

Interim Results for six months ended 30 June 2019**NORMAN BROADBENT PLC**

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Norman Broadbent plc
("Norman Broadbent" "NBB" "the Company" or "the Group")
Interim Results

The Board (the "Board") of Norman Broadbent plc (AIM: NBB) - a leading London quoted Professional Services firm offering a diversified portfolio of integrated Leadership Acquisition & Advisory Services (Board & Leadership Search, Senior Interim Management, Research & Insight, Leadership Consulting & Assessment, and executive level Talent Solutions) - is pleased to announce the Group's unaudited interim results for the six months ended 30 June 2019

Highlights

- The Group posted a small profit before tax
- Group revenue increased by £0.6m (+13%) to £5.2m
- Net Fee Income (NFI) increased by £0.2m (+7%) to £3.5m
- Group Operating Profit was £55,000 against a Group Operating Loss of £234,000 in H1 2018
- PBT was £16,000 against a loss of £265,000 in H1 2018
- Interim Management NFI for H1 2019 was £900,000, an increase of £101,000 from H1 2018 (+13%)
- Following a change in leadership, Solutions H1 2019 NFI was £901,000, an increase of £283,000 (+46%) on the prior six months, and the best ever NFI and PBT results
- New and enhanced Working Capital Facility agreed with Bibby Financial Services

Mike Brennan, Norman Broadbent Group CEO, said:

"I am pleased to report that the first six months of 2019 have seen continued positive top line growth. We also recorded a small profit before tax - the first for many years. The return to profitability in H1 is an extremely important milestone for the Group. Having posted a loss of £0.3m in H1 2018, and a loss of £0.5m in H2 2018, I am pleased with the significant improvement in H1 2019 which saw the Group return to profit.

These results validate our strategy of building a more diversified business supplying high value, more relevant services to clients. As we build a disruptive, market leading Professional Services business, we continue to attract, and invest in, high-quality Talent keen to join us on our journey.

On achieving this milestone, I would like to again thank my colleagues for their continued hard work, innovation and commitment, our clients for placing their continued trust in us, and our supportive shareholders"

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

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About Norman Broadbent plc:

Norman Broadbent plc (AIM: NBB) is a leading Professional Services firm focusing on Talent Acquisition & Advisory Services. Since its formation nearly 40 years ago, NBB has developed a portfolio of complementary service centered on Board & Leadership & Executive Search, Senior Interim Management, Research & Insight, Leadership Consulting & Assessment, and executive level Recruitment

Solutions. Unusually, NBB is one of the few businesses of its type offering clients an integrated Executive Search and Interim Management offering. This innovative approach gives clients access to business critical executive-level Talent, meeting both short and longer-term needs.

CEO Review:

In the six months to 30 June 2019, the Group posted an operating profit of £55,000 (2018: loss £234,000) on turnover of £5,260,000 (2018: £4,667,000). The achievement of operating profit for the first six months is a major landmark in our strategic journey.

The Group has changed from a predominantly single service executive search business to an enterprise providing our clients with an integrated range of complementary, progressive, and sophisticated offerings geared specifically to their needs. This not only helps us serve our clients better, but also enables us to differentiate ourselves in what is becoming an increasingly transactional/commoditised traditional executive search market. This also helps build a more balanced Group with complementary, high-quality recurring annuity type revenue streams.

The rebalancing of our service mix saw our established Executive Search business, (including Insight and Research revenue), contribute 46% of Net fee Income (56% in the year to 31 December 2018) with Interim and Solutions both growing and increasing their percentage share of Group Net Fee Income. This continued overall growth across the Group, and the introduction of new services has created a more relevant and balanced business.

Our aim is to continue strategically scaling all of the business units via the development of our existing resources and, where appropriate, the selective recruitment of high quality Talent to the Group. As we continue to grow, we will maintain our focus on innovation, client-service, enhancing our established brand, the growth of high-quality recurring revenues, and a return to profitability.

Summarised Financial Results:

The table below summarises the results for the Group.

	Six months to 30 June 2019 £000's	Six months to 30 June 2018 £000's	Year ended 31 Dec 2018 £000's
Continuing operations			
Revenue	5,260	4,667	9,414
Cost of sale	(1,738)	(1,377)	(2,770)
Gross profit / Net Fee Income	3,522	3,290	6,644
Operating expenses	(3,467)	(3,524)	(7,308)
Group operating profit / (loss)	55	(234)	(664)
Net finance cost	(39)	(31)	(77)
Profit / (Loss) before tax	16	(265)	(741)
Income tax	-	-	-
Profit / (Loss) after tax	16	(265)	(741)

Norman Broadbent Executive Search ("NBES")

Net Fee Income for H1 2019 was £1,612,000, a decrease of £163,000 from H1 2018 (-9%). NBES made a loss of £71,000 for H1 2019 compared with a loss of £18,000 in H1 2018.

Research & Insight ("R&I")

NBES revenues shown above include those generated by our R&I Practice where we continue to invest. The R&I Practice not only serves our own internal requirements, but also provides complementary services to our other businesses, and increasingly to external clients who buy our stand-alone Research & Insight services.

Norman Broadbent Interim Management ("NBIM")

NBIM continues to grow. Net Fee Income for H1 2019 was £900,000, an increase of £101,000 from H1 2018 (+13%), and up £215,000 (+31%) from the underlying H2 2018 Net Fee income. We have continued to invest into NBIM and our aim is to selectively and carefully scale as and when appropriate. Profit in H1 was £13,000 (£118,000 in H1 2018).

NB Solutions ("NBS")

NBS Net Fee Income for H1 2019 was £901,000, an increase of £283,000 from H1 2018 (+46%). NBS posted a Profit before Tax of £258,000 compared with a profit of £66,000 in H1 2018. Following a change in leadership within NBS, this part of the business posted its "best ever" results in H1 2019 and indeed NBS H1 Net Fee Income was 56% up as compared to that achieved in H2 2018.

Norman Broadbent Leadership Consulting ("NBLC")

NBLC Net Fee Income for H1 2019 was £108,000, an increase of £10,000 (+10%) from H1 2018. NBLC reported a loss of £30,000 for H1 2019 compared to a loss of £44,000 in H1 2018.

Financial Position

Equity shareholders' funds were £1,294,000 as at 30 June 2019 (£1,268,000 at 31 December 2018), with net current liabilities of (£418,000) (net current liabilities £454,000 at 31 December 2018). Cash and cash equivalents at 30 June 2019 amounted to £258,000 (£684,000 at 31 December 2018, £260,000 at 30 June 2018).

Net cash outflow from operations was £529,000 (Net cash inflow from operation was £354,000 at 31 December 2018) and net cash inflow from financing activities amounted to £160,000 (£103,000 outflow at 31 December 2018).

Outlook

These are positive results and evidence our progression. We remain confident that we will see continued top line and Net Fee Income growth, along with an improved bottom line for 2019. I would like to thank my colleagues for their hard work, innovation and commitment, our clients for placing their continued trust in us, and our supportive shareholders.

Michael J. Brennan

Group Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2019

	Note	Six months ended 30 June 2019 (unaudited) £000	Six months ended 30 June 2018 (unaudited) £000	Year ended 31 December 2018 (audited) £000
Continuing operations				
Revenue		5,260	4,667	9,414
Cost of Sales		(1,738)	(1,377)	(2,770)
Gross profit / Net Fee Income		3,522	3,290	6,644
Operating expenses		(3,467)	(3,524)	(7,308)
Group operating Profit / (Loss)		55	(234)	(664)
Net finance cost		(39)	(31)	(77)
Profit / (Loss) on ordinary activities before income tax		16	(265)	(741)
Income tax expense		-	-	-
Profit / (Loss) for the period		16	(265)	(741)
Other comprehensive income		-	-	-
Total comprehensive Profit / (Loss)		16	(265)	(741)
Profit / (Loss) attributable to:				
Owners of the Company		13	(294)	(763)
Non-controlling interests		3	29	22
Profit / (Loss) for the period		16	(265)	(741)
Total comprehensive profit / (loss) attributable to:				
Owners of the Company		13	(294)	(763)
Non-controlling interests		3	29	22
Total comprehensive profit / (loss) for the period		16	(265)	(741)
Profit / (Loss) per share	4			
- Basic		0.02p	(0.55p)	(1.42)p
- Diluted		0.02p	(0.55p)	(1.42)p
Adjusted profit/ (loss) per share				
- Basic		0.04p	(0.53p)	(1.38)p
- Diluted		0.04p	(0.53p)	(1.38)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	As at 30 June 2019 (unaudited) £000	As at 30 June 2018 (unaudited) £000	As at 31 December 2018 (audited) £000
Non-current assets				
Intangible assets		1,363	1,363	1,363
Property, plant and equipment		127	174	155
Trade and other receivables		153	168	135
Deferred tax		69	69	69
Total non-current assets		1,712	1,774	1,722
Current assets				
Trade and other receivables		2,732	2,597	2,175
Cash and cash equivalents		258	260	684
Total current assets		2,990	2,857	2,859
Total assets		4,702	4,631	4,581
Current Liabilities				
Trade and other payables		(1,959)	(1,599)	(2,025)
Provisions	5	(240)	(125)	(240)
Loan Note		(233)	(300)	(272)
Bank overdraft and interest bearing loans		(976)	(872)	(776)
Total current liabilities		(3,408)	(2,896)	(3,313)
Net current assets / (liabilities)		(418)	(39)	(454)
Total liabilities		(3,408)	(2,896)	(3,313)
Total assets less total liabilities		1,294	1,735	1,268
Equity				
Issued share capital		6,266	6,266	6,266
Share premium account		13,706	13,706	13,706
Retained earnings		(18,644)	(18,207)	(18,667)
Equity attributable to owners of the Company		1,328	1,765	1,305
Non-controlling interests		(34)	(30)	(37)
Total equity		1,294	1,735	1,268

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2019

CONSOLIDATED GROUP	Attributable to owners of the Company					
	Share Capital	Share Premium	Retained Earnings	Total Equity	Non- controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2018	6,266	13,706	(17,923)	2,049	(59)	1,990
Loss for the period	-	-	(294)	(294)	29	(265)
Adjustment for discontinued operation	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(294)	(294)	(29)	(265)
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	-	-	-	-	-	-
Credit to equity for share based payments	-	-	10	10	-	10
Total transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-
Balance at 30 June 2018	6,266	13,706	(18,207)	1,765	(30)	1,735
Balance at 1 July 2018	6,266	13,706	(18,207)	1,765	(30)	1,735
Loss for the period	-	-	(469)	(469)	(7)	(476)
Total other comprehensive income	-	-	-	-	-	-

Total comprehensive income for the period	-	-	(469)	(469)	(7)	(476)
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	-	-	-	-	-	-
Credit to equity for share based payments	-	-	9	9	-	9
Total transactions with owners of the Company, recognised directly in equity	-	-	9	9	-	9
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-
Balance at 31 December 2018	6,266	13,706	(18,667)	1,305	(37)	1,268
Balance at 1 January 2019	6,266	13,706	(18,667)	1,305	(37)	1,268
Profit for the period	-	-	13	13	3	16
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13	13	3	16
Transactions with owners of the Company, recognised directly in equity:						
Credit to equity for share based payments	-	-	10	10	-	10
Balance at 30 June 2019	6,266	13,706	(18,644)	1,328	(34)	1,294

CONSOLIDATED STATEMENT OF CASH FLOW
For the six month period ended 30 June 2019

	Notes	Six months ended 30 June 2019 (unaudited) £000	Six months ended 30 June 2018 (unaudited) £000	Year ended 31 December 2018 (audited) £000
Net cash generated / (used) in operating activities	(i)	(528)	(255)	354
Cash flows from investing activities and servicing of finance				
Net finance cost		(39)	(31)	(77)
Payments to acquire tangible fixed assets		(20)	(152)	(168)
Net cash used in investing activities		(59)	(183)	(245)
Cash flows from financing activities				
Repayment of borrowings		(39)	-	(28)
Net cash inflows from equity placing		-	-	-
Increase / (decrease) in invoice discounting		200	20	(75)
Net cash from financing activities		161	20	(103)
Net (decrease)/increase in cash and cash equivalents		(426)	(418)	6
Net cash and cash equivalents at beginning of period		684	678	678
Effects of exchange rate changes on cash balances held in foreign currencies		-	-	-
Net cash and cash equivalents at end of period		258	260	684
Analysis of net funds				
Cash and cash equivalents		258	260	684
Borrowings due within one year		(1,209)	(1,171)	(1,048)
Net funds		(951)	(911)	(364)

Note (i)

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Year ended 31 December 2018 (audited)
Reconciliation of operating profit to net cash from operating activities			
Operating profit / (loss) from continued operations	55	(234)	(664)
Depreciation/ impairment of property, plant and equipment	46	23	60
Share based payment charge	10	10	19

Increase in trade and other receivables	(573)	(477)	(22)
Increase/(decrease) in trade and other payables	(66)	423	846
Increase/(decrease) in Provisions	-	-	115
Net cash generated / (used) in operating activities	(528)	(255)	354

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2018, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified.

The interim financial information for the six months ended 30 June 2019, has been prepared in accordance with the AIM Rules for Companies. The Group has not elected to apply IAS 34 'Interim Financial Reporting'. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 31 December 2019 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2018. The interim financial statements have not been audited.

1.2 Basis of consolidation and business combinations

Group financial statements consolidate those of the Company and of the following subsidiary undertakings:

Principal Group investments:	Country of incorporation or registration and operation	Principal activities	Description and proportion of shares held by the Company
Norman Broadbent Executive Search Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Leadership Consulting Ltd	England and Wales	Assessment, coaching and Talent Mgmt.	100 per cent ordinary shares
Norman Broadbent Solutions Ltd	England and Wales	Mezzanine Level Search	100 per cent ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Interim Management	75 per cent ordinary shares
Norman Broadbent (Ireland) Ltd *	Republic of Ireland	Dormant	100 per cent ordinary shares
Bancomm Ltd	England and Wales	Dormant	100 per cent ordinary shares

* 100 per cent of the issued share capital of this company is owned by Norman Broadbent Overseas Ltd.

2. COPIES OF THE UNAUDITED INTERIM REPORT

Copies of this report are available on request from the Company's registered office at 10th Floor, Portland House, Bressenden Place, London, SW1E 5BH and are also available on the Company's website at www.normanbroadbent.com.

3. SEGMENTAL ANALYSIS

Management has determined the operating segments based on the reports reviewed regularly by the Board for use in deciding how to allocate resources and in assessing performance. The Board considers Group operations from both a class of business and geographic perspective.

Each class of business derives its revenues from the supply of a particular recruitment related service, from retained executive search through to executive assessment and coaching. Business segment results are reviewed primarily to operating profit level, which includes employee costs, marketing, office and accommodation costs and appropriate recharges for management time.

Group revenues are primarily driven from UK operations, however when revenue is derived from overseas business the results are presented to the Board by geographic region to identify potential areas for growth or those posing potential risks to the Group.

i) Class of Business:

The analysis by class of business of the Group's turnover and profit before taxation is set out below:

Six months ended 30 June 2019	BUSINESS SEGMENTS					Un allocated	Total
	NBES	NBLC	NBS	NBIM	£000		
	£000	£000	£000	£000	£000	£000	£000
Revenue	1,617	130	901	2,611	-	-	5,259
Cost of sales	(5)	(22)	-	(1,711)	-	-	(1,738)
Gross profit / Net Fee Income	1,612	108	901	900	-	-	3,521

Operating expenses	(1,631)	(136)	(640)	(879)	(134)	(3,420)
Other operating income	-	-	-	-	-	-
Finance costs	(8)	(2)	(2)	(7)	(20)	(39)
Depreciation and amort.	(44)		(1)	(1)	-	(46)
Profit/(Loss) before tax	(71)	(30)	258	13	(154)	16

Six months ended 30 June 2018	NBES £000	NBLC £000	NBS £000	NBIM £000	Un allocated £000	Total £000
Revenue	1,778	161	618	2,110	-	4,667
Cost of sales	(3)	(63)	-	(1,311)	-	(1,377)
Gross profit / Net Fee Income	1,775	98	618	799	-	3,290
Operating expenses	(1,760)	(139)	(548)	(675)	(379)	(3,501)
Other operating income	-	-	-	-	-	-
Finance costs	(11)	(3)	(3)	(6)	(8)	(31)
Depreciation and amort.	(22)		(1)	-	-	(23)
Profit/(Loss) before tax	(18)	(44)	66	118	(387)	(265)

Year ended 31 December 2018	NBES £000	NBLC £000	NBS £000	NBIM £000	Un allocated £000	Total £000
Revenue	3,737	345	1,196	4,136	-	9,414
Cost of sales	(12)	(106)	-	(2,652)	-	(2,770)
Gross profit / Net Fee Income	3,725	239	1,196	1,484	-	6,644
Operating expenses	(3,908)	(272)	(1,115)	(1,384)	(569)	(7,248)
Other operating income	-	-	-	-	-	-
Finance costs	(57)	-	(2)	(1)	(35)	(60)
Depreciation and amort.	(20)	(5)	(5)	(12)	-	(77)
Profit/(Loss) before tax	(260)	(38)	74	87	(604)	(741)

ii) Revenue and gross profit by geography:

	Revenue £'000			Gross Profit £'000		
	Six Months Ended		Year Ended	Six Months Ended		Year Ended
	30 June 2018	30 June 2018	31 Dec 2018	30 June 2018	30 June 2018	31 Dec 2018
United Kingdom	4,902	4,486	8,671	3,165	3,119	5,901
Rest of the World	357	181	743	356	171	743
Total	5,259	4,667	9,414	3,521	3,290	6,644

4. EARNINGS PER ORDINARY SHARE

i) Basic earnings per share:

This is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Year ended 31 December 2018 (audited)
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Profit / (loss) attributable to shareholders	13,000	(294,000)	(763,000)
Weighted average number of ordinary shares	53,885,570	53,885,570	53,885,570

ii) **Diluted earnings per share:**

This is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has issued share options which are potentially dilutive. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Year ended 31 December 2018 (audited)
Profit / (loss) attributable to shareholders	13,000	(294,000)	(763,000)
Weighted average no. of ordinary shares	53,885,570	53,885,570	53,885,570
- assumed conversion of share options	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	53,885,570	53,885,570	53,885,570

iii) **Adjusted earnings per share**

Adjusted earnings per share has also been calculated in addition to the basic and diluted earnings per share and is based on earnings adjusted to eliminate charges for share based payments. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

	Six months ended 30 June 2019			Six months ended 30 June 2018		Year ended 31 December 2018			
	£000	Basic pence per share	Diluted pence per share	£000	Basic pence per share	Diluted pence per share	£000	Basic pence per share	Diluted pence per share
Basic earnings									
(Loss)/Profit after tax	13	0.02	0.03	(294)	(0.55)	(0.55)	(763)	(1.42)	(1.42)
Adjustment									
Share based payment charge	10	0.02	0.02	10	0.02	0.02	19	0.04	0.04
Adjusted earnings	23	0.04	0.05	(284)	(0.53)	(0.53)	(744)	(1.38)	(1.38)

5. **PROVISIONS**

	Six months ended 30 June 2019 £000	Six months ended 30 June 2018 £000	Year ended 31 December 2018 £000
Balance at beginning of period	240	125	125
Provisions made during the period	-	-	115
Balance at end of period	240	125	240
Non-Current	-	-	-
Current	240	125	240
	240	125	240

The Company moved offices on the 30th of April 2018. Discussions are underway with the Landlord of St James Square to finalise the dilapidation position, The Group expects to have all negotiations concluded shortly.

6. **RELATED PARTY TRANSACTIONS**

i) **Purchase of services:**

	Six months ended 30 June 2019 £000	Six months ended 30 June 2018 £000	Year ended 31 December 2018 £000
Brian Stephens & Company Limited	12	12	20
Total	12	12	20

Brian Stephens & Company Limited invoiced the Group for the directors' fees and corporate finance services of B Stephens (£12,000) and business related travel costs of £2,000. B Stephens is a director of Brian Stephens & Company Limited.

All related party expenditure took place via "arms-length" transactions.

ii) Period-end payables arising from the purchases of services:	Six months ended 30 June	Six months ended	Year ended 31
	2019	30 June 2018	December
	£000	£000	2018
			£000
Brian Stephens & Company Limited	2	4	2
Total	2	4	2

The payables to related parties arise from purchase transactions and are due one month after date of purchase. The payables bear no interest.

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