30 September 2019

CloudCall Group plc
("CloudCall" or the "Company")

Interim results announcement

Cloudcall announces its unaudited interim results for the six-month period ended 30 June 2019 (the "Period").

Key financial highlights:

- H1 revenues up 30% to £5.2m (H1 2018: £4.0m) – with an annualised revenue run rate of ~£11m in June 2019
- Recurring revenues up 34% compared to H1 2018*
- Operating loss narrows to £1.7m (H1 2018: £1.8m)
- Net cash absorbed by operating activities down 17% to £1.2m (H1 2018: £1.5m**)
- Placing of £2.3m (net) completed in Jan 2019 for investment in product development and balance sheet strengthening
- Available cash of £4.4m through a combination of own cash, R&D tax credit received since the end of the period and the new £3m debt facility with Shawbrook Bank which was completed in September 19
- The Company has no outstanding debt at the period end***

Key operational highlights:

- 36,936 users as at 30 June 2019 - up 37% (H1 2018: 27,000), with Q2 monthly net user growth exceeding the stated target of 1,000 per month
- Average customer size – 30.5 users - up 21% (H1 2018: 25.2)
- New orders received in H1 2019 up 44% vs H1 2018, including the company's first large enterprise deal signed in May
- US revenues continue to grow strongly to 40% of global recurring revenue
- Integration with Access Group's Profile CRM announced in June 2019 - joint marketing activity is now generating leads
- Enhanced SMS / IM functionality incorporating broadcast, scheduled and template messaging now released for Bullhorn, Salesforce and Microsoft Dynamics
- Positive trading during the period continues into H2, with performance since the end of the period in line with management expectations

* Recurring revenue is that related to contracted subscription-based products. Repeating revenue is related to pay-as-you-go telephony revenue which, whilst not directly contracted, has a high degree of visibility and predictability
** Restated for IFRS 16 – Leases – see Note 1
*** The Borrowing figures showing on the Statement of Financial Position relate in full to the revised presentation required by IFRS 16 – Leases

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

About CloudCall Group Plc

CloudCall is a software and unified communications business that has developed and provides a suite of cloud-based software and communications products and services. CloudCall's products and services are aimed at enabling organisations to leverage their customer data to enable more effective communications.

The CloudCall suite of software products allows companies to fully integrate telephony and messaging capability into their existing CRM software, enabling communications to be made, recorded, logged and categorised from within the customer relationship management (CRM) system with detailed activity reporting and powerful business intelligence capable of being easily generated.

At the end of June 2019, the Company had approximately 150 staff based predominantly in Leicester and London (UK), Boston (US) and Minsk (BY), with just under 37,000 end-users relying on CloudCall technology to power their daily communications.

Operational Review

Strategic Update

I am pleased to report another period of strong revenue growth for CloudCall, which, as the table below shows, is being driven by an acceleration in average net new users per month to over 1,000 for Q2 2019. This trend is the result of previous investments in product development, sales and marketing starting to generate results, and is a trend that is expected to continue.

Revenues for the six-month period were approximately £5.2 million, an increase of 30% against H1 2018, and recurring revenues are up by 34% compared to the same period. Churn remains low and factoring in upsells, net renewal rates from existing customers remain above 100%, helping to drive revenue and user growth.

Whilst it is obviously pleasing to report sales and user numbers that are growing strongly, and that we tracked above our target of 1,000+ net new users per month in Q2, for me, the highlight of the half has been the quantum change in larger customers that are actively considering adopting CloudCall's services. A number of these are very large, which if won, would have a significant impact on the Company's performance.

During the period, US operations grew strongly and, whilst the increase in interest from larger customers is notable on both sides of the Atlantic, it is particularly prevalent in the US. Overall, the US now generates approximately 40% of our global recurring revenues and we are also pleased to be able to report that US operations have been profitable and generating cash for a number of months.

Net new user growth

Over the full 6-month period, monthly net user growth averaged 932, taking the total number of users to just under 37,000, an increase of 37% against H1 2018. A full breakdown of our average monthly net user growth since these investments were made can be seen below.

Total users	**2018 H1**	**2018 Q3**	**2018 Q4**	**2019 Q1**	**2019 Q2***
Monthly average net user growth	580	673	775	837	1,027
Total users at end of period	27,000	29,018	31,343	33,855	36,936

*The Q2 2019 total users and monthly net new user growth figures are adjusted downwards due to the staggered rollout of the below enterprise deal's 1,850 users.

Bullhorn

CloudCall's partnership with Bullhorn and its customers continues to strengthen. Particularly notable in the period was the marked increase in their larger customers actively expressing an interest in using CloudCall's service. The resulting sales pipeline for these larger deals, categorised as 500 to 1,000, and 1,000+ users, is significantly stronger than it has been before, and whilst sales cycles are lengthier, the Company remains confident that a number of these will become CloudCall customers before the year end.

In June, the Company announced that it had won the first of these larger customers, with a contract worth a minimum of £1.1m over three years, that sees CloudCall's service rolled out to 1,850 users. Following a recent acquisition by this customer, discussions have already started to extend this by a further 500+ users. This was a particularly important win as it provides a reference point and comfort in CloudCall's abilities to the large prospects in our pipeline and Bullhorn's larger customers in general.

Other activities:

Additional CRMs

Demand from recruitment and staffing CRMs keen to integrate with CloudCall continues to grow and the Company is actively working with a number of these to complete the integrations and begin joint marketing activities before the year end.

In June, the Company announced the first of these new integrations with The Access Group's 'Profile' recruitment CRM, used by ~15,000 users across ~500 companies. We are pleased to note, that since the partnership was announced, we have already begun receiving sales leads. Furthermore, discussions have started with the Access Group about integrating CloudCall with some of their other CRMs and systems.

Much of the technical work which was necessary for this first integration will enable faster future integrations. The Company therefore expects to accelerate the rate of CRM integrations, with further announcements expected in the second half of the year.

SMS and Messaging upgrades to the existing customer base

SMS and messaging services are being adopted by both existing and new users faster in the US than in the UK. In the US, over 17% of customers have already upgraded and are using the service, driving strong growth in the number of SMS messages per month, which has tripled since the start of 2019.

The uptake of these new chargeable features in the US has helped the US deliver strong growth and profits for a number of consecutive months and is also helping to offset a reduction in recurring revenue per user from the larger deals being done there.

UK SMS sales have been lower than expected, however, and work continues to prioritise the development of integrations with the social media messaging platforms that the UK customers prefer.

We are seeing that increased recurring revenue per user (RRPU) from SMS services is working to counterbalance the downward pressure we experience with larger deals. Overall, recurring revenue per user (RRPU) has reduced by 4% to £27.40 compared to the 2018 year-end figure, the majority of which can be attributed to the 1,850-user enterprise deal announced in June 2019, with 800 of these users taking a lower cost VoiP only product.

Microsoft Dynamics and Referral Partnerships

Microsoft distributes its Dynamics 365 CRM through a network of reseller partners who sell, install, customise and maintain the CRM for their customers. These resellers are CloudCall's route to market for its integrated Microsoft Dynamics unified communications products.

It is encouraging to note, that when approaching these resellers, we have received considerable interest in the CloudCall service. Since the beginning of the year, the newly formed UK partnerships team has signed 15 referral partners. Most of this initial tranche of resellers are now onboarded, trained and delivering leads. The UK team are currently in discussions with a further batch of resellers, which we expect to onboard later this year.

Now that this initial tranche of referral partners is in place and delivering leads, and in combination with the August 2019 launch of the new version of CloudCall for Dynamics 365, which includes Broadcast SMS, we are confident that our Microsoft products will start delivering growth in the second half of the year.

The latest release of CloudCall's new Unified Communications for Microsoft Dynamics product has been a little longer in development than was first anticipated. This was due to a fundamental change in Microsoft's own user interface necessitating some redesign of our product. However, it is pleasing to note that CloudCall's new unified architecture enabled these significant changes to be included without too much delay, and the new full-spec unified communications product for Dynamics is now live.

Cash

During its Capital Markets Day in January 2019, the Company indicated it was reviewing its debt facilities.

The new £3m Shawbrook facility has replaced the Company's £1.85m facility with Barclays since the period end.

Outlook

Even with the lag in revenue from larger enterprise customers, the board expects the Company to deliver full year revenue growth of over 30 per cent for 2019 and to report revenues in the region of £11.7 million. With an increasing recurring revenue run-rate this year, the Company has a high degree of confidence that it is on-track to meet its future goals.

Whilst costs will continue to be tightly controlled, they will be constantly reviewed to ensure the Company has adequate resources in place for onboarding and servicing large enterprise clients.

Simon Cleaver
Chief Executive Officer

Financial Overview

Revenues grew by 30% from £4.0m to £5.2m in 1H 2019. Recurring revenues from subscription-based services grew 34% in H1 2019 compared to the same period last year. During the period US operations grew strongly and now generate nearly 40% of global revenue.

SMS and instant messaging services are being adopted by both existing and new users faster in the US than in the UK. In the US over 17% of customers have already upgraded and are using the service, driving strong growth in the number of SMS messages per month, which has tripled since the start of 2019, and which is expected to continue growing strongly.

Increased recurring revenue per user from SMS services is working to offset the downward Recurring Revenue per User (RRPU) pressure we experience with larger customers. Overall, RRPU has reduced by 4% to £27.40 compared to the prior period, the majority of which can be attributed to the 1,850-user enterprise deal announced in June 2019, with 800 of these users taking lower cost VoIP only product.

Over the full 6-month period, monthly net user growth averaged 932, taking the total number of users to 36,936 an increase of 37% against H1 2018.

Gross margin reduced from 79.7% for the corresponding period in 2018 to 77.6% in H1 2019. Gross margin reduced slightly in H1 2019 mainly due to the slight reduction in RRPU discussed above. Furthermore, partner commissions have increased slightly as CloudCall's new partner incentive plans begin to generate increased lead-flow, and the ongoing competitive nature of hardware reselling means that hardware sales continue to be a low-margin non-core component of the overall revenue mix.

Operating costs grew from £4.6m in H1 2018 to £5.3m in H1 2019. Growth in operating costs of 16% compared to the same period last year is to be viewed in the context of increased investment in sales, marketing and product development, although it can be seen that costs have been reducing as a percentage of revenues between H1 2018 and H1 2019 as that investment begins to be offset by the resulting revenue growth.

Operating expenditure is shown in the financial statements net of the amount qualifying for re-classification to the balance sheet under IAS 38 (Capitalisation of Software Development Costs). In H1 2019 this amounted to £700k (H1 2018: £564k).

Losses from operating activities before depreciation, amortisation and share-based payments were (£1.24m), down 9% from (£1.37m) in H1 2018.

Development costs capitalised in H1 2019 £0.70m (H1 2018: £0.56m). Further to the adoption of IAS 38, the Group confirms that, as a result of new products coming into service since the adoption of the policy, IAS 38 related amortisation charged in H1 2019 was £95k (H1 2018: £73k).

The Company had no outstanding debt* as at 30 June 2019 and a net financing expense of £47k (H1 2018: £39k). The Company's £1.85m revolving credit facility with Barclays was closed on 9 September 2019 and replaced with a new £3.0m debt facility with Shawbrook Bank.

The new term-loan facility is for a 42-month term and is available to be drawn down in up to 3 tranches inside the first 12 months. Interest is charged at 9% plus the higher of either LIBOR or 0.5% per annum.

As at 30 June 2019 there were no funds drawn down from the Facility.

* Note – "Borrowings" of £1.56m showing as liabilities on the Statement of Financial Position are related to the new presentation requirements for IFRS 16 Leases (see Note 1).

The Group had £0.8m cash at the end of the period (H1 2019: £2.4m). The Group's balance sheet includes R&D tax credit receivable of £0.9m of which £0.6m was received into cash on 2 August 2019.

Total issued share capital at the period-end comprised 26,629,129 ordinary shares of 20 pence each. On the 30 January 2019 the company successfully raised new capital amounting to £2.4m (before fees and expenses) to allow the Group to strengthen the balance sheet and continue building its new product sales and marketing capabilities. The placing was fulfilled by the issue of 2,400,000 new 20p ordinary shares in the company at a price of 100p per share.

During the half year period, the Company received new capital amounting to £31k in relation to exercised share options, resulting in the issue of 48,067 ordinary shares.

Loss per share for the half year period was 5.9 pence (H1 2018: 6.8 pence)

The Directors confirm that, as disclosed in Note 2, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board

Simon Cleaver
Chief Executive Officer

Paul Williams
Chief Financial Officer

Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 (restated) £000	Audited Year ended 31 December 2018 (restated) £000
Revenue	5,245	4,043	8,751
Cost of sales	(1,173)	(821)	(1,889)
Gross profit	4,072	3,222	6,862
Operating costs	(5,312)	(4,592)	(9,309)
Loss from operating activities before depreciation, amortisation and share-based payment charges	(1,240)	(1,370)	(2,447)
Depreciation and amortisation	(366)	(343)	(813)
Share based payment charges	(116)	(115)	(224)
Operating loss	(1,722)	(1,828)	(3,484)
Financing expense	(112)	(112)	(229)
Loss before tax	(1,834)	(1,940)	(3,713)
Taxation	280	300	630
Loss for the period attributable to owners of the parent	(1,554)	(1,640)	(3,083)
Other comprehensive income			
Exchange differences on translation of foreign operations	(5)	(31)	(50)
Other comprehensive income	(5)	(31)	(50)
Total comprehensive income for the period attributable to owners of the parent	(1,559)	(1,671)	(3,133)

Loss per share (pence)			
Basic & fully diluted loss per share	**(5.9)**	**(6.8)**	**(12.8)**

Consolidated Statement of Financial Position
At 30 June 2019

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 (restated) £000	Audited Year ended 31 December 2018 (restated) £000
Non-current assets			
Property, plant and equipment	1,959	2,080	1,906
Goodwill	339	339	339
Other intangible assets	2,502	1,511	1,897
	4,800	3,930	4,142
Current assets			
Inventories	5	7	-
Trade and other receivables	1,361	1,716	1,857
Research & development tax credit receivable	921	880	640
Cash and cash equivalents	823	2,350	927
	3,110	4,953	3,424
Total assets	7,910	8,883	7,566
Current liabilities			
Borrowings	(335)	(299)	(265_
Trade and other payables	(1,119)	(1,462)	(1,600)
	(1,454)	(1,761)	(1,865)
Non-current liabilities			
Borrowings	(1,225)	(1,384)	(1,307)
Total liabilities	(2,679)	(3,145)	(3,172)
Net assets	5,231	5,738	4,394
Equity attributable to shareholders			
Share capital	5,326	4,829	4,836
Share premium	68,174	66,382	66,384
Translation reserve	(32)	(8)	(27)

Warrant reserve	**29**	**29**	**29**
Retained earnings	**(68,266)**	**(65,494)**	**(66,828)**
Total equity attributable to shareholders	**5,231**	**5,738**	**4,394**

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital £000	Share premium account £000	Translation reserve £000	Warrant reserve £000	Retained earnings £000	Total equity attributable to shareholders £000
Balance at 1 January 2018 (as previously stated)	4,814	66,329	23	29	(63,939)	7,256
Restatement – IFRS 16	-	-	-	-	(30)	(30)
Balance at 1 January 2018 (as restated)	4,814	66,329	23	29	(63,969)	7,226
Loss for the period	- -	-	-	-	(1,640)	(1,640)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	(31)	-	-	(31)
Total comprehensive income for the year	-	-	(31)	-	(1,640)	(1,671)
Transactions with owners recognised in equity:						
Equity settled share based payments	-	-	-	-	115	115
Issue of equity shares	15	53	-	-	-	68
Total transactions with owners recognised in equity	15	53	-	-	115	183
Balance at 30 June 2018	4,829	66,382	(8)	29	(65,494)	5,738
Balance at 1 July 2018 (as previously restated)	4,829	66,382	(8)	29	(65,408)	5,824
Restatement – IFRS 16	-	-	-	-	(86)	(86)
Balance at 1 July 2018 (as restated)	4,829	66,382	(8)	29	(65,494)	5,738
Loss for the period	-	-	-	-	(1,443)	(1,443)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	(19)	-	-	(19)
Total comprehensive income for the year	-	-	(19)	-	(1,443)	(1,462)
Transactions with owners recognised in equity:						
Equity settled share based payments	-	-	-	-	109	109
Issue of equity shares	7	16	-	-	-	23
Issue costs of equity shares	-	(14)	-	-	-	(14)
Total transactions with owners recognised in equity	7	2	-	-	109	118
Balance at 31 December 2018	4,836	66,384	(27)	29	(66,828)	4,394
Balance at 1 January 2019 (as previously restated)	4,836	66,384	(27)	29	(66,777)	4,445
Restatement – IFRS 16	-	-	-	-	(51)	(51)
Balance at 1 July 2019 (as restated)	4,836	66,384	(27)	29	(66,828)	4,394
Loss for the period	-	-	-	-	(1,554)	(1,554)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	(5)	-	-	(5)
Total comprehensive income for the year	-	-	(5)	-	(1,554)	(1,559)
Transactions with owners recognised in equity:						
Equity settled share based payments	-	-	-	-	116	116
Issue of equity shares	490	1,942	-	-	-	2,432
Issue costs of equity shares	-	(152)	-	-	-	(152)
Total transactions with owners recognised in equity	490	1,790	-	-	116	2,396

Balance at 30 June 2019	5,326	68,174	(32)	29	(68,266)	5,231

Consolidated Cash-flow Statement

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Cash flows from operating activities			
Loss before tax for the period	**(1,554)**	**(1,640)**	(3,083)
Adjustments for:			
Depreciation and amortisation	**366**	**343**	813
Foreign exchange losses on operating activities	**(5)**	**-**	(67)
Financial expenses	**112**	**112**	229
Equity settled share-based payment expenses	**116**	115	224
Taxation	**(280)**	**(300)**	(630)
Operating cashflow before changes in working capital and provisions	**(1,245)**	**(1,370)**	(2,514)
Decrease/(increase) in trade and other receivables	**496**	**(259)**	(400)
(Increase)/decrease in inventory	**(5)**	**-**	7
(Decrease)/increase in trade and other payables	**(482)**	135	311
Cash absorbed by operations	**(1,236)**	**(1,494)**	(2,596)
Tax received	**-**	**-**	570
Net cash absorbed by operating activities	**(1,236)**	**(1,494)**	(2,026)
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(203)**	**(321)**	(450)
Development expenditure capitalised	**(700)**	**(564)**	(1,118)
Net cash absorbed by investing activities	**(903)**	**(885)**	(1,568)
Cash flows from financing activities			
Repayment of lease liability	**(198)**	**(179)**	(357)
Net interest paid	**(47)**	**(39)**	(88)
Proceeds from the issue of share capital	**2,280**	**68**	77
Net cash from financing activities	**2,035**	**(150)**	(368)
Net decrease in cash and cash equivalents	**(104)**	**(2,529)**	(3,962)
Cash and cash equivalents at start of period	**927**	**4,872**	4,872

Effect of exchange rate fluctuations on cash held	**-**	**7**	17
Cash and cash equivalents at end of period	**823**	**2,350**	927

1. Accounting policies and basis for preparation

The condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups listed on AIM.

The financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2018 which are prepared in accordance with International Financial Reporting Standards and International Reporting Interpretations Committee pronouncements as adopted by the European Union.

Except as described below, the accounting policies applied in these condensed consolidated interim financial information for the six months ended 30 June 2019 are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has adopted IFRS 16 Leases from 1 January 2019. The effect of applying this standard is noted below.

The Group's 2018 annual report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2018 are the Group's statutory accounts for that financial year as restated for the application of IFRS 16. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease is recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition is replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

Under IFRS 16, the Group has recognised a right of use asset of £1,379k and a capitalised lease liability of £1,560k, and has released a lease incentive accrual of £124k which has reduced net assets by £57k. The group has recognised interest on the finance lease liability of £65k, reversed lease costs of £225k and recognised depreciation on the right of use asset of £166k, with the net impact on the income statement for the six months ended 30 June 2019 being an increase in the loss of £6k. The following table summarises the impacts of adopting IFRS 16 on the Group's interim statement of financial position as at 30 June 2019 and statement of comprehensive income for the six months ended 30 June 2019.

Impact on the consolidated statement of financial position as at 30 June 2019

	As reported £000	**Adjustments £000**	**Amounts without adoption of IFRS 16 £000**
Non current assets			
Property, plant and equipment	1,959	(1,379)	580
Current liabilities			
Borrowings	(335)	335	-
Trade and other payables	(1,119)	(124)	(1,243)
Non-current liabilities			
Borrowings	(1,225)	1,225	-
Equity attributable to shareholders			
Retained earnings	(68,266)	57	(68,209)

Impact on the interim consolidated statement of comprehensive income

	As reported £000	**Adjustments £000**	**Amounts without adoption of IFRS 16 £000**
Operating costs	(5,312)	(225)	(5,537)
Depreciation and amortisation	(366)	166	(200)
Finance expenses	(112)	65	(47)

Reconciliation of equity

	1 January 2018 £000	30 June 2018 £000	31 December 2018 £000
Equity as previously reported	7,256	5,824	4,445
IFRS 16 adjustments	(30)	(86)	(51)
Equity as reported	7,226	5,738	4,394

Reconciliation of loss for the financial period

	Six months ended 30 June 2018 £000	Year ended 31 December 2018 £000
Loss for the period as previously reported	(1,584)	(3,062)
IFRS 16 adjustment	(56)	(107)
Loss for the period as reported	(1,640)	(3,169)

2. Going concern

The Group made a loss of £1,554k in the six months ended 30 June 2019. As at 30 June 2019 the Group had cash reserves of £823k. During the period, the Group has seen a significant cash injection from a successful share placing of £2.3m after issue costs.

The Directors have prepared detailed cashflow projections covering the period up to December 2020. Such forward looking projections are inevitably subjective and sensitive to changes in the underlying assumptions and the Directors have sensitised these projections accordingly, in particular to factor in a delay in the growth of revenue. These projections, as sensitised, indicate that, based on the assumptions underlying the projections, sufficient resources will be available to settle liabilities as they fall due for a period of at least 12 months from the date of approving these accounts.

The Directors remain confident in their assertion that the current trajectory of the Group’s sales income, combined with expense restraint, existing cash at bank, and other expected cash inflows, is enough to deliver the Group to cash break-even without the need to raise further funds. However, the Group can also utilise a £3.0m revolving credit facility with Shawbrook Bank until March 2023 which is currently unutilised. This, together with a successful track record in raising new capital, are key factors in providing further comfort that the Group will have sufficient access to the funding it needs to execute its strategy and meet its financial commitments.

For these reasons, the Directors have adopted the going concern basis in preparing these interim financial statements.

3. Taxation

Recognised in the Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Current income tax			
Overseas income tax charge for the current year	**-**	-	(8)
Current year research and development tax credit	**299**	300	640
Adjustments in respect of prior periods	**(19)**	**-**	(2)
Total tax credit recognised in the current period	**280**	300	630

4. Intangible assets

	Goodwill £000	Patents & trademarks £000	Acquired IPR £000	Software development costs £000	Total £000
Cost					
Balance at 1 January 2018	339	12	1,448	180	2,889
Internally developed	-	-	-	328	564
Balance at 30 June 2018	339	12	1,448	508	3,453
Internally developed	-	-	-	564	554
Balance at 31 December 2018	339	12	1,448	1,090	4,007
Internally developed	-	-	-	564	700
Balance as at 30 June 2019	**339**	**12**	**1,448**	**1,654**	**4,707**
Amortisation					
Balance at 1 January 2018	-	(12)	(1,448)	(70)	(1,530)
Amortisation for the period	-	-	-	(73)	(73)
Balance as at 30 June 2018	-	(12)	(1,448)	(143)	(1,603)
Amortisation for the period	-	-	-	(168)	(168)
Balance at 31 December 2018	-	(12)	(1,448)	(311)	(1,771)
Amortisation for the period	-	-	-	(95)	(95)
Balance as at 30 June 2019	**-**	**(12)**	**(1,448)**	**(406)**	**(1,866)**
Net Book Value					
At 30 June 2018	339	-	-	1,511	1,850
At 31 December 2018	339	-	-	1,897	2,236
At 30 June 2019	**339**	**-**	**-**	**2,502**	**2,841**

5. Property, plant and equipment

	Technical plant and equipment £000	Office and business £000	Right of use asset £000	Total £000
Cost				
Balance at 1 January 2018	773	469	1,896	3,138
Additions	144	177	-	321
Balance at 30 June 2018	917	646	1,896	3,459
Additions	113	16	-	129
Disposals	(10)	-	-	(10)
Balance at 31 December 2018	1,020	662	1,896	3,578
Exchange adjustments	-	-	(4)	(4)
Additions	95	108	125	328
Balance as at 30 June 2019	**1,115**	**770**	**2,017**	**3,902**
Depreciation				
Balance at 1 January 2018	(618)	(343)	(148)	(1,109)
Depreciation for the period	(50)	(58)	(162)	(270)
Balance as at 30 June 2018	(668)	(401)	(310)	(1,379)
Depreciation for the period	(104)	(37)	(162)	(303)
Eliminated in respect of disposals	10	-	-	10
Balance at 31 December 2018	(762)	(438)	(472)	(1,672)
Depreciation for the period	(39)	(66)	(166)	(271)
Balance as at 30 June 2019	**(801)**	**(504)**	**(638)**	**(1,943)**
Net Book Value				
At 30 June 2018	249	245	1,586	2,080
At 31 December 2018	258	224	1,424	1,906
At 30 June 2019	**314**	**266**	**1,379**	**1,959**

6. Loss per share

	Unaudited Six months ended 30 June 2019 000's	Unaudited Six months ended 30 June 2018 (restated) 000's	Audited Year ended 31 December 2018 (restated) 000's
Issued ordinary shares at start of period	24,181	24,080	24,069
Shares issued for cash	1,951	24	62
Weighted average number of ordinary shares	26,132	24,104	24,131

	£000	**£000**	**£000**
Loss attributable to ordinary shareholders	(1,554)	(1,640)	(3,084)
	Pence	**Pence**	**Pence**
Loss per share			
Basic and fully diluted loss per share	(5.9)	(6.8)	(12.8)