CORETX Holdings plc
("CORETX", the "Group" or the "Company")

Unaudited interim results for the six months ended 30 June 2017

CORETX Holdings plc (AIM: COR), the mid-market network, cloud and IT managed services provider, today announces its unaudited interim results for the six months ended 30 June 2017. The results include three months contribution from 365ITMS, which was acquired in April 2017.

Highlights

- Acquisition of 365ITMS for an enterprise value of £5.4m to help drive growth in Collaboration (Unified Comms, Contact Centre and Cloud Hosted Telephony)
- Revenues of £29.6m (£19.2m) representing 54% growth (19% growth on a pro forma basis)
- Gross Margins of £11.3m (£8.1m) representing 40% growth (4% growth on a pro forma basis)
- Trading EBITDA* of £3.0m (£2.4m) representing 27% growth (6% growth on a pro forma basis)
- Adjusted EBITDA** of £2.4m (£1.6m) representing 59% growth (16% growth on a pro forma basis)
- Strategic investment of £2.0m in 2017 underway, supporting introduction of new products and services, which includes:-
    - Commissioning of a new 20,000 sq ft purpose built IL3 certified facility in Dartford to support the expansion of CITADEL (Lifecycle) solutions
    - Launch of a range of new Cloud based Voice and Hosted Telephony solutions
    - Developing the new PACT Cyber Security business unit
    - Expanding the Microsoft practice to take advantage of the market opportunity in Office 365, Skype for Business and Azure related services
    - Recruiting specialists to provide consulting services in Voice and Telephony, Cloud Migration, Cyber Security and Lifecycle Management
    - Development of pilot solutions for Hybrid Cloud and Cloud Migration to support future growth in Cloud based services
    - Modernisation of the CORETX MPLS network to improve resilience and lower ongoing operating costs
    - Expansion of the CORETX Learning Cloud to help improve the skills and capabilities of our workforce
- 365ITMS performing in line with expectations
- Secured 34 new logo customers in H1 2017
- Sales pipeline significantly stronger than this time last year
- 24 apprentices now working across the business

Andy Ross, Chief Executive of CORETX, commented:

"Following the work done in 2016 to establish a stable business platform and position CORETX as a leading player in the mid-market, the main focus in the first half of 2017 has been to build out the portfolio of products and services to allow us to drive better organic growth in the future. We have continued to invest in areas where we believe we can achieve better cross-sell opportunities within our existing customer base, and increase our ability to attract larger new logo customers. This organic growth has been supported in the first half by the acquisition of 365ITMS in April 2017, providing a much stronger position in Collaboration (Unified Comms, Contact Centre, Hosted Voice and Telephony).

We have also continued to invest in our people, expanding the CORETX Learning Cloud to ensure our employees have the right level of technical and managerial expertise and recruiting a number of experienced consultants to help facilitate a much deeper engagement with customers in each of our strategic growth areas of Cloud, Collaboration, Cyber Security and Lifecycle Management.

The sales performance in H1 and the Sales Pipeline are both significantly stronger than this time last year, and I am confident that we are in a better competitive position as we move into the second half of 2017. Demand in

H1 2017 for our Private Cloud platform has exceeded that seen in the whole of 2016 and we are also working on a new approach to delivering platform-agnostic Hybrid Cloud solutions for customers.

In January 2017 we announced two large CITADEL (Lifecycle) contract wins with both contracts due to start immediately and run throughout 2017. However, due to circumstances beyond our control, one of these contracts is not due to properly commence until H2 2017 and, whilst this is likely to have a material impact on the current financial year, the contract is expected to now be materially larger than originally anticipated.

Also, in the first half of 2017 we decided to make a strategic investment of £750k to build and launch a new business unit called PACT (Protecting Against Cyber Threats) that will deliver a range of cloud based solutions to help customers protect against cyber-crime. We chose to build PACT rather than pay a significant premium to buy an existing Cyber Security services business as we believe this approach will create much better long-term value for shareholders. Encouragingly, we have already secured a number of new logo customer wins and expect the PACT business to continue to grow and become profitable by the end of H1 2018."

Jonathan Watts, Chairman of CORETX, commented:

"Having laid the foundations in 2016 to become a leading supplier in the Managed Services, Cloud and connectivity space to the mid-market the focus in 2017 is to enhance and extend our portfolio of products and services to meet the evolving needs of our customers and in so doing drive better organic growth. This includes long term strategic investment in building Cloud Migration and Management capability, Collaboration, CITADEL and Cyber Security solutions that make us more competitive in the market. It is very encouraging to have signed up 34 new name customers in H1 2017, a higher number than we achieved over the full year in 2016.

Following the strategic acquisition of 365ITMS in April 2017 we are continuing to identify further acquisitions that will potentially strengthen our value propositions to customers and help drive scale. The Board is confident that the progress made in H1 2017 will help to support and deliver increased shareholder value in the coming years."

Note:

** Earnings Before Interest, Tax, Depreciation and Amortisation and excludes transaction and integration costs, charges for share-based payments and plc costs*

***Earnings Before Interest, Tax, Depreciation and Amortisation and excludes transaction and integration costs and charges for share-based payments*

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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Further information on the Company can be found at www.coretx.com.

Consolidated Statement of Comprehensive Income

	Note	**Unaudited Six months ended 30 June 2017 £000**	Unaudited Six months ended 30 June 2016 £000	Audited Year ended 31 December 2016 £000
Revenue	3	**29,592**	19,199	43,422
Cost of sales		**(18,313)**	(11,151)	(25,580)
Gross profit		**11,279**	8,048	17,842
Administrative expenses		**(12,730)**	(11,361)	(21,638)
Operating loss		**(1,451)**	(3,313)	(3,796)
Analysed as:				
Adjusted EBITDA*		**2,433**	1,629	4,902
Exceptional items	4	**(447)**	(2,101)	(2,950)
Depreciation of property, plant and equipment		**(1,426)**	(995)	(2,461)
Amortisation of intangible assets		**(1,955)**	(1,753)	(3,079)
Loss on disposal of fixed assets		**-**	(60)	(117)
Charges for share based payments		**(57)**	(33)	(91)
Net financial (costs)		**(149)**	(126)	(301)
(Loss)/profit before taxation		**(1,601)**	(3,439)	(4,097)
Income tax		**306**	232	658
(Loss)/profit for the period from continuing operations attributable to owners of the parent company		**(1,295)**	(3,142)	(3,439)
(Loss)/profit for the period from discontinued operations attributable to owners of the parent company		**-**	(65)	-
(Loss)/profit for the period after taxation		**(1,295)**	(3,207)	(3,439)
Other comprehensive income:				
Items that are or may be classified subsequently to profit or loss:				
Foreign exchange translation differences – equity accounted investments		**2**	36	38
(Loss)/profit for the period and total comprehensive income all attributable to equity holders of the parent		**(1,293)**	(3,171)	(3,401)
Basic and diluted earnings per share				
Basic (pence per share)		**(0.66)**	(1.83)	(1.88)
Diluted (pence per share)		**(0.66)**	(1.83)	(1.88)

* Earnings from continuing operations before interest, tax, depreciation, amortisation, goodwill impairment, share based payments, increase in derivative financial instruments and exceptional costs

Consolidated Statement of Financial Performance

	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Non-current assets			
Intangible assets	**26,164**	60,347	28,045
Goodwill	**37,432**	12,359	32,256
Property, plant and equipment	**13,441**	5,425	13,677
Deferred taxation	**-**	282	-
Financial and other assets	**88**	95	85
	77,126	78,508	74,063
Current assets			
Trade and other receivables	**15,611**	10,297	8,918
Cash and cash equivalents	**336**	468	1,132
	15,947	10,765	10,050
Total assets	**93,073**	89,273	84,113
Current liabilities			
Bank overdraft	**767**	1,962	-
Trade and other payables	**12,204**	8,077	9,036
Deferred income	**7,393**	4,895	5,663
Taxation	**-**	308	9
Finance lease obligations	**507**	1,129	764
Derivative financial instruments	**-**	559	-
Provisions	**1,684**	1,302	2,323
	22,555	18,232	17,795
Non-current liabilities			
Borrowings	**8,175**	3,500	5,411
Finance lease obligations	**297**	255	322
Deferred tax liabilities	**6,199**	12,127	6,503
Provisions	**666**	2,064	666
	15,337	17,946	12,902
Total liabilities	**37,892**	36,178	30,697
Net assets	**55,181**	53,095	53,416
Equity attributable to equity holders of the parent			
Called up share capital	**5,018**	4,773	4,773
Share premium account	**35,439**	32,191	32,684
Other reserves	**(128)**	(132)	(130)
Retained earnings	**14,852**	16,263	16,089
Total equity	**55,181**	53,095	53,416

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Foreign currency translation reserve £000	Total £000
At 1 January 2016	1,780	-	19,437	(168)	21,049
Total comprehensive income for the period					
Loss for the period	-	-	(3,207)	-	(3,207)
Exchange rate differences	-	-	-	36	36
Transactions with owners recorded directly in equity					
Share issue, net of issue costs	2,500	26,814	-	-	29,314
Acquisition of Selection	34	372	-	-	406
Acquisition of C4L	459	5,504	-	-	5,963
Issue of warrants	-	(499)	-	-	(499)
Share based payments	-	-	33	-	33
At 30 June 2016	4,773	32,191	16,263	(132)	53,095
Total comprehensive income for the period					
Loss for the period	-	-	(232)	-	(232)
Exchange rate differences	-	-	-	2	2
Transactions with owners recorded directly in equity					
Share issues	-	493	-	-	493
Share based payments	-	-	58	-	58
At 31 December 2016	**4,773**	**32,684**	**16,089**	**(130)**	**53,416**
Total comprehensive income for the period					
Loss for the period	-	-	(1,295)	-	(1,295)
Exchange rate differences	-	-	-	2	2
Transactions with owners recorded directly in equity					
Acquisition of 365ITMS	245	2,755	-	-	3,000
Share based payments	-	-	58	-	58
At 30 June 2017	**5,018**	**35,439**	**14,852**	**(128)**	**55,181**

Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June 2017 £000	Unaudited Six months ended 30 June 2016 £000	Audited Year ended 31 December 2016 £000
(Loss) for the period	**(1,295)**	(3,207)	(3,439)
Adjustments for:			
Depreciation of property, plant and equipment	**1,426**	995	2,461
Amortisation of intangible assets	**1,955**	1,753	3,079
Net financial costs	**149**	126	301
Equity settled share-based payment expenses	**58**	33	91
Derivative financial instrument expenses	**-**	60	-
Taxation	**(306)**	(232)	(658)
Gain on disposal of property, plant and equipment	**-**	-	117
Other reserve movements	**2**	36	38
	1,989	(436)	1,990
(Increase)/decrease in trade and other receivables	**(6,693)**	(4,211)	(3,559)
Increase/(decrease) in trade and other payables	**4,898**	61	787
Decrease in provisions	**(639)**	(614)	(1,496)
	(445)	(5,200)	(2,278)
Net corporation tax (paid)/recovered	**(9)**	(30)	(151)
Net cash from operating activities	**(454)**	(5,230)	(2,429)
Cash flow from investing activities:			
Interest received	**-**	7	-
Acquisition of 365ITMS, net of cash acquired	**(3,682)**	-	-
Acquisition of Selection, net of cash acquired	**-**	(34,233)	(34,233)
Acquisition of C4L, net of cash acquired	**-**	(14,291)	(14,291)
Acquisition of plant and equipment	**(1,190)**	(904)	(2,601)
Acquisition of other long term assets	**-**	-	(17)
Proceeds from sale of property, plant and equipment	**-**	-	-
Net cash (used in)/from investing activities	**(4,872)**	(49,421)	(51,142)
Cash flows from financing activities:			
Share issue, net of share issue costs	**3,000**	29,314	29,308
Proceeds from borrowings, net of expenses	**1,300**	3,402	5,392
Repayment of loans and other borrowings	**(125)**	(1,494)	(1,494)
Repayment of finance lease obligations	**(282)**	(684)	(982)
Net Interest paid	**(130)**	(129)	(290)
Acquisition of financial and other non-current assets	**-**	(21)	-
Net cash from/(used in) financing activities	**3,763**	30,388	31,934
Net (decrease)/increase in cash and cash equivalents	**(1,563)**	(24,263)	(21,637)
Cash and cash equivalents at beginning of period	**1,132**	22,769	22,769
Cash and cash equivalents at end of period	**(431)**	(1,494)	1,132

Notes to the half-yearly financial information

1. Basis of preparation

The condensed consolidated interim financial information for the six month period ended 30 June 2017 and 30 June 2016 is unaudited. This statement has not been reviewed by the Company's auditor. This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 12 September 2017. A copy of this half-yearly financial report is available on the Company's website at www.coretx.com

The Company is a public limited liability company incorporated and domiciled in Scotland. The address of its registered office is 24 Dublin Street, Edinburgh EH1 3PP. The Company is listed on the AIM market of the London Stock Exchange.

CORETX and its subsidiaries have not applied IAS 34, 'Interim Financial Reporting' as adopted by the European Union, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly financial report.

This condensed consolidated interim financial information for the six month period ended 30 June 2017 therefore does not comply with all the requirements of IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements of the Company as at and for the year ended 31 December 2016, which were prepared in accordance with IFRS as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 4 April 2017 and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2017 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union and are consistent with those that will be adopted in the annual statutory financial statements for the year ended 31 December 2017.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the European Union, these financial statements do not contain sufficient information to comply with IFRSs.

The Group notes that IFRS15 *Revenue from Contracts with Customers* is to be adopted for all accounting periods beginning on or after 1 January 2018. At this time, it remains impractical to provide a reasonable estimate in relation to the effect of IFRS 15 until a detailed review has been completed. During H2, the group will perform a detailed analysis to assess the impact of any changes to revenue recognition policies to the transfer of control concept under IFRS 15. The Directors do not expect the revenue recognised to be materially different to the revenue currently reported.

Exceptional items

Items which are material because of their size or nature and which are non-recurring are highlighted separately on the face of the income statement. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which may be included within the exceptional category include:

- spend on the integration of significant acquisitions and the other major restructuring programmes;
- significant goodwill or other asset impairments; and
- other particularly significant or unusual items.

Spend on integration is incurred by the Group when integrating one trading business into another. The types of costs include employment related costs of staff being made redundant as a consequence of integration, due diligence costs, property costs such as lease termination penalties and vacant property provisions, third party advisor fees and rebranding costs.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the income statement as management believe that they need to be considered separately to gain an understanding the underlying profitability of the trading businesses.

For further details, please refer to note 4.

Going concern

The condensed consolidated interim financial information has been prepared on a going concern basis.

The Directors have prepared cash flow forecasts for the Group following its acquisition of 365ITMS Limited, including sensitivity analysis on key assumptions. These forecasts show that the Group expects to meet its liabilities from cash resources, taking into account all risks and uncertainties.

As a result, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider that the adoption of the going concern basis is appropriate.

2. Business combinations

365 ITMS

On 5 April 2017, the Company acquired the entire issued share capital of 365 ITMS Limited and its subsidiary entities ("365ITMS"), a United Kingdom based IT support and services provider, with over 400 active customers. The enterprise value of 365ITMS was £5.4 million, paid as £0.9 million in cash (net), £3.0 million in new ordinary shares in the Company at a price of 30.5p and the assumption of a £1.5m debt facility.

The Directors' assessment of the assets acquired and liabilities assumed have not been completed at the time of these interim results. The Directors have allocated provisional fair values in preparing these results.

From the date of acquisition to 30 June 2017, 365ITMS recorded revenue of £3.1 million and a loss before tax of £7k. Assuming the combination had taken place at the beginning of the year, the interim reported revenue from 365ITMS would have been £7.0 million and the loss before taxation would have been £59k.

Acquisition costs were £0.3 million.

The total provisional goodwill and intangible assets arising from the acquisition is the difference between the fair value of the consideration less the provisional value of the assets acquired.

Provisional value	365 ITMS £000
Fair value of purchase consideration	5,400
Less fair value of assets acquired:	
Property plant and equipment	(303)
Trade receivables	(3,087)
Other debtors	(1,612)
Cash	(1,003)
Trade payables	1,505
Other liabilities	6,787
Goodwill and intangibles	7,687

The consideration was satisfied as follows:	Total
	£000
Cash on completion	1,600
Equity	3,000
Total consideration	4,600
Assumption of debt	1,500
Less: cash balances acquired	(700)
Enterprise value	5,400

The Directors have provisionally assessed the business acquired to identify any intangible assets. Customer contracts and the 5i trademark for channel business meet the criteria for recognition as intangible assets, as they are separable from each other and have a measurable fair value, being the amount for which an asset would be exchanged between knowledgeable and willing parties in an arm's length transaction. Goodwill was identified following the recognition of deferred tax liabilities on the customer contracts and trademark brand, under the provisions of IAS 12, 'Income Taxes'.

For customer contracts, the fair value of the intangible assets was provisionally calculated using the discounted cash flows arising from the top 30 direct customer contract base. Customer retention was assumed to be 90% based on past experience.

For the 5i trademark, the fair value of the intangible assets was provisionally calculated using the discounted cash flows arising from the channel business. Channel partner retention was assumed to be 80% based on past experience.

3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Group Chief Executive and the Chief Financial Officer.

The Group Chief Executive and the Chief Financial Officer are jointly responsible for resource allocation and assessing the performance of the operating segments. The operating segments are defined by distinctly separate product offerings or markets. The CODMs assesses the performance of the operating segments based on a measure of revenue and gross profit.

The following table presents revenue and gross profit in respect of the Group's operating segment for the six months ended 30 June 2017:

Unaudited for the six month period ended 30 June 2017

Continuing operations	Managed Services	Cloud Hosting	Networks	Projects	Central	Total
	£000	£000	£000	£000	£000	£000
Revenue	10,265	5,529	6,079	7,719	-	29,592
Cost of Sales	(6,592)	(3,085)	(3,707)	(4,929)	-	(18,313)
Gross profit/(loss)	3,672	2,444	2,372	2,790	-	11,279
Administrative expenses	-	-	-	-	(12,730)	(12,730)
Operating profit/(loss)	3,672	2,444	2,372	2,790	(12,730)	(1,451)
Analysed as:						
Adjusted EBITDA*	3,672	2,444	2,372	2,790	(8,845)	2,433
Equity settled share-based payments	-	-	-	-	(57)	(57)
Depreciation	-	-	-	-	(1,426)	(1,426)
Amortisation of intangible assets	-	-	-	-	(1,955)	(1,955)
Exceptional costs	-	-	-	-	(447)	(447)
Net financial costs	-	-	-	-	(149)	(149)
Profit/(loss) before taxation	3,672	2,444	2,372	2,790	(12,879)	(1,601)
Tax on profit/(loss) on ordinary activities	-	-	-	-	306	306
Profit/(loss) for the period after taxation	3,672	2,444	2,372	2,730	(12,573)	(1,295)

Unaudited for the six month period ended 30 June 2016

Continuing operations	Managed Services	Cloud Hosting	Networks	Projects	Central	Total
	£000	£000	£000	£000	£000	£000
Revenue	6,872	5,055	4,316	2,956	-	19,199
Cost of Sales	(3,852)	(2,352)	(3,007)	(1,940)	-	(11,151)
Gross profit/(loss)	3,020	2,703	1,309	1,016	-	8,048
Administrative expenses	-	-	-	-	(11,361)	(11,361)
Operating profit/(loss)	3,020	2,703	1,309	1,016	(11,361)	(3,313)
Analysed as:						
Adjusted EBITDA*	3,020	2,703	1,309	1,016	(6,419)	1,629
Equity settled share-based payments	-	-	-	-	(33)	(33)
Increase in derivative financial instruments	-	-	-	-	(60)	(60)
Depreciation	-	-	-	-	(995)	(995)
Amortisation of intangible assets	-	-	-	-	(1,753)	(1,753)
Exceptional costs	-	-	-	-	(2,101)	(2,101)
Net financial costs	-	-	-	-	(126)	(126)
Profit/(loss) before taxation	3,020	2,703	1,309	1,016	(11,487)	(3,439)
Tax on profit/(loss) on ordinary activities	-	-	-	-	232	232
Profit/(loss) for the period after taxation	3,020	2,703	1,309	1,016	(11,190)	(3,142)

* Earnings from continuing operations before interest, tax, depreciation, amortisation, goodwill impairment, share based payments, increase in derivative financial instruments and exceptional costs

Administrative expenses are not allocated against operating segments in the Company's internal reporting. The statement of financial position is not allocated between Managed Services, Cloud Hosting, Networks, Projects and Central in the Company's internal reporting.

4. Exceptional costs

In accordance with the Group's policy in respect of exceptional costs, the following charges were incurred:

	Unaudited Six months ended 30 June 2017 £000	Unaudited Six months ended 30 June 2016 £000	Audited Year ended 31 December 2016 £000
Restructuring and reorganisation costs	**182**	1,207	2,056
Acquisition costs	**265**	894	894
	447	2,101	2,950
Continuing operations	**447**	2,036	2,885
Discontinued operations	**-**	65	65
	447	2,101	2,950

5. Earnings per share

	Unaudited Six months ended 30 June 2017 £000	Unaudited Six months ended 30 June 2016 £000	Audited Year ended 31 December 2016 £000
(Loss) for the period	**(1,295)**	(3,207)	(3,439)
Addback:			
Net financial costs/(income)	**149**	126	301
Taxation	**(306)**	(232)	(658)
Equity settled share-based payment expenses	**57**	33	91
Loss on disposal of property, plant & equipment	**-**	60	117
Depreciation of property, plant and equipment	**1,426**	995	2,461
Amortisation of intangible assets	**1,955**	1,753	3,079
Exceptional costs	**447**	2,101	2,950
Adjusted EBITDA*	**2,433**	1,629	4,902

	30 June 2017	30 June 2016	31 December 2016
Weighted average number of shares	**195,599,956**	175,228,614	183,108,493
Diluted weighted average number of shares	**209,076,787**	185,585,058	194,909,006
Basic (loss)/earnings per share (pence)	**(0.66)**	(1.83)	(1.88)
Diluted (loss)/earnings per share (pence)	**(0.66)**	(1.83)	(1.88)

Basic adjusted EBITDA* per share (pence)	**1.24**	0.93	2.68
Diluted adjusted EBITDA* per share (pence)	**1.16**	0.88	2.52

* Earnings from continuing operations before interest, tax, depreciation, amortisation, goodwill impairment, share based payments, increase in derivative in financial instruments and exceptional costs

The measure of EBITDA per share, as calculated above, is a non-statutory measure, which we believe is useful to investors and is commonly used by the market in monitoring similar businesses.

6. Subsequent events

On 11 July 2017, the UK Intellectual Property Enterprise Court ("IPEC") ruled that the CORETX brand infringed a pre-existing mark. At a hearing of IPEC on 31 July, the Company informed IPEC of its intention to seek permission from the Court of Appeal to appeal against the judgement. The Directors do not expect this to have an impact on this or future years' expectations.

On 31 July 2017, MXC Capital Markets LLP ("MXC") resigned as Financial Adviser to the Company, as the Company is now well positioned to become a leading provider of Cloud and Managed IT Services to the UK mid-market. Andy Ross, CEO, has also, by mutual consent, stepped down from his position as an operating partner at MXC to concentrate solely on his role in the Company.