LONDON STOCK EXCHANGE (LSE): GAN | IRISH STOCK EXCHANGE (ISE): GAME

2017 Half Year Report

Maiden Positive H1 clean EBITDA for the Period ended June 30, 2017

LSE: GAN **ISE: GAME**

London & Dublin | September 28, 2017: GAN plc ("GAN" or the "Group"), a leading B2B supplier of Internet gaming enterprise software-as-a-service solutions to the US land-based casino Industry, announces its results for the six months ended June 30, 2017.

GAN is pleased to report its maiden positive clean EBITDA[1] during a half-year period as a public company with trading for the remainder of the current financial year ahead of management expectations.

Financial Overview

- 17% increase in gross income to £18.6m (H1 2016: £15.9m)
- Group Net Revenue of £4.1m (H1 2016: £3.9m), an increase of 6%
  - Recurring revenues grew by 24% YoY and now account for 86% of Net Revenue
  - The US and Italy accounted for 63% and 31% of Net Revenue respectively
- Maiden positive H1 clean EBITDA[1] of £24,000 (H1 2016: loss of £0.5m)
- Loss after tax of £2.0m (H1 2016: Loss after tax of £2.3m)
- Basic loss per share of £0.03 (H1 2016: loss per share £0.04)
- Cash and cash equivalents at June 30, 2017 of £3.3m (£3.2m at December 31, 2016)
  - Successfully completed Company's first debt issuance, raising gross proceeds of £2.0m in Q2 2017, positioning the Group for further growth
- Net Assets at June 30, 2017 of £9.0m (H1 2016: £10.5m)

Operational Overview and Current Developments

- Launched Simulated Gaming for five (5) new clients in the US during H1 2017 bringing total portfolio of live US casino operator clients to 13 as on June 30, 2017 (as on June 30, 2016: 5)
- Executed definitive agreements to launch a real money Overseas Internet Casino for a major US casino operator to launch in Q4 2017
- Signed second client for real money Regulated Gaming in New Jersey expected to launch in H1 2018 subject to customary regulatory consents

- Won prestigious Internet gaming industry award in the US – eGaming Review North America's 'Freeplay Gaming Supplier of the Year' for Simulated Gaming™

- Post-period end, rapid increase in engineering support team in Bulgaria in order to increase availability of development resources

- Post-period end, received in aggregate £2.2m in cash payments relating to the Overseas Internet Casino and 2016 claim relating to on-going research and development activity

- Post-period end, established wholly-owned subsidiary in Tel Aviv, Israel to support user acquisition marketing worldwide for diverse GAN clients

Dermot Smurfit, CEO of GAN commented:

"The Group generated positive clean EBITDA[1] in H1 2017 following a substantial multi-year period of investment focused on the US land-based casino Industry. We anticipate this favourable EBITDA trend to continue throughout H2 2017.

The first half of 2017 saw continued growth in recurring revenues driven by the launch of five new clients of Simulated Gaming and strong growth in real money Regulated Gaming markets in the US and Europe.

We remain encouraged by the growth characteristics of Simulated Gaming and have already seen a major uplift in player activity as we begin to experience the onset of the seasonally strong Autumn/Fall period.

GAN's Overseas Internet Casino for one of the largest casino operating groups in the US represents the culmination of GAN's long-term mission to move land-based US casinos online in domestic US intra-State markets or selected International regulated markets. This represents an exciting new B2B business for GAN, which will benefit greatly from the client's material marketing investment.

As the numbers illustrate our Group has now moved into sustainable profitability at the clean EBITDA[1] level. Growth prospects for Simulated Gaming™ and real money Regulated Gaming continue to offer the Company a viable path to creating significant incremental shareholder value."

Notes

1. Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expense and other items which the directors consider to be non-recurring and one time in nature

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which GAN believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

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Half-Year Results | Conference Call Details

The GAN management team will host a conference call for analysts & institutional investors at 4pm BST (11am EST / 8am PST).

Please use the following dial in numbers:

UK Participants:	0800 756 3429
US & Canada Participants:	877-407-8629
International Participants:	201-493-6715

The Half Year Results Press Release and Presentation is available to download from the website, www.GAN.com

Half-Year Results | Webcast

The call will also be simultaneously webcast over the Internet via the following link:

http://gan.equisolvewebcast.com/h1-results

and such link will also be made available in the "Results and Presentations" section of GAN's website www.GAN.com/investors/results-and-presentations

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FINANCIAL REVIEW

Summary

Net revenue for the six months ended 30 June 2017 was £4.1m compared to £3.9m for the six months ended 30 June 2016. Clean EBITDA of £24,000 is £0.6m favourable to the prior year period clean EBITDA loss of £0.5m. Loss after taxation of £2.0m for the current period compared to a loss before and after taxation of £2.3m in the comparative period.

The Group continues to benefit from focusing on building its recurring revenue base in both of its primary markets, the US and Italy, while accelerating measures to reduce the underlying cost base of the business without compromising product or customer delivery. Overall B2B and B2C recurring revenues have grown by 24% year on year and now represent 86% of total net revenue compared to 76% in the comparative half year period. The US remains the Group's principal market and net revenue of £2.6m increased by £0.1m over the comparative period and accounts for 63% of total net revenue. Real money gaming revenue from the Italian market has increased by 33% and now represents 31% of total net revenue. The group has continued to rationalise its cost base principally through the expansion of its technical development office in Bulgaria.

On 28 April, 2017, the Group announced that it had raised gross proceeds of £2.0m through the successful placing of a 9% unsecured convertible loan note issue. The new capital will enable the Group to take advantage of expected real money regulated gaming opportunities in the US as well as for working capital and general business development opportunities.

Cash and cash equivalents at the end of the period was £3.3m compared to £4.0m at 30 June 2016 and £3.2m at 31 December 2016. Net Assets at 30 June 2017 of £9.0m compared to £10.5m at 30 June 2016 and £10.9m for the year ended 31 December 2016.

Revenue

Gross income of £18.6m for the six months ended 30 June 2017 represents an increase of £2.7m compared to the period ended 30 June 2016. Net revenue for the period of £4.1m is £0.2m higher than the comparative six month period primarily due to increased revenue share from both the Italian and US markets. B2B net revenue of £3.9m is £0.2m, 5% higher than the comparative period while B2C net revenue of £0.2m is consistent with the prior year period.

The Group categorises B2B net revenue into two distinct revenue streams; revenue share and other revenue (recurring in nature) and game and platform development (one time and primarily non-recurring in nature). Recurring revenues are principally generated in the real money gaming markets of Italy in Europe and New Jersey in the US and by Simulated Gaming™ markets in the US and Australia. B2B recurring revenues have increased by 26% from £2.7m in the prior year comparative period to £3.4m for the six months ended June 30 2017 and account for 82% of overall Group net revenue. This growth has been due to increases in both Simulated Gaming™ and real money gaming revenues from the US and Italian markets. Game and platform development revenue has decreased to £0.6m from £1.0m in the first half of 2016 as a result of reduced non-recurring real money gaming platform development fees in the US market.

Expenses

Distribution costs include royalties payable to third parties, B2B and B2C direct marketing expenditure, the direct costs of operating the hardware platforms deployed across the business, and depreciation and amortisation, which in total have increased from £3.4m in the comparative period to £3.6m for the six months ended 30 June 2017. The increase is due primarily to amortisation of intangible assets of £1.9m (2016 HY: £1.4m), an increase of £0.5m, as a result of our substantial investment in product and system development and also due to increased royalties payable to providers of third party games content in Italy for real money gaming and in the US for Simulated Gaming™ consequent to increased revenues. Expenditure on B2B marketing and technology infrastructure has reduced significantly, partially offsetting the increased amortisation and royalty expenditure, as the Group continues to benefit from prior period investment in these areas.

Administration expenses include the costs of personnel and related expenditure for the London, Las Vegas and Sofia offices. Total administrative expenses have increased slightly from £2.8m in the prior year comparative period to £2.9m for the six months ended 30 June 2017. Reduced ongoing expenditure on personnel and related expenditure as

FINANCIAL REVIEW (*Continued*)

a result of a headcount restructuring earlier in the period has been offset by the impact of redundancy costs and unfavourable foreign exchange movements.

EBITDA

Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expense and other items which the directors consider to be non-recurring and one time in nature. The directors regard Clean EBITDA as a reliable measure of profits that is not unduly subjective.

Clean EBITDA for the six month period ended 30 June 2017 of £24,000 is £0.6m better than the comparative figure (2016 Clean EBITDA loss of £0.5m), primarily due to increased B2B net revenue of £0.2m and reduced distribution and administration expenses before depreciation, amortisation and exceptional items of £0.4m.

Cashflow

The cash balance at 30 June 2017 was £3.3m representing an increase of £0.1m from 31 December 2016 (£3.2m). During the six month period, the Group has continued to invest in its Internet Gaming System deployment capability and product enhancement however cash has increased by £0.1m from the year-end balance at 31 December 2016 (£3.2m) as a result of the 9% unsecured convertible loan note issue in April 2017 which generated £2.0m in gross proceeds.

In addition to operating cash outflow before movements in working capital and taxation of £0.3m, cash outflows during the period include £1.7m in incremental investment in intangible fixed assets primarily related to the capitalisation of internal development time and working capital movement of £0.1m offset by cash generated from financing activities of £2.0m following the issue of the convertible loan note in April of this period. Net cash generated during the period of £0.1m resulted in an increased cash balance at 30 June 2017 of £3.3m.

Outlook

B2B revenue share and other revenue is expected to show continued growth for the second half of the year. In the US market, revenues from the 13 US based Simulated Gaming™ casino operators at 30 June 2017 are expected to benefit from the seasonally strong autumn period and the impact of full year revenues for operators launched during the first half of the year. The Group began the year with nine Simulated Gaming™ operators, including one operator in Australia, and launched five new casino operators during the period; Turning Stone Resort Casino in March and a further four operators in May including Winstar World Casino and Resort. The Group expects to experience significant growth in Simulated Gaming™ revenues in the second half of the year as a result of these new launches and from further product development expected to generate incremental revenues for both new and existing operators. In addition, the strong revenue growth from Italian real money gaming operators realised in the six months ended 30 June 2017 is expected to persist for the remainder of the year.

B2B game and platform development revenues are expected to increase in the second half of the year primarily due to development revenues to be recognised upon the launch of a new real money gaming website and mobile application as a result of an extension of an existing partnership with a major US casino operator.

The Group expects distribution costs to increase due to increased royalties payable to third parties as a result of increased Italian real money gaming revenues and US Simulated Gaming™ revenues. Administrative expenses before foreign exchange movements are expected to remain stable in the second half of the year as the Group continues to expand its technical development office in the lower cost market of Bulgaria.

The Group has raised gross proceeds year to date of £2.0m in order to take advantage of expected real money regulated gaming opportunities in the US as well as for working capital and general business development opportunities.

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FINANCIAL REVIEW (*Continued*)

KEY PERFORMANCE INDICATORS

The performance of the Group during the period demonstrates the Group's strategy to grow recurring revenues through both its real money gaming business in the US and Italy and its Simulated Gaming™ business in the US and Australia. The directors regard clean earnings before interest, tax, depreciation, amortisation, share based payment expense and other items ("Clean EBITDA") as a reliable measure of profits and the Group's key performance indicators are set out below:

	H1 2017 £000	H1 2016 £000
Gross income from gaming operations and services	18,581	15,942
Net revenue	4,141	3,912
Clean EBITDA	24	(548)
Net assets	8,978	10,526
Cash and cash equivalents	3,322	3,966

The Board also monitor customer related KPIs, including number of active players, revenue by partner, business segment profitability and geographic split of turnover.

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For the period ended 30 June 2017

Consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2017 £000 Unaudited	Six months ended 30 June 2016 £'000 Unaudited	Year ended 31 December 2016 £'000 Audited
Continuing Operations				
Gross income from gaming operations and services		18,581	15,942	31,675
Net revenues	3	**4,141**	**3,912**	**7,803**
Distribution costs		(3,638)	(3,424)	(7,423)
Administrative expenses		(2,873)	(2,814)	(5,600)
Total operating costs		(6,512)	(6,238)	(13,023)
Clean EBITDA		24	(548)	(932)
Depreciation		(140)	(217)	(375)
Amortisation of intangible assets		(1,881)	(1,426)	(3,203)
Exceptional costs	5	(343)	(85)	(411)
Impairment of intangible assets		-	-	(142)
Employee share-based payment charge		(30)	(50)	(157)
Operating (loss)		(2,370)	(2,326)	(5,220)
Finance income		4	10	21
Finance costs		(30)	-	-
(Loss) before taxation		(2,396)	(2,316)	(5,199)
Tax credit		404	-	1,440
Loss for the period attributable to owners of the Group and total comprehensive income for the period		(1,992)	(2,316)	(3,759)
Basic earnings per share attributable to owners of the parent during the period				
Basic (pence)	9	(2.87)	(3.84)	(5.81)
Diluted (pence)	9	(2.87)	(3.84)	(5.81)

Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expenses and other items which the directors consider to be non-recurring and one time in nature. Where not explicitly mentioned, EBITDA refers to EBITDA from continuing operations.

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For the period ended 30 June 2017

Consolidated statement of financial position

	Notes	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Non-current assets				
Intangible assets		6,226	6,047	6,433
Property, plant and equipment		361	608	479
Lease deposits		170	170	170
Deferred tax asset		-	510	-
		6,757	7,335	7,082
Current assets				
Inventory		-	77	-
Trade and other receivables	6	2,976	2,882	2,834
Research And Development tax credit receivable		1,467	-	1,061
Cash and cash equivalents		3,322	3,966	3,179
		7,765	6,925	7,074
Total assets		**14,522**	**14,260**	**14,156**
Current liabilities				
Trade and other payables	7	3,322	3,418	2,995
Total liabilities		3,322	3,418	2,995
Non-current liabilities				
Long Term Loan	7	2,031	-	-
Other payables	7	191	316	221
Total non-current liabilities		2,222	316	221
Equity attributable to equity holders of parent				
Share capital	8	701	653	701
Share premium account		18,809	17,135	18,809
Retained earnings		(10,532)	(7,262)	(8,570)
		8,978	10,526	10,940
Total equity and liabilities		**14,522**	**14,260**	**14,156**

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For the period ended 30 June 2017

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	**560**	**14,592**	**(4,968)**	**10,184**
Loss and total comprehensive income for the period	-	-	(2,316)	(2,316)
Employee share-based payment charge	-	-	22	22
Issue of equity share capital	93	2,543	-	2,636
At 30 June 2016 (Unaudited)	**653**	**17,135**	**(7,262)**	**10,526**
Loss and total comprehensive income for the period	-	-	(1,443)	(1,443)
Employee share-based payment charge	-	-	135	135
Issue of equity share capital	48	1,674	-	1,722
At 31 December 2016	**701**	**18,809**	**(8,570)**	**10,940**
Loss and total comprehensive income for the period	-	-	(1,992)	(1,992)
Employee share-based payment charge	-	-	30	30
At 30 June 2017 (Unaudited)	**701**	**18,809**	**(10,532)**	**8,978**

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

Share Capital	Represents the nominal value of shares allotted, called up and fully paid
Share Premium	Represents the amount subscribed for share capital in excess of nominal value
Retained Earnings	Represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income

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For the period ended 30 June 2017

Consolidated statement of cash flows

	Period ended 30 June 2017 £'000 Unaudited	Period ended 30 June 2016 £'000 Unaudited	Year ended 31 December 2016 £'000 Audited
Cash flow from operating activities			
Loss for the period before taxation	(1,992)	(2,316)	(3,759)
Adjustments for:			
Amortisation of intangible assets.......................	1,881	1,426	3,203
Impairment of intangible assets………………..	-	-	412
Depreciation of property, plant and equipment...	132	217	375
(Profit)/Loss on disposal of fixed asset.............	-	-	77
Share based payment expense...........................	30	50	157
Tax credit……………………………………	(404)	-	(1,440)
Net finance cost/(income).................................	26	(10)	(21)
Foreign exchange...	34	(281)	(408)
Operating cash flow before movement in working capital and taxation	**(293)**	**(914)**	**(1,404)**
(Increase) in trade and other receivables	(141)	(548)	(566)
Increase/(Decrease) in trade and other payables	297	113	(236)
Taxation………………………………………	-	582	1,471
Net cash flows from operations......................	**(137)**	**(767)**	**(735)**
Cash flow from investing activities			
Interest received..	4	10	21
Purchase of intangible assets	(1,673)	(1,905)	(4,480)
Purchase of property, plant and equipment........	(14)	(18)	(46)
Net cash used in investing activities	**(1,683)**	**(1,913)**	**(4,505)**
Cash flow from financing activities			
Net proceeds on issue of shares	-	2,608	4,358
Net proceeds on issue of convertible loan	2,001	-	-
Net cash generated from financing activities.	**2,001**	**2,608**	**4,358**
Net increase/(decrease) in cash and cash equivalents	**181**	**(72)**	**(882)**
Cash and cash equivalents at beginning of period	3,179	3,779	3,779
Effect of foreign exchange rate changes............	(38)	259	282
Cash and cash equivalents at end of period	**3,322**	**3,966**	**3,179**

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For the period ended 30 June 2017

Notes to the financial statements

1. Basis of preparation and accounting policies

The financial information in this document has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, International Accounting Standards and interpretations (collectively, "IFRS") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The financial information for the period ended 30 June 2017 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2016 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

This interim report, which has neither been audited nor reviewed by independent auditors, was approved by the board of directors on 28 September 2017. The financial information in this interim report has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2016, with the addition of a new accounting policy to reflect the issue of a convertible loan note during the year. The loan note will be treated as debt, without any equity component, in line with management judgement, including annual interest accrued on a straight line basis. These accounting policies will form the basis of the 2017 financial statements.

Adoption of new and revised standards

In the current period the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting years beginning on 1 January 2017. None of the new standards adopted had a material impact on the Financial Statements of the Group.

New standards, amendments to standards and interpretations have been issued but are not effective (and in some cases had not yet been adopted by the EU) for the financial year beginning 1 January 2017. These have not been early adopted and the Directors are still considering the potential impact of IFRS9: Financial Instruments, IFRS15: Revenue from Contracts with customers and IFRS 16: Leases.

2. Judgements and estimates

The preparation of interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 31 December 2016. In issuing the convertible loan note during the year, management have made judgement that the interest rate of the loan reflects the fair value of the debt and therefore there is no equity component to be recognised.

The risks and uncertainties and significant estimates and judgements faced by the Group have not changed significantly since the 2016 Annual Report was published and are not expected to change significantly during the remaining six months of the financial year.

3. Net revenue

	Period ended 30 June 2017 £'000 Unaudited	Period ended 30 June 2016 £'000 Unaudited	Year ended 31 December 2016 £'000 Audited
Game and platform development	584	1,036	2,226
Revenue share and other revenue	3,380	2,675	5,168
Other	177	201	409
Total revenue	4,141	3,912	7,803

4. Segmental information

Information reported to the Group's Chief Executive, the strategic chief operating decision-maker, for the purposes of resource allocation and assessment of the Group's segmental performance is primarily focused on the origination of the revenue stream. The Group's reportable segment under IFRS 8 is Business to business ("B2B").

In the prior year the Group reported principal segments of "B2B and "B2C". The current distinction between segments has been agreed by the Board in light of the continued strategic move toward a B2B only market, the relative insignificance of the B2C operations, and reflects the management reporting to the chief operating decision maker. The category 'Other' reflects the group's B2C operations, which the Board consider is no longer a reportable segment.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

Period ended 30 June 2017 (Unaudited)	B2B £'000	Other £'000	Total £'000
Net revenue	3,964	177	4,141
Distribution costs (excluding depreciation and amortisation)	(1,487)	(130)	(1,617)
Segment result	2,477	47	2,524
Administration expenses			(2,873)
Depreciation			(140)
Amortisation of intangible assets			(1,881)
Finance income			4
Finance expenses			(30)
Loss before taxation			(2,396)
Taxation			404
Loss for the period after taxation			(1,992)

Period ended 30 June 2016 (Unaudited)	B2B £'000	Other £'000	Total £'000
Net revenue	3,711	201	3,912
Distribution costs (excluding depreciation and amortisation)	(1,636)	(145)	(1,781)
Segment result	2,075	56	2,131
Administration expenses			(2,814)
Depreciation			(217)
Amortisation of intangible assets			(1,426)
Finance income			10
Loss before taxation			(2,316)
Taxation			-
Loss for the period after taxation			(2,316)

Year ended 31 December 2016 (Audited)	B2B £'000	Other £'000	Total £'000
Net revenue	7,394	409	7,803
Distribution costs (excluding depreciation and amortisation)	(3,127)	(305)	(3,432)
Segment result	4,267	104	4,371
Administration expenses			(5,602)
Depreciation			(375)
Amortisation of intangible assets			(3,203)
Impairment of intangible assets			(411)
Finance income			21
Loss before taxation			(5,199)
Tax credit/ (charge)			1,440
Loss for the year after taxation			(3,759)

The accounting policies of the reportable segments follow the same policies as described in note 1. Segment result represents the gross profit earned by each segment without allocation of the share of administration costs including Directors' salaries, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Administration expenses comprise principally the employment and office costs incurred by the Group.

Segment assets and liabilities

Assets and liabilities are not separately analysed or reported to the Group's Chief Executive and are not used to assist in decisions surrounding resource allocation and assessment of segment performance. As such, an analysis of segment and liabilities has not been included in this financial information.

Geographical analysis of revenues

This analysis is determined based upon the location of the legal entity of the customer.

	Period ended 30 June 2017 £'000 Unaudited	Period ended 30 June 2016 £000 Unaudited	Year ended 31 December 2016 £'000 Audited
UK and Channel Islands	223	280	574
Italy	1,280	965	2,015
USA	2,591	2,491	4,955
Australia	47	176	259
	4,141	3,912	7,803

Geographical analysis of non-current assets

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
UK and Channel Islands	6,412	6,517	6,581
USA	342	295	493
Italy	3	13	8
	6,757	6,825	7,082

5. Exceptional costs

	Period ended 30 June 2017 £'000 Unaudited	Period ended 30 June 2016 £'000 Unaudited	Year ended 31 December 2016 £'000 Audited
Compensation for loss of office, redundancy and compromise costs, together with associated legal expenses	320	11	4
Key management relocation costs	9	2	51
Other exceptional costs	14	72	87
	343	85	142

6. Trade and other receivables

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Trade receivables	1,783	1,617	1,757
Other receivables	258	290	251
Prepayments and accrued income	935	975	826
	2,976	2,882	2,834

Other receivables include amounts due from payment service providers and VAT recoverable.

Non-current assets

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Lease deposits	170	170	170
	170	170	170

Non-current assets relate to the deposits provided in respect of leased office space. The amount is repayable in accordance with the terms of the agreement.

7. Trade and other payables

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Amounts falling due within one year			
Trade payables	2,272	1,999	1,600
Other taxation and social security	104	157	146
Other payables	163	222	170
Accruals and deferred income	783	1,040	1,079
	3,322	3,418	2,995

7. Trade and other payables (*continued*)

Non-current liabilities

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Accruals	123	197	160
Deferred consideration	68	119	61
	191	316	221

Long term loan

In April 2017, the Group raised £2m following issue of 2,001,483 £1 Convertible Unsecured loan notes.

The loan notes have an interest rate of 9% payable quarterly in arrears from 1 January 2018, with redemption in April 2022. During the period interest of £30,000 was accrued in relation to the loan notes.

The loan notes can be converted into Ordinary shares at a conversion price of 45.5p per Ordinary share, provided noteholders pass a special resolution resolving to convert them.

The directors do not believe there is any equity component of the convertible loan as the interest rate reflects the fair value of the debt and therefore the loan note is treated as a liability.

8. Share capital

	At 30 June 2017 £'000 Unaudited	At 30 June 2016 £'000 Unaudited	At 31 December 2016 £'000 Audited
Ordinary shares	701	653	701
	701	653	701

Issue of shares

(i) 9,331,888 ordinary shares of 1p each were issued at a premium of 27p during the year ended 31December 2016 generating gross proceeds of £2,612,929.

(ii) 1,500,000 ordinary share of 1p each were issued at a premium of 29p during the year ended 31December 2016 generating gross proceeds of £450,000.

(iii) 3,250,000 ordinary share of 1p each were issued at a premium of 39p during the year ended 31December 2016 generating gross proceeds of £1,300,000.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has issued share options and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the period) based on the monetary value of the subscription rights attached to the outstanding share options. All share options are anti-dilutive at the current and prior year reporting dates and the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Period ended 30 June 2017 Pence Unaudited	Period ended 30 June 2016 Pence Unaudited	Year ended 31 December 2016 Pence Audited
Basic	(2.87)	(3.84)	(5.81)
Diluted	(2.87)	(3.84)	(5.81)

Earnings	Period ended 30 June 2017 £'000 Unaudited	Period ended 30 June 2016 £'000 Unaudited	Year ended 31 December 2016 £'000 Audited
(Loss) for the period	(1,992)	(2,316)	(3,759)

Denominator	Period ended 30 June 2017 Number Unaudited	Period ended 30 June 2016 Number Unaudited	Year ended 31 December 2016 Number Audited
Weighted average number of equity shares (basic)	69,508,773	60,282,436	64,647,746
Weighted average number of equity shares for diluted EPS	69,508,773	60,282,436	64,647,746

10. Related party transactions

The offer of a 9% Convertible Loan Note for a consideration of £2million in April 2017 was in part accepted by Roger Kendrick for £94,822, who is a director, Michael Smurfit Jnr for £3,988, who is a director and Sir Michael Smurfit for £1,854,154, who is a related party to Michael Smurfit Jnr.