11 October 2016

RedstoneConnect Plc
("RedstoneConnect", the "Group" or the "Company")

Interim results for the six months ended 31 July 2016

RedstoneConnect (AIM:REDS), a leading provider of technology and services for smart buildings and commercial spaces, announces its unaudited interim results for the six months ended 31 July 2016.

Financial Highlights:

- Adjusted EBITDA* up 50% to £0.9m (2015 H1: £0.6m)
- Gross margin from continuing operations of 19% (2015 H1: 16%) an increase of 3% or 300-basis points
- Revenue from continuing operations up 1.5% to £20.8m (2015 H1: £20.5m)
- Profit after tax from continuing operations of £0.8m (2015 H1: £0.02m)
- Cash and cash equivalents of £2.9m (2015 H1: overdrawn £0.1m)
- Successfully raised £3.1m (before costs) to fund the acquisition of Connect IB Limited, March 2016
- Continued progress evolving the Group's financial model to more annuity-based revenue streams

* Results for the period from continuing operations before net finance costs, depreciation, amortisation, integration and transactional items, impairment charges and share based payment charge.

Operational Highlights:

- Successful rebranding of the Group as RedstoneConnect to reflect its renewed focus post-restructuring
- Integration of Connect IB now complete, with the delivery of good revenue synergies including:
  - Ongoing development and deployment of OneSpace, the Group's occupancy management software technology, as demonstrated by a three-year framework contract win at UBS, and our first deal under our 'per seat' SaaS pricing model
  - Cross-selling opportunities for Redstone and Connect IB identified, including a contract win for the implementation of the Company's smart technology software at a major UK shopping centre
- Group awarded 5 year £12m services contract extension with one of the world's leading financial institutions
- Strong order book and new business pipeline from both new and existing customers
- Current trading remains strong with the business performing comfortably in line with management's expectations

Post Period End Highlights:

- Successful exit of a material legacy occupancy lease at the former head office in Stokenchurch, with more than 2 years remaining, signalling the end of the Group's restructuring
- Awarded a contract to design a smart retail and car parking solution for Milton Keynes, one of the UK's first Smart Cities and our first 'Smart City' win

Frank Beechinor, Chairman of RedstoneConnect commented:

"I am delighted with the progress the Company has made during the six-month period to 31 July 2016, which has included the successful rebranding of the Group to RedstoneConnect. Our ability to combine the UK's leading smart infrastructure business with an exceptional software proposition, creating a compelling end-to-end client solution, has quickly resonated with customers as they seek to future proof their real estate infrastructure whilst leveraging efficiency gains and maximising revenue generating opportunities."

"RedstoneConnect continues to develop strengths in each of our core segments, concentrating on high value opportunities, as we change our business model to one with a focus on higher margin, and annuity-based recurring revenue."

"It has been Mark Braund's first reporting period as CEO and, along with Spencer Dredge as CFO, the new executive team have continued to make great progress resolving the last of our legacy issues and setting the direction for our future success."

Mark Braund, CEO of RedstoneConnect, commented:

"RedstoneConnect has produced a strong first-half performance as we continue to deliver on our strategic objectives following the refocussing of the Group. Our priorities as we move into 2017 are on working with existing and new clients to deliver high value opportunities, particularly those that will deliver higher margins and annuity-based recurring revenues. Our pipeline of sales opportunities is strong, a clear indication of our ability to leverage our traditional IT and smart infrastructure experience alongside our newer software solutions."

A copy of these interim results together with further information on the Company is available on the Company's website at: www.redstoneconnectplc.com.

Enquiries:

RedstoneConnect Plc Mark Braund (CEO) Spencer Dredge (CFO)	via Vigo Communications
Cantor Fitzgerald Europe (Nominated Adviser & Joint Broker) Marc Milmo/Phil Davies/Catherine Leftley/Callum Butterfield	+44 (0)20 7894 7000
Whitman Howard Limited (Joint Broker) Nick Lovering	+44 (0)207 659 1234
Vigo Communications (Financial Public Relations) Jeremy Garcia / Ben Simons / Antonia Pollock reds@vigocomms.com	+44 (0)20 7830 9700

CEO's review

I am delighted with the progress made in implementing our strategy in the first six months of the year, a period in which we have achieved a number of important milestones for the Group. The Group is transitioning towards an evolved financial model, with a stronger mix of business incorporating higher margins, recurring revenues and greater visibility of earnings. The business is now leaner and fitter, with a strong and developing proposition in each of its core markets and segments.

Our IT networking and smart infrastructure business has continued to deliver strong results and has been awarded a number of sizable contracts for key customers in the period including the award of a 5 year £12m services contract extension with one of the world's leading financial institutions. Elsewhere, the Group completed the initial handover of smart infrastructure at 5 Broadgate, the stunning new headquarters for UBS, a building we believe will be recognised amongst the most technologically 'smart' in Europe.

Integration of Connect IB into the business was seamless and we are delighted to welcome the team into the Group. This acquisition has given us a formidable software development capability which, in turn, will help us deliver on our strategic objective of developing IP in the Company. We appointed Keith Jump, (founder and Managing Director of Connect IB) as Group CTO, his priorities are to develop our technology stack and to work with the rest of the management team to capitalise on the significant cross-selling opportunities in our target markets. An example of this progress is the notable contract win to provide our smart retail and car parking solution at a major shopping centre complex on the south coast of England.

Our software business continues to make material gains. We announced strategically significant wins across the portfolio in the period, providing the foundation for further progress in the future.

Following the integration of Connect IB, the software development team has allowed us to accelerate the development of OneSpace, our occupancy management tool, making excellent progress in only a few months. Recent contract wins and successful pilots have been testament to the successful development of OneSpace, specifically the UBS contract win which, following a successful six-month pilot, has resulted in a master framework agreement where we anticipate OneSpace will feature globally within the UBS property portfolio. This contract has been agreed on a 'per seat per month' basis, our first Software as a Service ('SaaS') contract and a good illustration of our desire to move to a higher margin annuity revenue model.

The road map for OneSpace's development and deployment is now well defined. We have now developed this product into a unique and highly valuable solution that is relevant to many institutions seeking to better engage with their workforce and gain greater control and cost efficiency over their office-based real estate. With a number of additional pilots already deployed for clients, we anticipate the continued roll-out of OneSpace in the future into new customers.

We are seeing increasing demand and opportunity internationally for our software solutions. Our mapping and wayfinding software solution is already installed at Miami International Airport and, during the period, we saw this technology deployed at GSK's Asian headquarters in Singapore; and, more recently, OneSpace was installed for our first client in North America.

Further headway has been made post period-end, with the early exit of the lease of the former head office building in Stokenchurch. This onerous legacy lease had more than two years to run and, although a 75% provision was made against it in last year's Group accounts, the real benefit to the Group is the reduction of the associated cash outflow. The exit of the lease is a full and final exit of the property, with no further cash payable after completion of the agreement. This marked the end of the Group's restructuring, allowing complete focus on the strategic and operational opportunities to drive value going forward.

Finally, the rebranding of the Group to RedstoneConnect reflects our intention to reposition the business. The Redstone brand is well known in the markets in which we operate and the change of the Company name has been well received by both customers and investors alike.

Summary and Outlook

We continue to deliver solid progress following last year's achievements, with the Group in far better financial health with our product portfolio and customer proposition now capable of generating significant shareholder value.

Our markets continue to generate increasing levels of demand for technology driven solutions and innovative software applications. RedstoneConnect's solutions continue to lead the market in a number of key areas, with few peers able to provide the same level of end-to-end systems integrated across multiple applications. We are continuing to invest in the sales and marketing of these solutions to capitalise on this clear market opportunity. Strong growth potential exists in Smart Buildings and Smart Cities and our recent announcement of a contract as part of the wider Milton Keynes City Centre redevelopment project as it seeks to become a Smart City, is evidence of the strength of our technology and near term opportunities for growth.

Importantly, and on behalf of the board, I would like to thank the RedstoneConnect team. We have highly talented people, committed to delivering the very best solutions reliably and on time for our customers. This is a recognisable differentiator within our industry and underpins the quality of the RedstoneConnect brand.

The board is pleased to confirm that current trading remains strong with the business performing comfortably in line with management's expectations.

Mark Braund
Chief Executive Officer

11 October 2016

Financial results

The Group's financial results for the period from continuing operations include Redstone, for a full six months and Connect IB for four and a half months following its acquisition on 15 March 2016, as well as the plc overhead.

Group revenue for the period of £20.8m (2015 H1: £20.5m) continues the strong performance reported last year. Gross profit of £3.9m (2015 H1: £3.3m), was up £0.6m or 18% on the same period last year. This increase clearly highlights the progress we are making in changing the revenue mix to higher margin products and services. The blended gross margin reported in the period of 19% is 300-basis points higher than the same period last year benefiting from the positive impact of our high margin suite of software products alongside the margin improvement initiatives applied to the rest of the business.

Group administrative expenses during the period were £3.0m (2015 H1: £2.7m), an increase on the prior period, predominantly as a result of the acquisition of Connect IB.

EBITDA* for the period from continuing operations was £0.9m (2015 H1: £0.6m).

During the period the Group recorded a credit to the Income Statement of £0.3m of integration and transactional items (2015 H1: charge of £0.3m). These expenses are classified as one-off in nature and comprise: £0.4m reversal of property provisions net of related fees (2015 H1: £0.3m) and costs associated with deal activity and integration £0.1m (2015 H1: £0.1m).

The solid EBITDA performance from continuing operations of £0.9m (2015 H1: £0.6m) flowed down to the operating level, with operating profit of £0.8m (2015 H1: £0.1m) as a result of depreciation, amortisation and share based payments of £0.4m being off-set by a credit of £0.3m of integration and transactional items.

There was a profit recorded from discontinued operations in the period of £0.4m (2015 H1: loss of £1.2m). This profit is a result of the ongoing corporate rationalisation, where previously disposed and now discontinued businesses are being liquidated.

As a result of the performance from the continuing operations and non-cash Balance Sheet items being written back in the discontinued operations, the consolidated comprehensive income attributable to equity holders in the period was £1.2m (2015 H1: loss of £1.2m).

Basic earnings per share from continuing operations was 0.05p (2015 H1: loss per share 0.06p).

Connect IB

These Group results include the Connect IB trading performance following the acquisition in March 2016, contributing 4.5 months' trade to these interim results. During this period, Connect IB has had a dual focus, servicing both its own clients and developing the OneSpace product.

Connect IB results will be recorded in the segmental reporting in the software applications segment.

The segmentation reporting which has been adopted in these interim results is aligned to how the Board has been reviewing the business during the period and reflects a shift from how the Group accounts have previously been reported, this is a result of the successful restructuring of the Group and acquisition of Connect IB. The segmentation will now follow the separate business areas as follows: Systems Integration, which represents our design and build of smart building infrastructure, the revenues being one-off projects in nature; Services, which accounts for our Managed Services and Maintenance business, the revenues of which are typically recurring in nature; and Software Applications, which typically represent both licence and SaaS-based revenues.

This approach to the segmentation of the Group facilitates the integration of the two businesses into one cohesive proposition, with software applications as an addition to the core Redstone operation of previous periods.

Systems Integration

Project revenues and related profits include a wide variety of systems integration activities, from structured cabling through to smart buildings and new emerging technologies as they come to market. During the period, revenues relating to projects of £12.5m were flat against the prior period (2015 H1: £12.5m), but with improved gross profit of £1.7m (2015 H1: £1.5m) at 14% gross margin (2015 H1: 12%). Overheads were £0.1m higher in the period, resulting in an EBITDA contribution of £0.3m (2015 H1: £0.2m).

Services

Services revenue of £7.7m (2015 H1: £8.0m) was £0.3m lower than the prior period. This gave rise to a gross profit of £1.7m (2015 H1: £1.8m). Overheads of £0.8m (2015 H1: £0.9m) resulted in EBITDA in the period of £0.9m which was flat against the prior period (2015 H1: £0.9m).

Software Applications

The performance in this segment does not have a prior period comparable, as the trade has come from the acquisition of Connect IB and the commercialisation of the Redstone OneSpace software application which did not contribute to the prior period performance.

Revenues recorded in the period of £0.6m include the revenue recognised from the master framework agreement with UBS, alongside four and half months of contribution from Connect IB.

As a result of the higher margin profile of our software solutions, the segment achieved a gross profit of £0.5m, at a gross margin of 82%.

Segmental overheads incurred during the period of £0.4m resulted in an EBITDA contribution to the Group of £0.1m.

Group overhead

The Group's overhead of £0.5m (2015 H1: £0.4m) is slightly higher than the prior period as a result of investment in personnel to support the Group's strategy.

Changes in Equity

The Group's net assets of £13.4m have improved from the £8.9m at the start of the period, as the proceeds of the share issue in March, strong trading during the period and the positive impact from the restructuring efforts and early exit from the Stokenchurch lease all contributed to strengthening the Group's Balance Sheet.

Banking

During the period we formalised the banking arrangement with Barclays Bank. Previously the Group had a floating £2m facility. This is now a three year fixed £2.5m arrangement expiring in 2019.

Cash Flow

Cash generated by operations before movements in working capital in the first half amounted to £0.6m (2015 H1: cash absorbed of £0.8m). Investment in working capital of £1.9m (2015 H1: £3.4m), of which £2.2m (2015 H1: £1.9m) is in receivables and a direct result of the Redstone activity levels during the period, resulted in net cash used in operations of £1.3m (2015 H1: £4.2m).

Cash outflows from investing activities during the period of £1.3m (2015 H1: inflow £2.5m) includes the acquisition of Connect IB for £1.0m in cash and a further investment in fixed and intangible assets of £0.3m (2015 H1: £nil).

Cash flows from financing activities in the period of £4.5m (2015 H1: £2.0m) comprise the proceeds from a placing in March 2016, raising £2.9m after expenses and £1.5m from the facility drawdown, net a small amount of loan repayment.

The increase in available funds in the period of £1.9m (2015 H1: £0.3m) has resulted in £2.9m (2015 H1: overdrawn £0.1m) of cash and cash equivalents available to the Group at the reporting date.

Consolidated Income Statement

For the six months ended 31 July 2016

	Note	Six months to 31 July 2016 Unaudited £000	Six months to 31 July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Continuing operations				
Revenue	4	20,810	20,526	40,098
Cost of sales		(16,918)	(17,247)	(33,148)
Gross profit		3,892	3,279	6,950
Administrative expenses		(3,016)	(2,654)	(5,662)
Adjusted EBITDA*		876	625	1,288
Integration and transactional costs		340	(326)	(1,439)
Depreciation		(195)	(185)	(370)
Amortisation		(153)	(25)	(128)
Share based payment charge		(40)	(28)	(47)
Impairment charge		-	-	-
Operating profit/(loss)		828	61	(696)
Net finance income/(expense)		5	(38)	(63)
Profit/(loss) for the period before tax		833	23	(759)
Taxation		7	-	63
Profit/(loss) for the period after tax		**840**	**23**	**(696)**
Profit/(loss) from discontinued operations, net of tax	5	401	(1,225)	(1,487)
Profit/(loss)for the period	4	**1,241**	**(1,202)**	**(2,183)**
Total comprehensive profit/(loss) for the period attributed to equity holders		1,241	(1,202)	(2,183)
Basic and diluted earnings/(loss) per share				
Continuing operations	7	0.05p	0.00p	(0.06)p
Discontinued operations	7	0.03p	(0.11)p	(0.12)p
Total	7	0.08p	(0.11)p	(0.18)p

* Results for the period from continuing operations before net finance costs, depreciation, amortisation, integration and transactional items, impairment charges and share based payment charge.

The profit/(loss) for the period equates to the comprehensive income/(expense) for the period.

Consolidated Statement of Financial Position as at 31 July 2016

	31 July 2016 Unaudited	31 July 2015 Unaudited	31 January 2016 Audited
ASSETS	£000	£000	£000
Non-current assets			
Goodwill	9,544	9,074	8,724
Other intangible assets	1,616	112	309
Property, plant and equipment	543	1,068	637
	11,703	10,254	9,670
Current assets			
Inventories	152	204	181
Trade and other receivables	10,398	12,346	7,982
Cash and cash equivalents	2,954	879	2,430
	13,504	13,429	10,593
Total assets	25,207	23,683	20,263
EQUITY and LIABILITIES			
Capital and reserves attributed to equity shareholders			
Share capital	3,675	3,432	3,436
Share premium	32,452	29,430	29,463
Merger reserve	1,911	1,911	1,911
Reverse acquisition reserve	(4,236)	(4,236)	(4,236)
Accumulated deficit	(20,383)	(20,702)	(21,664)
Total equity	**13,419**	**9,835**	**8,910**
Current liabilities			
Overdraft	45	996	1,383
Borrowings	104	-	-
Trade and other payables	9,606	11,909	8,503
Provisions	136	943	676
	9,891	13,848	10,562
Non-current liabilities			
Deferred tax	240	-	-
Borrowings	1,500	-	-
Provisions	157	-	791
Total liabilities	11,788	13,848	11,353
Total equity and liabilities	25,207	23,683	20,263

Consolidated Statement of Cash Flows

For the six months ended 31 July 2016

	Six months to 31 July 2016 Unaudited £000	Six months to 31 July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Cash flows from operating activities			
Profit/(Loss)	1,241	(1,202)	(2,183)
Depreciation	195	301	531
Amortisation	153	113	218
Share based payments	40	28	47
Net finance costs	(5)	39	63
Taxation	(7)	(285)	(482)
Movement in provisions	(1,085)	65	589
Loss on sale of fixed assets	-	24	24
Loss on sale of discontinued operation, net of tax	40	99	576
Operating cash flows before movements in working capital	572	(818)	(617)
Decrease in inventories	29	8	32
(Increase)/decrease in receivables	(2,201)	(1,936)	2,394
Increase/(decrease) in payables	285	(1,437)	(4,543)
Operating cash flows after movements in working capital	(1,315)	(4,183)	(2,734)
Tax paid	-	-	49
Net cash used in operating activities	(1,315)	(4,183)	(2,685)
Cash flows from investing activities			
Disposal of Telephony Services business and assets	-	2,500	2,500
Acquisition of subsidiaries (net of cash acquired)	(978)	-	-
Acquisition of intangibles assets	(223)	-	(355)
Proceeds from sale of property, plant and equipment	-	23	23
Acquisition of property, plant and equipment	(83)	(64)	(56)
Net cash used in investing activities	(1,284)	2,459	2,112
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)	2,978	2,031	2,069
Borrowings (net of repayments)	1,478	-	-
Net finance costs	5	(38)	(63)
Net cash from financing activities	4,461	1,993	2,006
Net increase in cash and cash equivalents	1,862	269	1,433
Cash and cash equivalents at start of period	**1,047**	**(386)**	**(386)**
Cash and cash equivalents at end of period	**2,909**	**(117)**	**1,047**

Consolidated Statement of Changes in Equity

For the six months ended 31 July 2016

	Share capital	Share premium / merger reserve	Reverse acquisition reserve	Accumulated deficit	Total
At 1 February 2015	3,015	29,727	(4,236)	(19,528)	8,978
Loss for the period	-	-	-	(1,202)	(1,202)
Transactions with the owners:					
Proceeds from shares issued	417	1,665	-	-	2,081
Share issue costs	-	(50)	-	-	(50)
Share based payment charge	-	-	-	28	28
At 31 July 2015	3,432	31,342	(4,236)	(20,702)	9,835
Loss for the period	-	-	-	(981)	(981)
Transactions with the owners:					
Proceeds from shares issued	4	32	-	-	36
Share based payment charge	-	-	-	19	19
At 31 January 2016	3,436	31,374	(4,236)	(21,664)	8,910
Profit for the period	-	-	-	1,241	1,241
Transactions with the owners:					
Proceeds from shares issued	239	3,136	-	-	3,375
Share issue costs	-	(147)	-	-	(147)
Share based payment charge	-	-	-	40	40
At 31 July 2016	**3,675**	**34,363**	**(4,236)**	**(20,383)**	**13,419**

Notes to the Interim Financial Information

1. Basis of Preparation

The unaudited interim report for the six months to 31 July 2016 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 January 2016 are extracted from the statutory financial statements which have been reported on by the Company's auditor, KPMG LLP, and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified and did not contain statements under Section 498 to 502 of the Companies Act 2006.

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards and on the historical cost basis, using generally recognised accounting principles consistent with those used in the annual report and accounts for the year ended 31 January 2016 and expected to be used for the year ending 31 January 2017.

This interim report for the six months to 31 July 2016, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 11 October 2016.

Hard copies of this interim report are available from the Company at its registered office at 40 Holborn Viaduct, London, EC1N 2PB. This interim report will also be made available on the Company's website, www.redstoneconnectplc.com.

2. Significant Accounting Policies

The accounting policies and methods of computation applied are consistent with those of the annual financial statements for the year ended 31 January 2016, as described in those annual financial statements.

3. Business Combinations

On 15th March 2016, RedstoneConnect acquired 100% of the share capital of Connect IB Limited ("Connect") for a total consideration of £1.328 million. Deal costs of £41,000 were incurred and recorded under integration and transactional items in the Income Statement. The transaction was satisfied by £1.028 million in cash and £300,000 in equity. The cash element of the consideration was financed out of the placing of 223,214,286 new ordinary shares of 0.1p each at a price of 1.4p per share, raising £3.125 million, before expenses. Equity consideration was satisfied by, 15,422,579 Ordinary shares of 0.1p and deferred equity consideration of 3,084,516 Ordinary shares of 0.1p each, both at a price of 1.62 pence per share.

The acquisition of Connect is in line with RedstoneConnect's strategy of driving its core Redstone business through both organic and acquisitive growth. In addition, Connect creates significant synergies for the enlarged group in terms of potential new clients for RedstoneConnect and additional products that can be sold across Redstone's existing customer base.

The book value of the Connect net assets acquired and their fair values are summarised below:

	Book Value £000	Fair value Adjustments £000	Fair value to Group £000
Intangible assets	-	1,236	1,236
Property, plant and equipment	19	-	19
Current assets	454	(149)	305
Current liabilities	(1,050)	245	(805)
Deferred tax liability	-	(247)	(247)
	(577)	1,085	508

Fair value of net assets acquired	508
Goodwill	820
Total consideration	1,328
Shares issued at market value	250
Cash	1,028
Contingent equity consideration	50
	1,328
Cash consideration	1,028
Less: cash acquired	(50)
Total cash consideration, net of cash acquired	978

On acquisition the RedstoneConnect Plc directors assessed the business acquired to identify any intangible assets. Customer contracts and related relationships, and Intellectual Property ("IP") met the criteria for recognition as intangible assets as they are separable from each other and have a measurable fair value, being the amount for which an asset would be exchanged between knowledgeable and willing parties in an arm's length transaction. For the customer contracts and related relationships the provisional fair value of the intangible assets was calculated by using the discounted cash flows arising from the existing annuity base of support, maintenance and hosting revenues. Attrition rates of 10% were applied, discount rates of 15%, and the reasonable economic life of the customer relationships was assumed to be 10 years. In the case of the IP a relief from royalty method was used to calculate the fair value of the Intangible asset using a 12.5% royalty rate, and a 15% discount rate.

The identifiable intangible assets and related deferred tax liability are as follows:

	Fair value to Group £000
Customer contracts	606
IP	630
Deferred tax liability	(247)

4. Segmental Analysis

In the opinion of the Directors the Group's activities comprise the following business segments which reflect the profiles of the risks, rewards and internal reporting structures within the Group:

- Systems Integration
- Services
- Software Applications
- Group overhead
- Discontinued operations – Telephony Services & Darkside Studios

Trading activities were conducted within the United Kingdom and it is the opinion of the Directors that this represents one geographical segment.

Revenue	Six months to 31 July 2016 Unaudited £000	Six months to 31 July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Systems Integration	12,473	12,478	23,823
Services	7,733	8,048	16,275
Software Applications	604	-	-
Continuing operations	20,810	20,526	40,098
Discontinued operations	-	5,100	5,343
	20,810	25,626	45,441

Profit/(Loss) for the period	Six months to 31 July 2016 Unaudited £000	Six months to 31 July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Systems Integration	253	125	341
Services	668	719	1,429
Software Applications	129	(5)	(10)
Group overhead	(210)	(816)	(2,456)
Continuing operations	840	23	(696)
Discontinued operations	401	(1,225)	(1,487)
	1,241	(1,202)	(2,183)

5. Discontinued Operations

Discontinued operations reflect the results of the Telephony Services division for the four months to 31 May 2015 when it was sold to Timico Limited, and the Media division up until the Management Buy Out in December 2015.

Results from discontinued operations

	Six months to 31 July 2016 Unaudited £000	Six months to 31 July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Discontinued operations			
Revenue	-	5,100	5,343
Cost of sales	-	(3,868)	(4,264)
Gross profit	-	1,232	1,079
Administrative expenses	(1)	(2,130)	(2,791)
Adjusted LBITDA*	(1)	(898)	(1,712)
Integration and transactional costs included within administrative expenses	402	(407)	2,269
Depreciation	-	(116)	(161)
Amortisation	-	(88)	(90)
Impairment charge	-	-	(2,212)
Operating Profit/(loss)	401	(1,509)	(1,906)
Net finance costs	-	(1)	-
Profit/(loss) for the period before tax	401	(1,510)	(1,906)
Taxation	-	285	419
Profit/(loss) for the period	**401**	**(1,225)**	**(1,487)**
Total comprehensive loss for the period attributed to equity holders	401	(1,225)	(1,487)
Basic and diluted loss per share			
Total	0.03p	(0.11)p	(0.12)p

* Results for the period from continuing operations before net finance costs, depreciation, amortisation, integration and transactional items, impairment charges and share based payment charge.

Cash flows from / (used) in discontinued operations

	Six months to July 2016 Unaudited £000	Six months to July 2015 Unaudited £000	Year ended 31 January 2016 Audited £000
Net cash flow used in operating activities	(8)	(2,440)	(1,729)
Net cash used in investing activities	-	2,493	2,488
Net cash from financing activities	-	-	-
Net cash flow for the period	(8)	53	759

6. Integration and Transactional items

	Six months to July 2016	Six months to July 2015
	£000	£000
Integration costs	**(783)**	203
Transactional items	**41**	530
	(742)	733

The integration costs include both employee and other restructuring costs such as provisions in respect of onerous contracts. Employee costs include salary, redundancy and other exit costs. The integration costs of (£783,000) are for the consolidated results, with the split being (£381,000) continued operations and (£402,000) discontinued operations. The integration costs include the unwind of provisions made during the year ended 31st January 2016 in respect of the Stokenchurch property, following the successful conclusion of negotiations to exit the lease more than two years early which completed in August 2016.

7. Earnings/(loss) per Share

Six months to 31 July 2016	Continuing operations	Discontinued operations	Total
Basic and diluted earnings per share	0.05p	0.03p	0.08p
Profit for the period attributable to owners of the parent company (£000)	840	401	1,241

Six months to 31 July 2015	Continuing operations	Discontinued operations	Total
Basic and diluted earnings per share	0.00p	(0.11)p	(0.11)p
Profit for the period attributable to owners of the parent company (£000)	23	(1,225)	(1,202)

Year ended 31 January 2016	Continuing operations	Discontinued operations	Total
Basic and diluted loss per share	(0.06)p	(0.12)p	(0.18)p
Loss for the period attributable to owners of the parent company (£000)	(696)	(1,487)	(2,183)

Number of shares	31 July 2016 No.	31 July 2015 No.	31 January 2016 No.
Weighted average ordinary shares in issue	1,574,166,044	1,071,748,731	1,232,295,941
Weighted average potential diluted shares in issue	1,574,166,044	1,071,748,731	1,232,295,941

8. Called up Share Capital

The issued share capital as at 31 July 2016 was: 1,633,169,664 Ordinary Shares of 0.1p each (31 July 2015 – 1,389,532,799; 31 January 2016 – 1,394,532,799); 127,144,044 deferred shares of 1p each (31 July 2015 – 127,144,044; 31 January 2016 – 127,144,044) and 770,714,046 deferred shares of 0.1p each (31 July 2015 – 770,714,046; 31 January 2016 – 770,714,046).

The movement during the six months ended 31 July 2016 is as a result of the placing of 223,214,286 Ordinary Shares at a price of 1.4p per share and issuing a further 15,422,579 Ordinary Shares at a price of 1.62p per share as part consideration for the acquisition of Connect IB, the new equity was issued in March 2016.