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PCI-PAL PLC

Half-year Report

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PCI-PAL PLC
19 March 2018

PCI-PAL PLC
("PCI Pal", the "Group" or the "Company")

Unaudited interim results for the six months ended 31 December 2017

PCI-PAL PLC (AIM: PCIP), the customer engagement specialist that secures and protects payment card data for companies handling payments by phone, announces its unaudited interim results for the six months ended 31 December 2017. Highlights include:

Financial highlights

- Recurring revenues increased by 33% to £0.79m representing 79% of total turnover (2016: £0.60m, 61%).
- Like for like recognised revenue increased to £1.00m (2016: £0.78m(1)).
- Total minimum contracted revenue increased 37% to £3.7m (2016: £2.5m).
- Closing cash and cash equivalents as at 31 December 2017: £1.10m (2016: £2.93m).
- Following the disposal of the contact centre business in September 2016, £0.98m of the £3.35m deferred consideration was received by the Group during the period and a further £0.07m has been received as an accelerated payment since 31 December 2017. The outstanding balance owed to PCI Pal is now £2.29m with the next repayment of £0.98m being due in October 2018.

Operational highlights:

- 10 channel partner contracts signed (including 6 resellers and 4 referral partners) in the period including Capita Pay 360 & NewVoiceMedia (at 31 December 2016: 3).
- 18 contracts signed in the period with total initial contract value of £0.68m of which 11 came from channel partners.
- Since 1 January 2018 a further 8 new contracts have been signed of which 6 came from channel partners.
- Further £0.25m invested in expanding our second-generation, Amazon Web Services ("AWS") based, cloud platform to enhance support for global clients. Certified as PCI DSS Level 1 Compliant in October 2017 and now launched in the EU, US and Canada.
- The USA operation opened in Charlotte and the first 4 staff recruited.
- Global employee base increased from 27 to 36 as the business continues to invest in expanding the Group internationally.
- 58% of new qualified contract enquiries now received via our channel partners.

Post period events for continuing operations:

Since 31 December 2017, the Company has:

- Raised net proceeds of £4.6m by way of a placing of 11,000,000 new Ordinary Shares at 45 pence per Ordinary Share

- £3.9 million of the net placing proceeds raised from VCT qualified institutions will be used to expand the existing North American operations to capitalise on the Company's growing pipeline of North American opportunities.
    - The expansion of the North American operations is expected to include hiring new specialist channel sales executives, sales and marketing staff, and channel deployment and support functions in Charlotte, North Carolina
    - The activation of new AWS instances in the United States and in Canada, and
    - Increase marketing expenditure.
- The remaining £0.7m of the net funds will be used to accelerate the growth of the business in both domestic and international markets and for general working capital purposes.
- James Barham, our main board Chief Commercial Officer has agreed to transfer to PCI PAL (US) Inc in Charlotte to give added impetus to the US expansion plans.
- Appointed finnCap as the Nominated Adviser and Broker.

William Catchpole, Chief Executive Officer, commented today:
"I am pleased to report the business has made solid progress in the first six months of the new financial year. We have continued to deliver on our strategic promises of building a Group that can expand internationally, and rapidly. We have continued to sign new channel partners and customer contracts; launched our second-generation AWS platform; opened an office in Charlotte, North Carolina; have raised capital to fund the growth; and have continued to hire experienced staff to sell and deliver our services.

"The level of global enquiries we are receiving more than vindicates our strategy of focusing entirely on our PCI compliant contact centre payment solutions. Our stated strategy is to focus on the channel sales route to market, evolving away from our previous mainly, direct sale route. I am pleased at how quickly this evolution is happening. Working with channel partners around the world will inevitably mean that revenue momentum may take time to build, but once established we believe we will have access to a far greater market opportunity than that available from direct sales alone.

"We will continue to invest in the security of our services and the development of our global cloud platform to support multi-national brands. We remain confident in our strategy for the Group and in its delivery against our ambitious growth plans over the next few years."

Interim Report - Copies of this interim report can be downloaded from the Company's website (https://www.pcipal.com/)

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About PCI Pal

PCI Pal is a Payment Card Industry-Data Security Standard ("PCI DSS") Level 1 certified supplier of contact centre payment solutions and services, with operations in Europe and North America, enabling organisations to take customer payments securely over the phone, and to de-risk their business from the threat of data loss and cybercrime.

PCI Pal solutions have been procured by more than 70 organisations, many of which are global businesses in the retail, services, and utilities sectors, thereby ensuring they meet industry rules and regulations governing customer data protection.

To understand our core services better please view our video on
https://www.pcipal.com/en/solutions/agent-assist/

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

Interim results for the six months ended 31 December 2017

OVERVIEW

When we re-organised the business in September 2016, we set ourselves the ambitious target of rapidly becoming a pure-play; technologically advanced; international; specialist service provider focusing on delivering PCI Data Security Standard Level 1 solutions to organisations that take payments by phone. Our target is for 90% of our sales to come via major channel partners.

This focus would allow us to capitalise on the fast-growing need for contact centres around the world to become PCI DSS compliant thereby protecting their businesses from critical business risks, such as personal data loss and potential loss of the ability to accept payment by credit cards.

I am pleased to confirm that we continue to make progress towards this stated target, and following the fundraising which was completed in January 2018 we now have the resources to advance our international growth plans.

MARKET REVIEW

Our market is driven by two primary factors: Firstly, the Payment Card Industry Data Security Standard, more commonly known as PCI DSS; and global data protection rules such as the forthcoming EU General Data Protection Regulations ("GDPR"). These regulations and rules apply to all companies. Secondly, payment card information is of particular interest to hackers as it is generally the easiest way to monetise a theft.

Over recent times there have been many well publicised data breaches, such as Equifax in the US and Talk Talk in the UK. Each breach causes significant reputational damage to these organisations, and typically would involve severe financial penalties whether directly or indirectly. As a result, companies are moving to procure technological solutions that will not only enhance security, but remove the organisation's environment from scope entirely. With board rooms globally allocating budgets to resolve data security challenges across all sectors of businesses, there is an evolution towards smart data security, particularly in the contact centre space where systems and environments are vast and complex. This evolution of awareness has been building momentum over the last few years and is why we decided to reorganise the business in 2016 to focus on this fast-growing market.

The contact centre market is very well researched by companies such as Verizon in the US and ContactBabel in the UK and US. Some of the core information can be summarised as follows:

	UK Market	**US Market**
Number of Contact Centres	6,225	41,500
Number of Agent Seats	766,000	3,545,000
Average contact centre size	123	85
Number of people employed	1,284,000	6,005,000
% or working population	4.04%	3.95%

By 2020 ContactBabel estimate that the US market will grow by 5% while the UK market will remain relatively stable.

These statistics do not cover the other major economies in the world, many of whom we believe have similar characteristics to the UK and US market.

It has been estimated that approximately 75% of contact centres take payment by card and the level of contact centres that are PCI compliant is relatively low. Even contact centres that can achieve compliance find it difficult to retain compliance on-going. PCI Pal effectively 'de-scopes' the contact centre as it prevents the payment card from reaching the contact centre in the first place, in a cost effective and non-invasive way.

We therefore believe that there is a large attractive market for our solution across the world.

Data protection

Each major economy in the world has specific data protection legislation, such as the forthcoming GDPR regulations in the EU. As a result, it would be illegal for say, a payment card transaction in the US to be sent to the UK for processing unless a privacy shield agreement has been established. Without a privacy-shield arrangement personal data is not allowed to cross international borders. Therefore, if we are to provide a solution in the US we would have to have available an in-country instance of our service. The same issues apply in Canada, Australia, China, etc.

There are few international providers of PCI DSS compliant solutions to contact centres, and we believe that PCI Pal is the only one with capability within AWS to deliver services globally whilst adhering to local data sovereignty rules and regulations. Therefore, we believe we are well positioned to capitalise on the global demand for our services so long as our technology remains easy to access and easy to use.

STRATEGIC POSITIONING

PCI DSS Compliant solutions
Our chosen strategy is to deliver PCI DSS compliant solutions to contact centres. We have a core focus on this specific product set, not only to ensure it achieves maximum capability, but also to ensure that we do not risk becoming perceived as competitors to the companies we would desire to partner with, such as major telecommunications services providers and cloud contact centre telephony vendors. PCI Pal solves a very specific problem that many large organisations are facing today in the telecommunications and contact centre world, so our strategy to integrate seamlessly with major vendors in the space will ensure we have broad market access whilst remaining focussed on our core products.

Technologically advanced solution
PCI Pal has invested heavily in its next-generation infrastructure platform. The existing first-generation platform had to work in partnership with an established telco billing engine, as a result, if we were to meet our oversees expansion plans then we would either have to: replicate the existing service linked to another telco platform overseas or look at rewriting our infrastructure. The first option would be too expensive and would not give us the ability to expand as fast as we would like, therefore, we chose to transfer our core services over to a fully independent, cloud solution, based on AWS technical architecture.

AWS is the largest cloud infrastructure provider in the world, with 54 availability zones within 18 geographic regions across the globe, with more being opened annually. Our AWS solution is fully virtualised, and so, we have no requirement to provide hardware, instead we buy processing power from AWS wherever we need it.

Our service is split into three elements: an internet based telco platform that brings calls to our service using VoIP principles; a web based browser system that allows an agent to send card data to our systems; and a virtualised system to send card data to the various payment gateways that exist to handle card payments on behalf of the payment card industry. We believe that our solution is the most advance cloud-based PCI DSS compliant solution in the world and we have patents pending relating to how transactions are handled in the cloud.

Our technology can react very quickly to our clients' needs. For example; recently one potential major channel partner asked PCI Pal to demonstrate that it could open a fully functional service in Canada quickly. It took our technology team under 48 hours to open a full-service operation in AWS Montreal, including the telco connections. Under our previous platform this would have taken many months.

We believe that most of our competitors still either provide a hardware solution that needs to be installed at each contact centre or supply a service using similar technology to our first-generation platform hosted in a third-party data centre. We believe that true-cloud delivery is the future.

International growth

The PCI Pal technology platforms were confirmed as PCI DSS level 1 compliant at the end of October 2017. We launched the first instance of the platform in the EU immediately and this has been under test by several key potential partners. The first commercial transactions were processed in the EU in December 2017, albeit at a very low volume.

We completed our fundraising in January 2018 and since then we have opened new instances of the AWS platform in the United States and Canada.

We are now very well positioned to start rolling our services across the major economic regions of the world.

Channel partners

Historically, as part of the previous Group set up, PCI Pal concentrated on selling its service direct to clients, primarily in the UK. Although this gave us a detailed understanding of this specialist market, it was clear that if we wanted to expand further into international markets we would have to offer our solution as a value-added service to the larger, more established, contact centre service providers. Traditionally we supplied 80% of our services direct to the customer. We have now set the ambitious target of delivering 90% of our services via channel partners across the globe.

I am pleased to say we have made excellent progress on developing our relations with these major resellers, so much so, that we are ahead of our initial expectations.

At the end of December 2016, we had 3 channel partners mainly focused on supplying the UK market. In the year to December 2017 we had signed an additional 10 channel partners including both UK and US international partners. Particularly pleasing are our new relationships with Paymetric in the US, NewVoiceMedia in the UK, US and Australia, and Capita Pay 360 in the UK. We believe we are attractive to channel partners because we supply a complementary solution that solves their customers PCI compliance challenges, that is a light-touch to integrate (cloud to cloud) and cost effective to re-sell.

Clearly, signing and working with new channel partners is initially very expensive, it takes a great deal of effort to sign these partners and during this process we are not generating any revenues. However, we firmly believe that by partnering with these larger companies we are opening up the availability of our solution to a far larger pool of potential customers.

Our work in this area is beginning to show real promise. Of our current sales pipeline, 53% of our qualified sales leads have been delivered by channel partners and these deals total £10.5m of revenue opportunity to PCI Pal. Our channel partners are often the incumbent supplier to the end user, greatly improving PCI Pal's chances of successfully converting these pipeline opportunities.

OPERATIONAL REVIEW

Customer and sales growth

Our AWS platform was launched in October 2017 and took its first transactions in December 2017, meaning that the vast majority of the revenue reflected in this half year has been driven by our first-generation platform. Due to the technical architecture of the-first generation platform, we sometimes supply, low-margin, third party, customised Session Border Controller (SBC) equipment to the contact centres that allows them to connect to our solution. For example, in the first half of the previous financial year we supplied £178,000 of SBC equipment to one such client. The AWS platform does not require this sort of equipment to access our services. The one-off nature of the equipment sales has skewed our headline revenue performance which is only showing a 3% growth, strip out the effect of the equipment sales and underlying headline growth is 28%.

More pleasing is the headline growth of our recurring revenue, which is showing a like-for-like improvement of 33%. As at the end of December we had 75 contracted clients of which 49 were live and producing monthly recurring transactional revenue averaging £137,000. Of the remaining non-live clients, we are in active deployment on 16 and these are expected to be delivered in the second half of the financial year, with the remaining 10 starting the deployment process shortly.

Since the end of the last financial year, we have signed 26 new end user contracts (of which 17 have been delivered by our channel partners). The minimum total contract value of these clients once they go-live is expected to be £0.95 m. Of the 26 new contracts, 9 have been signed in 2018 along with 4 new channel partners.

We are looking forward to building on this sales momentum.

Management and staff

No company can grow and prosper without fantastic, dedicated employees. I am pleased to say we do have such a set of employees. In September 2016 we started with 12 employees and this has grown consistently as we have taken on knowledgeable sales and marketing specialists, additional expert systems and SIP engineers, excellent project managers and dedicated support staff. We now have 36 full time employees, including 4 in the United States, and some excellent advisers to help guide our future. We are continuing to hire and will, over the coming 18 months, be focussing on building the North American operations further.

I am particularly pleased that James Barham, the Chief Commercial Officer, has agreed to relocate with his family to Charlotte, North Carolina, so he can help the team build on our excellent prospects in that region. James played a critical part in developing the initial PCI Pal business. Additionally, I am also grateful that one of our UK project managers has also agreed to relocate ensuring that we continue to build a consistent deployment of our service around the world.

Financing

One of the last planks of our strategy was to ensure that we had the resources to deliver on our prospects. The existing growth and development of the Group has initially been funded by the sale of our contact centres in September 2016, some of which is still to be collected via a loan note receivable. During the period we received a payment of £957,000 from the purchaser and we were told that an accelerated payment of £100,000 would also be made, which has now been received after the period end. The next loan payment is not due until October 2018 and, given the level of enquiries we are seeing from around the globe, we believed that if we were to maintain the momentum, and take more market share, we needed to raise more capital.

The Company applied and received clearance to issue VCT qualifying equity, issuing 8,666,667 shares at 45 pence to four VCT qualified institutions - including Octopus, Livingbridge and Unicorn. The remaining 2,333,333 shares raised £1.05m, which was used to pay the costs incurred and has given us additional working capital. Although the process was longer and harder than first envisaged we are now in an excellent position to deliver on our long-term aims.

OUTLOOK

Cybersecurity and data protection remain high on boardroom agendas. With the market fuelled by well publicised data breaches across multiple vertical industries, more and more companies are looking to find a cost effective, outsourced technical solution to protect their customer data and de-risk their businesses from the threat of data loss. We anticipate this focus will continue for years to come, and we are well placed to capitalise on the growth opportunity, with a broad and scalable product set which meets clients' needs and a strong, growing base of reference clients.

Whilst the volume and value of new business are good indicators of market traction and performance, the continuation of licences sold in prior years is of equally critical importance to the Group's strategy. It is therefore very encouraging that all customers who have used the PCI Pal platform remain users.

With companies investing heavily in cloud telephony, which appears to continue with increasing vigour, the ability for PCI Pal to offer a truly cloud-based solution globally and quickly positions us extremely well to help achieve our ambitious organic growth strategy. The recurring revenue base continues to grow and the contracted forward order book has also increased substantially.

The Board is confident in its strategy and believes that PCI Pal has exciting growth prospects.

William Catchpole
Chief Executive Officer
19 March 2018

Consolidated statement of comprehensive income

for the six months ended 31 December 2017

	Six months ended 31 December 2017 £'000 (unaudited)	Six months ended 31 December 2016 £'000 (unaudited)	Twelve months ended 30 June 2017 £'000 (audited)
Continuing operations			
Revenue	**1,000**	975	1,879
Cost of sales	**(540)**	(557)	(1,068)
Gross profit	**460**	418	811
Administrative expenses	**(2,048)**	(1,029)	(2,510)
Loss from operating activities	**(1,638)**	(611)	(1,699)
Interest payable	**(2)**	(5)	-
Finance income	**16**	5	-
Interest receivable	**-**	-	-
Loss before taxation	**(1,624)**	(611)	(1,699)
Taxation	**-**	-	
Loss for period from continuing activities	**(1,624)**	(611)	(1,699)
Profit for period from discontinued activities	**-**	6,331	6,097
Total comprehensive (loss)/income for the period	**(1,624)**	5,720	4,398

Profit / (loss) per share expressed in pence			
Basic	**(5.15)**	18.12	13.94
Diluted	**(4.66)**	18.12	13.83
Continuing Operations			
Basic	**(5.15)**	(1.94)	(5.38)
Diluted	**(4.66)**	(1.94)	(5.34)

Consolidated statement of financial position
as at 31 December 2017

	31 December 2017 £'000 (unaudited)	31 December 2016 £'000 (unaudited)	30 June 2017 £'000 (audited)
Assets			
Non-current assets			
Plant & Equipment	**99**	66	99
Intangible assets	**722**	-	495
Loan note receivable	**1,271**	2,393	2,202
Non-current assets	**2,092**	2,459	2,796
Current assets			
Trade and other receivables	**425**	705	608
Other debtors	**-**	80	-
Loan note receivable	**908**	957	945
Cash and cash equivalents	**1,102**	2,928	1,958
Current assets	**2,435**	4,670	3,511
	4,527	7,129	6,307

Total assets			
Liabilities			
Current liabilities			
Trade and other payables	**(675)**	(403)	(883)
Other interest-bearing loans and borrowings	**-**	-	-
Current liabilities	**(675)**	(403)	(883)
Non-current liabilities			
Long term borrowings	**-**	-	-
Non-current liabilities	**-**	-	-
Total liabilities	**(675)**	(403)	(833)
Net assets	**3,852**	6,726	5,424
Shareholders' equity			
Share capital	**317**	317	317
Share premium	**89**	89	89
Other reserve	**54**	-	4
Currency reserve	**2**	-	-
Profit & loss account	**3,390**	6,320	5,014
Total shareholders' equity	**3,852**	6,726	5,424

Consolidated interim statement of changes in equity

as at 31 December 2017 (unaudited)

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Currency reserve £'000	Total shareholders' equity £'000
Balance at 1 July 2016	317	89	19	1,597	-	2,022
Total comprehensive expense for the period	-	-	-	5,720	-	5,720
Merger reserve written off	-	-	(19)	-	-	(19)
Share option amortisation	-	-	-	-	-	-
Dividend paid	-	-	-	(996)	-	(996)
Balance as at 31 December 2016	317	89	-	6,321		6,727
Balance as at 1 January 2017	317	89	-	6,321	-	6,727
Total comprehensive income for the period				(1,322)		(1,322)
Merger reserve written off	-	-	-	19	-	19
Share option amortisation	-	-	4	(4)		-
Dividend paid	-	-	-	-	-	
Balance at 30 June 2017	317	89	4	5,014	-	5,424
Balance at 1 July 2017	317	89	4	5,014	-	5,424
Total comprehensive income for the period	-	-	-	(1,624)	-	(1.624)
Dividends paid	-	-	-	-	-	-

Retranslation of foreign assets	-	-	-	-	2	2
Share based payment charge	-	-	50	-	-	50
Balance at 31 December 2017	**317**	**89**	**54**	**3,390**	**2**	**3,852**

Consolidated statement of cash flows

for the six months ended 31 December 2017

	Six months ended 31 December 2017 £'000 (unaudited)	Six months ended 31 December 2016 £'000 (unaudited)	Twelve months ended 30 June 2017 £'000 (audited)
Cash flows from operating activities			
(Loss)/Profit after taxation	**(1,624)**	5,720	4,398
Adjustments for:			
Depreciation	**46**	7	23
Interest income	**(14)**	(5)	-
Interest expense	**-**	5	-
Retranslation of foreign assets	**2**	-	-
Other non-cash charges	**(3)**	-	-
Share based payments	**50**	-	-
Profit from discontinued activities	**-**	(6,331)	-
Profit on sale & leaseback of freehold property	**-**	-	(361)
Profit on sale of call centre division	**-**	-	(5,443)
Decrease(increase) in trade & other receivables	**171**	(335)	(437)
Increase/(decrease) in trade &other payables	**(196)**	39	874
Cash used in operating activities	**(1,568)**	(900)	(946)
Dividend paid	**-**	(997)	(997)
Income taxes received	**-**	-	-
Interest paid	**-**	(5)	(7)
Net cash (used in)/generated from discontinued activities	**-**	(632)	-
Net cash used in operating activities	**(1,568)**	(2,534)	(1,950)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(20)**	(59)	(108)
Development expenditure capitalised	**(251)**	-	(495)
Net cash received on disposal of call centre operations	**-**	3,773	2,478
Net cash received on sale & leaseback of freehold property	**-**	1,950	2,240
Receipt of acquisition loan notes	**969**	-	-
Interest received	**14**	5	-
Net cash generated in investing activities	**712**	5,669	4,115
Cash flows from financing activities			
Repayment of borrowings	**-**	(1,102)	(1,102)
Capital element of finance lease rentals	**-**	-	-
Net cash (used) in financing activities	**-**	(1,102)	(1,102)
Net (decrease)/increase in cash	**(856)**	2,033	1,063
Cash and cash equivalents at the start of the period	**1,958**	895	895

Net (decrease)/increase in cash	**(856)**	2,033	1,063
Cash and cash equivalents at the end of the period	**1,102**	2,928	1,958

Notes to the interim financial statements for the six months ended 31 December 2017

1. Nature of activities and general information

PCI-PAL PLC is the Group's ultimate parent company and is a public limited company domiciled in England and Wales (registration number 3869545). The company's registered office is Unit 7, Gamma Terrace, Ransomes Europark, Ipswich, Suffolk IP3 9FF. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Group's consolidated interim financial statements (the "interim financial statements") for the period ended 31 December 2017 comprise the Company and its subsidiaries (the "Group").

The Company operates principally as a holding company. The main subsidiary is engaged in the provision of services that enable customers to securely take card payments over the phone to de-risk their business activities from the threat of data loss and cybercrime. PCI Pal is a cloud based solution.

The interim financial statements are presented in pounds sterling (£000), which is also the functional currency of the parent company.

2. Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on a historical basis, using the accounting policies which are consistent with those set out in the Group's annual report and accounts for the year ended 30 June 2017.

The unaudited interim financial information for the period ended 31 December 2017 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2066. The comparative figures for the year ended 30 June 2017 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and contain an unqualified audit report and did not contain statements under Section 498 to 502 of the Companies Act 2006.

3. Significant Accounting Policies

The accounting polices applied are consistent with those of the annual financial statements for the year ended 30 June 2017, as described in those financial statements.

4. Dividends

The Company is not proposing to declare a dividend for the period (2016: nil pence)

5. Analysis of revenue

The revenue for the Group can be analysed as follows:

	Six months ended 31 December 2017 £'000 (unaudited)	Six months ended 31 December 2016 £'000 (unaudited)	Twelve months ended 30 June 2017 £'000 (audited)

Revenue			
Revenue generated from recurring contractual activities	**793**	595	1,229
Revenue generated from non-recurring contractual activities	**207**	380	650
Total revenue generated in the period	**1,000**	975	1,879

6. Earnings per share

The basic and diluted earnings per share are calculated on the following profit and number of shares. Earnings for the calculation of earnings per share is the net profit attributable to equity holders of the parent.

	Six months ended 31 December 2017 £000	Six months ended 31 December 2016 £000	Twelve months ended 30 June 2017 £000
Earnings for the purposes of basic and diluted earnings per share			
From continuing activities	**(1,624)**	(611)	(1,699)
From discontinued activities	**-**	6,331	6,097
(Loss)/Profit after taxation	**(1,624)**	5,720	4,398
Denominator	**'000**	'000	'000
Weighted average number of shares in issue in the period	**31,554**	31,554	31,554
Dilutive effect of potential shares and share options	**3,268**	-	255
Number of shares used in calculating diluted earnings per share	**34,822**	31,554	31,809
Basic earnings per share expressed in pence	**(5.15)**	18.12	13.94
Diluted Earnings per share expressed in pence	**(4.66)**	18.12	13.83
Continuing operations			
Basic earnings per share expressed in pence	**(5.15)**	(1.94)	(5.38)
Diluted Earnings per share expressed in pence	**(4.66)**	(1.94)	(5.34)

7. Subsequent events to 31 December 2017

On 30 January 2018 the Company announced that a total of 11,000,000 ordinary shares had been conditionally placed at a price of 45 pence per ordinary share, raising gross proceeds of £4.95 million (approximately £4.6 million after expenses). The new shares represent approximately 25.8% of the Company's enlarged issued ordinary share capital (excluding treasury shares).

This information is provided by RNS
The company news service from the London Stock Exchange

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