21 September 2016

Directa Plus plc
(“Directa Plus” or the “Company”)

Interim Results

Directa Plus (AIM: DCTA), a producer and supplier of graphene-based products for use in consumer and industrial markets, announces its maiden interim results for the six months ended 30 June 2016.

Financial Summary

- Admitted to AIM on 27 May 2016, successfully raising approximately £12.8 million at 75 pence per share
- Total income increased to €0.44 million (H1 2015: €0.27 million)
- Revenues from product sales increased to €0.40 million (H1 2015: €0.11 million)
- Adjusted loss after tax for the period* of €2.3 million (H1 2015: €1.3 million loss)
- Cash and cash equivalents at 30 June 2016 were €13.1 million (31 December 2015: €2.0 million; 30 June 2015: €3.0 million)

** Loss before tax stated before non-recurring IPO costs (€0.4m) and the non-cash cost of the embedded derivative associated with a convertible loan (€1.0m)*

Operational Summary

- Over 10 active customers (H1 2015: 3 active customers)
- Increased activities with nine applications partners
- Delivered 1.8 tonnes of Graphene Plus (G+) materials
- Extended product portfolio from 6 to 13
- Sold first kilometre of Grafysorber® booms
- Colmar launched graphene-enhanced ski collection and the graphene-enhanced ski suit was worn by the winning French national ski team at the FIS World Cup
- Strengthened relationship with Vittoria and there were several victories in various competitions by cyclists using the new G+ collection of tires, including a gold medal at the Olympics
- Signed two-year Joint Development Agreement with a global luxury accessories producer in order to develop an entire generation of graphene-enhanced spectacles

Giulio Cesareo, Chief Executive Officer of Directa Plus, said: “We are pleased to announce our maiden results for the first half of 2016, which built on the transformational year of 2015. These results are a testament to the fact that we do not just supply graphene in its pure form to our customers: we work with them to ensure that the incorporation of our graphene-based products will enable them to differentiate their products. We achieve this through our ability to produce several grades of material designed for different applications and that are ready to be utilised in the supply chains of large companies. It is also thanks to our unique production process, which is low cost, highly scalable, high yield and flexible with at least two types of equipment in each production department. Our process is chemical-free, which means that our products are non-toxic and non-cytotoxic. Our goal is to maintain a leading market position through our ability to fine tune particles’ morphology for any application need.

“Looking ahead, the Company has entered the second half of the year with a good pipeline of commercial opportunities and a growing customer base. The Board is delighted with the increased momentum within the business and increased engagement with potential customers. Progress is being made on many fronts, but the entry into the market of end products is subject to the customers’ own development and sales cycles. In addition, whilst conversations on sales of Grafysorber® remain encouraging and the Company is optimistic of receiving orders in the current financial year, given the timing to deliver units, the revenue from such sales is likely to fall into 2017. Whilst this will have a consequential impact on expectations for the year, the Board feels confident that the Company is well positioned to capture the increased opportunities it is seeing in its target markets and is looking forward to the future with optimism."

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations

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Operating Review

Directa Plus is pleased to issue its maiden results for the first half of 2016 during which the Company made substantial commercial progress as it saw increased sales of its products. This was due to the Company's key customers, such as Vittoria producing a greater number of elastomers and composites (tires and wheel trims), and Colmar, the maker of premium ski-wear, launching a line of ski-suits, thermal wear and accessories incorporating the Company's graphene-based products. The Company also saw greater interest its own environmental oil clean-up product, Grafysorber®.

The Company's commercial strategy is focused on:

- Low cost, highly scalable, high-yield production process
- Production of several grades of material designed for different applications and ready to be utilised in the supply chains of large companies
- No chemicals and only physics as the basis of its process, resulting in Directa Plus' materials being non-toxic and non-cytotoxic
- Flexible process with at least two different types of equipment in each production department
- Ongoing broadening of customer base and further penetration into key target markets
- The goal is to maintain Directa Plus' leading market position by being able to fine tune particles' morphology for any application need

Commercial progress

Directa Plus, under its G+ brand, offers a range of graphene-based products – either ready-to-use or custom-blended to meet specific technical requirements for use in consumer and industrial markets. In the first six months of the year, the Company made significant progress in all of its end applications.

<u>*Environmental*</u>

Grafysorber® is a sustainable product, produced by Directa Plus, which enables the recovery and recycling of adsorbed oils. It is recyclable, does not contain any toxic substances and is primarily used to soak up oil spills thereby avoiding environmental disasters. It is usually produced and deployed at the site of the spill via the Company's Mobile Decontamination Unit (MDU). The ability to produce the graphene on site and in the right quantity renders it a very cost-effective solution compared with conventional solutions. The Company has sold its first kilometre of Grafysorber® booms with encouraging commercial discussions in Romania, Italy, Oman and USA. The Company remains optimistic of receiving orders in the current year for its MDU, but, depending on timing of such orders, it is likely that the revenue will fall into H1 2017.

Romania
Romania's national decontamination company, Oil DEPOL Group, purchased several hundred kilograms of Grafysorber® in the period under review to conduct a series of industrial tests on water that had been contaminated by oil that had leaked from its storage. The Company is in negotiations with several other potential customers all over the country as a result of the excellent field test results conducted over the past two years.

Oman
Directa Plus delivered its Grafysorber® materials to the Company's local partner, Blue Planet Engineering & Technical Services LLC, an Omani company providing technical and scientific services and products for oil and gas processes, which is active in the Middle East region. The Company continues to progress discussions in the region on the advantages of the Company's MDUs.

Italy

The Company sold Grafysorber® adsorbent barriers to CVA, Compagnia Valdostana delle Acque, one of the largest owners of hydroelectric power stations, which started a program to substitute traditional polypropylene barriers with Grafysorber® barriers. There are also several ongoing tests, for environmental decontamination and industrial applications, of Grafysorber® in Italy.

USA

Post-period end, the first full container of adsorbent barriers was sold to a US company, with the objective of commencing a field test at a decontamination project related to a site identified by the US Environmental Protection Agency. The site was specifically chosen for the field test project because it has been contaminated by hazardous waste and poses a risk to human health and/or the environment (a Superfund site).

<u>Textile</u>

Colmar

The high-end sportswear company, Colmar, launched the first ski-suit that incorporated the Company's graphene-based products during the period. The French national ski team won gold, silver and bronze medals in the Men's Giant Slalom and silver in the Ladies' Giant Slalom at the FIS World Cup in St Moritz in these suits, and the Company anticipates that additional national teams will commence using the graphene-enhanced suits. Colmar will also commence selling these suits commercially online and in selected stores by the end of 2016.

Menphis

Directa Plus and Menphis signed a two-year commercial agreement for the application of G+ materials in luxury goods, footwear and accessories. Menphis is a global company headquartered in Italy engaged in the development of transfer technology for printing and decorating a wide range of surfaces. The collaboration aims to develop a joint research programme and is expected to have the first innovative materials with G+ available in the second half of the year to target fashion and design sectors.

Other clothing

The Company is in on-going conversations with another leading global outdoor and sportswear company to produce a new generation of G+ textiles.

<u>Elastomers</u>

Vittoria and Directa Plus conducted an intensive marketing and communications campaign to promote the ITS (Intelligent Tire System) in the new collection of G+ tires (road, off-road, MTB and e-bike). There were several victories in various competitions by cyclists using these tires, including a gold medal at the Olympics in August 2016.

The Company continues to target opportunities within the automotive sector and sees this as providing the Group with significant growth opportunities.

In addition, there are several ongoing tests, both at laboratory and industrial stage, which involve some of the main global hose producers where the Company is seeking to enhance the mechanical and barrier properties in rubber formulation. The first phase of the tests has been successfully completed, demonstrating significant improvements of G+-based products compared with traditional products, and the Company is ready to proceed to prototyping.

Composite Materials

Directa Plus has signed a two-year Joint Development Agreement (JDA) with a global luxury accessories producer to develop an entire generation of graphene-enhanced spectacles. The Company expects the first product to be commercially available before the year-end.

The Company proceeded with a JDA signed in 2015 with one of the leading manufacturers of brake pads to conduct a joint R&D project. The collaboration is progressing well and the Company expects to generate revenue under this JDA in 2017.

Product development for specific applications

The Company has extended its product portfolio from 6 to 13 products.

During the period, the Company focused on providing the most suitable G+ material for the different applications, in order to accelerate G+ adoption in commercial products. In particular, the following advancements were made:

- **GRAFYSORBER®**
  Grafysorber® was further improved as part of an advanced testing activity with a major petrochemical group. In particular, the accordion-like structures of Grafysorber® were further expanded and purified, allowing the optimisation of the adsorbent performance.
- **LIQUID G+**
  New water-based graphene inks were developed for a particular textile group as well as an energy group. In particular, graphene particle shape, concentration and viscosity were adapted to obtain a sprayable ink and an ink suitable for slurry preparation.
- **PASTE GR G+**
  A granulated version of Paste G+ was developed, with the aim of simplifying its handling and mixing into water-based polymeric formulation. This product was optimised for the textile and the coating industry.
- **PURE20**
  A new morphology of Pure G+ was developed with lower lateral dimension and thickness. This new morphology was developed for the plastic industry (plastics and resin) to allow a better integration of G+ with the matrix.
- **ULTRA/PURE GR G+**
  A granulated version of Ultra and Pure G+ was developed, with the aim of simplifying their handling and mixing into various elastomeric and thermoplastic applications.
- **DUB MASTERPLAST G+**
  A new product - thermoplastic masterbatches of Pure and Ultra G+ - was released, which are ready-to-use materials for a variety of applications and customers, in particular for the plastics industry.

The Company conducted an intense toxicological analysis of its products during the period, in particular of Grafysorber® and Pure G+, and has received independent certification that they are non-toxic and non-cytotoxic. All the tests (skin irritation, skin corrosion, eye corrosion, cytotoxicity, repro-toxicity, geno-toxicity, pro-sensitising potential) were negative.

Financial Review

On 27 May, the Company was admitted to AIM ("Admission"), raising approximately £12.8 million (approximately €16.8 million), primarily to increase production capacity, and to sustain and to expedite the development of the Company's commercial pipeline. The net amount, post IPO-related expenses, was approximately £11.0 million (€14.4 million).

In H1 2016 revenues from sales of products amounted to €0.4 million (H1 2015: €0.11 million), an increase of over 250%. Total income (which includes grants given to the Company) in the period saw a year-on-year increase of 62%. The Company is focusing resources and efforts on commercial and applications development, rather than trying to submit grants not perfectly aligned with the Company's strategy.

Loss per share amounted to €0.15 (H1 2015: loss per share of €0.06; FY 2015: loss per share of €0.22). The loss per share adjusted for the P&L IPO costs and fair value movement of the embedded derivative was €0.09.

An investment in tangible and intangible assets of €0.1 million (H1 2015: €0.36 million) was incurred in the period, mainly relating to the development of products and production process, IP activity and the acquisition of new equipment. The Company envisages a sharp increase in investments in Q4 2016.

Immediately after Admission and before the Brexit referendum, £7.5 million of the IPO proceeds was converted to €9.5 million (based on an average exchange rate of £1:€1.26) as the costs of the Italian subsidiary are in Euros. The remaining amount of approximately £3.5 million is to manage expenses of the Company (such as UK advisors, LSE fees and costs related to the Board) in the UK.

As stated in the Admission Document, the fair value movement of the embedded derivative relates to the conversion option contained in convertible loan notes previously issued. The loan note holders had an option to convert at a 25% discount to the IPO listing price. The key variable was the probability (chance of success) that an IPO occurred. Just before the IPO, from a technical point of view, the Board increased the chance of success to 100%, which meant that the Company considered the whole value of the embedded derivative in its P&L. The net effect in the period is a cost equal to €1.04 million (see Note 4 to the financial statements).

Outlook

The Company has entered the second half with a good pipeline of commercial opportunities and a growing customer base. The Company therefore expects the second half to deliver an increase in sales against the first half.

Directa Plus has a number of joint development and commercial arrangements in place, and several others under negotiation, with large global companies that are attracted by the Company's proven ability to enhance products and provide clear market differentiation and leadership. In the textile market, the enhanced performance and the non-toxic nature of Directa Plus' products have attracted the attention of global clothing manufacturers and the Company is already working with those companies to provide them with a bespoke solution. The launch and development of end-products is subject to the sales cycle of customers, which is proving to be longer than the Company initially anticipated and, as a result, the Company now expects orders from the textile market to ramp up from next year.

In the Elastomer and Composite markets, the Company expects to continue its relationship with Vittoria. Additionally, in the Composite market, the Company expects to see a commercial launch of at least one new product into the market this year and is working on similar projects for launch in 2017.

As stated at the time of Admission, given the Company's size, joint ventures are a key part of the Company's strategy to expand its pipeline of opportunities. Discussions continue with potential partners across the Company's target markets and, together with Vittoria, its joint venture partner in Asia, the Company continues to explore the opportunity to expand its existing arrangements to widen the sphere of commercial opportunities within the Far East markets.

Post-IPO, the Company has made good progress with its vision of building a manufacturing plant in Thailand to service the customers in Asia. At its headquarters in Italy, the Company has started to build a large Application Development Area, which will enable the Company to work closely with its customers to produce the most suitable G+ materials for them, thereby reducing the time it takes for the Company's customers to launch their end-user products in the market.

The Company has seen a growth in activity and interest in each of its current target markets and progress has been made on many fronts, but the entry into the market of end products is subject to the customers' own development and sales cycles. In addition, whilst conversations on sales of Grafysorber® remain encouraging and the Company is optimistic of receiving orders in the current financial year, given the timing to deliver units, the revenue recognised from such sales is likely to fall into 2017. Whilst this will have a consequential impact on expectations for the year, the Board feels confident that the Company is well positioned to capture the increased opportunities it is seeing in its target markets and is looking forward to the future with optimism.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

In euro	Note	(Unaudited) 30 Jun 2016	(Unaudited) 30 Jun 2015	31 Dec 2015
Continuing operations				
Revenue		403,303	112,644	1,392,232
Other income		37,659	159,740	315,977
Changes in inventories of finished goods and work in progress		79,897	-	(1,832,246)
Raw materials and consumables used		(80,766)	(54,687)	(342,209)
Employee benefits expenses		(881,686)	(271,266)	(895,769)
Depreciation and amortisation		(263,892)	(211,539)	(492,140)
Other expenses		(1,056,572)	(836,236)	(1,379,124)
Results from operating activities		**(1,762,057)**	**(1,101,344)**	**(3,233,279)**
Fair value movement on embedded derivative		(1,039,473)	-	(706,525)
Finance income		1,393	810	7,032
Finance expenses		(983,984)	(197,621)	(434,708)
Net finance costs		**(2,022,064)**	**(196,811)**	**(1,134,201)**
Loss before tax		**(3,784,123)**	**(1,298,155)**	**(4,367,480)**
Tax expense		-	-	-
Loss after tax		**(3,784,123)**	**(1,298,155)**	**(4,367,480)**
Loss from continuing operations		**(3,784,123)**	**(1,298,155)**	**(4,367,480)**
Loss of the period		**(3,784,123)**	**(1,298,155)**	**(4,367,480)**
Other Comprehensive income				
Items that will not be reclassified to profit or loss				
Defined Benefit Plan remeasurement gains and losses		(6,156)	12,464	8,563
Other comprehensive income for the year (net of tax)		**(6,156)**	**12,464**	**8,563**
Total comprehensive income for the year		**(3,790,279)**	**(1,285,691)**	**(4,358,917)**
Earning per share				
Basic earnings per share	5	(0.15)	(0.06)	(0.22)
Diluted earnings per share	5	(0.15)	(0.06)	(0.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

In euro	Note	(Unaudited) 30 Jun 2016	(Unaudited) 30 Jun 2015	31 Dec 2015
Assets				
Intangible assets		1,758,255	1,641,445	1,819,115
Property, plant and equipment		1,118,364	981,906	1,224,336
Other investments		52	52	52
Non-current assets		**2,876,671**	**2,623,403**	**3,043,503**
Inventories		192,800	1,976,341	112,903
Trade and other receivables		1,710,586	563,011	1,305,214
Prepayments		63,663	-	35,659
Cash and cash equivalent		13,054,160	3,041,753	2,031,650
Current assets		**15,021,209**	**5,581,105**	**3,485,426**
Total assets		**17,897,879**	**8,204,508**	**6,528,929**

In euro	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
Equity				
Share capital	2	142,628	503,100	503,100
Share premium	3	19,973,996	3,885,816	3,885,816
Legal reserve		566	566	566
Capital reserve		(4,617,092)	(1,920,299)	(1,920,299)
Other reserve		4,325,467	2	2
Remeasurement gains/losses		(2,597)	14,507	5,894
Share option reserve		19,409	-	-
Result for the period		(3,784,123)	(1,298,155)	(4,367,480)
Total equity		**16,058,254**	**1,185,537**	**(1,892,401)**
Liabilities				
Loans and borrowings		572,753	5,926,617	688,821
Employee benefits		208,877	148,776	170,952
Deferred tax liability		-	-	-
Non-current liabilities		**781,630**	**6,075,393**	**859,773**
Loans and borrowing		250,271	199,308	6,082,915
Embedded derivative	4	-	-	706,525
Trade payables		380,141	236,850	345,713
Other payables		125,078	440,489	176,007
Accruals and deferred income		302,505	66,932	250,397
Current liabilities		**1,057,995**	**943,579**	**7,561,557**
Total liabilities		**1,839,625**	**7,018,972**	**8,421,330**
Total equity and liabilities		**17,897,879**	**8,204,509**	**6,528,929**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

In euro	Share capital	Share premium	Legal reserve	Capital reserve	Other reserves	Remeasurement gains/ losses	Share option reserve	Result of period	Total
At 1 January 2015	**503,100**	**3,885,816**	**566**	**(1,019,848)**	**2**	**(2,669)**		**(900,451)**	**2,466,516**
Loss reclassified				(900,451)				900,451	
Total comprehensive loss for the period								(1,298,155)	(1,298,155)
Total comprehensive income for the period						17,176			17,176
At 30 June 2015 (Unaudited)	**503,100**	**3,885,816**	**566**	**(1,920,299)**	**2**	**14,507**		**(1,298,155)**	**1,185,537**
Loss reclassified				(1,298,155)				1,298,155	
Total comprehensive loss for the period								(3,069,325)	(3,069,325)
Total comprehensive income for the period						(8,613)			(8,613)
At 31 December 2015	**503,100**	**3,885,816**	**566**	**(3,218,454)**	**2**	**5,894**		**(3,069,325)**	**(1,892,401)**
Loss reclassified				(3,069,325)				3,069,325	
Total comprehensive income for the year									
Loss for the year								(3,784,123)	(3,784,123)
Share reduction	(439,649)				439,649				
Cancellation of share premium account		(3,885,816)			3,885,816				
Expenditure relating to the raising of shares		(1,960,652)							(1,960,652)
Initial public offering – new shares	55,987	16,739,965							16,795,952
Initial public offering – convertible loans	23,190	5,194,683							5,217,873
Share-based payment reserve							19,409		19,409
Convertible loan – embedded derivative				1,670,687					1,670,687
Total other comprehensive income						(8,491)			(8,491)
At 30 June 2016 (Unaudited)	**142,628**	**19,973,996**	**566**	**(4,617,092)**	**4,325,467**	**(2,597)**	**19,409**	**(3,784,123)**	**16,058,254**

CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2016

	(Unaudited) 30 Jun 2016	**(Unaudited) 30 Jun 2015**	**31 Dec 2015**
Loss for the year	(3,784,123)	(1,298,155)	(4,367,480)
Adj for:			
Depreciation	133,682	101,245	238,646
Amortisation of intangible assets	130,211	110,294	253,494
Write off inventories	-	-	1,902,129
Fair value movement on derivative	1,039,473	-	706,525
Share based option payment cost	19,409	-	-
Finance income	(1,393)	(810)	(7,032)
Finance expense	983,984	197,621	434,708
	(1,478,757)	(889,805)	(839,010)
Changes in:			
- inventories	(79,897)	-	(38,691)
- trade and other receivables, prepayments	(433,374)	26,166	(764,012)
- trade and other payables, deferred income/revenue	35,606	237,788	280,305
- provisions and employee benefits	29,434	2,785	31,169
Cash used in operating activities	**(1,926,988)**	**(623,066)**	**(1,330,239)**
Interest paid	(47,420)	(16,113)	(24,500)
Net cash used in operating activities	**(1,974,408)**	**(639,179)**	**(1,354,739)**
Cash flows from investing activities			
Interest received	1,393	810	-
Investment in intangible assets	(69,350)	(252,996)	(573,866)
Proceeds from sale of property, plant and equipment	-	-	-
Acquisition of property, plant and equipment	(27,710)	(109,428)	(221,059)
Net cash used in investing activities	**(95,667)**	**(361,614)**	**(794,925)**
Cash flows from financing activities			
Proceeds from IPO	14,835,299	-	-
Drawdown of financial debt	-	2,472,161	2,745,011
Repayment of borrowings	(960,414)	-	(134,082)
Net cash generated from financing activities	**13,874,885**	**2,472,161**	**2,610,929**
Net increase in cash and cash equivalent	**11,804,810**	**1,471,368**	**461,265**
Effect of exchange rate changes	**(782,300)**	-	-
Cash and cash equivalents at beginning of the period	**2,031,650**	**1,570,385**	**1,570,385**
Cash and cash equivalents at end of the period	**13,054,160**	**3,041,753**	**2,031,650**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2016

1. Basis of preparation

(a) Statement of compliance

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006.

The financial information for the six months ended 30 June 2016 is unaudited. In the opinion of the directors, the financial information for the period fairly represents the financial position of the Group. Results of operations and cash flows for the period are in compliance with International Financial Reporting Standards as adopted by the EU ('EUIFRS'). The accounting policies, estimates and judgements applied are consistent with those disclosed in the admission document released on 24 May 2016. These financial statements should be read in conjunction with the historical financial information for 31 December 2015 published in the admission document.

All financial information is presented in Euro, unless otherwise disclosed.

The Directors of the Company approved the financial information included in the results on 20 September 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Euro ('€') and is considered by the Directors to be the most appropriate presentation currency to assist the users of the financial statements. The functional currency of the Company and operating subsidiary is Euro ('€').

(d) Going concern

After making enquiries the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements

2. Share Capital

In euro	Number of ordinary shares	Share capital
At 1 January 2015	**503,100**	**503,100**
At 30 June 2015	**503,100**	**503,100**
At 31 December 2015	**503,100**	**503,100**
Share reduction on 25 April 2016	-	(439,649)
Share sub-division on 19 May 2016	19,620,900	-
Issued on 27 May 2016	24,088,827	79,177
At 30 June 2016	**44,212,827**	**142,628**

On 25 April 2016, the issued ordinary shares were redenominated from EUR to GBP into an aggregate nominal value of £398,908, comprising of 503,100 ordinary shares of £0.7929 each, at the spot rate of exchange of 0.7929. The aggregate nominal value of the issued ordinary shares was then reduced to £50,310, compromising of 503,100 ordinary shares of £0.10 each.

On 19 May 2016, each ordinary share of £0.10 in the issued share capital of the Company was sub-divided into 40 ordinary shares resulting in 20,012,400 shares of £0.0025 each.

On 27 May 2016, 24,088,827 ordinary shares with a nominal value of £0.0025 each were issued at the Company's initial public offering. 7,055,493 shares were issued through the exercise of convertible loan notes and 17,033,334 were issued to institutional and other investors.

3. Share Premium

In euro	**Share premium**
At 1 January 2015	**3,885,816**
At 30 June 2015	**3,885,816**
At 31 December 2015	**3,885,816**
Cancellation of share premium account on 25 April 2016	(3,885,816)
Shares issued on 27 May 2016	21,934,648
Expenditure relating to the raising of shares	(1,960,652)
At 30 June 2016	**19,973,996**

On 25 April 2016, the share premium account of the Company was cancelled and the amount of the 3,885,816 was credited to a distributable reserve.

On 27 May 2016, 24,088,827 ordinary shares with a nominal value of £0.0025 each were issued at the Company's IPO. 17,033,334 were issued to institutional and other investors at an issue price of £0.75 per share. 7,055,493 shares were the exercise of convertible loan notes issued at the IPO issue price of £0.75 per share less a 25% discount, resulting in an issue price of £0.5625 per share.

The effect on equity of the 17,033,334 shares issued at the IPO in GBP and reported in EUR is summarised below. Expenditure of €1,960,652 relating to the raising of shares has been deducted from the share premium.

	Gross GBP	**Expenses GBP**	**Net GBP**	**Gross EUR**	**Expenses EUR**	**Net EUR**
Share Capital	42,583			55,987		
Share Premium	12,732,418			16,739,964		
Total Equity	12,775,001	(1,491,272)	11,283,729	16,795,951	(1,960,652)	14,835,299
Rounding (million)	**12.8**		**11.3**	**16.7**		**14.8**

4. Convertible Loan Notes

In euro	Convertible loans	Fair value movement embedded derivative	Embedded derivative liability	Equity relating to converted shares	Gain on conversion
At 31 December 2015	**(5,981,799)**	**(706,525)**	**(706,525)**	**-**	**-**
Fair value movement on embedded derivative to 27 May 2016	-	(1,312,119)	(1,312,119)	-	-
Share issue on 27 May 2016	5,142,563	-	2,018,644	(5,217,874)	1,943,333
Gain on non-conversion of convertible loans on 27 May 2016		272,646			
Repaid to non-converters	839,236	-	-	-	-
At 30 June 2016	**-**	**(1,039,473)**	**-**	(5,217,874)	1,943,333

The proceeds received on issue of the Group's convertible loans are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The Group's convertible loan notes do not contain an equity component.

Derivatives embedded in host debt contracts, such as convertible loan notes, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. A comprehensive disclosure was made in the admission documents regarding embedded derivatives.

The loan note holders had an option to convert at a 25% discount to the IPO listing price. This breaks the fixed for fixed conversion under IAS 39 and has therefore been fair valued as an embedded derivative with changes in fair value recognised in profit or loss. The key variable contained in the fair valuation is the probability that the IPO will occur and the conversion option becomes exercisable.

As at 31 December 2015 management had reassessed the fair value of the embedded derivative and the chance of a successful IPO resulting in fair value movement of €706,525.

As at 27 May 2016, after the successful IPO the embedded derivative was updated to reflect a 100% chance of success and the embedded derivative extinguished on the issue of shares.

86% of convertible loan note holders opted for conversion, with convertible loan value extinguished on the issue of shares, and 14% opted for cash repayment of their convertible loan value.

When extinguishing the convertible loan and embedded derivative liabilities, the Company recognised a gain of €1,943,333. The 86% gain of €1,670,687, relating to holders opting to conversion has been taken to retained earnings to match against the previous expense. The gain of €272,646 relating to the 14% opting for cash repayment has been realised in the consolidated statement of comprehensive income for the period under fair value movement on embedded derivative resulting in no loss of shareholder value.

5. Earnings Per Share

The earnings per share calculations for 30 June 2016 are influenced by the large change in the number of ordinary shares during the period. This is due the share sub-division which occurred on 19 May 2016, dividing each share into 40 new shares and increasing the number of shares by 19,620,900, and the IPO on 27 May 2016, which resulted in 24,088,827 new shares. The earnings per share have been calculated using the weighted average of ordinary shares. In order for the calculations of basic and diluted earnings per share for all periods presented to be comparable, the weighted number of ordinary shares has been adjusted retrospectively to reflect the sub-division. The Company was loss making for all periods presented. Therefore the dilutive effect of share options has not been taken account of in the calculation of diluted earnings per share, since this would decrease the loss per share for each of the period reported.

	Change in number of ordinary shares	Total number of ordinary shares	Days	Weighted number of ordinary shares
At 1 January 2015	**-**	**503,100**		**20,124,000**
At 30 June 2015	**-**	**503,100**		**20,124,000**
At 31 December 2015	**-**	**503,100**		**20,124,000**
Existing shares	-	503,100	140	15,480,000
Share sub-division on 19 May 2016	19,620,900	20,124,000	8	884,571
Issued on 27 May 2016	24,088,827	44,212,827	34	8,259,539
At 30 June 2016	**43,709,727**	**44,212,827**	**182**	**24,624,111**