16 August 2022

IQ-AI Limited (the "Company" or the "Group")

Half Yearly Report for the Period Ended 30 June 2022

Chief Executive's Statement
I am pleased to announce IQ-AI Limited's unaudited financial results for the six months ended 30 June 2022.

For further information, please contact:

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Financial Highlights

Revenues of £256,000 were sustained by renewal subscriptions of IB Clinic, as we successfully continued to manage the after-effects of Covid 19. Major cancer centres continue to trial IB platforms and remain viable prospects. Grant funding from the National Institutes of Health (NIH) continue to provide support for our continuing development of new disruptive technologies.

Major Developments

IB Zero G™

As reported on May 31, we submitted an FDA 510(k) application to the USFDA. IB Zero G™ is an automated processing pipeline that leverages patented technology (US Patent No. 11,100,621) to output enhanced post-contrast images using routinely acquired non-contrast images as input. This technology is targeted at the multibillion-dollar global MRI contrast media market offering cost, convenience, and alleviating safety and environmental concerns. The initial 510(k) application followed the Traditional 510(k) pathway. Under this pathway, the sponsoring company identifies a previously FDA cleared "predicate" device and uses the attributes of that predicate device to demonstrate "substantial equivalence" for the new device. The FDA has now determined that the patented artificial intelligence (AI) technology contained in IB Zero G is a novel, a "first in kind", such that no currently cleared device exists that can serve as a predicate to establish substantial equivalence.

In the response, the FDA provided several alternatives including a "de novo" application. The de novo pathway is specifically designed for novel medical devices intended as Class I and Class II (a risk-based classification) and allows the FDA to review new technologies more expeditiously such that patients can have access to safe and effective medical devices sooner. Prior to the establishment of the de novo pathway, novel technologies were automatically considered Class III (highest risk) and underwent a much more rigorous and longer market clearance pathway, called a Premarket Approval (PMA). We do not believe IB Zero G is appropriately considered a Class III device, so IB intends to take advantage of the de novo pathway and will be communicating with the FDA for further clarification and guidance in advance of the de novo submission.

The de novo pathway is simpler and is becoming more frequently used, driven in part by the rapid pace of technology, computing power, and AI algorithmic development.

We continue to advance this technology and have entered into a second data use agreement with Phoenix Children's Hospital ("PCH"). PCH has begun providing anonymized datasets which will be used to evaluate IB Zero G's capability in infants and neonates.

IB Rad Tech Automation

One of the derivative technologies that resulted from the development of the IB Zero G AI is auto-segmentation. This AI capability enables multiple opportunities that can streamline workflows and automate processing of sophisticated parametric maps that currently require manual intervention. One workflow is the for the generation of IB's "fractional tumour burden" or "FTB" maps. These perfusionderived class maps quantify regions of blood volume; a measurement that has been correlated with tumour grade. A beta-release of this functionality will be deployed in Q4 2022 to our luminary sites including the Mayo Clinic in Arizona, Froedtert and the Medical College of Wisconsin, Stanford Medical Centre, and Keck Medical Centre at USC.

IB Trax™

IB Trax remains a high priority as it includes an elegant reporting feature that quantifies disease progression over time, a major medical need. To compress time to market, a phased release approach is being implemented. The first release, which will serve as a foundation for subsequent releases, displays volumetric changes for IB's Delta T1 (patent-pending) and quantitative perfusion class maps (also known as "fractional tumour burden" or "FTB" maps). Feedback sessions were held with three experienced clinicians who offered valuable insights into the design and content of the reporting feature. Subsequent releases of IB Trax will include automated identification and tracking of metastatic lesions to systematically organize the data and improve clinical workflows which are currently time-consuming and prone to high error rates.

The quantitative reporting feature of the initial release capitalises upon the exclusive quantitative mapping capability of IB's core technologies. It is conceivable that the report could be shared directly with patients and provide them with a graphical depiction of their treatment response. It is also planned to be incorporated into the NIMBLE app outlined later in this update.

Phase I Clinical Trial – Oral Gallium Maltolate (IB 003)

Our sponsorship of the Phase I clinical trial at the Medical College of Wisconsin Cancer Centre ("MCWCC") continues. Under phase I trials, new agents are studied for safe dosing levels to be used in phase II trials. Screening activity is ongoing and those patients who meet the study's inclusion criteria are invited to participate. Thus far, the enrolled subjects are tolerating the agent well and are remaining on the treatment. The IB Clinic suite of software continues to be used to monitor response to the agent for follow-up imaging exams and we expect more patients to be screened and enrolled.

To help broaden awareness about the trial, we have actively engaged with various patient advocacy groups and brain tumour associations both local to the MCWCC and internationally. For example, the American Brain Tumour Association (ABTA) participated in a day-long information exchange at our Milwaukee, WI offices. Opportunities for continued collaboration and research funding were discussed and being pursued. The 2022 ABTA Annual Conference is being held virtually which we will attend.

In addition, the principal investigator of the study will be traveling to other cancer centres starting in September to generate further interest and promote participation.

NIMBLE – Network for the Integrated Management of Brain Metastases

Through our interactions with the MCWCC and collaborations with Professor Schmainda's laboratory, we became aware of a novel smartphone "app" that is being used by Froedtert and the Medical College of Wisconsin (Froedtert & MCW) to treat brain metastases.

Developed by Dr. Joseph Bovi, MD, an experienced radiation oncologist at MCW, the "NIMBLE" (Network for the Integrated Management of Brain Metastases) app, engages the entire treatment team swiftly and virtually to help navigate multi-disciplinary and complex medical decisions, obviating the need for face-to-face meetings which are often difficult to coordinate. Dr. Bovi's institution, Froedtert & MCW, began using NIMBLE in March of 2020 during the onset of COVID 19 lockdowns and restrictions. Since then, it has been used routinely to create timely, evidenced-based treatment plans via remote live inputs from the clinician teams.

NIMBLE provides a tool for both inpatient and outpatient providers to implement a data-driven, comprehensive algorithm for managing brain metastases, via a secure mechanism by which providers can submit a patient for consideration to a virtual tumour board for real-time guidance of the best possible management for the patient.

The 'virtual tumour board' app has proven itself in a real-world clinical setting such that we believe it may have much wider utility. Therefore, we have entered into an exclusive world-wide licensing agreement with MCW for the commercial rights to NIMBLE, enlisting Dr. Bovi to continue its commercial adoption by third party users. The architecture of NIMBLE is also potentially applicable to other disease groups, such as immunotherapy and cardiology and these other uses will be explored.

IB Clinic – Processing as a Service

Over the past several months, we have contemplated new ways for clinicians to access our quantitative mapping solutions. One promising idea is the provision of a post-processing service whereby we offer clinicians an “a la carte” service by remotely processing exams for them. This is a solution for institutions for whom the significant investment a full installation of IB Clinic is not economic on a patient throughput basis, while also minimizing IT security reviews and approvals, and the burden of the already constrained hospital resources with further training and specialized support. Currently, two sites are reviewing service agreements which would constitute a new revenue stream. One advantage for a service income model is that we could potentially directly address a global market directly from our Milwaukee site.

Outlook

The development of both NIMBLE and the service model offer the prospect of new income streams in the months ahead which could complement our ongoing development projects discussed above.

Trevor Brown
Chief Executive

Results for the 2022 interim financial period

A summary of the key financial results is set out in the table below:

	30 June 2022
	£
Revenue	**255,609**
Gross Profit	**258,066**
Operating expenses	**(583,339)**
Finance costs	**(5,311)**
Loss for the period from discontinued operations	**-**
Loss for the period	**(330,584)**

Interest
The net interest cost for the Group for the period was £5,311 (2021: £5,311).

Loss before tax
Loss before tax for the period was £330,584 (2021: £207,135).

Taxation
Taxation charge was £nil for the period (2021: £nil).

Earnings per share
Basic and diluted earnings per share for the period were 0.18p loss (2021: 0.12p loss).

Financial position

The Group's balance sheet as at 30 June 2022 can be summarised as set out in the table below:

	Net assets
	£
Non-current assets	**815,800**
Net current assets	**5,798**
Net assets and total equity	**821,598**

Cash flow

Net cash outflow for the period was £373,854 (2021: £241,072 outflow).

Consolidated Income Statement
For the six months ended 30 June 2022

	Half year ended 30 Jun 2022 £	(Audited) Full year ended 31 Dec 2021 £	Half year ended 30 Jun 2021 £
Continuing operations			
Revenue	**255,609**	521,069	238,488
Cost of sales	**2,457**	(17,047)	(4,070)
Gross profit	**258,066**	504,022	234,418
Administrative expenses	**(583,346)**	(994,388)	(436,247)
Other income	**7**	18	5
Operating loss	**(325,273)**	(490,348)	(201,824)
Finance costs	**(5,311)**	(10,710)	(5,311)
Loss before income tax	**(330,584)**	(501,058)	(207,135)
Income tax	**-**	-	-
Loss for the year from continuing operations	**(330,584)**	(501,058)	(207,135)
Discontinued operations			
Loss for the period from discontinued operations	**-**	-	-
Loss for the year attributable to owners of the Company	**(330,584)**	(717,534)	(207,135)
Earnings per share attributable to owners of the Company			
From continuing operations:			
Basic & diluted (pence per share)	**(0.18)**	(0.29)	(0.12)
From discontinued operations:			
Basic & diluted (pence per share)	**(0.00)**	(0.00)	(0.00)
Total earnings per share (pence per share)	**(0.18)**	(0.29)	(0.12)

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022

	Half year ended 30 Jun 2022 £	(Audited) Full year ended 31 Dec 2021 £	Half year ended 30 Jun 2021 £
Loss for the period	**(330,584)**	(501,058)	(207,135)
Other comprehensive income			
Items that may be subsequently reclassified as profit or loss			
Exchange differences on translation of foreign operations	**(16,956)**	737	(67)
Total comprehensive loss for the year attributable to the owners of the Company	**(347,540)**	(500,321)	(207,202)
Total comprehensive loss for year arises from:			
Continuing operations	**(347,540)**	(500,321)	(207,202)
Discontinuing operations	**-**	-	-
	(347,540)	(500,321)	(207,202)

Consolidated Balance Sheet
As at 30 June 2022

	30 Jun 2022	(Audited) 31 Dec 2021	30 Jun 2021
	£	£	£
Non-current assets			
Property, plant and equipment	**5,426**	4,440	3,090
Goodwill	**219,263**	205,203	202,800
Intangible assets	**591,111**	567,060	599,663
Total non-current assets	**815,800**	776,703	805,553
Current assets			
Trade and other receivables	**166,025**	78,189	175,836
Cash	**354,732**	728,586	237,838
Assets classified as held for sale	**-**	-	-
Total current assets	**520,757**	806,775	413,674
Current liabilities			
Trade and other payables	**514,959**	392,787	356,064
Liabilities directly associated with assets classified as held for sale	**-**	-	-
Total current liabilities	**514,959**	392,787	356,064
Net current assets	**5,798**	413,988	57,610
NET ASSETS	**821,598**	1,190,691	863,163
Equity			
Share capital	**1,826,214**	1,825,076	1,701,076
Share premium	**20,553,499**	20,547,343	20,076,343
Capital redemption reserve	**23,616**	23,616	23,616
Merger reserve	**160,000**	160,000	160,000
Convertible loan note reserve	**212,385**	207,074	201,675
Share based payment reserve	**71,808**	71,808	76,140
Foreign currency reserve	**(30,141)**	20,973	(4,411)
Retained losses	**(21,995,783)**	(21,665,199)	(21,371,276)
Equity attributable to owners of the Company	**821,598**	1,190,691	863,163
TOTAL EQUITY	**821,598**	1,190,691	863,163

Consolidated statement of changes in equity

For the six months ended 30 June 2022

	Share Capital	Share premium	Capital redemption reserve	Merger reserve	Convertible loan note reserve	Share based payment reserve	Foreign currency reserve	Retained losses	TOTAL EQUITY
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2021	**1,701,076**	**20,076,343**	**23,616**	**160,000**	**196,364**	**63,087**	**15,009**	**(21,164,141)**	**1,071,354**
Loss for the year	-	-	-	-	-	-	-	(501,058)	(501,058)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	737	-	737
Total comprehensive loss for the year	-	-	-	-	-	-	737	(501,058)	(500,321)
Shares issued	124,000	496,000	-	-	-	-	-	-	620,000
Cost of shares issued	-	(25,000)	-	-	-	-	-	-	(25,000)
Share based payments	-	-	-	-	-	8,721	-	-	8,721
Movement in the year	-	-	-	-	10,710	-	5,227	-	15,937
Balance at 31 December 2021	**1,825,076**	**20,547,343**	**23,616**	**160,000**	**207,074**	**71,808**	**20,973**	**(21,665,199)**	**1,190,691**
Loss for the period	-	-	-	-	-	-	-	(330,584)	(330,584)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(16,956)	-	(16,956)
Total comprehensive loss for the period	-	-	-	-	-	-	(16,956)	(330,584)	(347,540)
Shares issued	1,138	6,156	-	-	-	-	-	-	7,294
Share based payments	-	-	-	-	-	-	-	-	-
Movement in the period	-	-	-	-	5,311	-	(34,158)	-	(28,847)
Balance at 30 June 2022	**1,826,214**	**20,553,499**	**23,616**	**160,000**	**212,385**	**71,808**	**(30,141)**	**(21,995,783)**	**821,598**

Consolidated Cash Flow Statement

For the six months ended 30 June 2022

	Half year ended 30 Jun 2022 £	(Audited) Full year ended 31 Dec 2021 £	Half year ended 30 Jun 2021 £
Cash flows from operating activities:			
Operating loss	**(330,584)**	(501,058)	(207,135)
Adjustment for:			
Depreciation and amortisation	**69,704**	133,474	61,848
Impairment of intangible assets	**-**	42,303	-
Fees in exchange for shares	**7,293**	-	-
Share based payment expense	**-**	8,721	13,053
Foreign exchange loss	**(125,842)**	509	14,261
Finance costs	**5,311**	10,710	-
Increase in receivables	**(87,836)**	(14,616)	(112,263)
Increase/(Decrease) in payables	**122,172**	31,198	(5,525)
Net cash used in operating activities	**(339,782)**	(288,759)	(235,761)
Cash flows from investing activities			
Purchase of equipment	**(2,129)**	(5,874)	-
Purchase of intangible assets	**(31,943)**	(50,691)	-
Net cash used in investing activities	**(34,072)**	(56,565)	-
Cash flows from financing activities			
Shares issued	**-**	595,000	-
Cost of shares issued	**-**	-	-
Less shares issued arising from convertible loan notes	**-**	-	-
Convertible loan notes	**-**	-	-
Unclaimed dividends	**-**	-	-
Interest cost	**-**	-	(5,311)
Net cash from financing activities	**-**	595,000	(5,311)
Net decrease in cash and cash equivalents	**(373,854)**	249,676	(241,072)
Cash and cash equivalents brought forward	728,586	478,910	478,910
Effects of exchange rate changes on cash and cash equivalents	**-**	-	-
Cash and cash equivalents carried forward	**354,732**	728,586	237,838

Summary of significant accounting policies

IQ-AI Limited (the "Company") is a limited liability company incorporated and domiciled in Jersey.

The financial statements are presented in pounds sterling (£) since that is the currency of the primary environment in which the Group and Company operates.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, as modified for the assets held for sale measured at fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under the heading 'Critical accounting estimates and judgements' below.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement.

The current economic conditions continue to create uncertainty, particularly over (a) the level of demand for the group's products; and (b) the availability of finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that additional funding will be required either via an issue of equity or through the issuance of convertible loan notes. The Directors are reasonably confident that funds will be forthcoming if and when they are required. The Chief Executive Officer has provided a letter of financial support to the Group to make sufficient funds available, if required, to ensure the Group can meet its obligations over the going concern period.

Taking in to account the comments above, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements

New standards, amendments and interpretations adopted by the Group and Company

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards /interpretations	Application
IAS 1 & IAS 8 amendments	Definition of Material
IFRS 3 amendments	Business Combinations
IFRS 16	Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification

New standards, amendments and interpretations not yet adopted

Standards /interpretations	Application
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023
IFRS 3 amendments	Business Combinations – Reference to the Conceptual Framework. Effective: Annual periods beginning on or after 1 January 2022
IFRS 7, IFRS 9, IFRS 16	Amendments regarding replacement issues in the contract of IBOR reform. Effective: Annual periods beginning on or after 1 January 2021
IFRS 16	Amended by Covid-19 Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16) Effective: Annual periods beginning on or after 1 April 2021
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries ("the Group"). Subsidiaries include all entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, and the equity interests issued. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition related costs are expensed as incurred. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries

Investments in subsidiaries are held at cost less any impairment.

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually, or when trigger events occur, for impairment and is carried at cost less accumulated impairment losses.

Segment reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. As a result of the acquisition during the year, the Group reports on a two-segment basis – holding company expenses and medical software.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'finance income or costs.'

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Intangible Assets – Intellectual property and internally generated software

Separately acquired intellectual property is shown at historic cost. Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the estimated useful life of up to 5 years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 5 years. Amortisation commences when regulatory approval is obtained, and the product is commercially available.

Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets in the following categories financial assets as "at fair value through profit and loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are held with the objective of collecting the contractual cash flows. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

A financial asset is assessed at each reporting date to determine whether there is any evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. In the consolidated Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities and equity instruments issued by the group

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issued costs.

Non-Current Assets (or Disposal Groups) Held-for-Sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. A discontinued operation is a component of the Group that is classified as held for sale and that represents a separate line of business or geographical area of operations. The results of discontinued operations are presented separately in the Consolidated Income Statement.

Convertible loan notes

The convertible loan note ("CLN") is a compound financial instrument that can be converted to share capital at the option of the holder. As the CLN, and the accrued interest, can only be repaid by the issue of shares, it has been recognised in equity only, with no liability component. Interest is accounted for on an accruals basis and charged to the Consolidated Income Statement and added to the carrying amount of the equity component of the CLN.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method. The carrying amounts of trade and other payables are considered to be the same as their fair values.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects, from the proceeds.

Share-Based Payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Revenue recognition

The group derives revenue from the transfer of goods and services at a point in time and over time. Revenue from external customers arise on the sales of software licences, including associated maintenance, and consultancy services.

Revenue from licence sales is measured at the agreed transaction price at a point in time. A receivable is recognised when access to the software is granted, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Support and maintenance services are provided on the product supplied; this is deemed to be a separately identifiable product and is recognised over time. Revenue from consulting services are recognised in the accounting period in which the services are rendered.

Taxation

The Company is registered in Jersey, Channel Islands and is taxed at the Jersey Company standard rate of 0%. However, the Company’s subsidiaries are situated in jurisdictions where taxation may become applicable to local operations.

The major components of income tax on profit or loss include current and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised of the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets held for sale. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on best observable data available as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Critical judgments in applying the entity's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of internally developed software

Distinguishing the research and development phases of the software suites and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Earnings per share

Basic and diluted

Earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares purchased by the Company and held as treasury shares.

	Half year ended 30 Jun 2022	Audited Full year ended 31 Dec 2021	Half year ended 30 Jun 2021
Loss attributable to equity holders of the Company (£)	**(330,584)**	(501,058)	**(207,135)**
Loss from discontinued operation attributable to equity holders of the parent (£)		-	-
Weighted average number of shares in issue (number)	**182,595,616**	172,757,472	**170,107,609**
Loss per share (pence)			
-From continuing operations	**(0.18)**	(0.29)	**(0.12)**
-From discontinued operations	**(0.00)**	(0.00)	**(0.00)**