

*Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.*

13 September 2018

## **Remote Monitored Systems plc ("Remote Monitored Systems", the "Company" or the "Group")**

### **Half Yearly Report to 30 June 2018**

Remote Monitored Systems plc, the AIM quoted survey, inspection and monitoring company is pleased to present its unaudited half yearly report for the six-month period ended 30 June 2018.

#### **OVERVIEW**

- 47% increase in revenue to £600,330 (2017: £407,539 excluding discontinued operations)
- 72% reduction in operating loss of £199,411 (2017: £713,956)
- 39% reduction in administrative costs in continuing business in addition to reductions achieved by discontinuing training and US businesses
- 98% reduction in EBITDA loss £8,736 (2017: £514,254)
- Cash balances at the period end of £424,757 (2017: £285,898)
- Geocurve Limited ("Geocurve") is continuing to successfully transition to focus on recurring contracts and develop its reputation as an innovative industry leader
- Investment in GyroMetric Systems Limited ("GyroMetric") (and acquisition of controlling interest in September 2018)

**Trevor Brown, CEO of Remote Monitored Systems plc, commented** *"The first half of 2018 saw the benefit of the decisions taken at the end of 2017, resulting in a thorough rationalisation of the cost base and significant growth at Geocurve. Following an initial investment in April 2018, the recent acquisition of a controlling interest in GyroMetric reflects the Board's increased confidence in the prospects for GyroMetric. Strong new business prospects at Geocurve and GyroMetric allow all stakeholders to look to the future with renewed optimism. The Board continues to examine opportunities to grow both organically and through acquisition of complementary businesses and technologies which can enhance growth in shareholder value."*

#### **CHAIRMAN'S STATEMENT**

##### **Survey & Inspection**

##### **Geocurve**

During the first half of 2018 Geocurve continued to provide Survey and Inspection services to a range of major blue-chip companies and government agencies whilst allocating significant resources to the initial phase of the Thames Estuary contract.

In January 2018, Geocurve was awarded a contract to provide an innovative technology-based 3D and Virtual Reality survey service for the Environment Agency's Thames Estuary Asset Management 2100 (TEAM2100) programme, which initially provides a fixed revenue of £1.1m over three years. Approximately 40% of the Thames contract was invoiced in the period to 30 June 2018.

In April 2018, Geocurve was selected as a specialist 'UAV Survey and Inspection' Preferred Supplier by Aviva plc to provide a range of inspection and survey services to their UK customer base. This followed the successful use of Unmanned Aerial Vehicles (UAVs) to create comprehensive roof condition surveys for a set of Aviva-insured historic properties in central Edinburgh. The high definition data captured by the UAVs was processed into a complete set of geo-tagged images by Geocurve's Geo-Spatial Data Centre.

In July 2018, Geocurve commenced an initial four month contract with Hesselberg Hydro, a specialist in the application of asphalt in hydraulic engineering, and in particular systems for erosion protection, underwater scour protection and waterproofing. The contract can be extended on an indefinite basis and includes options to add extra services in the future.

Also in July 2018, Geocurve, in conjunction with Essex University, developed a room scale Virtual Reality suite. With this resource, using UAV captured imagery, 3D models can be developed by geo-referencing and stitching together many high-resolution images. This technique has widespread potential usage for environmental and industrial applications. Until now information has been displayed using 2D projections of 3D computer information, importing data into the new system permits visualisation and identification in a way not possible before. Geocurve has already provided the first Virtual Reality ("VR") deliverables to a commercial client using this technology with the results significantly exceeding expectations.

Geocurve continues to focus on the acquisition of major corporate customers and to pursue its ambition to be the UK market leader in the supply of innovative VR and Artificial Intelligence ("AI") surveying services to specialist customers on critical infrastructure projects.

The directors believe that Geocurve's skill set and its use of innovative technology has the potential to transform the practice of surveying, and reflects Geocurve's continuing transition to becoming:

1. A leading technology-based UK provider of data rich surveying services including multi-sensors and data analytics to create 3D mapping and VR imaging. Many of our existing clients are already showing considerable interest in VR applications, which are at the forefront of the survey industry's innovation drive and form a powerful addition to our market leading data capture and processing capabilities.
2. A leading provider of UAV ("drone") data collection and monitoring services specialising in over-flying sensitive and secure

installations where sophisticated piloting skills are required and equally capable on land, in water or in the air.

### GyroMetric

In April 2018 the Group made an initial investment to acquire 37% of GyroMetric, which develops and manufactures digital monitoring and safeguarding systems for rotating shafts. The Gyrometric technology uses proprietary algorithms, software and AI techniques to analyse remotely critical drive shaft performance so as to diagnose and predict drive system maintenance requirements before catastrophic damage occurs. The company's technology is proven, operating reliably in harsh environments over many years. In August 2018, the Group announced a further investment in Gyrometric, increasing its shareholding to 58%.

The GyroMetric active protection system has been certified for the marine market by IACS (International Association of Classification Societies) and ABS (American Bureau of Shipping). Working with global marine coupling supplier Vulkan GmbH, GyroMetric has over 60 systems in service which protect large marine drives and couplings, producing considerable cost savings for their ship owners.

More recently, GyroMetric has moved into monitoring and protecting wind turbines, having recently completed highly successful trials using the world's newest and most powerful offshore wind turbine drive train test facility at the Offshore Renewable Energy (ORE) Catapult at Blyth. Working with ORE Catapult's drivetrain experts, GyroMetric's technology has been tested to improve the understanding of the behaviour of the components in use, with a view to increasing the efficiency and output of wind turbines, whilst reducing the requirement for unplanned maintenance.

In addition to the company's established Incremental Motion Encoder (IME) system, GyroMetric has recently filed a patent application for a new method of measuring the axial movement of rotating shafts which matches the reliability achieved by its digital radial measurement method.

Further applications in other industrial sectors are being considered as the company works to strengthen its sales and marketing resources.

The majority investment in Gyrometric provides shareholders with meaningful participation in a unique technology which is now demonstrating clear potential to transform remote monitoring of rotating shafts in a large number of settings globally. The Group's investment in Gyrometric will continue to be developed through close operational support and involvement. We believe that Gyrometric will become a significant component of accretive shareholder value over coming months.

### Financial Review

#### Change of presentational currency to Sterling

The interim financial statements are presented in Sterling (GBP), which is considered to be the Group's functional and presentational currency.

The functional and presentational currency has been changed with effect from 1 January 2018 from US dollars to Sterling. The change in functional currency reflects the fact that the Group's training and US activities have been discontinued with the closure of all US entities almost finalised, and Geocurve is now the main trading entity within the Group. All of Geocurve's contracts are with UK customers and are invoiced in Sterling. The vast majority of the Group's expenses are now also in Sterling. Therefore, Sterling is considered to be the functional currency. The change in functional currency has been adopted prospectively from 1 January 2018.

The change in presentational currency is considered to be a change in the Group's accounting policies and has therefore been accounted for retrospectively as though the presentational currency of the Group was always Sterling. Opening equity as at 1 January 2017 has been translated at historic rates, the Statement of Comprehensive Income has been translated at average rates for 2017 and the Statement of Financial Position has been translated at the closing rate for 30 June 2017. The gains/losses arising from the changes in presentational currency have been recorded in other comprehensive income.

#### Financial Overview

During the period the Group recorded revenues of £600,330 compared with £451,842 for the six months to 30 June 2017. The operating loss for the six months to 30 June 2018 was £199,411 (Period to 30 June 2017: £713,956). Administrative expenses amounted to £346,724 (Period to 30 June 2017: £946,383), see table and the bullet points below for details in relation to the reduction in administrative expenses. The loss after tax for the period was £276,171. The loss per share (after consolidation of the share capital) was 0.14 pence (2017: loss per share after consolidation of share capital of 1.55 pence).

- The total revenue figure £600,330 for June 2018 relates to Geocurve, whereas in 2017 £407,539 was generated by Geocurve and the remaining £44,303 by the discontinued operations. Geocurve secured a £1.1m contract at the beginning of 2018 to survey the Thames. A significant investment of manpower was required to get the Thames project running successfully and efficiently; this has now been achieved and Geocurve is able to take on new projects alongside the Thames project. Approximately 40% of the Thames contract was invoiced in the period to 30 June 2018.
- Consolidated net assets at 30 June 2018 amounted to £1,153,459 (30 June 2017: £606,063).
- Cash balances at the period end amounted to £424,757 (30 June 2017: £285,898).
- During the period the Company raised £744,231 net of costs through the issue of new shares.
- Operational salaries incurred in Geocurve amounting to £182,803 have been reclassified from administrative expenses to cost of sales in 2018. When presented on a consistent basis the cost of sales for the period to 30 June 2017 were £194,156.
- Significant administrative cost reductions were achieved in comparison with 2017, both by reducing costs in the continuing operations as well as by discontinuing the training and US businesses:

	2018 (£)	2017 (restated) (£)	Reduction (£)	Reduction (%)
Salaries	116,385	177,784	61,399	34.5%
Rent, rates, office expenses	39,120	85,954	46,834	54.5%
Audit and accountancy fees	20,142	75,467	55,325	73.3%
Plc costs (broker, Nomad, PR & Marketing)	54,589	74,562	19,973	26.8%
Board costs	90,079	130,086	40,007	30.7%

Other	26,409	27,074	665	2.5%
<b>Sub Total</b>	<b>346,724</b>	<b>570,927</b>	<b>224,203</b>	<b>39.3%</b>
Salaries reclassified to cost of sales (for consistency with 2018)	-	169,842		
Costs of operations shown as discontinued in 2018	-	205,614		
<b>Total Administrative Expenses (as per statement of comprehensive income)</b>	<b>346,724</b>	<b>946,383</b>		

- The EBITDA for June 2018 was (£8,736) an improvement of 98% compared to the previous period's EBITDA of (£514,254).
- The reduction in audit and accountancy fees is due to a new Financial Planning and Control System implemented during the period.
- Depreciation increased to £51,893 (2017: £37,847) as a result of additional depreciation following the acquisition of the Pegasus 2 equipment by Geocurve at the beginning of March 2018.
- Amortisation of £138,782 is the release of goodwill arising from the acquisition of Geocurve in 2015 on a straight-line basis over 5 years.
- Impairment of £58,216 is a non-recurring item arising from the write off of intercompany balances relating to discontinued operations.
- Geocurve became the first company in the UK, and one of only a few companies in Europe, to acquire a Pegasus 2 multi-sensor surveying systems which has world leading surveying capabilities and opens up many business opportunities. The system, with an acquisition value of £0.5m, was acquired on 19 February 2018 from Academy Leasing Ltd under a finance lease arrangement over a period of 12 months and subject to an annual interest rate of 8.4%.
- 33% of the Pegasus 2 equipment finance was paid in the period ended June 2018 and Geocurve is on target to pay off the remaining finance before the end of Q1 2019. The prompt payment of finance is again part of the initiative to drive down costs - finance costs have decreased by 73% £16,540 (2017: £60,500). The finance costs in 2017 primarily relate to the interest on the Farina loan which was repaid in full during the period ended 30 June 2018.
- Borrowings eliminated (other than the remaining £333,333 related to the acquisition of the Pegasus 2 equipment).
- On 30 April 2018, Remote Monitored Systems granted a total of 100,000,000 options (5,000,000 after consolidation of share capital) to subscribe for ordinary shares in the Company ("Options") to certain employees. The Options can be exercised in whole or in part, subject to meeting revenue and profit based vesting conditions, at any time up to the fifth anniversary of grant at a price of 0.06p per option (1.2p after consolidation of share capital), subject to the overriding condition that no Option may be exercised unless the quoted price of the Company's ordinary shares is at least 2.0p.
- In April 2018, the Group announced the acquisition of 36.9% of the enlarged share capital of Gyrometric for a cash consideration of £250,000. The Gyrometric technology uses proprietary software and AI techniques to analyse remotely critical drive shaft performance to diagnose and predict drive system maintenance needs before catastrophic damage occurs. In August 2018, the Group announced a further investment of £273,600 (funded by issuing new share capital) in Gyrometric increasing the shareholding from 36.9% to 57.8%. The investment in Gyrometric provides the Group's shareholders with a stake in a new and unique technology with promising prospects. The Group's investment in Gyrometric will continue to be developed through close operational support and involvement. Gyrometric will be an important component of growth and shareholder value in the months and years ahead.

#### Consolidation of share capital

A resolution was passed at the Group's AGM on 29 June 2018 to consolidate every 20 ordinary shares of 0.01p each in the issued share capital of Remote Monitored Systems into one ordinary share of 0.2p each. Thus, with effect from 2 July 2018, there were 308,676,386 New Ordinary Shares of 0.2p each ("Shares") in issue compared with the June 2018 total of 6,173,527,709 Ordinary Shares of 0.01p. As there are no shares held in treasury, the total voting rights therefore changed from 6,173,527,709 to 308,676,386 (currently 332,467,690 following the issue of further shares on 3 September 2018). The EPS calculated as part of the condensed consolidated statement of comprehensive income reflects the consolidated share capital and the prior year EPS calculations have been adjusted for comparative purposes.

#### Acknowledgments

On behalf of the Board, I would like to extend our thanks to our business partners, customers, employees and shareholders for their continued support throughout the period.

Nigel Burton  
Non-Executive Chairman

#### ENQUIRIES:

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#### REMOTE MONITORED SYSTEMS PLC

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2018

Unaudited Unaudited  
6 months 6 months

		ended 30 June 2018	ended 30 June 2017 (restated)
	Note	£	£
Revenue		600,330	451,842
Cost of sales		(256,325)	(24,314)
<b>Gross profit</b>		<b>344,005</b>	427,528
Administration expenses		(346,724)	(946,383)
Other Gains/(Losses)		(2,646)	-
Gain/(Loss) on foreign exchange		-	4,601
Depreciation		(51,893)	(37,847)
Amortisation		(138,782)	(161,855)
Impairment		(58,216)	-
Share options and warrants		54,845	-
<b>Operating Loss</b>		<b>(199,411)</b>	<b>(713,956)</b>
Finance income		4	7
Finance costs		(16,540)	(60,500)
Share of loss of associate accounted for using the equity method		(32,260)	-
<b>Loss before income tax</b>		<b>(248,207)</b>	(774,449)
Income tax credit	6	79,532	20,881
<b>Loss after tax for the period from continuing operations</b>		<b>(168,675)</b>	(753,568)
Loss from discontinued operations (net of tax)		(107,496)	-
<b>Loss for the period</b>		<b>(276,171)</b>	(753,568)

#### Other Comprehensive Income

##### Items that may be subsequently be reclassified to profit or loss:

Currency translation difference		4,936	(6,124)
<b>Total comprehensive income for the period attributable to owners of the parent</b>		(271,235)	(759,692)

##### Earnings per ordinary share attributable to owners of the parent during the period (expressed in pence per share)

<b>Basic and diluted</b>	5	<b>(0.14)</b>	(1.55)
<b>From continuing operations - basic and diluted</b>	5	<b>(0.09)</b>	(1.55)
<b>From discontinued operations - basic and diluted</b>	5	<b>(0.05)</b>	-

#### REMOTE MONITORED SYSTEMS PLC

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		Unaudited 30 June 2018	Unaudited 30 June 2017 (restated)
	Note	£	£
<b>Non-current assets</b>			
Intangible assets		720,028	1,198,951
Property, plant and equipment	7	555,408	143,320
Investments in associates	8	217,740	-
<b>Total non-current assets</b>		<b>1,493,176</b>	1,342,271

**Current Assets**

Inventories		-	-
Trade and other receivables	9	<b>394,106</b>	238,807
Cash and cash equivalents		<b>424,757</b>	285,898
<b>Total current assets</b>		<b>818,863</b>	524,705
<b>TOTAL ASSETS</b>		<b>2,312,039</b>	1,866,976

**Equity attributable to owners of the parent**

Share capital	3	<b>4,744,163</b>	4,323,241
Share premium		<b>6,102,763</b>	4,584,242
Other reserves		<b>(307,954)</b>	(331,223)
Translation reserve		<b>160,350</b>	136,298
Retained loss		<b>(9,545,863)</b>	(8,106,495)
<b>TOTAL EQUITY</b>		<b>1,153,459</b>	606,063

**Current liabilities**

Trade and other payables		<b>623,546</b>	559,085
Borrowings		<b>333,333</b>	110,000
<b>Total current liabilities</b>		<b>956,879</b>	669,085

**Non-current liabilities**

Other payables		-	-
Borrowings		-	314,957
Convertible loans		-	-
Deferred tax liabilities		<b>201,701</b>	276,871
<b>Total non-current liabilities</b>		<b>201,701</b>	591,828
<b>TOTAL LIABILITIES</b>		<b>1,158,580</b>	1,260,913
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,312,039</b>	1,866,976

**REMOTE  
MONITORED  
SYSTEMS PLC****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended 30 June 2018

	Attributable to owners of the parent					
	Share capital	Share premium	Other reserves	Translation reserve	Retained loss	Total
	£	£	£	£	£	£
<b>As at 1 January 2017 (restated)</b>	2,743,240	4,790,405	(414,386)	142,422	(7,352,927)	(91,246)
Loss for the period	-	-	-	-	(753,568)	(753,568)
<b>Other comprehensive income for the period</b>						
Currency translation difference	-	-	-	(6,124)	-	(6,124)
<b>Total comprehensive income for the period</b>	-	-	-	(6,124)	(753,568)	(759,692)
Proceeds from shares issued (net of costs)	1,230,000	(123,000)	-	-	-	1,107,000
Share based payments	350,001	(83,163)	-	-	-	266,838
Warrants Issued	-	-	83,163	-	-	83,163

<b>Transactions with owners, recognised directly in equity</b>	1,580,001	(206,163)	83,163	-	-	1,457,001
<b>As at 30 June 2017 (restated)</b>	4,323,241	4,584,242	(331,223)	136,298	(8,106,495)	606,063
<b>As at 1 January 2018</b>	<b>4,512,087</b>	<b>5,499,946</b>	<b>(253,109)</b>	<b>155,414</b>	<b>(9,269,692)</b>	<b>644,646</b>
Loss for the period	-	-	-	-	(276,171)	(276,171)
<b>Other comprehensive income for the period</b>						
Currency translation difference	-	-	-	4,936	-	4,936
<b>Total comprehensive income for the period</b>	-	-	-	4,936	(276,171)	(271,235)
Proceeds from shares issued (net of costs)	189,305	441,925	-	-	-	631,230
Share based payments	42,771	77,729	-	-	-	120,500
Warrants Issued	-	83,163	(54,845)	-	-	28,318
<b>Transactions with owners, recognised directly in equity</b>	<b>232,076</b>	<b>602,817</b>	<b>(54,845)</b>	-	-	<b>780,048</b>
<b>As at 30 June 2018</b>	<b>4,744,163</b>	<b>6,102,763</b>	<b>(307,954)</b>	<b>160,350</b>	<b>(9,545,863)</b>	<b>1,153,459</b>

#### REMOTE MONITORED SYSTEMS PLC

#### CONSOLIDATED STATEMENT OF CASH FLOW

For the six month period ended 30 June 2018

	Unaudited	Unaudited
	6 months ended 30 June 2018	6 months ended 30 June 2017 (restated)
Note	£	£
<b>Cash Flows from Operating Activities</b>		
Loss for the period before tax	(248,207)	(774,449)
Depreciation of property, plant and equipment	51,893	37,847
Amortisation of intangible assets	138,782	161,855
Share based payments	65,655	266,838
Impairments	90,476	-
Finance costs	16,540	60,500
Finance income	(4)	(7)
Foreign exchange on operating activities	1,605	(4,601)
Taxation	100,297	20,881
Loss on discontinued operations	(107,496)	-
Increase in inventories	-	-
(Increase)/Decrease in trade and other receivables	(385,296)	60,367
Increase/(Decrease) in trade and other payables	184,433	(514,086)
<b>Cash used in operations</b>	<b>(91,322)</b>	<b>(684,855)</b>

Interest expense		<b>(22,759)</b>	(60,500)
<b>Net cash used in operating activities</b>		<b>(114,081)</b>	(745,355)
<b>Cash Flows used in Investing Activities</b>			
Purchases of intangible assets		-	-
Purchases of property, plant and equipment	7	<b>(536,316)</b>	(46,523)
Proceeds from disposal of property, plant and equipment		<b>500</b>	
Investments in associates		<b>(250,000)</b>	-
Interest income		<b>4</b>	7
<b>Net cash used in investing activities</b>		<b>(785,812)</b>	(46,516)
<b>Cash Flows from Financing Activities</b>			
Net proceeds from/(Repayments of) borrowings		<b>215,527</b>	(22,481)
Issue of shares, net of issue costs		<b>631,230</b>	1,107,000
<b>Net cash generated from financing activities</b>		<b>846,757</b>	1,084,519
Net (decrease)/increase in cash and cash equivalents		<b>(53,136)</b>	292,648
Exchange gains/(losses)		<b>(25,105)</b>	(9,068)
Cash and cash equivalents at beginning of period		<b>502,998</b>	2,318
<b>Cash and cash equivalents at end of period</b>		<b>424,757</b>	285,898

## NOTES TO THE INTERIM RESULTS:

### 1. General information and accounting policies

The principal activity of Remote Monitored Systems plc ("the Company") and its subsidiaries (together "the Group") is the provision by Geocurve of Survey & Inspection services. The Company also has a 58% stake in GyroMetric Systems, which specialises in next generation digital monitoring and safeguarding technology and services for rotating shafts.

The Company is a public limited company, incorporated and domiciled in the United Kingdom, with its shares traded on the London Stock Exchange's AIM. Its registered office is: Ground Floor, Tintagel House, Kelvedon, CO5 9BP.

This announcement is for the unaudited interim results for the period ended 30 June 2018.

The Directors approved these unaudited interim results on 12 September 2018.

### 2. Basis of preparation

The condensed consolidated interim financial information (the "Financial Information") has been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this Financial Information. The Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In the opinion of the Directors the Financial Information for the period represents fairly the financial position, results from operations and cash flows for the period in conformity with generally accepted accounting principles consistently applied.

The Financial Information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. The Financial Information has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the period ended 31 December 2017 were approved by the Board of Directors on 6 June 2018 and subsequently delivered to the Registrar of Companies and are also available on the Group's website: [www.remotemonitoredsystems.com](http://www.remotemonitoredsystems.com). The independent auditor's report on those financial statements was unqualified.

The 2018 Financial Information of the Group has not been audited, however the auditors have carried out assurance testing on the retranslation from US Dollars to Sterling (GBP).

These interim results are presented in Sterling rounded to the nearest pound.

### Going concern basis

The Group's functional and presentational currency has changed from US Dollars to Sterling (GBP) as described in the Financial Review in the Chairman's Statements. These interim results have been prepared assuming the Group and Company will continue as a going concern. This assessment has been made based on the Group's economic prospects in the financial forecasts. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all available information for the foreseeable future including the nature of the business in which Remote Monitored Systems plc operates, the expected contracts to be awarded, the expectation that if required, cost cutting measures can be implemented and if required additional funds can be raised on the open market.

The operational requirements of the Group comprise of maintaining a Head Office in the UK alongside its UK operations. The Group's US operations from its US subsidiary are in the process of being shut down. The Directors have reviewed the Group's working capital forecasts and believe that the funds raised in the first half of the year will be sufficient for the operational requirements of the Group for a period of at least 12 months from the date of issue of this financial information.

However, if the Group's revenues fall short of expectations in terms of quantum or timing then the Group will put in place cost cutting measures or will seek to raise the appropriate funds to meet its working capital requirements.

#### Risks and uncertainties

The Board continuously assesses and monitors the key risks facing the business. The key risks that could affect the Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2017 Annual Report and Financial Statements. The Group is exposed to market risks (including foreign exchange risk and price risk), credit risk and to a limited extent, interest rate risk and liquidity risk.

#### Critical accounting estimates and judgements

The preparation of Financial Information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 of the Group's 2017 Annual Report and Financial Statements.

#### Accounting Policies

There has been a change in the Group's functional and presentation currency as described in the 'Financial Review' section of these interim results. There have been no other changes to the Group's accounting policies, presentation and methods of computation in this Financial Information compared to those which were applied in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2017.

### 3. Share capital

On 29 December 2017 the Company issued 1,173,624,395 (consolidated 58,681,220) new ordinary shares of 0.01p (consolidated 0.2p) each at a price of 0.035p (consolidated 0.7p) per share raising £410,768. On the same date the Company issued 418,000,000 (20,900,000) consolidated warrants exercisable for two years from the date of grant at an exercise price of 0.225p (consolidated 4.5p).

On 4 January 2018 the Company issued 135,714,286 (consolidated 6,785,714) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share in consideration for outstanding fees payable by the Company to an adviser.

On 11 January 2018 the Company issued 85,714,286 (consolidated 4,285,714) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share as a result of an exercise of warrants.

On 19 January 2018 the Company issued 35,714,286 (consolidated 1,785,714) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share as a result of an exercise of warrants.

On 26 January 2018 the Company issued 114,285,714 (consolidated 5,714,286) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share as a result of an exercise of warrants.

On 23 April 2018 the Company issued 557,142,857 (consolidated 27,857,143) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share as a result of an exercise of warrants. These warrants were exercised by directors and are listed in the directors' transactions below.

On 5 June 2018 the Company issued 218,571,428 (consolidated 10,928,571) new ordinary shares of 0.01p (consolidated 0.2p) at a price of 0.035p (consolidated 0.7p) per share as a result of an exercise of warrants.

On 3 September 2018 the Company issued 23,791,304 Shares of 0.2p per share at a price of 1.15p per share as consideration for an additional 20.9% shareholding in GyroMetric increasing the shareholding from 36.9% to 57.8%.

### 4. Directors' Transactions

The directors and previous directors of the Company who participated in the December 2017 Open Offer were as follows:

- Paul Ryan subscribed for 186,010,627 (consolidated 9,300,531) new ordinary shares of 0.01p (consolidated 0.2p) each at a price of 0.035p (consolidated 0.7p) for £65,104.

The directors of the Company who exercised warrants in April 2018 were as follows:

- Trevor Brown exercised 485,714,286 (consolidated 24,285,714) warrants at an exercise price of 0.035p (consolidated 0.7p) for a consideration of £170,000.
- Nigel Burton exercised 71,428,571 (consolidated 3,571,429) warrants at an exercise price of 0.035p (consolidated 0.7p) for a consideration of £25,000.

### 5. Earnings per share

Basic earnings per share have been calculated by dividing the loss attributable to equity holders of the Company after taxation by the weighted average number of shares in issue during the period. There is no difference between the basic and diluted earnings per share as the effect on the exercise of options and warrants would be to decrease the earnings per share.

	6 months ended 30 June 2018	6 months ended 30 June 2017 (restated)
<b>Basic and Diluted</b>	£	£
Loss after taxation	<b>(276,171)</b>	(753,568)
Weighted average number of shares	<b>194,939,322</b>	48,572,619*
Earnings per share (pence)	<b>(0.14)</b>	(1.55)*
From continuing operations - basic and diluted	<b>(0.09)</b>	(1.55)*
From discontinued operations - basic and diluted	<b>(0.05)</b>	-

\* Restated to reflect 1:20 share consolidation

## 6. Tax

No income tax charge was recognised in the statement of comprehensive income due to losses incurred.

	6 months ended 30 June 2018	6 months ended 30 June 2017 (restated)
<b>Income tax</b>	£	£
<b>Current tax</b>		
UK Corporation tax credit	-	20,881
<b>Deferred tax</b>		
Current year	79,532	-
<b>Tax credit</b>	<b>79,532</b>	<b>20,881</b>

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	6 months ended 30 June 2018	6 months ended 30 June 2017 (restated)
	£	£
Loss before tax	(248,207)	(774,449)
Tax at the applicable rate of 19% (2017: 21.74%):	(47,159)	(168,365)
Effect of:		
Depreciation in excess of capital allowances	-	(3,108)
R&D tax credit	-	20,881
Fixed asset timing differences	79,532	-
Net tax effect of losses carried forward	47,159	150,592
Tax credit for the year	79,532	-

The tax rate used is the standard rate of corporation tax in the UK 19% as all US operations have been discontinued. The 2017 rate is a combination of 20% to March 2017 and 19% thereafter; the standard rate of corporation tax in the UK and US tax rate of 35% to give an applicable rate of 21.74%.

## 7. Property, plant and equipment

Fixed asset additions during the period were all acquired by Geocurve Limited. The majority of the additions of £536,316 relate to the acquisition of the Pegasus 2 surveying equipment for £500,000 and UAV equipment amounting to £18,427.

## 8. Investment in associates

	6 months ended 30 June 2018	6 months ended 30 June 2017 (restated)
	£	£
1 Jan 2018	-	-
Additions	250,000	-
Share of loss	(32,260)	-
30 Jun 2018	217,740	-

### Nature of investment in associates during 2018:

Name of entity	Registered office address	% ownership interest	Measurement method
GyroMetric Limited	Dockholme Lock Cottage, 380 Bennett Street, Long Eaton, Nottingham, NG10 4JF	36.9%*	Equity

\* see note 11 on events after the reporting period.

## 9. Trade and Other Receivables

Included within the trade and other receivables balance of £394,106 is £195,383 owing from TEAM2100 in respect of the Thames Project. The £195,383 was received during July 2018.

## 10. Dividends

No dividend has been declared or paid by the Company during the 6 months ended 30 June 2018 (2017: nil).

## 11. Events after the reporting period

In September 2018, the Company gained control of GyroMetric through acquiring an additional 20.9% of its share capital, resulting in a total holding of 57.8%.

	On acquisition £
Purchase consideration	
Cash	250,000
Shares (23,791,304 shares @ 1.15p)	273,600
	<b>523,600</b>
Fair value of net assets acquired (see below)	<b>(174,252)</b>
Goodwill	<b>349,348*</b>

\*£349,348 represents both the Goodwill and the Loss on acquisition of GyroMetric.

The net assets and liabilities arising from the acquisition, provisionally determined, are as follows:

On

	acquisition £
Cash and cash equivalents	167,550
Property, plant and equipment	718
Inventory	4,184
Trade and other receivables	18,414
Trade and other payables	(10,501)
Director loans	(6,113)
Net assets acquired	<u>174,252</u>

If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

#### **12. Approval of the interim financial information**

The condensed Financial Information were approved by the Board of Directors on 12 September 2018.

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