

28 September 2018

# PhotonStar LED Group Plc

## Half year results

PhotonStar LED Group Plc (AIM: PSL, "PhotonStar", the "Company" or "the Group"), the British designer and manufacturer of smart LED lighting solutions and cloud based building management services, announces its half year results for the six months ending 30 June 2018.

### Operational and strategic overview

Announced sale of Camtronics Vale Ltd ("Camtronics") in January 2018 for a total cash consideration of £150,000, representing a further step along the path of the Group's transformation into a software and services business.

Announced the release of the Group's next generation v2 halcyon cloudBMS™ software ("Halycon V2") in May 2018 which is characterised by a low cost, retrofit-able wireless monitoring and control platform, halcyonPRO2™ and an upgraded cloud service platform, cloudBMS™.

### Financial overview

Raised gross proceeds of £0.89m from two placings via the issue of new shares, primarily to fund the development of Halycon V2 and to provide the Group with additional working capital.

The disposal of Camtronics means only one month of associated revenue and costs were recorded in H1 2018, as a result the comparable figures for H1 2017 are not like for like.

- Revenues for H1 2018 £1.33m\* (H1 2017: £2.26m)
- Gross profit margin for H1 2018 was 34.6%\* (H1 2017: 32.0%)
- Administrative expenses reduced to £1.29m\* (H1 2017: £1.34m)
- Adjusted EBITDA loss for H1 2018 of £0.63m\* (H1 2017: loss £0.23m)
- Pre-tax loss for the period of £0.49m\* (H1 2017: loss £0.60m)
- Exceptional profit of £0.33m on the sale of subsidiary Camtronics Vale Ltd (H1 2017: £ Nil)
- Group net debt was £0.31m (H1 2017: £0.81m)
- Loss per share of 0.1p (H1 2017: loss per share 0.2p)

### H1 2018 Segmental revenue analysis

- Lighting Fixtures revenues £1.15m (H1 2017:£1.36m)
- Contract manufacturing revenues £0.13m (H1 2017: £0.79m)\*.
- Halcyon / Light engines revenues £0.05m (H1 2017: £0.11m)

Following the period end the Group has filed for over £0.2m of research and development tax credits, the majority of which has now been received.

\* Note only 1 month of revenue and costs prior to disposal of Camtronics Vale Ltd on 29 January 2018

**James McKenzie**, Chief Executive of PhotonStar, said:

*"At the beginning of 2018 we announced the sale of Camtronics to certain members of the Camtronics management team. This represented a further step along the path of the Group's transformation into a software and services business. We then released Halycon V2 in May 2018, which we believe will allow the Group to progress beyond the various single site trials that we currently have in place and roll-out halcyon across multiple sites, as a solution to customers' operational and cost problems. The cloud-based compliance reporting, IoT data analytics and fault notifications will mean that, once the system is installed, site visits should be reduced to essential maintenance work. This should offer compelling cost savings for building owners, primarily by reducing the number of site visits by up to 90% in commercial buildings. This software release was a major milestone for the Group and I would like to thank our customers and shareholders for their patience and continued support.*

*The success of the paid for trials for both Halycon V2 and the control platform, halcyonPRO2™ represent significant developments for PhotonStar and is the focus for the Group's future growth prospects. As we have not yet signed a material roll out contract for these products there have been only small revenues derived from these products to date, including from the letter of intent received and announced in the first half of 2017. This letter of intent will have to be renewed at a future date if the customer wishes to proceed as was intended at the time, primarily due to the time that has passed since this was issued.*

*Progress has been encouraging as we have now installed a number of commercial trials. The product appears to have been well received but it is taking customers much longer to move from trial to deployment than was anticipated. Although nothing can*

*be guaranteed, we are expecting to receive orders for full scale deployment by the end of 2018 and will update the market as these occur."*

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

**For further information:**

**PhotonStar LED Group Plc** (www.photonstarled.com) +44 (0)2381 230381  
James McKenzie - Group Chief Executive

**Northland Capital Partners Limited** +44 (0)20 3861 6625  
David Hignell/Tom Price/Jamie Spotswood (Corporate Finance)  
Rob Rees (Corporate Broking)

**Peterhouse Capital Limited** +44 (0)20 7469 0930  
Duncan Vasey/ Fungai Ndoro

**About PhotonStar LED Group Plc**

PhotonStar LED Group Plc is a leading British designer and manufacturer of intelligent lighting & building control solutions. The Group's proprietary technology Halcyon™ is a scalable, secure wireless IoT platform for retrofit into commercial buildings, for energy reduction, asset monitoring & control, and real time environmental, behavioural and energy insights.

PhotonStar is based in Romsey, Hampshire.

**Overview**

In terms of financial results, the revenues generated by the Group in H1 2018 were disappointing. Trading continues to be difficult in the traditional LED business with competitive price pressure showing no sign of abating. As a result of increased demand for our circadian lighting products in the health care sector, the revenues for 2018 are expected to grow for this business.

The disposal of Camtronics in January 2018 and the completion of Halcyon V2 represent important steps along the path of the Group's transformation into a software and services business with halcyon at the core of the Group's strategy.

In H1 2018 the group raised £0.89m (gross proceeds) from two placings via the issue of new shares, primarily to fund the development of Halcyon V2 and to provide the Group with additional working capital.

**Business review**

**PhotonStar Technology Ltd -Halcyon IoT and LED light engines ("PST")**

*Focused on retrofitting existing buildings with lighting, environmental monitoring and cloud based building management services*

Halcyon V2 is characterised by its low cost, retrofit-able wireless monitoring and control platform, halcyonPRO2™. The Group also released a new halcyonPRO2 server software version v925, which includes monitoring of emergency lighting systems, energy clamps, leak detectors, water monitors and critical asset -monitoring devices, augmenting the regulation of heating and cooling, shading and lighting control of previous versions of the server software.

The Group Directors believe Halcyon V2 and the latest software release for halcyonPRO2™ will combine to deliver a highly effective, scalable and secure Building Management System as a service, via a low cost monthly subscription model that enables building estate owners and managers to reduce energy and operating costs and experience greater transparency across their operations via data.

One of the key features of Halcyon V2 is its powerful data analytics rules engine that allows notifications of asset performance changes or faults to be shared with customers via email and SMS messages. Halcyon V2 provides solutions for remote compliance reporting (e.g. emergency lighting testing and legionella risk reduction via temperature monitoring). Energy monitoring and reporting is also a key feature of the software.

In addition, Halcyon V2 aims to prevent loss of trade in the restaurant and hospitality industry by monitoring critical assets such as walk-in freezers, air extraction systems, cooling and hot water systems to allow predictive maintenance, thus reducing loss of trade situations that arise from the sudden failure of these systems. Halcyon V2 also provides a full cloud

based environment for the monitoring of buildings including leaks, room occupancy, temperature, CO2, humidity and noise. Finally, Halcyon V2 allows advanced rules and notifications of potential problems via email and SMS allowing customers to move to a predictive maintenance model rather than a reactive planned maintenance model with all the cost savings that entails.

### **PhotonStar LED Ltd - LED fixtures business**

*LED lighting focused on the new build market*

During the period under review LED Lighting Fixtures revenues were £1.15m (H1 2017:£1.36m) with profits of £0.26m (H1 2017: loss £0.05m) after intercompany balance adjustments relating to Camtronics.

A revised range of more efficient and competitive products were introduced in Q2 2017 with the best-selling EcoStar600 increasing in efficiency to over 100 lm/W this has helped maintain sales with the product becoming LIA verified in H1 2018.

The lighting market continues to transition towards LED lighting, with colour-tuneable and circadian LED lighting predicted to become a significant subsector. The Company introduced additional products and control solutions to address this opportunity during 2017. The circadian lighting solution based on traditional lighting control protocol DMX and the groups proprietary ChromaWhite 2.0 biologically optimised LED light source technology attracted strong interest in the health care sector during 2017. This product is currently being trialed by 3 care home groups at present with over 40 care homes in their estates. Initial results from the trials look promising and the benefits are proving to be significant in terms of resident and staff well-being and sentiment.

### **Camtronics Vale Ltd**

*External customer contract electronics manufacturing business*

On 30 January 2018, the Group announced it had agreed to sell Camtronics, which specialises in the manufacture of electronic components, to Camtronics Vale Holdings Limited, a private company controlled by certain members of the Camtronics management team, for a total cash consideration of £150,000 with £40,000 being paid at completion, a further £10,000 payable by 31 March 2018 and £100,000 to be received in subsequent monthly instalments. This resulted in a £0.46m reduction in the Group debt, which represented approximately 55% of the Group's debt prior to the transaction.

A profit of £0.33m arose on the sale of Camtronics including the net forgiveness of intercompany balances.

### **Financial review**

The Group is making progress in transitioning from its traditional LED product markets into becoming a retrofit connected lighting and building management business.

The disposal of Camtronics meant the Group only had 1 month of associated revenue and costs in H1 2018. As a result, the comparison to H1 2017 is not like for like.

The Group's half year revenues decreased to £1.33m (H1 2017: £2.26m) with a gross profit margin of 34.6% (H1 2017: 32%).

Administrative expenses were reduced at £1.29m (H1 2017: £1.34m), due to continuing tight control on costs.

Adjusted EBITDA (adjusted for share based payments) loss was £0.63m (H1 2017: loss £0.23m).

Exceptional profit of £0.33m on the sale of subsidiary Camtronics Vale ltd (H1 2017: £ Nil).

The Group reported a pre-tax loss of £0.49m (H1 2017: loss £0.60m) and loss per share for the half year was 0.1p (H1 2017: loss per share 0.2p).

Group net debt at 30 June 2018 was £0.31m (H1 2017: £0.81m).

Following the period end the Group has filed for over £0.2m of research and development tax credits, the majority of which has now been received.

Group capital expenditure was £0.05m (H1 2017: £0.27m) relating to the investment in the completion of Halcyon V2 (cloudBMS v2 and halcyonPRO2 upgrades) and the patent portfolio.

### *Placing, subdivision of shares and general meeting results*

On 27 February 2018 the Group conditionally raised gross proceeds of £430,000 via the placing of 286,666,667 new ordinary shares with new and existing investors and Directors of the Company contributing at a price of 0.15 pence per share. The placing price was less than the 1 pence nominal value of the existing ordinary shares. The UK Companies Act

2006 (as amended) prohibits the Company from issuing ordinary shares at a price below the nominal value and so it was necessary for the Company to carry out a subdivision of the existing ordinary shares whereby each existing ordinary share was subdivided into one new ordinary share of 0.01 pence (“New Ordinary Shares”) and one deferred share of 0.99 pence to enable the placing to complete. The new ordinary shares continue to carry the same rights as attached to the existing ordinary shares, save for the reduction in nominal value. The placing was confirmed at a General Meeting of shareholders on 16 March 2018. The net proceeds of the placing were used to complete the development of the Company’s halcyon Internet of Things solution for buildings, halcyon cloudBMS v2, ahead of its proposed deployment and also provided the Group with additional working capital.

#### *Issue of equity*

On 16 April 2018 the Group announced the issue of a total of 71,729,580 New Ordinary Shares to professional advisers in lieu of fees, two directors of the Company in lieu of salaries and to certain subscribers for cash at a price of 0.15p.

#### *v2 CloudBMS, accelerated book build and subsequent placing*

On 2 May 2018 the Group announced the successful release of Halcyon V2 software together with a placing of £450,000 (before expenses) via the issue of 150,000,000 New Ordinary Shares at a placing price of 0.3 pence per share. This placing was executed via an accelerated bookbuild and the proceeds have provided the Group with additional working capital.

### **Current Trading and Outlook**

Trading continues to be difficult in the traditional LED business with competitive price pressure showing no sign of abating. As a result of increased demand for our circadian lighting products in the health care sector, the revenues for 2018 are expected to grow for this product line.

The disposal of Camtronics and the completion of Halcyon V2 represent important steps along the path of the Group’s transformation into a software and services business with halcyon at the core of the Group’s strategy.

The move by customers from trials to full scale deployment of our building control solutions is taking longer to achieve than was anticipated. However, management believes that the Group entered the second half of 2018 as a much leaner business, with a reduced cost base and with a completed cloudBMS platform – Halcyon V2 for which we are expecting to receive orders for full scale deployment by the end of 2018.

## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

		<b>6 Months Ended 30 June 2018 Unaudited £'000</b>	6 Months Ended 30 June 2017 Unaudited £'000	Year Ended 31 December 2017 Audited £'000
<b>Revenue</b>	2	<b>1,330</b>	2,259	4,547
Cost of Sales		<b>(870)</b>	(1,528)	(3,095)
<b>Gross Profit</b>		<b>460</b>	731	1,452
Administrative Expenses		<b>(1,289)</b>	(1,340)	(2,767)
Exceptional Item (administrative expenses)		<b>327</b>	-	(836)
Total administrative expenses		<b>(962)</b>	(1,340)	(3,603)
Other Income		<b>27</b>	31	125
<b>Operating Loss before exceptional item</b>		<b>(802)</b>	(578)	(1,190)
<b>Operating Loss after exceptional item</b>		<b>(475)</b>	(578)	(2,026)
Financial Expense		<b>(17)</b>	(26)	(53)
<b>Loss Before Income Tax</b>		<b>(492)</b>	(604)	(2,079)
Taxation Credit	3	<b>60</b>	119	169
<b>Loss and total comprehensive income for the period attributable to the Equity Shareholders of the Parent</b>		<b>(432)</b>	(485)	(1,910)
<b>Loss per share</b>				
<b>Basic and diluted</b>	4	<b>(0.1)p</b>	(0.2)p	(0.9)p

**Consolidated Statement of Financial Position  
as at 30 June 2018**

	<b>30 June 2018</b>	30 June 2017	31 December 2017
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
<b>Non-Current Assets</b>			
Property, Plant & Equipment	52	389	335
Intangible Assets	<b>1,006</b>	1,843	917
<b>Total Non-Current Assets</b>	<b>1,058</b>	2,232	1,252
<b>Current Assets</b>			
Inventories	545	685	761
Trade & Other Receivables	559	1,131	948
Current Tax Assets	140	312	80
Cash & Cash Equivalents	47	95	44
<b>Total Current Assets</b>	<b>1,291</b>	2,223	1,833
<b>Total Assets</b>	<b>2,349</b>	4,455	3,085
<b>Equity</b>			
Ordinary Share Capital	2,304	2,252	2,252
Share premium	8,665	7,828	7,828
Share capital reduction reserve	10,081	10,081	10,081
Share option reserve	699	665	680
Reverse acquisition reserve	(8,843)	(8,843)	(8,843)
Profit and Loss	(11,748)	(9,832)	(11,257)
<b>Equity</b>	<b>1,158</b>	2,151	741
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	828	1,340	1,486
Borrowings	355	908	833
Provisions	8	41	10
<b>Total Current Liabilities</b>	<b>1,191</b>	2,289	2,329
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	-	15	15
<b>Total Liabilities</b>	<b>1,191</b>	2,304	2,344
<b>Total Equity and Liabilities</b>	<b>2,349</b>	4,455	3,085

**Consolidated Statement of Cash Flows**  
**For the six months ended 30 June 2018**

	<b>6 Months Ended 30 June 2018 Unaudited £'000</b>	6 Months Ended 30 June 2017 Unaudited £'000	Year Ended 31 December 2017 Audited £'000
<b>Cash Flows from Operating Activities</b>			
<b>Operating Loss</b>	<b>(492)</b>	(578)	(2,079)
Exceptional Item – Impairment	-	-	836
Depreciation	<b>18</b>	39	86
Amortisation	<b>140</b>	285	582
Share Option Charge	<b>19</b>	25	39
Movement in Provisions	<b>(2)</b>	3	(34)
Grant Income	<b>(27)</b>	(31)	(60)
Profit on sale of subsidiary undertaking	<b>(327)</b>	-	-
Profit on Sale of Plant, Property & Equipment	-	(15)	(49)
Profit on Sale of Patents	-	(50)	-
Change in Inventories	<b>216</b>	89	13
Change in Trade & Other Receivables	<b>349</b>	(92)	91
Change in Trade & Other Payables	<b>(323)</b>	(74)	137
<b>Cash Generated from/(Used in) Operations</b>	<b>(429)</b>	(399)	(438)
Interest Paid	-	(26)	-
Tax Received	-	-	248
<b>Net Cash Generated from/(Used in) Operating Activities</b>	<b>(429)</b>	(425)	(190)
<b>Cash Flows From Investing Activities</b>			
Proceeds on disposal of subsidiary undertaking	<b>71</b>	-	-
Proceeds on disposal of Plant, Property & Equipment	-	10	49
Proceeds on disposal of Patents	-	50	-
Purchase of Property, Plant and Equipment	<b>(3)</b>	(9)	(27)
Purchase of Intangible Assets	<b>(47)</b>	(258)	(440)
<b>Net Cash Used in Investing Activities</b>	<b>21</b>	(207)	(418)
<b>Cash Flows from Financing Activities</b>			
Proceeds from the issue of ordinary shares	<b>891</b>	425	425
Increase/(Decrease) in borrowings	<b>(478)</b>	77	2
<b>Net Cash Generated from Financing Activities</b>	<b>413</b>	502	427
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>5</b>	(130)	(181)
<b>Cash and Cash Equivalents at the Start of the Period</b>	<b>44</b>	225	225
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>49</b>	95	44

**Consolidated Statement of Changes in Equity**  
**For the six months ended 30 June 2018 (unaudited)**

	<b>Ordinary Share Capital</b>	<b>Share Premium</b>	<b>Share Capital Reduction Reserve</b>	<b>Share Option Reserve</b>	<b>Reverse Acquisition Reserve</b>	<b>Retained Losses</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2018	2,252	7,828	10,081	680	(8,843)	(11,273)	725
Issue of New Shares	52	837	-	-	-	-	889
Share Option Charge	-	-	-	19	-	-	19
Sale of Camtronics Vale	-	-	-	-	-	(43)	(43)
Comprehensive Loss for the Period	-	-	-	-	-	(432)	(432)
At 30 June 2018	<u>2,304</u>	<u>8,665</u>	<u>10,081</u>	<u>699</u>	<u>(8,843)</u>	<u>(11,748)</u>	<u>1,158</u>

**For the six months ended 30 June 2017 (unaudited)**

	<b>Ordinary Share Capital</b>	<b>Share Premium</b>	<b>Share Capital Reduction Reserve</b>	<b>Share Option Reserve</b>	<b>Reverse Acquisition Reserve</b>	<b>Retained Losses</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2017	1,879	7,776	10,081	641	(8,843)	(9,347)	2,187
Issue of New Shares	373	52	-	-	-	-	425
Share Option Charge	-	-	-	24	-	-	24
Comprehensive Loss for the Period	-	-	-	-	-	(485)	(485)
At 30 June 2017	<u>2,252</u>	<u>7,828</u>	<u>10,081</u>	<u>665</u>	<u>(8,843)</u>	<u>(9,832)</u>	<u>2,151</u>

**For the year ended 31 December 2017 (audited)**

	<b>Ordinary Share Capital</b>	<b>Share Premium</b>	<b>Share Capital Reduction Reserve</b>	<b>Share Option Reserve</b>	<b>Reverse Acquisition Reserve</b>	<b>Retained Losses</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2017	1,879	7,776	10,081	641	(8,843)	(9,347)	2,187
Issue of new shares	373	52	-	-	-	-	425
Share Option Charge	-	-	-	39	-	-	39
Comprehensive Loss for the Period	-	-	-	-	-	(1,910)	(1,910)
At 31 December 2017	<u>2,252</u>	<u>7,828</u>	<u>10,081</u>	<u>680</u>	<u>(8,843)</u>	<u>(11,257)</u>	<u>741</u>



**Notes to the financial statements**  
**For the six months ended 30 June 2018 (unaudited)**

**1. Basis of preparation**

These interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Group's Consolidated Financial Statements for the year ending 31 December 2018 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2017.

The financial information for the six months ended 30 June 2018 and 30 June 2017 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the year ended 31 December 2017 is not statutory accounts within the meaning of s434 of the Companies Act 2006 but has been derived from the audited statutory financial statements for that year. The statutory accounts for the year ended 31 December 2017 have been reported on by the Company's auditor, delivered to the Registrar of Companies and have been sent to the shareholders.

The auditor's opinion on the Group's financial statements for the year ended 31 December 2017 included drawing attention to a material uncertainty related to going concern without qualifying their report. As stated in the notes to those accounts the directors have a reasonable expectation that the Group and the Company have access to adequate resources to continue in operational existence for the foreseeable future.

**2. Segmental Information**

<b>Six Months Ended 30 June 2018 (unaudited)</b>	<b>LED Lighting Fixtures £'000</b>	<b>Halcyon &amp; Light Engines £'000</b>	<b>Contract Manufacturing £'000</b>	<b>Total £'000</b>
Revenue;				
UK	1,121	49	127	1,297
Rest of World	33	-	-	33
<b>Total Revenue</b>	<b>1,154</b>	<b>49</b>	<b>127</b>	<b>1,330</b>
Adjusted EBITDA for reportable segments	(117)	(292)	(11)	(420)
Depreciation and Amortisation	(46)	(109)	(3)	(158)
Interest Expense	(15)	-	(2)	(17)
Taxation Credit	-	60	-	60
Total Assets	1,091	867	-	1,958
Total Liabilities	523	225	-	748
<b>Six Months Ended 30 June 2017 (unaudited)</b>	<b>LED Lighting Fixtures £'000</b>	<b>Halcyon &amp; Light Engines £'000</b>	<b>Contract Manufacturing £'000</b>	<b>Total £'000</b>
Revenue;				
UK	1,204	109	777	2,090
Rest of World	157	-	12	169
<b>Total Revenue</b>	<b>1,361</b>	<b>109</b>	<b>789</b>	<b>2,259</b>
Adjusted EBITDA for reportable segments	(52)	(130)	-	(182)
Depreciation and Amortisation	(71)	(231)	(22)	(324)
Interest Expense	(12)	(1)	(13)	(26)
Taxation Credit	10	109	-	119
Total Assets	1,195	1,961	938	4,094
Total Liabilities	544	295	424	1,263

<b>Year Ended 31 December 2017 (audited)</b>	<b>LED Light Fixtures £'000</b>	<b>Halcyon &amp; Light Engines £'000</b>	<b>Contract Manufacturing £'000</b>	<b>Total £'000</b>
Revenue;				
UK	2,450	293	1,679	4,422
Rest of World	125	-	-	125
<b>Total Revenue</b>	<b>2,575</b>	<b>293</b>	<b>1,679</b>	<b>4,547</b>
Adjusted EBITDA for reportable segments	(191)	(327)	70	(448)
Depreciation and Amortisation	(131)	(503)	(42)	(676)
Impairment	-	(748)	(88)	(836)
Interest Expense	(27)	-	(26)	(53)
Taxation Credit	65	104	-	169
Total Assets	1,138	888	897	2,923
Total Liabilities	840	206	450	1,496
Additions to Non-Current Assets in the Year	47	380	-	467

Adjusted EBITDA for reportable segments is defined as EBITDA before Share Option Charge and Corporate Expense allocation.

<b>Reconciliation of Adjusted EBITDA to Loss Before Tax</b>	<b>6 Months Ended 30 June 2018 Unaudited £'000</b>	<b>6 Months Ended 30 June 2017 Unaudited £'000</b>	<b>Year Ended 31 December 2017 Audited £'000</b>
Adjusted EBITDA for Reportable Segments	(420)	(182)	(448)
Corporate Expense	(209)	(47)	(35)
<b>Adjusted EBITDA</b>	<b>(629)</b>	<b>(229)</b>	<b>(483)</b>
Share Option Charge	(15)	(25)	(39)
Depreciation and Amortisation	(158)	(324)	(668)
Impairment	-	-	(836)
Exceptional Items	327	-	-
Interest Expense	(17)	(26)	(53)
<b>Loss before Tax</b>	<b>(492)</b>	<b>(604)</b>	<b>(2,079)</b>
	<b>30 June 2018 Unaudited £'000</b>	<b>30 June 2017 Unaudited £'000</b>	<b>31 December 2017 Audited £'000</b>
Segment Assets for Reportable Segments	2,810	4,094	2,923
Unallocated:			
Cash at Bank	47	95	44
Other	(508)	266	118
<b>Total Assets per the Statement of Financial Position</b>	<b>2,349</b>	<b>4,455</b>	<b>3,085</b>

## Reconciliation of Reportable Segment Liabilities to Total Liabilities

	<b>30 June 2018 Unaudited £'000</b>	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Segment Liabilities for Reportable Segments	748	1,263	1,496
Unallocated:			
Borrowings	355	908	833
Other	88	133	15
Total Liabilities per the Statement of Financial Position	<u>1,191</u>	<u>2,304</u>	<u>2,344</u>

### 3. Income Tax Credit

The income tax credit of £60,000 for the six months ended 30 June 2018, (6 months ended 30 June 2017: £119,000; year ended 31 December 2017: £169,000) represents estimated research and development tax credit receivable for that period. Excluding these matters, the effective tax rate for the Group for the year ended 31 December 2018 is expected to be zero, reflecting the availability of estimated brought forward tax losses at 31 December 2017 of about £9.9m.

### 4. Earnings per share

	<b>6 months ended 30 June 2018</b>	6 months ended 30 June 2017	Year ended 31 December 2017
Loss attributable to ordinary shareholders	<b>£(432,000)</b>	£(485,000)	£(1,910,000)
Weighted average number of ordinary shares	<b>501,390,898 (0.1p)</b>	198,645,512 (0.4p)	212,724,247 (0.9p)

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusting these amounts for the effects of dilutive potential ordinary shares.

As the results for the six months ended 30 June 2018 and 30 June 2017 and for the year ended 31 December 2017 are losses, any exercise of share options would have an anti-dilutive effect on earnings per share. Consequently earnings per share and diluted earnings per share are the same as potentially dilutive share options have been excluded from the calculation.

### 5. Copies of Interim Report

Copies of this interim report are available upon request to members of the public from the Company's registered office, Unit 8 Westlink, Belbins Business Park, Cupernham Lane, Romsey, Hampshire SO51 7JF. This interim report can also be viewed on the Group's website: [www.photonstarled.com](http://www.photonstarled.com).