IDE Group Holdings Plc
("IDE", the "Group" or the "Company")

Unaudited Interim Results

IDE Group Holdings plc, the mid-market network, cloud and IT managed services provider, today announces its unaudited results for the six months ended 30 June 2018.

Summary

- Revenue of £28.7 million (H1 2017: £29.6 million)
- Adjusted EBITDA* loss of £7.0 million (H1 2017: profit of £2.4 million), following review of, *inter alia*, onerous contracts, capitalised staff costs and classification of exceptional items
- Net debt as at 30 June 2018 of £11.3 million (31 December 2017: £9.7 million), following £2.0 million loan note issue on 29 May 2018

Post Period End

- Fundraising of £5.55 million completed in August 2018, comprising of an equity raise of £3.75 million and the issue of £1.8 million of new convertible loan notes
- Existing £2.0 million loan notes repaid by way of £1.25 million equity issue and £0.75 million issue of new convertible loan notes

** before net finance costs, tax, depreciation, impairment charges, amortisation, exceptional items and share based payment charges*

IDE Group Holdings Plc Tel: +44 (0)344 874 1000
Bill Dobbie, Interim Non-Executive Chairman
Ian Smith, Executive Director

finnCap Limited Tel: +44 (0)20 7220 0500
Nominated Adviser and Broker
Corporate finance: Jonny Franklin-Adams/ Scott Mathieson/ Hannah Boros
ECM: Tim Redfern/ Richard Chambers

MXC Capital Markets LLP Tel: +44 (0)20 7965 8149
Financial Adviser
Charlotte Stranner

Interim Review

As the only Executive Director of the Company, having joined the Board in May 2018, I have taken the responsibility of providing some form of commentary to explain the results for the first half of the current year.

At the time of reporting the Final Results for the year ended 31 December 2017, it was noted by the then Chairman that profitability in 2018 was expected to be significantly lower than in 2017 but was expected to improve steadily throughout 2018 following implementation of the strategic and operational review. This is far from the case as the results show.

Given the obvious severe financial pressures facing the Company, following publication of the Final Results, the Company raised £2.0 million by way of loan notes in May 2018. This raise was supported by Bill Dobbie, MXC Capital Limited ("MXC"), the largest shareholder and investment vehicle which I represent, and Kestrel Partners LLP, the other largest shareholder. It was at this time that I joined the Board and Julian Phipps, then FD, stood down. MXC Capital Markets LLP, MXC's corporate finance business, had previously acted as financial adviser to IDE, but resigned in July 2017 having been informed by the Directors at that time that neither they nor certain of the Company's other shareholders wanted MXC to be involved.

Further investigation into the state of the Company's finances led to an additional fundraising of £5.55 million which completed in August 2018. The combination of these two fundraisings has allowed the Company to continue restructuring with the aim of right sizing the business to enable the Company to trade profitably.

As part of the strategic and operational review we have reversed the little integration that had been initiated by the previous management and as such the Group has now been split back into the three component parts which comprised the original acquisitions made by the Company, namely, Selection Services, C4L and 365 ITMS. There was a considerable lack of clarity around the trading performance of the Group and in doing this we have been able to identify the activities which generate cash and those which are loss-making.

In terms of the results for the six months to 30 June 2018, having been a director of numerous companies over the years, I can safely say these are the worst set of results I have ever had to provide commentary for and there is nothing positive to point to. As can be seen from the numbers reported, we have seen fit to provide for numerous onerous contracts, revisit the capitalisation of staff costs and classification of exceptional items and adjust goodwill on the balance sheet to reflect the Board's assessment of the value of the acquired businesses, resulting in significant losses for shareholders.

I strongly believe that the strategy pursued by previous management, if allowed to continue, would have seen the Company become insolvent. For example, many onerous contracts were signed that created little or no value to the Company, including a single outsourced service contract that is costing the company more than £1.0 million a year and which has only generated net cost savings of £50,000. This contract, alongside others, was signed without due process or compliance with the Company's authority limits. The Company has sought legal advice in respect of this contract and we are currently considering our options in this respect.

Furthermore, generally when completing a "Buy and Build", which was IDE's stated strategy, synergies are part and parcel of the business case. One would reasonably expect that as a result of putting together the three companies that now comprise the Group, there would be a smaller number of staff than would have existed across the three companies at the time of acquisition. I can tell you that this is clearly not the case: at the time of the acquisitions there were a combined 440 members of staff across all three companies and as at 31 December 2017 the Group had 550 members of staff, an increase of over 100 heads for which there was little or no incremental revenue gain. This number has since been reduced to under 400.

I could provide many more such examples but the scale of the adjustments which have been made to the Adjusted EBITDA* profit of £0.25 million which the Group management accounts showed as at 30 June 2018 (as announced at the time of the trading update in July) to reflect what we believe is the true position of the Group speak for themselves. These adjustments have resulted in an Adjusted EBITDA* loss of £7.0 million.

Most importantly as shareholders you will want to know what is being done to support the Company and recover the value which has been lost. As detailed above, a further £7.55 million has been raised from existing shareholders to support the restructure and establish a profitable, cash generating platform from which to go forward. MXC invested a total of £3.2 million. I would like to thank the other shareholders who supported the fundraisings either by way of equity or loans, without which it is doubtful that there would have been an interim report to write.

Splitting the Group back into the component parts has for the first time allowed us to identify where all the additional headcount has gone, where the onerous contracts reside and to establish separate P&L's and balance sheets, which we believe will provide the Company with options going forward and I expect to report more on this shortly. We are currently in advanced discussions regarding the sale of one or more of these component parts. I am confident that with the actions we are taking, we will be able to recover shareholder value despite the dreadful starting position when I joined the Company in May of this year.

I would like to thank the many members of staff, who, despite the incredible pressure they have found themselves under, have behaved impeccably and in many cases have gone above and beyond to support the Company and service customers in the most difficult of circumstances. It is also comforting that the service delivered by the Group was described as "exceptional" by the Company's largest customer; this is the first time in my career service delivery levels have been described as such.

Furthermore, in an era where it is common for banks to be given a hard time I am delighted to report that NatWest (part of The Royal Bank of Scotland plc), the Company's bankers, have been remarkably supportive and consistent throughout these difficult times. Thank you to all at NatWest.

In summary, during the last four months we have worked fast and hard to get to the Group to stable position. The coming months will see further change in order to create a profitable trading Company for shareholders and I look forward to updating the market to this effect.

Ian Smith
Executive Director

Financial Review

Revenue for the six months to 30 June 2018 was £28.7 million (H1 2017: £29.6 million), with a full six months of revenue from IDE Group Collaboration Limited (formerly 365 ITMS Limited) compared with only 3 months in the comparative period. The decrease in revenue can be primarily attributed to a fall in lifecycle project revenues and reductions in certain key customer contracts.

At an Adjusted EBITDA* level the Group incurred a loss of £7.0 million (H1 2017: profit of £2.4 million). A thorough review of onerous contracts, the capitalisation of staff costs in previous periods and the classification of exceptional items resulted in the Group recognising various provisions and reallocating certain costs, most notably:

- previously capitalised staff costs of £1.3 million have been reclassified to cost of sales with the associated depreciation reversed;
- provisions totalling £5.66 million have been recognised in relation to onerous supply contracts and empty properties, including £2.24 million in relation to the outsourced supply contract referred to in the Interim Review above; and
- £0.14 million of costs have been reclassified as not exceptional.

Exceptional costs (post the reclassification above) amounted to £1.0 million (H1 2017: £0.44 million) and related predominantly to redundancy costs as a result of the reduction in headcount referred to in the Interim Review.

Impairment charges totalling £27.5 million (H1 2017: £nil) have been recognised in relation to goodwill and intangible assets resulting from the acquisitions of Selection Services and 365 ITMS to reflect what the Directors believe are the true and current values of these businesses. These significant charges have been the major contributor towards the loss before tax of £39.4 million (H1 2017: £1.6 million).

Loss per share was 19.48p (H1 2017: 0.66p).

The Group's cash outflow from operating activities in the period was £1.6 million (H1 2017: £0.5 million) comprising the Adjusted EBITDA* loss of £7.0 million (H1 2017: profit of £2.4 million) and operating working capital movements of £6.2 million (H1 2017: £(0.4) million), primarily relating to an increase in provisions as described above.

The net debt balance at 30 June 2018 was £11.3 million (31 December 2017: £9.7 million), including £2 million of loan notes issued in May 2018. Net debt as at 26 September 2018 was £10.3 million, including £2.55 million of convertible loan notes issued in August. The £2 million loan notes issued in May 2018 were repaid in August by a combination of new convertible loan notes (included in the £2.55 million above) and equity.

** before net finance costs, tax, depreciation, impairment charges, amortisation, exceptional items and share based payment charges.*

Consolidated Statement of Comprehensive Income

	Note	**Unaudited Six months ended 30 June 2018 £000**	Unaudited Six months ended 30 June 2017 £000	Audited Year ended 31 December 2017 £000
Revenue	2	**28,681**	29,592	64,951
Cost of sales	3	**(26,735)**	(18,313)	(40,993)
Gross profit		**1,946**	11,279	23,958
Administrative expenses		**(13,546)**	(12,730)	(27,119)
Impairment charge on goodwill		**(27,525)**	-	(9,339)
Operating loss		**(39,125)**	(1,451)	(12,500)
Analysed as:				
Adjusted EBITDA*		**(6,995)**	2,433	5,393
Exceptional items	4	**(994)**	(447)	(1,567)
Depreciation of property, plant and equipment		**(1,278)**	(1,426)	(3,158)
Amortisation of intangible assets		**(2,121)**	(1,955)	(3,602)
Impairment of goodwill & intangibles		**(27,525)**	-	(9,339)
Loss on disposal of fixed assets		**(155)**	-	(112)
Charges for share based payments		**(57)**	(57)	(115)
Net financial costs		**(287)**	(149)	(341)
(Loss)/profit before taxation		**(39,412)**	(1,601)	(12,841)
Income tax		**303**	306	1,600
Loss for the period from continuing operations attributable to owners of the parent company		**(39,109)**	(1,295)	(11,241)
Loss for the period after taxation		**(39,109)**	(1,295)	(11,241)
Other comprehensive income:				
Items that are or may be classified subsequently to profit or loss:				
Foreign exchange translation differences – equity accounted investments		**(2)**	2	3
Loss for the period and total comprehensive income attributable to equity holders of the parent		**(39,111)**	(1,293)	(11,238)
Basic and diluted loss per share	5			
Basic (pence per share)		**(19.48p)**	(0.66p)	(5.67p)
Diluted (pence per share)		**(19.48p)**	(0.66p)	(5.67p)

* Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment charges, share based payments and exceptional costs

Consolidated Statement of Financial Position

	Unaudited 30 June 2018 £000	Unaudited 30 June 2017 £000	Audited 31 December 2017 £000
Non-current assets			
Intangible assets	**10,309**	26,164	26,308
Goodwill	**14,997**	37,432	29,042
Property, plant and equipment	**11,470**	13,441	13,044
Financial and other assets	**63**	88	89
	36,839	77,126	68,483
Current assets			
Trade and other receivables	**12,000**	15,611	15,177
Stock	**354**	-	366
Cash and cash equivalents	**3,833**	336	1,106
	16,187	15,947	16,649
Total assets	**53,026**	93,073	85,132
Current liabilities			
Bank overdraft	**4,850**	767	2,604
Trade and other payables	**13,770**	12,204	15,429
Deferred income	**6,571**	7,393	6,405
Taxation	**10**	-	-
Finance lease obligations	**234**	507	291
Provisions	**2,510**	1,684	1,157
	27,945	22,555	25,886
Non-current liabilities			
Deferred income	**-**	-	341
Borrowings	**9,500**	8,175	7,402
Finance lease obligations	**594**	297	518
Deferred tax liabilities	**4,812**	6,199	5,115
Provisions	**3,936**	666	577
	18,842	15,337	13,953
Total liabilities	**46,787**	37,892	39,839
Net assets	**6,239**	55,181	45,293
Equity attributable to equity holders of the parent			
Called up share capital	**5,018**	5,018	5,018
Share premium account	**35,439**	35,439	35,439
Other reserves	**(129)**	(128)	(127)
Retained earnings	**(34,089)**	14,852	4,963
Total equity	**6,239**	55,181	45,293

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total
	£000	£000	£000	£000	£000
At 1 January 2017	4,773	32,684	16,089	(130)	53,416
Total comprehensive income for the period					
Loss for the period	-	-	(1,295)	-	(1,295)
Exchange rate differences	-	-	-	2	2
Transactions with owners recorded directly in equity					
Acquisition of 365ITMS	245	2,755	-	-	3,000
Share based payments	-	-	58	-	58
At 30 June 2017	**5,018**	**35,439**	**14,852**	**(128)**	**55,181**
Total comprehensive income for the period					
Loss for the period	-	-	(9,946)	-	(9,946)
Exchange rate differences	-	-	-	1	1
Transactions with owners recorded directly in equity					
Share based payments	-	-	57	-	57
At 31 December 2017	**5,018**	**35,439**	**4,963**	**(127)**	**45,293**
Total comprehensive income for the period					
Loss for the period	-	-	(39,109)		(39,109)
Exchange rate differences	-	-	-	(2)	(2)
Transactions with owners recorded directly in equity					
Share based payments	-	-	57	-	57
At 30 June 2018	**5,018**	**35,439**	**(34,089)**	**(129)**	**6,239**

Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June 2018 £000	Unaudited Six months ended 30 June 2017 £000	Audited Year ended 31 December 2017 £000
Loss for the period	**(39,109)**	(1,295)	(11,241)
Adjustments for:			
Depreciation of property, plant and equipment	**1,278**	1,426	3,158
Amortisation of intangible assets	**2,121**	1,955	3,602
Impairment Charge	**27,525**		9,339
Net financial costs	**287**	149	341
Equity settled share-based payment expenses	**57**	58	115
Taxation	**(303)**	(306)	(1,600)
Loss on disposal of property, plant and equipment	**155**	-	112
Other reserve movements	**(1)**	2	13
	(7,990)	1,989	3,839
Decrease/ (increase) in trade and other receivables	**2,730**	(6,693)	(1,936)
(Decrease) increase in trade and other payables	**(1,655)**	4,898	496
Increase/ (decrease) in provisions	**5,209**	(639)	(1,185)
	6,284	(445)	1,214
Net corporation tax recovered/ (paid)	**103**	(9)	-
Net cash from operating activities	**(1,603)**	(454)	1,214
Cash flow from investing activities:			
Interest received	**-**	-	-
Acquisition of 365ITMS, net of cash acquired	**-**	(3,682)	(597)
Acquisition of Selection, net of cash acquired	**-**	-	-
Acquisition of C4L, net of cash acquired	**-**	-	-
Acquisition of plant and equipment	**-**	(1,190)	(2,396)
Acquisition of other intangible assets	**-**	-	(754)
Acquisition of financial assets	**-**		(4)
Proceeds from sale of property, plant and equipment	**9**	-	4
Net cash from/ (used in) from investing activities	**9**	(4,872)	(3,747)
Cash flows from financing activities:			
Share issue, net of share issue costs	**-**	3,000	-
Proceeds from borrowings, net of expenses	**2,000**	1,300	1,300
Repayment of loans and other borrowings	**-**	(125)	(800)
Repayment of finance lease obligations	**(109)**	(282)	(763)
Net Interest paid	**(286)**	(130)	(322)
Acquisition of financial and other non-current assets	**470**	-	488
Net cash from/(used in) financing activities	**2,075**	3,763	(97)
Net increase/ (decrease) in cash and cash equivalents	**481**	(1,563)	(2,630)
Cash and cash equivalents at beginning of period	**(1,498)**	1,132	1,132
Cash and cash equivalents at end of period	**(1,017)**	(431)	(1,498)
Being:			
Cash and cash equivalents	**3,833**	336	1,106

Bank overdraft	**(4,850)**	(767)	(2,604)
	(1,017)	(431)	(1,498)

Notes to the half-yearly financial information

1. Basis of preparation

The condensed consolidated interim financial information for the six-month period ended 30 June 2018 and 30 June 2017 is unaudited. This statement has not been reviewed by the Company's auditor. This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 28 September 2018. A copy of this half-yearly financial report is available on the Company's website at www.idegroup.com

The Company is a public limited liability company incorporated and domiciled in Scotland. The address of its registered office is 24 Dublin Street, Edinburgh EH1 3PP. The Company is listed on the AIM market of the London Stock Exchange.

IDE and its subsidiaries have not applied IAS 34, 'Interim Financial Reporting' as adopted by the European Union, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly financial report.

This condensed consolidated interim financial information for the six-month period ended 30 June 2018 therefore does not 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 the Company as at and for the year ended 31 December 2017, which were 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 December 2017 were approved by the Board of Directors on 8 May 2018 and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2018 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union and are consistent with those that will be adopted in the annual statutory financial statements for the year ended 31 December 2018.

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

In these unaudited half year results the Group has, with effect from 1 January 2018, adopted IFRS 15. There were no significant transition differences in respect of this adoption.

Exceptional items and other non-recurring items

Items which are material because of their size or nature and which are non-recurring are highlighted separately on the face of the income statement. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which may be included within the exceptional category include:

- spend on the integration of significant acquisitions and the other major restructuring programmes;
- significant goodwill or other asset impairments; and
- other particularly significant or unusual items.

Spend on integration is incurred by the Group when integrating one trading business into another. The types of costs include employment related costs of staff being made redundant as a consequence of integration, due diligence costs, property costs such as lease termination penalties and vacant property provisions, third party advisor fees and rebranding costs.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the income statement as management believe that they need to be considered separately to gain an understanding the underlying profitability of the trading businesses.

For further details, please refer to note 4.

Going concern

The condensed consolidated interim financial information has been prepared on a going concern basis.

Given the level of support shown by shareholders in the fundraisings in May 2018 and August 2018 and the support shown by the Company's bankers, NatWest, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider that the adoption of the going concern basis is appropriate.

2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors.

The operating segments are defined by distinctly separate product offerings or markets. The CODM assesses the performance of the operating segments based on a measure of revenue and gross profit.

The following table presents revenue and gross profit in respect of the Group's operating segment for the six months ended 30 June 2018:

Unaudited for the six-month period ended 30 June 2018

	Managed Services	Cloud Hosting	Networks	Projects	Security	Central	Total
	£000	£000	£000	£000	£000	£000	£000
Revenue	8,115	5,324	6,837	7,302	1,104	-	28,681
Cost of Sales	(9,091)	(5,271)	(5,685)	(5,588)	(1,100)	-	(26,735)
Gross profit/(loss)	(976)	53	1,152	1,713	4	-	1,946
Administrative expenses						(13,546)	(13,546)
Impairment of goodwill & intangibles						(27,525)	(27,525)
Operating (loss)/ profit	(976)	53	1,152	1,713	4	(41,071)	(39,125)
Analysed as:							
Adjusted EBITDA*	(976)	53	1,152	1,713	4	(8,941)	(6,995)
Equity settled share-based payments						(57)	(57)
Depreciation						(1,278)	(1,278)
Amortisation of intangible assets						(2,121)	(2,121)
Impairment of goodwill & intangibles						(27,525)	(27,525)
Loss on Disposal						(155)	(155)
Exceptional costs						(994)	(994)
Net financial costs						(287)	(287)
Profit/(loss) before taxation	(976)	53	1,152	1,713	4	(41,358)	(39,412)
Tax on profit/(loss) on ordinary activities						303	303
Profit/(loss) for the period after taxation	(976)	53	1,152	1,713	4	(41,055)	(39,109)

Unaudited for the six-month period ended 30 June 2017

>?>	Managed Services	Cloud Hosting	Networks	Projects	Central	Total
	£000	£000	£000	£000	£000	£000
Revenue	10,265	5,529	6,079	7,719	-	29,592
Cost of Sales	(6,592)	(3,085)	(3,707)	(4,929)	-	(18,313)
Gross profit/(loss)	3,672	2,444	2,372	2,790	-	11,279
Administrative expenses	-	-	-	-	(12,730)	(12,730)
Operating profit/(loss)	3,672	2,444	2,372	2,790	(12,730)	(1,451)
Analysed as:						
Adjusted EBITDA*	3,672	2,444	2,372	2,790	(8,845)	2,433
Equity settled share-based payments	-	-	-	-	(57)	(57)
Depreciation	-	-	-	-	(1,426)	(1,426)
Amortisation of intangible assets	-	-	-	-	(1,955)	(1,955)
Exceptional costs	-	-	-	-	(447)	(447)
Net financial costs	-	-	-	-	(149)	(149)
Profit/(loss) before taxation	3,672	2,444	2,372	2,790	(12,879)	(1,601)

Tax on profit/(loss) on ordinary activities	-	-	-	-	306	306
Profit/(loss) for the period after taxation	3,672	2,444	2,372	2,730	(12,573)	(1,295)

* Earnings from continuing operations before interest, tax, depreciation, amortisation, goodwill impairment, share based payments and exceptional costs

Administrative expenses are not allocated against operating segments in the Group's internal reporting. The statement of financial position is not allocated between Managed Services, Cloud Hosting, Networks, Projects, Security and Central in the Group's internal reporting.

3. Cost of Sales

The following is a breakdown of what is included in cost of sales:

	Unaudited Six months ended 30 June 2018 £000	Unaudited Six months ended 30 June 2017 £000	Audited Year ended 31 December 2017 £000
Arising from normal trading	**21,924**	18,313	40,993
Provisions for onerous contracts	**4,100**	-	-
Reversal of capitalised staff costs	**616**	-	-
Change in classification of items as non-exceptional	**96**	-	-
	26,735	18,313	40,993

4. Exceptional costs

In accordance with the Group's policy in respect of exceptional costs, the following charges were incurred:

	Unaudited Six months ended 30 June 2018 £000	Unaudited Six months ended 30 June 2017 £000	Audited Year ended 31 December 2017 £000
Restructuring and reorganisation costs	**994**	182	1,034
Acquisition costs	**-**	265	533
	994	447	1,567

5. Earnings per share

The calculation of basic and diluted loss per share is based on results attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares for the purpose of calculating the basic and diluted measures in the reporting periods is the same. This is because the outstanding options would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive under the terms of IAS 33. Basic and diluted unaudited loss per share are calculated as follows:

	Unaudited Six months ended 30 June 2018 £000	Unaudited Six months ended 30 June 2017 £000	Audited Year ended 31 December 2017 £000
Loss attributable to shareholders	**(39,109)**	(1,293)	(11,238)
Weighted average number of shares	**200,729,121**	195,599,956	198,198,486
Diluted weighted average number of shares	**211,784,158**	209,076,787	212,066,860
Basic loss per share (pence)	**(19.48)**	(0.66)	(5.67)
Diluted loss per share (pence)	**(19.48)**	(0.66)	(5.67)

6. Subsequent events

On 21 August 180,072,911 new Ordinary Shares were issued at a price of 2.5 pence each in relation to the Conditional Subscription and the Open Offer and £1.8 million convertible loan notes ("CLNs") were issued, raising gross proceeds of £5.55 million.

Furthermore, on 21 August 2018 the Company repaid the £2 million unsecured loan notes issued on 29 May 2018 (the "Existing Loan Notes") to alleviate the Company of the financial burden of the interest attached to the Existing Loan Notes. Repayment of £1.25 million of the Existing Loan Notes was made by way of the issue of 50,000,000 new Ordinary Shares at 2.5 pence per share. Repayment of the remainder of the Existing Loan Notes, being £0.75 million, was made by way of the issue of additional CLNs, pursuant to the terms of the CLN Instrument.