6 August 2020

Intelligent Ultrasound Group plc

(the “Group” or the “Company” or “Intelligent Ultrasound”)

Half Year Report

Intelligent Ultrasound (AIM: MED), the artificial intelligence (AI) based ultrasound software and simulation company, announces its unaudited half year results to 30 June 2020. Despite the global impact of Covid19, the Company reduced its EBITDA[1] loss to £1.2m (H1 2019: loss of £1.3m) on a reduced revenue of £2.5m (H1 2019: £3.1m) and continued to successfully progress the development of four AI software products. The Company also successfully raised £5.2m from new and existing shareholders in May 2020.

Financial Highlights

- Generated revenue of £2.5m (H1 2019: £3.1m)
- Reduction in SG&A costs limited the EBITDA loss for the period to £1.2m (H1 2019: loss of £1.3m)
- Successful placing raising £5.2m in May 2020
- Cash balance at 30 June 2020 of £10.1m (31 December 2019: £7.3m)
- Net cash used in operating activities of £1.5m (H1 2019: £1.7m)

Operational and Recent Highlights

Clinical AI Division

- First ScanNav AI image analysis software remains on track for 2021 revenue generation
- Commercial discussions with a number of OEMs for ScanNav AnatomyGuide software continue
- Post period end, CE regulatory paperwork for ScanNav AnatomyGuide, filed on 24 July 2020
- Completed first AI models for the new ScanNav Lung/Covid19 image analysis software
- Completed AI proof of concept for ScanNav Prostate image analysis software

Simulation Division

- Covid19 module released on BodyWorks Eve simulator in March was offered free to existing customers and used to train frontline staff, especially in London (Nightingale Hospital) and New York (VA Harbor Healthcare)
- Successfully minimised the impact of Covid19 despite the severe constraints on selling and marketing products into hospitals
- Moved to a new warehouse facility in Caerphilly, providing larger manufacturing and distribution capacity for our all Group products

[1]EBITDA is a non-GAAP measure defined as operating loss before depreciation, amortisation, and impairment

Riccardo Pigliucci, Chairman, commented: *“This is clearly a volatile time for businesses in almost all regions of the world. We are pleased to have traded relatively well during the first wave of the pandemic, but it remains hard to predict sales with the current restrictions and the potential for a second wave of the virus, further limiting access to our customers and collaborators in hospitals around the world.*

“However, despite these restrictions, the management remain confident that our strong cash position, combined with a growing ultrasound simulator product range and a stream of future clinical AI revenues that we anticipate will start generating revenues next year, should enable the Group to reach its profitability inflection point. We are grateful to our shareholders for their support and look forward to updating the market as we continue to increase value in the business.”

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About Intelligent Ultrasound (www.investors.intelligentultrasound.com)

Intelligent Ultrasound (AIM: MED), the intelligent ultrasound software and simulation company, develops artificial intelligence-based clinical image analysis software tools, augmented reality-based needle guidance software and advanced hi-fidelity haptic and manikin-based training simulators for medical practitioners.

Based in Cardiff in the UK and Atlanta in the US, the Group operates two divisions:

Intelligent Ultrasound Simulation Division

Focusses on hi-fidelity ultrasound education and training through simulation. Its three main products are the *ScanTrainer* obstetrics and gynaecology training simulator, the *HeartWorks* echocardiography training simulator and the *BodyWorks Eve* Point of Care and Emergency Medicine training simulator. To date nearly 900 simulators have been sold to over 500 medical institutions around the world.

Intelligent Ultrasound Clinical AI Division

Focusses on developing deep learning-based algorithms to make ultrasound machines smarter and more accessible. Products in development include *ScanNav* which uses machine-learning based algorithms to automatically identify and grade ultrasound images to provide scan assessment and audit of protocol-based ultrasound scanning; and *ScanNav AnatomyGuide*, which aims to simplify ultrasound-guided needling by providing the user with real-time AI-based needle guidance software for a range of medical procedures.

Some products in the pipeline may require US FDA or other regulatory approval, as such this material should be considered informational only and does not constitute an offer to sell or infer claims or benefits.

CHAIRMAN'S STATEMENT

I am pleased to present the Group's interim report for the six months ended 30 June 2020, during which we generated revenue of £2.5m (H1 2019: £3.1m) and importantly continued to progress development of four AI software products to market. All this was achieved during the global Covid19 lockdown, which has materially affected the reporting period and has dramatically constrained our ability to physically demonstrate and therefore sell ultrasound training simulators to hospitals around the world.

Review of the first six months of 2020

We set ourselves four main targets for 2020:

i) bring our first ScanNav AI image analysis product to market
ii) sign a second OEM agreement and commence regulatory filing for ScanNav AnatomyGuide
iii) commence development of two new ScanNav products
iv) continue the sales growth of the simulation division

The Covid19 pandemic caused the Board to revise the final target to that of minimising the impact of Covid19 on the simulation division's sales revenue and bottom line, as the Company's direct and reseller sales were effectively shut out of hospitals from March to June, dramatically constraining our ability to sell ultrasound training simulators to hospitals around the world. Additionally, the Board decided to bring forward the 2021 placing to May 2020 to ensure that the Company maintains a strong cash position in these uncertain times. We remain on target to achieve all these targets by the year end.

Clinical AI Division

- First ScanNav AI image analysis software remains on track for 2021 revenue generation
- Commercial discussions with a number of OEMs for ScanNav AnatomyGuide software continue
- Post period end, CE regulatory paperwork for ScanNav AnatomyGuide, filed on 24 July 2020
- Completed first AI models for the new ScanNav Lung/Covid19 image analysis software
- Completed AI proof of concept for ScanNav Prostate image analysis software

Our Clinical AI Division has continued to make significant progress in the period, even though the pandemic has restricted some access to doctors and trial patients and has delayed delivery of some new hardware components for AnatomyGuide.

The Group's first long-term licence and co-development agreement for its ScanNav AI software announced last year with one of the world's leading ultrasound equipment manufacturers remains on track for royalty per unit revenues during 2021. Terms of the agreement remain confidential and undisclosed for commercial reasons.

Discussions with a number of OEMs for the Group's second ScanNav AI software product, ScanNav AnatomyGuide continue and the CE regulatory paperwork for this product was filed on 24 July 2020. The FDA filing is expected to follow shortly, with approval and initial revenues anticipated in the second half of next year. The first version of the ScanNav AnatomyGuide AI software will, automatically and in real-time, identify and highlight structures such as nerves and arteries on the live ultrasound scan image that are important to be identified during Peripheral Nerve Block needling procedures.

A classroom-based version of ScanNav AnatomyGuide for pre-clinical teaching of clinicians is expected to be available for hospital training departments from the beginning of 2021.

During the period the division has accelerated development of two additional AI software products. The first prototype models for the ScanNav Lung/Covid19 automated anomaly highlighting software and the ScanNav Prostate software were successfully completed. Early stage commercial discussions for these two products have commenced.

The Group intends to continue the fast track development of the Covid19 and Prostate AI-based software products in the second half of the year.

Simulation Division

- Generated revenue for the Group of £2.5m (H1 2019: £3.1m)
- Increased direct sales by 8% to £1.9m (H1 2019: £1.8m)
- More than doubled sales in the UK to just under £1.0m (H1 2019: £0.5m)

The global Covid19 lockdown had most impact on the Group's simulation sales operations because both our direct and reseller sales were effectively shut out of hospitals from March to June, dramatically constraining our ability to sell ultrasound training simulators to hospitals around the world. With no access to hospitals, no trade exhibitions and sales teams confined to home, achieving revenue of £2.5m in the period, only 20% down on the comparative period (H1 2019: £3.1m), reflects the considerable efforts of the members of the division, given the worldwide impact of the pandemic.

Direct Sales

Revenue from our combined UK and North America direct sales operations increased by 8% to £1.9m (H1 2019: £1.8m), driven by an exceptional performance from the UK team who doubled sales to £0.96m (H1 2019: £0.45m) and surpassed their 2019 full year revenues of £0.7m.

Over 50% of the UK sales were for the BodyWorks Eve simulator featuring the new Covid19 module. We are particularly proud to have produced this training module in record time in March at the start of the crisis and, by offering the module free to our customers, were able to play a significant role in training frontline staff, especially in London (Nightingale Hospital) and New York (VA Harbor Healthcare), in the fight against the virus.

However revenue generation in North America was affected by a Covid19 related freeze in discretionary spend that reduced sales by 29% to £0.9m (H1 2019: £1.3m). Although this is disappointing, after 2019 sales in the US had shown such good growth, we were pleased that sales of our obstetric training simulator, ScanTrainer, doubled in the period and we are optimistic that sales of the BodyWorks Eve simulator with the new Covid19 training module will help North America sales recover in the second half of the year.

Reseller Sales

Sales through resellers in China and Europe were the regions most affected by the impact of the pandemic with simulator revenues from the Rest of the World of just £0.59m for the six months to 30 June 2020 (H1 2019: £1.37m). This is a 57% decline on last year and reflects key countries such as China, France, Germany and Scandinavia being shut down for most of the trading period. Our resellers are working hard to rebuild sales in the second half of the year, as and when local restrictions in individual countries are lifted.

Work environment

Across all of our locations, our staff have responded brilliantly to the Covid19 restrictions. Working from home our direct sales team have embraced remote methods of selling our ultrasound training simulators to hospitals and our AI software development teams have continued to meet all our internal development milestones for the Group's new AI-based image analysis software. Development of our simulator product range has also continued, and the product build and technical support team expanded into a new warehouse facility in Caerphilly that will support the growth of both simulator and AI product sales as the Group grows over the coming years.

Some elements have been outside our control however and access to doctors and trial patients has inevitably caused some delay. Despite this we currently remain on target for first AI revenues in 2021, as planned.

Financial review

- Generated revenue of £2.5m (H1 2019: £3.1m)
- Reduction in SG&A costs limited the EBITDA loss for the period to £1.2m (H1 2019: loss of £1.3m)
- Successful placing to raise £5.2m in May 2020
- Cash balance at 30 June 2020 of £10.1m (31 December 2019: £7.3m)
- Net cash outflow from operating activities of £1.5m (H1 2019: £1.7m)

Despite the 20% reduction in revenue compared to H1 2019, gross margin improved by 2% to 59% largely due to the increase in the proportion of direct sales generated in the period.

The reduction in gross profit has been offset by cost savings in selling, general and administrative expenses directly attributable to the impact of Covid19 restrictions relating to travel, exhibitions, and conferences. We also took the decision to close our second office in Oxford, temporarily freeze recruitment and limit external consultancy spend. In addition, our US sales office also received a US Paycheck Protection Program grant in May to cover two months of payroll and office expenses.

As a result of the above measures, the EBITDA loss for the six-month period was limited to £1.2m (H1 2019: £1.3m) with net cash outflow from operating activities at £1.5m, 13% lower than H1 2019 (£1.7m).

In May the Company undertook a successful share placing, raising £4.8m net of costs and as such cash at 30 June 2020 was £10.1m (31 December 2019: £7.3m, including short term deposits).

Outlook

This is clearly a volatile time for businesses in almost all regions of the world. We are pleased to have traded relatively well during the first wave of the pandemic, but it remains hard to predict sales with the current restrictions and the potential for a second wave of the virus, further limiting access to our customers and collaborators in hospitals around the world.

However, despite these restrictions, the management remain confident that our strong cash position, combined with a growing ultrasound simulator product range and a stream of future clinical AI product revenues that we anticipate will start generating their first revenues next year, should enable the Group to reach its profitability inflection point.

Riccardo Pigliucci
Chairman

6 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
		£'000	£'000	£'000
REVENUE	4	2,479	3,117	5,916
Cost of sales		(1,018)	(1,335)	(2,462)
Gross profit		1,461	1,782	3,454
Other income		205	72	157
Administrative expenses		(3,616)	(3,847)	(8,169)
Total administrative costs		(3,411)	(3,775)	(8,012)
OPERATING LOSS		(1,950)	(1,993)	(4,558)
Finance income		17	-	-
Finance costs		(2)	(3)	(2)
LOSS BEFORE INCOME TAX		(1,935)	(1,996)	(4,560)
Taxation	5	116	45	337
LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		(1,819)	(1,951)	(4,223)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will or may be reclassified to profit or loss:				
Exchange gain/(loss) arising on translation of foreign operations		50	8	(33)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		50	8	(33)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		**(1,769)**	**(1,943)**	**(4,256)**
LOSS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT				
Basic and diluted	6	**(0.76)p**	**(1.25)p**	**(2.37)p**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share warrants	Accumulated losses	Share-based payment reserve	Merger reserve	Foreign exchange reserve	Total equity attributable to shareholders
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2018	1,566	16,437	126	(15,854)	562	6,538	21	9,396
Impact of IFRS16	-	-	-	2	-	-	-	2
At 1 January 2019 as restated	1,566	16,437	126	(15,852)	562	6,538	21	9,398
Comprehensive income for the period								
Loss for the period	-	-	-	(1,951)	-	-	8	(1,943)
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	-	-	65	-	-	65
	-	-	-	-	65	-	-	65
Balance as at 30 June 2019	1,566	16,437	126	(17,803)	627	6,538	29	7,520
Comprehensive income for the period								
Loss for the period	-	-	-	(2,272)	-	-	(41)	(2,313)
Transactions with owners, recorded directly in equity								
Shares issued for cash	634	5,703	-	-	-	-	-	6,337
Cost of raising finance	-	(487)	-	-	-	-	-	(487)
Share-based payments			-	-	61	-	-	61
	634	5,216	-	-	61	-	-	5,911
Balance as at 31 December 2019	2,200	21,653	126	(20,075)	688	6,538	(12)	11,118
Comprehensive income for the period								
Loss for the period	-	-	-	(1,819)	-	-	50	(1,769)
Transactions with owners, recorded directly in equity								
Shares issued for cash	494	4,658	-	-	-	-	-	5,152
Cost of raising finance	-	(352)	-	-	-	-	-	(352)
Share-based payments	-	-	-	-	72	-	-	72
	494	4,306	-	-	72	-	-	4,872
Balance at 30 June 2020	**2,694**	**25,959**	**126**	**(21,894)**	**760**	**6,538**	**38**	**14,221**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2020	Unaudited 30 June 2019 (restated)	Audited 31 December 2019
		£'000	£'000	£'000
NON-CURRENT ASSETS				
Intangible assets	7	2,148	2,668	2,332
Property, plant and equipment		670	479	545
		2,818	3,147	2,877
CURRENT ASSETS				
Inventories		1,293	497	663
Trade and other receivables		2,073	2,611	2,700
Current tax asset		131	-	148
Investments (short term deposits)		-	-	5,500
Cash and cash equivalents		10,137	3,481	1,790
		13,634	6,589	10,801
TOTAL ASSETS		16,452	9,736	13,678
CURRENT LIABILITIES				
Trade and other payables	8	(1,216)	(1,302)	(1,670)
Deferred income		(287)	(179)	(325)
Income tax		-	(100)	-
Lease liabilities		(66)	(14)	(53)
Provisions		(98)	(85)	(95)
		(1,667)	(1,680)	(2,143)
NON-CURRENT LIABILITIES				
Deferred income		(211)	(187)	(109)
Deferred taxation		(265)	(333)	(288)
Lease liabilities		(88)	(16)	(20)
		(564)	(536)	(417)
TOTAL LIABILITIES		(2,231)	(2,216)	(2,560)
NET ASSETS		**14,221**	**7,520**	**11,118**
EQUITY				
Share capital	9	2,694	1,566	2,200
Share premium		25,959	16,437	21,653
Share warrants		126	126	126
Accumulated losses		(21,894)	(17,803)	(20,075)
Share-based payment reserve		760	627	688
Merger reserve		6,538	6,538	6,538
Foreign exchange reserve		38	29	(12)
TOTAL EQUITY		**14,221**	**7,520**	**11,118**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
CASH FLOW FROM CONTINUING OPERATING ACTIVITIES			
Loss before tax	(1,935)	(1,996)	(4,560)
Add back:			
Depreciation	171	115	334
Amortisation of intangible assets	476	525	1,040
Foreign exchange	47	-	-
Increase in warranty provision	4	-	-
Research and development expenditure credit	(38)	-	-
Finance income	(17)	-	-
Finance costs	2	-	2
Share-based payments expense	72	65	126
Operating cash flows before movement in working capital	(1,218)	(1,291)	(3,058)
Movement in inventories	(630)	354	188
Movement in trade and other receivables	627	(697)	(787)
Movement in trade and other payables	(410)	(130)	283
Cash used in operations	(1,631)	(1,764)	(3,374)
Income taxes received	168	80	80
NET CASH USED IN OPERATING ACTIVITIES	(1,463)	(1,684)	(3,294)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(292)	(144)	(355)
Disposal of property, plant and equipment	-	-	12
Interest receivable	17	-	-
Movement in short term deposits	5,500	-	(5,500)
Internally generated and purchase of intangible assets	(193)	(306)	(485)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	5,032	(450)	(6,328)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares	5,152	-	6,337
Share issue costs	(352)	-	(487)
Principal elements of lease payments	(23)	-	(37)
Finance costs paid	(2)	-	(2)
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,775	-	5,811
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**8,344**	**(2,134)**	**(3,811)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,790	5,607	5,607
Exchange gains/(losses) on cash and cash equivalents	3	8	(6)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,137**	**3,481**	**1,790**

NOTES TO THE CONSOLIDATED INTERIM REPORT
for the six months ended 30 June 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information contained in this interim report has not been audited by the Group's auditor and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Directors approved and authorised this interim report on 5 August 2020. The financial information for the preceding full year is extracted from the statutory accounts for the financial year ended 31 December 2019. Those accounts, upon which the auditor issued an unqualified opinion and did not include a statement under Section 498(2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies.

This interim report has been prepared in accordance with UK AIM Rules for Companies. The Group has not applied IAS 34 "Interim Financial Reporting" (which is not mandatory for UK Groups) in the preparation of this interim report. The interim report has been prepared in a manner consistent with the accounting policies set out in the statutory accounts for the financial year ended 31 December 2019, except for the following:

- Foreign exchange differences arising on the retranslation of the sterling loan in the US subsidiary, IUNA has been recognised in the foreign exchange reserve.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The Group financial statements are presented in pounds Sterling.

Impact of Covid19

The Group has considered the impact of Covid19 with respect to all judgements and estimates it makes in the application of its accounting policies. This included assessing the recoverability of trade receivables and inventory. There has been no significant deterioration in the ageing of trade receivables in the period. As a result of these reviews, there was no increase in the impairment losses for trade receivables or inventory provisions. The Group also assessed non-financial assets for indicators of impairment. No impairments were identified.

Going concern

As the Covid19 crisis unfolded, the Group promptly modelled a number of reduced revenue scenarios that, combined with operational cost savings, would not compromise the long-term prospects of the business. With much of the business devoted to the development of new AI-based image analysis software, reducing R&D staff costs through either redundancy or furlough was considered to have a detrimental impact on the development of these products and with the Group already running a lean sales operation for its simulation division, reducing staff would have impacted the Group's ability to generate sales revenue. The business has therefore focussed on reducing marketing, shipping and operational costs as well as in May raising £4.8m (net of transaction costs) through a successful Placing from existing shareholders, which ensures the Group has sufficient cash reserves to continue to trade for at least the next 15 months, as well as continuing to be debt-free. Having assessed the principal risks facing the Group, together with the Group's forecasts and significant financial headroom, the Directors believe that the Group is well placed to manage these risks successfully and have a reasonable expectation that the Group has adequate resources to continue to successfully operate for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim financial statements.

2. BASIS OF CONSOLIDATION

The consolidated interim report incorporates the results of the Company and its subsidiary undertakings.

Restatement of comparatives

Share warrants in the June 2019 comparative balance sheet have been reclassified. The consideration for the acquisition of IUL on 6 October 2017 included 837,795 share warrants with a fair value of £125,669 which were issued on completion of the acquisition. The terms of the warrant instrument agreement allow the holder to subscribe for a fixed number of shares in the Company at any time until 10 July 2021 for a fixed subscription price. In accordance with IAS 32 'Financial Instruments: Presentation', a contract that will be settled by the entity delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument. At 31 December 2017, these warrants had been classified as a financial liability but following a review of the accounting treatment these have been correctly reclassified to equity.

The June 2019 comparative balance sheet has also been restated for the adoption of IFRS 16 'Leases' consistent with the opening balances restated in the consolidated accounts as at 31 December 2019.

3. NEW ACCOUNTING STANDARDS

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

4. REVENUE ANALYSIS

The following table provides an analysis of the Group's revenue by type (Distribution or Direct Sales) and geography based upon location of the Group's customers.

Unaudited 6 months ended 30 June 2020	Simulation Division		Clinical AI Division	Total
	Distribution	Direct Sales		
	£'000	£'000	£'000	£'000
United Kingdom	-	959	-	959
North America	-	929	-	929
Rest of World	591	-	-	591
	591	1,888	-	**2,479**

Unaudited 6 months ended 30 June 2019	Simulation Division		Clinical AI Division	Total
	Distribution	Direct Sales		
	£'000	£'000	£'000	£'000
United Kingdom	-	450	-	450
North America	-	1,301	-	1,301
Rest of World	1,366	-	-	1,366
	1,366	1,751	-	3,117

4. REVENUE ANALYSIS (continued)

Audited year ended 31 December 2019	Simulation Division		Clinical AI Division	Total
	Distribution	Direct Sales		
	£'000	£'000	£'000	£'000
United Kingdom	-	721	-	721
North America	-	2,579	-	2,579
Rest of World	2,616	-	-	2,616
	2,616	3,300	-	5,916

5. TAXATION ON ORDINARY ACTIVITIES

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
	£'000	£'000	£'000
R&D tax credit	(93)	-	(167)
Adjustment for over-claim of R&D tax credit in prior periods	-	-	(80)
Deferred tax credit	(23)	(45)	(90)
	(116)	(45)	(337)

6. LOSS PER SHARE

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
	£'000	£'000	£'000
Loss for the purposes of basic and diluted loss per share (LPS) being the loss attributable to the equity shareholders of the Company	(1,819)	(1,951)	(4,223)
Number of shares:	No.	No.	No.
Weighted average number of Ordinary shares for the purpose of basic LPS	240,082,506	156,627,749	178,503,090

In the periods ended 30 June 2020, 30 June 2019 and 31 December 2019 there were share options in issue which could potentially have a dilutive impact, but as the Group was loss making they were anti-dilutive for each period and therefore the weighted average number of ordinary shares for the purpose of the basic and dilutive loss per share were the same.

7. INTANGIBLE ASSETS

The net book value of intangible assets at 30 June 2019 includes intellectual property and brands acquired with IML and IUL totalling £1,393,753 (31 December 2019: £1,640,317 30 June 2019: £1,888,014). The remaining net book value of intangible assets in each period were made up of development costs capitalised.

8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Unaudited 30 June 2020 £'000	Unaudited 30 June 2019 £'000	Audited 31 December 2019 £'000
Trade payables	498	420	716
Taxation and social security	23	78	81
Accruals	640	721	764
Warrants	40	40	40
Other	15	43	69
	1,216	1,302	1,670

9. SHARE CAPITAL

Allotted, issued and fully paid:	No.	£'000
Ordinary shares of 1p each		
Balance at 30 June 2019	156,627,749	1,566
Shares issued for cash	63,369,043	634
Balance at 31 December 2019	219,996,792	2,200
Shares issued for cash	49,400,000	494
Balance at 30 June 2020	269,396,792	**2,694**

On 17 April 2020 the Company placed 49,400,000 newly issued shares of 1 pence each in the capital of the Company at a price of 10.5 pence per share. Share issue costs of £352k have been netted off against the share premium arising on the new share issue.

10. INTERIM ANNOUNCEMENT

A copy of this report will be posted on the Company's website at www.intelligentultrasound.com