(2)	-	(27)
Dividends paid	5	(3,996)	-	(1,995)
Payment of finance lease liabilities		-	(38)	(57)
Net cash (outflow)/inflow financing activities		**(8,363)**	**2,660**	**(5,121)**
Net (decrease)/increase in cash and cash equivalents		(7,581)	7,808	7,076
Cash and cash equivalents at beginning of period		9,795	-	2,719
Cash and cash equivalents at end of period		**2,214**	**7,808**	**9,795**

Gateley (Holdings) Plc
Consolidated statement of changes in equity
for the 6 months ended 31 October 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2015	10,000	-	(9,950)	-	-	-	50
Total comprehensive income for the year	-	-	-	-	-	8,586	8,586
Repurchase of treasury shares	-	-	-	-	(27)	-	(27)
Issue of shares	640	4,482	-	1,013	-	-	6,135
Share issue costs	-	(150)	-	-	-	-	(150)
Dividend paid	-	-	-	-	-	(1,995)	(1,995)
Share based payment transactions	-	-	-	-	-	125	125
Total equity at 30 April 2016	**10,640**	**4,332**	**(9,950)**	**1,013**	**(27)**	**6,716**	**12,724**
At 1 May 2015	10,000	-	(9,950)	-	-	-	50
Total comprehensive income for the period	-	-	-	-	-	2,130	2,130
Repurchase of treasury shares	-	-	-	-	(55)	-	(55)
Issue of shares	527	4,483	-	-	-	-	5,010
Share issue costs	-	(150)	-	-	-	-	(150)
Share based payment transactions	-	-	-	-	-	100	100
Total equity at 31 October 2015	**10,527**	**4,333**	**(9,950)**	**-**	**(55)**	**2,230**	**7,085**

At 1 May 2016	10,640	4,332	(9,950)	1,013	(27)	6,716	12,724
Total comprehensive income for the period	-	-	-	-	-	3,292	3,292
Repurchase of treasury shares	-	-	-	-	(2)	-	(2)
Issue of shares	38	1	-	419	-	-	458
Share issue costs	-	-	-	(14)	-	-	(14)
Dividend paid	-	-	-	-	-	(3,996)	(3,996)
Share based payment transactions	-	-	-	-	-	100	100
Total equity at 31 October 2016	**10,678**	**4,333**	**(9,950)**	**1,418**	**(29)**	**6,112**	**12,562**

The following describes the nature and purpose of each reserve within equity:

Share premium - Amount subscribed for share capital in excess of nominal value.

Merger reserve - Represents the difference between the nominal value of shares acquired by the company in the share for share exchange with the former Gateley Heritage LLP members and the nominal value of shares issued to acquire them.

Other reserve - Represents the difference between the actual and nominal value of shares issued by the company in the acquisition of subsidiaries.

Treasury reserve - Represents the repurchase of shares for future distribution by the Group's Employee Benefit Trust.

Retained earnings - All other net gains and losses and transactions with owners not recognised anywhere else.

Gateley (Holdings) Plc

Notes

for the year ended 30 April 2016

1 Basis of preparation and significant accounting policies

These interim unaudited financial statements for the six months ended 31 October 2016 have been prepared in accordance with the accounting policies set out in the Annual Report and Financial statements of the Group for the year ended 30 April 2016.

The recognition and measurement requirements of all International Financial Reporting Standards ('IFRSs'), International Accounting Standards ('IAS') and interpretations currently endorsed by the International Accounting Standards Board ('IASB') and its committees as adopted by the EU and as required to be adopted by AIM listed companies have been applied. AIM-listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption.

The financial information contained in this interim report does not constitute statutory accounts for the six months ended 31 October 2016 or 31 October 2015 and should be read in conjunction with the statutory accounts for the 30 April 2016. The auditors have reported on those accounts.

The condensed unaudited financial statements for the six months to 31 October 2016 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Going concern

These interim accounts are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group remains cash generative, with a strong on-going trading performance. On 1 June 2015 the Group acquired two unsecured term loans for £5m each repayable quarterly over five years. These term loan facilities contain financial covenants which the Group continues and is forecast to comply with for the foreseeable future. Additional unsecured 12 month overdraft facilities of up to £5m in total are also currently available to the Group.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements have been prepared in accordance with the AIM Rules.

Cautionary statement

This document contains certain forward-looking statements with respect of the financial condition, results, operations and business of the Group. Whilst these statements are made in good faith based on information available at the time of approval, these statements and forecasts inherently involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause the actual results of developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

2 Operating segments

The Chief Operating Decision Maker ("CODM") is the Strategic Board. The Group has the following five strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they report different specialisms from the legal teams in those divisions.

The following summary describes the operations of each reportable segment:

Reportable segment	**Operations**
Banking and Financial Services	Provision of legal advice in respect of asset finance, banking and corporate recovery services
Corporate	Provision of legal advice in respect of corporate, private client, family and taxation services
Business Services	Provision of legal advice in respect of commercial, commercial dispute resolution, litigation, regulatory, shipping, transport and insurance services
Employees, Pensions and Benefits	Provision of legal advice in respect of employment and pension services, including Entrust Pension Limited's trustee advisory services
Property	Provision of legal advice in respect of construction, planning, real estate and residential development services, Gateley Capitus tax incentives services and Gateley Hamer property consultancy services

31 October 2016

	Banking and Financial Services £000	Corporate £000	Business Services £000	Employee Pensions and Benefits £000	Property £000	Total segments £000	Other expense and movement in unbilled revenue £000	Total £000
Segment revenue	5,343	6,257	5,461	3,423	13,519	34,003	1,150	**35,153**
Segment contribution (as reported internally)	1,330	1,758	2,496	1,171	6,466	13,220	1,150	**14,362**
Costs not allocated to segments:								
Other operating income								**197**
Personnel costs								**(3,314)**
Depreciation and amortisation								**(569)**
Other operating expenses								**(6,374)**
Net financial expense								**(84)**
Profit for the financial period before taxation and non-underlying items								**4,218**

31 October 2015

	Banking and Financial Services £000	Corporate £000	Business Services £000	Employee Pensions and Benefits £000	Property £000	Total segments £000	Other expenses and movement in unbilled revenue £000	Total £000
Segment revenue	5,051	5,210	4,442	3,688	10,116	28,507	1,129	**29,636**
Pro-forma segment contribution (as reported internally)	1,820	1,568	2,017	1,679	4,813	11,897	1,129	**13,026**
Costs not allocated to segments:								
Other operating income								**149**
Personnel costs								**(3,101)**
Depreciation and amortisation								**(357)**
Other operating expenses								**(5,701)**
Net financial expense								**(160)**
Profit for the financial period before taxation and non-underlying items								**3,856**

30 April 2016

	Banking and Financial Services £000	Corporate £000	Business Services £000	Employee Pensions and Benefits £000	Property £000	Total segments £000	Other expenses and movement in unbilled revenue £000	Total £000
Segment revenue	13,550	11,345	10,295	7,273	22,349	64,812	2,249	**67,061**
Pro-forma segment contribution (as reported internally)	6,304	3,157	4,037	2,456	10,132	26,086	2,249	**28,335**
Costs not allocated to segments:								
Other operating income								**442**

Personnel costs	**(3,882)**
Depreciation and amortisation	**(687)**
Other operating expenses	**(12,092)**
Net financial expense	**(226)**
Profit for the financial year before taxation and non-underlying items	**11,890**

No other financial information has been disclosed as it is not provided to the CODM on a regular basis.

3 Staff numbers and costs

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

	Number of employees		
	6 months to 31 October 2016	6 months to 31 October 2015	12 months to 30 April 2016
Legal staff	**410**	386	392
Surveyors	**9**	-	-
Administrative staff	**253**	231	230
	672	617	622

The aggregate payroll costs of these persons were as follows:

	£000	£000	£000
Wages and salaries	**18,938**	15,870	34,733
Social security costs	**2,007**	1,757	3,491
Pension costs	**333**	287	602
Share based payments expenses	**100**	100	125
	21,378	18,014	38,951

4 Earnings per share

	6 months to 31 October 2016 Number	6 months to 31 October 2015 Number	12 months to 30 April 2016 Number
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	**106,461,584**	104,725,070	104,928,209

	£000	£000	£000
Profit for the period and basic earnings attributable to ordinary equity shareholders	**3,292**	2,130	8,586
Non-underlying items			
Operating expenses and finance costs	**-**	926	856
Tax on non-underlying items	**-**	(36)	(20)
Underlying earnings before non-underlying items	**3,292**	3,020	9,422

Earnings per share is calculated as follows:

	Pence	Pence	Pence
Basic earnings per ordinary share	**3.09p**	2.03p	8.18p
Diluted earnings per ordinary share	**3.09p**	2.03p	8.18p
Basic earnings per ordinary share after non-underlying items	**3.09p**	2.88p	8.98p
Diluted earnings per ordinary share after non-underlying items	**3.09p**	2.88p	8.98p

Underlying earnings per share have been shown because the Directors consider that this provides valuable additional information about the underlying performance of the Group.

5 Dividends

	6 months to 31 October 2016	6 months to 31 October 2015
Paid during the period		
Equity dividends on ordinary shares:		
- Final dividend for 2016: 5.65p	**3,996**	-
Dividends paid	**3,996**	-

Proposed during the period
Equity dividends on ordinary shares:

- Interim dividend for 2017: 2.2p (2016: 1.895p)	**2,349**	1,995
Dividends proposed	**2,349**	1,995

The Board has approved an interim dividend of 2.2p (2016: 1.895p) per share. This dividend will be paid in early March 2017 to shareholders on the register at the close of business on 10 February 2017. The shares will go ex-dividend on 9 February 2017. This dividend has not been recognised as a liability in these final statements.

6 Intangible assets

	Customer list and brand names £000	Goodwill £000	**Total £000**
Cost			
At 1 May 2015 and 31 October 2015	-	-	**-**
At 1 November 2015	-	-	**-**
Acquired through business combination	1,000	1,515	**2,515**
At 30 April 2016	1,000	1,515	**2,515**
At 1 May 2016	1,000	1,515	**2,515**
Acquired through business combination	638	1,161	**1,799**
At 31 October 2016	**1,638**	**2,676**	**4,314**
Accumulated amortisation			
At 1 May 2015, 31 October 2015 and 30 April 2016	-	-	**-**
At 1 May 2016	-	-	**-**
Charge for the period	195	-	**195**
At 31 October 2016	**195**	**-**	**195**
Net Book Value			
At 1 May 2015 and 31 October 2015	-	-	**-**
At 30 April 2016	**1,000**	**1,515**	**2,515**
At 31 October 2016	**1,443**	**2,676**	**4,119**

Goodwill

Goodwill is allocated to the following cash generating units

	31 October 2016 £000	31 October 2015 £000	30 April 2016 £000
Gateley Capitus Limited	**1,515**	-	1,515
Gateley Hamer Limited (Formerly Hamer Associates Limited)	**1,161**	-	-
	2,676	-	1,515

7 Trade and other receivables

	31 October 2016 £000	31 October 2015 £000	30 April 2016 £000
Trade receivables	**20,501**	19,967	20,759
Unbilled revenue	**10,532**	9,314	9,881
Prepayments and accrued income	**1,990**	1,957	3,056
	33,023	31,238	33,696

8 Other interest-bearing loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are described below.

	31 October 2016		31 October 2015		30 April 2016	
	Fair value £000	**Carrying amount £000**	Fair value £000	Carrying amount £000	Fair value £000	Carrying amount £000
Non-Current liabilities						
Unsecured bank loan	**5,950**	**5,950**	7,920	7,920	6,938	6,938
Loans from former members	**-**	**-**	1,538	1,538	500	500
	5,950	**5,950**	9,458	9,458	7,438	7,438

Current liabilities

Unsecured bank loan	**1,978**	**1,978**	1,987	1,987	1,980	1,980
Loans from former members	**1,727**	**1,727**	8,317	8,317	4,603	4,603
	3,705	**3,705**	10,304	10,304	6,583	6,583

The unsecured overdraft facilities totalling £5m (2015 £7m) are repayable on demand.

The unsecured term loans are repayable quarterly over five years commencing on 8 November 2015. Interest is chargeable at 2.25% over LIBOR.

The loans from former members are repayable quarterly over a period of not less than two years commencing, May 2015 and there being adequate working capital facilities, in the opinion of the board of directors, within the Group available to accommodate such payments. Interest is chargeable at 0.5% over Bank of England base rate.

9 Trade and other payables

	31 October 2016 £000	31 October 2015 £000	30 April 2016 £000
Current			
Trade payables	**4,541**	3,474	5,844
Other taxation and social security payable	**5,259**	3,833	4,153
Other payables	**701**	493	653
Contingent consideration (a & b)	**637**	-	220
Accruals and deferred income	**6,415**	5,547	7,727
Obligations under finance leases	**-**	19	-
	17,553	13,366	18,597
	£000	£000	£000
Non-current			
Other payables	**154**	-	154
Contingent consideration (b)	**500**	-	-
	654	-	154

(a) £0.054m of contingent consideration represents the balance of consideration payable to the sellers of Gateley Capitus Limited (formerly Capitus Limited) upon collection of acquired assets.

(b) £1.083m of contingent consideration represents the earn-out sums payable to the sellers of Gateley Hamer Limited (formerly Hamer Associates Limited). It has been calculated based on the Group's expectation of what it will pay in relation to the earn-out clause of the sale and purchase agreement. The earn-out targets are based on the annual results of the acquired business. The fair value of the earn-out consideration is calculated by weighting the probability of achieving these targets to give an estimate of the final obligation. In accordance with the terms of the sale and purchase agreement the total earn-out cannot exceed £1.083m.

10 Share capital

Authorised, issued and fully paid

	Number	**£**
Ordinary shares of 10p each		
Shares issued on incorporation - 13 November 2014	10	1
Shares issued on acquisition of business	100,000,001	10,000,000
Shares issued on initial public offering	5,274,148	527,415
At 31 October 2015	**105,274,159**	**10,527,416**
Issued on acquisition of Gateley Capitus Limited	1,122,753	112,275
At 30 April 2016	**106,396,912**	**10,639,691**
Issued on acquisition of Gateley Hamer Limited	388,029	38,803
At 31 October 2016	**106,784,941**	**10,678,494**

On 8 April 2016 the Group acquired the entire issued share capital of Gateley Capitus Limited (formerly Capitus Limited) in part for the issue of 1,122,753 10p ordinary shares.

On 16 September 2016 the Group acquired the entire issued share capital of Gateley Hamer Limited (formerly Hamer Associates Limited) in part for the issue of 388,029 10p ordinary shares.

11 Share based payments

Group

At period end the Group has two share based payment schemes in operation.

Stock Appreciation Rights Scheme (SARS)

This Scheme is a discretionary executive reward plan which allows the Group to grant conditional share awards or nil cost options to selected executives at the discretion of the Remuneration Committee.

The awards vest after a 3 year performance period, subject to the achievement of performance measures based on increase in the share price.

Save As You Earn Scheme (SAYE)

The scheme is open to all staff allowing them the opportunity to purchase shares in the Group. Individuals can save between £5 and £500 each month for a period of 3 years, at which time they will have the option to use those savings to purchase shares at the exercise price.

The annual awards granted under the schemes are summarised below:

	Weighted average remaining contractual life	Weighted average exercise price	At 1 May 2016	Granted During the period	At 31 October 2016
					Number
SARS					
SARS 15/16 - 8 June 2015	1.6 years	£1.0997	7,050,000	-	7,050,000
SARS 16/17 - 7 October 2016	2.9 years	£1.3880	-	10,850,000	10,850,000
			7,050,000	10,850,000	17,900,000
SAYE					
SAYE 16/17- 1 October 2016	2.9 years	£0.95	-	1,166,779	1,166,779

Fair value calculations

The award is accounted for as equity-settled under IFRS 2. The fair value of awards which are subject to non-market based performance conditions is calculated using the Black Scholes option pricing model. The inputs to this model for awards granted during the financial year are detailed below:

	SAR 15/16	**SAR 16/17**	**SAYE**
Grant date	8 June 2015	7 October 2016	1 October 2016
Share price at date of grant	£0.95p	£1.20p	£1.20p
Exercise price	£1.10p	£1.39p	£0.95p
Volatility	24%	24%	24%
Expected life	3.3 years	3.3 years	3.3 years
Risk free rate	1%	1%	1%
Dividend yield	6%	6%	6%
Fair value per share			
Market based performance condition	£0.05p	£0.07p	£0.19p
Non-market based performance condition	-	-	20%

As the Group had only limited share price history at the date of grant, expected volatility was based on a proxy volatility determined from the median volatility of a group of appropriate comparator companies. For the same reason, a similar approach was followed to derive the dividend yield. Expected life has been taken to be between the minimum and maximum exercise period of 3 and 3.5 years, respectively.

12 Business combinations

Acquisition of Gateley Hamer Limited ("GHL") (Formerly Hamer Associates Limited).

On 16 September 2016 the Company acquired 100% of the voting equity interest of GHL, a specialist property consultant business. The acquisition has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of GHL as at the date of the acquisition was:

	Pre-acquisition carrying amount £'000	Policy alignment and fair value adjustments £'000	**Total £000**
Property, plant and equipment	16	-	**16**
Intangible asset relating to customer list and brand	-	638	**638**
Cash and short term deposits	335	-	**335**
Trade receivables	280	-	**280**
Prepayments and accrued income	14	-	**14**
Total assets	645	638	**1,283**
Trade payables	-	-	**-**
Other taxation and social security payable	(206)	-	**(206)**
Accruals	(54)	-	**(54)**
Deferred tax	-	(134)	**(134)**
Total liabilities	(260)	(134)	**(394)**
Total identifiable net assets at fair value	385	504	**889**
Goodwill arising on acquisition			**1,161**

Total acquisition cost	**2,050**
Analysed as follows:	
Initial cash consideration paid	**508**
Issue of new 10p ordinary shares in Gateley (Holdings) Plc	**459**
Deferred share consideration payable	**542**
Deferred cash consideration payable	**541**
	2,050
Cash outflow on acquisition	
Cash paid	**(508)**
Acquisition costs	**-**
Net cash acquired with subsidiary (Included in cash flows from investing activities)	**280**
Net cash outflow	**(228)**

From the date of acquisition GHL, has contributed £0.3m to revenue and £0.1m to Group profit for the period. If the combination had taken place at the beginning of the year, Group revenue from continuing operations would have been £0.6m and the profit for the period would have been £0.2m.

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

- Ends -