

3 September 2015

Forbidden Technologies plc
(“Forbidden” or the “Company”)

Interim Results

Forbidden Technologies plc (AIM: FBT), the AIM-quoted owner and developer of the market-leading cloud video platform ‘Forscene’ and video social network ‘eva’, announces its interim results for the six months ended 30 June 2015.

Financial Highlights

- Revenues £327k (6 months to 30 June 2014: £348k)
- Sports revenue increased 186% to £80k (6 months to 30 June 2014: £28k)
- Deferred and future revenue from agreed deals increased five-fold to £220k from £33k at 31 December 2014
- EBITDA loss of £1,119k (6 months to 30 June 2014: £942k)
- Operating costs of £1,399k (6 months to 30 June 2014: £1,251k) including £180k of one-off restructuring cost
- Operating costs reduced by 41% on second half 2014
- Operating loss of £1,375k (6 months to 30 June 2014: £1,169k)
- Liquid funds £2,863k (30 June 2014: £6,446k)

Operational Highlights

- Strengthened Board and management team
- Broadened commercial strategy and cloud video platform capabilities to cover wide range of B2B and B2C uses
- Implemented internal restructuring to support growth
- Evolved the Forscene application to extend the B2B growth opportunity in Sports
- Commenced the launch of eva, a new video social network
- Entered the beta phase of Captevate, a mass market video editor
- IP portfolio broadened by multiple patent applications and grants

Stephen Streater, Forbidden Technologies CEO, commented:

“Forbidden’s internal restructuring in the first half of the year has resulted in significant anticipated cost savings, whilst also reflecting a tightened focus on our fastest growing target markets. Our new strategy is starting to bear fruit, with H1 Forscene revenue in Sports up 1.8 times year on year, and deferred and agreed future revenue, primarily from longer-term Sports deals, increasing fivefold from the beginning of the period. H2 has already seen the first launch events of the Company’s consumer venture, eva, the video social network, which represents a major extension to Forbidden’s platform. This staged launch has been well received, and the resulting live use by consumers has enabled the company to develop and improve the app through a series of releases.

“H1 also saw the completion of much technical work on Captevate, the Company’s new consumer video editing tool, the next major application to be supported by the Forbidden platform. We will soon be in a position to roll out our editing technology into a market with millions of potential new customers.

“Our pace of innovation has led to five new patent applications so far this year – comprising three for eva, one for Captevate and one for Forbidden’s latest video codec design, applicable across the platform.

“H1 was a period of positive change for the Company and the Board remains confident that, as the transition into internet video gathers pace, Forbidden is better placed than ever to capitalise on the commercial opportunity.”

Chairman's Statement

The six-month period to 30 June 2015 was one of management restructuring, re-focused top line activity, preparation for commercial diversification to include mass-market video editing, a rationalised cost-base and reduced net cash-burn.

Much of the corporate restructuring has focused on the commercial and marketing team including new leadership, replacement of sales staff and a new North American business development strategy. The new team brings the necessary expertise to deliver future revenue growth by implementing, in a new holistic management structure, a commercial strategy to embrace professional post-production on one side of the market spectrum and mass-market consumer video apps on the other.

An increasing number of applications are supported by the Forbidden platform. Forscene, the professional video editing software is followed by eva, which commenced its international launch early in July. eva is the precursor to Captevate, a subscription based, mass-market video editing tool, which is now a working beta.

The strengthened commercial marketing team made good progress in Sports, retaining all 2014 clients and adding some larger, longer-term scalable agreements to the portfolio. These included IMG Digital, one of the world's biggest digital rights holders, for the post-production of a proportion of their digital rights content, and a client servicing a major sports brand for the creation of highlights packages over a multi-year period. In addition, a number of this year's major sports events have added to the portfolio.

Financial

Revenue in the period was 6% lower at £327k versus £348k in the corresponding period last year. However, deferred and future revenue from agreed deals increased fivefold to £220k from £33k at 31 December 2014, as the Company begins to benefit from last year's significant investment in an upgraded Forscene platform that appeals to more sophisticated editors, particularly in Sports. Revenue in Sports in the period rose 186% to £80k from £28k in the corresponding period last year. Revenue in Broadcast Post and News fell 23% to £247k, from £320k in the corresponding period last year, largely due to reduced non-core hardware sales and a decline in business generated by a long-term North American client.

The Company rationalised its presence in North America and restructured its senior management team in the Research and Development and Commercial departments during the period. These initiatives resulted in one-off costs of £180k. Operating costs were £1,399k compared to £1,251k in the corresponding period last year and £2,357k in the second half of 2014. Excluding the one-off restructuring costs, operating costs were therefore 3% lower than the corresponding period last year and represented a 48% reduction in operating costs, compared to the second half of last year.

The resulting EBITDA loss for the period was £1,119k, including £180k of one-off restructuring costs, compared to £942k in the corresponding period last year.

The loss for the period was £1,351k compared to £1,158k in the corresponding period last year.

Operating cash outflow in the period was £1,324k compared to £917k in the corresponding period last year. The Company remains debt free and has liquid funds of £2,863k at the end of the period.

Prospects

The Company is looking forward to an exciting campaign at the International Broadcasting Convention in Amsterdam in September where new key technology features will be showcased. These include the first end-to-end virtualized workflow for the post-production and distribution of video content, the hardware-independent solution enabled by Forscene's integration with the Microsoft Azure™ cloud computing platform; Forscene's multicam editing capacity, and the platform's ability to natively handle dual system audio. The introduction of dual system audio is expected to have a marked impact on our North American broadcast post-production business.

We are working closely with some of our international resellers on scalable opportunities outside of the EMEA, demonstrating the effect of supporting and strengthening our partner programme in 2015.

We are currently working on exciting projects in both the long form Post and Sports. We have recently signed an agreement with Shine Television one of the world's biggest independent production companies, to use Forscene in their upcoming series

of “The Island with Bear Grylls”. We also look forward to Forscene being used on a major sporting event to be held in the UK starting in September 2015.

Enquiries:

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About Forbidden Technologies plc

Forbidden Technologies plc (AIM: FBT, www.forbidden.co.uk) floated in February 2000.

The Company develops and markets its own powerful cloud video platform, supporting multiple services. Forscene is used by professionals in making broadcast television content, web and mobile video, in education and by consumers and is one of the world's most advanced browser-based and mobile platforms. eva, the video social network, built on the same platform, is a mobile app that empowers a mass-market audience to share their lives and express themselves through video.

Websites:

www.forbidden.co.uk
www.forscene.com
www.eva.co
www.captivate.com

Social media:

www.facebook.com/FORscene
www.plus.google.com/+Forscenepro/posts
www.linkedin.com/company/forscene
www.twitter.com/forscenepro
www.youtube.com/user/ForsceneTraining

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited Half year to 30 June 2015 £	Unaudited Half year to 30 June 2014 (Restated Presentation) £	Audited Year to 31 December 2014 (Restated Presentation) £
CONTINUING OPERATIONS			
Revenue	327,338	348,077	689,222
Cost of Sales	(47,167)	(38,766)	(59,017)
GROSS PROFIT	280,171	309,311	630,205
Operating costs	(1,398,781)	(1,250,851)	(3,608,273)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	(1,118,610)	(941,540)	(2,978,068)
Depreciation	(68,114)	(65,947)	(152,283)
Loss on disposal of fixed assets	-	(34,119)	(34,119)
Development costs impairment	-	-	(200,000)
Amortisation	(152,850)	(75,557)	(197,792)
Employee share option costs	(35,769)	(52,686)	(81,906)
	(256,733)	(228,309)	(666,100)
OPERATING LOSS	(1,375,343)	(1,169,849)	(3,644,168)
Finance costs	-	(887)	-
Finance income	24,374	12,846	18,655
LOSS BEFORE INCOME TAX	(1,350,969)	(1,157,890)	(3,625,513)
Income Tax	-	-	33,650
LOSS FOR THE PERIOD	(1,350,969)	(1,157,890)	(3,591,863)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,350,969)	(1,157,890)	(3,591,863)
Earnings per share expressed in pence per share:			
Basic – continuing and total operations	(1.02p)	(0.09p)	(2.72p)

UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2015

	Unaudited at 30 June 2015	Unaudited at 30 June 2014	Audited at 31 December 2014
	£	£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,438,553	1,459,403	1,364,539
Property, plant and equipment	125,429	145,103	189,675
	<u>1,563,982</u>	<u>1,604,506</u>	<u>1,554,214</u>
CURRENT ASSETS			
Inventories	60,318	38,376	41,963
Trade and other receivables	323,498	306,248	293,878
Tax receivable	-	5,213	33,650
Short-term investment	-	2,000,000	2,000,000
Cash and cash equivalents	2,862,604	4,446,339	2,358,900
	<u>3,246,420</u>	<u>6,796,176</u>	<u>4,728,391</u>
TOTAL ASSETS	<u>4,810,402</u>	<u>8,400,682</u>	<u>6,282,605</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	1,054,518	1,054,518	1,054,518
Share premium	13,317,572	13,317,572	13,317,572
Capital contribution reserve	125,000	125,000	125,000
Retained earnings	(10,031,262)	(6,311,309)	(8,716,062)
TOTAL EQUITY	<u>4,465,828</u>	<u>8,185,781</u>	<u>5,781,028</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	-	-	-
CURRENT LIABILITIES			
Trade and other payables	344,574	214,901	501,577
TOTAL LIABILITIES	<u>344,574</u>	<u>214,901</u>	<u>501,577</u>
TOTAL EQUITY AND LIABILITIES	<u>4,810,402</u>	<u>8,400,682</u>	<u>6,282,605</u>

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Called up share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 January 2014	1,054,518	13,317,572	125,000	(5,206,105)	9,290,985
Changes in equity					
Issue of share capital	-	-	-	-	-
Share based payment	-	-	-	52,686	52,686
Total comprehensive income	-	-	-	(1,157,890)	(1,157,890)
Balance at 30 June 2014	1,054,518	13,317,572	125,000	(6,311,309)	8,185,781
Changes in equity					
Issue of share capital	-	-	-	-	-
Share based payment	-	-	-	29,220	29,220
Total comprehensive income	-	-	-	(2,433,973)	(2,433,973)
Balance at 31 December 2014	1,054,518	13,317,572	125,000	(8,716,062)	5,781,028
Changes in equity					
Issue of share capital	-	-	-	-	-
Share based payment	-	-	-	35,769	35,769
Total comprehensive income	-	-	-	(1,350,969)	(1,350,969)
Balance at 30 June 2015	1,054,518	13,317,572	125,000	(10,031,262)	4,465,828

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited Half year to 30 June 2015 £	Unaudited Half year to 30 June 2014 (Restated Presentation) £	Audited Year to 31 December 2014 (Restated Presentation) £
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	(1,118,610)	(941,540)	(2,978,068)
(Increase)/Decrease in trade and other receivables	(29,620)	24,389	36,759
(Increase) in inventories	(18,355)	(35,102)	(38,689)
(Decrease)/Increase in trade and other payables	(157,003)	35,706	322,382
CASH GENERATED FROM OPERATIONS	(1,323,588)	(916,547)	(2,657,616)
Tax received	33,650	53,621	58,834
NET CASH FROM OPERATING ACTIVITIES	(1,289,938)	(862,926)	(2,598,782)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets	(226,864)	(346,000)	(573,371)
Purchase of tangible fixed assets	(3,868)	(195,803)	(326,711)
Sale of fixed term deposits	2,000,000	-	-
Finance costs	-	(887)	-
Interest received	24,374	12,846	18,655
NET CASH FROM INVESTING ACTIVITIES	1,793,642	(529,844)	(881,427)
Increase/(Decrease) in cash and cash equivalents	503,704	(1,392,770)	(3,480,209)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,358,900	5,839,109	5,839,109
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,862,604	4,446,339	2,358,900

**NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

1. Basis of preparation and accounting policies

These interim statements have been prepared on a basis consistent with International Financial Reporting Standards (IFRS). They do not contain all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2014. These interim financial statements do not constitute statutory accounts within the meaning of the Companies Act.

The comparative figures in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows have been restated to show an Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) figure. The Directors believe this presentation better reflects the operating cash flow of the business before working capital movements, by eliminating the non-cash effects of financial and accounting decisions.

The interim financial information has not been audited. The interim financial information was approved by the Board of Directors on 2 September 2015. The information for the year ended 31 December 2014 is extracted from the statutory financial statements for that year which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 (2) or 498(3) of the Companies Act 2006.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2014.