IDE Group Holdings Plc
("IDE", the "Group" or the "Company")

Unaudited Interim Results

IDE Group Holdings plc, the mid-market network, cloud and IT managed services provider, today announces its unaudited results for the six months ended 30 June 2019.

Summary

- Revenue of £14.7 million (H1 2018*: £21.8 million)
- Adjusted EBITDA** profit of £1.2 million (H1 2018*: loss of £7.6 million), including IFRS 16 adjustment of £0.57 million
- The loss after tax for the period was reduced to £2.9 million (H1 2018 – continuing operations: loss of £35.5 million).
- Net debt*** as at 30 June 2019 of £12.3 million (31 December 2018: £9.9 million), following £10.0 million loan note issue in first quarter and repayment of Group bank debt
    - Loan notes subscribed for by existing shareholders, Company now has no external debt other than with key shareholders
- Significant customer multi-year contract renewals, including a 3-year contract for cloud and hosting with a total value of £1 million
- New partnership with a global IT services company, first project started post-period end in August

** from continuing operations, excluding the results relating to 365 ITMS Limited and the PACT business which were sold in October 2018*
*** before net finance costs, tax, depreciation, impairment charges, amortisation, exceptional items and share based payment charges*
**** excluding IFRS 16 liabilities*

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Andy Parker, Executive Chairman

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Nominated Adviser and Broker
Corporate finance: Jonny Franklin-Adams/ Hannah Boros
ECM: Tim Redfern/ Richard Chambers

Executive Chairman's Statement

The first six months of the year has been a period of stabilisation following the upheaval of the restructuring which took place during 2018. As a result of the actions taken during 2018, we started 2019 in a much improved position with a strong leadership team, an appropriate cost base as well as a clear focus on operational execution and customer service to drive increased profitability and cash generation. To that end, it is pleasing to report an Adjusted EBITDA* of £1.2 million (including a £0.57 million IFRS adjustment as explained in the financial review) for the period compared to the £7.6 million loss in the corresponding last year, which reflected the significant challenges the business faced last year.

Refinancing

In January 2019 we announced a proposed fundraising of £10.0 million by the way of the issue of secured loan notes in order to fully repay the Group's bank facilities and provide additional working capital. The first tranche of loan notes was issued in January with the remaining loan notes issued in February and March following which the Group's bank facilities were fully repaid. We saw this as a very positive step as the Group now has secure, long term funding and no external debt as the loan notes are held solely by shareholders of the Company, predominantly the three largest, two of whom are also represented on the Board. Further details of the loan notes can be found in the financial review below.

Trading

Towards the end of 2018, several of the Group's material customers renewed their contracts with IDE, some on a multi-year basis and I am pleased to say that during the period under review, the Group secured several other significant renewals including a 3 year contract for cloud and hosting services with a total contract value of over £1 million.

The restructuring last year meant that we entered this year with an appropriate cost base and the refinancing in the first quarter has given us a stable platform from which to grow. To that end, in May this year we recruited a new Head of Sales to drive sales growth. Already our level of engagement with our key customers, including a large international outsourcer, has immeasurably improved. In addition, we are being awarded extensions to other contracts and have commenced new projects which we expect to grow over the coming months.

Furthermore, we were very pleased to enter into a new partnership with another global IT services company during the period, and the first project under this new partnership commenced post-period end in August. We believe there is significant potential for growth with this partner and look forward to updating shareholders in this respect.

Group revenue in the period was impacted by certain projects and contracts coming to an end and a general level of churn in the business, in particular with respect to our cloud and networks divisions. In order to address this going forward, we continue to enhance our cloud platform and offering and are developing a joint value proposition with Equinix, Inc. a multi-national data centre and co-location provider. Furthermore, we continue to close down legacy networks in order to improve service and profitability.

In summary, the first half of the year has shown a significant turnaround from the upheaval of the previous year. We have been successful in renewing significant customer contracts and in progressing new relationships. We continue to explore further areas where costs can be saved whilst investing in areas that will help drive growth. We are confident in the outlook for the Group and remain ambitious in securing and improving margins and cash generation.

Andy Parker
Executive Chairman

Financial Review

Results for the six months to 30 June 2019

Revenue for the six months to 30 June 2019 was £14.7 million (H1 2018 – continuing operations: £21.8 million). The decrease in revenue can be primarily attributed to a fall in lifecycle revenues included within managed services and reductions in project revenues due to certain significant projects coming to an end last year and during the period under review. Furthermore, as referred to in the Chairman’s statement, there has been a general level of churn across the business, in particular within the cloud and networks divisions.

Gross profit for the six months to 30 June 2019 was £3.6 million (including a £0.1 million IFRS 16 adjustment) (H1 2018 - continuing operations: £0.3 million), representing an overall gross margin of 24%, a significant improvement to the prior period. The low level of gross profit in the six months to 30 June 2018 was due predominantly to the inclusion within cost of sales of a provision of £2.2 million in relation to an onerous supply contract.

At an Adjusted EBITDA* level the Group generated a profit of £1.2 million (including an IFRS 16 adjustment of £0.57 million as detailed above) from continuing operations as compared to a loss of £7.6 million from continuing operations in the first half of 2018. The results six months to 30 June 2018 included £5.7 million of provisions in relation to onerous contracts and empty properties which were a major contributor to the loss at Adjusted EBITDA* level in that period.

Exceptional costs amounted to £0.4 million (H1 2018 – continuing operations: £0.9 million) and related predominantly to legacy redundancy costs as a result of the reduction in headcount in the previous financial year. Going forward, we expect exceptional costs to continue to decrease.

Depreciation increased to £1.5 million for the six months to 30 June 2019 compared to £1.2 million for H1 2018 as a result of a £0.5 million adjustment in relation to IFRS 16.

There were no impairment charges for the six months to 30 June 2019, whereas for the six months to 30 June 2018 impairment charges totalling £27.5 million were recognised in relation to goodwill and intangible assets resulting from the acquisition of IDE Group Manage (formerly Selection Services), although at the time of the final results for the year to 31 December 2018, £13.7 million of these charges were reversed.

Net financial costs have increased to £1.0 million (H1 2018 – continuing operations: £0.3 million), which include £0.7 million of interest on the loan notes issued in the first half of the year which is payable at the end of their term. In addition the costs include £0.1 million of notional interest in relation to the convertible loan notes issued last year and an additional £0.1 million of interest expense relating to the IFRS 16 adjustment.

The loss after tax for the period was £2.9 million (H1 2018 – continuing operations: loss of £35.5 million).

Loss per share was 0.73p (H1 2018 – continuing operations: 17.86p).

Cashflow and Net Debt

The Group's cash outflow from operating activities in the period was £0.5 million (H1 2018: £1.6 million). A number of onerous contracts have been provided for and hence do not impact the Group's Adjusted EBITDA*, but continue to affect the Group's cashflow, however continued efforts are being made in identifying further areas where costs can be rationalised in order to improve both profitability and cash flow.

As at the beginning of the period the Group's facilities with National Westminster Bank plc ("Natwest") comprised a five-year, fully drawn £4.75 million Revolving Credit Facility ("RCF") and a £3.5 million overdraft facility (the "Facilities"). Interest was payable on the utilised RCF at 2% above LIBOR.

In January 2019 the Company issued £5.3 million of secured loan notes with a six-year term and a 12% coupon which is compounded, rolled up and payable at the end of the term ("Secured LNs"). The proceeds of the Secured LNs were used to repay £4.125 million to Natwest and the RCF was reduced to £625k. In February and March 2019, a further £4.7 million in total of Secured LNs were issued to repay the remaining Facilities, which were then cancelled, and provide additional working capital. The Secured LNs carry an arrangement fee of 2.5 per cent., payable at the end of the term, and an exit fee of 2.5 per cent., also payable at the end of the term.

The net debt balance (excluding IFRS 16 liabilities) at 30 June 2019 was £12.3 million (31 December 2018: £9.9 million), which comprised the Secured LNs held at amortised cost using the effective interest rate method resulting in a liability as at 30 June 2019 of £10.7 million (note 5), plus the convertible loan notes of £1.7 million issued in August 2018 (note 6) and finance lease liabilities of £0.6 million, net of cash of £0.7 million.

New IFRS implementation

The Company has adopted IFRS 16 - Leases for the financial year ending 31 December 2019, and it has chosen to use the modified retrospective approach to adoption which means there are no restatements to the prior year figures.

IFRS 16 introduces a single lessee accounting model, whereby the Group now recognises a lease liability and a right of use asset at 1 January 2019 for leases previously classified as operating leases. Within the income statement, operating lease charges, which previously sat in both cost of sales and administrative expenses, have been replaced by depreciation and interest expenses.

The adoption of IFRS 16 resulted in a right of use asset of £2.0 million, with a corresponding liability of £2.0 million, being recognised as at 1 January 2019 which was depreciated to a value of £1.5 million as at 30 June 2019.

In order to see how the impact of IFRS 16 has affected gross profit and Adjusted EBITDA*, a reconciliation is presented below:

	6 months ended 30 June 2019	6 months ended 30 June 2018 (continuing operations)
	£000	£000
Gross profit - consistent with 2018 presentation and accounting policy	3,495	346
Changes due to new accounting policy – IFRS 16	93	-
Gross profit - consistent with 2019 presentation and accounting policy	3,588	346
Adjusted EBITDA* - consistent with 2018 presentation and accounting policy	651	(7,649)
Changes due to new accounting policy – IFRS 16	567	-
Adjusted EBITDA* - consistent with 2019 presentation and accounting policy	1,218	(7,649)

** before net finance costs, tax, depreciation, impairment charges, amortisation, exceptional items and share based payment charges.*

Consolidated Statement of Comprehensive Income

	Note	**Unaudited Six months ended 30 June 2019 £000**	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Continuing Operations				
Revenue	2	**14,713**	21,781	41,137
Cost of sales		**(11,125)**	(21,435)	(34,521)
Gross profit		**3,588**	346	6,616
Administrative expenses excluding impairment		**(5,704)**	(12,162)	(19,247)
Impairment charge on goodwill		**-**	(23,722)	(17,528)
Operating loss		**(2,116)**	(35,538)	(30,159)
Analysed as:				
Adjusted EBITDA*		**1,218**	(7,649)	(3,886)
Exceptional items	3	**(410)**	(846)	(2,368)
Depreciation of property, plant and equipment		**(1,491)**	(1,151)	(2,848)
Amortisation of intangible assets		**(1,433)**	(1,949)	(3,290)
Impairment of goodwill & intangibles		**-**	(23,722)	(17,528)
Loss on disposal of fixed assets		**-**	(164)	(441)
Charges for share based payments		**-**	(57)	202
Net financial costs		**(1,007)**	(277)	(389)
Loss before taxation		**(3,123)**	(35,815)	(30,548)
Income tax		**200**	303	1,089
Loss for the period from continuing operations attributable to owners of the parent company		**(2,923)**	(35,512)	(29,459)
Discontinued operations				
Loss after tax for the year from discontinued operations		**-**	(3,597)	(3,165)
Loss for the period after taxation		**(2,923)**	(39,109)	(32,624)
Other comprehensive income:				
Items that are or may be classified subsequently to profit or loss:				
Foreign exchange translation differences – equity accounted investments		**6**	(2)	(23)
Loss for the period and total comprehensive income attributable to equity holders of the parent		**(2,917)**	(39,111)	(32,647)
Basic and diluted loss per share – continuing operations	4			
Basic (pence per share)		**(0.73)**	(17.69)	(11.97)
Diluted (pence per share)		**(0.73)**	(17.69)	(11.97)

* Earnings from continuing operations before net finance costs, tax, depreciation, amortisation, impairment charges, share based payments and exceptional costs

Consolidated Statement of Financial Position

	Note	**Unaudited 30 June 2019 £000**	Unaudited 30 June 2018 £000	Audited 31 December 2018 £000
Non-current assets				
Intangible assets		**20,267**	10,309	21,464
Goodwill		**5,931**	14,997	5,931
Property, plant and equipment		**10,493**	11,470	9,836
Financial and other assets		**-**	63	-
		36,691	36,839	37,231
Current assets				
Trade and other receivables		**7,970**	12,000	8,893
Stock		**-**	354	-
Cash and cash equivalents		**690**	3,833	-
		8,660	16,187	8,893
Total assets		**45,351**	53,026	46,124
Current liabilities				
Borrowings	5	**-**	4,850	7,586
Trade and other payables		**6,578**	13,770	7,670
Deferred income		**2,190**	6,571	2,962
Taxation		**342**	10	-
Finance lease obligations		**613**	234	214
Provisions		**770**	2,510	1,514
		10,493	27,945	19,946
Non-current liabilities				
Deferred income		**13**	-	13
Borrowings	5	**10,676**	9,500	-
Convertible loan notes	6	**1,750**	-	1,654
Finance lease obligations		**1,526**	594	494
Deferred tax liabilities		**3,698**	4,812	3,899
Provisions		**1,705**	3,936	1,705
		19,368	18,842	7,765
Total liabilities		**29,861**	46,787	27,711
Net assets		**15,490**	6,239	18,413
Equity attributable to equity holders of the parent				
Called up share capital		**10,020**	5,018	10,020
Share premium account		**35,439**	35,439	35,439
Other reserves		**811**	(125)	817
Retained earnings		**(30,780)**	(34,092)	(27,863)
Total equity		**15,490**	6,239	18,413

Consolidated Statement of Changes in Equity

	Share capital (a)	Share premium (b)	Equity Reserve (c)	Retained earnings (d)	Foreign currency translation reserve (e)	Total
	£000	£000	£000	£000	£000	£000
At 1 January 2018	5,018	35,439	-	4,963	(127)	45,293
Total comprehensive income for the period						
Loss for the period	-	-	-	(39,109)	-	(39,109)
Exchange rate differences	-	-	-	-	(2)	(2)
Transactions with owners recorded directly in equity						
Share based payments	-	-	-	57	-	57
At 30 June 2018	**5,018**	**35,439**	**-**	**(34,089)**	**(129)**	**6,239**
Total comprehensive income for the period						
Profit for the period	-	-	-	6,485	-	6,485
Exchange rate differences	-	-	-	-	(21)	(21)
Transactions with owners recorded directly in equity						
Share based payments	-	-	-	(259)	-	(259)
Share issues	5,002	-	-	-	-	5,002
Convertible loan notes	-	-	967	-	-	967
At 31 December 2018	**10,020**	**35,439**	**967**	**(27,863)**	**(150)**	**18,413**
Total comprehensive income for the period						
Loss for the period	-	-	-	(2,917)	-	(2,917)
Exchange rate differences	-	-	-	-	(6)	(6)
At 30 June 2019	**10,020**	**35,439**	**967**	**(30,780)**	**(156)**	**15,490**

(a) Share capital represents the nominal value of equity shares

(b) Share premium represents the excess over nominal value of the fair value of consideration received for equity shares; net of expenses of the share issue;

(c) The equity reserve consists of the equity component of convertible loan notes that were issued as part of the fundraising in August 2018 less the equity component of instruments converted or settled.

The fair value of the equity component of convertible loan notes issued is the residual value after deduction of the fair value of the debt component of the instrument from the face value of the loan note.

(d) Retained earnings represents retained profits and accumulated losses

(e) On consolidation, the balance sheets of the Group's foreign subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains or losses arising from the consolidation of these foreign subsidiaries are recognised in the foreign currency translation reserve.

Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Loss for the period	**(2,917)**	(39,109)	(32,624)
Adjustments for:			
Depreciation of property, plant and equipment	**1,491**	1,278	3,033
Amortisation of intangible assets	**1,433**	2,121	3,549
Impairment Charge	**-**	27,525	21,505
Net financial costs	**1,007**	287	390
Equity settled share-based payment expenses	**-**	57	(202)
Taxation	**(200)**	(303)	(1,216)
Loss on disposal of fixed assets	**-**	155	425
Other	**(6)**	(1)	-
Profit on disposal of subsidiary	**-**	-	(680)
	808	(7,990)	(5,820)
Decrease in trade and other receivables	**923**	2,730	6,284
Decrease in trade and other payables	**(1,521)**	(1,655)	(11,320)
Decrease in inventory	**-**	-	366
(Decrease)/ increase in provisions	**(745)**	5,209	1,485
	(535)	(1,500)	(9,005)
Net corporation tax recovered/ (paid)	**-**	103	-
Net cash used in operating activities	**(535)**	(1,603)	(9,005)
Cash flow from investing activities:			
Proceeds from sale of subsidiary and PACT business, net of overdraft repaid	**-**	-	3,611
Acquisition of property, plant and equipment	**(131)**	-	(272)
Realisation of non-current financial assets	**-**	470	89
Proceeds from sale of fixed assets	**-**	9	23
Net cash (used in)/ from investing activities	**(131)**	479	3,451
Cash flows from financing activities:			
Share issue, net of share issue costs	**-**	-	3,752
Proceeds from borrowings, net of expenses	**9,810**	2,000	3,800
Repayment of loans and other borrowings	**(4,750)**	-	(2,750)
Repayment of finance lease obligations	**(613)**	(109)	(335)
Net interest paid	**(186)**	(286)	(320)
Net cash from financing activities	**4,261**	1,605	4,147
Net increase/ (decrease) in cash and cash equivalents	**3,595**	481	(1,407)
Cash and cash equivalents at beginning of period	**(2,905)**	(1,498)	(1,498)
Cash and cash equivalents at end of period	**690**	(1,017)	(2,905)
Being:			
Cash and cash equivalents	**690**	3,833	-
Bank overdraft	**-**	(4,850)	(2,905)
	690	(1,017)	(2,905)

Notes to the half-yearly financial information

1. Basis of preparation

The condensed consolidated interim financial information for the six-month period ended 30 June 2019 and 30 June 2018 is unaudited. This statement has not been reviewed by the Company's auditor. This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 26 September 2019. A copy of this half-yearly financial report is available on the Company's website at www.idegroup.com.

The Company is a public limited liability company incorporated and domiciled in Scotland. The address of its registered office is 24 Dublin Street, Edinburgh EH1 3PP. The Company is listed on the AIM market of the London Stock Exchange.

IDE and its subsidiaries have not applied IAS 34, 'Interim Financial Reporting' as adopted by the European Union, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly financial report.

This condensed consolidated interim financial information for the six-month period ended 30 June 2019 therefore does not comply with all the requirements of IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements of the Company as at and for the year ended 31 December 2018, which were prepared in accordance with IFRS as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 were approved by the Board of Directors on 24 July 2019 and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2019 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union and are consistent with those that will be adopted in the annual statutory financial statements for the year ended 31 December 2019.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the European Union, these financial statements do not contain sufficient information to comply with IFRSs. The accounting policies applied by the Group in this financial information reflect the adoption of IFRS 16 Leases which is effective as of 1 January 2019. The adoption of this standard has not resulted in a restatement of the prior year figures.

Other than the adoption of IFRS 16 - Leases, the accounting policies adopted in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2018.

IFRS 16 - Leases

The Group has adopted IFRS 16 on a modified retrospective basis. As disclosed in the Financial Review, upon transition, a lease liability has been recognised based on future lease payments discounted at an appropriate borrowing rate. Additionally, a right of use asset has been recognised along with a related lease liability. Within the income statement, the operating lease charge has been replaced by depreciation and interest expense. This has resulted in a decrease in operating expenses and an increase in finance costs.

Exceptional items and other non-recurring items

Items which are material because of their size or nature and which are non-recurring are highlighted separately on the face of the income statement. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which may be included within the exceptional category include:

- spend on major restructuring programmes;
- significant goodwill or other asset impairments; and

- other particularly significant or unusual items.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the income statement as management believe that they need to be considered separately to gain an understanding the underlying profitability of the trading businesses.

For further details, please refer to note 3.

Going concern

The condensed consolidated interim financial information has been prepared on a going concern basis.

Taking into account the support of certain of the Company's significant shareholders, of which two are represented on the Board, as demonstrated by the refinancing at the beginning of the year, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider that the adoption of the going concern basis is appropriate.

2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors.

The operating segments are defined by distinctly separate product offerings or markets. The CODM assesses the performance of the operating segments based on a measure of revenue and gross profit.

The following table presents revenue and gross profit in respect of the Group's operating segment for the six months ended 30 June 2019:

Unaudited for the six-month period ended 30 June 2019

	Managed Services	Cloud Hosting	Networks	Projects	Central	Total
	£000	£000	£000	£000	£000	£000
Revenue	5,777	4,204	3,014	1,718	-	14,713
Cost of Sales	(4,015)	(3,500)	(2,545)	(1,065)	-	(11,125)
Gross profit	1,762	704	469	653	-	3,588
Administrative expenses	-	-	-	-	(5,704)	(5,704)
Operating profit/ (loss)	1,762	704	469	653	(5,704)	(2,116)
Analysed as:						
Adjusted EBITDA*	1,762	704	469	653	(2,370)	1,218
Depreciation	-	-	-	-	(1,491)	(1,491)
Amortisation of intangible assets	-	-	-	-	(1,433)	(1,433)
Exceptional costs	-	-	-	-	(410)	(410)
Net financial costs	-	-	-	-	(1,007)	(1,007)
Profit/(loss) before taxation	1,762	704	469	53	(6,711)	(3,123)
Tax on loss on ordinary activities	-	-	-	-	200	200
Profit/(loss) for the period after taxation	1,762	704	469	53	(6,511)	(2,923)

Unaudited for the six-month period ended 30 June 2018

Continuing Operations	Managed Services	Cloud Hosting	Networks	Projects	Central	Total
	£000	£000	£000	£000	£000	£000
Revenue	8,115	5,324	4,051	4,291	-	21,781
Cost of Sales	(9,091)	(5,271)	(4,026)	(3,047)	-	(21,435)
Gross loss/ (profit)	(976)	53	25	1,244	-	346
Administrative expenses					(12,162)	(12,162)
Impairment of goodwill & intangibles					(23,722)	(23,722)
Operating (loss)/ profit	(976)	53	25	1,244	(35,884)	(35,538)
Analysed as:						
Adjusted EBITDA*	(976)	53	25	1,244	(7,995)	(7,649)
Equity settled share-based payments	-	-	-	-	(57)	(57)
Depreciation	-	-	-	-	(1,151)	(1,151)
Amortisation of intangible assets	-	-	-	-	(1,949)	(1,949)
Impairment of goodwill & intangibles	-	-	-	-	(23,722)	(23,722)
(Loss) / profit on Disposal	-	-	-	-	(164)	(164)
Exceptional costs	-	-	-	-	(846)	(846)
Net financial costs					(277)	(277)
(Loss)/ profit before taxation	(976)	53	25	1,244	(36,161)	(35,815)
Tax on loss on ordinary activities	-	-	-	-	303	303
Profit/(loss) for the period after taxation	(976)	53	25	1,244	(35,858)	(35,512)

* Earnings from continuing operations before net finance costs, tax, depreciation, amortisation, goodwill impairment, share based payments and exceptional costs

Administrative expenses are not allocated against operating segments in the Group's internal reporting. The statement of financial position is not allocated between the operating segments in the Group's internal reporting.

3. Exceptional costs

In accordance with the Group's policy in respect of exceptional costs, the following charges were incurred in relation to continuing operations:

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Restructuring and reorganisation costs	**410**	994	2,368

4. Earnings per share from continuing operations

The calculation of basic and diluted loss per share is based on results from continuing operations attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares for the purpose of calculating the basic and diluted measures in the reporting periods is the same. This is because the outstanding options would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive under the terms of IAS 33. Basic and diluted unaudited loss per share from continuing operations are calculated as follows:

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Loss attributable to shareholders	**(2,923)**	(35,512)	(29,459)
Weighted average number of shares	**400,802,032**	**200,729,121**	246,067,004
Diluted weighted average number of shares	**420,931,989**	**211,784,158**	259,333,840
Basic loss per share (pence)	**(0.73)**	(17.69)	(11.97)
Diluted loss per share (pence)	**(0.73)**	(17.69)	(11.97)

5. Borrowings

As at the beginning of the period the Group's facilities with National Westminster Bank plc ("Natwest") comprised a five-year, fully drawn £4.75 million Revolving Credit Facility ("RCF") and a £3.5 million overdraft facility (the "Facilities"). Interest was payable on the utilised RCF at 2% above LIBOR.

In January 2019 the Company issued £5.3 million of secured loan notes with a six-year term and a 12% coupon which is compounded, rolled up and payable at the end of the term ("Loan Notes"). The proceeds of the Loan Notes were used to repay £4.125 million to Natwest and the RCF was reduced to £625,000. In February and March 2019, a further £4.7 million in total of Loan Notes were issued to repay the remaining Facilities, which were then cancelled, and provide additional working capital. The Loan Notes carry an arrangement fee of 2.5 per cent., payable at the end of the term, and an exit fee of 2.5 per cent., also payable at the end of the term.

The Loan Notes are held at amortised cost using the effective interest rate method. The effective interest rate for the Loan Notes has been calculated to be 18%.

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Non-Current			
Loan Notes	**10,676**	-	-
Bank Loan	**-**	9,500	-
Total	**10,676**	9,500	-
Current			
Bank Loan	-	-	4,750
Unamortised loan arrangement fee	-	-	(69)
Bank overdraft	-	4,850	2,905
Total	-	4,850	7,586

6. Convertible Loan Notes

On 21 August 2018, as part of a wider fundraising, the Company issued £2.55 million of unsecured loan notes, which have a term of 5 years and a zero per cent. coupon ("CLNs"). The CLNs can be converted into new ordinary shares in the capital of IDE at a price of 2.5 pence per share. Conversion is at the option of the holder at any time during the 5-year term. At the end of the term, if the holder has not chosen to convert the CLNs, the CLNs will be settled with a cash repayment. At issue, the CLNs had a fair value of £2.54 million, split into an equity component (£0.96 million) and a debt component (£1.58 million).

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Balance at beginning of period	**1,654**	-	-
Additions	**-**	-	1,583
Interest unwound	**96**	-	71
Total	**1,750**	-	1,654