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RedT Energy PLC
27 September 2019

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redT energy plc

("redT" or the "Company")

Interim Results 2019

redT energy plc (AIM:RED), the energy storage technology company, is pleased to announce its results for the six months ended 30 June 2019

HIGHLIGHTS

Financial

- Revenue from continuing operations £0.2m (H1 2018 £0.2m)
- Trading loss[(1)] reduced to £3.8m (H1 2018: £5.5m loss) as operating costs cut
- Operating loss from continuing operations £3.5m (H1 2018: £5.7m loss)
- Operating loss is net of £0.6m profit on disposal of Camco USA business
- Half year end free cash £31m (31 December 2018: £3.3m)
- Loans and borrowings £Nil (H1 2018: £Nil)
- Profit from discontinued operations £Nil (H1 2018 £Nil)

(1) Operating loss from continuing operations excluding profit on disposal of Camco USA and share-based payments

2019 interim financials were in line with management expectations.

Proposed Merger and Fundraising

On 25 July 2019, the Group announced it had agreed to outline terms, via a non-binding Memorandum of Understanding, for a proposed merger with Avalon Battery Corporation ("Avalon"). To drive the growth and development of the enlarged Group, provide working capital and take advantage of the substantial opportunity presented by the merger, the enlarged Group intends to raise at least £24m of new funds as part of the merger. redT and Avalon have received substantial preliminary support for this fundraising from a strong, new strategic investor that intends to make a cornerstone investment in the merged business, as well as from existing institutional investors in redT and both existing and certain proposed new investors in Avalon. The outline terms incorporate some interim financing to fund the business and additional costs associated with the merger process whilst it is underway. It is expected that the merger and the fundraising will be inter-conditional and complete at the same time.

Further details on the interim funding are expected to be announced in the near future, at which time a conference call will be held for investors.

Operational

During H1 2019 redT focused on its near-term pipeline, cutting costs and other expenditure where possible.

Developments during the period include:

- First Gen 3 machine manufactured and tested awaiting Anglian Water to complete civil works at their site ready to accept the machine. Once this machine is commissioned, there are significant follow-on opportunities to optimise energy storage across other of Anglian Water's water treatment sites via a Collaborative Partnership agreement.
- Solar plus Storage Partnership with Statkraft. In March 2019, the Group signed a heads of terms partnership with Norwegian state utility company, Statkraft, to provide a fully financed solar plus storage solution to UK C&I customers. This is the first time a solar plus storage product, financed under a PPA model, has been offered to the UK market. The partnership aims to roll out approximately 100MWp of PV and 60MWh of redT flow machines (~800 units) to the UK market over the next 3 years.
- Energy Superhub Oxford, redT's first large, UK grid project. In March 2019 the Group signed an agreement as a member of a consortium set up to deliver a £41m project incorporating a 50MW, grid-connected, vanadium flow / lithium-ion hybrid energy storage system in Oxford, UK. redT will supply and install 5MWh (72 units) of vanadium redox flow machines together with ancillary components. The project will be the largest deployment of flow machines in the UK and will be the largest vanadium flow / lithium-ion hybrid energy storage system globally. The project is now scheduled for delivery in 2020.
- German grid portfolio - our revised proposition for the first project remains under consideration with our funding partner, however progress has been delayed as a result of ongoing changes to the German Secondary Control Reserve market by the German regulatory bodies. Clarity on the changes is not expected before December 2019. An update on the project will be provided once the implication of the proposed changes has been assessed, likely during H1 2020.

Commercial Update

As at 31 August 2019, the Group estimates its weighted sales opportunity pipeline to be circa £203m (31 May 2019: £199m), determined as detailed in the table below. These estimates do not represent forecasts of the future financial performance of the Group.

Deal Stage of Project	Gross[1]	Weighted[1]	Average Expected Conversion Rate
Project Development	£48m	£25m	52%

Quoted	£80m	£14m	17%
Early stage	£1,132m	£164m	14%
Total	**£1,260m**	**£203m**	**16%**

1. The "gross" amounts in the above table are extracted from the Group's customer relationship management (CRM) system which tracks the progress and status of live commercial sale enquiries. The "weighted" figures are calculated by applying a probability weighting to the gross value of each enquiry based on management's estimate of the likelihood that an enquiry will result in a firm order at some point in the future. The probability weighting does not take into account the timing of when an enquiry might become an order. Management uses the following broad guidelines when allocating probability weightings:

Remote	0-10%
Possible	10-40%
Reasonably likely	40-60%
Probable	60-90%

This pipeline excludes the recent 72 unit Energy Superhub Oxford project win, as this is considered an order.

Financial Review

As previously announced, it is necessary for the Group to raise additional financing to fund operations until production and sales are increased to a level at which the business becomes cash generative. On 14 March 2019 the Board launched a comprehensive Strategic Review to explore all the options available to the Group to fund its business. On 9 April 2019 the Group raised £3.2m (before expenses) from a placing and open offer to fund the business whilst the Strategic Review is completed and long-term funding secured. At the same time, a cost cutting exercise was implemented to reduce operating costs to a minimum whilst ensuring that the long-term value of the business is maintained. The main element of this cost cutting was a redundancy process which reduced ongoing staff costs by 25%, a monthly saving of £83k after the redundancies are fully effective.

On 5 April 2019 the Camco USA business was sold completing the exit from the legacy Camco activities. This transaction resulted in a cash inflow of £0.6m, net of cash sold with the business. £0.5m of this was received by 30 June 2019 with the balance received at the end of July 2019. The results from Camco USA, up to the date of sale (£35k loss), are reported in the results from discontinued operations in these financial statements. The transaction generated a profit on disposal of £0.6m.

The cash balance at 30 June 2019 was £3.1m. The Group's latest cash flow forecasts indicate that, without further funding, such as the interim funding mentioned above, cash will run out in December 2019. Unless additional funding is obtained by December, the Group would have no option but to cease trading.

The Group's need to raise additional investment creates a material uncertainty that casts significant doubt about its ability to continue as a going concern, however, based on the developments described above, the Board is optimistic that the necessary funding will be secured in the appropriate time scale. The Board therefore considers it appropriate to present these financials on a going concern basis.

Outlook

The immediate focus is on securing interim funding to complete the proposed Merger and Fundraise and ensure a satisfactory conclusion to the Strategic Review process This should provide both the immediate funding required by the Group and in the near term create a leading, global player with the secure financial position, global footprint and industry expertise required to succeed in the rapidly emerging energy storage market.

Alongside this process, which is being led by the Board, the executive team remain focussed on the manufacture, delivery and operation of our existing projects and securing further business from our sales opportunity pipeline.

Work has already started to identify and plan for the exciting opportunities that will be created by the merger with Avalon. Further details of these will be provided later in the process.

Commenting on the results, redT Executive Chairman, Neil O'Brien said:

"The global energy storage market is continuing its rapid growth as our energy system progresses strongly towards widespread decarbonisation. I am highly optimistic about the growing role our products will play in the inevitable global energy transition and retain my confidence in the redT team's ability to deliver shareholder value.

It is my strong belief that the proposed merger with Avalon and accompanying fundraise, if successful, will create a strong and financially robust company that will become a leader in the vanadium redox flow sector, and can compete effectively in one of the world's fastest growing markets.

I would like to thank our shareholders for their patience and support throughout the Strategic Review process to date and I look forward to providing further news on progress soon."

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Notes to Editors

About redT energy

redT energy plc are experts in energy storage, specialising in the design, manufacture, installation and operation of energy storageinfrastructure which creates revenue alongside reliable, low-cost renewable generation for businesses, industry and electricity distribution networks. Using patented vanadium redox flow technology to store energy in liquid, redT's own energy storage machines can be run continually with no degradation: charging and discharging for over 25 years, matching the lifespan of renewable assets in on-grid, off-grid and weak-grid settings.

redT's energy storage solutions, developed over the past 15 years, address today's changing energy market by providing a flexible platform for time shifting surplus renewable power, securing electricity supplies and earning revenue through grid services. The Company has customers in the UK, Europe, sub-Saharan Africa, Australia and Asia Pacific. For more information, visit www.redTenergy.com

For sales, press or investor enquiries, please contact the redT team on +44 (0)207 061 6233.

Consolidated Statement of Financial Position

At 30 June 2019

	Note	**H1 2019 (unaudited) £'000**	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Non-current assets				
Property, plant and equipment		**398**	574	538
Intangible assets and goodwill	4	**13,402**	13,265	13,491
Deferred tax assets		**-**	85	-
		13,800	13,924	14,029
Current assets				
Inventory	5	**494**	1,785	525
Prepayments and accrued income	6	**404**	989	626
Trade and other receivables	7	**339**	696	559
Corporation tax receivable		**-**	-	-
Cash and cash equivalents	8	**3,072**	4,319	3,344
		4,309	7,789	5,054
Total assets		**18,109**	21,713	19,083
Current liabilities				
Trade and other payables	9	**(856)**	(1,390)	(1,567)
Deferred income	10	**(276)**	(1,558)	(173)
		(1,132)	(2,948)	(1,740)
Non-current liabilities				
Deferred income	10	**-**	(46)	(35)
			(46)	(35)
Total liabilities		**(1,132)**	(2,994)	(1,775)
Net assets		**16,977**	18,719	17,308
Equity attributable to equity holders of the parent				
Share capital		**8,157**	6,135	6,777
Share premium		**101,023**	95,325	99,473
Share-based payment reserve		**2,411**	1,904	2,225
Retained earnings		**(94,464)**	(84,211)	(91,072)
Translation reserve		**1,272**	988	1,327
Other reserve		**(1,422)**	(1,422)	(1,422)
Non-controlling interest		**-**	-	-
Total equity		**16,977**	18,719	17,308

Consolidated Statement of Comprehensive Income

For the 6 months to 30 June 2019

Continuing operations	**H1 2019 (unaudited) £'000**	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Revenue	**192**	192	2,525
Cost of sales	**(25)**	(176)	(2,170)
Gross profit	**167**	16	355
Administrative expenses	**(4,069)**	(5,745)	(12,636)
Gain on sale of discontinued operations	**578**	-	-
Results from operating activities	**(3,491)**	(5,729)	(12,281)
Finance expense	**(3)**	-	-
Financial income	**-**	13	14
Foreign exchange movement	**(30)**	(168)	(162)
Net financing expense	**(33)**	(155)	(148)
Loss before tax	**(3,357)**	(5,884)	(12,429)
Income tax charge	**-**	(7)	(92)
Loss from continuing operations	**(3,357)**	(5,891)	(12,521)

Discontinued operations

(Loss)/profit from discontinued operations (net of tax)	2	**(35)**	46	(1)
Loss for the period		**(3,392)**	(5,845)	(12,522)
Other comprehensive income				
Exchange differences on translation of foreign operations		**(55)**	105	260
Total comprehensive loss for the period		**(3,447)**	(5,740)	(12,262)
Loss for the period attributable to:				
Equity holders of the parent		**(3,392)**	(6,004)	(12,681)
Non-controlling interest		**-**	159	159
Loss for the period		**(3,392)**	(5,845)	(12,522)
Total comprehensive loss attributable to:				
Equity holders of the parent		**(3,447)**	(5,899)	(12,421)
Non-controlling interest		**-**	159	159
Total comprehensive loss for the period		**(3,447)**	(5,740)	(12,262)
Basic loss per share in £ pence				
From continuing operations	11	**(0.39)**	(0.89)	(1.77)
From continuing and discontinued operations	11	**(0.39)**	(0.88)	(1.77)
Diluted loss per share in £ pence				
From continuing operations	11	**(0.39)**	(0.89)	(1.77)
From continuing and discontinued operations	11	**(0.39)**	(0.88)	(1.77)

Consolidated Statement of Changes in Equity

For the 6 months to 30 June 2019 (unaudited)

	Share Capital £'000	**Share premium £'000**	**Share-based payment reserve £'000**	**Retained Earnings £'000**	**Translation reserve £'000**	**Other reserve £'000**	**Equity attributable to shareholders of the Company £'000**	**Equity attributable to non-controlling interest £'000**	**Total equity £'000**
Balance at 1 January 2019	**6,777**	**99.473**	**2,225**	**(91,072)**	**1,327**	**(1,422)**	**17,308**	**-**	**17,308**
Total comprehensive loss for the period									
Loss for the period	**-**	**-**	**-**	**(3,392)**	**-**	**-**	**(3,392)**	**-**	**(3,392)**
Other comprehensive income									
Foreign currency translation differences	**-**	**-**	**-**	**-**	**(55)**	**-**	**(55)**	**-**	**(55)**
Total comprehensive loss for the period	**6,777**	**99,473**	**2,225**	**(94,464)**	**1,272**	**(1,422)**	**13,861**	**-**	**13,861**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payments	**-**	**-**	**186**	**-**	**-**	**-**	**186**	**-**	**186**
Issuance of shares	**1,380**	**1,821**	**-**	**-**	**-**	**-**	**3,201**	**-**	**3,201**
Transaction costs arising on share issues	**-**	**(271)**	**-**	**-**	**-**	**-**	**(271)**	**-**	**(271)**
Total contributions by and distributions to owners	**1,380**	**1,550**	**186**	**-**	**-**	**-**	**3,116**	**-**	**3,116**
Balance at 30 June 2019	**8,157**	**101,023**	**2,411**	**(94.464)**	**1,272**	**(1,422)**	**16,977**	**-**	**16,977**

For the 6 months to 30 June 2018 (unaudited)

	Share Capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained Earnings £'000	Translation reserve £'000	Other reserve £'000	Equity attributable to shareholders of the Company £'000	Equity attributable to non-controlling interest £'000	Total equity £'000
Balance at 1 January 2018	5,560	92,198	1,707	(78,207)	883	(1,422)	20,719	(159)	20,560
Total comprehensive loss for the period									
Loss for the period	-	-	-	(6,004)	-	-	(6,004)	159	(5,845)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	105	-	105	-	105
Total comprehensive loss for the period	-	-	-	(6,004)	105	-	(5,899)	159	(5,740)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payments	-	-	197	-	-	-	197	-	197
Issuance of shares	575	3,352	-	-	-	-	3,927	-	3,927
Transaction costs arising on share issues	-	(225)	-	-	-	-	(225)	-	(225)
Total contributions by and distributions to owners	575	3,127	197	-	-	-	3,899	-	3,899
Balance at 30 June 2018	6,135	95,325	1,904	(84,211)	988	(1,422)	18,719	-	18,719

For the year ended 31 December 2018 (audited)

	Share capital	Share premium	Share-based payment reserve	Retained earnings	Translation reserve	Other reserve	Equity attributable to shareholders of the Company	Equity attributable to non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2018	5,560	92,198	1,707	(78,391)	1,067	(1,422)	20,719	(159)	20,560
Total comprehensive loss for the year									
Loss for the year	-	-	-	(12,522)	-	-	(12,522)		(12,522)
Minority interest loss not recoverable				(159)			(159)	159	-
Other comprehensive loss									
Foreign currency transaction differences	-	-	-		260	-	260	-	260
Total comprehensive loss for the year	-	-	-	(12,681)	260	-	(12,421)	159	(12,262)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payments	-	-	518	-	-	-	518	-	518
Issuance of shares	1,217	7,834	-	-	-	-	9,051	-	9,051
Transaction costs arising on share issues	-	(559)	-	-	-	-	(559)	-	(559)
Total contributions by and distributions to owners	1,217	7,275	518	-	-	-	9,010	-	9,010
Balance at 31 December 2018	6,777	99,473	2,225	(91,072)	1,327	(1,422)	17,308	-	17,308

Consolidated Statement of Cash Flow

For the 6 months to 30 June 2018

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Cash flows from operating activities			
Loss for the year	**(3,392)**	(5,845)	(12,522)
Adjustments for:			
Depreciation, amortisation and impairment	**130**	130	274
Foreign exchange loss on translation	**30**	168	162
Financial income	**-**	(13)	(14)
Impairment of receivables - bad debt write-off	**-**	-	(4)
Equity settled share-based payment expenses	**220**	225	570
Gain on disposal of continuing operations	**(578)**	-	**-**
Taxation	**-**	7	92
	(3,590)	(5,328)	(11,442)
Decrease/(increase) in trade and other receivables	**302**	1,243	1,433
Increase in inventory	**31**	(1,235)	25
Decrease in trade and other payables	**(365)**	(343)	(1,500)
	(32)	(335)	(42)
Net cash from operating activities	**(3,622)**	(5,663)	(11,484)
Cash flows from investing activities			
Acquisition of property, plant & equipment	**-**	(276)	(382)
Net cash from investing activities	**-**	(276)	(382)
Cash flows from financing activities			
Proceeds from the issue of share capital	**2,929**	3,702	8,492
Proceeds from sale of discontinued operations	**476**	-	-
Interest received	**-**	13	14
Net cash from financing activities	**3,405**	3,715	8,506
Net (decrease)/increase in cash and cash equivalents	**(217)**	(2,224)	(3,360)
Net cash and cash equivalents at 1 January	**3,344**	6,603	6,603
Effect of foreign exchange rate fluctuations on cash held	**(55)**	(60)	101
Net cash and cash equivalents at period end	**3,072**	4,319	3,344

Notes

Significant accounting policies

redT energy plc (the "Company") is a public company incorporated in Jersey under Companies (Jersey) Law 1991. The address of its registered office is 3rd floor, Standard Bank House, 47-49 La Motte Street, St Helier, Jersey, JE2 4SZ. The consolidated interim financial report of the Company for the period from 1 January 2018 to 30 June 2018 comprises the Company and its subsidiaries (together the "Group").

Basis of preparation

The annual financial statements of the Group for the year ended 31 December 2018 have been prepared in accordance with IFRSs as adopted by the EU ("Adopted IFRSs"). The interim set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU. The interim set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2018. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

This interim financial information has been prepared on the historical cost basis. The accounting policies applied are consistent with those adopted and disclosed in the annual financial statements for the period ended 31 December 2018. The accounting policies have been consistently applied across all Group entities for the purpose of producing this interim financial report.

The financial information included in this document does not comprise of statutory accounts within the meaning of Companies (Jersey) Law 1991. The comparative figures for the financial year ended 31 December 2018 are not the company's statutory accounts for that financial year within the meaning of Companies (Jersey) Law 1991. Those accounts have been reported on by the company's auditors and delivered to the Jersey Financial Services Commission. The report of the auditors was unqualified.

Estimates

The preparation of the interim financial report in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Going Concern Basis

The redT business is still a young business in an emerging market and has not yet reached the stage in its development when it is cash generative. As such, it is still dependent on its ability to attract additional investment to fund its operations.

The cash balance at 30 June 2019 was £3.1m. The Group's latest cash flow forecasts indicate that, without further funding such as the interim funding, cash will run out in December 2019. Unless additional funding is obtained by then the Group would have no option but to cease trading. However, the Board is optimistic, based on the progress and the advanced status of discussions, interim funding will be secured which, combined with the current cash reserves, will provide the Group with adequate time to conclude the Strategic Review and secure the necessary long-term funding that it requires.

It is still not certain that the Group will be able to secure the level of investment required before cash runs out. This therefore creates a material uncertainty that casts significant doubt about the Group's ability to continue as a going concern.

In addition to the funding issue discussed above, the Directors have also reviewed other varying, and wide-ranging information relating to both present and future conditions when reaching their conclusion regarding going concern. These included:

- the opportunity presented by the rapidly emerging energy storage market;
- the commercial viability of redT's vanadium redox flow energy storage product within this market;
- contracts being delivered and projects currently in the pipeline.

The Group also has established relationships with a number of customers and suppliers and has the continuing support of existing investors, as evidenced by recent fundraises.

Having taken all of the above factors into account, the Directors continue to believe it is appropriate to prepare these financial statements on a going concern basis, noting the material uncertainty that exists arising from the need to secure long-term funding within the coming few months.

The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

1 Segmental Reporting

Following the disposal of the Camco USA business in April 2019 the Group comprises one reporting segment, "redT". redT provides energy storage solutions with financing options, using various energy storage technologies including its own durable and robust energy storage machines based upon proprietary vanadium redox flow technology. The redT segment also contains the corporate costs of the Group.

2 Discontinued operations

On 5 April 2019 the Group completed the divestment of its legacy Camco business with the sale of its wholly owned subsidiary Camco International Group Inc. ('CIG'). This business provides project development and asset management services to biogas projects in the USA.

CIG was sold to an entity controlled by Jim Wiest, Managing Director of CIG therefore the divestment constituted a related party transaction under the AIM Rules. The Directors concluded, having consulted with Investec acting in its capacity as the Company's Nominated Adviser, that the terms of the sale were fair and reasonable insofar as the Company's shareholders were concerned.

Cash receipts from the sale consist of a distribution of US$1.0m (£0.8m) received by the UK Group funded by a loan into CIG from a third party plus US$0.5m (£0.4m) of further consideration paid in two instalments, the first paid in April 2019 and the balance in July 2019. The book and fair value of the net assets of CIG at the date of sale were £0.59m, including cash of £0.55m, giving rise to a profit on disposal of £0.6m

In the prior year, the Group ceased its Carbon activities on 10 January 2018 and, on 5 January 2018, it divested its holdings in Camco Africa Limited (CAL) for a nominal amount. The book and fair value of the net assets of CAL at the time of sale were £nil, so the profit on the disposal was also £nil.

The above businesses constitute the discontinued operations in these financial statements. Financial information relating to the discontinued operations to the dates of their disposal / cessation is set out below.

Results of the discontinued operations

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Revenue	**638**	1,502	2,134
Expenses	**(669)**	(1,456)	(2,135)
Operating loss for the period	**(31)**	46	(1)
Income tax charge	**(4)**	-	-
(Loss)/profit for the period	**(35)**	46	(1)
Decrease in trade and other receivables	**47**	432	266
Increase in trade and other payables	**50**	157	134
Net cash (used in)/from operating activities	**62**	635	399

3 Share based payments

During the period, the Group operated share-based incentive plans. The expense recognised in the period in respect to the plans is set out below.

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
redT Employee Share Plans	**220**	225	570

4 Intangible assets and goodwill

Goodwill - Subsidiary acquisition (REDH)

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Cost at 1 January	**7,362**	7,257	7,257
Effects of movements in foreign exchange	**(50)**	(28)	105
Cost at end of period	**7,312**	7,229	7,362

Intangible assets - R&D (REDH)

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Cost at 1 January	**6,129**	6,046	6,046
Effects of movements in foreign exchange	**(39)**	(10)	83
Cost at end of period	**6,090**	6,036	6,129

Total Goodwill & Intangible Assets

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Cost at 1 January	**13,491**	13,303	13,491
Effects of movements in foreign exchange	**(89)**	(38)	
Cost at end of period	**13,402**	13,265	13,491

5 Inventory

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Stock	**343**	234	393
Work in progress	**151**	1,192	130
Finished goods	**-**	359	2
	494	1,785	525

6 Prepayments and accrued income

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Prepayments	**283**	850	371
Accrued income	**121**	139	255
	404	989	626

7 Trade and other receivables

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Trade receivables	**113**	332	373
Other receivables	**226**	364	186
	339	696	559

8 Cash and cash equivalents

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Cash	**3.073**	3,939	3,344
Restricted cash	**-**	380	-
	3.073	4,319	3,344

Restricted cash relates to an escrow account deposit to secure a bank guarantee issued to a customer.

9 Trade and Other Payables

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Trade payables	**(279)**	(452)	(505)
Other accruals	**(563)**	(938)	(1,028)
Other payables	**(14)**	-	(34)
	(856)	(1,390)	(1,567)

10 Deferred Income

	H1 2019 (unaudited) £'000	H1 2018 (unaudited) £'000	FY 2018 (audited) £'000
Non-current liabilities			
Deferred income	**-**	(46)	(35)
Current liabilities			
Deferred income	**(276)**	(1,558)	(173)

11 Loss per share

Loss per share attributable to equity holders of the company is as follows:

	H1 2019 (unaudited) £ pence per share	H1 2018 (unaudited) £ pence per share	FY 2018 (audited) £ pence per share
Basic loss per share			
From continuing operations	**(0.39)**	(0.89)	(1.77)
From continuing and discontinued operations	**(0.39)**	(0.88)	(1.77)
Diluted loss per share			
From continuing operations	**(0.39)**	(0.89)	(1.77)
From continuing and discontinued operations	**(0.39)**	(0.88)	(1.77)
	£'000	£'000	£'000
Loss used in calculation of basic and diluted loss per share			
From continuing operations	**(3,357)**	(6,050)	(12,680)
From continuing and discontinued operations	**(3,392)**	(6,004)	(12,681)

	H1 2019 (unaudited) Number	H1 2018 (unaudited) Number	FY 2018 (audited) Number
Weighted average number of shares used in calculation			
Number in issue at 1 January	**791,219,132**	653,923,424	653,923,424
Effect of shares issued in the year	**73,658,244**	28,541,409	64,847,915
Weighted average of basic shares at end of period	**864,877,376**	682,464,833	718,771,339
Effect of share options granted not yet exercised which are not anti-dilutive	**-**	-	-
Weighted average number of diluted shares at end of period	**864,877,376**	682,464,833	718,771,339

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. Where the inclusion of potentially issuable shares decreases the loss per share (anti-dilutive), the potentially issuable shares have not been included. This was the situation for both the 2019 and 2018 calculations. The weighted average number of shares not included in the diluted share calculation because they were anti-dilutive was 58,971,918 (HY 2018: 50,632,374, FY 2018: 44,361,763).

END

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