Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Article 7 under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

20 November 2020

Fusion Antibodies plc
("**Fusion**" or the "**Company**")

Half year Report

Fusion Antibodies plc (AIM: FAB), specialists in pre-clinical antibody discovery, engineering and supply for both therapeutic drug and diagnostic applications, announces its unaudited interim results for the six months ended 30 September 2020 ("H1 FY2021").

Highlights

Operational

- 9% growth in revenues in H1 FY2021 over H1 FY2020
- COVID-19 programme introduced as part of the Mammalian Antibody Library development project
- Recruitment of a Director of Research & Development, and additional research scientist appointments

Financial

- Trading for the period has been in line with the Directors' expectations
- Continued improvement in revenues: H1 FY2021 revenues of £1.90 million (H1 FY2020: £1.75 million)
- R&D expenditure of £271,000, an increase of 50% on H1 FY2020
- Losses held at same level as same period last year: H1 FY2021 loss of £0.47 million (H1 FY2020: £0.47 million loss)
- £3.0 million (gross proceeds) raised via placing of new ordinary shares
- Cash position at 30 September 2020 was £3.24 million (31 March 2020: £1.54 million)

Commenting on the interim results, Paul Kerr, CEO of Fusion Antibodies plc, said: "*I'm pleased to report that our revenues have grown despite the fact that the period has been dominated by the COVID-19 pandemic. We have expanded our R&D programme to include a COVID-19 target along with our oncology targets, with the goal of using our Mammalian Antibody Library, which will be branded as "OptiMAL™", to produce neutralising antibodies against the virus, and have raised capital for that purpose. We have remained operational throughout changing levels of government restrictions and have taken the steps to sustain the business in the coming months. I would like to thank our shareholders and staff for all their valued support to enable us to continue to grow in these challenging times.*"

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About Fusion Antibodies plc

Fusion is a Belfast based biotechnology company providing a range of antibody engineering services for the development of antibodies for both therapeutic drug and diagnostic applications.

The Company's ordinary shares were admitted to trading on AIM on 18 December 2017. Fusion provides a broad range of services in antibody generation, development, production, characterisation and optimisation. These services include antigen expression, antibody production, purification and sequencing, antibody humanisation using Fusion's proprietary CDRx™ platform and the production of antibody generating stable cell lines to provide material for use in clinical trials. Since 2012, the Company has successfully sequenced and expressed over 250 antibodies and successfully completed over 200 humanisation projects for its international, blue-chip client base, which has included eight of the top 10 global pharmaceutical companies by revenue.

Fusion is a Collaborative Research Organisation (CRO) which provides antibody discovery, engineering and supply, through to cell line development. At every stage, our client’s vision is central to how we work, ensuring the best molecule goes to the clinic. Our world-class humanization and antibody optimization platforms harness the power of the natural diversity of antibodies. To address remaining market needs in antibody discovery, Fusion is creating a fully human antibody library to capture the entire human antibody repertoire.

Fusion Antibodies growth strategy is based on combining the latest technological advances with cutting edge science to deliver new platforms that will enable Pharma and Biotech companies get to the clinic faster and ultimately speed up the drug development process.

The global monoclonal antibody therapeutics market was valued at $95.5 billion in 2017 and is forecast to surpass $174.2 billion in 2026, an increase at a CAGR of 6.9 per cent. for the period 2018 to 2026. In 2018, seven of the world’s ten top selling drugs were antibody-based therapeutics with the combined annual sales of these drugs exceeding $62 billion.

Operational Review

The period began early in the United Kingdom's COVID-19 lockdown which was a time of high uncertainty as we and our customers adjusted to new working arrangements. The Company continued to operate throughout the initial lockdown and varying levels of restrictions and has delivered a 9% increase in revenues compared to the same period of the previous year.

The pandemic has created unusual patterns in customer needs as businesses have adapted their working practices and their research priorities. This has established opportunities for the Company to provide additional services to some customers, which has balanced out certain projects that have been delayed or paused by other customers. In particular, our core Antibody Engineering service continues to deliver and our Antibody Supply offering has performed well during the period, together underpinning the revenue growth achieved. As companies globally have adjusted to new circumstances, we have begun to see improved customer confidence.

The next service in the Company's development pipeline is the Mammalian Antibody Library Discovery Platform ("the Library"). The Library will add an important new offering for antibody discovery and the Directors believe it will represent a technologically superior solution when compared to traditional discovery methods and to other library offerings already available in the market. The Company had originally planned to use three therapeutic targets in the proof-of-concept R&D programme but early in the period added a new COVID-19 project. We successfully completed a £3.0m equity raise in April to support this and to provide additional working capital.

We are pleased to report that development work to date has progressed well throughout the period and potential antibodies from the Library are currently being screened prior to being evaluated against the COVID-19 target. This project is supported by an Invest Northern Ireland grant with Queen's University Belfast to test the resultant antibodies against the live virus in the University's virology facility.

To further demonstrate the potential of the Library, the next two development projects against oncology targets are underway. The fourth planned project is against a challenging target, and we are currently in discussions with a potential development partner to collaborate on this project. The Library will complement the Company's existing discovery services and will be offered alongside these, thus providing a broader range of services to our customers. Commercial collaborations are planned to commence in in FY2022, with meaningful revenues anticipated in FY2023. To aid marketing and promotion, the Company has registered the trademark OptiMAL™ for the Library and will use this name in future reports and marketing material.

Senior R&D scientists have been recruited to accelerate the research programmes and a newly created post of Director of Research and Development has recently been filled.

Financial Review

Revenues for the six-month period to 30 September 2020 were £1.90 million (H1 FY2020: £1.75 million).

Operating loss for the first half was £0.56 million (H1 FY2020: £0.62 million). This result reflects R&D expenditure of £271,000, an increase of 50% compared with H1 FY2020 and the continued programme of expansion of capacity and development of sales and marketing.

In April 2020, the Company raised £3.0 million of equity (gross proceeds) by issuing 3,333,333 new ordinary shares in an oversubscribed placing. The primary purpose of this raise was to finance the additional COVID-19 project of the Library development.

As a result of the increased number of shares in issue, basic loss per share has further reduced to £0.019 per share versus £0.021 loss per share in H1 FY2020.

Gross profit margin of 46% has improved on H1 FY 2020 (42%) and is similar to that achieved for the full year FY2020. In addition to the continued recruitment and training of scientists to enable the Company to deliver future growth, there were added costs arising from adjustments to working practices and higher consumable costs as a result of COVID-19 restrictions. Revenue grants relating to employment are included in other income.

Administrative expenses include expenditure on overheads, Board costs, sales and marketing, research & development as well as depreciation. Administrative expenses of £1.48 million have increased compared with H1 FY2020 of £1.41 million as a result of further investment in research and development.

Cash used in operations was £0.73 million compared with £0.55 million used in H1 FY2020. This includes planned investment of funds in research & development as well as increased working capital requirements in H1 FY2021. The Company expects to increase consumable stocks further to mitigate against supply chain risks from COVID-19 and from Brexit which is an added risk for H2 FY2021. EBITDA losses are reducing as shown in the Key Performance Indicators below and are mainly attributable to investment in research and development.

The Board is not recommending the payment of a dividend in relation to the first half of the current financial year (H1 FY2020: nil).

Key Performance Indicators

The key performance indicators (KPIs) regularly reviewed by the board are:

KPI	**H1 2021**	H1 2020
Revenue growth against same period in prior year	**9%**	166%
EBITDA*	**(£0.218m)**	(£0.315m)
Cash used in operations	**(£0.727m)**	(£0.551m)

* Earnings before interest, tax, depreciation and amortisation

Outlook

The Board is pleased to report that the Company has maintained and slightly grown revenues in the first six months of the year, in what were unprecedented times.

The Directors believe that the antibody therapeutic market continues to grow, and that Fusion remains in a strong position to grow and return to profitability in future years. The Company's core services are reliant on multiple orders which the Company can execute within two to three months, which limits the visibility of orders and revenues beyond that timeframe. However, the current pipeline is in line with the Board's expectations and the Directors are confident that progress will be made.

There are two major factors of uncertainly facing the Company and its customers in the second half of this financial year. COVID-19 restrictions continue to play a major part in many of our key markets with unplanned workforce and supply chain interruptions having a global impact. However, we will continue to operate the business and make our services available to our customers to the extent possible which, to date, has been with limited disruption. In addition, the United Kingdom will leave the European Union on 31 December 2020 ("Brexit"). The Company will maintain unrestricted access to EU markets due to its location in Northern Ireland which the Directors believe will reduce the impact of Brexit. The Board continues to believe that the Company has the expertise and financial resources to meet these challenges and capitalise on opportunities in the remainder of this period and beyond.

Statement of Directors' Responsibilities

The Directors confirm, to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting', as adopted by the European Union;
- The interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules of the of the United Kingdom's Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year, and gives a true and fair view of the assets, liabilities, financial positions and profit for the period of the company; and
- The interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority, being a disclosure of related party transactions and changes therein since the previous annual report.

By order of the Board

Dr Simon Douglas
Non-executive Chairman

20 November 2020

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2020

	Notes	**6 months to 30.09.20 Unaudited £'000**	6 months to 30.09.19 Unaudited £'000	Year to 31.03.20 Audited £'000
Revenue		**1,905**	1,753	3,895
Cost of sales		**(1,032)**	(1,014)	(2,123)
Gross profit		**873**	739	1,772
Other operating income	10	**43**	53	56
Administrative expenses		**(1,479)**	(1,408)	(2,887)
Operating loss		**(563)**	(616)	(1,059)
Finance income	3	**1**	4	6
Finance costs	3	**(10)**	(9)	(20)
Loss before tax		**(572)**	(621)	(1,073)
Income tax credit	4	**101**	148	376
Loss for the period		**(471)**	(473)	(697)
Total comprehensive expense for the period		**(471)**	(473)	(697)
		Pence	Pence	Pence
Basic loss per share	5	**(1.9)**	(2.1)	(3.2)

Condensed Statement of Financial Position

As at 30 September 2020

	Notes	**As at 30.09.20 Unaudited £'000**	As at 30.09.19 Unaudited £'000	As at 31.03.20 Audited £'000
Assets				
Non-current assets				
Intangible assets		**3**	5	4
Property, plant and equipment	6	**1,401**	1,558	1,470
Deferred tax assets	7	**2,045**	1,488	1,764
		3,449	3,051	3,238
Current assets				
Inventories		**373**	231	340
Trade and other receivables		**1,171**	1,200	887
Current tax receivable		**69**	39	38
Cash and cash equivalents		**3,243**	1,313	1,537
		4,856	2,783	2,802
Total assets		**8,305**	5,834	6,040
Liabilities				
Current liabilities				
Trade and other payables		**607**	580	828
Borrowings	8	**161**	124	161
		768	704	989
Net current assets		**4,088**	2,079	1,813
Non-current liabilities				
Borrowings	8	**148**	170	219
Provisions for other liabilities and charges		**20**	20	20
Total liabilities		**936**	894	1,228
Net assets		**7,369**	4,940	4,812
Equity				
Called up share capital	13	**1,017**	884	884
Share premium reserve		**7,535**	4,872	4,872
(Accumulated losses)/retained earnings		**(1,183)**	(816)	(944)
Equity		**7,369**	4,940	4,812

Condensed Statement of Changes in Equity

For the six months ended 30 September 2020

6 months ended 30 September 2020 Unaudited	**Called up share capital £'000**	**Share premium reserve £'000**	**Accumulated losses £'000**	**Equity £'000**
At 1 April 2020	**884**	**4,872**	**(944)**	**4,812**
Loss for the period	**-**	**-**	**(471)**	**(471)**
Issue of share capital	**133**	**2,867**	**-**	**3,000**
Cost of issuing share capital	**-**	**(204)**	**-**	**(204)**
Share options - value of employee services	**-**	**-**	**21**	**21**
Tax credit relating to share option scheme	**-**	**-**	**211**	**211**
Total transactions with owners, recognised directly in equity	**133**	**2,663**	**232**	**3,028**
At 30 September 2020	**1,017**	**7,535**	**(1,183)**	**7,369**

6 months ended 30 September 2019 Unaudited	Called up share capital £'000	Share premium reserve £'000	Retained earnings £'000	Equity £'000
At 1 April 2019	884	4,872	(402)	5,354
Loss for the period	-	-	(473)	(473)
Share options - value of employee services	-	-	46	46
Tax credit relating to share option scheme	-	-	13	13
Total transactions with owners, recognised directly in equity	-	-	59	59
At 30 September 2019	884	4,872	(816)	4,940

Year ended 30 March 2020 Audited	Called up share capital £'000	Share premium reserve £'000	(Accumulated losses)/ Retained earnings £'000	Equity £'000
At 1 April 2019	884	4,872	(402)	5,354
Loss for the year	-	-	(697)	(697)
Share options - value of employee services	-	-	72	72
Tax credit relating to share option scheme	-	-	83	83
Total transactions with owners, recognised directly in equity	-	-	155	155
At 31 March 2020	884	4,872	(944)	4,812

Statement of Cash Flows

For the six months ended 30 September 2020

	6 months to 30.09.20 Unaudited £'000	6 months to 30.09.19 Unaudited £'000	Year to 31.03.20 Audited £'000
Cash flows from operating activities			
Loss for the period	**(471)**	(473)	(697)
Adjustments for:			
Share based payment expense	**21**	46	83
Depreciation	**344**	300	620
Amortisation of intangible assets	**1**	1	2
Finance income	**(1)**	(4)	(6)
Finance costs	**10**	9	20
Income tax credit	**(101)**	(148)	(376)
Decrease/(increase) in inventories	**(33)**	11	(97)
(Increase)/decrease in trade and other receivables	**(276)**	(144)	169
(Decrease)/increase in trade and other payables	**(221)**	(149)	99
Cash used in operations	**(727)**	(551)	(183)
Income tax received	**-**	-	23
Net cash used in operating activities	**(727)**	(551)	(160)
Cash flows from investing activities			
Purchase of intangible assets	**-**	-	-
Purchase of property, plant and equipment	**(275)**	(44)	(109)
Finance income – interest received	**1**	4	6
Net cash used in investing activities	**(274)**	(40)	(103)
Cash flows from financing activities			
Proceeds from issue of share capital	2,796	-	-
Repayments of borrowings	**(85)**	(71)	(172)
Finance costs - interest paid	**(4)**	(9)	(12)
Net cash generated from/(used in) financing activities	**2,707**	(80)	(184)
Net increase/(decrease) in cash and cash equivalents	**1,706**	(671)	(447)
Cash and cash equivalents at the beginning of the period	**1,537**	1,984	1,984
Cash and cash equivalents at the end of the period	**3,243**	1,313	1,537

1 Basis of Preparation

The condensed financial statements comprise the unaudited results for the six months to 30 September 2020 and 30 September 2019 and the audited results for the year ended 31 March 2020. The financial information for the year ended 31 March 2020 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 March 2020 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2020 was unmodified and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The condensed financial statements for the period ended 30 September 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The information in these condensed financial statements does not include all the information and disclosures made in the annual financial statements.

Going concern

At 30 September 2020 the Company had a cash balance of £3.24 million. The Directors have reviewed detailed projections for the Company. These projections are based on estimates of future performance and have been adjusted to reflect various scenarios and outcomes that could potentially impact the forecast outturn. Based on these estimates, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from the reporting date. Accordingly, they have prepared these condensed financial statements on the going concern basis.

Accounting policies

The condensed financial statements have been prepared in a manner consistent with the accounting policies set out in the financial statements for the year ended 31 March 2020 and on the basis of the International Financial Reporting Standards (IFRS) as adopted for use in the EU that the company expects to be applicable at 31 March 2021. IFRS are subject to amendment and interpretation by the International Accounting Standards Board (IASB) and there is an ongoing process of review and endorsement by the European Commission.

2 Segmental information

For all the financial periods included in these condensed financial statements, all the revenues and costs relate to the single operating segment of research, development and manufacture of recombinant proteins and antibodies.

3 Finance income and costs

Income	**6 months to 30.09.20 Unaudited £'000**	6 months to 30.09.19 Unaudited £'000	Year to 31.03.20 Audited £'000
Bank interest receivable	**1**	4	6

	6 months to 30.09.20	6 months to 30.09.19	Year to 31.03.19

Cost	**Unaudited £’000**	Unaudited £’000	Audited £’000
Interest expense on other borrowings	**10**	9	20

4 Income tax credit

	6 months to 30.09.20 Unaudited £’000	6 months to 30.09.19 Unaudited £’000	Year to 31.03.20 Audited £’000
Current tax	**(31)**	(16)	(38)
Deferred tax	**(70)**	(132)	(338)
Total tax credit	**(101)**	(148)	(376)

5 Earnings per share

The calculation of earnings per share is based on loss after tax from continuing operations for six months to 30 September 2020 of £471,000 (6 months to 30 September 2019: £473,000 loss, year to 31 March 2019: £697,000 loss).

The weighted average number of shares used in the calculation of the basic earnings per share are as follows:

	6 months to 30.09.20 Unaudited Number	6 months to 30.09.19 Unaudited Number	Year to 31.03.20 Audited Number
Issued ordinary shares at the end of the period	**25,437,025**	22,091,192	22,091,192
Weighted average number of shares in issue during the period	**24,875,220**	22,091,192	22,091,192

Basic earnings per share is calculated by dividing the basic earnings for the period by the weighted average number of shares in issue during the period.

6 Property, plant and equipment

	Right of use assets £’000	Leasehold property £’000	Plant & machinery £’000	Fixtures, fittings & equipment £’000	Total £’000
Cost					
At 1 April 2020	226	725	1,916	220	3,087
Additions	14	-	253	8	275
Disposals	-	-	-	-	-
At 30 September 2020	240	725	2,169	228	3,362
Accumulated depreciation					
At 1 April 2020	68	425	1,015	109	1,617
Disposals	-	-	-	-	-
Depreciation charged in the period	34	72	214	24	344
At 30 September 2020	102	497	1,229	133	1,961

Net book value					
At 30 September 2020	**138**	**228**	**940**	**95**	**1,401**
At 31 March 2020	158	300	901	111	1,470

7 Deferred tax assets

Deferred tax assets are recognised for the carry forward of corporation tax losses to the extent that the realisation of a future benefit is probable. The deferred tax arising from future utilisation of taxable losses of £8.8 million (30 September 2019: £8.7 million) is dependent on future taxable profits arising in the UK. During the period the Company raised £2.8m (net proceeds) of capital to invest in research and development and to finance growth and as a consequence this will increase taxable losses in the next two to three years. The Directors have prepared forecasts indicating a return to profitability in the future and they have an expectation that the Company will make sufficient future taxable profits against which the tax losses can be deducted and accordingly, a deferred tax asset has been recognised in the financial statements.

8 Borrowings

	At 30 September 2020 £'000	At 30 September 2019 £'000	At 31 March 2020 £'000
At 1 April	**380**	140	140
Adoption of IFRS 16 (see note 12)	**-**	226	226
Additions in period	**14**	-	166
Interest	**10**	9	20
Repayments	**(95)**	(81)	(172)
At period end	**309**	294	380
Amounts due in less than 1 year	**161**	124	161
Amounts due after more than 1 year	**148**	170	219
	309	294	380

Borrowings are secured by a fixed and floating charge over the whole undertaking of the company, its property, assets and rights in favour of Northern Bank Ltd trading as Danske Bank.

9 Retirement benefits obligations

The company operates a defined contribution scheme, the assets of which are managed separately from the company.

10 Transactions with related parties

The Company had the following transactions with related parties during the year:

Invest Northern Ireland ("Invest NI") is a shareholder in the Company. The Company leases its premises from Invest Northern Ireland and received invoices for rent and estate services amounting to £40,000 (6 months ended 30 September 2019: £46,000, year ended 31 March 2020: £78,000). A balance of £nil (30 September 2019: £nil, 31 March 2020: £nil) was due and payable to Invest NI at the reporting date. The Company received various grants during the period from Invest NI amounting to £43,000 (6 months ended 30 September 2019: £53,000, year ended 31 March 2020 £56,000).

11 Events after the reporting date

There have been no events from the reporting date to the date of approval which need to be reported.

12 Changes in accounting policies in the prior period

This note explains the impact of the adoption of IFRS 16 'Leases' on the Company's financial statements and discloses the new accounting policies applied from 1 April 2019, where they are different to those applied before that date.

(a) Impact on financial statements
The adoption of IFRS 16 'Leases' from 1 April 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 12(c) below.

In adopting IFRS 16 the modified retrospective approach has been used such that the right of use assets arising is equal in value to the lease liabilities recognised as borrowings. In accordance with the transitional provisions of IFRS 16, a restatement of prior year financial statements was not required. The reclassifications and the adjustments arising from adoption of this standard are therefore not reflected in Statement of Financial Position as at 31 March 2019, but are recognised in the opening Statement of Financial Position on 1 April 2019.

	£'000
Lease liabilities at 31 March 2019	250
Effect of discounting	(24)
Right of use asset at 1 April 2019	226

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

Impact on the opening balance on the statement of financial as at 1 April 2019:

Balance sheet extract

	31 March 2019 £'000	Adoption of IFRS 16 £'000	1 April 2019 £'000
Non-current assets			
Property, plant and equipment	1,588	226	1,814
Current liabilities			
Borrowings	(67)	(64)	(131)
Non-current liabilities			
Borrowings	(73)	(162)	(235)
Equity			
Accumulated losses	(402)	-	(402)

(b) Impact of adoption
IFRS 16 'Leases' replaces IAS17 'Leases' and related interpretations. It introduces a single lessee accounting model, eliminating the previous classification of leases as either operating or finance. This has resulted on operating leases previously treated solely through profit or loss being

recorded in the statement of financial position in the form of a right-of-use asset and a lease liability, subject to certain exemptions.

The adoption of IFRS 16 'Leases' from 1 April 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 12 (c). In accordance with the transitional provisions in IFRS 16, comparative figures have not been restated.

The total impact on the Company's retained earnings was £nil as shown in 12(a) above.

Leases
The directors considered all leases in place at 31 March 2019 and the only lease identified for adjustment under IFRS 16 is for the Company's premises in Belfast. At 31 March 2019 this lease had 40 months remaining and annual lease payments of £75,000. The Company was required to recognise a right-of-use asset at 1 April 2019 for this asset of £226,000 and a corresponding liability in borrowings.

Rental payments will no longer be charged to profit or loss, however, a depreciation charge for the asset and an interest charge on the borrowings will be charged to profit or loss.

The following judgements have been made by the directors:

- The agreement for the use of the premises constitutes a lease under IFRS 16;
- The lease term was assessed as ending on the expiry of the agreement as set out in the lease;
- The discount rate used of 4.7% was judged by the directors to be the rate at which the Company would be able to borrow a similar amount for the purposes of acquiring premises.

The impact on earnings per share for the year ended 31 March 2020 is a reduction of approximately £3,000 in reported earnings or an additional £0.0001 per share.

(c) IFRS 16 Leases – Accounting policies applied from 1 April 2019

Leases

Leases in which a significant portion of the risks and rewards of ownership remain with the lessor are deemed to give the Company the right-of-use and accordingly are recognised as property, plant and equipment in the statement of financial position. Depreciation is calculated on the same basis as a similar asset purchased outright and is charged to profit or loss over the term of the lease. A corresponding liability is recognised as borrowings in the statement of financial position and lease payments deducted from the liability. The difference between remaining lease payments and the liability is treated as a finance cost and taken to profit or loss in the appropriate accounting period.

13 Share capital
During the period the Company issued 3,345,833 Ordinary Shares of 4 pence each for gross proceeds of £3,000,000 before related expenses. Costs of the share issue totalled £204,000 and have been deducted from the Share Premium Reserve.