28 September 2016

Snoozebox Holdings plc

Interim Report for the six months to 30 June 2016

Snoozebox Holdings plc (AIM: ZZZ), ("the Company" or “the Group”) today announces its unaudited Interim Report for the six months ended 30 June 2016.

Interim Report Highlights

- Revenue decreased to £2.2m (H1 15: £2.4m)
- Contribution to central overheads increased to £1.0m (H1 15: £0.7m)
- Adjusted EBITDA* loss decreased to £0.8m (H1 15: £1.7m)
- Loss before taxation decreased to £2.1m (H1 15: £3.1m)
- Loss per share decreased to 0.73p (H1 15: loss 1.44p)
- Net debt at 30 June 2016 £3.2m (31 December 2015: net debt £5.4m)

*Adjusted EBITDA is EBITDA before exceptional items and share-based payment charges

Chris Errington, Executive Chairman, commented:

“The Group has made some good progress in the period towards financial, operational and cost base stabilisation. The key focus for H2 16 and into 2017 is on securing new customers for longer term Semi-Permanent deployments set alongside a significantly more efficient cost base.”

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Snoozebox Holdings plc

Interim Report for the six months to 30 June 2016

Chairman's Review

Over the last few years, Snoozebox has established itself as a leading provider of rapidly deployed quality accommodation. Following the completion of a comprehensive strategic business review in June 2016, the Board has commenced the execution of a strategy formed to deliver three key business objectives and provides the following update on progress:

(1) *In the short term, establishing a more stable operating environment for the Group and seeking improved financial stability through renegotiating of its debt.* The Board has made significant progress in restructuring the cost base of the Group during Q2 16 and with further work now completed in Q3 16 is confident of achieving a target overhead cost run rate of approximately £0.1m per month entering 2017. The finance aspects of operations are now stable and the Board is finalising the stabilising of operations, continuing to adapt its management structure to find an appropriate balance of internal and external resource to effectively manage the day-to day-operations of the Group. The Board continues to have an open and constructive dialogue with the Group's primary lender and retains the objective of arriving at a mutual agreement to renegotiate debt at the appropriate time, once more progress has been made towards business objectives.

(2) *In the short-to-medium term, achieving net operating cash flows sufficient to cover central overheads and service the Group's debt*. The Group has access to sufficient accommodation assets and market opportunity to achieve its short to medium term objectives. We are now in the early stages of executing the Group's strategic plans to secure new customers to get existing accommodation assets deployed earning target revenues and margins in as short a time as possible. We are exploring a number of potential sales opportunities, with a mix of both Semi-Permanent and Events, for deployments in 2017 in line with our strategic plans.

(3) *In the medium-to-long term, securing further growth in revenues and operating cash flows from a stable base*. The Board continue to take a cautious view of business expansion and is currently primarily focused on the stabilisation of operations and improvements to short-to-medium term trading performance with existing accommodation assets.

Operating and financial review

As expected, total revenues for the period remained relatively static, at £2.2m (H1 15: £2.4m) with no significant new deployments of Semi-Permanent accommodation and continuation of a reduced Events circuit. Semi-Permanent revenues were down slightly on the prior period as revenue streams stabilised around deployments at Falklands and Cornwall. The deployment in the Falklands ceased in June 2016, as planned, on completion of the associated customer project whilst the deployment in Cornwall is currently being re-negotiated. Events deployments were pulled back to a core circuit generating marginally more revenue in the period.

Overall contribution to central overheads improved to £1.0m (H1 15: £0.7m) as a number of cost efficiencies were delivered both in general and from the removal of some of the prior period lower margin deployments.

Administrative costs before depreciation and exceptional costs reduced to £1.8m in the period (H1 15: £2.3m) as a result of restructuring and cost reduction measures taken in late 2015 and on into H1 16.

The depreciation charge reduced slightly, to £0.5m (H1 15 £0.8m), because of the overall reduction in tangible fixed asset depreciable value following the large impairment charge, of £9.6m, booked in 2015 and negligible new capital expenditure.

Net interest payable on finance lease assets in the period remained stable at £0.5m (H1 15: £0.5m).

Cash flows

The net cash outflow from operating activities for the period was £1.9m (H1 15: £3.3m).

Capital expenditure was much reduced at approximately £50,000 in the period (H1 15: £2.5m).

A placing of new shares by the Company in January 2016 gave rise to a net cash inflow of £4.5m (H1 15: £nil).

Capital repayments of finance lease debt in the period resulted in a cash outflow of £0.4m (H1 15: £0.1m), with net interest cash outflows of £0.4m (H1 15: £0.4m).

The Group ended the period with £5.4m of cash (31 December 2015: £3.6m), £1.3m of which is held in a restricted account (31 December 2015: £1.3m).

Funding and net debt

On 2 September 2014, the Group entered into a sale and leaseback arrangement whereby it sold its V1 portable rooms to a third party provider of asset finance and leased them back for a primary term of 7.5 years. The assets under lease included 578 rooms in the amount of £10m, which was drawn down in full on 24 October 2014. Loans and borrowings were £8.7m at 30 June 2016 (£9.0m at 31 December 2015).

Net debt at 30 June 2016 was £3.2m (31 December 2015: £5.4m net debt).

Funding and going concern

Funding

As was noted in the Annual Financial Report 2015, the Group initiated discussions with its primary lender in the period under review seeking an amendment to its debt servicing obligations. As reported in note 1 to this Interim Report, the Group remains in constructive discussions with its primary lender, who remains supportive of the Board's strategy and plans. The Board continues to expect a revised debt agreement to be agreed that amends the repayment profile of the debt to improve the Group's cash flows in the short-to-medium term. The Group has paid all of its debt repayment obligations as they fell due and has continued to do so to the date of this report. The Board will provide further updates on these discussions in due course.

Going concern

After making enquiries and taking account the Group's cash resources, future trading prospects and ongoing supportive discussions with its primary lender, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months and, for this reason, they continue to adopt the going concern basis in preparing the Interim Report. Note 1 to the Interim Report provides further information concerning the assumptions made by the directors in forming their view and should be read in conjunction with this statement.

Board Changes

The Board's composition has changed significantly during the period and since my initial appointment as a Non-Executive Director in January 2016. In February 2016, the then Chairman and a Non-Executive director resigned, at which time I became Non-Executive Chairman, followed in April 2016 by the resignation of the CEO, at which time I became Executive Chairman.

The Board now has three members: myself as Executive Chairman and two non-executive directors, Stephen East and Hugh Scrimgeour.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group remain as set out in the Group's Annual Financial Report 2015.

Outlook

As set out in the Group's Annual Financial Report 2015, the cessation of the Falklands deployment in June 2016 will lead to a significant reduction in Semi-Permanent revenues in H2 16 and a corresponding significant reduction in contribution to central overheads. The cost reduction exercise commenced in H1 16 is continuing through H2 16 such that when entering 2017 the impact of these measures is expected to exceed the loss of contribution from this contract. The Group is currently re-negotiating its remaining Semi-Permanent deployment in Cornwall, which has previously generated a modest £0.2m per annum contribution. As previously reported, a deployment of 240 rooms in Barrow against planning permission obtained by the Group is not expected to proceed because the Group was unable to secure a lease to occupy the site in question from the Council.

The Board continues to take actions to reduce administration costs far more significantly in H2 16, with an aim of reducing central overhead cash costs to approximately £0.1m per month entering 2017 (approximately £0.3m per month on average in H1 16).

The key focus for H2 16 and into 2017 is on securing new customers for longer term Semi-Permanent deployments set alongside a significantly more efficient cost base. We are at the early stages of executing the Group's strategic plans to secure new customers and get accommodation assets deployed earning target revenues and margins in as short a time as possible. We are exploring a number of potential sales opportunities, with a mix of both Semi-Permanent and Events, for deployments in 2017 in line with our strategic plans. The Board has assumed that any such Semi-Permanent opportunities will not generate significant new revenues until at least Q4 2017 taking into account the Group's historic experience of long lead times and the current status of opportunity qualification.

Chris Errington
Executive Chairman
28 September 2016

Consolidated Statement of Comprehensive Income

For the six months to 30 June 2016

	Note	**6 months to 30 June 2016 Unaudited £'000**	6 months to 30 June 2015 Unaudited £'000	12 months to 31 Dec 2015 Audited £'000
REVENUE	2	**2,170**	2,357	5,821
Cost of sales	2	**(210)**	(908)	(2,517)
GROSS PROFIT	2	**1,960**	1,449	3,304
Logistics, deployment and equipment hire	2	**(974)**	(795)	(3,557)
CONTRIBUTION TO CENTRAL OVERHEADS	2	**986**	654	(253)
Administrative expenses		**(2,635)**	(3,262)	(17,647)
ADJUSTED EBITDA		**(843)**	(1,662)	(5,960)
Exceptional items	3	**(350)**	(162)	(9,910)
Depreciation		**(540)**	(814)	(1,962)
Equity-settled share-based payment credit / (charge)		**84**	30	(68)
LOSS FROM OPERATING ACTIVITIES		**(1,649)**	(2,608)	(17,900)
Finance income		**4**	17	25
Finance expenses		**(481)**	(464)	(1,009)
LOSS BEFORE TAXATION		**(2,126)**	(3,055)	(18,884)
Taxation		**-**	-	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(2,126)**	(3,055)	(18,884)
Loss per share – basic and diluted (pence)	4	**(0.73)p**	(1.44)p	(8.91)p

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	**At 30 June 2016 Unaudited £'000**	At 30 June 2015 Unaudited £'000	At 31 Dec 2015 Audited £'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**8,048**	17,362	8,537
TOTAL NON-CURRENT ASSETS		**8,048**	17,362	8,537
CURRENT ASSETS				
Inventories		**-**	44	-
Trade and other receivables		**1,560**	2,061	1,527
Restricted cash and cash equivalents	8	**1,282**	1,277	1,281
Cash and cash equivalents	8	**4,138**	9,397	2,345
TOTAL CURRENT ASSETS		**6,980**	12,779	5,153
TOTAL ASSETS		**15,028**	30,141	13,690
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		**2,177**	2,798	2,805
Loans and borrowings	6	**1,223**	1,137	1,097
TOTAL CURRENT LIABILITIES		**3,400**	3,935	3,902
NON-CURRENT LIABILITIES				
Loans and borrowings	6	**7,438**	8,598	7,911
TOTAL NON-CURRENT LIABILITIES		**7,438**	8,598	7,911
TOTAL LIABILITIES		**10,838**	12,533	11,813
TOTAL NET ASSETS		**4,190**	17,608	1,877
EQUITY				
Share capital	7	**2,952**	2,119	2,119
Share premium		**40,700**	37,009	37,009
Other reserve		**718**	718	718
Retained earnings		**(40,180)**	(22,238)	(37,969)
TOTAL EQUITY		**4,190**	17,608	1,877

Consolidated Statement of Cash Flows

For the six month to 30 June 2016

	Note	**As at 30 June 2016 Unaudited £'000**	As at 30 June 2015 Unaudited £'000	At 31 Dec 2015 Audited £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation for the year		**(2,126)**	(3,055)	(18,884)
Depreciation		**540**	814	1,962
Fixed asset impairment charge		**-**	-	9,560
Equity-settled share-based payment adjustment		**(84)**	(30)	68
Net finance expenses		**477**	447	984
Decrease / (increase) in inventories		**-**	(18)	26
(Increase) in trade and other receivables		**(33)**	(685)	(151)
(Decrease) / increase in trade and other payables		**(637)**	(753)	(725)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(1,863)**	(3,280)	(7,160)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		**4**	17	25
Payments to acquire property, plant and equipment		**(50)**	(2,505)	(4,387)
NET CASH USED IN INVESTING ACTIVITIES		**(46)**	(2,488)	(4,362)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of equity net of expenses	7	**4,524**	-	-
Interest paid		**(441)**	(421)	(961)
Repayment of finance lease creditors		**(380)**	(50)	(804)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**3,703**	(471)	(1,765)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,794**	(6,239)	(13,287)
Cash and cash equivalents at beginning of year		**3,626**	16,913	16,913
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	**5,420**	10,674	3,626

Consolidated Statement of Changes in Equity

For the six months to 30 June 2016

	Called up share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
AT 31 DECEMBER 2014 AUDITED	2,119	37,009	718	(19,153)	20,693
Loss and total comprehensive income for the period	-	-	-	(3,055)	(3,055)
Equity-settled share-based payment debit	-	-	-	(30)	(30)
AT 30 JUNE 2015 UNAUDITED	2,119	37,009	718	(22,238)	17,608
Loss and total comprehensive income for the period	-	-	-	(15,829)	(15,829)
Equity-settled share-based payment credit	-	-	-	98	98
AT 31 DECEMBER 2015 AUDITED	2,119	37,009	718	(37,969)	1,877
Loss and total comprehensive income for the period	-	-	-	(2,126)	(2,126)
Issue of equity	833	4,167	-	-	5,000
Share issue expenses	-	(476)	-	-	(476)
Equity-settled share-based payment debit	-	-	-	(84)	(84)
AT 30 JUNE 2016 UNAUDITED	**2,952**	**40,700**	**718**	**(40,180)**	**4,190**

Notes to the Interim Report

1. GENERAL INFORMATION

Snoozebox Holdings plc (the 'Company' or the 'Group') was incorporated in England and Wales on 30 March 2012 under the Companies Act 2006 (registration number 8013887) and its registered address is 60 Trafalgar Square, London WC2N 5DS. On 1 May 2012, the Company was admitted to the Alternative Investment Market of the London Stock Exchange (AIM) where its ordinary shares are traded. Copies of this Interim Report may be obtained from the registered address or on the Corporate (Investor Relations) section of the Company's website at www.snoozebox.com.

Statement of compliance and basis of preparation

The financial information presented in this Interim Report has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union. The principal accounting policies adopted in the preparation of the financial information in this Interim Report are unchanged from those used in the Company's financial statements for the year ended 31 December 2015 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2016.

The financial information for the year ended 31 December 2015 presented in this Interim Report does not constitute the Company's statutory accounts for that period but has been derived from them. The Annual Financial Report for the year ended 31 December 2015 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 December 2015 was not qualified but did draw attention by way of an emphasis of matter to a material uncertainty related to the Company's ability to continue as a going concern. The audit report for the year ended 31 December 2015 did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial information for the six month periods ended 30 June 2016 and 2015 is unaudited and has not been reviewed by the Company's auditors.

The Interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern

The Directors are required to report whether the business is a going concern, with supporting assumptions and qualifications as necessary.

In light of recent trading, net cash outflows and net debt position, the Directors have performed a detailed review of the Group's ability to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report, to determine whether it is appropriate to continue to adopt the going concern basis in preparing this Interim Report.

Forecasts, assumptions and sensitivities

The Directors have updated detailed cash flow forecasts for the five years to 31 December 2020 prepared in connection with the Annual Financial Report 2015 based on their current expectations of trading prospects, likely contract wins and cost efficiencies arising from the new strategic focus. These forecasts take account of reasonably possible changes in trading performance and cash flows.

Notes to the Interim Report

The Directors continue to believe that the critical assumptions inherent in these cash flow forecasts are:

- New customers. Secure customers to deploy the majority of existing V1 room assets on a Semi-Permanent basis in a phased manner prior to 31 December 2017, earning revenues and margins sufficient to cover the cash outflows associated with central overheads and servicing of debt; and
- Debt restructuring. Successfully conclude discussions with its primary lender regarding an amended debt repayment profile and restructuring of short term cash escrow requirements such that the Group has sufficient cash headroom.

The Directors have performed a sensitivity analysis on the forecast assumptions and determined the forecast is most sensitive to the assumptions concerning new customers and debt restructuring, as follows:

- Deployment of the majority of the existing V1 room assets begins in the 4th quarter of 2017, earning revenues from that point in a phased manner moving into 2018. The Directors estimate that, in the absence of other corrective action, the effect of a delay in the deployment dates, and resulting revenue flows, for V1 accommodation deployment in the forecast by 3 months would necessitate access to new funding in early 2018; and
- The forecasts are fundamentally sensitive to the successful conclusion of its discussions with its primary lender, which link directly to the Group's ability to deliver its forecasts and ultimately to continue as a going concern. Failure to successfully conclude these discussions would cast significant doubt on the Group's ability to continue as a going concern.

Other matters considered

The Directors have, amongst other matters, also taken into account the following in forming their conclusions on the going concern assumption:

- The Group has a good stock of differentiated and viable accommodation assets and access to a reasonable market for those assets from which it should be able to generate sufficient revenues to cover overheads and service debt in the medium to long term. Execution of new sales will be the key factor in the achievement of objectives;
- The Group is in constructive discussions with its primary lender, who remains supportive of the Directors' strategy and plans. The Directors expect a revised debt agreement to be agreed that amends the repayment profile of the debt to improve the Group's cash flows in the short to medium term. Throughout 2015 the Group paid all of its debt repayment obligations as they fell due and has continued to do so to the date of this report;
- At 30 June 2016, the Group had cash resources of £5.4m, having been significantly increased in the period from receipt of the £4.5m net proceeds of a new share placing in January 2016;
- Trading in the first half of 2016 and through to the date of this report has been broadly in line with the Board's expectations. The Board continues to take a more cautious view of trading for the balance of 2016 in the knowledge that, whilst the execution of a revised business strategy is underway, the Group's largest V1 contract came to an end in June 2016 as expected;
- Central overheads have been gradually reduced in 2016 as we realise the benefits of cost saving measures, with unaudited central overheads excluding depreciation and exceptional costs for the six months to 30 June 2016 of approximately £1.8m (6 months to 30 June 2015 of approximately £2.3m). Since 30 June 2016, the Board has executed a significant programme of additional cost

reductions and continues to expect that entering 2017 an overhead run-rate of £100k per month is achievable; and

- In 2016, capital expenditure on prospective new accommodation assets for existing and alternate vertical markets was curtailed pending visibility of progress with the Group's key business objectives. As a result, payments to acquire property, plant and equipment in the period to 30 June 2016 were £50k (6 months to 30 June 2015: £2.5m and 12 months to 31 December 2015: £4.4m). The Group continues to incur appropriate maintenance and replacement expenditure to keep the existing accommodation in good condition.

Conclusion

Whilst there is uncertainty over the two critical assumptions in the forecast, new sales and a revised agreement with the primary lender, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report, and that it is appropriate to continue to adopt the going concern basis in preparing this Interim Report.

2. SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable segments: Events and Semi-Permanent. The Events segment includes all activities providing short-term hotel accommodation at popular events and festivals. The Semi-Permanent segment includes all activities in relation to the provision of long-term hotel solutions.

	Six months to 30 June 2016 Unaudited			Six months to 30 June 2015 Unaudited		
	Events	**Semi-Permanent**	**Total**	Events	Semi-Permanent	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
REVENUE	**703**	**1,467**	**2,170**	604	1,753	2,357
Cost of sales	**(102)**	**(108)**	**(210)**	(141)	(767)	(908)
GROSS PROFIT	**601**	**1,359**	**1,960**	463	986	1,449
Logistics, deployment and equipment hire	**(548)**	**(426)**	**(974)**	(437)	(358)	(795)
CONTRIBUTION TO CENTRAL OVERHEADS	**53**	**933**	**986**	26	628	654

Notes to the Interim Report

3. EXCEPTIONAL ITEMS

	Six months to 30 June 2016 Unaudited £'000	Six months to 30 June 2015 Unaudited £'000	Twelve months to 31 Dec 2015 Audited £'000
Reorganisation costs	**350**	162	350
Tangible fixed asset impairment charge	**-**	-	9,560
	350	162	9,910

Reorganisation costs

As part of a continued strategy to reduce fixed costs, the Group reduced permanent head count and re-organised its operations, including taking restructuring advice and the settlement of brought forward contractual issues.

Tangible fixed asset impairment charge

For the year ended 31 December 2015, the Directors performed a detailed review of fixed assets. This review involved a detailed assessment by senior management of all the assets utilised in the business to determine whether they were still in use and were intended to be used in the future and their value in use to the business. As a result of this review an impairment charge was made.

4. LOSS PER SHARE

	Six months to 30 June 2016 Unaudited		Six months to 30 June 2015 Unaudited		Twelve months to 31 Dec 2015 Audited	
	Loss £'000	**Weighted average number of shares**	Loss £'000	Weighted average number of shares	Loss £'000	Weighted average number of shares
	(2,126)	**292,891,127**	(3,055)	211,840,727	(18,884)	211,840,727
Loss per share (basic and diluted) - pence		**(0.73)**		(1.44)		(8.91)

All share options have been excluded when calculating the diluted EPS in each period and year as they were anti-dilutive.

Notes to the Interim Report

5. PROPERTY, PLANT AND EQUIPMENT

	Hotel Rooms £'000	Hotel Furniture & Equipment £'000	IT Equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
AT 31 DECEMBER 2014 AUDITED	20,312	1,586	203	245	22,346
Additions	1,994	494	9	8	2,505
AT 30 JUNE 2015 UNAUDITED	22,306	2,080	212	253	24,851
Re-categorisation	300	(300)	-	-	-
Additions	1,862	-	21	-	1,883
AT 31 DECEMBER 2015 AUDITED	24,468	1,780	233	253	26,734
Additions	38	14	-	-	52
Disposals	-	-	-	-	-
AT 30 JUNE 2016 UNAUDITED	**24,506**	**1,794**	**233**	**253**	**26,786**
Accumulated depreciation					
AT 31 DECEMBER 2014 AUDITED	5,698	781	90	106	6,675
Charge for the period	630	128	25	31	814
AT 30 JUNE 2015 UNAUDITED	6,328	909	115	137	7,489
Charge for the period	976	114	27	31	1,148
Impairment charge	9,068	400	48	44	9,560
AT 31 DECEMBER 2015 AUDITED	16,373	1,423	190	212	18,197
Charge for the period	421	68	12	39	540
At 30 JUNE 2016 UNAUDITED	**16,794**	**1,491**	**202**	**251**	**18,738**
Net book value					
AT 30 JUNE 2016 UNAUDITED	**7,712**	**302**	**31**	**2**	**8,048**
AT 31 DECEMBER 2015 AUDITED	8,096	357	43	41	8,537
AT 30 JUNE 2015 UNAUDITED	15,978	1,171	97	116	17,362
AT 31 DECEMBER 2014 AUDITED	14,614	805	113	139	15,671

At 30 June 2016, the net book value of assets held under finance lease included in the above analysis is approximately £5m (30 June 2015: approximately £12m), all of which are within the Hotel Rooms category.

Notes to the Interim Report

6. LOANS AND BORROWINGS

The book value and fair value of loans and borrowings are as follows:

	As at 30 June 2016 Unaudited £'000	As at 30 June 2015 Unaudited £'000	As at 31 Dec 2015 Audited £'000
NON-CURRENT			
Finance lease liabilities	**7,438**	8,598	7,911
	7,438	8,598	7,911
CURRENT			
Finance lease liabilities	**1,223**	1,137	1,097
	1,223	1,137	1,097
Total loans and borrowings	**8,661**	9,735	9,008

Borrowings as at 30 June 2016 are shown net of issue costs of £408,000 (30 June 2015: £443,000 and 31 December 2015: £443,000) which have been recorded as a reduction in the proceeds of the loan and are being amortised over the term of the facility. The amortisation charged to the Income Statement during the period was £35,000 (six months to 30 June 2015: £35,000 and twelve months to 31 December 2015: £70,000).

On 2 September 2014, the Group entered into a sale and leaseback arrangement whereby it sold its first generation portable hotel rooms to a provider of asset finance (the primary lender) and leased them back for a primary term of 7.5 years. The assets under lease include 578 rooms in the amount of £10,000,000, which was drawn down on 24 October 2014. Snoozebox Limited is the Group's borrowing party.

The embedded finance rate in the sale and leaseback agreement is 9.5% per annum, together with a fixed schedule of cash repayments for the term of the agreement. The Group has an obligation to maintain a cash balance (an escrow balance) in a bank account managed by the Group charged in favour of the lender for the term of the lease. The escrow balance has been reported as 'Restricted cash and cash equivalents'. At the initiation of the lease, £1.3m was placed into this escrow account where it attracts a nominal credit interest rate. The amount to be retained in escrow is calculated following the end of a financial year based on EBITDA performance for that prior year and the prospective EBITDA performance for the next year. Where EBITDA performance falls below a minimum multiple of annual rent payments, additional cash is added to the escrow account, and, where it falls above the minimum, cash may be withdrawn from the escrow account.

The Group is currently discussing the escrow, and other, requirements, with its primary lender, seeking an amendment to its obligations.

The lease finance is secured on the fixed assets included in the sale and leaseback arrangement.

Notes to the Interim Report

7. SHARE CAPITAL

Issued and fully paid	Number	£'000
AT 30 JUNE 2015 UNAUDITED AND 31 DECEMBER 2015 AUDITED	211,840,727	2,119
Issue of shares in period	83,333,400	833
AT 30 JUNE 2016 UNAUDITED	**295,174,127**	**2,952**

On 4 January 2016, the Company announced the successful completion of a placing and issue of 83,333,400 new Ordinary Shares at 6.0 pence each to raise net cash proceeds of £4.5m.

No dividends were declared or paid during the period.

8. NOTES SUPPORTING THE CASH FLOW STATEMENT

Cash and cash equivalents for the purposes of the cash flow statement comprise:

	As at 30 June 2016 Unaudited £'000	Restated As at 30 June 2015 Unaudited £'000	As at 31 Dec 2015 Audited £'000
Restricted cash and cash equivalents	**1,282**	1,277	1,281
Cash and cash equivalents	**4,138**	9,397	2,345
	5,420	10,674	3,626

Cash and cash equivalents at 30 June 2015 has been restated to reflect cash held in a bank account at that date which, whilst held in the name of and operated by the Group, has a number of restrictions placed on it by virtue of the Lease agreement with the Group's primary lender and Lessor.