TEN

Half-year Report

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Ten Lifestyle Group PLC
15 May 2018

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Ten Lifestyle Group plc
("Ten" or "the Company" or "the Group")
Interim results for the six months ended 28 February 2018

Ten Lifestyle Group plc (AIM: TENG), a leading technology-enabled lifestyle and travel platform for the world's wealthy and mass affluent, announces its unaudited Interim Results for the six months ended 28 February 2018[1] ("H1 2018", or "the period").

Operational Highlights

- Record member satisfaction levels, measured by Net Promoter Score.
- Contract wins include HSBC Group, Visa International, OCBC Bank[2] and Japanese MI Card[3].
- 12 Large and Medium contracts won. An increase to 27 from 15 at the end of FY 2017. This is made up of 21 Medium and 6 Large contracts[4] (previously 11 Medium and 4 Large). These contracts will show a full year impact only in FY 2019.
- Continued investment into technology and associated content has helped to drive new business wins and to improve operational efficiencies.
- Ten's proprietary digital platform is now available in 10 languages with contracted commitment for rollout in all three global regions in summer 2018 with multiple client brands.
- Continued expansion into new geographies including two new offices in the Americas.
- New hires have strengthened leadership team and operational and technology teams.

Financial Highlights

- Successfully listed on the AIM Segment of the London Stock Exchange in November 2017 which resulted in net cash to the Group of £25.1m.
- Revenue up 5% to £18.2m (H1 2017: £17.4m).
- Net Revenue[5] up 6% to £17.3m (H1 2017: £16.4m).
- Adjusted EBITA[6] of £1.4m loss (H1 2017: £0.8m gain) reflects investment activities and international roll out.
- Loss before interest and tax of £3.8m (H1 2017: £0.3m loss), including share based payment expense and exceptional costs relating to the AIM listing. This is an improved position versus expectations.
- Robust balance sheet following admission to the AIM with cash at the end of H1 2018 of £24.4m (FY 2017: £8.2m) and all long-term debt repaid.

£m	H1 2018	H1 2017
Net Revenue	17.3	16.4
Adjusted EBITA	(1.4)	0.8
Adjusted EBITA %	(8%)	5%
Operating Loss before interest and tax	(3.8)	(0.3)
(Loss) / profit for the period	(4.9)	0.2

Post Period End Activities and Outlook

- As announced on 30 April 2018, Ten reduced Net Revenue growth expectations for the financial years ending 31 August 2018 and 2019 compared to expectations at IPO.

- Net Revenue in H2 2018 is expected to show accelerating growth versus H1 2018 as new business wins generate additional revenue, underpinned by increased investment in infrastructure.
- In FY 2019 management expects to see further growth in Net Revenue. Whilst there can be no certainty of this, two new Large contracts and four new Medium contracts that were expected in FY 2018 are now expected in FY 2019. Pipeline of new business remains strong and is larger than at the time of IPO. We have won over 80% of the contracts we have tendered for since 2015 in our core financial services market.
- We are continuing to invest into our newer geographies and into developing the content and technology to help our digital platform become established in multiple geographical markets.
- Development of new vertical markets (outside of our core market of financial services) is happening later than expected, with revenue expected to commence in H2 2019 (e.g. from our employee vertical market).

Alex Cheatle, CEO of Ten Lifestyle Group, said;
"We are delighted with the increase in member satisfaction levels. We believe this underpins and validates our corporate reputation, market leading proposition and growth expectations and is essential for us to achieve our mission to become the world's most trusted consumer service.

We have won and launched contracts with major new corporate clients that will provide accelerated growth in H2 2018 and continued organic growth in FY 2019. Furthermore, we have retained all our Medium or Large contracts since IPO.

Overall, we believe that Ten's customer and competitive proposition has strengthened over recent months and our current new business pipeline is stronger and more robust than at the time of IPO. This is supported by both our investment into proprietary technology and our ever-growing geographical reach which we believe allows us to pitch more powerfully for more opportunities in major markets globally.

We are as convinced as ever about the significant market opportunity and Ten's growth potential within that market as well as our ability to generate value for our shareholders."

Analyst Presentation
An analyst presentation will be held at 10:30am at the offices of Tavistock, 1 Cornhill, London EC3V 3ND. Please RSVP to tengroup@tavistock.co.uk.
Dial-in details for the presentation are also available:
Dial-in number: +44 (0)2031394830
Participant PIN Code: 48602998#

For further information please visit www.tengroup.com or call:

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Operating and Financial Review
In our Admission Document accompanying our IPO in November 2017, we stated that Ten's objective was to become the most trusted and pre-eminent provider of global lifestyle and travel concierge services to the world's wealthy and affluent. In addition, we envisaged that the market for Ten's services would increase in breadth and scope as more of the world's wealthy and mass affluent use concierge services for their lifestyle and travel needs. Our objective remains the same and the outlook for growth in our markets remains positive in our view.

2017 was a significant milestone for the Company, which saw an IPO on the London Stock Exchange and Admission to AIM. The IPO brought in new investors and has raised Ten's global profile. The Company issued 13.4m shares, raising £18.2m additional equity for the Company, before the costs of listing. On listing, share options held by directors and employees were exercised. This resulted in the issue of 13.6m shares, generating £7.6m cash for the Company.

The resulting £25.1m of net cash to the Group will allow us to finance planned growth into new markets as well as continue investment into the technology platform, which we believe will drive increased member satisfaction, maintain our competitive advantage and drive further major contract wins globally. The Group is now well capitalised and carries no long term debt.

The market for supporting wealthy and affluent individuals on their lifestyle and travel decisions is large and growing[7]. As we develop in each region we can better service the needs of both our existing and prospective corporate clients and the members who we serve through them.

Profit and Loss
In H1 2018, revenue grew by 5% to £18.2m (H1 2017: 17.4m). Net Revenue increased by 6% to £17.3m (H1 2017: £16.4m). The Board expects

Net Revenue to grow faster in the second half of the year supported by the new HSBC contract launching in June 2018. There will also be the benefit of a full half year of revenue from contracts that were launched part way through the first half of the year.

£m	H1 2018	H1 2017
Net Revenue		
EMEA	7.9	8.6
Americas	5.4	4.6
Asia	4.0	3.2
Total Group	**17.3**	**16.4**

£m	H1 2018	H1 2017
Adjusted EBITA		
EMEA	1.9	1.8
EMEA Margin %	*24%*	*21%*
Americas	(3.3)	(1.1)
Asia	0.0	0.1
Total Group	**(1.4)**	**0.8**
Adjusted EBITA %	**(8%)**	**5%**

In EMEA, Net Revenue was 8% below the previous period. We do not believe this is a trend. The decline reflects an unusual period with no significant business launches in Europe. Furthermore, overall contract revenue from our existing European customers remained flat although our revenue attributed to EMEA from these contracts did decline. This is because more requests were serviced by other regions as our international reach expanded. We have improved EMEA EBITA margin growth from 21% to 24% as the business became more efficient, demonstrating the robust business model in mature markets.

The impact of previously announced contract wins should start to benefit H2 2018. We expect organic growth and new contract wins to bring EMEA revenue growth in 2019 and beyond, together with some increased costs from anticipated investment in new markets.
In the Americas, we have experienced overall growth chiefly as a result of contract wins although one existing contract has not grown as anticipated. This growth was largely in immature markets, in which we needed to hire new teams, set up two new offices and create new content and supplier relationships. We expect this 'launch' investment to continue in H2 2018 and H1 2019 before increasing operational maturity brings this region to a profitable level. We now have the footprint, offices and staff in place to manage English, Spanish and Portuguese at scale - which will allow efficiencies to flow. Beyond FY 2018, no major 'new' market launches are planned in the Americas.
In Asia, we have grown in major markets where we are already at a good level of maturity and regional EBITA was breakeven in H1 2018. In the short and medium term, increased investment is likely to be required in Asia to support growth in less mature markets and to expand into new markets as a result of both recent and expected contract wins. Once these markets mature they are expected to generate positive margins in line with our strategy.

£m	H1 2018	H1 2017
Adjusted EBITA	**(1.4)**	**0.8**
Amortisation	(1.4)	(1.1)
Share based payment expense	(0.6)	-
Exceptional Items	(0.4)	-
Operating loss before interest and tax	**(3.8)**	**(0.3)**
Net finance expense	(1.0)	0.4
(Loss)/profit before taxation	**(4.8)**	**0.1**
Taxation	(0.1)	0.1
(Loss)/profit for the period	**(4.9)**	**0.2**

Overall, the Company's adjusted EBITA losses in in the period were significantly less than expected at IPO. Slower than anticipated revenue growth in EMEA was offset by improved EBITA margin. Additionally, operational efficiency improved across the business as we continue to develop our technologies, people and processes.

The slower development of our new vertical markets in the period reduced costs and benefited EBITA, as investment activity has been pushed out into H2 2018 and FY 2019. Accordingly, the Company has a better than expected cash balance of £24.4m, leaving it well placed for future growth and investment. This cash balance is significantly better than expectations.

Operating expenses not included in adjusted EBITA have increased to £2.4m (H1 2017: £1.1m). Amortisation costs, relating to our internal CRM platform (TenMAID) and our customer facing digital platform were higher at £1.4m in H1 2018 (H1 2017: £1.1m) reflecting increased development activity over the past year. The total expense arising from equity-settled share-based payment transactions amounted to £0.6m (H1 2017: £nil). In the six month period ended 28 February 2017, it was not probable that an exit event would occur; hence no share-based payment expense was recognised. The incentive plans are outlined in Note 4 in the financial information. The exceptional legal and accounting costs of the November listing on AIM were £0.4m. Overall this resulted in an EBIT loss before interest and tax of £3.8m (H1 2017: £0.3m loss).

The net finance expense for the period includes the finance expense incurred on the shareholder debt until repayment on 30 November 2018 following the AIM listing (H1 2018: £0.1m; H1 2017: £0.1m); finance expense related to the convertible loan that was converted to equity on listing (H1 2018: £0.3m; H1 2017: £nil). In addition, the translation of foreign exchange balances in the period resulted in a £0.7m expense (H1 2017: £0.5m credit).
No UK corporation tax expense was incurred in H1 2018, nor is expected for the full financial year (H1 2017: £nil). The income tax expense

includes foreign taxes recognised by overseas Group companies and R&D tax credits. No R&D tax credits were received in H1 2018 (H1 2017: £0.4m).

Admission to AIM

On 29 November 2017 Ten Lifestyle Holdings plc was admitted for Trading on the London AIM market. The AIM listing and exercising of share options generated £25.1m of cash in the period, which allowed the repayment of unsecured loans and interest of £4.0m.

Balance Sheet and Cash Flow

As a result of equity fundraising noted above, the balance sheet has been strengthened considerably over the period, with net assets of £31.9m (FY 2017: £7.0m). The Group had £24.4m of cash at bank at the end of the period, offset by residual borrowings relating to its invoice financing facility and finance leases (£0.7m).

£m	**As at 28 February 2018**	**As at 31 August 2017**
Fixed assets	8.1	7.1
Working capital	0.5	(0.3)
Cash	24.4	8.2
Borrowings	(0.7)	(7.7)
Other liabilities	(0.4)	(0.4)
Net Assets	**31.9**	**7.0**

In addition to strengthening the balance sheet, cash has been used in the period to drive operational expansion and the capital investment programme.
The following table details the Group's cash movement since 31 August 2017:

£m	**H1 2018**
Operating loss before interest and tax	**(3.8)**
Working capital outflow	(0.8)
Non-cash items (share based payments, depreciation and amortisation)	2.3
Operating cash flow	**(2.3)**
Capital expenditure	(0.5)
Investment in intangibles	(2.2)
Taxation, interest costs and lease payments	(0.5)
Cash outflow	**(5.5)**
Funded by:	
Cash raised as part of listing on the AIM	25.1
Other equity issued in the period	0.3
Repayment of shareholder loans	(4.0)
Movement on invoice discounting	0.3
Net funding	**21.7**
Increase in cash	**16.2**

Working capital increased by £0.8m in the period reflecting increased corporate billing to new contracts launched towards the end of the period, as well growth in commissions paid by suppliers as the travel business continues to scale. Capital expenditure on fixed assets was £0.5m in the period due to investment in IT infrastructure that supports our international offices. Intangible asset additions of £2.2m reflect ongoing investment in development of the customer facing digital platform to support contract wins internationally. After the impact of depreciation and amortisation, net fixed assets in the balance sheet increased by £1.0m in the period.

Principle Risks and Uncertainties

The principle risks and uncertainties facing the Company remain unchanged and are listed in Note 12 to the financial information.

Global Footprint

Ten is already established and operating in many of the world's largest markets including the USA, China, Japan, UK, Hong Kong, Singapore, India, Australia, Dubai, Switzerland, Belgium, South Africa, Canada, Mexico, Colombia, Argentina and Brazil. We believe that this operational footprint reduces executional risk for growth and enables Ten to expand into new regions, leveraging its know-how, technology platform and global content. It also allows local as well as integrated global service delivery, differentiating us from our competitors.

Development of Corporate Contracts

Since the year ended 31 August 2017, Ten has increased its number of Large and Medium contracts with corporate clients from 15 to 27. This is made up of 21 Medium and 6 Large contracts. This compares to the year ended 31 August 2017 when Ten had 11 Medium contracts and 4 Large contracts.

Contracts by annualised contract value	Operational as at 31 August 2017	Operational as at 28 February 2018	Signed and launching in H2 2018	Total
Large	4	5	1	6
Medium	11	19	2	21

More contracts with more corporate partners mean that our exposure to individual contracts reduces. Furthermore, it allows us to develop more tools, technologies and processes that we can roll out across our existing network and in targeting new contracts. For example, we can leverage the fact that one contract took us into a new geography or language to then win more contracts in that geography or language. We use increasing scale to improve our special benefits and/or access with our suppliers across our key categories of travel, restaurant, retail and event ticketing. We also use our increasing scale and the growing experience of our teams to drive operational efficiencies that can benefit our members (e.g. faster response times) and reduce our incremental cost per request. This should enable operational efficiencies and drive profitability in those areas over time.

Strengthening Team

We have also strengthened our team to deliver sustainable business growth. New senior hires in the period include a Global Head of IT Infrastructure, a Head of Private Membership, and a Business Development Leader in each of the USA and Europe. New hires into the business since the period end include a new Head of the Employee Market, a Chief of Staff, senior finance hires and a Head of Legal and Compliance.

Lastly, we would like to extend a huge thanks to our staff worldwide, for their tireless work and immense contribution in helping us to get closer to our goal of becoming the most trusted consumer service business in the world.

Bruce Weatherill
Chairman
15 May 2018

Alex Cheatle
Chief Executive Officer
15 May 2018

Consolidated statement of comprehensive income

£'000	Note(s)	6 months to 28 February 2018 Unaudited	6 months to 28 February 2017 Unaudited
Revenue		**18,179**	**17,378**
Air ticket cost of sales		(904)	(957)
Net Revenue	**2**	**17,275**	**16,421**
Other cost of sales		(400)	(264)
Gross profit		**16,875**	**16,157**
Administrative expenses		(20,673)	(16,484)
Operating (loss)/profit before amortisation, interest, share based payments, exceptional items and taxation **('Adjusted EBITA')**	**2**	**(1,401)**	**810**
Amortisation	**3**	(1,383)	(1,137)
Share based payment expense	**4**	(597)	-
Exceptional items	**5**	(417)	-
Operating loss		**(3,798)**	**(327)**
Finance income	**6**	1	549
Finance expense	**6**	(1,044)	(165)
(Loss)/profit before taxation		**(4,841)**	**57**
Taxation (charge)/credit	***7***	(105)	131
(Loss)/profit for the period		**(4,946)**	**188**
Other comprehensive income:			
Foreign currency translation differences		272	(118)
Total comprehensive (loss)/profit for the period		**(4,674)**	**70**
Basic and diluted earnings per ordinary share	**8**	(8.6)p	0.4p

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

Consolidated statement of financial position

£'000	Note(s)	At 28 February 2018 Unaudited	At 31 August 2017 Audited
Non-current assets			
Intangible assets	**3**	6,949	6,160
Property, plant & equipment		1,151	918
Total non-current assets		**8,100**	**7,078**
Current assets			
Inventories		115	43
Trade and other receivables		9,226	7,123
Cash at bank and in hand		24,370	8,193
Total current assets		**33,711**	**15,359**
Total assets		**41,811**	**22,437**
Current liabilities			
Trade and other payables		(8,854)	(7,336)
Obligations under finance leases		(74)	(74)
Borrowings	**9**	(607)	(1,441)
Provisions		(346)	(346)
Total current liabilities		**(9,881)**	**(9,197)**
Net current assets		**23,830**	**6,162**
Non-current liabilities			
Borrowings	**9**	-	(5,993)
Deferred tax liabilities	**7**	-	(200)
Obligations under finance leases		(64)	(47)
Total non-current liabilities		**(64)**	**(6,240)**
Total liabilities		**(9,945)**	**(15,437)**
Net assets		**31,866**	**7,000**
Equity			
Called up share capital	**10**	81	6
Share premium account	**10**	28,481	9,743
Merger relief reserve		1,993	1,993
Treasury reserve		87	(84)
Foreign exchange reserve		(116)	(388)
Retained deficit		1,340	(4,270)
Total equity		**31,866**	**7,000**

Consolidated statement of changes in equity

£'000	Note(s)	Share capital	Share premium account	Merger relief reserve	Foreign exchange reserve	Treasury reserve	Retained (deficit)/ surplus	Total
Balance at 31 August 2016 (audited)		**6**	**7,532**	**1,993**	**(402)**	**-**	**(3,376)**	**5,753**
Year ended 31 August 2017:								

Loss for the period		-	-	-		-	(1,634)	(1,634)
Other comprehensive income		-	-	-	14	-	-	14
Total comprehensive income for the period		-	-	-	14	-	(1,634)	(1,620)
Issue of share capital		-	2,211	-	-	-	-	2,211
Shares allocated to Employee Benefit Trust ("EBT")		-	-	-	-	(84)	-	(84)
Equity settled share-based payments charge		-	-	-	-	-	740	740
Balance at 1 September 2017 (audited)		**6**	**9,743**	**1,993**	**(388)**	**(84)**	**(4,270)**	**7,000**
Period ended 28 February 2018:								
Loss for the period		-	-	-	-	-	(4,946)	(4,946)
Other comprehensive income		-	-	-	272	-	-	272
Total comprehensive income for the period		-	-	-	272	-	(4,946)	(4,674)
Issue of share capital	**10**	14	18,248	-	-	-	-	18,262
Bonus issue of share capital	**10**	44	(44)	-	-	-	-	-
Cancellation of balance on share premium account	**10**	-	(9,961)	-	-	-	9,961	-
Costs relating to issue of shares on Initial Public Offering ("IPO")	**10**	-	(655)	-	-	-	-	(655)
Exercise of share options	**10**	14	7,567	-	-	-	-	7,581
Shares issued on conversion of convertible loan	**10**	3	3,583	-	-	-	-	3,586
Shares sold by Employee Benefit Trust ("EBT")	**10**	-	-	-	-	171	-	171
Equity settled share-based payments charge	**4**	-	-	-	-	-	595	595
Balance at 28 February 2018 (unaudited)		**81**	**28,481**	**1,993**	**(116)**	**87**	**1,340**	**31,866**

Condensed consolidated statement of cash flows

£'000	**Note(s)**	**6 months to 28 February 2018 Unaudited**	**6 months to 28 February 2017 Unaudited**
Cash flows from operating activities			
Cash used by operations	**11**	(2,290)	(548)
Tax (paid)/received		(426)	386
Net cash used by operating activities		**(2,716)**	**(162)**
Investing activities			
Purchase of intangible assets	**3**	(2,168)	(1,567)
Purchase of property, plant and equipment		(491)	(177)
Proceeds from disposal of property, plant and equipment		-	2
Finance income		1	7
Net cash used by investing activities		**(2,658)**	**(1,735)**
Cash flows from financing activities			
Proceeds from issue of shares		25,229	1,434
Proceeds from other loans		-	980
Proceeds from treasury shares	**10**	186	-
Repayment of unsecured loan notes	**9**	(3,977)	-
Payment of finance lease obligations		(41)	(165)

Interest paid	6	(139)	(142)
Finance lease interest paid		(7)	(28)
Net cash generated by financing activities		**21,251**	**2,079**
Net increase in cash and cash equivalents		**15,877**	**182**
Cash and cash equivalents at beginning of period		**7,886**	**2,784**
Cash and cash equivalents at end of period			
Cash at bank and in hand		24,370	3,780
Invoice financing facility		(607)	(814)
Cash and cash equivalents		**23,763**	**2,966**

Notes to the Interim Financial Information

1. Basis of preparation

This interim consolidated financial information has been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 August 2017 Annual Report. The financial information for the six month period ended 28 February 2018 and 28 February 2017 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Ten Lifestyle Group plc are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 31 August 2017 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 August 2017 was unqualified, did not draw any attention to any matters by way of emphasis, and did not contain a statement under 498(2) - (3) of the Companies Act 2006.

The Directors have concluded that, after making enquiries, the Group has adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim consolidated financial statements.

The same accounting policies, presentation and methods of computation are followed in this interim consolidated financial information as were applied in the Group's 31 August 2017 annual audited financial statements. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last Annual Report was published. The Directors are in the process of considering whether any of these will have a material impact on the Group. The Board of Directors approved this interim report on 14 May 2018.

2. Segmental Information

The total revenue for the Group has been derived from its principal activity; the provision of concierge services.

£'000	**6 months to 28 February 2018 Unaudited**	**6 months to 28 February 2017 Unaudited**
EMEA	7,821	8,583
Americas	5,433	4,609
Asia	4,021	3,229
Segment Net Revenue	**17,275**	**16,421**
Add back: Air ticket cost of sales	904	957
Revenue	**18,179**	**17,378**
EMEA	1,909	1,795
Americas	(3,275)	(1,035)
Asia	(35)	50
Adjusted EBITA	**(1,401)**	**810**
Amortisation	(1,383)	(1,137)
Share-based payment expense	(597)	-

Exceptional costs	(417)	-
Operating loss	**(3,798)**	**(327)**
Foreign exchange (loss)/gain	(656)	542
Other net finance expense	(387)	(158)
(Loss)/profit before taxation	**(4,841)**	**57**

The statement of financial position is not analysed on a reporting segment basis. Management and the chief operating decision-maker consider the Group statement of financial position as a whole.

Net Revenue is a non GAAP Company measure that excludes the direct cost of sales relating to member transactions managed by the Group, such as the cost of airline tickets sold under the Group's ATOL licences. Net Revenue is the measure of the Group's income on which segmental performance is measured.

Adjusted EBITA is a Company non-GAAP specific measure excluding interest, taxation, amortisation, share-based payment and exceptional costs, the latter being expenses which are considered to be one-off and non-recurring in nature which relate to the IPO in the current period. This is the main measure of performance used by the Company's Chief Executive Officer, who is considered to be the chief operating decision maker. Adjusted EBITA is the principal profit measure for a segment.

3. Intangible Assets

The Group capitalised £2.2m (H1 2017: £1.6m, FY 2017: £3.1m) of costs representing the development of Ten's global digital platform during the period, resulting in a net book value of £6.9m (H1 2017: £5.8m, FY 2017: £6.2m) after an amortisation charge of £1.4m (2017 H1: £1.1m, FY 2017: £2.3m).

No impairment charge was required in relation to intangible assets in the period (H1 2017: £nil, FY 2017 £nil).

4. Share Based Payments

All share options relating to the UK tax authority approved Enterprise Management Incentive ("EMI") share option plan and the unapproved share option plan fully vested on completion of the IPO other than those options with performance conditions which were not met and therefore lapsed in the period. The Company Share Option Plan ("CSOP") remains in place and the new Management Incentive Plan ("MIP") commenced on 9 November 2017.

	Number **Unaudited**	**Weighted average exercise price (£)** **Unaudited**
Number of options outstanding at 1 September 2017*	16,935,544	0.573
Granted in the period - CSOP	19,354	1.550
Granted in the period - MIP	1,292,000	0.001
Exercised in the period - EMI	(9,882,336)	0.556
Exercised in the period - Unapproved	(3,760,000)	0.875
Forfeited in the period - CSOP	(40,000)	0.563
Lapsed in the half period - EMI	(1,169,352)	0.563
Number of options outstanding at 28 February 2018	3,395,210	0.442

*The number of options outstanding at 1 September 2017 are adjusted for the 7 for 1 bonus issue discussed in Note 10.

Management Incentive Plan (new)

Under the MIP plan, 1,136,000 options were issued conditional of achievement of performance conditions based on total shareholder return (market) and, for some participants, operational targets (non-market). A further 156,000 share options were issued, conditional on three years of employment service (non-market) from the date of grant. All share options granted under the MIP scheme can be exercised at nominal ordinary share value (£0.001p).

The fair value of options subject to non-market based vesting conditions were measured using a Black Scholes model and those options with market based conditions using a Monte Carlo simulation model.

The total expense recognised for the six month period ended 28 February 2018 arising from equity-settled share-based payment transactions amounted to £0.6m (H1 2017: £nil). In the six month period ended 28 February 2017, it was not probable that an exit event would occur; hence no share-based payment expense was recognised.

5. Exceptional Items

The exceptional items charge of £0.4m includes £0.38m of costs incurred as a result of admission to the Alternative Investment Market ("AIM") and £0.04m of administration and advisory costs incurred on implementing the new employee share option incentive scheme that was associated with this admission.

6. Net Finance Charge

£'000	6 months to 28 February 2018 Unaudited	6 months to 28 February 2017 Unaudited
Interest on unsecured loan notes	(92)	(139)
Interest on unsecured convertible loan notes	(102)	-
Change in value of financial derivative	(187)	-
Interest on obligations under finance leases	(7)	(28)
Net interest on bank accounts, overdrafts and loans	1	9
Foreign exchange (losses)/gains	(656)	542
Net finance (expense)/income	(1,043)	384

6. Net Finance Charge (continued)

Interest on the unsecured loan notes was incurred until these loans were repaid part way through the period (see Note 9). The finance charges relating to the unsecured convertible loan note and the associated financial derivative were settled as part of the conversion of these notes to equity on IPO (Note 10) and did not arise to any cash payment in the period.

The Group is exposed to transactional exchange risk. The net finance charge for foreign exchange relates mainly to movements on US Dollar, Hong Kong Dollar and Singapore Dollar transactions. Transactional foreign exchange risk arises from sales or purchases by a group Company in a currency other than that Company's functional currency. The exchange movement in the period resulted in an £0.7m loss (H1 2017: £0.5m gain) in the profit and loss account.

7. Taxation

The income tax expense has been recognised based on the best estimate of the weighted average annual effective UK corporation tax rate expected for the full financial year and any R&D tax credits received by the group in the period. The Group currently forecasts a loss for the financial year ending 31 August 2018 and therefore no charge has been recognised in regards to UK corporation tax in the period. In addition, no R&D tax credits were received in the six month period to 28 February 2018 (H1 2017: £0.4m).

The income tax expense of £0.2m (H1 2017: £0.1m credit) includes foreign taxes recognised by overseas Group companies on a territory by territory basis using the expected effective tax rate for the full year. In the six months period to 28 February 2017, the tax charge was offset by the receipt of an R&D tax credit of £0.4m resulting in a credit to the profit and loss account.

A deferred tax liability of £0.2m was released within taxation in the profit and loss account. The deferred tax liability was not required due the Group forecasting losses in the foreseeable future.

8. Earnings per Share

On 19 October 2017, the Company re-designated the ordinary C shares as ordinary shares and made a bonus issue of ordinary shares on the basis of seven ordinary shares for each ordinary share then held (Note 10). In addition, on admission to the AIM, convertible loan notes of £3.2m were converted to 3,050,021 ordinary shares and 13,642,336 share options were exercised (Note 10).

Basic and diluted earnings per ordinary share	**6 months to 28 February 2018 Unaudited**	**6 months to 28 February 2017 Unaudited**
Earnings attributable to equity shareholders of the parent (£'000)	(4,946)	188
Weighted average number of ordinary shares in issue	13,762,686	5,887,869
Impact of 7 for 1 bonus issue	43,810,367	41,215,084
Weighted average shares in issue for earnings per share	57,573,053	47,102,953
Basic and diluted earnings per share	**(8.6)p**	**0.4p**

8. Earnings per Share (continued)

Where the Group has incurred a loss in the six month period to 28 February 2018, the diluted earnings per share is the same as the basic loss per share as the loss has an anti-dilutive effect. In the six month period to 28 February 2017, given the profit making position, diluted earnings per share would take into account various share awards and share options outstanding, however none were expected to vest at the time.

9. Borrowings

£'000	At 28 February 2018 Unaudited	At 31 August 2017 Audited
Current		
Invoice financing facility	607	307
Unsecured loan notes	-	1,134
	607	1,441
Non-current		
Unsecured loan notes	-	2,843
Convertible loan note	-	2,520
Financial derivative - convertible loan note	-	630
	-	5,993

The invoice financing facility is secured over the trade receivables balance of Ten Lifestyle Management Limited.

During the period, the Group settled all unsecured loan notes amounting to £4.0m. In addition, convertible loan notes of £3.2m were converted to 3,050,021 ordinary shares on IPO (Note 10). On conversion of the convertible loan note, the overall financial derivative liability of £0.8m was realised, comprising the liability of £0.6m recognised in FY 2017 and a further charge of £0.2m, reflecting change in fair value of the derivative to the date of redemption, recognised as a finance expense in H1 2018.

10. Share Capital and Reserves

During September 2017 the Group issued 43,667 shares at a price of £6.00 giving rise to a share premium of £0.3m.

On 19 October 2017, a resolution was passed to re-designate 1,002,988 Ordinary C shares into ordinary shares of £0.001. On the same date, a resolution was passed to approve the allotment of 44,209,249 ordinary shares of £0.001 each by way of a 7 for 1 bonus issue to existing shareholders from share premium. In addition, a special resolution was passed to approve the cancellation of the balance of the share premium account of the Company after the issue of the bonus shares, and for this balance of £10.0m to be credited to the retained earnings reserve.

On 29 November 2017 the Group issued 13,432,836 shares as part of an IPO on the AIM at a price of 134p, giving rise to a share premium of £18.0m. Costs relating to the issue of these new shares amounting to £0.7m have been deducted from the share premium account.

Where share option vesting was conditional on an exit event, share options of 13,642,336 (Note 4) were exercised at various prices giving rise to a share premium of £7.6m.

On completion of the IPO, the Group's unsecured convertible loan notes (Note 9) of £3.2m were converted into 3,050,021 ordinary shares at 107p; a 20 percent discount to the share price at listing, giving rise to a share premium of £3.6m. The Group's EBT exercised its holding of share options in the Company resulting in a net cash holding and an income gain. This cash has been included in the Group cash balances and the gain of £0.2m has been taken to the Treasury reserve.

11. Cash used by Operations

£'000	6 months to 28 February 2018 Unaudited	6 months to 28 February 2017 Unaudited
(Loss)/profit for the period, after tax	(4,946)	188
Adjustments for:		
Taxation charge/(credit)	105	(131)
Finance expense	856	165
Investment income	(1)	(549)
Amortisation and impairment of intangible assets	1,383	1,137
Depreciation and impairment of property, plant and equipment	301	436
Equity settled share based payment expense	597	-
Change in value of derivatives	187	-

Movement in working capital:

Increase in inventories	(72)	(61)
Increase in trade and other receivables	(2,135)	(1,409)
Increase/(decrease) in trade and other payables	1,435	(324)
Cash used by operations	**(2,290)**	**(548)**

12. Principal Risks and Uncertainties

The management of the business and execution of the Group's strategy are subject to a number of commercial risks. The Board reviews risks and ensures appropriate processes are put in place to mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

The key business risks affecting the Group are:

- Loss of one or more key corporate clients.

The majority of our corporate clients are on multi-year contracts. The Company undertakes regular reviews with all key clients to ensure on-going satisfaction of corporate clients and aims to prove the commercial value of the services we offer in monthly and quarterly reporting. We aim to ensure that multiple levels of management and leadership within our corporate clients understand the value that we bring as a service and Group.

- The Group may face online security breaches and service disruptions due to hacking, viruses, fraud and malicious attack.

We invest significant amounts into what we believe to be 'best in class' security software and processes and we are PCI accredited to the highest levels required of us by our corporate clients. This PCI accreditation is conducted by an independent external auditor each year and augments the other checks that are run by the Company and by our other corporate clients.

- The Group's business could be adversely affected by the occurrence of events affecting travel safety, such as natural disasters, terrorism and political and social instability, which are outside its control.

The Company could see a decline in demand for travel services if there is a very significant event, or series of events, impacting demand for travel services. In these cases, the Company is ready to increase capacity for domestic demand and to increase the level of servicing provided to 'stay at home' members by shifting a proportion of our travel lifestyle managers to work to provide local, domestic support - either around 'in country' travel or services around the home city of the individual members.

12. Principal Risks and Uncertainties (continued)

- Impact of the United Kingdom's exit from the European Union in 2019 (Brexit).

There has been no material adverse impact on the Group's business to date following the result of the referendum concerning the United Kingdom's continued membership of the European Union. However, the Company believe that Brexit could have unwelcome changes on its UK operations, including the potential impact on the Company's ability to attract and retain sales and service staff with strong multi-lingual capabilities to service existing clients and drive international expansion. The Company will closely monitor developments and take appropriate action where necessary.

13. Cautionary Statement

This document contains certain forward-looking statements relating to Ten Lifestyle Group plc. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Company to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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[1] The Group's financial year runs to 31 August. References to "H1" mean the six months to 28 February, "FY" means the 12 months to 31 August

[2] OCBC website states that it is the second largest financial services group in South East Asia by assets and counts Bank of Singapore as a wholly owned subsidiary

[3] A wholly owned subsidiary of the Japanese Isetan Mitsukoshi department store.

[4] Contracts are defined by annualised value paid, or expected to be paid at launch:

- Large contracts - over £2 million.
- Medium contracts - between £250,000 and £2 million.

[5] Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.
[6] Adjusted EBITA is operating (loss)/profit before amortisation of Ten's operating platform costs, share-based payments, exceptional costs, interest and taxation.
[7] 5m additional individuals with liquid assets over $1m by 2026 (The Wealth Report 2017, Knight Frank)
6.4% CAGR in luxury travel sector 2016-22 (Allied Market Research as at Nov 2016).
As referenced in AIM admission document

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