9 August 2017

Snoozebox Holdings plc

Interim Report for the six months to 30 June 2017

Snoozebox Holdings plc (AIM: ZZZ), ("the Company" or “the Group”) today announces its unaudited Interim Report for the six months ended 30 June 2017.

Interim Report Highlights

- Revenue £0.9m as anticipated (H1 16: £2.2m)
- Contribution to central overheads £0.2m (H1 16: £1.0m)
- Adjusted EBITDA* loss £0.4m (H1 16: £0.8m loss)
- Loss before taxation £1.0m (H1 16: £2.1m loss)
- Loss per share 0.34p (H1 16: 0.73p loss)
- Cash at 30 June 2017 £1.3m (31 December 2016: £2.4m)
- Net debt at 30 June 2017 £6.7m (31 December 2016: net debt £5.5m)

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

In the Semi-Permanent market, we are making good progress towards securing opportunities for 2017 and 2018 deployment and our key focus is to now close out qualified sales opportunities. In June, we secured a small new opportunity in the Events market, which has since been successfully completed, and we are looking for opportunities to repeat this success.

The Board is currently continuing its discussions with its primary lender concerning amendments to the Group’s capital structure and funding.

Chris Errington, Executive Chairman, commented:

“We have made progress with improvements to trading in the first half of 2017, achieving improved contributions from both Semi-Permanent and Event deployments and benefitting from a significantly reduced cost base and more stable operations. We are making good progress towards securing opportunities for 2017 and 2018 deployment.”

Enquiries:

Panmure Gordon	020 7886 2500
Corporate Finance:	Andrew Godber
	Duncan Monteith
Corporate Broking:	Charles Leigh-Pemberton

Snoozebox Holdings plc

Interim Report for the six months to 30 June 2017

Chairman's Review

Over the last few years, Snoozebox has established itself as a leading provider of rapidly deployed quality accommodation. In early 2016, the Board commenced a restructuring of the Group's operations intended to improve operating stability, financial performance and position.

We have made good progress in reducing the Group's cost burden and stabilising operations, as further set out in the operating and financial review. We have also made good progress in identifying deployment opportunities for our V1 accommodation as set out in the outlook section.

Operating and financial review

As expected, total revenues for the period reduced to £0.9m (H1 16: £2.2m) and contribution to central overheads reduced to £0.2m (H1 16: £1.0m) as the Falklands Semi-Permanent contract came to an end. Excluding the H1 16 Falklands contract:

- Revenues increased in both Semi-Permanent and Events, despite the reduction in number of Events from four in H1 16 to two in H1 17;
- Contribution to central overheads from Semi-Permanent was down 10% primarily because of additional catch-up maintenance costs of a non-capital nature that were overdue and necessary on stocks of V1 rooms – excluding these catch-up costs, contribution was up on H1 16; and
- Contribution to central overheads from Events was increased 74% on H1 16 from better control of costs and higher revenues, from less Events.

	Revenue			Contribution to central overheads		
	H1 17 £'000	H1 16 £'000		**H1 17 £'000**	H1 16 £'000	
Semi-Permanent	**119**	107	*+11%*	**84**	93	-10%
Events	**752**	703	*+7%*	**92**	53	+74%
Sub-total	**871**	810	*+8%*	**176**	146	+21%
Falklands contract	**-**	1,360	*N/A*	**-**	840	N/A
Total	**871**	2,170	*-60%*	**176**	986	-82%

Administrative costs, including depreciation, reduced significantly to £0.9m in the period (H1 16: £2.6m) as a result of restructuring and cost reduction measures, also impacted by the absence in H1 17 of exceptional items compared to the prior period (as shown in note 3).

The depreciation charge reduced slightly, to £0.3m (H1 16 £0.5m), because of the overall reduction in tangible fixed asset depreciable value following the large impairment charge booked in 2016.

Net interest payable on finance lease assets in the period reduced to £0.3m as the impact of the November 2016 debt renegotiations (which involved a reduction of debt outstanding through utilisation of an escrow account) came into effect (H1 16: £0.5m).

Adjusted EBITDA was £0.4m loss, which is a significant improvement on the prior period (H1 16) £0.8m loss and was achieved on lower revenues.

Cash flows and net debt

The net cash outflow from operating activities for the period reduced significantly to £0.6m (H1 16: £1.9m) as a result of the lower loss for the period and stabilisation of working capital, following settlement of unusually high outstanding balances in H1 16.

Capital expenditure was increased in the period at £0.13m (H1 16: £0.05m) as we undertook works of a capital nature on the V1 room stock and re-commissioned essential lifting equipment.

Following the renegotiation of debt servicing in November 2016, repayments of finance lease debt in the period reduced significantly to a minimal cash outflow (H1 16: £0.4m), with net interest cash outflows remaining at £0.4m (H1 16: £0.4m).

The Group ended the period with £1.3m of cash (31 December 2016: £2.4m). Loans and borrowings were £7.9m at 30 June 2017 (£7.9m at 31 December 2016). Net debt at 30 June 2017 was £6.7m (31 December 2016: £5.5m net debt).

Funding and going concern

Funding

The Group initiated discussions with its primary lender in April 2016 seeking an amendment to its debt servicing obligations. In November 2016, the Group announced amendments to its debt servicing obligations. In June 2017, the Board agreed a debt capital and interest repayment holiday with its lender in respect of the four quarterly payments due in July 17 to April 18 inclusive.

The Group remains in constructive discussions with its primary lender, concerning repayment obligations and longer-term capital structure, and they remain supportive of the Directors' strategy and plans. 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.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group remain as set out in the Group's Annual Financial Report 2016.

Outlook

Coming into 2017, our plans were to engage in a limited number of Event deployments, which we have done, and to progress Semi-Permanent V1 room opportunities for first deployment in the last quarter of 2017, a plan that remains on track as discussed further below.

We have made progress with improvements to trading in the first half of 2017, achieving improved contributions from both Semi-Permanent and Event deployments and benefitting from a significantly reduced cost base and more stable operations. Alongside, and critical to, this we have also improved our short-term financial stability, through the support of our lender, by way of a debt capital and interest payments holiday (as discussed in Funding above). The Group remains in constructive discussions with its primary lender, concerning repayment obligations and longer-term capital structure, and they remain supportive of the Directors' strategy and plans.

From this platform of relative stability, we are now much better placed to execute the second phase of our strategy – that of securing longer-term deployment opportunities for our accommodation to earn target revenues and margins that will over time cover central overheads.

In June, we secured a small new opportunity in the Events market, which has since been successfully completed, and we are looking for opportunities to repeat this success. In the Semi-Permanent market, we are making good progress towards securing opportunities for 2017 and 2018 deployment and our key focus is to now close out qualified sales opportunities.

I look forward to reporting progress towards securing new deployments in 2017 and beyond.

Chris Errington
Executive Chairman
9 August 2017

Consolidated Statement of Comprehensive Income

For the six months to 30 June 2017

	Note	**6 months to 30 June 2017 Unaudited £'000**	6 months to 30 June 2016 Unaudited £'000	12 months to 31 Dec 2016 Audited £'000
REVENUE	2	**871**	2,170	2,416
Cost of sales	2	**(121)**	(210)	(401)
GROSS PROFIT	2	**750**	1,960	2,015
Logistics, deployment and equipment hire	2	**(574)**	(974)	(1,295)
CONTRIBUTION TO CENTRAL OVERHEADS	2	**176**	986	720
Administrative expenses		**(910)**	(2,635)	(8,064)
ADJUSTED EBITDA		**(448)**	(843)	(2,024)
Exceptional items	3	**-**	(350)	(4,400)
Depreciation		**(286)**	(540)	(1,004)
Equity-settled share-based payment credit / (charge)		**-**	84	84
LOSS FROM OPERATING ACTIVITIES		**(734)**	(1,649)	(7,344)
Finance income		**-**	4	10
Finance expenses		**(272)**	(481)	(1,581)
LOSS BEFORE TAXATION		**(1,006)**	(2,126)	(8,915)
Taxation		**-**	-	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,006)**	(2,126)	(8,915)
Loss per share – basic and diluted (pence)	4	**(0.34)p**	(0.73)p	(3.03)p

Gross profit	Profit after hotel operation costs have been deducted from revenue
Contribution to central overheads	Profit / (loss) after logistics, deployment and equipment hire have been deducted from gross profit
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortisation and before exceptional costs and equity-settled share-based payment charges

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	**At 30 June 2017 Unaudited £'000**	At 30 June 2016 Unaudited £'000	At 31 Dec 2016 Audited £'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**3,325**	8,048	3,477
TOTAL NON-CURRENT ASSETS		**3,325**	8,048	3,477
CURRENT ASSETS				
Trade and other receivables		**398**	1,560	326
Restricted cash and cash equivalents	8	**-**	1,282	-
Cash and cash equivalents	8	**1,256**	4,138	2,360
TOTAL CURRENT ASSETS		**1,654**	6,980	2,686
TOTAL ASSETS		**4,979**	15,028	6,163
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		**594**	2,177	787
Loans and borrowings	6	**932**	1,223	368
TOTAL CURRENT LIABILITIES		**1,526**	3,400	1,155
NON-CURRENT LIABILITIES				
Provisions		**80**	-	80
Loans and borrowings	6	**6,977**	7,438	7,526
TOTAL NON-CURRENT LIABILITIES		**7,057**	7,438	7,606
TOTAL LIABILITIES		**8,583**	10,838	8,761
TOTAL NET (LIABILITIES) / ASSETS		**(3,604)**	4,190	(2,598)
EQUITY				
Share capital	7	**2,952**	2,952	2,952
Share premium		**40,700**	40,700	40,700
Other reserve		**718**	718	718
Retained earnings		**(47,974)**	(40,180)	(46,968)
TOTAL (DEFICIT) / EQUITY		**(3,604)**	4,190	(2,598)

Consolidated Statement of Cash Flows

For the six months to 30 June 2017

	Note	**As at 30 June 2017 Unaudited £'000**	As at 30 June 2016 Unaudited £'000	At 31 Dec 2016 Audited £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation for the period		**(1,006)**	(2,126)	(8,915)
Depreciation		**286**	540	1,004
Fixed asset impairment charge		**-**	-	4,085
Equity-settled share-based payment adjustment		**-**	(84)	(84)
Net finance expenses		**272**	477	1,570
(Increase) /decrease in trade and other receivables		**(72)**	(33)	1,210
(Decrease) / increase in trade and other payables		**(73)**	(637)	(2,032)
Increase in provisions		**-**	-	80
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(593)**	(1,863)	(3,082)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		**-**	4	10
Payments to acquire property, plant and equipment		**(134)**	(50)	(29)
Receipts from disposal of property, plant and equipment		**-**	-	31
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES		**(134)**	(46)	12
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of equity net of expenses	7	**-**	4,524	4,524
Interest paid		**(358)**	(441)	(866)
Repayment of finance lease creditors		**(19)**	(380)	(1,854)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		**(377)**	3,703	1,804
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(1,104)**	1,794	(1,266)
Cash and cash equivalents at beginning of period		**2,360**	3,626	3,626
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	**1,256**	5,420	2,360

Consolidated Statement of Changes in Equity

For the six months to 30 June 2017

	Called up share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
AT 31 DECEMBER 2015 AUDITED	2,119	37,009	718	(37,970)	1,876
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
Loss and total comprehensive income for the period	-	-	-	(6,788)	(6,788)
Equity-settled share-based payment debit	-	-	-	-	-
AT 31 DECEMBER 2016 AUDITED	2,952	40,700	718	(46,968)	(2,598)
Loss and total comprehensive income for the period	-	-	-	(1,006)	(1,006)
Equity-settled share-based payment debit	-	-	-	-	-
AT 30 JUNE 2017 UNAUDITED	**2,952**	**40,700**	**718**	**(47,974)**	**(3,604)**

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 2016 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2017.

The financial information for the year ended 31 December 2016 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 2016 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 2016 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 2016 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 2017 and 2016 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.

The Group's business activities, recent trading performance, net debt position, cash flows are described in the Operating and Financial Review. The principal risks and uncertainties are discussed in the Annual Financial Report 2016. In light of these factors 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 these financial statements.

Forecasts, assumptions and sensitivities

The Directors have updated detailed cash flow forecasts for the period to 31 December 2021 prepared in connection with the Annual Financial Report 2016 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. The Directors believe that the critical assumptions inherent in these cash flow forecasts are:

- New customers. The primary source of new sales is forecast to be the Semi-Permanent division and the Directors anticipate deploying the majority of existing V1 room assets on a Semi-Permanent basis in a gradual and phased manner commencing in the second half of 2017 and continuing through to 31 December 2021, earning revenues and margins sufficient to cover the cash outflows associated with central overheads and lower levels of capital expenditure;
- Debt servicing and levels. The Directors continue to have constructive discussions with the primary lender concerning the level of debt and the repayment profile. In the short term and by concession with rights reserved, the primary lender has agreed not to enforce the quarterly capital and interest payment obligations for July 2017 through to and including April 2018 (totalling £1.7m). This concessionary change is in addition to, and modifies, the debt amendment of November 2016. In addition, both parties have commenced discussions concerning the longer-term capital structure of the Group, which if successfully concluded would result in a more sustainable long-term capital structure for the Group in its restructured form; and
- Central overheads. The Directors have assumed that central overheads will be contained to approximately £0.1m per month, reducing slightly as existing and committed property operating leases expire.

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 servicing / level, as follows:

- Deployment of the existing V1 room assets is planned to commence in the 4th quarter of 2017, initially with 80 rooms deployed earning revenues from that point with rooms deployed increasing in a phased manner moving into 2021. 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: (1) the quarterly capital and interest payment holiday impacting July 2017 through to and including April 2018 remaining in place and not being withdrawn and (2) a successful conclusion of discussions with the primary lender concerning a suitable longer-term capital structure. A change to the existing capital structure and debt servicing obligations, once the four quarter repayment holiday ends, is required for the Group to continue as a going concern. In forming their overall going concern conclusion, the Directors have assumed that the quarterly payment holiday will apply for the stated four quarters as agreed and that in the longer-term the parties will agree an appropriate capital structure for the Group to resolve the existing and significant level of debt and reduce future obligations to a sustainable level. If the agreement for a full four quarter payment holiday is reversed at any point (other than against increased revenue from Semi-Permanent deployment of V1 rooms) then this event 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:

Notes to the Interim Report

- Execution of new sales will be the key factor in the achievement of objectives. The current level of qualified Semi-Permanent sales opportunities is good;
- The Group is in constructive discussions with its primary lender, who remains supportive of the Directors' strategy and plans. Throughout the six-month period to 30 June 2017 the Group paid all of its debt capital and interest payment obligations (as amended by the November 16 debt amendment), other than as amended by the payment holiday discussed above, as they fell due; and
- Trading in the period to 30 June 2017 has been in line with the Board's expectations with overheads reduced to the £0.1m per month target and operations stabilised.

Conclusion

Whilst there is a material uncertainty which may cast significant doubt about the ability of the Group and Company to continue as a going concern, the Directors have concluded that there is a reasonable expectation that the Group and Company have 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 these financial statements.

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 2017 Unaudited			Six months to 30 June 2016 Unaudited		
	Events	**Semi-Permanent**	**Total**	Events	Semi-Permanent	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
REVENUE	**752**	**119**	**871**	703	1,467	2,170
Cost of sales	**(99)**	**(22)**	**(121)**	(102)	(108)	(210)
GROSS PROFIT	**653**	**97**	**750**	601	1,359	1,960
Logistics, deployment and equipment hire	**(561)**	**(13)**	**(574)**	(548)	(426)	(974)
CONTRIBUTION TO CENTRAL OVERHEADS	**92**	**84**	**176**	53	933	986

Notes to the Interim Report

3. EXCEPTIONAL ITEMS

	Six months to 30 June 2017 Unaudited £'000	Six months to 30 June 2016 Unaudited £'000	Twelve months to 31 Dec 2016 Audited £'000
Reorganisation costs	**-**	350	350
Profit on disposal of tangible fixed assets	**-**	-	(35)
Tangible fixed asset impairment charge	**-**	-	4,085
Exceptional charge	**-**	350	4,400

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 2016, 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 2017 Unaudited		Six months to 30 June 2016 Unaudited		Twelve months to 31 Dec 2016 Audited	
	Loss £'000	**Weighted average number of shares**	Loss £'000	Weighted average number of shares	Loss £'000	Weighted average number of shares
	(1,006)	**295,174,127**	(2,126)	292,891,127	(8,915)	294,032,574
Loss per share (basic and diluted) - pence		**(0.34)**		(0.73)		(3.03)

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 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
Additions	-	-	-	-	-
Reclassification	(22)	(1)	-	-	(23)
Disposals	-	-	-	(92)	(92)
AT 31 DECEMBER 2016 AUDITED	24,484	1,793	233	161	26,671
Additions	34	39	2	59	134
Disposals	-	-	-	-	-
AT 30 JUNE 2017 UNAUDITED	**24,518**	**1,832**	**235**	**220**	**26,805**
Accumulated depreciation					
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
Charge for the period	422	36	5	1	464
Impairment charge	3,969	103	13	-	4,085
Disposals	-	-	-	(92)	(92)
AT 31 DECEMBER 2016 AUDITED	21,184	1,630	220	160	23,194
Charge for the period	248	34	2	2	286
AT 30 JUNE 2017 UNAUDITED	**21,432**	**1,664**	**222**	**162**	**23,480**
Net book value					
AT 30 JUNE 2017 UNAUDITED	**3,086**	**168**	**13**	**58**	**3,325**
AT 31 DECEMBER 2016 AUDITED	3,300	163	13	1	3,477

At 30 June 2017, the net book value of assets held under finance lease included in the above analysis is approximately £2m (30 June 2016: approximately £5m), 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 2017 Unaudited £'000	As at 30 June 2016 Unaudited £'000	As at 31 Dec 2016 Audited £'000
NON-CURRENT			
Finance lease liabilities	**6,977**	7,438	7,526
	6,977	7,438	7,526
CURRENT			
Finance lease liabilities	**932**	1,223	368
	932	1,223	368
Total loans and borrowings	**7,909**	8,661	7,894

Borrowings as at 30 June 2017 are shown net of issue costs of £338,000 (30 June 2016: £408,000 and 31 December 2016: £373,000) 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 2016: £35,000 and twelve months to 31 December 2016: £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, with a secondary term of a further 3 years available. The assets under lease include 578 rooms in the amount of £10,000,000, which was drawn down on 24 October 2014. The original lease obligations were amended in November 2016 and then again in June 2017, with the latter agreement providing a debt capital and interest repayment holiday (by concession) in respect of the four quarterly payments due in July 17 to April 18 inclusive as set out in note 1 (Going concern) to this report.

The lease finance is secured on the fixed assets included in the sale and leaseback arrangement. Snoozebox Limited is the Group's borrowing party.

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 to 30 June 2016	83,333,400	833
AT 30 JUNE 2016 UNAUDITED AND 31 DECEMBER 2016 AUDITED	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.

Notes to the Interim Report

8. NOTES SUPPORTING THE CASH FLOW STATEMENT

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

	As at 30 June 2017 Unaudited £'000	Restated As at 30 June 2016 Unaudited £'000	As at 31 Dec 2016 Audited £'000
Restricted cash and cash equivalents	**-**	1,282	-
Cash and cash equivalents	**1,256**	4,138	2,360
	1,256	5,420	2,360

In November 2016, the Group agreed an amendment to its debt servicing obligations which included the utilisation of the restricted cash and cash equivalents balance of £1.282m in settlement of an element of the capital balance outstanding with the primary lender.