For immediate release **18 September 2018**

Frontier Smart Technologies Group Limited

(‘Frontier’, the ‘Group’ or the ‘Company’)

Half-Year Results

Frontier Smart Technologies Group Limited (AIM: FST), a pioneer in technologies for Digital Radio and Smart Audio devices, announces its half-year results for the six months ended 30 June 2018 (‘H1-2018’ or the ‘period’).

Highlights

- Results for H1-2018 are in line with the Group’s trading update issued in July 2018. The comparative period in 2017 was exceptionally strong. In H1-2018:
    - revenues were US$17.0 million (H1-2017: US$25.0 million)
    - adjusted EBITDA[1] loss was US$2.1 million (H1-2017: profit US$1.4 million)
    - period end cash was US$3.4 million (30 June 2017: US$6.3 million)
    - net debt was US$3.2 million (30 June 2017: net cash US$1.7 million)

Outlook

- Digital Radio EBITDA is expected to improve in H2-2018 as sales volumes recover in line with underlying market growth
- Smart Audio EBITDA losses are expected to reduce sharply in H2-2018 due to lower R&D expenditure and operational costs
- The Board anticipates an improved second half and the achievement of full year market expectations for EBITDA

Strategy

- The Board remains fully focused on maximising shareholder value and is committed to improving the Group’s cash generation and profitability in 2019
- To support this, the Group’s key operational and strategic aims are:
    - in Digital Radio, to maximise positive cashflows
    - in Smart Audio, to deliver positive EBITDA in FY-2019 by tightly controlling R&D expenditure and leveraging important ecosystem relationships
    - to exploit Frontier’s respected multi-ecosystem software and cloud assets via the Group’s newly established Licensing and Services business unit, which will address the

significant growth opportunities in Smart Audio and Smart IoT. Recent agreements with Amazon and NXP are strong initial validations of this approach

- As part of its Group strategy, Frontier has already implemented a cost rationalisation programme, resulting in annualised savings of US$3.4 million.

Anthony Sethill, CEO of Frontier, commented:

"As previously announced, the first half of the year has been challenging but we are now seeing a recovery in order levels and we expect a substantially stronger EBITDA performance in H2-2018.

"The Group's Smart Audio business achieved moderate revenue growth in H1-2018 and we expect a significant reduction in the losses for Smart Audio in the second half of the year as we control costs by reducing our investment in R&D.

"To support the Group's longer-term strategy, we have established a new Licensing and Services business unit, which is focused on licensing the Group's existing software and cloud assets to the broader Smart IoT market, including the Smart Audio vertical. In addition to our relationship with Google we have recently announced collaboration agreements with Amazon and NXP, which will support this business unit. We expect Licensing and Services to deliver its first revenues in 2019."

Notes:

[1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and before share-based payments and restructuring charges.

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About Frontier

Frontier Smart Technologies Group is a pioneer in technologies for Digital Radio and Smart Audio. Customers include many leading consumer audio brands: Bose, Denon, harman/kardon, JBL, Onkyo, Panasonic, Sony, Yamaha, Altec Lansing, Blaupunkt, Grundig, Hama, Klipsch, Marshall, Pioneer, Pure, Roberts, TechniSat, Teufel and many more. Established in 2001, the Group is headquartered in London, with engineering, sales, marketing and operations teams in Cambridge, Timisoara (Romania), Hong Kong, and Shenzhen.

Forward-looking statements

Certain statements made in this release are forward-looking statements. Such statements have been made by the Directors in good faith using information available up until the date that they approved this update. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this announcement via a regulatory information service, this inside information is now considered to be in the public domain.

Overview of H1-2018 performance

Following exceptionally strong results achieved in H1-2017 driven, in the main, by the Norwegian switch-over, the Group's financial performance in H1-2018 was disappointing. Revenues of US$17.0 million were down 32% (H1-2017: US$25.0 million) and the adjusted EBITDA loss was US$2.1 million (H1-2017: EBITDA of US$1.4 million). The decline in EBITDA is partly attributable to exchange rate fluctuations, in constant currency terms, the H1-2018 EBITDA loss would have been US$0.4 million lower at US$1.7 million. Excluding the impact of Norway, the underlying performance of the retail markets for devices enabled by Frontier's solutions was broadly positive.

Digital Radio sales in H1-2017 were about 10% higher than would have been expected had it not been for the switch-off of FM in Norway. With the switch-off completing in December 2017, a fall in Digital Radio revenues in H1-2018 was expected. However, in practice the decline was significantly steeper than forecast, down 36% to US$14.9 million (H1-2017: US$23.1 million), due to customers holding excess stock at the beginning of 2018. This had a particular impact on sales in Q2-2018. Since the end of the period volumes have started to recover, underpinned by steady growth in retail DAB markets across most of Europe. In H1-2018, EBITDA for the Digital Radio business, excluding any allocation of Group overheads, was US$3.0 million (H1-2017: US$6.4 million).

Smart Audio revenues in H1-2018 were up 19% to US$2.2 million (H1-2017: US$1.8 million). Revenues were generated by sales of the Group's Minuet module with Google Chromecast built-in and design services fees for customer-specific projects. Customers include Zound, Altec Lansing and Harman JBL.

Growth in this sector has been slower than expected. The market for smart audio devices, such as smart speakers, soundbars and AVRs, from third party brands which are Frontier's target customers, has been constrained by the promotional strategies of Google and Amazon, who have focused heavily on driving sales of their first party products. These difficult trading conditions, combined with the costs associated with the closing stages of the Group's major Smart Audio R&D programme, contributed to an unchanged H1-2018 EBITDA loss for the business line of US$4.7 million (H1-2017: loss of US$4.7 million).

Whilst the market conditions for Smart Audio have been difficult, the Board believes that the Group is well-positioned to address the longer-term opportunities in this sector. Frontier is currently the only system integrator to support all three major ecosystems (Google, Amazon and Apple). The Group's first voice-enabled solution, Minuet with Google Assistant, reached mass production in Q2-

2018. In Q3-2018, Frontier launched its new 'Works With' solution, which will allow Smart Audio products without their own built-in microphones to be controlled via voice-enabled devices from Google, Amazon and Apple.

The Group has also announced two important new strategic relationships since the end of the period. In August 2018 Frontier was approved by Amazon as an official Alexa Voice Services solution provider. As a result, Frontier is now able to work with third-party brands and manufacturers to integrate Alexa into smart audio devices and other smart IoT products, such as home automation, smart appliances and security systems.

The Group has also announced an agreement with NXP, a global semiconductor manufacturer, to collaborate on software licensing to customers in Smart Audio and IoT. In the audio space, the initial focus of this collaboration will include soundbars, where NXP's silicon enables mainstream devices to include previously high-end features at cost-effective prices. In Smart IoT, the two companies plan to work together on home appliances, such as air conditioners and home appliances, where voice control is an attractive feature and where there are also exist significant audio challenges, due to the noise levels produced by those devices.

During the period, the Group restructured its third-party debt, converting the US$6.9 million term loan into a three-year revolving credit facility.

In order to address the impact of the adverse trading conditions in H1-2018 and the reduced short-term growth prospects for Smart Audio, the Board undertook a cost rationalisation programme in May 2018 that resulted in an annualised reduction in R&D and overhead cost of US$3.4 million against budget. The charges associated with this restructuring amounted to US$0.2 million in the first half and are recorded below EBITDA.

Prospects

The Digital Radio business is expected to generate strong positive cashflows for the foreseeable future. In the second half of 2018, sales volumes are expected to return to more normalised patterns, i.e. a stronger performance than in H1-2018. The key engine of growth is continental Europe, where growth is being driven by Germany, Netherlands, France, Belgium, Italy and Denmark. Switzerland is the next country to switch off its FM signals, which is expected in 2020-24. R&D expenditure for Digital Radio will be tightly managed and will continue to be focused on retaining the Group's market leadership and sustaining strong positive cashflows.

As mentioned above, the Smart Audio business has to date been constrained by the support given by the major ecosystem players to their first party products. In light of these market conditions, and following the completion of the major phase of investment in its multi-ecosystem platform, the Group has significantly reduced its expenditure in Smart Audio R&D. This business line is expected to remain loss-making in H2-2018, but with losses significantly lower than in H1-2018.

The Group has recently established a new Licensing and Services business unit, which will leverage existing software and cloud assets to address opportunities in Smart Audio and the broader non-audio Smart IOT market. Software licensing is likely to appeal to larger brands and ODMs. Frontier's recently announced agreements with NXP and Amazon are important elements in this strategy. The development of a Licensing and Services business unit should promote a more resilient revenue stream and reduce the Group's exposure to inventory risk and fluctuating component prices. This business line is expected to generate its first revenues in 2019.

The Board

Dr Martin Knight, Chairman of the Board, and Chris Batterham, Non-Executive Director, announced in March that they would be stepping down from the Board in April 2018. Also in March 2018, the Group announced that Sir Hossein Yassaie was joining the Board as Non-Executive Director with immediate effect. At the same time the Group announced that it had initiated a search to identify further candidates to join the Board, including for the role of Chairman. In July 2018, Paul Taylor was appointed to the Group's Board as a Non-Executive Director and Chair of the Audit Committee. The search for a new Chairman remains ongoing.

Outlook

The Board expects an improved second half and achievement of the full year market expectations for EBITDA. Digital Radio EBITDA is expected to improve in H2-2018 as sales volumes recover in line with underlying market growth. Smart Audio EBITDA losses are expected to reduce sharply in H2-2018 due to lower R&D expenditure and operational costs.

Financial Review

H1-2018 revenues of US$17.0 million were down 32% year-on-year (H1-2017: US$25.0 million). EBITDA loss for H1-2018 was US$2.1 million (H1-2017: EBITDA of US$1.4 million). The decline in EBITDA was due to a halving of Digital Radio EBITDA to US$3.0 million (H1-2017: US$6.4 million), which was directly attributable to the impact of FM switch-off in Norway.

Smart Audio returned an unchanged EBITDA loss of US$4.7 million (H1-2017: US$4.7 million).

The Group achieved gross margin of US$7.1 million (H1-2017: US$10.2 million). In percentage terms, gross margin rose slightly from 41% to 42% of revenues, due to a small improvement in Smart Audio margins.

R&D expenditure increased by 28% to US$ 4.6 million (H1-2017: US$ 3.6 million) due to an increase in spending on Smart Audio. This was partially offset by a reduction in the Group's sales and administrative expenses to US$4.7 million (H1-2017: US$5.2 million).

EBITDA can be calculated as:

	H1-2018 US$'000	H1-2017 US$'000
Revenue	**17,042**	24,966
Cost of sales	**(9,906)**	(14,733)
Gross margin	**7,136**	10,233
Research and development	**(4,563)**	(3,626)
Sales and administrative expenses	**(4,683)**	(5,221)
EBITDA	**(2,110)**	1,386

Below EBITDA, the Group reports interest, tax and depreciation and in the first half of 2018 a restructuring charge of US$234,000.

At 30 June 2018, the Group's gross cash balance was US$3.4 million (31 December 2017: US$7.9 million; 30 June 2017: US$6.3 million). This equates to a net cash position of US$(3.2) million (31 December 2017: net cash US$4.0 million; 30 June 2017: US$1.8 million). Cash has reduced in the first half, due to weaker trading but also due to a build-up in inventory to hedge against expected future component cost increases.

Group pre-tax loss was US$4.5 million (2017: loss US$0.9 million) with a loss per share of 10.86 cents (2017: loss 3.59 cents).

Anthony Sethill

Chief Executive Officer

18 September 2018

Consolidated Condensed Statement of Comprehensive Income
for the period ended 30 June 2018

	Note	Unaudited six months ended 30 June 2018	Unaudited six months ended 30 June 2017	Audited year ended 31 December 2017
		$'000	$'000	$'000
Revenue	**3**	**17,042**	24,966	52,978
Cost of sales		**(9,906)**	(14,733)	(31,167)
Gross profit		**7,136**	10,233	21,811
Research & development		**(4,563)**	(3,626)	(8,470)
Sales & administrative expenses		**(4,683)**	(5,221)	(10,875)
EBITDA		**(2,110)**	1,386	2,466
Non-recurring costs		**(234)**	-	-
Amortisation		**(1,261)**	(1,491)	(3,025)
Depreciation		**(214)**	(190)	(377)
Share based payment		**(279)**	(450)	(793)
Total administrative expenses		**(11,234)**	(10,978)	(23,540)
Operating loss		**(4,098)**	(745)	(1,729)
Finance income		**1**	7	11
Finance charges		**(394)**	(187)	(362)
Loss before taxation		**(4,491)**	(925)	(2,080)
Taxation		**(154)**	(611)	(392)
Loss for the Period		**(4,645)**	(1,536)	(2,472)
Other comprehensive income/ (expense)				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		**(384)**	1,160	1,942
Other comprehensive income/(expense) for the period		**(384)**	1,160	1,942
Total comprehensive loss for the period		**(5,029)**	(376)	(530)

Loss per share				
Basic & diluted earnings per share				
- From continuing operations	**4**	**(10.86)c**	(3.59)c	(5.78)c

Consolidated Condensed Statement of Financial Position at 30 June 2018

	Note	Unaudited 30 June 2018	Unaudited 30 June 2017	Audited 31 December 2017	Audited 31 December 2016
Assets		**$'000**	**$'000**	**$'000**	**$'000**
Non-current assets					
Goodwill	**5**	**11,273**	11,088	11,548	10,548
Other intangible assets	**6**	**6,999**	9,545	8,372	10,516
Property, plant and equipment		**579**	441	411	496
		18,851	21,074	20,331	21,560
Current assets					
Inventories		**6,253**	5,396	4,784	3,198
Tax receivable		**170**	415	170	1,388
Trade and other receivables	**7**	**7,458**	6,090	4,408	10,144
Cash and cash equivalents		**3,385**	6,256	7,920	4,172
Total current assets		**17,266**	18,157	17,282	18,902
Total assets		**36,117**	39,231	37,613	40,462
Liabilities					
Current liabilities					
Trade and other payables	**8**	**18,646**	14,232	15,400	14,966
Total current liabilities		**18,646**	14,232	15,400	14,966
Other liabilities > 1 year	**9**	**-**	2,976	-	3,549
Total liabilities		**18,646**	17,208	15,400	18,515
Equity					
Share capital	**10**	**6,844**	6,835	6,836	6,833
Share premium		**187,971**	187,971	187,971	187,971
Share based payment reserve		**9,300**	8,678	9,021	8,228
Foreign exchange reserve		**(9,409)**	(9,807)	(9,025)	(10,967)
Retained earnings		**(177,235)**	(171,654)	(172,590)	(170,118)
Total equity		**17,471**	22,023	22,213	21,947
Total equity and liabilities		**36,117**	39,231	37,613	40,462

Consolidated Condensed Statement of Changes in Equity at 30 June 2018

	Share capital $'000	Share premium $'000	Share based payment reserve $'000	Retained earnings $'000	Foreign exchange reserve $'000	Total equity $'000
At 1 January 2018	6,836	187,971	9,021	(172,590)	(9,025)	22,213
Share-based payments	-	-	279	-	-	279
Issue of share capital	8	-	-	-	-	8
Transactions with owners	8	-	279	-	-	287
Loss for the period	-	-	-	(4,645)	-	(4,645)
Other comprehensive losses						
Exchange differences on translating foreign operations	-	-	-	-	(384)	(384)
Total comprehensive loss	-	-	-	(4,645)	(384)	(5,029)
At 30 June 2018	6,844	187,971	9,300	(177,235)	(9,409)	17,471

Consolidated Condensed Statement of Changes in Equity
for the period ended 30 June 2017

	Share capital $'000	Share premium $'000	Share based payment reserve $'000	Retained earnings $'000	Foreign exchange reserve $'000	Total equity $'000
At 1 January 2017	6,833	187,971	8,228	(170,118)	(10,967)	21,947
Share-based payments	-	-	450	-	-	450
Issue of share capital	2	-	-	-	-	2
Transactions with owners	2	-	450	-	-	452
Loss for the period	-	-	-	(1,536)	-	(1,536)
Other comprehensive losses						
Exchange differences on translating foreign operations	-	-	-	-	1,160	1,160
Total comprehensive loss	-	-	-	(1,536)	1,160	(376)
At 30 June 2017	6,835	187,971	8,678	(171,654)	(9,807)	22,023

Consolidated Condensed Statement of Changes in Equity
for the period ended 31 December 2017

	Share capital $'000	Share premium $'000	Share based payment reserve $'000	Retained earnings $'000	Foreign exchange reserve $'000	Total equity $'000
At 1 January 2017	6,833	187,971	8,228	(170,118)	(10,967)	21,947
Share-based payments	-	-	793	-	-	793
Issue of share capital	3	-	-	-	-	3
Transactions with owners	3	-	793	-	-	796
Loss for the period	-	-	-	(2,472)	-	(2,472)
Other comprehensive losses						
Exchange differences on translating foreign operations	-	-	-	-	1,942	1,942
Total comprehensive loss	-	-	-	(2,472)	1,942	(530)
At 31 December 2017	6,836	187,971	9,021	(172,590)	(9,025)	22,213

Consolidated Condensed Cash Flow Statement
for the period ended 30 June 2018

	Unaudited six months ended 30 June 2018 $'000	Unaudited six months ended 30 June 2017 $'000	Audited year ended 31 December 2017 $'000
Cash flows from operating activities			
Loss before taxation	**(4,491)**	(925)	(2,080)
Amortisation	**1,261**	1,491	3,025
Depreciation	**214**	190	377
Share based payments	**279**	450	793
Net interest paid	**393**	180	351
Increase in inventories	**(1,469)**	(2,198)	(1,586)
Decrease/ (increase) in trade and other receivables	**(3,050)**	4,370	5,742
(Decrease)/ increase in trade and other payables	**520**	(1,153)	(1,934)
Foreign exchange movements	**55**	118	94
Tax refund	**-**	657	1,212
Net cash (outflow) / inflow from continuing operations	**(6,288)**	3,180	5,994
Cash flow from investing activities			
Purchase of property, plant and equipment	**(397)**	(126)	(298)
Purchase on intangible assets	**(37)**	(27)	(27)
Net cash (used in) investing activities	**(434)**	(153)	(325)
Cash flow from financing activities			
Loan repayments	**(420)**	(765)	(1,573)
Loan drawdown	**2,992**	-	-
Proceeds from issue of share capital	**8**	2	3
Loan interest payable	**(394)**	(187)	(362)
Interest receivable	**1**	7	11
Net cash provided by/ (used in) financing activities	**2,187**	(943)	(1,921)
Net change in cash and cash equivalents	**(4,535)**	2,084	3,748
Cash and cash equivalents at beginning of period	**7,920**	4,172	4,172
Cash and cash equivalents at end of period	**3,385**	6,256	7,920

Condensed Notes to the Interim Report
For the period ended 30 June 2018

1. Nature of operations and general information

Frontier Smart Technologies Group Limited and subsidiaries' (the 'Group') principal activity is that of commercial exploitation of wireless infrastructure technologies with commercial propositions for the consumer electronic sector.

Frontier Smart Technologies Group Limited is the Group's ultimate parent company. It is incorporated in the Cayman Islands. The address of Frontier Smart Technologies Group Limited's registered office is Elgin House, 119 Elgin Avenue, George Town, Grand Cayman, Cayman Islands. Frontier Smart Technologies Group Limited's shares are listed on the Alternative Investment Market of the London Stock Exchange. Frontier Smart Technologies Group Limited's consolidated condensed interim financial statements are presented in US Dollars ($).

The financial information set out in this interim report does not constitute statutory accounts. The interim financial statements have not been audited or reviewed by the Group's auditor. The Group's statutory financial statements for the year ended 31 December 2017 are available from the Group's website. The auditor's report on those financial statements was unqualified.

2. Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2018. They have been prepared following the recognition and measurement principles of IFRS 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. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

These financial statements have been prepared on the going concern basis and under the historical cost convention.

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2017 except for the adoption of new standards as described below

New Standards adopted as at 1 January 2018

The group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. Following a review of all revenue streams it has been determined that no opening adjustments with respect to the adoption of IFRS 15 are required.

IFRS 9 'Financial Instruments'
IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

Change in presentation and functional currency

From 1 January 2018 the Group has changed its presentation currency to US dollars. Comparative information has been restated in US dollars in accordance with the guidance defined in IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The 2017 interim and full year income statements and associated notes have been translated from pounds sterling to US dollars using the procedures outlined below:

- Assets and liabilities were translated into US dollars at closing rates of exchange for that period. Trading results were translated into US Dollars at average rates of exchange. Differences resulting from the retranslation on the opening net assets and the results for the year have been taken to reserves;
- Share capital, share premiums and other reserves were translated at historic rates prevailing at the dates of transactions; and
- All exchange rates used were extracted from the Group's underlying financial records.

IAS 21 describes functional currency as 'the currency of the primary economic environment in which entity operates'. The Board determined the functional currency of Frontier Silicon Limited had changed to US dollars, effective 1 January 2018.

Historically, the Group has used sterling as its presentational currency and as the functional currency of its principal subsidiary Frontier Silicon Limited. The Board has determined that it would be more appropriate to record the underlying transactions of Frontier Silicon Limited in dollars from 1 January 2018 and to change the presentational currency to US dollars.

The main factor behind this change is that the Group reported its first positive EBITDA in 2017 and the continuing outlook for EBITDA is of sustainable positive growth. Revenue and of cost of sales are predominantly in US dollars, the cessation of silicon development has led to sterling overheads for the company having fallen as a proportion of revenue. During the latter half of 2017 an increased level of trading activity arose from customers based in the USA and this is expected to continue for the foreseeable future. This has resulted in the US dollar having a greater importance on the activities of the Group and the Income Statement of Frontier Silicon Limited.
The Group's board determined that the functional currency of its principal operating entity had permanently changed to US dollars, effective 1 January 2018. In accordance with IAS 21 this change has been accounted for prospectively from this date.

3. Revenue by sector

	Unaudited 30 June 2017 $'000	Unaudited 30 June 2017 $'000	Audited 31 December 2017 $'000
Radio	14,862	23,135	46,830
Smart Audio	2,180	1,831	6,148
Revenue	17,042	24,966	52,978

Segmental information

Management currently identifies three divisions as operating segments.

For the period ended 30 June 2018	Radio $'000	Smart Audio $'000	Group $'000	Total $'000
Revenue	14,862	2,180	-	17,042
Cost of sales	(8,647)	(1,259)	-	(9,906)
Gross profit	6,215	921	-	7,136
Research & development	(976)	(3,587)	-	(4,563)
Sales & administrative expenses – other	(2,218)	(1,995)	(470)	(4,683)
EBITDA	3,021	(4,661)	(470)	(2,110)
Non-recurring costs	-	-	(234)	(234)
Amortisation of intellectual property	(1,261)	-	-	(1,261)
Depreciation	(171)	(43)	-	(214)
Share based payment	-	-	(279)	(279)
Total administrative expenses	(4,626)	(5,625)	(983)	(11,234)
Profit/ (loss) from continuing operations	1,589	(4,704)	(983)	(4,098)
Net finance payable	1	-	(394)	(393)
Profit/ (loss) before taxation	1,590	(4,704)	(1,377)	(4,491)

For the period ended 30 June 2017	Radio $'000	Smart Audio $'000	Group $'000	Total $'000
Revenue	23,135	1,831	-	24,966
Cost of sales	(13,239)	(1,494)	-	(14,733)
Gross profit	9,896	337	-	10,233
Research & development	(1,107)	(2,519)	-	(3,626)
Sales & administrative expenses – other	(2,388)	(2,467)	(366)	(5,221)
EBITDA	6,401	(4,649)	(366)	1,386
Amortisation of intellectual property	(1,487)	(4)	-	(1,491)
Depreciation	(152)	(38)	-	(190)
Share based payment	-	-	(450)	(450)
Total administrative expenses	(5,134)	(5,028)	(816)	(10,978)
Profit/ (loss) from continuing operations	4,762	(4,691)	(816)	(745)
Net finance payable	7	-	(187)	(180)
Profit/ (loss) before taxation	4,769	(4,691)	(1,003)	(925)

For the period ended 31 December 2017	Radio $'000	Smart Audio $'000	Group $'000	Total $'000
Revenue	46,830	6,148	-	52,978
Cost of sales	(26,924)	(4,243)	-	(31,167)
Gross profit	19,906	1,905	-	21,811
Research & development	(2,319)	(6,151)	-	(8,470)
Sales & administrative expenses – other	(5,324)	(4,876)	(675)	(10,875)
EBITDA	12,263	(9,122)	(675)	2,466
Amortisation of intellectual property	(3,015)	(10)	-	(3,025)
Depreciation	(306)	(71)	-	(377)
Share based payment	-	-	(793)	(793)
Total administrative expenses	(10,964)	(11,108)	(1,468)	(23,540)
Profit/ (loss) from continuing operations	8,942	(9,203)	(1,468)	(1,729)
Net finance payable	11	-	(362)	(351)
Profit/ (loss) before taxation	8,953	(9,203)	(1,830)	(2,080)

4. Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The impact of the share options on the loss per share is anti-dilutive.

	Unaudited Six months ended 30 June 2018 $'000	**Unaudited Six months ended 30 June 2017 $'000**	**Audited Year ended 31 December 2017 $'000**
Loss for the period attributable to equity shareholders	$4,645	$1,536	$2,472
Weighted average number of 10p ordinary shares	42,784,343	42,751,710	42,758,145
(Loss) per share - basic and diluted	(10.86)c	(3.59)c	(5.78)c

5. Goodwill

	Frontier Silicon $'000	Frontier Microsystems $'000	Total $'000
Cost			
At 1 January 2017	10,548	7,354	17,902
Foreign exchange in period	540	376	916
Additions	-	-	-
At 30 June 2017	11,088	7,730	18,818
Foreign exchange in period	460	321	781
Additions	-	-	-
At 31 December 2017	11,548	8,051	19,599
Foreign exchange in period	(275)	-	(275)
Disposals	-	-	-
At 30 June 2018	11,273	8,051	19,324
Impairment			
At 1 January 2017	-	7,354	7,354
Foreign exchange in period	-	376	376
At 30 June 2017	-	7,730	7,730
Foreign exchange in period	-	321	321
At 31 December 2017	-	8,051	8,051
Disposals	-	-	-
At 30 June 2018	-	8,051	8,051
Net book amount at 30 June 2018	11,273		11,273
Net book amount at 30 June 2017	11,088	-	11,088
Net book amount at 31 December 2017	11,548	-	11,548

6. Other intangible assets

	Marketing intellectual property $’000	Customer intellectual property $’000	Other intellectual property $'000	Licence & Development fees $'000	Total $'000
Cost					
At 1 January 2017	4,943	2,088	12,609	19,559	39,199
Foreign exchange on opening balances	253	107	646	1,001	2,007
Additions	-	-	-	27	27
Disposals	-	-	-	-	-
At 30 June 2017	5,196	2,195	13,255	20,587	41,233
Foreign exchange on opening balances	215	91	548	854	1,708
Additions	-	-	-	-	-
Disposals	-	-	-	(14)	(14)
At 31 December 2017	5,411	2,286	13,803	21,427	42,927
Foreign exchange on opening balances	(129)	(54)	(329)	166	(346)
Additions	-	-	-	37	37
Disposals	-	-	-	(19,393)	(19,393)
At 30 June 2018	5,282	2,232	13,474	2,237	23,225
Amortisation					
At 1 January 2017	2,141	755	6,868	18,919	28,683
Foreign exchange on opening balances	118	42	375	979	1,514
Charge in period	252	88	800	351	1,491
Disposals	-	-	-	-	-
At 30 June 2017	2,511	885	8,043	20,249	31,688
Foreign exchange on opening balances	111	38	353	845	1,347
Charge period	264	94	838	338	1,534
Disposals	-	-	-	(14)	(14)
At 31 December 2017	2,886	1,017	9,234	21,418	34,555
Foreign exchange on opening balances	(80)	(28)	(255)	166	(197)
Charge in period	275	96	873	17	1,261
Disposals	-	-	-	(19,393)	(19,393)
At 30 June 2018	3,081	1,085	9,852	2,208	16,226
Net book amount at 30 June 2018	2,201	1,147	3,622	29	6,999
Net Book amount at 30 June 2017	2,685	1,310	5,212	338	9,545
Net book amount at 31 December 2017	2,525	1,269	4,569	9	8,372

Intellectual property

Intellectual property relates to the valuation of beneficial licence agreements, trade names and customer relationships at the date of their original acquisition.

Licence & development fees

The licences relate to technology on new projects essential to the future development of the new generation digital chips. The licences will be amortised in accordance with the Group accounting policy and will be subject to an annual impairment review.

Marketing

Marketing-related intangible assets are defined as those assets that are primarily used in the marketing or promotion of products and services. The Frontier solutions are well known and preferred by a majority of the consumer electronic brands who specifically instruct their manufacturers to use Frontier modules and solutions in their audio systems.

Customer relationships

Customer-related intangible assets may consist of customer lists, order or production backlogs, customer contracts and relationships, and non-contractual customer relationships. Frontier has developed relationships with both consumer electronic brands and manufacturers. The customer relationship valuation captures the economic benefits of having these trading relationships.

7. Trade and other receivables

	Unaudited 30 June 2018 $'000	Unaudited 30 June 2017 $'000	Audited 31 December 2017 $'000
Trade receivables	5,339	4,404	2,919
Other debtors	854	1,114	823
Prepayments and accrued income	1,265	572	666
Trade and other receivables	7,458	6,090	4,408

Trade and other receivables are usually due within 30 - 60 days and do not bear any effective interest rate.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

8. Trade and other payables

	Unaudited 30 June 2018 $'000	Unaudited 30 June 2017 $'000	Audited 31 December 2017 $'000
Trade payables	7,353	7,112	4,340
Other payables	1,391	978	1,270
Accruals and deferred income	3,364	4,635	5,905
Loan	6,538	1,507	3,885
Trade and other payables	18,646	14,232	15,400

9. Creditors: amounts falling due after more than one year

	Unaudited 30 June 2018 $'000	Unaudited 30 June 2017 $'000	Audited 31 December 2017 $'000
Loan	-	2,976	-
Loan	-	2,976	-

Loan

Frontier Smart Technologies Group Limited entered into a loan facility agreement in October 2015 for a maximum of £5,000,000. The loan accrued interest monthly at 6.25% above three-month LIBOR with interest repayable in 12 quarterly instalments commencing 29 December 2015. Capital repayments were payable quarterly in ten instalments commencing March 2016, made up of nine instalments of £300,000 and a final instalment of £2,300,000. The loan carried a fixed and floating charge over all the property, assets and undertakings of the Group.

This loan was repaid on 23 May 2018 and replaced by a new revolving credit facility with Clydesdale of £5,000,000 over three years. The facility accrues interest monthly at 4.75% above three-month LIBOR with interest repayable quarterly, interest on any amount not drawn down is 1.9%. The loan carries a fixed and floating charge over all the property, assets and undertakings of the Group.

10. Share capital

	Unaudited 30 June 2018	Unaudited 30 June 2017	Audited 31 December 2017
Authorised			
100,000,000 ordinary shares of 10p	10,000,000	10,000,000	10,000,000
Allotted, issued and fully paid	42,825,554	42,761,636	42,766,171
$	6,843,975	6,835,175	6,836,352

The movement in the number of shares is as follows:

	Number of ordinary shares
At 1 January 2017	42,748,464
Shares issued	13,172
At 30 June 2017	42,761,636
Shares issued	4,535
At 31 December 2017	42,766,171
Shares issued	59,383
At 30 June 2018	42,825,554

All shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders with the exception of 2,124,627 shares held jointly by the Employee Benefit Trust and participants for the purpose of the Company's joint share ownership plan in relation to which all voting rights have been waived.

Allotments

12 March 2018 3,245 ordinary shares of 10p were issued in relation to the exercise of share options by employees.

3 April 2018 33,113 ordinary shares of 10p were issued in relation to the exercise of share options by employees.

8 May 2018 20,400 ordinary shares of 10p were issued in relation to the exercise of share options by employees.

4 June 2018 2,625 ordinary shares of 10p were issued in relation to the exercise of share options by employees.

11. Financial Instruments

The Group uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

Financial assets by category

The IAS 39 categories of financial asset included in the balance sheet and the headings in which they are included are as follows:

30 June 2018

	Loans and receivables $'000	Non financial assets $'000	Balance sheet total $'000
Goodwill	-	11,273	11,273
Other intangibles assets	-	6,999	6,999
Property, plant and equipment	-	579	579
Inventories	-	6,253	6,253
Trade receivables	5,339	-	5,339
Other receivables	854	-	854
Prepayments and accrued income	1,265	-	1,265
Tax receivable	170	-	170
Cash and cash equivalents	3,385	-	3,385
Total	11,013	25,104	36,117

30 June 2017

	Loans and receivables $'000	Non financial assets $'000	Balance sheet total $'000
Goodwill	-	11,088	11,088
Other intangibles assets	-	9,545	9,545
Property, plant and equipment	-	441	441
Inventories	-	5,396	5,396
Trade receivables	4,404	-	4,404
Other receivables	1,114	-	1,114
Prepayments and accrued income	-	572	572
Tax receivable	-	415	415
Cash and cash equivalents	6,256	-	6,256
Total	11,774	27,457	39,231

31 December 2017

	Loans and receivables $'000	Non financial assets $'000	Balance sheet total $'000
Goodwill	-	11,548	11,548
Other intangibles assets	-	8,372	8,372
Property, plant and equipment	-	411	411
Inventories	-	4,784	4,784
Trade receivables	2,919	-	2,919
Other receivables	823	-	823
Prepayments and accrued income	-	666	666
Tax receivable	-	170	170
Cash and cash equivalents	7,920	-	7,920
Total	11,662	25,951	37,613

Financial liabilities by category

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	Unaudited 30 June 2018	Unaudited 30 June 2018	Unaudited 30 June 2017	Unaudited 30 June 2017	Audited 31 December 2017	Audited 31 December 2017
	Other financial liabilities at amortised cost $'000	Fair Value $'000	Other financial liabilities at amortised cost $'000	Fair Value $'000	Other financial liabilities at amortised cost $'000	Fair Value $'000
Trade payables	7,353	7,353	7,112	7,112	4,340	4,340
Other payables	1,391	1,391	978	978	1,270	1,270
Accruals and deferred income	3,364	3,364	4,635	4,635	5,905	5,905
Loan	6,538	6,538	4,483	4,483	3,885	3,885
Total	18,646	18,646	17,208	17,208	15,400	15,400

All financial assets and liabilities are stated at amortised cost.

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, recoverable taxation and cash and cash equivalents. The amounts presented in the balance sheet are net of any allowance for doubtful receivables, estimated by the Directors. The Group has a concentration of credit risk due to exposure from a limited number of customers. This is managed at the highest level in the Group. Cash at bank is all held with highly rated banks, the suitability of which is periodically reviewed.

Liquidity risk

The Group holds all of its financial assets as cash or cash equivalents which are entirely liquid. Trade receivables are recorded in the normal course of business and have maturities of less than 3 months. The Directors prepare rolling cash flow forecasts and would seek to raise additional funding whenever a shortfall in facilities is forecast. Details of the funding status of the Group are included in the going concern paragraph in the principal accounting policies.

Currency risks

The Group is exposed to translation foreign exchange risk in connection with its investment in Frontier Silicon Ltd whose subsidiaries are Frontier Silicon (Hong Kong) Ltd incorporated in Hong Kong and Frontier Silicon SRL incorporated in Romania. The Group does not hedge any transactions. As a result, the Group is subject to foreign currency risk in respect of accounting for its investment in the subsidiaries.

12. Post Balance Sheet Events

There have been no material events since 30 June 2018.

- Ends -