2018 INTERIM RESULTS

Results for the six months to
30 June 2018

yü

GROUP PLC

Yü Group PLC
(the "Group")

Results for the six months to 30 June 2018

Yü Group PLC, the independent supplier of gas and electricity to the UK corporate sector, announces its half year results for the six month period to 30 June 2018.

Financial Highlights:

	Six months to 30 June		Year to 31 December
	2018	2017	2017
	£'000	£'000	£'000
Revenue	35,837	20,758	46,961
Gross profit	5,823	3,668	8,148
Gross margin	16.2%	17.7%	17.4%
Profit before tax:			
Adjusted*	1,803	1,146	3,082
Statutory	2,010	675	2,242
Operating cash inflow/(outflow)	1,980	1,082	533
Earning per share			
Adjusted*	8.9p	6.6p	17.5p
Statutory	10.6p	3.8p	12.8p
Dividend per share	1.2p	1.0p	3.0p
Cash	18,207	5,885	4,887

- Revenue increased 72.6 per cent compared to H1 2017
- Increase in contracted future revenue adding to the Group's high level of visibility. Contracted revenues for the year to 31 December 2019 are already at £60 million
- Operating cash flow increased by 83 per cent to £1.98 million (H1 2017: £1.08m)
- Interim dividend of 1.2p per share, an increase of 20 per cent compared to the prior year
- Successful placing in March 2018 raising £11.6 million (net of costs) for the Group. Provides a robust capital base to support the Group's hedging policy and continued investment in infrastructure and personnel to underpin the Group's rapid continued growth

*Adjusted PBT and earnings per share are calculated before share based payments, unrealised gains on derivative contracts and, for 2018, the in-year impact due to the first adoption of IFRS 9 (Financial Instruments). For comparative purposes, the Adjusted PBT for H1 2018 including the charge for IFRS 9 is £1,653,000 (2017 Adjusted PBT has no charge in relation to IFRS 9).

GROUP PLC

Operational Highlights:

- Increased focus on larger corporates and broker sales channel delivering rapid growth
- Investment in staff:
  - Appointment of Paul Rawson as CFO, and expansion of senior management team to support the Group's growth
  - Staff headcount increased to 149 at 30 June 2018 (110 at 31 December 2017) to support growing customer base
- Investment in infrastructure to deliver continued customer satisfaction and product innovation:
  - Office opened in Leicester with completion of a permanent office on track for FY 2019
  - Average call speed to answer of nine seconds, in-line with three ring pick up policy
  - Developing new products to expand offering and total addressable market
  - Successfully utilising gas shipper licence, and supplying first water customer

Bobby Kalar, Chief Executive Officer, said:

"I am delighted to report that our strategy to invest in our infrastructure continues to bear fruit both in terms of scaling the business but also attracting quality staff. We will continue to use these strong foundations to strengthen the Group and manage the opportunity for rapid growth. Revenues have grown by 72.6 per cent and we are on track to report revenues in line with expectations for the year to 31 December 2018. Significant revenues are already under contract for 2019 and beyond. I am confident we have a clear view on our strategy and remain committed to delivering further rapid, yet controlled, growth.

In line with the overall strategy we will continue to invest the proceeds of the secondary placing to strengthen and expand our product range and invest in infrastructure, staff, systems and brand marketing. The effect of the investment can be seen in the rapid rate of bookings which averaged £7.82 million in H1 2018 compared to £3.75 million in H1 2017, representing an increase of over 100 per cent.

Cash generation remains a key operational focus and we have tightened up processes around credit control and debt collection which is already showing results in FY 2018. An operating cash inflow of £2.0 million has been reported in the first 6 months of 2018, an increase of 83 per cent on the same period for 2017. Group cash balances at 30 June 2018 were £18.2 million. This supports our progressive dividend policy, and therefore we are pleased to be able to announce an enhanced interim dividend of 1.2p per share, an increase of 20 per cent compared to H1 2017.

The Group has also continued to focus on relationships across all stakeholders. As an example, the Group has introduced new initiatives to measure and react to metrics around customer satisfaction and employee engagement. Maintaining the culture and vision for the business remains an ongoing priority, and I am pleased that our steadfast approach is proving successful."

GROUP PLC

For further information, please contact:

Yü Group PLC
Bobby Kalar
Paul Rawson

+44 (0) 115 975 8258

Shore Capital
Dru Danford
Edward Mansfield
Anita Ghanekar
James Thomas

+44 (0) 20 7408 4090

Alma PR
John Coles
Josh Royston
Robyn Fisher

+44 (0) 20 8004 4218

Notes to Editors

Information on the Group

Yü Group PLC, trading as Yü Energy, is an independent supplier of gas and electricity focused on servicing the corporate sector throughout the UK. It has no involvement in the domestic retail market. The Group was listed on the AIM market of the London Stock Exchange following a successful IPO in March 2016.

CHIEF EXECUTIVE'S STATEMENT

GROUP PLC

The Board is pleased to report that the business continues its rapid growth in the first six months of 2018, with revenues during the period growing by 72.6 per cent to £35.8 million. The Group is on track to report revenues in line with previously upgraded expectations for FY 2018. Adjusted profit before tax, earnings per share, cashflow from operations and profits after tax are also performing strongly.

The significant growth trajectory that the Group is on was initially made possible by the funds raised at the IPO in March 2016, and then supplemented by the placing in March 2018 which raised £11.6 million (net of costs).

The pleasing results continue due to the Board's commitment to invest not only in the key sales channels required to win new business, but also in the necessary support staff and systems that help service our customers' needs.

Operational Review

Employee numbers have risen from 110 at 31 December 2017 to 149 at 30 June 2018. Further recruitment is expected in the second half of the year to take advantage of the market opportunity. The Group values it employees and has introduced initiatives ranging from employee engagement surveys, 360° feedback, E-learning and the 'yu made a difference' employee recognition programme.

As previously announced on 22 August 2018, the Group has been successful in recruiting a new Chief Financial Officer, Paul Rawson, who brings significant industry expertise and an extremely valuable operational skill set. The Group has also added to the senior management team that was put in place this time last year to provide additional bandwidth to support the Group's accelerating growth.

A new sales office has been established in Leicester, currently operating out of rented premises. The business is progressing with plans to establish, in FY 2019, a permanent larger facility to drive and deliver the growth. In addition, the business is continuing to strengthen systems and processes to continue to deliver customer satisfaction, whilst driving operational and cash conversion efficiency.

Customer satisfaction and service delivery remain a priority focus, and the Group is proud of its performance in this area. The three-ring policy, which the Group had at IPO, is maintained with an average time to answer customer calls of 9 seconds achieved in H1 2018. This has been achieved even in conjunction with the growth of the business. In addition, customers are now proactively engaged, via follow up text, to ensure any query has been resolved and to measure net promoter scores. The Board are pleased with the results, which compare favourably to industry benchmarks. These initiatives are contributing to a good customer retention rate.

The Group now transports gas directly having successfully obtained its Gas Shipper licence, which provides access to a more competitive gas cost. The Group has also signed up its first water customer and supply has already commenced. The Board believes that the excellent reputation that Yu has built through its strong focus on customer service and satisfaction provides a strong platform from which to sell a broader product offering. The Group plans to scale activities in water as well as being alert to other cross selling opportunities.

Overall, this continued investment in people and systems will ensure that the Group maintains high standards in terms of customer service and adhere to stringent industry regulations which, combined with new product offerings, will continue to deliver strong financial results.

Based on recognised revenue in H1 2018, contracted revenue for H2 2018 and the current sales pipeline, it is anticipated that revenue for FY 2018 will be in line with market expectations. Furthermore, contracted revenue for 2019 as at the beginning of September 2018 amounted to approximately £60.0 million.

The Group continues to adhere to its robust policy in terms of its commodity hedging, delivered via forward contracts for the purchase of gas and electricity. Letters of credit are put in place, supported by the Group's cash reserves, to facilitate access to these commodity markets.

GROUP PLC

Financial Review

There has been a 72.6 per cent increase in revenue in H1 2018 to £35.8 million (H1 2017: £20.8 million) as a result of the continued growth generated across all key sales channels.

The Group achieved a gross margin of 16.2 per cent in H1 2018 (FY 2017: 17.4 per cent) with the modest decline reflecting the change in sales mix to larger corporate customers who, generally, are more price sensitive yet with a lower cost to serve and higher credit rating.

The Group cash balance as at 30 June 2018 increased significantly to £18.2 million (31 December 2017: £4.9 million). The main driver was the successful share placing in March 2018, raising £11.6 million (net of costs) for the Group. In addition, the Group has generated an operating cash inflow of £2.0 million in H1 2018, an increase of £0.9 million when compared with H1 2017.

Whilst the profit and cash inflow from operations show significant growth versus the prior year, the Board has and will continue to prioritise investing in the necessary infrastructure to improve cost and cash conversion efficiency. This strategy will utilise proceeds from the share placing to provide a strong foundation to continue the rapid and controlled growth.

The Group has adopted IFRS 9 (Financial Instruments) in 2018. In line with this new accounting standard, the Group now makes a provision to impair Trade Receivables and Accrued Income at the time revenue arises as opposed to the previous standard requiring provision when an impairment is probable. IFRS 9 therefore has the consequence of requiring an accelerated charge to the profit for the period, which is particularly a factor for high growth businesses.

The H1 2018 statutory profit is stated after a £150,000 accelerated charge as a result of first time IFRS 9 adoption. In view of the high level of revenue growth, the Group anticipates a greater IFRS 9 charge will continue to be required in H2 2018 and for future periods. In view of the accelerated charge in H1 2018 occurring as a result of the adoption of a new accounting standard, the charge for 2018 will be excluded from the calculation of adjusted profit before tax ("Adjusted PBT"). It is anticipated that, from FY 2019, such charge will be included in Adjusted PBT. The Board notes that this IFRS 9 accelerated charge does not impact the operational cashflow performance of the business, which increased 83 per cent to £2.0 million in H1 2018.

The statutory profit before tax for the period under review was £2,010,000 (H1 2017: £675,000). After removing the exceptional gain on derivative contracts (£727,000), the IFRS 2 share based payment charge (£370,000) and the IFRS 9 Trade Receivables accelerated impairment charge (£150,000), Adjusted PBT for the period was £1,803,000 (H1 2017: £1,146,000). Adjusted earnings per share were 8.9 pence (H1 2017: 6.6 pence).

Dividend

In view of the growth opportunities ahead, the Board considers a progressive dividend policy is appropriate, and proposes to pay an increased interim dividend of 1.20p per share (H1 2017: 1.00p per share). The ex-dividend date is 22 November 2018 with a record date of 23 November 2018. The dividend will be paid to shareholders on 8 January 2019.

Outlook

With significant sales growth being delivered each month, a strong cash position enabling investment in the people, systems and processes required to deliver customer satisfaction and improve cash conversion and cost efficiency, and a subscription model that provides visibility of future revenues and cash, the Board looks forward to continuing the Group's rapid evolution.

It is anticipated that in 2018 and 2019 the Group will continue to demonstrate significant growth year-on-year with the £60.0 million of contracted revenue for FY 2019 providing significant visibility for the coming financial year. For 2018, the Board expects Revenues and Adjusted PBT to be in line with the previously upgraded market expectations.

Bobby Kalar	**Nick Parker**
CEO	**CFO**
19 September 2018	**19 September 2018**

YÜ GROUP PLC

Condensed consolidated statement of profit and loss and other comprehensive income for the six months ended 30 June 2018

	6 Months ended 30 June 2018 (Unaudited)			6 Months ended 30 June 2017 (Unaudited)			12 Months ended 31 December 2017 (Audited)		
	Underlying*	Exceptional Items	Total	Adjusted	Exceptional Items	Total	Adjusted	Exceptional Items	Total
				£'000	£'000	£'000	£'000	£'000	£'000
Revenue	35,837	-	35,837	20,758	-	20,758	46,961	-	46,961
Cost of Sales	(30,014)	-	(30,014)	(17,090)	-	(17,090)	(38,813)	-	(38,813)
Gross profit	**5,823**	**-**	**5,823**	3,668	-	3,668	8,148	-	8,148
Operating costs before exceptionals and IFRS 2	(4,145)	-	(4,145)	(2,503)	-	(2,503)	(5,012)	-	(5,012)
Operating costs - unrealized gains on derivative contracts	-	727	727	-	-	-	-	259	259
Operating costs - IFRS 2 share option charge	-	(370)	(370)	-	(471)	(471)	-	(1,099)	(1,099)
Total operating costs	(4,145)	357	(3,788)	(2,503)	(471)	(2,974)	(5,012)	(840)	(5,852)
Proft/(Loss) from operations	**1,678**	**357**	**2,035**	1,165	(471)	694	3,136	(840)	2,296
Finance Income	8	-	8	6	-	6	14	-	14
Finance Costs	(33)	-	(33)	(25)	-	(25)	(68)	-	(68)
Profit/(Loss) before tax	**1,653**	**357**	**2,010**	1,146	(471)	675	3,082	(840)	2,242
Taxation	(307)	(75)	(382)	(223)	80	(143)	(625)	187	(438)
Profit/(Loss) for the Year	**1,346**	**282**	**1,628**	923	(391)	532	2,457	(653)	1,804
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/ (expense) for the Year	**1,346**	**282**	**1,628**	923	(391)	532	2,457	(653)	1,804
Earnings/(Loss) per share									
Basic (Pence)			10.6p			3.8p			12.8p
Diluted (Pence)			10.0p			3.5p			11.9p

*Underlying results for the six months ended 30 June 2018 include £150,000 of accelerated IFRS 9 impairment charges. The Group's Adjusted Profit Before Tax, which excludes this charge, is £1,803,000.

GROUP PLC

Condensed consolidated balance sheet as at 30 June 2018

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited) £'000	31 December 2017 (Audited) £'000
ASSETS			
Non-current assets			
Property, plant and equipment	**632**	408	539
Intangible assets	**55**	57	56
Deferred tax	**1,631**	547	1,568
	2,318	1,012	2,163
Current assets			
Trade and other receivables	**17,445**	6,465	13,011
Cash and cash equivalents	**18,207**	5,885	4,887
	35,652	12,350	17,898
Total assets	**37,970**	13,362	20,061
LIABILITIES			
Current liabilities			
Trade and other payables	**(15,229)**	(6,982)	(10,877)
Non-current liabilities	**(492)**	(121)	(371)
Total liabilities	**(15,721)**	(7,103)	(11,248)
Net assets	**22,249**	6,259	8,813
Equity			
Share capital	**81**	70	70
Share premium	**11,689**	-	-
Merger reserve	**(50)**	(50)	(50)
Retained earnings	**10,529**	6,239	8,793
	22,249	6,259	8,813

Yü Group PLC | CPK House | 2 Horizon Place | Nottingham Business Park | Mellors Way | Nottingham | NG8 6PY
Tel: 0115 975 8258 Fax: 0115 975 8259 Email: ir@yugroupplc.com www.yugroupplc.com
Registered in England and Wales no 10004236 ICO: 00042989337

Condensed consolidated statement of changes in equity for the six months ended 30 June 2018

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2018	70	-	(50)	8,793	8,813
Total comprehensive income for the period					
Profit for the period	-	-	-	1,628	1,628
Other comprehensive income	-	-	-	-	-
	-	-	-	1,628	1,628
Transactions with owners of the company					
Contributions and distributions					
Equity settled share based payments	-	-	-	249	249
Deferred tax on share based payments	-	-	-	-	-
Issue of shares	11	12,079	-	-	12,090
Share issue costs	-	(390)	-	-	(390)
Dividends paid in the period	-	-	-	(141)	(141)
Total transactions with owners	11	11,689	-	108	11,808
Balance at 30 June 2018	**81**	**11,689**	**(50)**	**10,529**	**22,249**
Balance at 1 January 2017	70	-	(50)	5,389	5,409
Total Comprehensive Income for the period					
Profit for the period	-	-	-	532	532
Other comprehensive income	-	-	-	-	-
	-	-	-	532	532
Transactions with owners of the company					
Contributions and distributions					
Equity settled share based payments	-	-	-	423	423
Deferred tax on share based payments	-	-	-	-	-
Dividends paid in the period	-	-	-	(105)	(105)
Share issue costs	-	-	-	-	-
Capital restructuring	-	-	-	-	-
Total transactions with owners	-	-	-	318	318
Balance at 30 June 2017	70	-	(50)	6,239	6,259

GROUP PLC

Condensed consolidated statement of cash flows for the six months ended 30 June 2018

	6 months ended 30 June 2018 (Unaudited)	6 months ended 30 June 2017 (Unaudited)	12 months ended 31 December 2017 (Audited)
	£'000	£'000	£'000
Cash flows from operating activites			
Profit for the financial period	**1,628**	532	1,804
Adjustments for:			
Depreciation of property, plant and equipment	**152**	95	211
Amortisation of intangible assets	**1**	1	1
Finance income	**(8)**	(6)	(14)
Finance costs	**33**	25	68
Taxation	**382**	143	438
Share based payment charge	**249**	423	800
Increase in trade and other receivables	**(4,433)**	(1,574)	(8,121)
Increase in trade and other creditors	**3,855**	1,443	5,047
Increase in provisions for employee benefits	**121**	-	299
Net cash from operating activity	**1,980**	1,082	533
Cash flows from investing activities			
Purchase of property, plant and equipment	**(244)**	(295)	(541)
Interest received	**8**	6	14
Net cash from investing activities	**(236)**	(289)	(527)
Cash flows from financing activities			
Net proceeds from issue of new shares	**11,717**	-	-
Equity dividends paid	**(141)**	(105)	(316)
Repayment of borrowings	**-**	-	-
Net cash from financing activities	**11,576**	(105)	(316)
Net increase/(decrease) in cash and cash equivalents	**13,320**	688	(310)
Cash and cash equivalents at start of the period	**4,887**	5,197	5,197
Cash and cash equivalents at end of the period	**18,207**	5,885	4,887

Notes to the condensed consolidated half yearly financial statements

1. General information

Reporting entity

Yü Group PLC (the "Company") is a public limited company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are traded on AIM. These condensed consolidated half yearly financial statements ("Half yearly financial statements") as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the supply of energy to SMEs and larger corporates in the UK.

Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Companies listed on AIM, in the preparation of the condensed consolidated interim financial information.

The unaudited condensed consolidated interim financial report for the six months ended 30 June 2018 does not include all of the information required for full annual financial statements, and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. This report should therefore be read in conjunction with the Group financial statements for the year ended 31 December 2017, which is available on the Group's investor website. The comparative figures for the year ended 31 December 2017 have been audited. The comparative figures for the half year ended 30 June 2017 are unaudited.

The accounting policies adopted in these condensed consolidated half yearly financial statements are consistent with the policies applied in the 2017 group financial statements (except as set out in note 2).

The condensed consolidated financial information is presented in British pounds sterling (£) and all values are rounded to the nearest thousand (£000) except where otherwise indicated.

Going concern

At 30 June 2018 the Group had net assets of £22.2m (30 June 2017: net assets of £6.3m). Management prepare detailed budgets and forecasts of financial performance and cash flow over the coming 12 to 36 months. Based on the current projections the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The principal risks and uncertainties faced by the group in the half year ended 30 June 2018 are consistent with those identified and disclosed in the 2017 group financial statements.

Use of estimates and judgements

The preparation of financial information in conformity with adopted IFRSs requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge, actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Revenue recognition

The Group enters into contracts to supply gas and electricity to its customers. Revenue represents the fair value of the consideration received or receivable from the sale of actual and estimated gas and electricity supplied during the year, net of discounts, climate change levy and value added tax.

Revenue is recognised when performance obligations have been satisfied. For both electricity and gas supplied, revenue is recognised on consumption by the customer.

Due to the inherent nature of the industry and its reliance upon estimated meter readings, revenue includes the Directors' best estimate of differences between estimated sales and billed sales. The Group makes estimates of customer consumption, based on available industry data, and also seasonal usage curves that have been estimated through historic actual usage data. Revenue is recognised based on this expected usage and contracted rates.

2. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 Revenue from contracts with Customers and IFRS 9 Financial instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction contracts" and IFRIC 13 "Customer loyalty programmes".

In applying the new standard, management have reviewed the framework of the standard in detail, and have determined that given the nature of the industry in which the Group operates, the new standard does not have a material impact on the timing or measurement of revenue recognition in comparison to the standard previously applied.

IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" sets out requirements for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. The standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The standard contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair value through other comprehensive income) and FVTPL (Fair value through profit and loss). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of the new IFRS 9 classification requirements, has not had a material impact on the Groups classification and measurement of financial assets and liabilities.

Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. This requires considerable judgement about how changes in economic factors affect ECL’s, which will be determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12 month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables.

Trade receivables

The Group has applied the new ECL method of provisioning to the trade receivables impairment provision required at 30 June 2018.

The estimated ECLs applied have been calculated based on actual credit losses experienced over the last three years. For the purposes of performing the calculation, the Group has split its customer base in to SME’s and Corporates, and also applied different provisioning rates based on the type of product or contract that the customer is currently signed up for.

At 30 June 2018, the total provision for impairment of trade and other receivables for the Group was £351,000 (31 December 2017: £101,000). The impact of the new ECL method of provisioning as required under IFRS 9 in the first six months of 2018 was an extra provision of £150,000 over and above what would have been expected to have been provided under the old IAS 39 methodology. This extra provision has been excluded from the adjusted profit before tax of the Group in the period ended 30 June 2018.

Cash and cash equivalents

IFRS 9 has not had a material impact on the recording or reporting of the Group’s cash balances.

GROUP PLC

3. Segmental analysis

Operating segments

The Directors consider there to be one operating segment, being the supply of energy to SMEs and larger corporates.

Geographical segments

100 per cent of the Group revenue is generated from sales to customers in the United Kingdom (2017: 100 per cent). The Group has no individual customers representing over 10 per cent of revenue (2017: none).

4. Exceptional items

The Group incurred legal and professional fees in the half year ended 30 June 2018 of £390,000 in relation to the placing of ordinary shares and admission of the shares to trading on AIM. These share issue costs have been deducted from share premium in the Statement of Changes in Equity.

The IFRS 2 share option charge incurred in the first 6 months of 2018 was £370,000 (H1 2017: £471,000). The directors are of the opinion that by reporting the adjusted operating profits before charging share based payments, a more representative figure for the relevant profitability of the company can be derived.

Unrealised gains or losses on derivative contracts are treated as exceptional items. At 30 June 2018 there was a gain of £727,000 (31 December 2017: Gain of £259,000). In addition to the above items, there was also a charge of £150,000 in operating costs in relation to the first time adoption of IFRS 9. After taking these items in to account the adjusted Profit Before Tax for the six months ended 30 June 2018 was £1,803,000.

5. Earnings per share

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Profit attributable to ordinary shareholders	**1,628**	532	1,804
	No.	No.	No.
Weighted average number of ordinary shares			
At the start of the period	**14,054,055**	14,054,055	14,054,055
Effects of shares issued in the period	**1,237,016**	-	-
Weighted average number of ordinary shares	**15,291,071**	14,054,055	14,054,055
	Pence	Pence	Pence
Basic profit per share	**10.6**	3.8	12.8

GROUP PLC

Adjusted earnings per share

Adjusted earnings per share is based on the result attributable to ordinary shareholders before exceptional items and the cost of share based payments, and the weighted average number of ordinary shares outstanding:

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Adjusted earnings per share			
Profit for the period	**1,628**	532	1,804
Add back:			
Exceptional items (see note 4)	**(727)**	-	(259)
Impact of IFRS 9 adoption	**150**	-	-
Share based payment charge after tax	**307**	391	912
Adjusted basic earnings for the period	**1,358**	923	2,457
	Pence	Pence	Pence
Adjusted basic earnings per share	**8.9**	6.6	17.5

Diluted earnings per share

	No.	No.	No.
Basic weighted average number of sales	**15,291,071**	14,054,055	14,054,055
Dilutive potential ordinary shares	**971,302**	1,257,382	1,133,070
Diluted weighted average number of shares	**16,262,373**	15,311,437	15,187,125
	Pence	Pence	Pence
Diluted earnings per share	**10.0**	3.5	12.0
Diluted adjusted earnings per share	**8.4**	6.0	16.0

6. Taxation

The tax charge for the period has been estimated using a blended rate of 19.0% on taxable profits, and 17% on deferred tax items.

7. Dividends

The directors propose an interim dividend of 1.2p per share in relation to the year ended 2018 (2017: 1.0p per share interim dividend).

GROUP PLC

8. Trade and other receivables

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Trade receiveables	**11,122**	3,738	7,969
Accrued income	**4,309**	2,404	4,162
Prepayments	**643**	363	235
Other receiveables	**385**	(40)	386
Financial derivative asset	**986**	-	259
	17,445	6,465	13,011

The financial derivative asset is measured at fair value through profit and loss and represents the fair value mark-to-market adjustment in relation to the Group's outstanding commodity purchase contracts at 30 June 2018 that do not meet the 'own-use' exemption criteria of IAS 39.

9. Cash and cash equivalents

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Cash at bank and in hand	**600**	162	1,387
Short term deposits	**17,607**	5,723	3,500
	18,207	5,885	4,887

10. Trade and other payables

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Current			
Trade Payables	**901**	310	2,044
Accrued expenses	**12,101**	5,487	7,081
Deferred income	**-**	-	-
Corporation tax	**893**	223	448
Other payables	**1,334**	962	1,304
	15,229	6,982	10,877
Non-current			
Group share bonus liabilities	**492**	121	371

11. Financial instruments and risk management

The Group's principal financial instruments are cash, trade receivables, trade payables and derivative financial assets and liabilities. The Group has exposure to the following risks from its use of financial instruments:

Fair values

Derivative financial instruments are measured at fair value through profit and loss. The derivative instruments are level 1 financial instruments and their fair value is therefore measured by reference to quoted prices in active markets for identical assets or liabilities. All derivatives are held at a carrying amount equal to their fair value at the period end.

Market risk

Market risk is the risk that changes in market prices, such as commodity and energy prices, will affect the Group's income.

Commodity and energy prices

The Group uses commodity purchase contracts to manage its exposures to fluctuations in gas and electricity commodity prices. The Group's objective is to minimise risk from fluctuations in energy prices by entering into back-to-back energy contracts with its suppliers and customers. The majority of commodity purchase contracts are expected to be delivered entirely to the Group's customers and therefore the Group classifies them as "own use" contracts, and outside the scope of IAS 39. This is achieved when:

- Physical delivery takes place under all contracts;
- The volumes purchased or sold under the contract correspond to the Group's operating requirements;
- No part of the contract is settled net in cash.

This classification as "own use" allows the Group not to recognise the commodity purchase contracts on its balance sheet at the period end.

The commodity purchase contracts that do not meet the criteria listed above are recognised at fair value under IAS 39. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

These trading exposures are monitored and managed at Group level. All customers are UK based and turnover is made up of a large amount of customers each owing relatively small amounts. Any potential new customer has their credit checked using an external credit reference agency prior to being accepted as a customer.

Credit risk is also managed through the Group's standard business terms, which require all customers to make a monthly payment by direct debit. At the period end there were no significant concentrations of credit risk. The carrying amount of the financial assets represents the maximum credit exposure at any point in time.

At 30 June 2018 the Group held a provision for impairment of trade and other receivables of £351,000 (31 December 2017: £101,000).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cash flow forecasts and budgets. In order to enter into the necessary commodity purchase contracts, the Group is required to lodge funds on deposit with its bank. These funds (£3.5m at 30 June 2018) are used as collateral, allowing the bank to issue letters of credit (LOCs) to the relevant trading counterparties in the wholesale energy market. The Board has considered the cash flow forecasts, along with the collateral and LOC requirements, for the next 12 months, which show that the Group expects to operate within its working capital facilities throughout the period.

Any excess cash balances are held in short-term, interest bearing deposit accounts. At 30 June 2018 the Group had £18.2m of cash and bank balances.

Foreign currency risk

The Group trades entirely in sterling, hence it has no foreign currency risk.

12. Share based payments

The Group operates an EMI share option plan for qualifying employees of the Group. Options in the plan are settled in equity in the Company. The options are subject to a vesting schedule, but not conditional on any performance criteria being achieved. The only vesting condition is that the employee is employed by the Group at the date when the option vests.

During the period the company made the following grants:

Date of grant	Ex.price	Expected term	Lapse date	No. of options granted
9 April 2018	£0.005	3 years	9 April 2028	43,160
9 April 2018	£10.380	6.5 years	9 April 2028	62,618
9 April 2018	£10.380	6.5 years	9 April 2028	42,000

The number and weighted average exercise price of share options was as follows:

	30 June 2018	30 June 2017	31 December 2017
Balance at the start of the period	**1,464,310**	1,094,500	1,094,500
Granted	**147,778**	342,810	396,810
Forfeited	**-**	-	(27,000)
Lapsed	**-**	-	-
Exercised	**(1,000,000)**	-	-
Balance at the end of the period	**612,088**	1,437,310	1,464,310
Vested at the end of the period	**-**	500,000	500,000
Exercisable at the end of the period	**-**	-	-

Weighted average exercise price for:			
Options granted in the period	**£7.35**	£1.90	£2.43
Options forfeited in the period	**-**	-	£0.09
Options exercised in the period	**£0.005**	-	-
Exercise price in the range			
From	**£0.005**	£0.005	£0.005
To	**£10.38**	£3.25	£5.825

The fair value of each option grant is estimated on the grant date using a Black Scholes option pricing model with the following fair value assumptions:

	30 June 2018	30 June 2017	31 December 2017
Dividend yield	**0.30%**	-	0.30%
Risk free rate	**1.50%**	1.50%	1.50%
Share price volatility	**30.4-33.4%**	35.39%	30.4-33.4%
Expected life (years)	**3.0-6.5**	3	3.0-6.5
Weighted average fair value of options granted during the period	**£5.57**	£2.84	£3.27

The Group also operates a share bonus plan for all qualifying employees of the Group. The plan is settled in cash and is subject to certain financial targets for the financial years ending 2016, 2017 and 2018. On meeting these financial targets each financial year, 50,000 notional shares are awarded to the Group bonus pool. At the end of the third financial year (31 December 2018) the value of the pool will be based on the share price of the Group one week after the announcement of the results for the year ended 31 December 2018, and will be distributed to all qualifying employees.

The total expenses recognised for the period and the total liabilities recognised at the end of the period, arising from share based payments are as follows:

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Equity settled share based payment expense	**249**	422	800
Cash settled share based payment expense	**121**	49	299
	370	471	1,099

13. Post-Balance sheet events

There are no significant or disclosable post-balance sheet events.