17 September 2019

Aquis Exchange PLC

("Aquis", the "Company" or the "Group")

Interim results for the six months ended 30 June 2019

Continued strong growth demonstrates successful execution of the strategy

Aquis Exchange PLC (AQX.L) is pleased to announce its unaudited results for the six months ended 30 June 2019.

Highlights:

- Revenue increased 165% to £3.4 million (HY 2018[1]: £1.3 million)
- EBITDA[2] loss of £0.16 million (HY 2018[3]: £1.6 million loss)
- Cash and cash equivalents at 30 June 2019 of £11.2 million (30 June 2018: £13.1 million)
- Trading Members on Aquis Exchange grew from 27 to 29 during the six month period
- Market share of overall pan-European continuous trading grew over the period to 4.8% 2Q19 (3.8% 4Q18), with the share of available liquidity also increasing
- Through its French subsidiary, Aquis became the first MTF to achieve dual-trading status in European equities, in preparation for Brexit
- Successful deployment of several technology implementations

Post-period highlights:

- Agreed acquisition of the NEX Exchange subject to FCA approval, marking entry into Primary Listings
- Current trading in line with market expectations for the full year

[1]HY 2018 restated for the application of accounting standards IFRS 15 and IFRS 9
[2]Includes the application of the new accounting standard IFRS 16: Leases
[3]HY 2018 excludes exceptional costs relating to the IPO

Alasdair Haynes, Chief Executive Officer of Aquis, commented:

"We are pleased to report on another strong period of growth, demonstrating the growing acceptance of our unique, subscription-based pricing model for trading. Revenue grew 165% year-on-year, and our average market share increased once again, to 4.8% of all continuous European equity trading, despite having faced a number of external headwinds. Growth is being driven by our existing Members increasing their trading volumes through the Exchange, new Members joining and increased technology licensing revenue. Following the approval in January for our French MTF, we became the first UK MTF to be 'Brexit-ready', underling the agility of our business and commitment to our Members.

"We were delighted to announce in July our agreement to acquire the NEX Exchange, marking our intention to enter the primary listings market, taking us another significant step forward towards achieving our ambition to become the leading exchange services group in Europe.

"While we anticipate the current political and economic uncertainty will continue to impact market participants in the short to medium term, we have proven we have the right model, team, technology and vision to deliver shareholder value and look to the future with confidence."

This announcement contains inside information for the purposes of EU Regulation 596/2014.

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Notes to editors:

Aquis Exchange PLC is an exchange services group, which operates a pan-European cash equities trading business (Aquis Exchange) and develops and licenses exchange software to third parties (Aquis Technologies).

Aquis Exchange PLC (AQX.L) is quoted on the London Stock Exchange's Alternative Investment Market (AIM).

Aquis Exchange is authorised and regulated by the UK Financial Conduct Authority and France's Autorité des Marchés Financiers to operate Multilateral Trading Facility businesses in the UK and in EU27 respectively.

Aquis operates a lit order book and does not permit aggressive non-client proprietary trading, which has resulted in lower toxicity and signalling risk on Aquis than other trading venues in Europe. According to independent studies, trades on Aquis are less likely to lead to price movement than on other lit markets. Aquis applies a subscription pricing model which works by charging users according to the message traffic they generate, rather than a percentage of the value of each security that they execute. This model can significantly reduce the cost of trading.

Aquis Technologies is the software and technology division of Aquis Exchange PLC. It creates and licenses cutting-edge, cost-effective matching engine and trade surveillance technology for banks, brokers, investment firms and exchanges.

For more information, please go to **www.aquis.eu** and **www.aquis.technology**

Chief Executive Officer's Report

The six months to 30 June 2019 have been another strong period of growth for the Group, achieved against the backdrop of low trading volumes globally. When Aquis listed just over a year ago, we set out our ambitions clearly and mapped out the roadmap we would follow to achieve our goals. I am very pleased to report that it is through the continued execution of this strategy that we have again been able to deliver robust growth, despite having faced a number of external headwinds. While we anticipate the political and economic uncertainty will continue to impact market participants through the remainder of the year, we have proven we have the right model, team, technology and vision to deliver increased shareholder value in the years ahead.

Revenue grew 165% year-on-year, and we again saw average market share of all European equity trading increase to 4.8% (2Q19) from 3.8% (4Q18). Our total number of Members grew to 29.

This continued success is being driven by an enhanced recognition of the Aquis model. We are committed to providing our customers with a comprehensive lit equity trading platform with significant liquidity and the lowest levels of toxicity in Europe. We have seen our reputation as a disruptor and innovator in the industry continue to increase, with the Aquis brand and our philosophy to support the end investor becoming increasingly recognised.

We were very pleased to announce in January that our wholly-owned French subsidiary, Aquis Exchange Europe, received approval from the relevant French authorities to operate an MTF in Paris. The MTF is now operational, providing Aquis with the means to continue to provide stock trading services to our Members across Europe following the UK's planned departure from the European Union, whichever form it takes. We were the first MTF to be able to offer dual trading in European equities, underlining our commitment to ensuring the orderly functioning of our markets, and dedication to providing first-class, uninterrupted services to our customers.

Alongside the continued execution of our current strategy, Aquis has capitalised on several new opportunities to bolster our growth. Undoubtably, the most exciting of these is the acquisition of the NEX Exchange Ltd, which we announced on 5 July 2019. The acquisition is another step in Aquis' ambition to become the leading exchange services group in Europe and provides a unique opportunity to acquire an RIE business with a focus on primary markets in a cost and time effective manner. The acquisition is subject to FCA approval and is expected to complete in autumn 2019.

Operational Review

Throughout the period, Aquis continued to develop its principal, complementary business activities; its pan-European equity lit market; a multi-asset class technology licensing service to an international client base; and a market data offering.

A key factor that contributed to the development of the business activities was the strength, experience and commitment of our staff. A summary of progress in each business activity is outlined below.

Aquis Exchange

The Company currently offers clients the ability to trade in excess of 1,400 stocks and ETFs across 13 European markets. This has decreased in number following the cessation of equivalence with the Swiss market. Aquis has seen minimal impact on its revenues from this, and our intention is to re-enter the Swiss market once the regulatory position is clarified.

The key performance indicators of the exchange business all increased during the period. Average market share grew from 3.8% at the end of 2018 to 4.8%, number of Members grew from 27 to 29, and Exchange revenue increased from £1.2 million to £2.7 million. In addition, a number of Members increased their trading volumes resulting in increased monthly subscriptions. This is particularly pleasing against the backdrop of overall lower trading volumes, which decreased 16% in HY 2019 versus HY 2018.

The available liquidity increased and should underpin the future anticipated growth.

The recognition that Aquis Exchange's toxicity is materially lower than its competitors continues to grow amongst investment managers and the wider market. With several market drivers pushing market participants towards lower toxicity, the opportunity for the Exchange to attract a wider membership from across Europe and to facilitate increased trading volumes remains significant. These market drivers include Best Execution obligations brought in by MiFID II, which we believe have yet to be fully implemented and therefore their full impact, alongside other regulatory reviews, remain outstanding. During the period we launched the Aquis

Exchange RTS 27 analytics tool, which provides comparable liquidity and execution data from some 20 execution venues and is intended to provide greater transparency and investor protection. In addition, in August, post period end, we launched our closing auction product, Market-at-Close, which we anticipate will offer a significant beneficial effect to the market.

Aquis Technologies

Aquis licenses its leading exchange related technology through its Aquis Technologies division. Aquis Technologies creates and licenses high volume, low latency trading platforms, complex connectivity solutions and real-time trade monitoring and surveillance technology for banks, brokers, investment firms and exchanges.

Aquis Technologies licensing and support revenue grew to £0.7m in the first half of the year, from £0.09m in HY 2018. The Company successfully delivered a number of implementations across a variety of asset classes, mandated in previous periods.

Over the next two years Aquis will be focused on continuing to grow the Technologies division, developing our products and services to help our clients with the challenges they face and ensuring the high-performance systems continue to be enhanced.

Aquis Market Data

From 1 July 2018, the Company began charging market data vendors for data from Aquis Exchange. While this is not yet a significant revenue stream for the Group, we believe it will become meaningful over time, as it is for the national exchanges. We believe an important driver for the division is the potential mandate of a Consolidated Tape System, or equivalent across Europe. ESMA and the European Commission have both indicated the subject of a Consolidated Tape is under consideration. In July ESMA launched a public consultation on the development in prices for pre and post-trade data and on the post-trade Consolidated Tape for equity instruments. We continue to watch these developments with interest.

Financial Review

The EBITDA loss for the half year, before exceptional items and after the adoption of IFRS 16, decreased to £0.16m compared to a loss of £1.6m in the comparative period of the previous year (after exceptional items: £0.16m loss compared to a loss of £2.9m in the comparative period of the previous year). This is mainly attributable to increased exchange revenue as Members' subscriptions have risen as a result of increased trading levels and new revenue from technology licensing offset by additional costs as the Company continues to invest in personnel and technological resources.

The loss reflects the effect of adopting IFRS 15 accounting for licensing contracts and IFRS 9 impairment provisions on trade receivables and contract assets since FY 2018. The application of these standards has resulted in an impairment release (credit) during the period of £120,000 (HY 2018: £295,000 release). IFRS 16 has been applied, but it has not had a material impact on costs.

The Company's cash and cash equivalents as at 30 June 2019 were £11.2 million (30 June 2018: £13.1 million).

Market developments

Aquis operates in a dynamic global industry where we will continue to see both new challenges and opportunities ahead. The Company continues to perform strongly, notwithstanding the ever-evolving macroeconomic, regulatory and political environment we are operating in. Brexit uncertainty and other global macro-economic factors continue to weigh on decision-making, and it is clear that it is impacting market volumes as well as putting pressure on our industry.

Whilst remaining mindful of market challenges, we believe in the long term our philosophy of fairness, transparency and simplicity will prove a winning formula. We are convinced Aquis has the ability to disrupt the industry and that one day all trading will be in its image. The business is well positioned to benefit from regulatory changes which support transparent, low toxicity growth on "lit" markets. The regulatory trends and institutional support for greater transparency in European equities trading also supports future business growth.

Acquisition of NEX Exchange

On 5 July 2019, post the period end, we were delighted to announce that we had agreed to acquire NEX Exchange Limited ("NEX Exchange") from CME Group Inc. for a cash consideration of £1, plus approximately £2.7 million based on NEX Exchange's current working capital levels. We believe that our proven expertise in both building new businesses in the exchange industry and also increasing liquidity, mean we have the ability to transform NEX Exchange, addressing the current issues in small and mid-cap trading, at a time when MiFID II implications and other factors make the industry ripe for innovation. Completion of the Acquisition is expected later this autumn, subject to FCA approval, and we look forward to updating shareholders on our plans for NEX Exchange at that time.

Outlook

Our strategic goal is to become the leading exchange services group in Europe through delivering best in class exchange trading opportunities, underpinned by our commitment to first class client services. Looking forward, our focus continues to be on executing on our core growth strategy; increasing Members numbers and trading volumes.

Alongside this we are working to enhance our software licensing activities and build presence in Europe through our subsidiary in Paris.

Following FCA approval, we will act quickly to integrate NEX Exchange into the business and build it into a quality home for growth companies. This will include a business development process focussing in particular on listing opportunities and synergies with Aquis Exchange activities, supported by an investment in key personnel.

Notwithstanding the macro-economic uncertainty, current trading is in line with market expectations for the full year. The regulatory environment, enhanced business recognition, international and asset class development opportunities and an evolving view on data solutions all support the long-term development of Aquis, and we look forward to continuing to grow the business.

Alasdair Haynes
Chief Executive Officer

Condensed consolidated statement of comprehensive income

For the six month period ended 30 June 2019

	Note	6 months ended 30/06/2019 £'000	Year ended 31/12/2018 £'000	Restated 6 months ended 30/06/2018 £'000
Profit and loss				
Revenue	**4**	3,419	3,983	1,290
Expenses		(4,181)	(7,089)	(3,442)
Gross loss		**(762)**	**(3,106)**	**(2,152)**
Expected credit loss reversal	**5**	120	424	295
Operating loss before investment income		**(642)**	**(2,682)**	**(1,857)**
Investment income	**6**	21	30	6
Operating loss before tax		**(621)**	**(2,652)**	**(1,851)**
Exceptional costs		-	(1,012)	(1,398)
Net Profit/(Loss) for the year before tax		**(621)**	**(3,664)**	**(3,249)**
Income tax expense/(recovered)		-	247	-
Net Profit/(Loss) for the year after tax	**3**	**(621)**	**(3,417)**	**(3,249)**
Other comprehensive income /(loss)				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of foreign operations after tax	**16**	(2)	-	-
Total comprehensive loss for the year		**(623)**	**(3,417)**	**(3,249)**
Earnings per share (pence)	**7**			
Basic				
Ordinary shares		(2)	(21)	(118)
Diluted				
Ordinary shares		(2)	(20)	(98)

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Condensed consolidated statement of financial position

As at 30 June 2019

	Note	As at 30/06/2019 £'000	As at 31/12/2018 £'000	As at 30/06/2018 (restated) £'000
Non-current assets				
Intangible assets	**8**	695	638	650
Property, plant and equipment	**9**	1,900	542	418
Other receivables	**10**	862	849	1,287
Total non-current assets		**3,457**	**2,029**	**2,355**
Current assets				
Trade and other receivables	**10**	2,152	1,823	1,668
Cash and cash equivalents		11,212	11,610	13,140
Total current assets		**13,364**	**13,433**	**14,808**
Total assets		**16,821**	**15,462**	**17,163**
Current liabilities				
Trade and other payables	**11**	1,650	892	863
Non-current liabilities				
Lease liabilities	**17**	1,283	-	-
Total liabilities		**2,933**	**892**	**863**
Net assets		**13,888**	**14,570**	**16,300**
Equity				
Called up share capital	**12**	2,715	2,715	2,715
Share premium account	**13**	10,840	10,840	10,840
Other reserves	**14**	153	92	-
Retained earnings	**15**	182	923	2,745
Foreign currency translation reserve	**16**	(2)	-	-
Total equity		**13,888**	**14,570**	**16,300**

The notes to the financial statements on pages 7 to 16 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the period ended 30 June 2019

	Note	Share Capital	Share Premium	Retained Earnings	Foreign Currency Translation Reserve	Other Reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000
As at 31/12/2017		-	23,517	(16,909)	-	-	6,608
							-
Share capital reorganisation		2,269	(23,517)	21,248	-	-	-
Issue of share capital		446	11,554	-	-	-	12,000
Restated loss for the 6 months to 30 June 2018		-	-	(3,249)	-	-	(3,460)
Exceptional costs		-	(714)	-	-	-	(714)
Adjustment due to IFRS 15&9		-	-	1,655	-	-	1,865
As at 30/06/2018		**2,715**	**10,840**	**2,745**	-	-	**16,300**
Loss for the 6-month period ended 31/12/2018		-	-	(167)	-	-	43
Recognition of share option reserve	**14**	-	-	-	-	92	92
Adjustment due to IFRS 15 & 9		-	-	(1,655)	-	-	(1865)
As at 31/12/2018		**2,715**	**10,840**	**923**	**-**	**92**	**14,570**
Adjustment due to IFRS 16		-	-	(120)	-	-	(120)
Adjusted as at 01/01/2019		**2,715**	**10,840**	**803**	**-**	**92**	**14,450**
Loss for the 6-month period ended 30/06/2019		-	-	(621)	-	-	(621)
Foreign exchange differences on translation of foreign operations	**16**	-	-	-	(2)	-	(2)
Share-based payments	**14**	-	-	-	-	61	61
As at 30/06/2019		**2,715**	**10,840**	**182**	**(2)**	**153**	**13,888**

Condensed consolidated statement of cash flows

For the period ended 30 June 2019

	Note	6 months ended 30/06/2019 £'000	Year ended 31/12/2018 £'000	Restated 6 months ended 30/06/2018 £'000
Cashflows from operating activities				
Cash generated by operations	**18**	62	(4,022)	(2,440)
Income taxes (paid)/refunded		-	470	222
Interest paid	**17**	(24)	-	-
Net cash outflow from operating activities		**38**	**(3,552)**	**(2,218)**
Investing Activities				
Purchase of Property, plant and equipment	**9**	(181)	(422)	(418)
Increase in intangible assets	**8**	(281)	(423)	(210)
Investment in subsidiaries	**2,16**	-	(9)	-
Interest received	**6**	21	30	6
Net cash used in activities		**(438)**	**(823)**	**(628)**
Financing Activities				
Proceeds from share issue		-	12,000	12,000
Net inflow generated from financing activities		**-**	**12,000**	**12,000**
Net decrease in cash and cash equivalents		**(400)**	**7,624**	**9,154**
Cash and cash equivalents at the beginning of the period		11,610	3,986	3,986
Effect of exchange rate changes on cash	**16**	2	-	-
Cash and cash equivalents at the end of the period		**11,212**	**11,610**	**13,140**

Notes to the financial statements

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period beginning 1 January 2019 and ending 30 June 2019 (“interim period”) has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Aquis Exchange PLC during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

The Company has changed its accounting policies and made retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 17 below.

The Company has restated balances for the period ended 30 June 2018 in order to present the cumulative effect of adopting IFRS 15: Contracts with Customers and IFRS 9: Financial Instruments.

The Directors of Aquis Exchange PLC have reviewed the Group’s forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Group has sufficient financial resources to meet its day to day obligations as they fall due in the ordinary course of business and to continue in operational existence for the foreseeable future. On the basis of this review, and after considering all facts and circumstances about the foreseeable future of the company known to them as at the date of this report, the Directors are satisfied that it is appropriate to prepare the interim financial statements for the period ended 30 June 2019 on a going concern basis.

2. Significant changes in the current reporting period

Despite challenging market conditions during the six months ended 30 June 2019, Aquis Exchange PLC (the ‘Company’) has made significant headway towards reaching breakeven.

During the interim period, the Company established a subsidiary office in Paris with full regulatory approval in preparation for resultant Brexit negotiations. The Company successfully applied for regulatory approval to operate a Multilateral Trading Facility (MTF) in France in January 2019 and is delighted to present the first set of Consolidated Financial Statements for the Aquis Exchange PLC group.

The financial position and performance of the group was particularly affected by the following events and transactions during the six months to 30 June 2019:

- a significant increase in revenue as a result of an increase in exchange Members and trading volumes, as well as an increase in licensing contracts (see note 3),
- the consolidation of a foreign subsidiary, Aquis Exchange Europe SAS (see note 15), and
- the adoption of the new leasing standard IFRS 16 *Leases* (see note 17)

Since the end of the interim reporting period, the group has announced plans to acquire 100% of NEX Exchange Limited (see note 19).

3. Earnings before interest, tax, depreciation and amortisation

	6 months ended 30/06/2019	Year ended 31/12/2018	Restated 6 months ended 30/06/2018
	£'000	**£'000**	**£'000**
Net Profit/(Loss) after tax	(621)	(3,417)	(3,249)
Income tax expense/(recovered)	-	247	-
Depreciation charge	215	162	75
Amortisation charge	224	449	225
Interest on IFRS 16 leased assets	21	-	-
Earnings before interest, tax, depreciation and amortisation('EBITDA')	(161)	(2,559)	(2,949)

4. Revenue

Revenue analysed by class of business:

	6 months ended 30/06/2019 £'000	Year ended 31/12/2018 £'000	Restated 6 months ended 30/06/2018 £'000
Subscription Fees	2,675	3,101	1,199
Licence Fees	590	738	91
Data Vendor Fees	154	144	-
	3,419	**3,983**	**1,290**

5. Expected credit loss

The expected credit loss on licensing contract assets has been calculated in accordance with IFRS 9:

	£'000
As at 31/12/2017	1,415
Expected credit loss reversal for the period	(295)
As at 30/06/2018	1,120
Expected credit loss reversal for the period	(424)
As at 31/12/2018	696
Expected credit loss reversal for the period	(120)
As at 30/06/2019	**576**

6. Investment income

	6 months ended 30/06/2019 £'000	Year ended 31/12/2018 £'000	6 months ended 30/06/2019 £'000
Interest income			
Bank deposits	**21**	**30**	**6**

7. Earnings per share

	6 months ended 30/06/2019	Year ended 31/12/2018	Restated 6 months ended 30/06/2018
Number of Shares (‘000)			
Weighted average number of ordinary shares for basic earnings per share	27,150	16,433	2,747
Weighted average number of ordinary shares for diluted earnings per share	27,710	16,997	3,311
Earnings (£’000)			
Loss for the period from continued operations	(623)	(3,417)	(3,249)
Basic and diluted earnings per share (pence)			
Basic earnings per ordinary share	(2)	(21)	(118)
Diluted earnings per ordinary share	(2)	(20)	(98)

8. Intangible assets

	Developed trading platforms £'000
Cost	
As at 31/12/2017	1,070
Additions- internally generated	210
As at 30/06/2018	1,280
Additions- internally generated	213
As at 31/12/2018	1,493
Additions- internally generated	281
As at 30/06/2019	**1,774**
Accumulated amortisation and impairment	
As at 31/12/2017	406
Charge for the period	224
As at 30/06/2018	630
Charge for the period	225
As at 31/12/2018	856
Charge for the period	224
As at 30/06/2019	**1,079**
Carrying amount	
As at 31/12/2017	664
As at 30/06/2018	650
As at 31/12/2018	638
As at 30/06/2019	**695**

9. Property, plant and equipment

	Fixtures, fittings and equipment	Computer Equipment	Non-current portion of IFRS 16 leased assets	Total
	£'000	£'000	£'000	£'000
Cost				
As at 31/12/2017	233	1,189	-	1,416
Additions & disposals	13	211	-	224
As at 30/06/2018	246	1,394	-	1,640
Additions & disposals	-	198	-	198
As at 31/12/2018	246	1,592	-	1,838
Additions & disposals	-	302	1,271	1,573
As at 30/06/2019	**246**	**1,894**	**1,271**	**3,411**
Accumulated depreciation and impairment				
As at 31/12/2017	29	1,105	-	1,134
Charge for the period	25	51	-	75
As at 30/06/2018	53	1,169	-	1,221
Charge for the period	25	50	-	75
As at 31/12/2018	78	1,219	-	1,296
Charge for the period	25	103	87	215
As at 30/06/2019	**102**	**1,322**	**87**	**1,511**
Carrying amount				
AS at 31/12/2017	205	78	-	283
As at 30/06/2018	192	227	-	418
As at 31/12/2018	169	373	-	542
As at 30/06/2019	**144**	**572**	**1,184**	**1,900**

10. Trade and other receivables

	Current		
	As at 30/06/2019	As at 31/12/2018	As at 30/06/2018 (restated)
	£'000	£'000	£'000
Trade receivables net of impairment	1,712	1,519	1,284
Other receivables	186	8	2
Prepayments	254	296	382
	2,152	**1,823**	**1,668**

	Non-Current		
	As at 30/06/2019	As at 31/12/2018	As at 30/06/2018 (restated)
	£'000	£'000	£'000
Trade receivables net of impairment	650	565	1,010
Other receivables	212	284	277
	862	**849**	**1,287**

Trade receivables are stated net of any credit impairment provision as set out previously in Note 3 in accordance with IFRS 9, as illustrated below:

	As at 30/06/2019	As at 31/12/2018	As at 30/06/2018 (restated)
	£'000	£'000	£'000
Gross trade receivables	2,938	2,779	2,329
Expected credit loss	(576)	(696)	(1,120)
Trade receivables net of impairment	**2,362**	**2,083**	**1,209**

11. Trade and other payables

	As at 30/06/2019	As at 31/12/2018	As at 30/06/2018 (restated)
Trade payables	271	153	292
Accruals	954	681	540
Social security and other taxation	107	10	-
Other payables	318	48	31
	1,650	**892**	**863**

12. Called up share capital

	As at 30/06/2019	As at 30/06/2018	As at 30/06/2018 (restated)
	£'000	£'000	£'000
Ordinary share capital			
Issued and fully paid			
27,149,966 Ordinary shares of 10p each	2,715	2,715	2,715
	2,715	**2,715**	**2,715**

13. Share premium account

	As at 30/06/2019	As at 31/12/2018	As at 30/06/2018 (restated)
	£'000	£'000	£'000
At beginning of year	10,840	23,517	23,517
Issue of new shares	-	11,554	11,554
Share capital reduction	-	(23,517)	(23,517)
Exceptional costs	-	(714)	(714)
At end of year	**10,840**	**10,840**	**10,840**

14. Other Reserves

	As at 30/06/2019 £'000	As at 31/12/2018 £'000	As at 30/06/2018 (restated) £'000
Reserves relating to share-based payments	**153**	**92**	**-**

The reserves relating to share-based payments reflects the estimated value of the approved Employee Share Option Scheme estimated using a US binomial option valuation model.

15. Retained earnings

	£'000
As at 31/12/2017	(16,909)
Adjustment arising due to IFRS 15 &9	1,655
Adjusted opening balance as at 31/12/2017	(15,254)
Elimination of Share Premium	21,248
Restated loss for the 6-month period ended 30/06/2018	(3,249)
As at 31/06/2018	2,745
Adjustment arising due to IFRS 15 &9	(1,655)
Loss for the 6-month period ended 30/12/2018	(167)
As at 31/12/2018	923
Adjustment arising due to IFRS 16	(120)
Adjusted opening balance as at 31/12/2018	803
Loss for the 6-month period ended 30/06/2019	(621)
As at 31/06/2019	**182**

The Company has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

16. Foreign currency translation reserve

Aquis Exchange PLC is regulated in the UK by the FCA but with increasing uncertainty over the outcome of Brexit the Company decided to establish a European subsidiary and in January 2019 successfully applied for regulatory approval to operate a Multilateral Trading Facility (MTF) in France through this subsidiary. The translation of the European subsidiary into the functional currency of the group results in foreign exchange differences that have been recognised in Other Comprehensive Income ('OCI') for the group which have been accumulated in a separate component of equity as illustrated below.

	6 months ended 30/06/2019	**Year ended 31/12/2018**	**6 months ended 30/06/2018**
	£'000	**£'000**	**£'000**
At the beginning of the year/period	-	-	-
Foreign exchange differences on translation of foreign operations recognised in OCI	(2)	-	-
At the end of the year/period	**(2)**	**-**	**-**

17. IFRS 16 Leases

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.15%.

		2019
		£'000
Operating lease commitments discounted using the rate implicit in the lease at the date of the initial application (3.15% p.a.)		1,561
Add: finance lease liabilities recognised as at 31 December 2018		-
(Less): short-term leases recognised on a straight-line basis as expense		-
(Less): low-value leases recognised on a straight-line basis as expense		-
(Less): contracts reassessed as service agreements		-
Add/(less): adjustments as a result of a different treatment of extension and termination options		-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments		-
Lease liability recognised as at **1 January 2019**		**1,561**
Of which are:		
	Current lease liabilities	183
	Non-current lease liabilities	1,378
		1,561

The associated right-of use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30/06/2019 £'000	**As at 01/01/2019 £'000**
Property		
Of which are:		
Current portion of IFRS 16 leased assets	173	173
Non-current portion of IFRS 16 leased assets	1,184	1,271
	1,358	**1,444**

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

	As at 01/01/2019
	£'000
Decrease in rent deposit asset	(61)
Increase in IFRS 16 leased assets	1,444
Increase in lease liabilities	(1,561)
Decrease in accruals	58
Net impact on retained earnings	**(120)**

Impact on EBITDA and earnings per share:
Adjusted EBITDA increased by £8k as a result of the change in accounting policy for the six months to 30 June 2019. The Impact on the statement of comprehensive income for the six months ended 30 June 2019 is as follows:

	£'000
Depreciation expense (included in expenses)	(87)
Rent expense (included in expenses)	115
Finance costs (included in expenses)	(21)
Operating loss	8
Income tax expense	-
Operating loss for the period after tax	8

The impact on the statement of cash flows for the six months ended 30 June 2019 is as follows:

	£'000
Payments to suppliers and employees	(206)
Cash generated from operations	**(206)**
Interest paid	(24)
Net cash generated from operating activities	**(230)**

There is no material impact on other comprehensive income and the basic and diluted EPS as a result of the implementation of IFRS 16.

Practical expedients applied:
In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

a. reliance on previous assessments on whether leases are onerous,
b. the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
c. the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
d. the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

<u>The company's leasing activities and how these are accounted for</u>
Aquis Exchange PLC leases its business offices in London. The rental contract is for a fixed period of 5 years with the option to extend for a further 5 years which the directors are reasonably certain will be exercised. The lease terms contain rent free periods which have been considered in determining the rate implicit in the lease and hence the Company's incremental borrowing cost. The lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease.

The right-of-use asset has been measured as the value of the lease liability, plus prepaid lease payments, being the unamortised portion of the rent deposit asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

18. Cash generated from operations

	6 months ended 30/06/2018 £'000	**Year ended 31/12/2018 £'000**	**Restated 6 months ended 30/06/2018 £'000**
Loss after tax	(621)	(3,417)	(3,249)
Adjustments for:			
Taxation credited	-	(247)	-
Investment revenue	(21)	(30)	(6)
Amortisation and impairment of intangible assets	223	449	225
Depreciation and impairment of property, plant and equipment	215	162	75
Equity settled share-based payment expense	61	92	-
Other gains/losses on transition of accounting standards	(224)	(714)	363
Movement in working capital:			
Increase in trade and other receivables	(329)	(933)	(214)
Increase in trade and other payables	758	616	588
Cash generated/ (absorbed) by operations	62	(4,022)	(2,218)

19. Events occurring after the reporting period

On 5 July 2019 the group announced plans to purchase NEX Exchange Limited for £1 plus up to £2.7 million for working capital requirements, giving the group an opportunity to acquire a Recognised Investment Exchange (“RIE”) status business with a focus on primary markets.

The acquisition is contingent upon regulatory approval from the Financial Conduct Authority which Directors anticipate will be given in the fourth quarter of 2019.