

## Quartix Holdings PLC

# Interim Results

RNS Number : 0784M  
Quartix Holdings PLC  
26 July 2017

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**Quartix Holdings plc**  
**("Quartix", "the Group" or "the Company")**  
**Interim Results**

Quartix Holdings plc (AIM:QTX), a leading supplier of vehicle tracking systems and services to the fleet and insurance sectors, is pleased to announce its unaudited results for the half year ended 30 June 2017.

**Financial highlights:**

- Group revenue of £11.5m (2016: £11.6m)
- Fleet revenue grew by 15% to £8.3m (2016: £7.2m)
- As anticipated, insurance revenue decreased - to £3.2m (2016: £4.4m)
- Adjusted EBITDA\* of £3.5m (2016: £3.4m)
- Operating profit of £3.2m (2016: £3.3m)
- Profit before tax of £3.2m (2016: £3.3m)
- Diluted earnings per share of 5.78p (2016: 5.82p)
- Cash generated from operations of £2.9m (2016: £3.6m)
- Free cash flow of £2.6m (2016: £3.1m)
- Operating cash conversion\*\* of 90% (2016: 107%)
- Interim dividend of 2.4p per share proposed

\* EBITDA adjusted for share based payment expense of £0.2m

\*\* Cash generated from operations of £2.9m divided by operating profit of £3.2m

**Operational highlights**

**Fleet**

Excellent progress in the main fleet business

- Subscription base grew by 10% to 96,971 vehicles (31<sup>st</sup> December 2016: 87,889)
- Fleet installations grew by 45% to 14,324 (2016: 9,898)
- Customer base increased by 11% to 10,076 (31<sup>st</sup> December 2016: 9,105)
- Fleet invoiced recurring revenue increased by 16% to £7.6m (2016: £6.5m)
- Attrition\* on a rolling 12-month basis was 10.1%, significantly below the 14% industry average

\* Attrition is calculated as the difference between the number of new unit installations and the increase in active subscriptions between 1 July 2016 and 30 June 2017, expressed as a percentage of the mean subscription base between those two points in time:  $(26,647 - 17,757) / 88,093 = 10.1\%$

#### UK & Ireland

- 77,953 active vehicle subscriptions, up 9% (31 December 2016: 71,712)
- 7,193 customers, up 9% (31 December 2016: 6,602)

#### France

- 11,405 active vehicle subscriptions, up 14% (31 December 2016: 9,986)
- 1,596 customers, up 12% (31 December 2016: 1,428)

#### USA

- 7,613 active vehicle subscriptions, up 23% (31 December 2016: 6,191)
- 1,287 customers, up 20% (31 December 2016: 1075)

### Insurance

Successfully transitioned away from lower-margin insurance business

- Insurance installations decreased by 35% to 23,947 (2016: 37,060).
- Reinstatement of some volume lost in first half is now expected in the second half, at increased pricing.
- Higher minimum pricing established, backed by proven quality levels which have now been benchmarked against the competition during the first half
- One small additional direct insurance customer commenced installations in the period
- Discussions are underway with several additional brokers and insurers with respect to our direct offering
- The SafeSpeed database has gained excellent feedback from insurers since launch in 2016, and has shown its potential to help reduce young driver injuries and fatalities

**Andy Walters, Managing Director of Quartix**, commented:

"We have made good progress in the first half. As indicated a year ago, we have focused on our key fleet business, resulting in much stronger growth in the

subscription base. This led to an anticipated decline in new insurance installations, however fleet revenue growth largely compensated for this and total revenue was broadly consistent with last year, at £11.5m (2016: £11.6m)."

"As part of the investment in the future of our fleet business we have made a number of senior level recruitments in the past 12 months, and I am delighted to announce that Ed Ralph, who joined as Chief Operating Officer in February, is now appointed to the main board of Quartix Holdings plc. Ed brings extensive experience and a proven track record in technology management, digital marketing and eCommerce. From 2001 to 2015 he built and led the technology team at Abcam plc, having joined the company as its 7th employee, when its revenue was just £200k."

"We are also announcing today that, following 10 years of exceptional service to the business, our Financial Director, David Bridge, has indicated that he would like to retire from the business. David remains committed to the company and will work with the rest of the Board to ensure an orderly transition is effected in due course. I would like to record my personal thanks for the enormous contribution that he has made to the business since January 2008. He will be greatly missed and we wish him well for the future. A separate announcement has been made today concerning Ed's appointment and our succession plans for David's role."

"Pleasingly, the strategic decision taken last year to focus on our fleet business has delivered strong subscription growth. Furthermore, the news that we are to resume supply in the second half for an insurance programme which had been switched to a low-cost supplier provides an excellent endorsement of our quality and service levels. This is expected to lead to a more acceptable balance in margin in future between the two parts of our business and a clearer understanding in the market of the value we deliver."

"Although the insurance business remains less predictable than our fleet business, we will use any additional income from it to invest in the future of our fleet operations as the business develops, and hence we remain on track to meet market profit expectations for the year as a whole".

**For further information, please contact:**

**Quartix** (www.quartix.net)  
01686 806 663

Andrew Walters, Managing Director

David Bridge, Financial Director

**finnCap (Nominated Adviser and Broker)** 020  
7200 0500

Matt Goode /Scott Mathieson (Corporate Finance)

Stephen Norcross / Alice Lane (Corporate Broking)

*The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.*

**Interim Financial Results Report**

The Group's Interim Financial Statements for the 6 months ended 30 June 2017 are available in the "Investors" section of our website at: [www.quartix.net/investors.php](http://www.quartix.net/investors.php)

## **About Quartix**

Founded in 2001, Quartix is a leading supplier of subscription-based vehicle tracking systems, software and services. The Group provides an integrated tracking and telematics data analysis solution for fleets of commercial vehicles and motor insurance providers which improves productivity and safety and which lowers costs by capturing, analysing and reporting vehicle and driver data.

Quartix is based in the UK and is listed on the AIM market of the London Stock Exchange (AIM:QTX).

## **Chairman's Statement**

### **Summary**

The past half year has shown continued strong demand for the Group's vehicle tracking systems, software and services. New fleet subscriptions increased by 45% to 14,324 (2016: 9,898), revenue in this sector grew by 15% to £8.3m (2016: £7.2m) and recurring revenue increased by 16% to £7.6m (2016: £6.5m). Following the decision taken a year ago to focus on only those insurance applications which deliver satisfactory margins, sales to UK based insurance customers decreased by 26% to £3.2m (2016: £4.4m). Despite this reduction, the growth in fleet revenue ensured that Group revenue was broadly consistent with last year, at £11.5m (2016: £11.6m).

Total sales in the UK were £10.1m (2016: £10.7m). Sales to fleet customers in this market increased by 9% to £6.8m (2016: £6.3m) and the subscription base grew to 77,953 vehicles, representing an increase of 18% over the past 12 months (30 June 2016: 66,089). This was driven by good progress in each of the Group's three main channels during the first half, namely: direct sales, distribution and price comparison websites.

The Group made good progress in France, where the subscription base rose by 26% over the past year to 11,405 vehicles (30 June 2016: 9,058). Development of each of our channels to market is ongoing and revenue in France in the first half increased by 30% in local currency to €1.0m (2016: €0.8m).

The Group continued to develop its operations successfully in the USA, taking its subscription base to 7,613 vehicles. This is 87% higher than it was 12 months ago (30 June 2016: 4,067). During this time the Group has invested in the development of products to satisfy forthcoming legislation concerning the logging of driver hours. The initial release of the product is in use and receiving positive feedback from customers, and a full release of the main application is expected in the second half. Revenue increased by 76% to \$0.7m (2016: \$0.4m).

Successful development of our sales channels in the UK was by far the most significant contributor to first half growth in new fleet installations: UK fleet installations rose by 45% to 10,476. In the second half we will look towards using this expertise for the USA as well by managing these channels from the UK.

The Company's "Powered by Quartix" initiative for the insurance sector, which it launched at the middle of last year, offers insurance brokers an off-the-shelf telematics product allowing them to compete effectively in the young driver market. It is currently in use by two brokers and supported by one underwriter. Further prospects in terms of brokers and underwriters are being developed, and discussions are in course. This initiative has proven to be of great importance to the Company in showcasing its capabilities and service levels directly; in gaining much greater awareness with insurers and the market in general; and in promoting the Company's SafeSpeed contextual speed scoring system for the assessment of accident risk. The SafeSpeed database is unique in comparing the behaviour of young drivers on particularly dangerous roads (such as single-carriageway rural roads) with that of

more experienced fleet drivers on exactly the same road, helping to identify and coach those who are at risk of accident. Loss ratios on the first programme to use it have been very good so far.

## Results

Group revenue for the half year was £11.5m (2016: £11.6m). Fleet revenue grew by 15% to £8.3m (2016: £7.2m) and insurance revenue decreased by 26% to £3.2m (2016: £4.4m). Sales to the insurance sector as a percentage of overall revenue reduced to 28% (2016: 38%).

Increased focus on our core fleet business led to the recurring element of subscriptions growing to represent 65% of Group turnover (2016: 55%). Although the higher level of this subscription revenue helps to improve the margin mix, we also funded growth of 45% in new fleet installations for the period (2017: 14,324 units installed; 2016: 9,898 units installed). The cost of all new fleet tracking systems and installations is absorbed in cost of sales, as are commissions paid to indirect sales channels, which contributed to the growth. Material costs per unit also rose considerably as a consequence of the weakness of the pound against the dollar. It is pleasing, therefore, that gross profit was consistent with last year overall, reflecting the improvement in margin mix. Operating profit for the half year decreased by 3% to £3.2m (2016: £3.3m). This is in line with achievement of market expectations for the year. Profit before tax was also 3% down at £3.2m (2016: £3.3m).

Operating cash conversion was good, at 90%, resulting in pre-tax cash generated from operations of £2.9m (2016: £3.6m). Free cash flow conversion was 82%, resulting in free cash flow from operations after tax and investing activities of £2.6m (2016: £3.1m). The Group had net cash of £4.8m as at 30 June 2017 (£6.2m at 31<sup>st</sup> December 2016), having paid a dividend of £4.3m in May.

Although good, cash flow was not as strong as it had been for the same period in 2016. This resulted from a number of factors, including the impact of reduced insurance volumes on deferred revenue provisions and timing differences with last year; some of these factors should reverse in the second half.

## Earnings per share

Basic earnings per share were 5.92p (2016: 5.89p). On a fully diluted basis earnings per share were 5.78p (2016: 5.82p).

## Dividend

The Board has recommended an interim dividend of 2.4p (2016 2.2p) per share, amounting to £1,141,641 in aggregate. This was approved by the Board on 25th July 2017. The interim dividend will be paid on 14 September 2017 to shareholders on the register as at 18 August 2017.

## Dividend Policy

Following the publication of its final results for 2017, the Board plans to announce a final dividend for the year with the aggregate of the interim and final dividend set at approximately 50% of cash flow from operating activities, which is calculated after taxation paid but before capital expenditure. The Board will also look to distribute the excess of cash balances over £2m by way of a supplementary dividend. The surplus cash will be calculated by taking the year end cash balance and deducting the proposed regular dividend. The policy will be subject to review.

## Governance and the Board

The Board is comprised of two Non-Executive Directors: myself and Jim Warwick, and three Executive Directors: Andrew Walters, David Bridge and Ed Ralph; Ed is

appointed as chief operating officer today, and I would like to take the opportunity of welcoming him to the Board. Ed brings extensive experience and a proven track record in technology management, digital marketing and eCommerce from his time at Abcam, and these skills will play a vital role in the next stages of the Group's development.

As noted previously by Andy Walters, David Bridge has indicated that, following 10 years of excellent service to the Group, he would like to step down from the Board in due course. I would like to take the opportunity to add my thanks for the significant contribution that he has made to the development of the Group's business over that period, and to wish him well for the future. David remains committed to the Group and he is working with the board in seeking a successor; progress on this will be announced in due course.

For further details regarding Corporate Governance and the Board, please see the "Investors" section of our website ([www.quartix.net/investors.php](http://www.quartix.net/investors.php)).

## Outlook

The Group has made a good start to the second half, in line with management's expectations. The high levels of recurring revenue and opportunities to grow in the UK, France and the USA in fleet combined with the reinstatement of some lost volume and improved pricing in the insurance business, underpin our confidence for the rest of the year and beyond. We will continue to use the financial strength of the business to invest in our core fleet operations.

## Paul Boughton

Chairman

## Consolidated Statement of Comprehensive Income

		<b>30 June 2017</b>	30 June 2016	31 December 2016
<b>Half year ended 30 June 2017</b>		<b>Unaudited</b>	Unaudited	Audited
	Notes	<b>£'000</b>	£'000	£'000
<b>Revenue</b>	3	<b>11,510</b>	11,574	23,339
Cost of sales		<b>(4,440)</b>	(4,483)	(9,276)
<b>Gross profit</b>		<b>7,070</b>	7,091	14,063
Administrative expenses		<b>(3,860)</b>	(3,769)	(7,520)
<b>Operating profit</b>		<b>3,210</b>	3,322	6,543
Finance income receivable		<b>9</b>	8	21
Finance costs payable		-	(17)	(24)
<b>Profit for the period before taxation</b>		<b>3,219</b>	3,313	6,540
Tax expense		<b>(413)</b>	(531)	(453)
<b>Profit for the period</b>		<b>2,806</b>	2,782	6,087

**Other Comprehensive income:**

Items that may be reclassified subsequently to profit or loss:

Exchange difference on translating foreign operations

<b>110</b>	(125)	(255)
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**Other comprehensive income for the year, net of tax**

<b>110</b>	(125)	(255)
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**Total comprehensive income attributable to the equity shareholders of Quartix Holdings plc**

<b>2,916</b>	2,657	5,832
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Adjusted EBITDA	<b>3,459</b>	3,445	6,808
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**Earnings per ordinary share (pence)**

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Basic

<b>5.92</b>	5.89	12.87
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Diluted

<b>5.78</b>	5.82	12.70
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All of the activities of the Group in the current period are classed as continuing and there is no other comprehensive income.

**Consolidated Statement of Financial Position**

Company registration number: 06395159

		<b>30 June 2017</b>	30 June 2016	31 December 2016
		<b>Unaudited</b>	Unaudited	Audited
<b>Assets</b>	Notes	<b>£'000</b>	£'000	£'000
<b>Non-current assets</b>				
Goodwill		<b>14,029</b>	14,029	14,029
Property, plant and equipment		<b>298</b>	376	360
Deferred tax assets		<b>108</b>	68	141

<b>Total non-current assets</b>		<b>14,435</b>	14,473	14,530
<b>Current assets</b>				
Inventories		<b>633</b>	618	680
Trade and other receivables		<b>3,102</b>	2,727	2,591
Cash and cash equivalents		<b>4,775</b>	4,598	6,249
<b>Total current assets</b>		<b>8,510</b>	7,943	9,520
<b>Total assets</b>		<b>22,945</b>	22,416	24,050
<b>Current liabilities</b>				
Trade and other payables		<b>2,681</b>	2,853	2,892
Borrowings		-	498	-
Deferred revenue		<b>2,589</b>	2,483	2,591
Current tax liabilities		<b>422</b>	535	238
		<b>5,692</b>	6,369	5,721
<b>Total liabilities</b>		<b>5,692</b>	6,369	5,721
<b>Net assets</b>		<b>17,253</b>	16,047	18,329
<b>Equity</b>				
Called up share capital	7	<b>476</b>	473	474
Share premium account	7	<b>4,869</b>	4,674	4,702
Equity reserve		<b>295</b>	175	281
Capital redemption reserve		<b>4,663</b>	4,663	4,663
Translation reserve		<b>(194)</b>	(174)	(304)
Retained earnings		<b>7,144</b>	6,236	8,513
<b>Total equity attributable to equity shareholders of Quartix Holdings plc</b>		<b>17,253</b>	16,047	18,329

**Consolidated Statement of Changes in Equity**

	Share capital	Share premium account	Capital redemption reserve	Equity reserve	Translation reserve	Retained earnings	Total equity
	£'000	£,000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 December 2015</b>	472	4,631	4,663	177	(49)	5,303	<b>15,197</b>
Shares issued	1	43	-	-	-	-	<b>44</b>
Increase in equity reserve in relation to options issued	-	-	-	55	-	-	<b>55</b>
Adjustment for exercised options	-	-	-	(43)	-	43	-
Deferred tax on share options	-	-	-	(14)	-	-	<b>(14)</b>
Dividend paid	-	-	-	-	-	(1,892)	<b>(1,892)</b>
<b>Transactions with owners</b>	1	43	-	(2)	-	(1,849)	<b>(1,807)</b>
Foreign currency translation differences	-	-	-	-	(125)	-	<b>(125)</b>
Profit for the period	-	-	-	-	-	2,782	<b>2,782</b>
<b>Total comprehensive income</b>	-	-	-	-	(125)	2,782	<b>2,657</b>
<b>Balance at 30 June 2016</b>	473	4,674	4,663	175	(174)	6,236	<b>16,047</b>
Shares issued	1	28	-	-	-	-	<b>29</b>
Increase in equity reserve in relation to options issued	-	-	-	58	-	-	<b>58</b>
Adjustment for exercised options	-	-	-	(13)	-	13	-
Deferred tax on share options	-	-	-	61	-	-	<b>61</b>
Dividend paid	-	-	-	-	-	(1,041)	<b>(1,041)</b>
<b>Transactions with owners</b>	1	28	-	106	-	(1,028)	<b>(893)</b>
Foreign currency	-	-	-	-	(130)	-	<b>(130)</b>

translation differences							
Profit for the period	-	-	-	-	-	3,305	<b>3,305</b>
<b>Total comprehensive income</b>	-	-	-	-	(130)	3,305	<b>3,175</b>
<b>Balance at 31 December 2016</b>	474	4,702	4,663	281	(304)	8,513	<b>18,329</b>
Shares issued	2	167	-	-	-	-	<b>169</b>
Increase in equity reserve in relation to options issued	-	-	-	158	-	-	<b>158</b>
Adjustment for exercised options	-	-	-	(104)	-	104	-
Deferred tax on share options	-	-	-	(40)	-	-	<b>(40)</b>
Dividend paid	-	-	-	-	-	(4,279)	<b>(4,279)</b>
<b>Transactions with owners</b>	2	167	-	14	-	(4,175)	<b>(3,992)</b>
Foreign currency translation differences	-	-	-	-	110	-	<b>110</b>
Profit for the period	-	-	-	-	-	2,806	<b>2,806</b>
<b>Total comprehensive income</b>	-	-	-	-	110	2,806	<b>2,916</b>
<b>Balance at 30 June 2017</b>	476	4,869	4,663	295	(194)	7,144	<b>17,253</b>

### Consolidated Statement of Cash Flows

30 June 2017      30 June 2016      31 December

		2016		
		<b>Unaudited</b>	Unaudited	Audited
	Notes	<b>£'000</b>	£'000	£'000
<b>Cash generated from operations</b>	6	<b>2,881</b>	3,570	6,812
Taxes paid		<b>(237)</b>	(408)	(639)
<b>Cash flow from operating activities</b>		<b>2,644</b>	3,162	6,173
<b>Investing activities</b>				
Additions to property, plant and equipment		<b>(33)</b>	(120)	(189)
Interest received		<b>9</b>	8	21
<b>Cash flow from investing activities</b>		<b>(24)</b>	(112)	(168)
Cash flow from operating activities after investing activities (free cash flow)		<b>2,620</b>	3,050	6,005
<b>Financing activities</b>				
Repayment of long term borrowings		-	(500)	(1,000)
Interest paid		-	(20)	(29)
Proceeds from share issues	7	<b>169</b>	44	73
Dividend paid		<b>(4,279)</b>	(1,892)	(2,933)
<b>Cash flow from financing activities</b>		<b>(4,110)</b>	(2,368)	(3,889)
Net changes in cash and cash equivalents		<b>(1,490)</b>	682	2,116
Cash and cash equivalents, beginning of period		<b>6,249</b>	4,040	4,040
Exchange differences on cash & cash equivalents		<b>16</b>	(124)	93
Cash and cash equivalents, end of period		<b>4,775</b>	4,598	6,249

## **Notes to the Financial Statements (unaudited)**

### **1 Basis of preparation**

The financial information has been prepared in accordance with recognition and measurement principles of International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that had been published by 30 June 2017 as endorsed by the European Union ("EU"). The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2016, as described in those financial statements. In preparing these interim financial statements, the Board has not sought to adopt IAS 34 "Interim financial reporting".

The figures for the six month periods ended 30 June 2017 and 30 June 2016 have not been audited. The figures for the year ended 31 December 2016 have been extracted from, but do not constitute, the consolidated financial statements of Quartix Holdings plc for that year. Those financial statements have been delivered to the Registrar of Companies and included an Auditors' Report, which was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

### **2 Going concern**

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity.

The Group enjoys a strong income stream from its fleet subscription base while current liabilities include a substantial provision for deferred revenue which is a non-cash item.

After assessing the forecasts and liquidity of the business to the end of the following calendar year and the longer term strategic plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the interim results.

### **3 Segmental analysis**

The Group has concluded that it operates only one operating segment as defined by IFRS 8, being the design, development and marketing of vehicle tracking devices and the provision of related data services. The information used by the Group's chief operating decision makers to make decisions about the allocation of resources and assessing performance is presented on a consolidated Group basis. All revenue, costs, assets and liabilities relate to the single activity; and accordingly no segmental analysis is presented.

An analysis of turnover by type of customer and geography is stated below:

	<b>30 June</b>	30 June	31
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	<b>2017</b>	2016	December 2016
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
<b>By customer base</b>			
Fleet	<b>8,291</b>	7,196	14,909
Insurance	<b>3,219</b>	4,378	8,430
	<b>11,510</b>	11,574	23,339

	<b>30 June 2017</b>	30 June 2016	31 December 2016
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
<b>Geographical analysis by destination</b>			
United Kingdom	<b>10,068</b>	10,678	21,249
France	<b>895</b>	619	1,408
Republic of Ireland	<b>4</b>	2	5
United States of America	<b>543</b>	275	677
	<b>11,510</b>	11,574	23,339

#### **4 Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)**

	<b>30 June 2017</b>	30 June 2016	31 December 2016
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
Operating profit	<b>3,210</b>	3,322	6,543
Depreciation	<b>91</b>	68	152
EBITDA	<b>3,301</b>	3,390	6,695
Share-based payment expense	<b>158</b>	55	113
Adjusted EBITDA	<b>3,459</b>	3,445	6,808

#### **5 Earnings per share**

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Quartix Holdings plc divided by the weighted average number of

shares in issue during the period. The earnings per share calculation relates to continuing operations of the Group.

	Profits attributable to shareholders	Weighted average number of shares	Basic profit per share amount	Fully diluted weighted average number of shares	Fully diluted profit per share amount
	£'000		in pence		in pence
<b>Earnings per ordinary share</b>					
Period ended 30 June 2017	2,806	47,402,743	5.92	48,549,415	5.78
Period ended 30 June 2016	2,782	47,251,723	5.89	47,761,493	5.82
Year ended 31 December 2016	6,087	47,292,755	12.87	47,929,813	12.70

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume the conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are those share options where the exercise price is less than the average market price of the Company's ordinary shares during the period.

## 6 Note to the cash flow statement

Cash flow adjustments and changes in working capital

	30 June 2017 Unaudited £'000	30 June 2016 Unaudited £'000	31 December 2016 Audited £'000
<b>Profit before tax</b>	<b>3,219</b>	3,313	6,540
Foreign exchange	97	-	(326)
Depreciation	91	68	152
Interest income	(9)	(8)	(21)
Interest expense	-	17	24
Share based payment expense	158	55	113
<b>Operating cash flow before movement in working capital</b>	<b>3,556</b>	3,445	6,482
(Increase)/decrease in trade and other receivables	(520)	(135)	5
Decrease/(increase) in inventories	45	21	(39)
(Decrease)/increase in trade and other payables	(200)	239	364
<b>Cash generated from operations</b>	<b>2,881</b>	3,570	6,812

## 7 Equity

	Number of ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
<b>Allotted, called up and fully paid</b>			
<b>At 1 January 2016</b>	<b>47,175,704</b>	<b>472</b>	<b>4,631</b>
Shares issued	117,250	1	43
<b>At 30 June 2016</b>	<b>47,292,954</b>	<b>473</b>	<b>4,674</b>
Shares issued	53,000	1	28
<b>At 31 December 2016</b>	<b>47,345,954</b>	<b>474</b>	<b>4,702</b>
Shares issued	222,400	2	167
<b>At 30 June 2017</b>	<b>47,568,354</b>	<b>476</b>	<b>4,869</b>

All shares issued in the period to 30 June 2017 relate to the exercise of share options.

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