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TIDM FUL
Headline Final Results
Released 07:00 12-Nov-2009
Number 3942C07

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RNS Number : 3942C
 Fulcrum Pharma PLC
 12 November 2009

12 November 2009

FULCRUM PHARMA PLC

("the Group" or "the Company")

Final results for the year ended 31 August 2009

Fulcrum Pharma plc (AIM: FUL), the professional services company, today announces its final results for the year ended 31 August 2009.

Highlights

- Revenue growth of 13% to £16.8m (2008: £14.8m)
- Profit before tax and exceptional items increased 13% to £511,000 (2008: £454,000)
- Loss before tax of £168,000 (2008: profit of £454,000)
- Cash position strong at £2,013,000 (2008: £2,903,000)
- EBITDA* before exceptional items of £958,000 (2008: £1,139,000)
- Operating loss of £110,000 (2008: profit of £666,000)
- New Chairman, Finance Director, and non-executive Directors appointed

* EBITDA is defined as earnings before interest, taxation, depreciation and amortisation

Commenting on the results, Chairman Grahame Cook said:

"I am pleased to have delivered a satisfactory result in the light of a difficult operating environment. Achievement of these results required the commitment of our dedicated staff and tough management decisions, but the company has maintained sales growth and re-structured the cost base and consequently is well positioned to take full advantage of future opportunities in the outsourcing market."

These results for the year ended 31 August 2009 are available from the Company's website www.fulcrumpharma.com.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Fulcrum Pharma plc

Frank Armstrong, Chief Executive

Tel: 07815 191565

Seymour Pierce

Jonathan Wright

Tel: 0207 107 8000

Fulcrum Pharma plc

Final results for the year ended 31 August 2009

Chairman's Report

Introduction

In my first report as Chairman of Fulcrum Pharma I am pleased to report that, in a difficult operating environment, there has been growth in sales in the year and that the Group has remained profitable before considering exceptional items and cash generative at an operational level. I am indebted to the staff for their hard work and commitment to Fulcrum Pharma and our clients during 2009.

Financial Results

The Group is reporting under International Financial Reporting Standards (IFRS), as adopted for the financial year 2008 results, and has elected to make an early adoption of IFRS 3 (revised) "Business Combinations" which has a significant impact on the treatment of costs in respect of our growth strategy, where acquisition is a key feature of our plans.

Sales have risen by 13.0% to £16.8m compared to last year but operating profit before exceptional items has declined by 14.5% to £569,000 (2009 operating loss: £110,000; 2008 operating profit: £666,000). However, profit before tax and exceptional items has increased by 12.6% to £511,000 (2009 loss before tax: £168,000; 2008 profit before tax: £454,000). Earnings before interest, tax, depreciation and amortisation ("EBITDA") before exceptional items were £958,000 (2008: £1,139,000). Underlying basic earnings per share ("EPS") was 0.07p and the actual basic EPS was (0.33)p (2008: 0.19p).

The Group has incurred an exceptional charge of £679,000 for reorganisation costs and acquisition expenses in respect of an acquisition under negotiation during the year which has not been completed. The revision to IFRS 3, as adopted by the Group, requires all acquisition costs to be expensed through the income statement.

The balance sheet remains strong with a cash balance of £2,013,000 and reduced borrowings.

The Directors do not propose payment of a dividend (2008: £Nil).

Average headcount for the year increased from 137 to 145, with 133 at the year end.

Operating Review

Commercial, Sales and Business Development

The outsourcing market in 2009 has been very difficult for many participants. Many service providers have reported a fall in revenues and earnings as biotechnology clients conserved their cash reserves, big pharma clients reduced their R&D spend, the not-for-profit sector was cautious in committing funds and the investment community was sparing

in making new investments. Despite the difficult environment, Fulcrum Pharma has significantly increased revenues in Japan, maintained them in the US and recorded only a small reduction in the EU.

Management has continued to pursue the strategy of winning bigger development projects from a diversified range of clients and building a substantial regulatory business through both organic growth and acquisition.

Fulcrum Pharma has won a number of big development and regulatory programmes in all regions during 2009.

Product Development Consultancy ("PDC")

PDC has continued to deliver on the target of winning bigger cross-regional drug development projects from a more diverse client group and leveraging the regional groups to undertake the programmes. PDC has established links at high levels in pharma, biotechnology, not-for-profit and investment organisations, with the aim of becoming the group of choice for providing strategic and high level programme management services to clients.

EU

The EU business has continued the process of integrating and simplifying the organisation in 2009. In May, due to adverse trading conditions, it implemented a reduction of staff to produce substantial savings in the cost base and to exit business segments that were not sufficiently profitable. Though regrettable, these changes have allowed the EU business to be profitable at lower revenues than previously budgeted.

Revenue in the EU declined by 4.0% to £9,438,000 (2008: £9,831,000) for the full year.

Following a weak first half there has been evidence of a recovery in the market in the second half of 2009, with increased business development activity contributing to a more positive outlook.

US

The US business reported more or less flat sales in difficult market conditions for US biotechnology companies which are an important sector of their market. However, due to favourable exchange rates this translates to growth of 15.3% when reported in Sterling at £2,802,000 (2008: £2,431,000). Despite adverse market conditions, the Company has consolidated its position in pre-clinical development, CMC and project management consulting and expanded its offering in regulatory and compliance.

Japan

The Japanese organisation has carried forward the excellent growth shown in 2008 with an increase in sales of 24.2% in local currency and 76.3% when reported in Sterling at £4,520,000 (2008: £2,564,000). This excellent performance has been achieved through long term relationships with Japanese companies and Government funded organisations at the highest level. Many of the contracts in Japan are long term clinical programmes which underpin the business over a number of years. The Company has made further investment in new offices in 2009 to remove a significant resource constraint and allow further organic growth in 2010.

Board

I took over the role of Chairman after Professor Sir Charles George stepped down at the AGM in December 2008.

Mr Geoffrey Smith stepped down as a Director and Finance Director in June 2009. He was replaced by Mr Barry Knight who has wide experience of finance in the Healthcare and Life

Sciences sectors.

Mr Frank Condella and Mr Ken Lacey joined the Board as non-executive Directors in September 2008.

Future Strategy and Outlook

Despite the financial environment in 2009, the Group continues to predict an increased trend to outsourcing driven by larger pharma and biotechnology companies and underpinned for the Group by our expertise in the neglected diseases / not-for-profit sector.

Fulcrum Pharma celebrated 10 years of business operations in September 2009. The Group's experience in the sector and the excellence of the staff convince management of the opportunity to grow the business. The second half of 2009 showed a pick up in business development enquiries and bids providing encouragement that the business will continue to grow in 2010.

The Group has a clear strategy to deliver a growing, sustainable and profitable business. The actions management has taken in 2009 will allow Fulcrum Pharma to function more efficiently in 2010.

Grahame Cook
Chairman

			Year ended 31 August 2009	Year ended 31 August 2008
			Unaudited	Audited
	Before exceptional items	Exceptional items*	Total	Total
Note	£'000	£'000	£'000	£'000
Revenue	16,760	-	16,760	14,826
Cost of sales	(9,188)	-	(9,188)	(7,966)
Gross profit	7,572	-	7,572	6,860
Distribution costs	(980)	-	(980)	(757)
Administrative expenses	(6,023)	(679)	(6,702)	(5,437)
Operating (loss) / profit	569	(679)	(110)	666
Finance income	41	-	41	69
Finance costs	(99)	-	(99)	(281)
(Loss) / profit before income tax	511	(679)	(168)	454
Income tax expense	(397)	-	(397)	(130)
(Loss) / profit for the year	114	(679)	(565)	324
Earnings per share (pence)				
Basic			(0.33)p	0.19p
Diluted			(0.33)p	0.18p

* Exceptional items include reorganisation costs and acquisition expenses in respect of an acquisition under negotiation during the year which has not been completed (see note).

Consolidated statement of recognised income and expense

For the year ended 31 August 2009

	Year ended 31 August 2009	Year ended 31 August 2008
	Unaudited	Audited
	£'000	£'000
Fair value gains net of tax:	-	1
• Available-for-sale financial assets		
Net gain recognised directly in equity	-	1
(Loss) / profit for the year	(565)	324
Total recognised income for the period	(565)	325
Currency translation differences	85	53
Total recognised gains attributable to the shareholders	(480)	378

	31 August 2009	31 August 2008
	Unaudited	Audited
	£'000	£'000
Assets		
Non current assets		
Intangible assets	3,923	3,973
Property, plant and equipment	771	627
Available-for-sale financial assets	60	378
Investment in subsidiaries	-	-
Deferred tax assets	68	57
	4,822	5,035
Current assets		
Trade and other receivables	4,704	5,704
Cash and cash equivalents	2,013	2,903
	6,717	8,607
Liabilities		
Current liabilities		
Trade and other payables	(4,561)	(5,520)
Current tax liabilities	(272)	(102)
Bank and other borrowings	(198)	(337)
Convertible loan notes	(460)	(148)
Deferred cash consideration	(24)	(372)
	(5,515)	(6,479)
Net current assets	1,202	2,128
Non current liabilities		
Bank loans and other borrowings	(291)	(599)
Convertible loan notes	-	(295)
Deferred tax liabilities	(114)	(73)
	(405)	(967)
Net assets	5,619	6,196
Equity		
Share capital	1,779	1,779
Share premium account	6,082	6,082
Merger reserve	(454)	(454)
Retained earnings	(1,788)	(1,211)
Total equity	5,619	6,196

	31 August 2009	31 August 2008
	Unaudited	Audited
	£'000	£'000
Continuing operations		
(Loss) / profit before tax	(168)	454

Adjustments for:		
Depreciation of property, plant and equipment	305	283
Amortisation of intangible assets	84	191
Share based payments	76	38
Loss on disposal of fixed assets	1	-
Net finance costs	58	212
Changes in working capital:		
Decrease / (increase) in trade and other receivables	1,270	335
Decrease in payables	(1,271)	(20)
Cash generated by operations	355	1,493
Operating activities		
Interest received	28	72
Interest paid - bank and other loans	(61)	(108)
Taxation paid	(204)	(64)
Net cash absorbed by operating activities	(237)	(100)
Investing activities		
Purchase of property, plant and equipment	(435)	(180)
Acquisition of a subsidiary	(348)	135
Sale of available-for-sale financial assets	190	-
Net cash used in investing activities	(593)	(45)
Financing activities		
Increase in bank borrowings	499	43
Repayment of bank loans	(941)	(282)
Repayment of obligations under finance leases	(5)	(10)
Loan note repayments	-	(450)
Sale / (purchase) of shares for Employee Share Option Plan Trust	(68)	1
Net cash used by financing activities	(515)	(698)
Effect of foreign exchange rate changes on cash and cash equivalents	100	36
Net (decrease) / increase in cash and cash equivalents	(890)	686
Cash and cash equivalents at the beginning of the period	2,903	2,217
Cash and cash equivalents at the end of the period	2,013	2,903

1. Basis of preparation

The financial information included within the preliminary announcement has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as endorsed by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. With the exception of the early adoption of IFRS 3 (revised) and IAS 27 (revised), the accounting policies followed are the same as those published by the Group within its Annual Report for the year ended 31 August 2008, which is available on the Group's website, www.fulcrumpharma.com.

This financial information does not constitute the full financial statements within the meaning of Section 435 of the Companies Act 2006. It is extracted from the draft, unaudited financial statements for the year ended 31 August 2009, which will be delivered to the Registrar of Companies in due course.

2. Exceptional items

The Group separately presents exceptional items relating to reorganisation costs and acquisition expenses in respect of an acquisition under negotiation during the year which has not been completed. The revision to IFRS 3, as adopted by the Group, requires all acquisition costs to be expensed through the income statement. In the judgement of the Directors, these need to be disclosed separately by virtue of their size and incidence in order for the reader to obtain a proper understanding of the financial information.

2009	2008
£'000	£'000

Reorganisation costs	342	-
Acquisition costs written off under IFRS 3 (revised)	337	-
Total exceptional items	679	-

3. Income tax expense

	2009	2008
	£'000	£'000
Current taxation	357	111
Adjustments in respect of prior periods	(4)	(3)
Total current taxation	353	108
Deferred taxation	44	22
Taxation charge	397	130

The tax charge on the group's (loss) / profit before income tax differs from the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009	2008
	£'000	£'000
(Loss) / profit on ordinary activities before tax	(168)	454
Tax calculated at the standard UK rate of 28% (2008: 30%)	(47)	136
Effects of:		
- Expenses not deductible for tax purposes	193	185
- Tax losses utilised	(52)	(42)
- Tax losses for which deferred tax assets were not recognised	367	10
- Research and development tax credits	(172)	(181)
- Effect of differing tax rates applicable to profits in foreign countries	112	25
- Adjustments in respect of prior periods	(4)	(3)
Income tax expense	397	130

4. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares used excludes those shares held by the ESOP Trust on behalf of the Group. For diluted earnings per share the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares arising from unvested share based awards including share options.

Underlying earnings per share figures are presented below in addition to the basic and diluted earnings per share as the Directors consider this gives a more relevant indication of underlying business performance and reflects the adjustments to basic earnings per share for the impact of exceptional items.

		2009	2008
(Loss) / profit attributable to shareholders	£'000	(565)	324
Weighted average number of shares	Million	172.4	173.7
Basic earnings per share		(0.33)p	0.19p

(Loss) / profit attributable to shareholders	£'000	(565)	324
Weighted average number of shares after effect of dilutive securities	Million	172.4	175.8
Diluted earnings per share		(0.33)p	0.18p

(Loss) / profit attributable to shareholders	£'000	(565)	324
Reorganisation costs	£'000	342	-
Acquisition costs written off under IFRS 3 (revised)	£'000	337	-
Underlying profit after taxation	£'000	114	324
Weighted average number of shares	Million	172.4	173.7
Underlying basic earnings per share		0.07p	0.19p

	2009	2008
	Number	Number
Weighted average number of shares in issue	177,940,745	177,940,745
Weighted average number of shares held by the ESOP Trust	(5,571,474)	(4,264,364)
Weighted average number of shares for basic earnings per share	172,369,271	173,676,381

Number of dilutive shares under option	1,573,164	2,107,702
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Weighted average number of shares for diluted earnings per share	173,942,435	175,784,083
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Shares under option have not been included in the calculation of diluted earnings per share for 2009 because doing so would have an anti-dilutive effect.

5. Statement of changes in equity

	Retained earnings						
	Called up share capital	Share premium account	Merger reserve	Available-for- sale assets	Translation	Retained	
						earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2007	1,779	6,082	(454)	104	12	(1,744)	5,779
Retained profit for year	-	-	-	-	-	324	324
Fair value gains on available for sale assets	-	-	-	1	-	-	1
IFRS 2 charge	-	-	-	-	-	38	38
Sale / purchase of shares for ESOP Trust	-	-	-	-	-	1	1
Unrealised exchange gain on consolidation	-	-	-	-	53	-	53
At 31 August 2008	1,779	6,082	(454)	105	65	(1,381)	6,196
Retained loss for year	-	-	-	-	-	(565)	(565)
Reversal of fair value gains on sale of available-for-sale assets	-	-	-	(105)	-	-	(105)
IFRS 2 charge	-	-	-	-	-	76	76
Sale / purchase of shares for ESOP Trust	-	-	-	-	-	(68)	(68)
Unrealised exchange gain on consolidation	-	-	-	-	85	-	85
At 31 August 2009	1,779	6,082	(454)	-	150	(1,938)	5,619

6. Copies of Annual Report

Copies of the Annual Report will be sent to shareholders and will also be available at the registered office of Fulcrum Pharma plc, Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU and on the Company's website www.fulcrumpharma.com.

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