

SerVision PLC
 ("SerVision" or the "Company")

Interim Results
For the Six Months Ended 30 June 2017

The Board of SerVision (AIM: SEV), the AIM quoted leading developer and manufacturer of digital security systems, announces its unaudited results for the six months ended 30 June 2017.

For further information:

SerVision plc +972 2535 0000
 Gidon Tahan, Chairman and CEO

Allenby Capital Limited (Nominated Adviser and Broker) +44 (0)20 3328 5656
 Nick Athanas / James Reeve

Leander (Financial PR) +44 (0)7795 168 157
 Christian Taylor-Wilkinson

CHAIRMAN'S STATEMENT

The Board today announces SerVision's consolidated group interim results for the six months ended 30 June 2017. Revenue for this period was \$1,291,000, compared with \$1,288,000 for the same period last year, and compared with \$857,000 during H2 2016 which reflects a significant improvement. Our net loss was \$1,186,000 in comparison to \$1,013,000 for the previous corresponding period and the loss of \$2,037,000 in H2 2016. Although revenue has fallen short of expectations over the last few years, I do believe the company is slowly on a path of recovery. I expect the company to continue trending in a positive direction as we build upon a number of recent commercial successes worldwide, and as we further embrace new opportunities that have arisen from strategic cooperation with Mobileye and, more recently, with Gurtam, a leading international telematics software developer.

Sales and Marketing

SerVision had a successful H1 2017 in terms of new and continuing business in the bus and coach market. In addition shortly following conclusion of the H1 2017 period, and as reported earlier in the year, SerVision was awarded a tender by Egged, Israel's largest bus operator, for the supply of 247 IVG units. Our integration with Mobileye was an important factor in the success of this sale, and we are in now discussions with other leading Israeli bus companies about expanding their cooperation with SerVision. In the UK, we have been steadily growing our cooperation with Cardiff Bus and Skills, and we recently started a new bus project with Cumfybus. In parallel to this, SerVision UK is in the process of rolling out our integrated Mobileye solution on a select group of buses owned by existing customers, and we are currently in discussions with several new operators who have expressed interest in trialing the IVG. Beyond the UK bus and coach vertical, our cooperation with JTI-UK has expanded to tobacco transport vehicles in Ireland, and we have recently begun supplying the IVG for use in ATM machines serviced by Cardtronics, a global ATM service provider who is also using SerVision's IVG on Cash-in-Transit vehicles.

Outside of the UK, we have supplied IVGs for a private tour bus company in France, and since the beginning of the year (to date) we have supplied over eight hundred HVGs to Tedas (our partner in Holland) for use in mobile trailers deployed at construction sites across the Netherlands. Tedas has now added support for the IVG in their proprietary software monitoring platform and they expect to significantly increase production of the IVG-trailer solution which will be rolled out in other European markets beginning in 2018. The Group has also made some strides in Japan, where we have just returned from a nationwide seminar (across four cities) sponsored by Mobileye and Japan21, Mobileye's authorized distributor in Japan. Over the course of H1 2017, Japan21 successfully installed the IVG in three pilot vehicles (a bus, truck and construction vehicle) and they recently placed a first order for an additional 50 units.

The Company has commenced a new strategic cooperation with Gurtam, a leading telematics software company based in Belarus, whose tracking platform (Wialon) is integrated with over 1,200 tracking devices and only a handful of mobile video streaming devices, has resulted in many new opportunities for the Group. SerVision was invited to speak at a partner event hosted by Gurtam during the Mobile World Congress Americas show in California earlier this month, and our IVG solution was showcased at their stand. New pilots using Gurtam's Wialon software are scheduled for rollout during H2. SerVision also expects to start additional pilots resulting from new integration that is currently underway with ERM and Ituran, two global telematics companies.

In the US during H1 2017, SCI, one of SerVision's channel partners in Florida, was awarded a contract to supply the IVG on 100 IVGs tanker trucks. Other highlights from the US market include the deployment of SerVision's mobile video solutions on new school buses in Texas, and on 160 vehicles operated by a private transport company in the Pacific Northwest.

Research and Development

In addition to the integration carried out with Gurtam, SerVision's R&D team has been busy working on a new API (Application Programming Interface) for the SVDDownloader server which enables video/GPS playback via third party web-clients. The new API supports multi-browser platforms and is an important service that will facilitate more strategic partnerships with other telematics companies who operate in similar markets to SerVision. Our R&D team also implemented many new features and functions in the IVG to help ensure compatibility with new project requirements, and we've recently begun to develop our own web-based client software. Such a solution will provide users with more ease and flexibility in terms of fleet monitoring.

In addition to everything above, SerVision's R&D team implemented support for Video Content Analytics (VCA) cameras that enable advanced intrusion detection at fixed sites. We have received many inquiries for such integration in the past and the integrated IVG-VCA camera kit will be an outstanding solution for protecting substations, construction sites, ATM machines and other remote locations.

Financials

Profit & Loss

- Revenues for this period were \$1,291,000 compared to \$1,288,000 for the same period in 2016.
- Gross profit for the period was \$388,000 compared with \$387,000 for the same period in 2016.
- Operating loss for the period was \$1,177,000 compared to an operating loss of \$989,000 for the same period in 2016 due to lower gains from exchange rate in 2017, and an increase in the PLC expenses.
- Net loss for the period was \$1,186,000 compared to a loss of \$1,013,000 for the same period in 2016.

Balance Sheet

- Cash and Cash equivalents – the amount at the end of the period was \$25,000 (compared with \$8,000 as at 31 December 2016).
- Liabilities – Short term loans and borrowings decreased by \$548,000 to \$956,000 (compared with \$1,504,000 as at 31 December 2016).
- The long term loans increased by \$351,000 to \$1,584,000 compared with \$1,233,000 in December 2016. The overall debt, short and long term, was reduced by \$197,000.

Since the year end the Group successfully secured a further loan of \$541,000 under the existing facility with YA II PN, Ltd to provide further working capital, with the repayment date of the YA loan being extended to 1 August 2018. In addition the Company has amended the terms of the Standby Equity Distribution Agreement ("SEDA") whereby the commitment period has been extended to 11 November 2019. To date the Company has not drawn on the SEDA.

Emphasis of matter – going concern

In their independent review report, which is not qualified, the group's auditor has considered the adequacy of the disclosures made concerning the Group's ability to continue as a going concern. The Group incurred a net loss of \$1,186,000 during the six months ended 30 June 2017 and had net current liabilities of \$1,096,000 at that date. This,

along with other matters disclosed in note 2, may indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However having completed their review of sales forecasts, budgets and cash flow projections and having made further relevant enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. To assist its ability to operate as a Going Concern the Group secured an extension of the SEDA agreement to November 2019.

The interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Outlook

The third quarter has been broadly similar to last year, however, given the larger number of opportunities in the pipeline, we are hopeful that the fourth quarter could show an improvement. We have embarked on a path to broaden and strengthen strategic cooperation with other leading companies for whom the Directors believe SerVision's technology has significant added value. We believe the pilots and trials slated for rollout with Gurtam and Mobileye in H2, coupled with strong prospects for expanded cooperation with existing partners, will serve as a foundation for new sales activities in 2018.

Conclusion

I remain cautiously encouraged that our sales will continue to build well into 2018 and beyond. In addition to widening our cooperation with many existing projects and customers, I am confident that new and emerging opportunities, particularly those that result from our integration with leading companies like Mobileye, Gurtam and Ituran, will only bolster our prospects for long-term growth and success.

As always, I am grateful to our shareholders for their continued support, and to our staff for their hard work, professionalism and dedication.

G Tahan

Chairman

28 September 2017

SERVISION PLC

CONDENSED GROUP COMPREHENSIVE INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

		<u>Six months to</u> <u>30 June 2017</u> <u>\$'000</u> <u>Unaudited</u>	<u>Six months to</u> <u>30 June 2016</u> <u>\$'000</u> <u>Unaudited</u>	<u>Year to 31</u> <u>December 2016</u> <u>\$'000</u> <u>Audited</u>
	<u>Note</u>			
REVENUE	3	1,291	1,288	2,145
Cost of sales		<u>(903)</u>	<u>(901)</u>	<u>(1,588)</u>
GROSS PROFIT		388	387	557
Administrative expenses		<u>(1,565)</u>	<u>(1,376)</u>	<u>(3,443)</u>
OPERATING LOSS		<u>(1,177)</u>	<u>(989)</u>	<u>(2,886)</u>
Net finance expense		<u>(40)</u>	<u>(31)</u>	<u>(167)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,217)</u>	<u>(1,020)</u>	<u>(3,053)</u>
Tax on loss on ordinary activities	4	<u>31</u>	<u>7</u>	<u>3</u>
NET LOSS FOR THE PERIOD		<u>(1,186)</u>	<u>(1,013)</u>	<u>(3,050)</u>
Translation difference arising from translating into presentation currency		<u>16</u>	<u>(155)</u>	<u>128</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(1,170)</u>	<u>(1,168)</u>	<u>(2,922)</u>
Loss per share				
BASIC	5	<u>(0.88)c</u>	<u>(0.92)c</u>	<u>(2.30)c</u>
DILUTED		<u>(0.88)c</u>	<u>(0.92)c</u>	<u>(2.30)c</u>

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CONDENSED GROUP BALANCE SHEET AT 30 JUNE 2017

	<u>As at 30 June</u> <u>2017</u> <u>\$'000</u> <u>Unaudited</u>	<u>As at 30 June</u> <u>2016</u> <u>\$'000</u> <u>Unaudited</u>	<u>As at 31</u> <u>December 2016</u> <u>\$'000</u> <u>Audited</u>
ASSETS			
Non-current assets			
Intangible assets	4,918	4,826	4,830
Investment	--	118	--
Deferred tax asset	114	88	83
Property, plant and equipment	<u>38</u>	<u>48</u>	<u>45</u>
	5,070	5,080	4,958
Current assets			
Inventories	437	582	504
Trade and other receivables	642	651	336
Cash and cash equivalents	<u>25</u>	<u>14</u>	<u>8</u>
	<u>1,104</u>	<u>1,247</u>	<u>848</u>
Total assets	<u>6,174</u>	<u>6,327</u>	<u>5,806</u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	2,279	2,090	2,090
Share premium account	17,894	16,127	16,127
Merger reserve	1,979	1,979	1,979
Other reserve	66	66	66
Retained earnings and translation reserves	<u>(20,121)</u>	<u>(17,197)</u>	<u>(18,951)</u>
Total equity	2,097	3,065	1,311
LIABILITIES			
Current liabilities			
Loans and borrowings	956	796	1,504
Loan from the office of the chief scientist	173	173	173
Trade and other payables	<u>1,071</u>	<u>1,208</u>	<u>1,285</u>
	2,200	2,177	2,962
Non-current liabilities			
Long term loan from bank institution without current maturity	--	58	7
Loan from others	1,584	748	1,233
Post employment benefits	<u>293</u>	<u>279</u>	<u>293</u>
	1,877	1,085	1,533
Total liabilities	<u>4,077</u>	<u>3,262</u>	<u>4,495</u>
Total equity and liabilities	<u>6,174</u>	<u>6,327</u>	<u>5,806</u>

SERVISION PLC

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	<u>Share Capital</u> \$'000	<u>Share Premium</u> \$'000	<u>Merger Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Translation Reserve</u> \$'000	<u>Total</u> \$'000
As at 1 January 2016	2,090	16,127	1,979	66	(15,862)	(167)	4,233
Total recognised expense	—	—	—	—	(1,168)	—	(1,168)
At 30 June 2016	<u>2,090</u>	<u>16,127</u>	<u>1,979</u>	<u>66</u>	<u>(17,030)</u>	<u>(167)</u>	<u>3,065</u>
Total recognised expense	-	-	-	-	(1,882)	128	(1,754)
Issue of shares	—	—	—	—	—	—	—
As at 31 December 2016	<u>2,090</u>	<u>16,127</u>	<u>1,979</u>	<u>66</u>	<u>(18,912)</u>	<u>(39)</u>	<u>1,311</u>
Issue of shares	189	1,767	-	-	-	-	1,956
Total recognised expense	—	—	—	—	(1,186)	16	(1,170)
At 30 June 2017	<u>2,279</u>	<u>17,894</u>	<u>1,979</u>	<u>66</u>	<u>(20,098)</u>	<u>(23)</u>	<u>2,097</u>

SERVISION PLC

CONDENSED GROUP CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

	<u>Six months to</u> <u>30 June 2017</u> <u>\$'000</u> <u>Unaudited</u>	<u>Six months to</u> <u>30 June 2016</u> <u>\$'000</u> <u>Unaudited</u>	<u>Year to 31</u> <u>December 2016</u> <u>\$'000</u> <u>Audited</u>
Cash flows from operating activities			
Loss before taxation	(1,217)	(1,020)	(3,050)
Adjustments for:			
Net finance expense	40	31	167
Impairment of available for sale assets	-	-	118
Depreciation and amortisation	330	337	704
Movement in trade and other receivables	(306)	331	646
Movement in tax assets	(31)	-	(3)
Movement in inventories	67	120	198
Movement in post retirement benefits	-	-	14
Movement in trade and other payables	<u>(214)</u>	<u>353</u>	<u>430</u>
Net cash (out)/inflow from operating activities	(1,331)	152	(776)
Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles	<u>(411)</u>	<u>(345)</u>	<u>(705)</u>
Net cash outflow from investing activities	(411)	(345)	(705)
Cash flows from financing activities			
Issue of shares	1,956	-	-
Net finance costs	(40)	(31)	(167)
Net loans undertaken less repayments	<u>(211)</u>	<u>454</u>	<u>1,244</u>
Cash inflow from financing activities	1,705	423	1,077
Cash and cash equivalents at beginning of period	(337)	(61)	(61)
Translation differences on translation to presentation currency	16	(155)	128
Net cash inflow/ (outflow) from all activities	<u>(37)</u>	<u>230</u>	<u>(404)</u>
Cash and cash equivalents at end of period	<u>(358)</u>	<u>14</u>	<u>(337)</u>
Cash and cash equivalents comprise			
Cash (excluding overdrafts) and cash equivalents	25	14	8
Overdrafts	<u>(383)</u>	<u>-</u>	<u>(345)</u>
	<u>(358)</u>	<u>14</u>	<u>(337)</u>

SERVISION PLC

NOTES TO THE REPORT AND CONDENSED GROUP FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

These consolidated interim group financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as endorsed for use by Companies listed on an EU regulated market and in accordance with IAS34 – “Interim Financial Reporting”. The same accounting policies, presentation and methods of computation have been followed in the preparation of these results as were applied in the Group’s latest annual audited financial statements. It is not expected that there will be any changes or additions to these in the 2017 annual financial statements.

This statement does not comprise statutory accounts as defined in Section 434 of the Companies Act 2006 and the results for the six months ended 30 June 2017 and for the six months ended 30 June 2016 are unaudited.

The financial information for the year ended 31 December 2016 is an extract from the latest group financial statements. The statutory group financial statements for the year ended 31 December 2016, prepared in accordance with IFRS, on which the auditors gave an unqualified opinion, have been filed with the Registrar of Companies. The audit report contained an emphasis of matter paragraph drawing the attention of the reader to material uncertainty regarding the group’s ability to continue as a going concern.

These consolidated interim group financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars (\$’000) except when otherwise indicated.

2. GOING CONCERN

The directors have prepared and reviewed sales forecasts, budgets and cash flow projections for the next twelve months and having considered these cash flows and the availability of other financing sources, have concluded that the group will remain a going concern for at least twelve months from the date on which these interim financial statements were approved.

As disclosed in Chairman’s statement, while results from the six months period ended 30 June 2017 are on par with results from the previous six months period ended 30 June 2016, there is a significant improvement when compared to the previous six month period (H2 2016), and the directors remain cautiously optimistic that this trend will continue. While it will take a little longer for the Company to realise profits from newly acquired business in the UK, the directors look forward to entering new vertical markets with the Mobileye integration, and to seizing larger commercial opportunities with the rollout of the new generation IVG solution.

As disclosed in note 7 and the Chairman’s statement, the group has raised further loans subsequent to the period end and increased the length of the SEDA facility available to the company. The directors have included the net proceeds of this loan and the ability to use the SEDA facility if necessary into their cash flow forecasts and consider it to be sufficient for the group’s immediate working capital needs. Should circumstances change or trading results fail to meet targets, the directors may, as in previous periods, seek additional equity investment and debt finance from a variety of sources. If the directors are unsuccessful when seeking any necessary additional investment and finance the group may cease to be a going concern.

However having completed their review of sales forecasts, budgets and cash flow projections and having made further relevant enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3. BUSINESS SEGMENT ANALYSIS

Class of business

The turnover, loss on ordinary activities before taxation and net assets of the Group are attributable to one class of business, that of developing and selling video surveillance equipment.

Geographical areas	Turnover by location of customer		
	<u>Six months to</u> <u>30 June 2017</u>	<u>Six months to</u> <u>30 June 2016</u>	<u>Year to 31</u> <u>December 2016</u>

	<u>\$'000</u> <u>Unaudited</u>	<u>\$'000</u> <u>Unaudited</u>	<u>\$'000</u> <u>Audited</u>
UK and Continental Europe	988	804	1,214
North America	141	215	530
Asia and Middle East	76	71	136
Rest of the world	<u>86</u>	<u>198</u>	<u>265</u>
	<u>1,291</u>	<u>1,288</u>	<u>2,145</u>

4. **TAXATION**

The Company is controlled and managed by its Board in Israel. Accordingly, the interaction of UK domestic tax rules and the taxation agreement entered into between the U.K. and Israel operate so as to treat the Company as solely resident for tax purposes in Israel. The Company undertakes no business activity in the UK such as might result in a Permanent Establishment for tax purposes and accordingly has no liability to UK corporation tax.

5. **LOSS PER SHARE**

Basic loss per share of (0.88c) (31 December 2016: (loss) (2.30c); 30 June 2016: (loss) (0.92c)) has been calculated on the weighted average number of shares in issue during the period namely 133,093,536 (31 December 2016: 126,801,754; 30 June 2016: 126,801,751) and loss of US\$ 1,170,000 (31 December 2016: loss US\$2,922,000; 30 June 2016: loss US\$ 1,168,000).

Due to the immaterial number of options in issue there is no material difference between the diluted and basic loss per share.

6. **SIGNIFICANT ACCOUNTING POLICIES**

Inventories:

Inventories represent raw materials, work in progress and goods for resale and stated at the lower of cost and net realizable value.

Revenue recognition

The group generates revenues mainly from sales of systems and one-off software licenses. The group sells its products directly, through its subsidiaries and through its distribution networks worldwide.

Sale of video gateways systems and software server licenses to Distributors/Integrators

Sales of goods are recognised when the products are delivered to the customer. The criteria for delivery are satisfied when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Sales are recorded based on the price specified in the sales contract, net of estimated volume discounts at the time of sale. At present all sales are made on normal credit terms, consistent with the local market conditions, such that there is no element of financing included in the sales price.

The responsibility of installation and Service to the end user rests solely on the distributor/integrator.

Sale of video gateways systems and one-off software server licenses Directly to End Users

Sales of goods are recognized upon the completion of the installation of the units at the customer's premises and acceptance of the goods by the customer.

Sale of Non-Recurring Engineering (NRE) services

The group occasionally charges customers for the development of new software features upon special request. In these cases, the revenue is recognized after the software has been delivered to the customer and it has received their approval.

Sale of Support and Cellular Data (UK and Israel Only)

The group also generates monthly recurring revenue for providing monthly support and maintenance, as well for the supply of cellular data to enable live video streaming. Revenue for such services is recognised over the period to which the support and maintenance services are supplied.

Research and development

Expenditure for research activities are recognised as an expense in the period in which it is incurred.

Expenditure for the development activities of technology used in the production of systems sold by the Group are capitalised and presented as an intangible asset in the balance sheet only if all of the following conditions are met:

- Development costs of the technology are identifiable and separable.
- It is probable that the developed technology will generate future economic benefits.
- The development costs of the technology can be measured reliably.

Development costs meeting these criteria are capitalised and amortised on a straight-line basis over their useful economic lives (currently six years) once the related technology is available for use.

Critical accounting estimates and judgments

The Group makes certain estimates and assumptions as it recognises balances and transactions in the course of the preparation of the financial statements. Estimates and judgements are recognised and then continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are explained below:

Intangible assets – as noted above, the group recognises Intangible Assets in respect of development assets. Development costs are capitalised when management consider the chances that a project will be successful, and both commercially and, technologically the chances of success are more than probable. Should the chances of success vary, this judgement would require reassessment. The directors’ use their best estimates of the likely future conditions and are assisted annually by an independent expert who has prepared reports on the company's R&D valuation. The period of amortisation for the development costs requires the directors to exercise their judgement as to the period which will benefit from their profitable exploitation.

Income Recognition – In assessing the amount of income to recognise in the financial statements, the directors make judgements in some cases as to the point at which customers have accepted delivery, either explicitly or implicitly by their actions, the likelihood of any return and, where products and services are bundled together the fair value of each revenue stream.

7. CALLED UP SHARE CAPITAL

	<u>As at 30</u> <u>June</u> <u>2017</u> <u>\$'000</u>	<u>As at 31</u> <u>December</u> <u>2016</u> <u>\$'000</u>
Allotted, called up and fully paid:		
142,157,000 (2016: 126,801,754) ordinary shares of £0.01 each	2,279	2,090
384,615 deferred shares of £0.001 each	—	—
	<u>2,279</u>	<u>2,090</u>

During the period 14,215,700 Ordinary shares of £0.01 each were issued at average of 11.4 pence per share. Total proceeds of \$2,000,000 were raised before issue costs of \$44,000. A further 1,139,549 Ordinary shares were issued under the terms of existing warrants at an issue price of 3.5 pence per share.

8. POST BALANCE SHEET DATE EVENTS

On 16 August 2017, the Company entered into an agreement to revise the repayment terms with YA II PN, Ltd ("YA") for the current loan between the two parties and to provide an additional loan of \$541,000 under the existing facility (the "YA Loan").

As at 15 August 2017, the balance due to YA, including accrued interest, was approximately \$406,000. Under the revised terms, the Company is borrowing a further \$541,000 under the existing facility with YA, with the repayment date of the YA Loan being extended to 1 August 2018 and six bi-monthly payments averaging approximately \$165,000 commencing on 1 October 2017 to cover the principal and interest repayments on the YA Loan. All other terms of the YA Loan remain unchanged including the interest rate which remains at 12 per cent. per annum.

In addition the Company has amended the terms of the Standby Equity Distribution Agreement ("SEDA") whereby the commitment period has been extended to 11 November 2019. To date the Company has not drawn on the SEDA.

Under the agreement entered into on 16 August 2017 the Company has also varied the terms of the existing warrants held by YA. YA will continue to hold 1,210,653 warrants to subscribe for new ordinary shares in the Company, representing 0.9 per cent of the Company's issued share capital (the "YA Warrants"). The exercise price of the YA Warrants has however been amended to 5 pence (previously 10.74 pence) and the expiry date of the warrants has been extended to 1 August 2020 (previously 13 August 2018).

9. RELATED PARTY TRANSACTIONS

Included within non-current liabilities is a loan of US \$339,000 (31 December 2016: \$310,000) from G. Tahan, a director. The loan is unsecured and is due in more than one year.

Included within non-current liabilities is a loan of US \$1,245,000 (31 December 2016: US \$1,188,000) from G. Sassoon, a director. The loan is unsecured and is due for repayment on 15 February 2019 and attracts an annual interest rate of 6%. The loan monthly repayments are \$38,000 which the Company has the ability to repay on a monthly basis throughout the loan.

INDEPENDENT REVIEW REPORT TO SERVISION PLC

Introduction

We have been engaged by the company to review the condensed group financial statements in the interim report for the six months ended 30 June 2017 which comprises the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and related explanatory notes.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. As disclosed in note 1, the annual financial statements of Servision Plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed group financial statements in the interim report based on our review.

This report is made solely to the company in accordance with the terms of our engagement and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed group financial statements in the interim report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union.

Emphasis of matter – going concern

In forming our conclusion, which is not qualified, we have considered the adequacy of the disclosures made within the accounting policies concerning the Group's ability to continue as a going concern. The Group incurred a net loss of \$1,186,000 during the six months ended 30 June 2017. This along with other matters disclosed in note 2 may indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

haysmacintyre
Chartered Accountants
Registered Auditors
28 September 2017

26 Red Lion Square
London
WC1R 4AG