28 February 2018

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

Kin Group Plc ("Kin" or "the Company")

Final Results for Year Ended 31 December 2017

Kin Group today announces its final audited results for the year ended 31 December 2017. The Annual Report and Accounts for the year ended 31 December 2017 will be published on the Company's website - www.kingroupplc.com today and copies will be posted to those shareholders entitled to the same as soon as practicable.

Highlights

- Approval and completion of the Creditors Voluntary Arrangement in November 2017;
- Placing which raised £1million before expenses;
- Company now a Rule 15 cash shell seeking a reverse takeover; and
- Cash as at 31 December 2017 was £836,000 (2016: £8,000).

The Company does not intend to convene its Annual General Meeting at this time. A further announcement will be made when Notice to convene the Company's 2018 AGM is posted to shareholders.

For further information please contact:

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Chairman's statement

Overview

Kin Group Plc became a "*Rule 15 Cash Shell*" under Rule 15 of the AIM Rules on 30 August 2017. A new Board was appointed on 15 November 2017 on completion of a company voluntary arrangement for a composition in satisfaction of the Company's debts ("CVA") and a placing to raise a further £1m before expenses (the "Placing"). Since then the Directors have had discussions with numerous businesses interested in obtaining a listing through a reverse takeover ("RTO") as required by AIM Rule 15.

The Board are confident that the Company will deliver an exciting RTO for shareholders to consider in the next few months and is focusing its efforts on businesses with a credible high growth strategy primarily in the technology, software, media and IT sectors to maximise shareholder value. The Company has rejected a number of potential acquisitions, but is currently in on-going discussions with a number of businesses in the software sector and continues to receive approaches from interesting businesses.

2017 was a year that started with promise and a placing which raised £1million (before expenses) for the Company in January. However poor first half trading and the withdrawal of the Group's Loan Note facility with Belastock Capital L.P. ("Belastock") in July, resulted in the Group's principal trading subsidiary, Kin Wellness Limited ("Kin Wellness"), being placed in administration and selling its business and assets. The Company became an AIM Rule 15 Cash Shell and subsequently undertook the CVA and placing.

The CVA and Placing and a reorganisation of the Company's share capital were completed on 15 November and Anna Gudmundson, Richard Goodlad, Mark Ollila and Heidi Steiger resigned from the Board. Simultaneously John Taylor and Lindsay Mair joined the Board and the Board spent the last six weeks of the year looking at new businesses with which to conduct a RTO.

First Half Trading

The then Group was encouraged by the growing number of meetings, presentations and exhibitions it made in the "wellness" market during early 2017 although the Directors were disappointed that the first half of the year produced sales in the B2B sector of only £104,000.

As the Group's strategic partners had not delivered the results expected by the Directors, the Group rolled out a direct to client market entry strategy during first half of 2017, creating a significant increase in key pipeline metrics. However, given the long sales lead times, the Group's first half results did not reflect this greatly increased activity and the Group's growing pipeline of prospective clients.

Working Capital

On 15 May the Company announced that it had agreed to issue convertible unsecured loan notes to raise up to £1.125 million (before expenses) ("Notes"), to Belastock, an overseas based institutional investor. The Notes were to be issued at a 10% discount to nominal value in up to four tranches. The Company was also to issue Belastock a warrant for each share arising on conversion. The first £350,000 nominal of Notes was issued on 15 May, the net proceeds of which were £297,500.

The issue of subsequent tranches of Notes was conditional upon, among other things, a closing bid price threshold which was breached at the close of business on 12 June. Following discussions Belastock confirmed its ongoing support for the Company as announced on 13 June. The second tranche of Notes was due to be issued in mid-July.

On 18 July 2017 the Company announced that Belastock was not going to proceed with the three further tranches of the Notes which would have raised £765,000 (net) for the Company over the following four months. The Notes were a key part of the Company's plans for short term development capital and the withdrawal of this support meant the Company suffered a significant and unexpected shortfall in its available working capital. Consequently the Company suspended trading in its shares on AIM, pending clarification of its financial position.

The Board immediately attempted to secure replacement funding. Despite there being interest from a number of parties, the Directors could not procure a solution enabling the Group to continue in business. Although the Company was experiencing healthy interest in the Group's products, the Directors concluded that the length of time required to convert potential customers into sales had proved too long for the working capital resources available to the Group.

Administration and sale of Kin Wellness business

Kin Wellness then actively sought a purchaser for its business. To facilitate a sale of its business as a going concern, Kin Wellness appointed administrators with effect from 30 August 2017.

On 8 September 2017 the administrators completed the sale of the business and certain assets of Kin Wellness to SMG Investment Holdings Pty Limited, an Australian company based in Brisbane, for an aggregate cash consideration of £50,000.

AIM Rule 15

As a result of the appointment of administrators to Kin Wellness, the Company became a "Rule 15 Cash Shell" under Rule 15 of the AIM Rules on 30 August 2017.

Within six months of becoming a Rule 15 Cash Shell, the Company must make an acquisition or acquisitions which constitute(s) a reverse takeover under AIM Rule 14. If it does not do so, the London Stock Exchange will suspend trading in the Company's AIM securities pursuant to AIM Rule 40. The London Stock Exchange will cancel the admission of the Company's AIM securities pursuant to AIM Rule 41 where they have been suspended from trading for six months.

Creditors Voluntary Arrangement

On 5 October 2017 the Directors proposed a CVA. The CVA was approved by creditors on 23 October and by shareholders on 24 October. The Company received aggregate claims from creditors amounting to £2,302,003. Pursuant to the terms of the CVA and following the Consolidation (see below) the Company issued 4,604,006 New Ordinary Shares of 0.5p credited as fully paid at 50p per share to those creditors who made claims.

Placing

Simultaneously with the CVA and following the Consolidation (see below) the Company raised a further £1 million before expenses by placing 20,000,000 New Ordinary Shares of 0.5p at 5p per share ("Placing Shares"). In addition the Company issued 5,000,000 Warrants to the subscribers for the Placing Shares, being one Warrant for every four Placing Shares subscribed, exercisable at a price of 20p per warrant at any time up to three years from admission of the New Ordinary Shares to trading on AIM ("Admission").

The Company also issued warrants to its broker, Peterhouse and the Directors to subscribe for an aggregate of 10% of the enlarged issued ordinary share capital upon Admission exercisable at 5p per share at any time during the 12 months following Admission.

Capital Restructuring - Subdivision and Consolidation

In conjunction with the Placing, on 24 October the Company sub-divided its ordinary shares of 0.01p into ordinary shares of 0.0001p and C deferred shares of 0.0099p which, due to the rights attaching to them, have no economic value.

On 26 October 2017 the Company proposed to consolidate every 5,000 ordinary shares of 0.0001p into one New Ordinary Share of 0.5p ("New Ordinary Share") (the "Consolidation"). The Consolidation was approved by shareholders on 13 November 2017.

Those shareholders with fewer than 5,000 ordinary shares on 13 November 2017 ceased to be shareholders of the Company while those holding more than 5,000 ordinary shares, but a number not exactly divisible by 5,000, had their holdings rounded down to the nearest whole number of New Ordinary Shares.

Lifting of Suspension

The Company obtained a lifting of the suspension in trading in its shares and Admission at 8am on 15 November which also formally completed the Placing and CVA.

New Board

On Admission Anna Gudmundson, Richard Goodlad, Heidi Steiger and Mark Ollila resigned from the Board. Donald Stewart remained on the Board as Chairman and John Taylor and Lindsay Mair both joined the Board as Non-Executive Directors.

Financial Summary

Overall, total comprehensive loss for the year significantly decreased to £384,000 (2016: loss of £2,914,000), an 86.8% decrease on prior year. This is mainly due to the surplus as a result of the CVA of £2,281,000.

Current assets increased to £918,000 (2016: 70,000). Cash as at 31 December 2017 was £836,000 (2016: £8,000).

Trade payables at the year-end decreased to £104,000 (2016: £178,000) due to timing differences on when invoices were paid around the year end and due to the decreased activity.

Overall, at the year-end, net and total assets were £814,000 (2016: negative £927,000) and £918,000 (2016: £1,241,000), respectively.

Outlook

Since 15 November, when the new Board was appointed, the Company has had discussions with numerous businesses interested in obtaining a listing through a reverse takeover ("RTO").

The Board is focusing its efforts on businesses with a credible high growth strategy in the technology, software, media and IT sectors to maximise shareholder value. As well as exploiting the Directors' and the Company's advisers' knowledge and connections, the Company continues to receive unsolicited approaches from interested businesses.

The Company has rejected a number of potential acquisitions, but is currently in on-going discussions with a number of businesses in the software sector and continues to receive approaches from interesting businesses.
The London Stock Exchange is expected to suspend trading in the Company's ordinary shares on AIM pursuant to Rule 15 of the AIM Rules at 7.30 am on 1 March 2018. In the event that no reverse takeover is completed by 30 August 2018, the London Stock Exchange will cancel the admission of the Company.

The Board remain confident that the Company will deliver a transformational RTO for shareholders to consider before 30 August 2018.

Donald Stewart
Chairman
27 February 2018

Statement of comprehensive income

for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Gross profit		-	-
Operating and administrative expenses - normal	4	(231)	(292)
Operating and administrative expenses - exceptional	5	(117)	(2,421)
Operating loss		(348)	(2,713)
Finance costs	7	(36)	(201)
Loss before taxation		**(384)**	**(2,914)**
Taxation	8	-	-

Loss for the year and total comprehensive expense		**(384)**	**(2,914)**
Loss per share - basic and diluted (pence)	3	(0.02)	(0.00)

Statement of financial position

as at 31 December 2017

	Note	31 December 2017	31 December 2016
		£'000	**£'000**
Non-current assets			
Investments	9	-	1,171
		-	1,171
Current assets			
Trade and other receivables	10	82	62
Cash and cash equivalents	11	836	8
		918	70
Total assets		918	1,241
Non-current liabilities			
Borrowings	13	-	(1,915)
		-	(1,915)
Current liabilities			
Trade and other payables	12	(104)	(178)
Borrowings	13	-	(75)
		(104)	(253)
Total liabilities		(104)	(2,168)
Net assets/(liabilities)		**814**	**(927)**
Equity			
Share capital	14	4,417	3,764
Share premium	14	15,010	13,543
Retained deficit	14	(18,618)	(19,292)
Share-based payment reserve	15	-	1,058
Warrant reserve	15	5	-
Total equity		**814**	**(927)**

The financial statements were approved by the board of Directors on 27 February 2018 and signed on its behalf by:

Donald Stewart
Chairman of Kin Group Plc

Statement of cash flows
for the year ended 31 December 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Loss after taxation	(384)	(2,914)
Adjustments for:		
Directors' remuneration waived	52	-
Share-based payments	3	(125)
Finance expense	36	201
CVA surplus	(2,281)	-
Cash flows from operating activities before changes in working capital and provisions	(2,574)	(2,838)
(Increase)/decrease in trade and other receivables	(20)	11
Increase in trade and other payables	2	16
Impairment of intercompany	1,156	2,546
Impairment of investment	1,171	-
Net cash generated by/(used in) operations	**(265)**	**(265)**
Cash flow from investing activities		
Inter-company loans advanced	(1,156)	(2,546)
Net cash flow used in investing activities	**(1,156)**	**(2,546)**
Cash flow from financing activities		
Issue of ordinary shares for cash	2,000	1,535
Costs directly related to issue of shares	(126)	(157)
Loan advances	375	1,076
Finance expense	-	(91)
Net cash generated from financing activities	**2,249**	**2,363**
Increase/(decrease) in cash and cash equivalents in the year	**828**	**(448)**
Cash and cash equivalents at beginning of year	8	456
Cash and cash equivalents at the end of the year	**836**	**8**

Notes to the financial statements

1 General information

Kin Group Plc (the "Company") became a "Rule 15 Cash Shell" under Rule 15 of the AIM Rules for Companies ("AIM Rules") on 30 August 2017 as a result of the appointment of administrators to Kin Wellness Limited, the Company's principal trading subsidiary.

Within six months of becoming a Rule 15 Cash Shell, the Company must make an acquisition or acquisitions which constitute(s) a reverse takeover under AIM Rule 14. If it does not do so, the London Stock Exchange will suspend trading in the Company's AIM securities pursuant to AIM Rule 40. The London Stock Exchange will cancel the admission of the Company's AIM securities pursuant to AIM Rule 41 where they have been suspended from trading for six months.

The London Stock Exchange is expected to suspend trading in the Company's ordinary shares on AIM pursuant to Rule 15 of the AIM Rules at 7.30 am on 1 March 2018. In the event that no reverse takeover is completed by 30 August 2018, the London Stock Exchange will cancel the admission of the Company's ordinary shares to trading on AIM pursuant to Rule 41 of the AIM Rules.

The Company is a public limited company which is admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

The registered number of the Company is 04466195.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2017 or 2016, but is derived from those accounts. Statutory accounts 2016 have been delivered to the Registrar for Companiesand those for 2017 will be delivered following the Company's Annual General Meeting. The audit report for the year ended 31 December 2017 was unqualified, did not draw attention to any matters by way of emphasisi and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

The Annual Report and Accounts for the year ended 31 December 2017 will be published on the Company's website - www.kingroupplc.com today and copies will be posted tothose shareholders entitled to the same as soon as practicable.

2 Basis of preparation and significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act applicable to companies reporting under IFRS.

These financial statements have been prepared under the historical costs convention, as modified for the fair value of certain financial instruments.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue trading for the foreseeable future.

New standards, amendments and interpretations

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted by the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below and based on a preliminary assessment the Company believes that their adoption will not have a significant impact on its results or financial position.

The following standards have been endorsed by the EU but are effective subsequent to year-end:

- IFRS 15 "Revenue from Contracts with Customers" (effective in accounting periods beginning 1 January 2018)

IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This supersedes IAS 18 Revenue and the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company has considered the implications of IFRS 15 to have an immaterial impact.
The EU does not yet endorse the following standards/amendments to standards:

- IFRS 16 "Leases"

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The Company has considered the implications of IFRS 16 to have an immaterial impact.

- IFRS 2 "Share-based payments"

There are a number of changes and clarifications affecting IFRS 2, including various clarifications emphasising that vesting conditions, other than market conditions, are taken into account in determining the number of instruments expected to vest and not in determining the values of the individual instruments.

- IAS 12 "Income taxes"

This clarification is intended to reduce the diversity in practice in the accounting for deferred tax assets arising on unrealised losses. The amendments clarify that in order to compute a temporary difference, the carrying amount is carrying amount is compared to its tax base. In doing so, the entity should not consider how the related assets will be recovered (such as through sale), or the probability that any resulting deferred tax asset will be recoverable.

- IAS 7 "Statement of Cash Flows"

This amendment arising from the disclosure initiative results in changes in liabilities arising from financing activities being analysed between five categories.

3 Loss per share

The loss per share is based upon the loss of £384,000 (2016: loss of £2,914,000) and the weighted average number of ordinary shares in issue for the year of 25,010,280 (2016: 701,905,343).

There are 7,561,028 (2016: nil) shares that could potentially be issued pursuant to the exercise of warrants as described in note 18 that will potentially dilute future earnings per share.

The 7,561,028 warrants is comprised of 5,000,000 warrants exercisable at 20p per share for three years from 15 November 2017 and 2,501,028 warrants exercisable at 5p for one year from 15 November 2017. Belastock have 60,000 warrants where one third is exercisable at 10.52p per share, one third is exercisable at 6.975p per share and the remainder is exercisable at 4.5p per share.

As the Company is loss making, in 2017 the warrants are currently anti-dilutive, and therefore basic and diluted loss per share are the same.

4 Loss for the year

	2017	2016
	£'000	£'000
The loss for the year has been arrived at after charging:		
Auditors' remuneration	**12**	19

5 Exceptional items

	2017	2016
	£'000	£'000
Share-based payment (note 17)	**3**	(125)
CVA surplus	**(2,281)**	-
CVA costs	**68**	-
Intercompany loan write off	**1,156**	2,546
Impairment of investment	**1,171**	-
Total exceptional items	**117**	2,421

The withdrawal of the then Group's Loan Note facility with Belastock Capital L.P. in July, resulted in the then Group's principal trading subsidiary, Kin Wellness Ltd, being placed in administration and selling its business and assets. Following this the Company entered into a CVA to enable it to continue trading as a Rule 15 Cash Shell.

As a result of the impairment of the investment and intercompany loans, the prior year numbers have been reclassed, with no overall effect on the Company's results or reserves.

6 Remuneration of directors

	2017	2016
	£'000	£'000
Emoluments	**157**	296
Highest paid director:		
Emoluments	**75**	192

Directors' remuneration above relates to remuneration which the directors received from any previous Group company for the periods for which they were directors. During the year, there were no directors who accrued benefits under defined contribution pension schemes (2016: 2).

The directors consider that the key management comprises the directors of the company, and their emoluments are set out below:

	2017			2016
	Salary & Fees Contractually Entitled	**Less Salary Waived**	**Salary & Fees Actually Paid**	Total
Executive Directors	**£'000**	**£'000**	**£'000**	£'000
A Gudmundson	**158**	**(83)**	**75**	192
R Goodlad	**105**	**(55)**	**50**	10
Non-Executive Directors				
D Stewart	**46**	**(26)**	**20**	52
D Turner	**-**	**-**	**-**	3
A Fisher	**-**	**-**	**-**	3
T Tarr	**-**	**-**	**-**	10
H Steiger	**7**	**(4)**	**3**	4
M Ollila	**7**	**(4)**	**3**	22
J Taylor	**3**	**-**	**3**	-
L Mair	**3**	**-**	**3**	-
Total	**329**	**(172)**	**157**	296

	2017	2016
Average number of directors and employees	**4**	**5**

The unpaid salaries of the board were dealt with within the CVA.

7 Finance costs

	2017	2016
	£'000	£'000
Other interest payable	**7**	-
Interest payable on loan from major shareholder	**29**	201
Total finance expenses	**36**	201

8 Taxation

Reconciliation of effective tax rate

Tax assessed for the year is lower than (2016: lower than) the standard rate corporation tax of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£'000	£'000
Loss before tax	**(384)**	(2,914)
Tax using the UK corporation tax rate of 19.25% (2016: 20.00%)	**(73)**	(554)
Share based payment disallowed	**3**	(125)
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	**34**	(1)
Other reconciling items	**36**	680
Total tax charge	-	-

The Company has tax losses of approximately £3,167,000 (2016: £2,783,000) to carry forward against future taxable profits. However, it is unlikely that the losses will be available to be carried forward due to a major change in trade and expected reverse acquisition.

No deferred tax asset has been recognised in relation to the trading losses available for offset against future taxable profits. The Company has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

9 Investments

	Investments in subsidiaries £'000
Cost	
At 1 January 2017 and 31 December 2017	1,171
Impairment	
At 1 January 2017	-
Charge	(1,171)
At 31 December 2017	(1,171)
Net book value	
At 31 December 2017	-
At 31 December 2016	1,171

The companies in which the Company had an interest in, which were written off during the year, were:

Name	**Country of incorporation**	**Principal activity**	**Percentage of shareholding**
Kin Wellness Ltd (formerly Fitbug Ltd) (in administration)	England & Wales	Provision of online health and well-being services	100%
Fitbug Inc.	United States	Provision of online health and well-being services	100%

The accounts are not prepared on a consolidated basis as Kin Group does not have control over its subsidiary due to Kin Wellness Ltd being in administration. The shareholding in Fitbug Inc. is held indirectly through Kin Wellness Ltd.

The impairment charge in the accounts relates to the two investments, Kin Wellness Ltd and Fitbug Inc.. Please refer to note 5 above for further details.

10 Trade and other receivable

	2017 £'000	2016 £'000
Prepayments and accrued income	**10**	7
Other debtors	**72**	55
	82	62

11 Cash and cash equivalents

	2017	2016
	£'000	£'000

Cash and cash equivalents	**836**	8

12 Trade and other payables

	2017 **£'000**	2016 £'000
Trade payables	**71**	23
Other payables	**4**	-
Taxation and social security	**1**	-
Accruals and deferred income	**28**	155
	104	178

13 Borrowings

	2017 **£'000**	2016 £'000
Shareholder loans	**-**	1,915
Directors' loans	**-**	75
	-	1,990

The loans owed to the shareholders and the directors were settled in full by way of shares issued pursuant to the CVA.

During the year, the Company secured up to £1,125,000 worth of funding (before expenses) via a convertible loan agreement with Belastock Capital L.P. They were issued at a 10% discount to nominal value in up to four tranches. If the Notes are converted into new ordinary shares in the Company, the Company will also issue the Investor with one warrant for each Conversion Share.

The first tranche of Notes has a nominal amount of £350,000 and a subscription price of £315,000 and the second, third and fourth tranches each have a nominal amount of £300,000 and a subscription price of £270,000.

Each Warrant may be exercised within three years from 15 May 2017 at the lesser of (a) 90% of the lowest closing bid price for the Company's ordinary shares for the three consecutive trading days ending prior to service of the relevant exercise notice and (b) 125% of the price at which the relevant Notes were converted into Conversion Shares resulting in such Warrant becoming exercisable.

One of the conditions attaching to the issue of subsequent Notes, which can be waived by Belastock, is that the closing bid price of the Company's ordinary shares falls below £0.001 (0.1 pence) for any five (5) consecutive trading days on or prior to the relevant issue date, otherwise the funding would be withdrawn.

Belastock converted £225,000 Notes into 300,000,000 ordinary shares with a nominal value of 0.01 pence during the year. However, the funding was withdrawn in July 2017 due to failing to meet the conditions set above

14 Share capital and share premium

Allotted, called up and fully paid	**Ordinary 0.1p shares**	**Ordinary 0.01p shares**	**Ordinary 0.0001p shares**	**Ordinary 0.5p shares**	**Issue price**	**Ordinary shares**	**Share premium**
	No.	**No.**	**No.**	**No.**	£	**£'000**	£'000
At 31 December 2016	1,231,366,968				0.0825	3,764	13,543
Issue of shares for equity	500,000,000				0.002	500	500
Subtotal		1,731,366,968			-	4,264	14,043
Loan note conversion		100,000,000			0.001	10	90
Loan note conversion		100,000,000			0.0008	10	65
Loan note conversion		100,000,000			0.0005	10	40
Subtotal			2,031,366,968		-	4,294	14,238
Issue of shares for equity			3,032		0.000001	-	-
Consolidation			(2,031,370,000)		-	-	-
Consolidated amount				406,274	-	4,294	14,238
Issue of shares for equity				20,000,000	0.05	100	900
Issue of shares for equity (CVA)				4,604,006	0.05	23	-
Costs of issuing shares					-	-	(128)
As at 31 December 2017				**25,010,280**		**4,417**	**15,010**

On 2 February 2017, the Company issued 500,000,000 new ordinary shares of 0.1p each at a subscription price of 0.2p per share.

During the year, Belastock Capital converted £225,000 of Notes into 300,000,000 ordinary shares of 0.01p each at a subscription price of 0.1p, 0.075p and 0.05p per share.

On 15 November 2017, the Company issued 20,000,000 new ordinary shares of 0.5p each at a subscription price of 5p per share.

Also on 15 November 2017, the Company issued 4,604,006 new ordinary shares of 0.5p in relation to the CVA agreement.

During the year, the Company announced that each ordinary share has been subdivided from 0.1p to 0.01p to 0.0001p.

The Company issued 1,731,366,968 B deferred shares of 0.09p each on 5 May 2017 when the 0.1p ordinary shares were subdivided into 0.01p ordinary shares. This class of deferred shares do not have voting rights attached and are not entitled to dividends.

The Company issued 2,031,366,968 C deferred shares of 0.0099p each on 24 October 2017 when the 0.1p ordinary shares were subdivided into 0.0001p ordinary shares. This class of deferred shares do not have voting rights attached and are not entitled to dividends.

Furthermore, on 13 November 2017 the Company issued an additional 3,032 ordinary shares of 0.0001p and reorganised its share capital so that every 5,000 ordinary shares of 0.0001p were consolidated into one New Ordinary Share of 0.5p each. This consolidation was completed prior to the issue of 20m shares to raise £1m before expenses and 4.6m shares to satisfy claims pursuant to the CVA.

Holders of the ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Retained deficit: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity shareholders of the Company.

Share-based payment reserve: The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Warrant reserve: The warrant reserve comprises the cumulative expense representing the extent to which the vesting period of warrants has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

15 Share-based payment

Options

The Company operates two equity-settled share-based remuneration schemes for employees, one is the Enterprise Management Inventive ("EMI") Scheme and the other is an unapproved scheme for executive directors and certain senior management.

A condition attached to both schemes is for the option holder to remain in employment until exercised otherwise the options become forfeited. In addition, the options will lapse if the individual does not exercise the options within 10 years.

	2017		2016	
		Weighted Average		Weighted Average
	Number	**Exercise Price**	Number	Exercise Price

Outstanding at the beginning of the year	**27,949**	**0.37**	1,739	9.00
Granted during the year	**2,216**	**0.33**	30,156	0.37
Forfeited/waived during the year	**(30,165)**	**0.28**	(3,946)	9.00
Total	**-**	**-**	27,949	0.37

The numbers in the above table refer to ordinary shares of 0.5p each for comparison purposes.

On 14 June 2017, H Steiger was granted 11,082,303 options over ordinary shares of 0.01p each under the unapproved scheme. The options vested over a three year period from the grant date and expired on the 10th anniversary of the grant date. The only other vesting condition was that the director remained in the Company's employment. The exercise price had three requirements, one third of the options were exercisable at 0.25p per share, one third at 0.35p per share and the remainder at 0.5p per share. As H Steiger resigned during the year, these options were subsequently forfeited. The options granted had the same conditions as the options granted last year.

The remaining unapproved and EMI options in existence in 2017 were forfeited during the year due to all employees and directors leaving the Company other than Donald Stewart who waived his remaining options.

<u>Warrants</u>

	2017		2016	
	Number	**Weighted Average Exercise Price**	Number	Weighted Average Exercise Price
Outstanding at the beginning of the year	**-**		-	-
Granted during the year	**7,501,028**	**0.55**	-	-
Forfeited/cancelled during the year	**-**		-	-
Total	**7,501,025**	**0.55**	-	-

The exercise price of the warrants outstanding at 31 December 2017 is 0.55p (2016: nil) and their weighted average contractual life was 2 years (2016: nil).

Of the 7,501,025 warrants issued, Donald Stewart holds 275,103 warrants, John Taylor holds 515,205 warrants and Lindsay Mair holds 312,603 warrants as disclosed in the Directors Remuneration Report on page 7 above.

The Black-Scholes model was used for calculating the cost of warrants. The model inputs for each of the warrants issued were:

	Belastock Warrants			**Placing Warrants**	**5p Warrants**
	30 May 2017	3 July 2017	20 July 2017	15 November 2017	15 November 2017
Share price at grant date	10.45p	7.25p	5p	5p	5p
Exercise prices	10.52p	6.98p	4.5p	20p	5p

Expected volatility	43.71%	47.08%	46.76%	52.38%	52.38%
Contractual life	3 years	3 years	3 years	3 years	1 year

The charge for the year for the share-based payment amounted to £5,000 (2016: nil), of which, £3,000 was charged to the statement of comprehensive income whilst the remaining £2,000 was charged to the share premium account.

The share-based remuneration expense (note 5 above) comprises:

	2017	2016
	£'000	£'000
Equity-settled schemes	**-**	(125)
Warrant-based	**3**	-