16 February 2016

FILTRONIC PLC

("Filtronic", the "Company" or the "Group")

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2015

Filtronic plc (AIM: FTC), the designer and manufacturer of microwave electronics products for the wireless telecoms infrastructure market and adjacent markets, announces its half year results for the six months ended 30 November 2015 ("H1 2016").

Financial Summary

- Completion of share placing in November 2015 raising funds of £4.5m before costs
- Open offer completed in H2 FY16 raising an additional £0.5m of cash before costs
- Revenue of £4.5m (H1 2015: £7.3m)
- Wireless sales of £1.9m (H1 2015: £3.9m)
- Broadband sales of £2.6m (H1 2015: £3.4m)
- Operating loss before amortisation and exceptional items of £4.1m (H1 2015: £4.1m)
- Net cash of £2.7m (31 May 2015: £1.1m)
- Net cash outflow from operating activities £2.2m (H1 2015: £2.1m)

Highlights

- Successful completion of move from Main Market to AIM.
- Wireless business secured order from a tier 1 OEM for commercial roll-out of Integrated Antennas.
- Sales growth month on month of our new E-band product, Orpheus, to a tier 1 OEM in Broadband.
- Additional order secured in Broadband from a major multinational customer in the US to develop high data capacity long range (20km) wireless communication systems based on Orpheus product.
- Completed a restructure of the operational cost base after the period end to deliver over £1m of annualised cost savings.

Commenting on the Outlook, Reg Gott, Chairman, said:

"Having undertaken an extensive restructuring and refinancing of the business during the course of the year, and having recently received significant milestone orders for our new product solutions, we are now much better positioned to return the company to profitability."

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Chairman's Statement

Filtronic has been through a difficult 24 months restructuring its organisation and realigning its operations to facilitate more focused market and product strategies for each of the two, distinct, Broadband and Wireless business units.

Since joining us in June 2014, Rob Smith has brought sharper focus to the management of the company and especially to the allocation and alignment of its engineering and financial resources with our strategic direction.

In concert with reducing operating costs, we have also slimmed down the board from four to two Non-Executive Directors, and I was pleased to accept the position of Chairman at the October 2015 AGM.

Our move from the Main List to AIM was coupled with an equity raising exercise that was well supported by both existing and new shareholders, which we greatly appreciate. The move to AIM puts us in a more appropriate capital markets environment for our business and the additional equity provided us the finance needed to enable us to bring our new product lines to market. With these two key time consuming events behind us, we will now concentrate fully on the task of rebuilding the fortunes of the business.

Notwithstanding the disappointing financial performance for the six months ended 30 November 2015, I am pleased with the progress now being made on all fronts to deliver the recovery strategy. I am especially pleased that we have recently secured two key milestone orders, one in each of the Broadband and Wireless business units and that these orders are for products and technologies occupying key positions on our technology roadmaps.

These are however just the first steps towards returning the company to profitability. Flawless delivery of our recent new orders is essential to this process and Rob and his management team will remain completely focused on this objective over the coming months.

Although it is difficult to predict exactly when we will return to operating profitability, I am confident that we are now better positioned to do so than we have been for some time.

Reg Gott, Chairman

Chief Executive's Report

The results for the half year ended 30 November 2015 were disappointing, but much as expected with total sales reduced to £4.5 million (FY15: £7.3 million). Sales reduced in both Broadband, £2.6 million (FY15: £3.4 million) and Wireless, £1.9 million (£3.9 million). However, the scale of the total operating loss was mitigated by a combination of gross margin improvement and overhead cost reductions that resulted in the overall operating loss, before exceptional items, remaining flat at £4.1 million (FY15: £4.1 million). Operating losses attributable to Broadband were £1.1 million (FY15: £1.1 million), Wireless £2.7 million (FY15: £2.6 million) and Central overheads of £0.3 million (FY15: £0.4million).

A number of actions have been undertaken to reposition both business units for growth and to reduce operating expenditure. The benefits of these actions are beginning to flow through into the operating results of the business in the second half of this financial year. In addition, equity was raised through the placing that was completed during the first half and the subsequent open offer that was completed early in the second half.

Wireless Business

The traditional market for our filter, combiner and associated RF conditioning products has become more challenging with products from vertically integrated competitors operating in low-cost economies dominating the space leading to significant pricing pressures.

Until FY15, Filtronic endeavoured to compete in this space through the development of a broad range of products, built to OEM customer specification. However, neither the volumes nor the margins on this product range have been sufficient to generate a satisfactory return on the investment. This strategy has now been curtailed.

Today, Wireless is focused on the development of higher value system-level products that involve the integration of our core technology blocks from our expertise of integrated ultra-wide band antennas. These products are well positioned to benefit from increasing market demand for higher density mast-head solutions that can only be achieved through the integration of the RF conditioning into the Antenna at the top of the mobile mast.

The Wireless business unit has been substantially restructured and costs significantly reduced, with average headcount in the first half being 64 (FY15: 88). A further reduction in headcount was made early in the second half, which further reduced our annualised operating costs by approximately £1 million per annum. We are currently in the process of upgrading the management structure of the business unit to drive through the operational and organisational improvements necessary to put the business on a more secure long term footing.

We recently announced our first volume production order for our new integrated antenna range and we are currently significantly ramping production to meet forecast customer demand. The success of this product range will be fundamental to reviving the fortunes of the Wireless business unit.

Broadband Business

The Broadband business has developed a range of E-band modules for mobile backhaul applications. Whilst we successfully achieved early mover advantage with our E-band solutions, the adoption of E-band within the telecommunications industry was far slower than either we or the industry at large had expected. Consequently, the Broadband business has had to rely far more heavily on sales of legacy products over the past 18 months than had originally been expected.

However, the telecommunications industry now forecasts that demand for E-band backhaul will accelerate through calendar 2016 and grow at a healthy rate thereafter. Our latest generation E-band module, Orpheus, delivers best-in-class performance characteristics and has now been selected by a tier 1 OEM, with sales building on a month by month basis since October 2015. In addition to our lead customer, we have also supplied samples for evaluation trials to four other telecommunication customers in this market.

We recently announced a contract win from a major multinational customer in the US to develop high data capacity long range (20km) wireless communication systems based on our Orpheus product. This contract takes Filtronic Broadband into adjacent wireless communications market segments focused on emerging economies, expands our customer base beyond the traditional telecommunications industry and potentially opens a pathway to significant future sales growth.

Our focus will remain on high frequency transceiver modules, associated components and sub-systems. The telecommunications industry will remain the key market for us but we will continue to expand into defence, aerospace, security and other adjacent markets where there is a demand for high frequency data communications.

Overhead costs in Broadband have been significantly reduced with our average headcount in the first half of FY16 being 62 (FY15: 91). At the same time, we have strengthened the management of the business unit with the appointment of a new managing director who has a track record of delivering revenue growth.

Summary and outlook

After a very difficult two years, we have significantly restructured and redefined the strategies of our business units. The recently announced contract wins give us confidence that we are now gaining traction and moving forwards in a positive direction.

We have taken a substantial amount of cost out of the business and are focused on growing product sales that can deliver acceptable and sustainable margins.

Whilst there is still much work to be done, we believe that the strategic repositioning of both Broadband and Wireless will start to deliver improved operating results over the coming months and into the following years.

Rob Smith, CEO
16 February 2016

Condensed Consolidated Interim Income Statement

For the period ended 30 November 2015

	note	**6 months Ended 30 November 2015 (Unaudited) £000**	6 months Ended 30 November 2014 (Unaudited) £000	Year Ended 31 May 2015 (Audited) £000
Revenue		**4,473**	**7,321**	17,524
		======	======	======
Operating loss before amortisation and exceptional items		**(4,070)**	**(4,111)**	(8,136)
Amortisation of intangibles		**-**	**(1,209)**	(2,418)
Exceptional items	6	**(196)**	-	(491)
		----------	----------	----------
Operating loss		**(4,266)**	**(5,320)**	(11,045)
Finance income		**-**	**1**	-
		----------	----------	----------
Loss before taxation		**(4,266)**	**(5,319)**	(11,045)
Taxation	7	**(21)**	**831**	537
		----------	----------	----------
Loss for the period		**(4,287)**	**(4,488)**	(10,508)
		======	======	======
Basic and diluted loss per share (stated in pence)				
		----------	----------	----------
Basic and diluted loss per share	8	**(3.76)p**	**(4.62)p**	(10.68)p
		======	======	======

The loss for the period is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Statement of Comprehensive Income

For the period ended 30 November 2015

	6 months Ended 30 November 2015 (Unaudited) £000	6 months ended 30 November 2014 (Unaudited) £000	Year ended 31 May 2015 (Audited) £000
Loss for the period	**(4,287)**	(4,488)	(10,508)
Items that are or may be subsequently reclassified to profit and loss			
Currency translation movement arising on consolidation	**(39)**	204	236
Other Comprehensive (expense)/income	**(39)**	204	236
Total comprehensive income for the period	**(4,326)**	(4,284)	(10,272)

The total comprehensive income for the period is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Balance Sheet

At 30 November 2015

	Note	**30 November 2015 (Unaudited) £000**	30 November 2014 (Unaudited) £000	31 May 2015 (Audited) £000
Non-current assets				
Goodwill and other intangibles		**3,396**	4,603	3,377
Property, plant and equipment		**1,490**	2,421	1,796
Deferred tax	7	**-**	1,120	-
		4,886	8,144	5,173
Current assets				
Inventories		**1,760**	2,920	1,646
Trade and other receivables		**3,233**	5,490	7,906
Cash and cash equivalents		**2,679**	673	1,087
		7,672	9,083	10,639
Total assets		**12,558**	17,227	15,812
Current liabilities				
Trade and other payables		**3,748**	3,433	6,577
Provision		**141**	276	111
Deferred tax	7	**-**	241	-
Deferred Income		**21**	41	21
Interest bearing borrowings		**-**	521	320
		3,910	4,512	7,029
Long term liabilities				
Deferred income		**43**	64	54
		43	64	54
Total liabilities		**3,953**	4,576	7,083
Net assets		**8,605**	12,651	8,729
Equity				
Share capital	9	**10,778**	9,716	10,688
Share premium	9	**10,283**	5,145	6,199
Translation reserve		**(239)**	(232)	(200)
Retained earnings		**(12,217)**	(1,978)	(7,958)
Total equity		**8,605**	12,651	8,729

The total equity is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Statement of Changes in Equity

For the period ended 30 November 2015

	note	**6 months Ended 30 November 2015 (Unaudited) £000**	6 months Ended 30 November 2014 (Unaudited) £000	Year ended Ended 31 May 2015 (Audited) £000
Equity at the start of period		**8,729**	16,899	16,899
Total comprehensive income for the period		**(4,326)**	(4,284)	(10,272)
New shares issued (net of issue costs)	9	**4,174**	-	2,026
Share-based payments		**28**	36	76
		----------	----------	----------
Equity at the end of period		**8,605**	12,651	8,729
		======	======	======

Condensed Consolidated Interim Cash Flow Statement

For the period ended 30 November 2015

	6 months Ended 30 November 2015 (Unaudited) £000	6 months Ended 30 November 2014 (Unaudited) £000	Year Ended 31 May 2015 (Audited) £000
Cash flows from operating activities			
Loss for the period	**(4,287)**	(4,488)	(10,508)
Taxation	**21**	(831)	(537)
Finance income	**-**	(1)	-
Operating loss	**(4,266)**	(5,320)	(11,045)
Share based payments	**28**	36	76
Profit on disposal of plant and equipment	**(14)**	(21)	50
Tax paid	**(30)**	(45)	(62)
Depreciation	**336**	589	1,045
Amortisation of intangibles	**-**	1,209	2,436
Movement in inventories	**(115)**	1,081	2,375
Movement in trade and other receivables	**4,573**	4,653	2,930
Movement in trade and other payables	**(2,559)**	(4,108)	(1,094)
Movement in provision	**(135)**	(57)	(222)
Change in deferred income including government grants	**(41)**	(139)	(169)
Net cash used in operating activities	**(2,223)**	(2,122)	(3,680)
Cash flows used in investing activities			
Interest received	**-**	1	-
Acquisition of plant and equipment	**(45)**	(146)	(201)
Acquisition of intangible items	**-**	(160)	(160)
Proceeds on sale of assets	**14**	55	219
Net cash used in investing activities	**(31)**	(250)	(142)
Cash flows from financing activities			
Proceeds from new shares issued (Net of issue costs)	**4,174**	-	2,026
Movement in interest bearing borrowings	**(320)**	521	320
Net cash from financing activities	**3,854**	521	2,346
Movement in cash and cash equivalents	**1,600**	(1,851)	(1,476)
Currency exchange movements	**(8)**	(7)	32
Opening cash and cash equivalents	**1,087**	2,531	2,531
Closing cash and cash equivalents	**2,679**	673	1,087

Notes to the Condensed Financial Statements

1 Company information

Filtronic plc is a company registered and domiciled in the United Kingdom, and is listed on the AIM market of the London Stock Exchange. The company's registered number is 2891064. The address of the company's registered office is Filtronic plc, Filtronic House, Unit 3, Airport West, Lancaster Way, Yeadon, West Yorkshire, LS19 7ZA.

Copies of the company's annual report and half-yearly financial report are available from the company's registered office or the company's website at www.filtronic.co.uk.

2 Basis of preparation

The directors have reviewed the projected cash flow and other relevant information and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the half-yearly financial report.

The half-yearly financial report, including the condensed consolidated financial statements for the six months ended 30 November 2015, has been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The half-yearly financial report for the six months ended 30 November 2015 was approved by the Board on 16 February 2016.

The condensed consolidated financial statements for the six months ended 30 November 2015 consolidate the financial statements of the company and all of its subsidiaries (together referred to as the 'group'). Transactions between group companies, which are related parties, have been eliminated upon consolidation and therefore do not require disclosure.

The condensed consolidated financial statements for the six months ended 30 November 2015 and comparative period have not been audited.

The half-yearly financial report for the six months ended 30 November 2015 does not constitute financial statements, within the meaning of Section 434 of the Companies Act 2006, and does not include all of the information and disclosures required for annual financial statements. The half-yearly report should be read in conjunction with the annual report 2015, which includes annual financial statements for the year ended 31 May 2015.

The comparative figures for the financial year ended 31 May 2015 are not the company's statutory accounts for that financial year. 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 any 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.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 June 2015:

- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018);
- IFRS 16 Leases;
- Annual Improvements to IFRSs – 2010-2012 Cycle;
- Annual Improvements to IFRSs – 2011-2013 Cycle; and
- Annual Improvements to IFRSs – 2012-2014 Cycle.

IFRS16 Leases was released in January 2016 and is effective for accounting periods beginning after 1 January 2019, An exercise to determine the implications of this standard will be performed in due course.

The remaining standards are not expected to have a material impact on the Consolidated Financial Statements.

3 Accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The accounting estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of the future that are believed to be reasonable under the circumstances. Actual results may differ from the expected results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting estimates and judgements that have a significant effect on the financial statements are considered below.

Goodwill impairment

Goodwill and other intangibles are tested for impairment annually, or if there is another indicator of impairment, by reference to the expected cash generated by the business unit. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used.

Deferred tax asset

The recognition of the deferred tax assets relating to tax losses carried forward depends on forecasts of the future taxable profits of the members of the group. These forecasts require the use of estimates and judgements about the future performance of the respective subsidiaries.

Capitalisation of development costs

In line with the requirements of IFRS, the group's policy is to capitalise development expenditure as intangible assets when all the following criteria are met:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the asset;
- the asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and
- the ability to measure reliably the expenditure attributable to the intangible asset.

This process is continually reviewed to ascertain whether any development costs meet the criteria for capitalisation. This requires various judgements by management as to whether the various criteria have been met.

Inventory

Inventories are stated at the lower of cost and net realisable value. The assessment of net realisable value of inventory requires forecasts of the future demand and selling prices of the inventory.

Debtors

In line with industry practice Filtronic extends credit terms to its customers. Due to the concentration of debtors the effect of any one debtor defaulting would be material on the group's financial statements. Estimates and judgements are made when valuing the debtor as to recoverability. A bad debt provision is created when it is unlikely the debt will be recovered.

Warranty provision

Warranties are given to customers on products sold to them. A warranty provision is recognised when products are sold. The provision is based on historical warranty data. Actual warranty costs in the future may differ from the estimates based on historical performance. The level of warranty provision required is reviewed on a product by product basis and adjusted accordingly in light of actual experience.

4 Risks and uncertainties

Effective risk management is key to our success against the characteristics both of the industry that we operate in and within our chosen business model. Filtronic supplies microwave, basestation filter products and antennas for the wireless telecommunications market. The group operates in a fast-changing sector with a small number of sophisticated customers, demanding performance standards and international competition, all of which pose risks to the business.

Market

We supply a range of niche products to a small number of large OEM customers for both the Broadband and Wireless businesses as well as a number of network operators in the Wireless business. The loss of any of these customers, or any material reduction in orders from any such customers, may have a material adverse effect upon Filtronic's financial condition. With the rapid evolution of product technology and other corporate decisions the size of our addressable market may be affected. We may also fail to forecast market movements correctly so missing opportunities or wrongly predicting product longevity.

Manufacturing

In most of the products, production is demand led and customers may vary their requirements from the business at short notice, which also impacts inventory management. Customers in these businesses expect consistently high quality product and reducing prices, hence we depend on control of our operating environment, including management of security of supply in our supply chain, and the provision of correctly designed technological solutions including the achievement of target cost reduction plans. Non-performance in these areas risks a diminished market position.

All our products are provided to customers after detailed qualification testing. However, this may not replicate all aspects of the products in service use and so may not test all aspects of the design and manufacturing processes, which in turn may not ensure that the product is viewed as fit for purpose in its intended use. Identification of these types of problem after release of product to customers creates the risk of being required to rectify such product defects. Historically such work has not had a substantial impact on the financial performance of the business, although a major defect, leading to a field recall, could do so in future.

The Broadband business operates from a leased manufacturing location. The Wireless business relies for the manufacture of its products on a large Chinese turnkey manufacturer that provides favourable supply and financing terms. The loss of this supplier or a material change to supply terms could have a material adverse effect on the group.

Technology

Our product competitiveness is strongly influenced by technology choices at product concept stage and throughout execution of design to product launch. For products in the production cycle, technology insertion is often required as a means of achieving price reductions, which underpin sales. The market is time sensitive and opportunities may be lost if the technology we develop is not appropriate or ready for exploitation to match market demand, so having an adverse effect on business performance.

Our ability to remain competitive in terms of technology and product design is also underpinned by retaining key staff, the loss of whom could seriously impact the rate of introduction of new products and technologies.

Financial management

A large proportion of sales are denominated in either Sterling or US dollars with the cost base substantially in Sterling and Chinese Yuan. This may therefore create margin risks that may not be recoverable through price changes. This risk is mitigated to some extent by purchasing some input materials in US dollars.

Goodwill and Going Concern

Goodwill arose on the acquisition of the Wireless business. If the Wireless business does not develop as anticipated then this may have an adverse impact upon business performance which may result in a write down of the goodwill.

The directors have considered going concern matters and whilst they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, it remains possible that sufficient events with material adverse impacts on the business could occur such as to change this expectation.

5 Segmental Analysis

Operating Segments

IFRS 8 requires consideration of the chief operating decision maker ('CODM') within the group. In line with the group's internal reporting framework and management structure, the key strategic and operating decisions are made by the CEO, who reviews internal monthly management reports, budget and forecast information as part of this. Accordingly the CEO is deemed to be the CODM.

Operating segments have then been identified based on the interim reporting information and management structures within the group. The group has two customers representing individually over 10% each and in aggregate over 65% of revenue.

The group operates within two trading business segments

- The design and manufacture of transceiver modules and filters for backhaul microwave linking of base stations used in wireless telecommunication networks (Broadband).
- The design of radio frequency conditioning product for base stations used in wireless telecommunication networks (Wireless).

The group also contains a central services segment that provides support to the trading businesses.

	6 months Ended 30 November 2015	6 months Ended 30 November 2014	Year Ended 31 May 2015
	£000	£000	£000
Revenue			
Broadband	**2,577**	3,421	7,241
Wireless	**1,896**	3,900	10,283
	----------	----------	----------
	4,473	7,321	17,524
	======	======	======
Operating loss before amortisation and exceptional items			
Broadband	**(1,085)**	(1,093)	(1,648)
Wireless	**(2,694)**	(2,645)	(5,697)
Central Services	**(291)**	(373)	(791)
	----------	----------	----------
Operating loss before amortisation and exceptional items	**(4,070)**	(4,111)	(8,136)
Amortisation	**-**	(1,209)	(2,418)
Exceptional items	**(196)**	-	(491)
	----------	----------	----------
Operating loss	**(4,266)**	(5,320)	(11,045)
Taxation	**(21)**	831	537
Finance income	**-**	1	-
	----------	----------	----------
Loss after taxation	**(4,287)**	(4,488)	(10,508)
	======	======	======

Revenue by Destination

	6 months Ended 30 November 2015	6 months Ended 30 November 2014	Year Ended 31 May 2015
	£000	£000	£000
Revenue			
United Kingdom	**111**	1,114	1,772
Europe	**671**	1,868	4,412
Americas	**1,332**	2,566	7,727
Rest of the world	**2,359**	1,773	3,613
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	4,473	7,321	17,524
	======	======	======

6 Exceptional items

Operating loss is stated after charging/(crediting) exceptional items as follows:

	6 months Ended 30 November 2015	6 months Ended 30 November 2014	Year Ended 31 May 2015
	£000	£000	£000
Filtronic Broadband relocation	**-**	-	98
Director resignation	**-**	-	131
Redundancy costs	**-**	-	244
Closure of Wireless California operation	**-**	-	67
Dilapidation of premises of discontinued operations	**-**	-	(75)
Electrical damage	**-**	-	26
Listing on the AIM stock exchange	**196**	-	-
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	196	-	491
	======	======	======

The company delisted from the Official List on the Main market of the London Stock Exchange on 16 November 2015 and moved its listing to the AIM market of the London Stock Exchange. The cost of doing this including professional advisors fees was £196,000.

7 Taxation

A tax charge was made in the period for Chinese tax relating to the Wireless entity in China.

The deferred tax asset generated from the losses in the first half have not been recognised as the directors consider it is unlikely they will reverse in the foreseeable future.

8 Basic and diluted loss per share

	6 months Ended 30 November 2015	6 months Ended 30 November 2014	Year Ended 31 May 2015
	£000	£000	£000
	----------	----------	----------
Loss for the period	**(4,287)**	(4,488)	(11,045)
	======	======	======
	‘000	‘000	‘000
Basic weighted average number of shares	**113,800**	97,161	103,417
	----------	----------	----------
Diluted weighted average number of shares	**113,800**	97,161	103,417
	======	======	======
Basic and diluted loss per share			
Continuing operations	**(3.76)p**	(4.62)p	(10.68)p
	----------	----------	----------
Basic and diluted loss per share	**(3.76)p**	(4.62)p	(10.68)p
	======	======	======

9 Share Capital and Share Premium

On 16 November 2015 the company successfully moved from the Official List on the Main Market of the London Stock Exchange to the AIM market of the London Stock Exchange. The primary purpose of this move was to undertake a share placing of 90,000,000 new shares at 5.0p per share generating £4.5m before issue costs. This placing successfully concluded on the same date with issue costs charged to the share premium account of £326,000. The net proceeds from the new shares issued was £4,174,000.

In order to execute this, the Company completed a capital reorganisation by reducing the nominal value attached to the existing shares prior to the placing. This resulted in the nominal value of each existing share reducing from 10p per share to 0.1p per share with each share also carrying a deferred share with a value of 9.9p.

An announcement was also made that the Company intended to allow all of the shareholders on the share register at 16 November 2015 to take part in an open offer, subject to shareholder approval, with a further issue of up to 19,999,373 shares. On 16 December 2015, shareholders voted in favour of the resolutions relating to the open offer. This resulted in a further issue of 10,033,160 shares at 5.0p per share. This generated a further £500,000 before issue costs with the payment received into the Company's bank account in December 2015.

10 Forward looking statements

Certain statements in this half-yearly financial report are forward-looking. Where the half-yearly financial report includes forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. Such statements are based on current expectations and are subject to a number of risks and uncertainties, including both economic and business risk factors that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.