5 February 2019

Maestrano Group PLC ("Maestrano" or the "Company" or the "Group")

Six Months to 31 December 2018 unaudited Results

Revenue uplift while strategic projects continue

Maestrano Group PLC (AIM: MNO), the cloud business integration platform with cross-app data synchronization announces its unaudited results for the six months ending 31 December 2018.

GDP 000's	Six months to December 2018	Six months to December 2017	% Change	% Change Constant Currency*
Total Revenue	**444**	**345**	**29%**	**35%**
Cost of Sales	158	78	103%	114%
Total Expenses	1,958	1,043	88%	93%
Other Income	376	361	4%	9%
EBITDA	**(1,296)**	**(415)**	**212%**	**218%**

* Constant currency reflects the results had the underlying transactional currencies, (i.e. USD, AUD and GBP) remained constant across the full financial year.

Key Financial Highlights

- Total revenue up 29% in reported currency and 35% at constant currency. The moderate uplift reflects the implementation effort for key clients including a major US bank.
- Total expenses increased by 88% (93% at constant currency) as the company increased headcount in order to deliver major client projects and support future growth.
- Underlying EBITDA before exceptional one-off items was a loss of £1,296K, a 212% decline driven by the investment in resources noted above.
- Cash balance at 31/12/18 was £3,764,770, Net Assets £3,872,876.

Key Operational Highlights

- Successful launch of first phase of Maestrano platform with a large and well known USA based bank.
- Launch of a platform for a multinational value-add technology distributor – the rollout is scheduled for Asia Pacific and Europe in 2019.
- Contract with a major Australia based bank for testing and pilot phases of a solution for its small to medium sized customer base has commenced – this will target the legal sector initially.
- Maestrano continues to focus on increasing the depth and breadth of functionality of its platform.

- Additional headcount recruited in areas of engineering, customer support and specialist sales to augment future growth.

Trading Update and Outlook

After detailed planning discussions with our major USA bank client, we have taken a much more cautious approach to the ramp up of end-user subscription revenue for 2019 and have revised our outlook accordingly. This cautious approach is expected to result in revenue and the adjusted loss for the 2019 financial year being materially behind market expectations. Notwithstanding end-user uptake taking longer than anticipated, the Company's business model remains the same and the Board remains extremely confident that the bank will achieve its planned end-user targets over the next three years.

The half year Accounts will be made available today on the Group's website: www.maestrano.com/investors/

Enquiries:

Maestrano Group plc Ian Buddery, Chairman Andrew Pearson, CEO	c/o IFC
Grant Thornton (Nominated Adviser) Colin Aaronson / Jamie Barklem	+44 (0)20 7383 5100
Arden Partners (Broker) Ruari McGirr / Ciaran Walsh / Alex Penney	+44 (0)20 7614 5900
IFC Advisory Limited (Financial PR & IR) Graham Herring / Miles Nolan / Zach Cohen graham.herring@investor-focus.co.uk miles.nolan@investor-focus.co.uk	+44 (0)20 3934 6630

About Maestrano

Maestrano develops and deploys a patented cloud-based Platform as a Service that serves the needs of Small to Medium Businesses (SMBs) and large Enterprises (such as major banks and global accounting firms) to access real time, automated management data efficiently on an integrated platform. This technology is called Master Data Management (MDM).

Further information on the Group is available at www.maestrano.com

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014.

Review of operations by the Chief Executive Officer

I am pleased to bring you my first report as Chief Executive Officer, having joined Maestrano Group plc (the 'Group' or 'Maestrano') during this financial half-year ended 31 December 2018 and having been appointed to this role in December 2018.

Since joining I have been impressed with Maestrano's platform that enables banks and other large enterprises to offer a differentiated service to their small and medium business customers. This platform along with the skilled technical team are being recognised by large enterprise customers as providing the ability to rapidly offer innovative and flexible solutions to their clients.

In today's global banking market new services are essential to allow both traditional and challenger bank market entrants to serve the demands and needs of their customers and take advantage of new opportunities that digital technologies offer. Banks need to respond in this rapidly changing market and need new delivery platforms. New regulations are forcing banks to open key areas of banking, such as payments, lending and data access and new competitors - such as big retailers, accounting software vendors, payments providers and others are moving into lucrative segments of banking such as lending and payments.

Maestrano's platform provide the tools for mature market players to rapidly pull together information and solutions from multiple internal systems and customer applications. Similarly, the Maestrano platform allows newer entrants to draw together newer applications to expedite market entry. As a result, we are very confident of Maestrano's longer term success in this large global market.

Operational highlights
The Group made good progress during the six-month period ended 31 December 2018.

We successfully launched the first phase of a platform with a large and well-known USA based bank for a solution that is intended to reach up to four million small and medium business customers in due course. The launch of this complex solution was the culmination of much hard work from the Maestrano team and strong collaboration with the client. We expect the initial solution will be expanded during the coming year as the client methodically rolls out the solution to its customer base. Subscriber revenue from this client is expected to grow steadily during 2019.

During the period the Group also successfully launched a platform for a multinational value-add technology distributor, headquartered in the USA. The roll out of this new platform based on Maestrano technologies is scheduled for Asia Pacific and Europe in 2019.

Maestrano also commenced the implementation phase of a contract with a high-profile Australian bank for testing and pilot phases of a solution for its small and medium business customer base, initially targeted at the legal industry segment. This implementation work is scheduled to be completed during the second half of this financial year, with subscriber revenues expected to commence during the next financial year.

On the back of these key new clients our goals for the balance of the financial year will be to:
- drive revenue via end-user adoption of existing enterprise platforms;
- expand market penetration in key geographies in Europe, North America and Asia; and
- increase depth and breadth of the platform functionality.

Organisation

As foreshadowed at the time of the Company's admission to the Alternative Investment Market ('AIM") the Group has used some of the funds to strengthen its team particularly with the recruitment of incremental engineering, customer support and sales specialists to support its future growth. In addition, a specialised online customer on-boarding and support services company has been contracted to assist Maestrano's major rollouts. The in-house engineering and test team currently stands at 22.

Product engineering developments were primarily focused around performance and flexibility enhancements during the past year in preparation for the large-scale solutions that Maestrano's customers will take to market, in addition to specific deployment efforts within these customer projects. A number of new cloud applications were integrated during the financial period, notably Talech's point of sales ('POS') solution, and a key enhancement for Quickbooks Online, Intuit's accounting software-as-a-service ('SaaS'), via a new "Single Sign-On" ('SSO') capability.

Outlook

After detailed planning discussions with our major USA bank client, we have taken a much more cautious approach to the ramp up of end-user subscription revenue for 2019 and have revised our outlook accordingly. This cautious approach is expected to result in revenue and the adjusted loss for the 2019 financial year being materially behind market expectations.

Whilst end-users are steadily subscribing, the bank is taking care to "do it slow, get it right" by reducing the number of users who have visibility of the platform, to ensure that the data presented is complete and relevant and the experience exceeds their expectations. Notwithstanding end-user uptake taking longer than anticipated, our business model remains the same and we remain extremely confident that the bank will achieve its planned end-user targets over the next three years.

Follow on development phases are now in progress across three of our clients, together with sales outreach to potential new clients, particularly in Europe and Asia. We are proud of the performance of our team, including many new people who have joined in key roles. Our focus in 2019 will continue to be on end-user acquisition to drive recurring revenue growth.

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Andrew Pearson
Chief Executive Officer

4 February 2019

As noted above this period has been focused on successfully delivering key customer projects that will drive recurring subscriber revenue in future periods as well as strengthening our technical and customer facing teams.

A summary of the Group's results are as follows:

	Six months to 31 December 2018 £'000	Six months to 31 December 2017 £'000	Change
Enterprise implementation	405	315	29%
Enterprise subscriber	39	30	31%
Total revenue	**444**	**345**	**29%**
Direct costs of sale	158	78	103%
Gross margin	**286**	**267**	**7%**
Employee expenses	1,399	791	77%
Occupancy expenses	118	93	27%
Professional fees	290	46	530%
Other operational expenses	151	113	32%
Total expenses	**1,958**	**1,043**	**88%**
Other income	370	356	4%
Interest income	6	5	20%
Underlying EBITDA (earnings before interest expense, taxation, depreciation and amortisation adjusted for other one-off items)	**(1,296)**	**(415)**	**(212)%**
Depreciation	7	12	(44)%
Finance costs	-	261	
Other non-operating costs	-	17	
Loss before income tax expense	**(1,303)**	**(705)**	**(85)%**
Income tax			
Loss after income tax expense	**(1,303)**	**(705)**	**(85)%**

Revenue

Total revenue for the period increased by 29% to £0.44 million, when compared to the prior comparative period ('pcp'), as the Group focused on a small number of key implementation projects. Subscriber revenue increased modestly in the period. Current projects are expected to provide material long-term subscriber revenues in the coming years

Operating expenses

Overall operating expenses increased by £0.91 million compared to pcp primarily as a result of increases in staff costs as well as additional public company related costs. Staff expenses increased £0.61 million to £1.40 million as the Group strengthened its technical and customer support resources. Corporate and professional costs increased £0.24 million.

Other income derived from government research and development grants received in the period increased slightly to £0.37 million compared to £0.36 million in the pcp. This income is primarily received in the first-half of each financial year.

Underlying EBITDA for the period was a loss of £1.30 million due to the increased costs noted above.

Finance and other non-operating expenditure were immaterial for the period after the conversion of all outstanding convertible notes in May 2018.

The loss after tax for the period was £1.30 million an increase of 85% compared to pcp.

Balance sheet, cash and working capital

The Group balance sheet remained strong with cash resources of £3.76 million as at 31 December 2018.

Cash outflow from operating activities was £1.44 million. The operating cash flow was negatively impacted by the trading for the period as well as an increase in the work-in-progress, now classified as contract assets, given the timing of billing milestones for ongoing projects.

Underlying basis

The Group manages its operations by looking at the underlying EBITDA which excludes the impact of a number of one-off and non-cash items as this, in the Board's opinion, provides a more representative measure of the Group's performance. A reconciliation between the reported loss before tax and underlying EBITDA is included at note 6 to the financial statements.

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Craig Holden
Chief Financial Officer

4 February 2019

Maestrano Group plc
Consolidated statements of profit or loss and other comprehensive income
For the period ended 31 December 2018

	Note	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
Revenue from contracts with customers	4	444,046	344,864	977,455
Other income	5	370,190	356,198	372,304
Interest revenue calculated using the effective interest method		5,656	4,761	6,570
Expenses				
Hosting fees and other direct costs		(158,030)	(77,667)	(183,608)
Employee benefits expense		(1,398,655)	(790,844)	(1,633,549)
Occupancy expenses		(118,485)	(92,680)	(184,920)
Depreciation and amortisation expense		(6,544)	(11,717)	(14,402)
Initial public offering ('IPO') and other non-operating costs		-	(17,060)	(395,820)
Other expenses		(440,844)	(159,987)	(422,521)
Finance costs		-	(260,727)	(450,682)
Loss before income tax expense		(1,302,666)	(704,859)	(1,929,173)
Income tax expense		-	-	(30,612)
Loss after income tax expense for the period		(1,302,666)	(704,859)	(1,959,785)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation		(12,723)	55,997	234,688
Other comprehensive income for the period, net of tax		(12,723)	55,997	234,688
Total comprehensive income for the period		(1,315,389)	(648,862)	(1,725,097)
Loss for the period is attributable to:				
Non-controlling interest		-	(12,326)	(11,082)
Owners of Maestrano Group plc		(1,302,666)	(692,533)	(1,948,703)
		(1,302,666)	(704,859)	(1,959,785)
Total comprehensive income for the period is attributable to:				
Non-controlling interest		-	(12,326)	(11,082)
Owners of Maestrano Group plc		(1,315,389)	(636,536)	(1,714,015)
		(1,315,389)	(648,862)	(1,725,097)
Basic earnings per share (pence per share)	15	(1.63)	(3.75)	(8.11)
Diluted earnings per share (pence per share)	15	(1.63)	(3.75)	(8.11)

The above consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated balance sheets
As at 31 December 2018

	Note	Unaudited 31 December 2018 £	Unaudited 31 December 2017 £	Audited 30 June 2018 £
Assets				
Non-current assets				
Intangibles		8,496	13,587	11,477
Property, plant and equipment		33,589	5,295	5,547
Total non-current assets		42,085	18,882	17,024
Current assets				
Trade and other receivables	7	172,964	99,532	150,406
Contract assets		134,841	-	68,955
Other	8	144,310	22,980	109,070
Cash and cash equivalents		3,764,770	885,703	5,236,040
Total current assets		4,216,885	1,008,215	5,564,471
Total assets		4,258,970	1,027,097	5,581,495
Liabilities				
Current liabilities				
Trade and other payables	9	300,163	226,029	249,379
Contract liabilities		3,797	73,007	27,804
Borrowings		-	2,880,805	-
Employee benefits		82,134	63,844	92,069
Income tax		-	-	30,612
Total current liabilities		386,094	3,243,685	399,864
Total liabilities		386,094	3,243,685	399,864
Net assets/(liabilities)		3,872,876	(2,216,588)	5,181,631
Equity				
Share capital		800,403	1,803,920	800,403
Share premium account		7,583,057	-	7,583,057
Other reserves	10	2,170,102	154,703	2,176,191
Accumulated losses		(6,680,686)	(4,130,042)	(5,378,020)
Equity/(deficiency) attributable to the owners of Maestrano Group plc		3,872,876	(2,171,419)	5,181,631
Non-controlling interest		-	(45,169)	-
Total equity/(deficiency)		3,872,876	(2,216,588)	5,181,631

The interim financial statements of Maestrano Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 5 February 2019. They were signed on its behalf by:

The above consolidated balance sheets should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated balance sheets
As at 31 December 2018

	Note	Unaudited six months ended 31 December 2018	2017	Audited year ended 30 June 2018
		£	£	£

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Ian Buddery
Chairman

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Craig Holden
Director

4 February 2019

The above consolidated balance sheets should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated statements of changes in equity
For the period ended 31 December 2018

Unaudited six months ended 31 December 2017	Share capital	Share premium account *	Other reserves	Accumulated losses	Non-controlling interest **	Total deficiency in equity
	£	£	£	£	£	£
Balance at 1 July 2017	1,803,920	-	90,478	(3,437,509)	(32,843)	(1,575,954)
Loss after income tax expense for the period	-	-	-	(692,533)	(12,326)	(704,859)
Other comprehensive income for the period, net of tax	-	-	55,997	-	-	55,997
Total comprehensive income for the period	-	-	55,997	(692,533)	(12,326)	(648,862)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	8,228	-	-	8,228
Balance at 31 December 2017	1,803,920	-	154,703	(4,130,042)	(45,169)	(2,216,588)

Unaudited six months ended 31 December 2018	Share capital	Share premium account *	Other reserves	Accumulated losses	Non-controlling interest **	Total equity
	£	£	£	£	£	£
Balance at 1 July 2018	800,403	7,583,057	2,176,191	(5,378,020)	-	5,181,631
Loss after income tax expense for the period	-	-	-	(1,302,666)	-	(1,302,666)
Other comprehensive income for the period, net of tax	-	-	(12,723)	-	-	(12,723)
Total comprehensive income for the period	-	-	(12,723)	(1,302,666)	-	(1,315,389)
Transactions with owners in their capacity as owners:						
Share-based payments (note 16)	-	-	6,634	-	-	6,634
Balance at 31 December 2018	800,403	7,583,057	2,170,102	(6,680,686)	-	3,872,876

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

Audited year ended 30 June 2018	**Share capital £**	**Share premium account * £**	**Other reserves £**	**Accumulated losses £**	**Non-controlling interest ** £**	**Total equity £**
Balance at 1 July 2017	1,803,920	-	90,478	(3,437,509)	(32,843)	(1,575,954)
Loss after income tax expense for the period	-	-	-	(1,948,703)	(11,082)	(1,989,785)
Other comprehensive income for the period, net of tax	-	-	234,688	-	-	234,688
Total comprehensive income for the period	-	-	234,688	(1,948,703)	(11,082)	(1,725,097)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	886,323	7,583,057	-	-	-	8,469,380
Share-based payments	-	-	13,302	-	-	13,302
Exercise of options	-	-	(52,117)	52,117	-	-
Capital reorganisation	(1,889,840)	-	1,889,840	-	-	-
Change in non-controlling interest	-	-	-	(43,925)	43,925	-
Balance at 30 June 2018	800,403	7,583,057	2,176,191	(5,378,020)	-	5,181,631

* The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

** Non-controlling interest represented a 40% interest in subsidiary entity Maestrano EMEA DMCC. In February 2018, the Group acquired the remaining non-controlling interest and Maestrano EMEA DMCC became a wholly-owned subsidiary.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated statements of cash flows
For the period ended 31 December 2018

	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
Cash flows from operating activities			
Loss before income tax expense for the period	(1,302,666)	(704,859)	(1,929,173)
Adjustments for:			
Depreciation and amortisation	6,544	11,717	14,402
Share-based payments	6,634	8,228	13,302
Foreign exchange differences	(10,102)	18,368	17,652
Interest received	(5,656)	(4,761)	(6,570)
Interest unwind on convertible note	-	177,302	299,963
Interest and other finance costs	-	83,425	150,719
	(1,305,246)	(410,580)	(1,439,705)
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	(22,558)	173,144	122,271
Decrease/(increase) in contract assets	(65,886)	73,085	4,130
Decrease/(increase) in other operating assets	(35,240)	4,363	(81,728)
Increase in trade and other payables	50,784	87,336	126,956
Increase/(decrease) in contract liabilities	(24,007)	34,474	(10,750)
Increase/(decrease) in employee benefits	(9,935)	(22,133)	6,073
	(1,412,088)	(60,311)	(1,272,753)
Interest received	5,656	4,761	6,570
Interest and other finance costs paid	-	(83,425)	(150,719)
Income taxes paid	(30,612)	-	-
Net cash used in operating activities	(1,437,044)	(138,975)	(1,416,902)
Cash flows from investing activities			
Payments for property, plant and equipment	(31,815)	(828)	(2,185)
Net cash used in investing activities	(31,815)	(828)	(2,185)
Cash flows from financing activities			
Proceeds from issue of shares in Maestrano Pty Ltd	-	-	285,920
Proceeds from issue of shares on AIM admission representing share capital	-	-	400,000
Proceeds from issue of shares on AIM admission representing share premium	-	-	5,600,000
Transaction costs on issue of shares	-	-	(635,122)
Net cash from financing activities	-	-	5,650,798

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated statements of cash flows
For the period ended 31 December 2018

	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
Net increase/(decrease) in cash and cash equivalents	(1,468,859)	(139,803)	4,231,711
Cash and cash equivalents at the beginning of the financial period	5,236,040	1,050,421	1,050,421
Effects of exchange rate changes on cash and cash equivalents	(2,411)	(24,915)	(46,092)
Cash and cash equivalents at the end of the financial period	3,764,770	885,703	5,236,040

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Maestrano Group plc ('Company') as a consolidated entity consisting of Maestrano Group plc and the entities it controlled at the end of, or during, the period (referred to as the 'Group'). The financial statements are presented in Pound Sterling, which is Maestrano Group plc's functional and presentation currency..

The Company was incorporated on 6 December 2017 as a private company, Maestrano Group Limited. On 11 May 2018, the Company converted to a public company, Maestrano Group plc and on 30 May 2018 was admitted onto the Alternative Investment Market ('AIM'). On 19 April 2018, as part of a group reorganisation, the Company acquired 100% of the ordinary shares of Maestrano Pty Ltd from the existing shareholders and became the immediate and ultimate parent of the Group.

Maestrano Group plc is a listed public company limited by shares, incorporated and domiciled in England and Wales. Its registered office and principal place of business are:

Registered office	**Principal place of business**
10 John Street London WC1N 2EB United Kingdom	Suite 504, 46-48 Market Street Sydney NSW 2000 Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 February 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with International Accounting Standards IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the Group:

IFRS 9 Financial Instruments
The Group has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 Revenue from Contracts with Customers
The Group has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
IFRS 9 and IFRS 15 were adopted using the full retrospective approach. The impact of adoption on opening accumulated losses as at the transition date of 1 July 2017 was £nil.

Note 2. Significant accounting policies (continued)

There has been no material impact on adoption of IFRS 9 and IFRS 15, other than the changes to disclosure as required by these standards, which includes:

- reclassifying accrued revenue as contingent assets;
- reclassifying deferred revenue as contingent liabilities; and
- showing interest income on the face of profit or loss.

Going concern

The financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. In assessing whether the going concern assumption is appropriate, the directors have considered the Group's existing working capital and are of the opinion that the Group has adequate resources to undertake its planned program of activities for the 12 months from the date of approval of these financial statements. Further details of the directors' considerations in relation to going concern are included in the directors' report.

Note 3. Operating segments

Identification of reportable operating segments

The Group operates in one segment being provision of data integration and analytic services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operating segment information is the same information as provided throughout the consolidated financial statements and are therefore not duplicated.

Note 4. Revenue from contracts with customers

	Unaudited six months ended 31 December		Audited year ended 30 June
	2018	2017	2018
	£	£	£
Enterprise implementation	404,694	314,720	927,106
Enterprise subscriber	39,352	30,144	50,349
Revenue from contracts with customers	444,046	344,864	977,455

Note 4. Revenue from contracts with customers (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
Geographical regions			
United Kingdom	-	712	712
Australia	181,055	164,976	272,441
United States of America	261,472	167,958	684,353
Middle East and Africa	1,519	11,218	19,949
	444,046	344,864	977,455

Enterprise implantation and enterprise subscriber income are recognised as revenue over time as opposed to a point in time.

Note 5. Other income

	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
Government grants and rebates	370,190	356,048	372,154
Other income	-	150	150
Other income	370,190	356,198	372,304

Government grants and rebates predominately relates to research and development rebates.

Note 6. EBITDA reconciliation (earnings before interest expense, taxation, depreciation and amortisation)

	Unaudited six months ended 31 December 2018 £	Unaudited six months ended 31 December 2017 £	Audited year ended 30 June 2018 £
EBITDA reconciliation			
Loss before income tax	(1,302,666)	(704,859)	(1,929,173)
Add: Interest expense	-	260,727	450,682
Add: Depreciation and amortisation	6,544	11,717	14,402
EBITDA	(1,296,122)	(432,415)	(1,464,089)

Note 6. EBITDA reconciliation (earnings before interest expense, taxation, depreciation and amortisation) (continued)

Underlying EBITDA represents EBITDA adjusted for significant, exceptional and other one-off items.

	Unaudited six months ended 31 December		Audited year ended 30 June
	2018	2017	2018
Underlying EBITDA reconciliation			
EBITDA	(1,296,122)	(432,415)	(1,464,089)
IPO	-	-	325,023
Restructuring costs and Enterprise Investment Scheme set-up costs	-	17,060	70,797
Underlying EBITDA	(1,296,122)	(415,355)	(1,068,269)

The financial statements include both the statutory financial statements and additional performance measures of EBITDA and Underlying EBITDA. The directors believe these additional measures provide useful information on the underlying trend in operational performance going forward without these exceptional and other one-off items.

Note 7. Current assets - trade and other receivables

	Unaudited 31 December		Audited 30 June
	2018	2017	2018
	£	£	£
Trade receivables	131,714	99,206	78,160
Other receivables	41,250	326	72,246
	172,964	99,532	150,406

Note 8. Current assets - other

	Unaudited 31 December		Audited 30 June
	2018	2017	2018
	£	£	£
Prepayments	71,512	22,980	35,315
Staff loans *	72,798	-	73,755
	144,310	22,980	109,070

* In April 2018 the Board agreed to provide certain staff loans for the exercise value of the employee share options. The loans are for three years with interest payable at 5.3% per annum. No interest is payable if the loan is repaid within the first 12 months.

Note 9. Current liabilities - trade and other payables

	Unaudited 31 December 2018 £	Unaudited 31 December 2017 £	Audited 30 June 2018 £
Trade payables	62,792	26,800	83,554
Accrued expenses	159,945	135,644	138,248
Other payables	77,426	63,585	27,577
	300,163	226,029	249,379

Note 10. Equity - other reserves

	Unaudited 31 December 2018 £	Unaudited 31 December 2017 £	Audited 30 June 2018 £
Foreign currency reserve	273,628	107,660	286,351
Share-based payments reserve	6,634	47,043	-
Capital reorganisation reserve	1,889,840	-	1,889,840
	2,170,102	154,703	2,176,191

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Unaudited six months ended 31 December	Foreign currency £	Share based payment £	Capital reorganisation £	Total £
Balance at 1 July 2018	286,351	-	1,889,840	2,176,191
Foreign currency translation	(12,723)	-	-	(12,723)
Share-based payment	-	6,634	-	6,634
Balance at 31 December 2018	273,628	6,634	1,889,840	2,170,102

Note 11. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 12. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 13. Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2018, 30 June 2018 and 31 December 2017.

Note 14. Related party transactions

Parent entity
The parent entity and ultimate parent entity is Maestrano Group plc. There is no ultimate controlling party.

Transactions with related parties
There were no transactions with related parties during the current and previous financial period.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 15. Earnings per share

	Unaudited six months ended 31 December		Audited year ended 30 June
	2018	2017	2018
	£	£	£
Loss after income tax	(1,302,666)	(704,859)	(1,959,785)
Non-controlling interest	-	12,326	11,082
Loss after income tax attributable to the owners of Maestrano Group plc	(1,302,666)	(692,533)	(1,948,703)
	Number	**Number**	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	80,040,331	18,434,000	24,041,786
Weighted average number of ordinary shares used in calculating diluted earnings per share	80,040,331	18,434,000	24,041,786
	Pence	**Pence**	**Pence**
Basic earnings per share	(1.63)	(3.76)	(8.11)
Diluted earnings per share	(1.63)	(3.76)	(8.11)

Note 15. Earnings per share (continued)

Options and convertible notes have not been included in the diluted earnings per share as they are anti-dilutive.

Note 16. Share-based payments

A share option plan has been established by the Group, whereby the Group may, at the discretion of the Board of Directors, grant options over ordinary shares in the Company to certain key management personnel and staff of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

Set out below are summaries of options granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
03/12/2018	03/12/2028	£0.0875	-	3,660,000	-	-	3,660,000
			-	3,660,000	-	-	3,660,000

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/12/2018	03/12/2028	£0.0875	£0.0875	100.00%	-	2.32%	£0.061

The share-based payment expense during the financial period for this plan was £6,634.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.