

LOCATION SCIENCES GROUP PLC
(FORMERLY PROXAMA PLC)

COMPANY NUMBER - 06458458

INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2018

**LOCATION SCIENCES GROUP PLC
INTERIM UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

Contents	Page
Chairman's report	3-5
Consolidated income statement	6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of cash flows	9-10
Consolidated statement of changes in equity	11-12
Notes to the unaudited interim financial statements	13-17

**LOCATION SCIENCES GROUP PLC
CHAIRMAN'S REPORT
FOR THE PERIOD ENDED 30 JUNE 2018**

Introduction

I am pleased to report that Location Sciences Group PLC (“Location Sciences” or “the Company”) has made a positive start to 2018, with all management’s revenue expectations and KPI targets for the six months ended 30 June 2018 being met. Location Sciences is the leading player in the UK’s location data and insights market and the Directors believe that the team’s hard work has laid the foundations to capitalise on its position as the market begins to grow.

During the period, the Company achieved revenue of £234,307 (2017: £48,952) and a gross profit of £141,408 compared to £nil gross profit in the first half of 2017 from continuing operations. The Directors are pleased with the gross margin of 60 per cent. and expect it to improve in the second half of 2018 when more revenue streams will be derived from the same data. Administrative expenses were significantly reduced at £1,273,841 (2017: £2,323,574), some 45 per cent. lower. Following the recapitalisation of its balance sheet in 2017, the Company also incurred no finance expenses compared to a cost of £121,892 in H1 2017.

Overall the Company delivered a loss of £1,046,253 (2017: a loss of £2,365,967), representing a reduction of 56 per cent.

Further cost saving measures have been taken during the first half of 2018, the benefits of which will be realised in the second half of 2018.

KPI Update

1. Revenue generation – Location Sciences launched Verify in late May 2018 and is looking forward to launching its second new product later this year;
2. Audience reach – the Company is on target to exceed 10 million consumers by the end of the year (7 million as of 31 December 2017); and
3. Data lake - the Company is on target to exceed 30 billion data points by the end of the year (14 billion as of 31 December 2017).

New Name Completes Transformation

Following the Company’s AGM on 21 March 2018, and to complete the transformation to a pure location data and intelligence business, the Company changed its name to Location Sciences Group PLC.

Shareholder Communications

The Directors understand the importance of shareholder communications and, as such, instigated an enhanced communications plan in early 2018. During the period, two research notes were published on the Company providing, for the first time, shareholders and potential investors an external view of the Company, its prospects and the overall market. The Directors have sought to keep the market updated by two shareholder events. The first was a high-level product presentation following the Company’s AGM in March 2018 and the second was a webinar providing a more in-depth understanding of the Company’s new Verify product.

In keeping with the Directors’ enhanced communications plan, the Company intends to hold another shareholder event on 30 October 2018. Details will be announced nearer the time.

Verify Launch

Over £5 billion was spent on UK mobile advertising in 2017 according to figures from the Advertising Association and WARC, with this number forecast to grow by 20 per cent. in 2018. Advertisers are understandably seeking greater transparency from agencies and publishers with respect to this significant spend. Consequently, Ad verification is taking increasing prominence and location verification is a key part of this where Location Sciences has first mover advantage in the UK. Location Sciences' impartial market position is also an important strategic advantage over the majority of potential competitors in the Ad verification market, as Sir Martin Sorrell eloquently stated, in the Drum as far back as 2016:

“Clearly it's an example where the player and referee cannot be the same person or where you cannot mark your own homework.”

In June, the Company was pleased to announce that it had raised, in aggregate, £412,372 (before expenses) by way of a placing of 1,374,574,705 new ordinary shares of 0.01 pence each at 0.03 pence per share, which represented a premium of approximately 8.21 per cent. to the Company's 60-day average closing price.

The purpose of the fundraising was to provide additional resources to launch and grow Verify in the UK. This was a major step forward for the Company and, as a consequence, the Directors believe that Verify will become an increasingly important element of Location Sciences' business as this market grows both in the UK and internationally.

Commercial Overview

We are gaining traction and adding large and established businesses to our client roster. We are also seeing a significant amount of repeatable business across all of our products. Our revenues are increasing as planned - the market is still too new for large recurring licence fees, but we are still seeing the growth we had hoped for across all our product portfolio. As the market becomes accustomed to the technology and its potential value we expect our commercial model to move more towards 12-month contracts. We continue to build platform solutions rather than service led solutions to enable us to scale without incurring more staff costs.

New Hires

During the period, Location Sciences made some significant new hires which are helping to shape the business going forward. These hires include:

David Rae, CFO

David has a wealth of public company, growth and international business experience within technology sectors. He has great experience working with young companies and helping them to grow rapidly both organically and via acquisition.

Benjamin Chilcott, NED

Benjamin co-founded the management consultancy, Concise Consultants Limited, which was acquired by iris Worldwide, the integrated marketing agency in 2008. He brings with him a global view of how brands, agencies and products can intersect with technology and data and is well placed to help guide the Company as we move forward as Location Sciences.

**LOCATION SCIENCES GROUP PLC
CHAIRMAN'S REPORT
FOR THE PERIOD ENDED 30 JUNE 2018**

Paul Hayton, CTO

Paul is a chartered engineer with expertise in iOS and Android App SDK development and Big Data processing. He co-founded Ad-X Limited, a first to market mobile ad-tracking attribution platform which was acquired by Criteo. At Criteo, he led a team scaling the big data infrastructure onto Hadoop. Paul's experience is crucial to leverage Locations Sciences' best-in-class, scalable and cost-effective IT infrastructure.

Steve Hanson, CRO

Steve brings senior commercial experience across the media and technology sectors, specifically within mobile, digital, TV and outdoor advertising. He previously built a number of high-performing, international sales divisions within high-growth, competitive industries. His long-standing relationships with leading enterprise and agency partners will help Location Sciences build a pipeline of new business on a global basis.

GDPR

GDPR is the biggest event to impact the data industry since its inception and created hesitation in the market for both advertising and digital data in the months leading up to its introduction on 25 May 2018. After a cautious first month following its introduction, we are starting to see confidence returning to the market. The Directors believe that the Company has navigated well through this period of market uncertainty and are confident that it has not hit the long-term viability of our business models.

The Directors are pleased to report that the majority (90 per cent. to date and growing) of our data providers have re-opted in to the new regulations and, therefore, importantly, the Company is now in a much stronger position.

- Location Sciences' GDPR compliant data is getting more interest from customers;
- Data providers have better clarity on how Locations Sciences is using the data, namely providing aggregated and anonymous insights and analysis; and
- A few competitors have left the European market.

Outlook

The Company entered into the second half of 2018 with a strong pipeline and good visibility on its forecast numbers. The Company's sales run rate in each of July and August was close to £50,000. The Directors expect monthly revenues to keep growing for the foreseeable future.

We are now a small but focused team with the appropriate skill sets and experience to drive growth. We expect our marketing efforts to increase in the second half of 2018 as we announce more partnerships and achieve market traction. Location data and insights is a very nascent market and we continue to invest much in educating the market – the Directors believe that this investment will begin to pay off in the second half of the year. In conjunction with our organic growth plan, we have also identified certain acquisition opportunities that would offer strategic benefits to the business. We continue to invest in the processing and analysis of our data and have some significant product enhancements planned over the next few months.

Kelvin Harrison
Chairman

LOCATION SCIENCES GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2018

		Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Continuing operations				
Revenue	4	234,307	48,952	471,993
Cost of sales		(92,899)	(48,952)	(165,719)
Gross profit		141,408	-	306,274
Grant income		90,251	202,514	283,361
Other income		2,743	-	6,678
Administrative expenses		(1,273,841)	(2,323,574)	(4,893,319)
Administrative expenses – non-recurring items	5	(89,334)	-	637,006
Operating loss		(1,128,773)	(2,121,060)	(3,660,000)
Finance income		142	1,496	1,498
Finance expense		-	(121,892)	(143,279)
Loss on ordinary activities before taxation	4	(1,128,631)	(2,241,456)	(3,801,781)
Taxation		82,378	52,000	280,113
Discontinued operations				
Loss for the period from discontinued operations	6	-	(176,511)	(1,852,712)
Loss for the period attributable to owners of the parent		(1,046,253)	(2,365,967)	(5,374,380)
Loss per share – basic and diluted		(0.01p)	(0.22p)	(0.08p)
Loss per share from continued operations – basic and diluted		(0.01p)	-	(0.05p)
Loss per share from discontinued operations – basic and diluted		-	(0.22p)	(0.03p)

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Loss for the period	(1,046,253)	(2,365,967)	(5,374,380)
Items that will be reclassified subsequently to profit and loss:			
Foreign exchange difference arising on consolidation	-	32,024	111,043
Total other comprehensive income	-	32,024	111,043
Total comprehensive loss for the period attributable to owners of the parent	(1,046,253)	(2,333,943)	(5,263,337)

LOCATION SCIENCES GROUP PLC – (REGISTERED NUMBER 06458458)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	As at 30 June 2018 Unaudited £	As at 30 June 2017 Unaudited £	As at 31 December 2017 Audited £
Non-current assets			
Intangible assets	1,345,385	4,469,706	1,379,902
Property, plant and equipment	18,282	24,504	16,437
	<u>1,363,667</u>	<u>4,494,210</u>	<u>1,396,339</u>
Current assets			
Trade and other receivables	165,862	723,724	233,387
Current tax asset	99,812	62,028	269,428
Cash and cash equivalents	720,461	407,582	1,140,239
	<u>986,135</u>	<u>1,193,334</u>	<u>1,643,054</u>
Current liabilities			
Trade and other payables	(412,621)	(2,036,040)	(482,906)
Current portion of borrowings	(2,290)	(3,243,869)	(4,169)
	<u>(414,911)</u>	<u>(5,279,909)</u>	<u>(487,075)</u>
Net current assets/(liabilities)	<u>571,224</u>	<u>(4,086,575)</u>	<u>1,155,979</u>
	1,934,891	407,635	2,552,318
Non-current liabilities			
Non-current borrowings	-	(587)	(587)
Deferred tax liabilities	-	(302,400)	-
	<u>-</u>	<u>(302,987)</u>	<u>(587)</u>
Net assets	<u>1,934,891</u>	<u>104,648</u>	<u>2,551,731</u>
Equity			
Share capital	7 11,815,085	10,543,986	11,677,628
Share premium account	15,434,696	12,922,636	15,189,919
Share based payment reserve	58,786	239,985	107,170
Merger relief reserve	11,605,556	11,605,556	11,605,556
Translation reserve	-	(76,703)	-
Capital reserve	209,791	209,791	209,791
Equity reserve	1,934,797	44,160	1,934,797
Other reserve	(9,225,108)	(9,225,108)	(9,225,108)
Retained earnings	(29,898,712)	(26,159,655)	(28,948,022)
	<u>1,934,891</u>	<u>104,648</u>	<u>2,551,731</u>
Total equity	<u>1,934,891</u>	<u>104,648</u>	<u>2,551,731</u>

The unaudited interim financial statements on pages 6 to 17 were authorised for issue by the board of Directors on 4 September 2018 and were signed on its behalf by:

Mark Slade
Director

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Cash flows from operating activities			
Loss for the period before tax	(1,128,631)	(2,417,967)	(5,654,493)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	8,292	22,834	34,449
Amortisation of intangible assets	208,058	463,720	1,078,797
Impairment of intangible assets	-	25,181	350,431
Finance income	(142)	(1,500)	(1,498)
Finance expense	-	122,145	143,279
Loss on disposal of subsidiary undertakings	-	-	1,388,196
Foreign exchange differences	-	(8,204)	8,065
Share-based payments	47,179	34,855	87,746
	(865,244)	(1,758,936)	(2,625,028)
Decrease in trade and other receivables	67,525	347,732	842,069
(Decrease) in trade and other payables	(70,288)	(301,213)	(1,826,317)
Cash used in operations	(868,007)	(1,712,417)	(3,549,276)
Income taxes received	251,995	394,232	456,260
Net cash used in operating activities	(616,012)	(1,318,185)	(3,093,016)
Net cash flow from continuing operating activities	(616,012)	(1,435,652)	(3,288,795)
Net cash flow from discontinued operating activities	-	117,467	195,779
Net cash flow from operating activities	(616,012)	(1,318,185)	(3,093,016)
Cash flows from investing activities			
Finance income	143	1,500	1,498
Additions to intangible assets	(173,541)	(207,000)	(687,639)
Purchase of property, plant and equipment	(10,137)	(2,413)	(6,316)
Proceeds from sales of subsidiaries, net of cash disposed	-	-	773,106
Net cash used in investing activities	(183,535)	(207,913)	(80,649)
Net cash flow from continuing operating activities	(183,535)	(26,817)	221,177
Net cash flow from discontinued operating activities	-	(181,096)	(301,826)
Net cash flow from investing activities	(183,535)	(207,913)	(80,649)

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2018

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Cash flows from financing activities			
Finance expense	-	(122,145)	(143,279)
Issue of share capital	412,372	-	5,400,925
Share issue costs	(30,138)	-	-
Convertible loan note redeemed	-	-	(738,775)
Repayment of bank loans	-	-	(2,500,000)
Repayment of finance lease agreements	(2,465)	(2,963)	(4,072)
Net cash from continuing financing activities	379,769	(125,108)	2,014,779
Net cash flow from continuing operating activities	379,769	(125,108)	2,014,781
Net cash flow from discontinued operating activities	-	-	(2)
Net cash flow from operating activities	379,769	(125,108)	(2,014,779)
(Decrease) in cash & cash equivalents	(419,778)	(1,651,206)	(997,568)
Cash and cash equivalents at beginning of period	1,140,239	2,026,764	2,026,764
Foreign exchange differences on cash and cash equivalents	-	32,024	111,043
Cash and cash equivalents at end of period	720,461	407,582	1,140,239

11

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

	Share capital	Share premium account	Share based payment reserve	Merger relief reserve	Translation Reserve	Capital reserve	Equity reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2017	10,475,177	10,991,445	262,447	11,605,556	(44,679)	209,791	44,160	(9,225,108)	(23,883,029)	435,760
Loss for the period	-	-	-	-	-	-	-	-	(2,365,967)	(2,365,967)
Other Comprehensive Income	-	-	-	-	(32,024)	-	-	-	32,024	32,024
Total comprehensive income for the period attributable to equity holders	-	-	-	-	(32,024)	-	-	-	(2,333,943)	(2,333,943)
Issue of shares	68,809	1,931,191	-	-	-	-	-	-	-	2,000,000
Share based payments	-	-	34,855	-	-	-	-	-	-	34,855
Share based transfer	-	-	(57,317)	-	-	-	-	-	57,317	-
Total transactions with owners	68,809	1,931,191	(22,462)	-	-	-	-	-	57,317	2,034,855
Total movement in shareholder's equity	68,809	1,931,191	(22,462)	-	(32,024)	-	-	-	(2,276,626)	299,088
At 30 June 2017	10,543,986	12,922,636	239,985	11,605,556	(76,703)	209,791	44,160	(9,225,108)	(26,159,655)	104,648
At 1 January 2017	10,475,177	10,991,445	262,447	11,605,556	(44,679)	209,791	44,160	(9,225,108)	(23,883,029)	435,760
Loss for the period	-	-	-	-	-	-	-	-	(5,374,380)	(2,365,967)
Other Comprehensive Income	-	-	-	-	111,043	-	-	-	-	111,043
Total comprehensive income for the period attributable to equity holders	-	-	-	-	111,043	-	-	-	(5,374,380)	(5,263,337)
Issue of shares	1,202,451	4,198,474	-	-	-	-	-	-	-	5,400,925
Translation transfer	-	-	-	-	(66,364)	-	-	-	66,364	-
Equity element of convertible loan	-	-	-	-	-	-	1,934,797	-	-	1,934,797
Equity transfer	-	-	-	-	-	-	(44,160)	-	-	(44,160)
Share based payments	-	-	87,746	-	-	-	-	-	-	87,746
Share based transfer	-	-	(243,023)	-	-	-	-	-	243,023	-
Total transactions with owners	1,202,451	4,198,474	(155,277)	-	(66,364)	-	1,890,637	-	309,387	7,379,308
Total movement in shareholder's equity	1,202,451	4,198,474	(155,277)	-	44,679	-	1,890,637	-	(5,064,993)	2,115,971
At 31 December 2017	11,677,628	15,189,919	107,170	11,605,556	-	209,791	1,934,797	(9,225,108)	(28,948,022)	2,551,731

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2018

	Share capital	Share premium account	Share based payment reserve	Merger relief reserve	Translation Reserve	Capital reserve	Equity reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2018	11,677,628	15,189,919	107,170	11,605,556	-	209,791	1,934,797	(9,225,108)	(28,948,022)	2,551,731
Loss for the year	-	-	-	-	-	-	-	-	(1,046,253)	(1,046,253)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	-	-	-	(1,046,253)	(1,046,253)
Issue of shares	137,457	274,915	-	-	-	-	-	-	-	412,372
Share based payments	-	-	47,179	-	-	-	-	-	-	47,179
Share based transfer	-	-	(95,563)	-	-	-	-	-	95,563	-
Share issue costs	-	(30,138)	-	-	-	-	-	-	-	(30,138)
Total transactions with owners	137,457	244,777	(48,384)	-	-	-	-	-	95,563	429,413
Total movement in shareholder's equity	137,457	244,777	(48,384)	-	-	-	-	-	(950,690)	(616,840)
At 30 June 2018	11,815,085	15,434,696	58,786	11,605,556	-	209,791	1,934,797	(9,225,108)	(29,898,712)	1,934,891

LOCATION SCIENCES GROUP PLC
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Location Sciences Group PLC and its subsidiary Location Sciences AI Limited (together the “Group”) specialise in providing five core products to its customers, namely: 1) Location data – this is a DaaS product provided to sophisticated technology businesses which can integrate location data into their products and services; 2) Audience data & verification – enriched location data, attached to points of interest, which can be used for insights and analytics, for example the analysis of a retail customer’s preferences (which shops do people go to, catchment area, competitive behaviour); 3) OOH (“Out of Home”) – the measurement and analysis of out of home advertising on store visits; 4) O2O (“Online to Offline”) – the impact of digital advertising on driving store visits; and 5) Ad location verification – checking the mobile advertisement was served at the target location.

The Company is a public limited company which is quoted on the AIM market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom.

2. BASIS OF PREPARATION

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2017, as described in those financial statements.

The figures for the six-month periods ended 30 June 2018 and 30 June 2017 have not been audited. The figures for the year ended 31 December 2017 have been extracted from, but do not constitute, the consolidated financial statements of Location Sciences Group PLC for that year. Those financial statements have been delivered to the Registrar of Companies and included an auditors’ report, which was unqualified and did not contain a statement under Section 498(2) or Section 498(3) Companies Act 2006.

3. LOSS PER SHARE

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Loss attributable to shareholders	<u>(1,046,253)</u>	<u>(2,365,967)</u>	<u>(5,374,380)</u>
Loss attributable to shareholders excluding exceptions items	<u>(956,919)</u>	<u>(2,365,967)</u>	<u>(6,011,386)</u>
	Number	Number	Number
Weighted average number of shares (basic)	<u>13,829,284,758</u>	<u>1,087,126,414</u>	<u>7,157,915,871</u>

The calculation of basic loss per share is based on loss after taxation and the weighted average number of ordinary shares of 0.01p each in issue during the period.

LOCATION SCIENCES GROUP PLC
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

4. SEGMENTAL ANALYSIS

Operating segments are based on internal reports about components of the Company, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

During the first half of 2018 the Group has operated through its sole trading company, Location Sciences AI Limited. The business is purely focused on its location data and insights business model, where it sells its products to brands, media agencies and other location data users in the UK.

It should be noted that a segmental analysis of the Consolidated Statement of Financial Position is not part of routine management reporting and, consequently, no segmental analysis of assets is shown here.

An analysis of continuing operating revenue is as follows:

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Proximity Marketing	-	48,952	327,180
Location Data and Insights	234,307	-	144,813
Total revenue	234,307	48,952	471,993

An analysis of EBITDA is as follows:

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Proximity Marketing	-	(1,614,250)	(2,932,139)
Location Data and Insights	(912,423)	-	(1,297,795)
Total EBITDA for continuing operations	(912,423)	(1,614,250)	(4,229,934)
Total EBITDA for discontinued operations	-	(176,511)	(464,516)
Total EBIDTA	(912,423)	(1,790,761)	(4,694,450)

LOCATION SCIENCES GROUP PLC
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 30 JUNE 2018

4. SEGMENTAL ANALYSIS (CONTINUED)

An analysis of loss before tax is as follows:

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Proximity Marketing	-	(2,241,426)	(2,911,851)
Location Data and Insights	(1,128,631)	-	(1,288,815)
Total loss before tax for continuing operations	(1,128,631)	(2,241,426)	(3,801,781)
Total loss before tax for discontinued operations	-	(176,511)	(1,852,712)
Total loss before tax	(1,128,631)	(2,417,937)	(5,654,493)

5. EXCEPTIONAL ITEMS

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Discount on settlement of bank loan	-	-	190,203
Discount on settlement of convertible loan	-	-	482,935
Restructuring expenses	(89,334)	-	(36,132)
	(89,334)	-	637,006

LOCATION SCIENCES GROUP PLC
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

6. DISCONTINUED OPERATIONS

On 31 October 2017, the Group entered into a sale agreement to dispose of Aconite Technology Limited, Aconite Solutions Limited and Aconite Consulting Limited, which carried out all of the Group's digital payments operations. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on 31 October 2017, on which date control of Aconite Technology Limited, Aconite Solutions Limited and Aconite Consulting Limited passed to the acquirer.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Discontinued operations			
Revenue	-	921,120	1,056,935
Cost of sales	-	(32,511)	(42,148)
Gross profit	-	888,609	1,014,787
Grant income	-	-	-
Administrative expenses	-	(1,064,871)	(1,478,888)
Operating loss	-	(176,262)	(464,101)
Finance income	-	4	6
Finance expense	-	(253)	(421)
Loss before tax on discontinued operations	-	(176,511)	(464,516)
Taxation	-	-	-
Loss on sale of discontinued operation	-	-	(1,388,196)
Loss from discontinued operation	-	(176,511)	(1,852,712)
Net cash inflow from operating activities	-	117,467	195,779
Net cash outflow from investing activities	-	(181,096)	(301,826)
Net cash outflow from financing activities	-	-	(2)
Net decrease in cash from discontinued operations	-	(63,629)	(106,049)

LOCATION SCIENCES GROUP PLC
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

7. SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2018	30 June 2017	31 December 2017
	£	£	£
15,120,321,774 ordinary shares of 0.01p each	1,512,032	240,933	1,374,575
1,040,712,398 deferred shares of 0.99p each	10,303,053	10,303,053	10,303,053
	<hr/> 11,815,085 <hr/>	<hr/> 10,543,986 <hr/>	<hr/> 11,677,628 <hr/>

Shares issued during the year

On 19 June 2018 1,374,574,705 ordinary shares of 0.01p each were issued at 0.03p per share.

Share rights

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Warrants in Issue

Mike Staten (formerly held by Darwin Capital Limited) holds 558,352,249 share warrants at an exercise price of 0.1692 pence per share. These warrants are exercisable at 0.1692 pence per share. For comparison the closing share price on 4 September 2018 was 0.03 pence per share.

Barclays hold 5,863,021,931 share warrants at an exercise price of 0.03 pence per share. This equates to 27.9% of the Company's enlarged share capital. These warrants were issued in exchange for the release of the Company's £2.5m loan facility. In accordance with the terms of the loan redemption no funds are payable by Barclays on exercise of these warrants.

8. AVAILABILITY OF HALF-YEAR REPORT

Copies of the half-year report can be viewed at <https://www.locationsciences.ai/investor-relations/reports-presentations> and are available on request from the Company's registered office at 27/28 Eastcastle Street, London, W1W 8DH.