AccessIntelligence

Interim results for 6 months to 31 May 2017

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ACCESS INTELLIGENCE PLC
("Access Intelligence" or "the Group")
UNAUDITED INTERIM RESULTS
FOR
THE SIX MONTHS ENDED 31 MAY 2017

Access Intelligence Plc (AIM: ACC), a leader in corporate communications and reputation management software, announces its unaudited half year results for the six months ended 31 May 2017.

	6 months ended 31-May-17 £'000	Restated * 6 months ended 31-May-16 £'000
Continuing operations		
Revenue	4,129	5,143
EBITDA	(1,264)	(751)
Loss after tax	(1,897)	(1,068)
Profit/(loss) for the period from discontinued operations net of tax:		
- From trading activities	154	(683)
- Profit on disposal of subsidiary undertaking	584	1,664
Total loss for period after tax	(1,159)	(87)
Continuing and discontinued operations		
Basic loss per share	(0.37)p	(0.03)p
Diluted loss per share	(0.37)p	(0.03)p
Continuing operations		
Basic loss per share	(0.60)p	(0.34)p
Diluted loss per share	(0.60)p	(0.34)p

***Restated - prior period comparatives have been restated to disclose the results of AIControlPoint as discontinued activities.**

Highlights:

· Significant improvements in both customer renewal rates and new business sales performance in comparison with H1 2016, resulting in a net £0.2 million increase in

Vuelio's customer annual contract value base by May 2017 and a further £0.1 million increase by July 2017.

- Investment of £0.9 million in development of the Vuelio platform during the first six months of the year to deliver an integrated, single-platform offering for both PR and public affairs professionals.
- The sale of AIControlPoint Limited ("AIControlPoint"), formerly a wholly-owned subsidiary of Access Intelligence, was completed on 16 March 2017. This divestment forms a key part of the realignment of the Group's portfolio to focus on corporate communications and reputation management software.
- Cash balance at 31 May 2017 was £0.5 million (H1 2016: £2.5 million). After the period end, the Group raised a further £1.0 million through the issue of equity to institutional shareholders and management.

Michael Jackson, Non-Executive Chairman, commented:

"The first half of 2017 has been one of significant progress by the Group, with its realigned focus on the Vuelio brand to deliver leading corporate communications and reputation management software solutions.

With the completion of the integration and migration programme at the end of Q1, our 2017 strategy has been largely one of consolidation, providing a foundation for incremental growth from 2018 onwards. We have seen significant improvement in our ability to retain business and in our success at winning new customers, clear signs that our enhanced Vuelio platform is resonating with both customers and prospects alike.

Customer numbers and monthly revenue from continuing operations have both started to increase and management has continued to deliver significant operational improvements to ensure that the Group has a lean cost base to support growth in H2 2017 and into 2018."

For further information:

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Michael Jackson (Non-Executive Chairman)

Joanna Arnold (CEO)

Allenby Capital Limited

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Chairman's Statement

I am pleased to announce our results for the six months ended 31 May 2017.

As outlined in our 2016 annual report and accounts, over the last 18 months we have continued to realign the Access Intelligence portfolio to position and support Vuelio as its flagship brand, one poised to take advantage of significant opportunities in the communications management market.

Throughout 2016 and Q1 2017, the Group focussed on migrating almost 1,200 acquired customers onto the Vuelio platform, whilst delivering an accelerated programme of development and product upgrades for longstanding Vuelio customers. The full migration programme was completed in Q1 2017 with the largest and most complex customer systems being the last to migrate. The response to the new platform from migrated customers has been overwhelmingly positive, supported by a significant improvement in customer renewal rates compared to 2016.

The improvement in customer renewal rates has been mirrored in new business sales which have also seen a marked improvement year on year. By July 2017, Vuelio's customer annual contract value base had increased by £0.3 million and we envisage that this will increase by another £0.3 million over the remaining four months of the financial year.

Feedback from new customers has indicated that the Vuelio platform provides them with an integrated suite of products which they are unable to get elsewhere, creating a clear unique selling point for the business.

Results for the half year

Revenue from continuing operations for the period was £4,129,000 (H1 2016 restated: £5,143,000). The year on year decrease was driven by some of the acquired customers choosing not to migrate to the Vuelio platform, combined with a conscious decision by management to exit non-profitable contracts. Recurring revenue comprised 90.1% of total revenue (H1 2016 restated: 92.5%).

Gross margin from continuing operations was 55% (H1 2016 restated: 61%) although this also reflects £371,000 (H1 2016 restated: £411,000) of one-off costs associated with the transitional hosting and migration of acquired customers. The gross margin excluding these one-time costs was 64% (H1 2016 restated: 69%).

During the period, the Group continued to undertake restructuring to finalise the migration programme and divest non-core operations, reducing costs in the remaining business. The full benefit of this restructuring will be seen in Q4 2017 and beyond, with additional administrative expenses relating to this programme during the period totalling £101,000 (H1 2016 restated: £12,000).

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations fell to a loss of £1,264,000 (H1 2016 restated: loss of £751,000). Excluding the one-time expenses referenced above, EBITDA loss from continuing operations was £792,000 (H1 2016 restated: loss of £328,000). EBITDA has deteriorated due to the reduction in revenue, offset by cost savings made throughout the business. In addition, all research and development activity was expensed during H1 2017 whilst £388,000 was capitalised in relation to this during H1 2016.

The Group's operating loss from continuing operations was £1,897,000 (H1 2016 restated: £1,068,000). In arriving at the operating loss, the Group has incurred:

- £876,000 of research and development expenditure (H1 2016 restated: £613,000).
- £461,000 of depreciation and amortisation charges (H1 2016 restated: £472,000).
- £101,000 of restructuring costs (H1 2016 restated: £12,000).

The basic loss per share from continuing operations was 0.60p (H1 2016 restated: loss 0.34p).

The Group had cash at the end of the period of £494,000 (H1 2016: £2,488,000). After the period end, the Group raised £1.02 million in July 2017 through the issue of new equity to institutional shareholders and management.

Financial performance in H2 2017

Revenue from continuing operations in July 2017 was £704,000, an 8% increase compared to March 2017 monthly revenue of £653,000. Gross margin declined slightly from 66% to 65% over the same period but total monthly gross profit increased by 5%. The improvement in monthly revenue has been driven by the increase in Vuelio's customer annual contract value base which we expect to continue over the remainder of the financial year and into 2018. Monthly revenue from continuing operations is anticipated to be higher in November 2017 than it was in November 2016, continuing to grow throughout 2018.

The full impact of restructuring activity will benefit the Group's cost base from September 2017 onwards. The Group is expecting annualised cost savings in excess of £1.2 million in respect of operational spend excluding third party content and hosting, restructuring and migration expenses between Q4 2016 and Q4 2017.

Strategy

We are delivering on our 2017 strategy of consolidation while beginning to capitalise on the short-term opportunities identified in the UK market. In particular, we have won a number of clients from competitors occupied by the fallout from M&A activity, while closer integration of Vuelio's PR and public affairs solutions has created a unique single-platform offering for new business and for cross-sell and upsell into our installed client base. We expect both themes to continue at least for the remainder of 2017, as key competitors are subject to reputational damage and an uncertain political climate sharpens existing appetites and expands the market for public affairs services.

The arrival of the first Vuelio mobile applications not only exceeded established market needs, but moreover sent a strong signal of innovation intent, one to be underscored in the second half of the year with the launch of an improved and fully-integrated social media offering. Such mobile and social engagement tools are essential additions to our portfolio and mark important milestones on our roadmap for the increasingly networked communications services that are expected to drive sustainable growth through 2018 and beyond.

Disposal of AIControlPoint Limited

The sale of AIControlPoint was completed on 16 March 2017. AIControlPoint is a provider of cloud-based crisis and incident management solutions to highly regulated industries but was considered non-core to the Group's strategic focus on SaaS in the corporate communications and reputation management sector. The net cash inflow received for the company after costs was £607,000 and the divestment resulted in a Group profit on disposal of £584,000.

Subsequent events
As announced, Access Intelligence raised £1,020,000 (before expenses) by the issue of 31,384,615 Ordinary Shares at a price of 3.25p per share. The shares were admitted to trading on AIM, effective 21 July 2017.

Michael Jackson
Non-executive
Chairman

Access Intelligence Plc
Consolidated Statement of Comprehensive Income
for the 6 months ended 31 May 2017

	Unaudited 6 months ended	Unaudited and restated 6 months ended	Audited Year ended
	31-May-17	31-May-16	30-Nov-16
Continuing operations	£'000	£'000	£'000
Revenue	4,129	5,143	9,598
Cost of sales	(1,847)	(1,990)	(4,241)
Gross profit	**2,282**	**3,153**	**5,357**
Administrative expenses	(3,825)	(4,017)	(8,295)
Share of loss of associate	(173)	-	(91)
Share-based payments	(9)	(18)	(13)
Operating loss	**(1,725)**	**(882)**	**(3,042)**
Financial expense	(172)	(192)	(395)
Loss before tax	**(1,897)**	**(1,074)**	**(3,437)**
Taxation credit	-	6	(37)
Loss for the period from continuing operations	**(1,897)**	**(1,068)**	**(3,474)**
Profit for the period from discontinued operations	738	981	1,511
Loss for the period	**(1,159)**	**(87)**	**(1,963)**
Other comprehensive income	-	-	-
Total comprehensive loss for the period attributable to the owners of parent company	**(1,159)**	**(87)**	**(1,963)**

Earnings per share:			
Continuing and discontinued operations	**Pence**	**Pence**	**Pence**
Basic loss per share	(0.37)p	(0.03)p	(0.62)p
Diluted loss per share	(0.37)p	(0.03)p	(0.62)p
Continuing operations			
Basic loss per share	(0.60)p	(0.34)p	(1.10)p
Diluted loss per share	(0.60)p	(0.34)p	(1.10)p

Access Intelligence Plc
Consolidated Statement of Financial Position at 31 May 2017

	Unaudited 6 months ended 31-May-17 £'000	Unaudited and restated 6 months ended 31-May-16 £'000	Audited Year ended 30-Nov-16 £'000
Non-current assets			
Property, plant and equipment	81	173	100
Intangible assets	6,675	7,475	7,062
Investments in associates	361	-	534
Deferred tax asset	230	841	230
Total non-current assets	**7,347**	**8,489**	**7,926**
Current assets			
Trade and other receivables	3,416	3,518	2,565
Current tax receivables	333	-	436
Cash and cash equivalents	494	2,488	1,162
Assets classed as held for sale	-	358	381
Total current assets	**4,243**	**6,364**	**4,544**
TOTAL ASSETS	**11,590**	**14,853**	**12,470**
Current liabilities			
Trade and other payables	1,558	1,572	1,301
Accruals	969	819	941
Provisions	118	20	27
Deferred revenue	4,226	4,444	3,772
Interest bearing loans and borrowings	1,374	1,277	1,374
Liabilities classed as held for sale	-	128	507
Total current liabilities	**8,245**	**8,260**	**7,922**
Non-current liabilities			
Provisions	264	401	374
Interest bearing loans and borrowings	1,919	1,938	1,901
Deferred tax liabilities	230	330	230
Total non-current liabilities	**2,413**	**2,669**	**2,505**
TOTAL LIABILITIES	**10,658**	**10,929**	**10,427**
NET ASSETS	**932**	**3,924**	**2,043**
Equity			
Share capital	1,586	1,580	1,580
Treasury shares	(148)	(148)	(148)
Share premium	1,491	1,458	1,458
Capital redemption reserve	191	191	191
Share option valuation reserve	386	382	377
Equity reserve	255	255	255
Retained earnings	(2,829)	206	(1,670)

TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	932	3,924	2,043

Consolidated Statement of Changes in Equity
for the 6 months ended 31 May 2017

	Share capital £'000	Treasury Shares	Share premium account £'000	Capital redemption reserve £'000	Share option valuation reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
At 1 December 2015	1,535	(148)	1,271	191	364	255	293	3,761
Issue of share capital	45	-	187	-	-	-	-	232
Total comprehensive income for the period	-	-	-	-	-	-	(87)	(87)
Share-based payments	-	-	-	-	18	-	-	18
At 31 May 2016	**1,580**	**(148)**	**1,458**	**191**	**382**	**255**	**206**	**3,924**
Total comprehensive income for the period	-	-	-	-	-	-	(1,876)	(1,876)
Share-based payments	-	-	-	-	(5)	-	-	(5)
At 30 November 2016	**1,580**	**(148)**	**1,458**	**191**	**377**	**255**	**(1,670)**	**2,043**
Issue of share capital	6	-	33	-	-	-	-	39
Total comprehensive income for the period	-	-	-	-	-	-	(1,159)	(1,159)
Share-based payments	-	-	-	-	9	-	-	9
At 31 May 2017	**1,586**	**(148)**	**1,491**	**191**	**386**	**255**	**(2,829)**	**932**

Consolidated Statement of Cash Flow
for the 6 months ended 31 May 2017

	Unaudited 6 months ended	Unaudited and restated 6 months ended	Audited Year ended

	31-May-17 £'000	31-May-16 £'000	30-Nov-16 £'000
Loss for the year attributable to shareholders	(1,159)	(87)	(1,963)
Adjustments for:			
Taxation	-	(6)	64
Depreciation and amortisation	464	531	1,078
Share option charge	9	18	13
Share of loss of associate	173	-	91
Financial expense	172	192	395
Profit on sale of AIControlPoint	(584)	-	-
Profit on sale of AITrackRecord	-	-	(585)
Profit on sale of Due North	-	(1,664)	(1,664)
Operating cash outflow before working capital changes	**(925)**	**(1,021)**	**(2,571)**
(Increase)/decrease in trade and other receivables	(734)	254	934
Increase/(decrease) in trade and other payables	446	(896)	(1,228)
Net cash outflow from operations	**(1,213)**	**(1,658)**	**(2,865)**
Tax received	103	-	-
Net cash outflow from operating activities	**(1,110)**	**(1,658)**	**(2,865)**
Investing			
Acquisition of PPE	(17)	(27)	(17)
Cost of software development	(38)	(432)	(579)
Disposal of Due North	-	4,030	4,030
Less: cash and cash equivalents disposed of	-	77	77
Disposal of AITrackRecord	-	-	7
Less: cash and cash equivalents disposed of	-	-	(10)
Disposal of AIControlPoint	607	-	-
Moved to Held for Sale - AITrackRecord	-	(177)	-
Net cash inflow from investing activities	**552**	**3,471**	**3,508**
Financing			
Interest paid	(149)	(185)	(336)
Exercise of share options	39	237	232
Repayment of loan notes	-	(900)	(900)
Net cash outflow from financing activities	**(110)**	**(848)**	**(1,004)**
Net (decrease)/increase in cash	(668)	965	(361)
Opening cash and cash equivalents	1,162	1,523	1,523
Closing cash and cash equivalents	**494**	**2,488**	**1,162**

Notes

1. Unaudited notes

Basis of preparation and accounting policies
The financial information for the six months to 31 May 2017 is unaudited and was approved by the Board of Directors on 24 August 2017.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 30 November 2016.

The interim financial information for the six months ended 31 May 2017, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, and in accordance with International Financial Reporting Standards ("IFRS").

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 November 2016.

The Group has elected to present comprehensive income in one statement.

Going concern assumption
The Group manages its cash requirements through a combination of operating cash flows and long term borrowings in the form of convertible loan notes.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its existing cash deposits and loan facilities.

The company has Convertible Loan Notes of £1,250,000 maturing in December 2017 held by two major shareholders, £500,000 by Elderstreet VCT (a company related to Chairman Michael Jackson) and £750,000 by Unicorn AIM VCT plc.

These Convertible Loan Notes originally matured on or before 30 June 2015 however the holders have extended them on a number of occasions to 31 December 2015, 31 December 2016 and in December 2016 the holders agreed to extend them to 31 December 2017. The Board expects these holders to extend again in December 2017 if requested to do so.

In addition, the Group announced on 18 July 2017 that it had raised £1,020,000 (before expenses) through the issue of new equity to existing shareholders.

Consequently, after making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Information extracted from 2016 Annual Report
The financial figures for the year ended 30 November 2016, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 November 2016 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditors reported on those accounts. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Earnings per share

The calculation of earnings per share is based upon the loss after tax for the respective period, for continuing operations only. The weighted average number of ordinary shares used in the calculation of basic earnings per share is based upon the number of ordinary shares in issue in each respective period.

The impact of both share options granted under the company's share option schemes and convertible loan notes are anti-dilutive so the weighted average number of ordinary shares used in the calculation of diluted earnings per share is the same as for basic earnings per share.

This has been computed as follows:

Continuing and discontinued operations	**6 months ended**	**6 months ended**	**6 months ended**	**6 months ended**	**Year ended**	**Year ended**
	31-May-17	**31-May-17**	**31-May-16**	**31-May-16**	**30-Nov-16**	**30-Nov-16**
	Basic	**Diluted**	**Basic**	**Diluted**	**Basic**	**Diluted**
Loss after tax (£'000)	(1,159)	(1,159)	(87)	(87)	(1,963)	(1,963)

Number of shares	316,783,619	316,783,619	314,222,395	314,222,395	315,301,844	315,301,844
Loss per share (pence)	(0.37)	(0.37)	(0.03)	(0.03)	(0.62)	(0.62)
	Basic	**Diluted**	**Basic**	**Diluted**	**Basic**	**Diluted**
Continuing operations						
Loss after tax	(1,897)	(1,897)	(1,068)	(1,068)	(3,474)	(3,474)
Number of shares	316,783,619	316,783,619	314,222,395	314,222,395	315,301,844	315,301,844
Loss per share (pence)	(0.60)	(0.60)	(0.34)	(0.34)	(1.10)	(1.10)

3. Disposal of AIControlPoint Limited

On 14 March 2017, Access Intelligence Plc transferred the trade and assets of its branch AIControlPoint to its subsidiary company formed during the year, AIControlPoint Limited. On 16 March 2017, Access Intelligence Plc disposed of 100% of the issued share capital of AIControlPoint Limited for a consideration totalling £745,000. Group profit on disposal of the subsidiary was £584,000.

The net assets of AIControlPoint Limited at the date of disposal were as follows:

	16-Mar-17
	£'000
Property, plant and equipment	8
Trade and other receivables	116
Other debtors and prepayments	50
Deferred tax asset	6
Bank balances and cash	-
Trade and other payables	(7)
Deferred revenue	(239)
Attributable goodwill	89
	23
Transaction costs associated with disposal	138
Gain on disposal	584
Total consideration (satisfied by cash)	745
Less: Cash and cash equivalents disposed of	-
Transaction costs associated with disposal	(138)
Net cash inflow arising on disposal	607

4. Events after the Balance Sheet date

On 18 July 2017, Access Intelligence Plc announced that it had raised £1,020,000 (before expenses) by the issue of 31,384,615 Ordinary Shares at a price of 3.25p per share. The shares were admitted to trading on AIM, effective 21 July 2017.

This statement will be available at the Company's registered office at Longbow House, 20 Chiswell Street, London EC1Y 4TW and on the Company's website www.accessintelligence.com.

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