IMIMOBILE PLC

("IMI" or "the Company" or "the Group")

Preliminary Results for the year ended 31 March 2018

IMImobile PLC, a cloud communications software and solutions provider today announces its Preliminary Results for the year ended 31 March 2018. These Preliminary Results are an abridged statement of the full annual report including the audited financial statements approved by the directors on 26 June 2018.

Key financial highlights of the Group

- Revenue up 46% to £111.4m (2017: £76.1m) of which 7% is organic[1]
- Gross profit up 17% to £50.7m (2017: £43.4m) of which 3% is organic[1]
- Adjusted EBITDA[2] up 17% to £13.4m (2017: £11.5m)
- Adjusted profit after tax[2] up 4% to £7.8m (2017: £7.5m)
- Profit after tax on a statutory basis of £0.8m (2017: £4.1m) after charging contingent consideration related expenses and acquisition costs
- Established track record of performance with 4 year revenue CAGR of 27%, 4 year gross profit CAGR of 16% and 4 year adjusted EBITDA[2] CAGR of 17%
- Good contribution from both the Europe & Americas and the India & SEA regions with gross profit growth of 37% and 18% respectively
- Currency and economic headwinds and full year impact of major customer contract renewal in MEA region resulted in 17% decline in gross profit
- Adjusted cash generated from operations[2] of £11.5m (2017: £11.9m) with strong cash conversion[3] of 86% (2017: 104%)

Operational highlights of the Group

- Strong organic growth from both Europe & Americas and India & South-East Asia regions
- New major client wins in all regions across mobile operator, financial services, logistics, utilities and government sectors
- Multi-year renewal of contract with the Group's largest banking customer in the UK
- Consolidated market leading position in the UK, with acquisition of Healthcare Communications providing further access to the public sector
- Acquisition of Sumotext in the US creating a platform for sales into large enterprises in North America
- Revenue synergies achieved from Textlocal, Archer and Infracast acquisitions
- Multiple deployments of IMIbot.ai plus inclusion of RCS[4] capability in the IMIconnect platform

[1] Excluding acquired business of Infracast, Sumotext and Healthcare Communications.
[2] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[3] Cash conversion is defined as adjusted cash generated from operations (see note 6) as a percentage of adjusted EBITDA.
[4] RCS (Rich Communications Services) Business Messaging capability which will bring feature rich media messaging to Android devices.

Outlook

The 2019 financial year has started well with trading in line with expectations. We continue to have good earnings visibility due to our established client relationships, healthy pipeline of new deployments and high proportion of recurring customer revenues.

Person to person communications have dramatically changed in the last few years and we believe that business to consumer communications will continue to rapidly evolve, making it easier for consumers and businesses to interact and transact. We believe there is no clear category leader in this market and that, due to our leading position in the advanced UK market, we have an opportunity to play a leading role globally.

Jay Patel, Chief Executive Officer of IMImobile PLC, commented:

"We have successfully built high quality software products and are well positioned to help our clients meet the challenges of digital transformation and automation. We have had another year of strong cash generation, strategic progress and we expect growth from all divisions and geographies in the coming year. The acquisitions we have made have performed well and, whilst maintaining our disciplined and selective approach to acquisitions, we see further exciting opportunities to take a leading role in the consolidation of this sector."

An analyst meeting will be held at 9.30am today at the offices of Redleaf Communications. To attend please contact Redleaf Communications.

Cautionary statement

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and IMI's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are: increased competition, the loss of or damage to one or more key customer relationships, the outcome of business or industry restructuring, changes in economic conditions, currency fluctuations, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.

IMI undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

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About IMImobile PLC

IMImobile is a cloud communications software and solutions provider that enables companies to use mobile and digital technologies to improve customer experience and engagement.

IMImobile's cloud software platform manage overs 42 billion messages and 44 billion commerce transactions a year across the world. Organisations that trust us to deliver smarter digital customer engagement include Centrica, AA, O2, EE, BT, Foxtons, Pizza Hut, Vodafone, AT&T, MTN, three of the major retail banks in the UK and public sector organisations in India, US and the UK.

IMImobile is headquartered in London with offices in Hyderabad, Atlanta, Dubai and Johannesburg and has over 1,000 employees worldwide. IMImobile is quoted on the London Stock Exchange's AIM market with the TIDM code IMO.

Chairman's Statement

I am delighted to introduce another set of impressive results. Group revenue has grown by 46% to £111.4m. Gross profit has increased by 17% to £50.7m and adjusted EBITDA[1] was £13.4m, 17% up on compared to the previous year. We have had another period of strong cash generation, with over 86% of adjusted EBITDA[1] converting to adjusted cash generated from operations[1].

It has been four years since our IPO, during which time the Group has performed very well. Throughout this period we have delivered a 4 year revenue CAGR of 27%, 4 year gross profit CAGR of 16% and a 4 year adjusted EBITDA[1] CAGR of 17%. Our cash generation over this timeframe has been consistently strong, generating more than £42m adjusted cash from operations[1] and converting over 96% of adjusted EBITDA[1] to cash.

The year to 31 March 2018 has seen us further consolidate our leading position in the UK digital communications market. We hold a dominant position in banking and mobile operator verticals and now hold leading positions in utilities, logistics, small and medium sized enterprises and, following the acquisition of Healthcare Communications, healthcare verticals.

We have maintained our track record of organic growth despite expected challenging conditions in the Middle East & Africa region. Our businesses in the Europe & Americas and India & South-East Asia regions have performed very well. We have also added two more successful acquisitions, bringing Sumotext and Healthcare Communications into the IMImobile family during the year.

It is equally pleasing to report that our earlier acquisitions continue to progress well. The Group has benefited from revenue synergies created as a result of the combinations that we have made. Textlocal continues to go from strength to strength in the UK and in India. IMImobile South Africa (formerly Archer Digital) has won its first significant recurring revenue contract delivered using IMImobile products into a major banking client. IMImobile Intelligent Networks (formerly Infracast) has also successfully sold IMImobile intellectual property into its customer base.

The Board continues to monitor the status of Brexit and at this time we do not think it will have a material impact on the Group's global operations.

The Group has continued to innovate and invest in new capabilities, including AI and automation. We believe our market-leading software and solutions are as relevant as ever for organisations looking to automate and digitise their customer interactions. We will continue to seek opportunities to accelerate the distribution of our intellectual property.

I would like to extend my thanks to all members of the growing IMImobile family for another year of success and commitment. Our strategy is unchanged and the attitude and capabilities of the teams across the world leave me confident of our potential in the coming years.

The new financial year has started well with prospects for growth across all regions. Our evolving products and solutions leave us very well positioned to expand our footprint within existing clients and add new logos to our already impressive customer list.

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Chief Executive's Report

I am pleased to report that we have recorded another year of financial, operational and strategic progress across all regions of the Group. We continued to grow year on year, generating strong cash flows whilst investing in ongoing product innovation and IP, sales and marketing activities and new commercial partnerships.

Our acquisition of Sumotext in November 2017 offers us a platform from which to grow our position in the US enterprise market and the acquisition of Healthcare Communications has significantly strengthened the Group's presence in the public services sector in the UK.

Market overview

Digital and mobile technologies have changed the relationship between customers and service providers in all sectors. This disruption has created an opportunity for a new generation of technology and software providers.

In particular, the smartphone has altered how people communicate with each other – Text, Voice Over Internet Protocol (VOIP), Whatsapp, Skype, Facebook Messenger, FaceTime – and we believe that these technologies will dramatically change how businesses communicate with their customers. A recent 2018 Ofcom report published found that adults are now more likely to use a smartphone to go online (70% vs. 66% in 2016) - particularly 35-44s (90% vs. 82%) and 45-54s (83% vs. 73%)[1]. Business to consumer messaging will need to be more real time, personalised, event driven, intelligent and highly visual in order for businesses to capitalise and provide a better end to end customer experience. Enterprises that embrace the changes in consumer behaviour and new technologies can both improve customer experience and cut operational costs.

The need to communicate and interact with customers better is a key component of the digital transformation initiatives that are a board level agenda item for most large corporations. IDC forecasts digital transformation spending to reach a compound growth rate of 17.5% from 2016-2021[2]. As part of this agenda, there is an inexorable move from physical infrastructure (high streets, call centres, humans) to virtual infrastructure (mobile commerce, self-service, artificial intelligence). In fact, Gartner predicts that by 2020, 85% of all customer interactions will be handled by Artificial Intelligence[3]. However, businesses face huge internal challenges, particularly within their IT departments, to keep up with the pace of technological change and require solutions from third party providers to connect their existing systems together and take full advantage of the emerging new technologies.

Our vision of the world is one in which consumers are delivered great experiences by enterprises through continuous, seamless engagement, powered by best in class software and automation. Our goal is to be the leading global provider of mission critical software, infrastructure and services that manage the digital interactions between our clients and their customers.

Products and Technology

We aim to enable our clients to continuously improve customer experience through the use of technology to better communicate, interact and automate. This allows our clients to manage the interactions between business systems and consumers, on any communication channel, on any connected device, anywhere in the world and at any time.

During the year to 31 March 2018 the Group increased investment in its innovative products and platforms. We have announced the addition of RCS (Rich Communications Services) [4] Business Messaging capability and introduced a Consent Management solution to help our customers comply with the new General Data Protection Regulations (GDPR). The Group continues to invest in artificial intelligence and automation capabilities with several implementations currently ongoing for our IMIbot.ai product.

[1] Ofcom, Adults' Media Use and Attitudes Report, 25th April 2018. https://www.ofcom.org.uk/__data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf

[2] IDC, IDC Forecasts Worldwide Spending on Digital Transformation Technologies to Reach $1.3 Trillion in 2018, 15th December 2017. https://www.idc.com/getdoc.jsp?containerId=prUS43381817

[3] Gartner, Gartner Customer 360 Summit 2011, https://www.gartner.com/imagesrv/summits/docs/na/customer-360/C360_2011_brochure_FINAL.pdf

[4] RCS (Rich Communications Services) Business Messaging capability which will bring feature rich media messaging to Android devices.

Infrastructure and services

We have adapted our platform and product architecture to take full advantage of public cloud infrastructure and provide flexible deployment options to our enterprise clients including public cloud, private cloud as well as hybrid models. In the last year, as well as our Amazon Web Services (AWS) deployments in the EU, we have also deployed our core products in AWS US to support new clients in North America.

In addition to this, we have streamlined and standardised our IT Service Management processes using ServiceNow across all regions. With GDPR regulations having come into effect this year, we have made a number of data security enhancements to align with the new requirements, particularly focussing on the way in which we handle Personally Identifiable Information (PII).

We have implemented enhanced monitoring and alerting capabilities by integrating our cloud products with an ELK (Elasticsearch, Logstash, and Kibana) based monitoring system to provide service-specific business level monitoring for our clients.

Our cloud infrastructure and applications today process 42 billion messages per year, 12 billion voice flows and 44 billion commerce transactions.

Sector overview

Mobile Operators

Mobile Operators represent our largest customer vertical. Our cloud communications product set and infrastructure is embedded within existing systems to enable operator groups to intelligently connect with their customers through their favourite channels with real time, personalised and contextual interactions. Our digital solutions enable operator groups to deliver content and build revenue streams.

We have long-standing relationships with the largest mobile operator groups across the globe, including Orange, EE, Telenor, Ooredoo, Telefonica/O2, Vodafone and MTN.

Our telecommunications infrastructure offering has been significantly strengthened by the acquisition and subsequent rebranding of IMImobile Intelligent Networks (formerly Infracast) through their NMX offering. We now have several initiatives to help operators introduce the next generation of messaging products that improve Application to Person (A2P) SMS messaging and introduce RCS.

Financial Services

The banking industry is going through unprecedented levels of change. Advances in digital and mobile technology, coupled with changing consumer behaviour and more stringent regulations (PSD2 and MIFID) have fuelled industry disruption. We work with major financial institutions, directly and through channel partners, to seamlessly mobilise their service offering. As a group, we work with 4 out of 5 tier-one retail banks in the UK, 6 of the 8 biggest banks in South Africa as well as banking clients in India.

Our cloud software and services enable customers to obtain account information, make payments and transfer money by delivering information and reminders directly to mobile devices. Additionally, we have implemented solutions for major banks that puts mobile and interactive text messaging at the heart of the fraud validation process. Suspect transactions trigger an automated interactive SMS to be sent to customers to verify the transactions. The solution has been welcomed by customers as a fast method of ensuring their accounts are secure.

Banking clients also use our IMIchat application to improve contact centre productivity and raise customer satisfaction levels by enabling digital communication and therefore reducing inbound call traffic and thereby reducing operational costs.

Logistics

We work with some of the largest logistics providers in the UK, providing them with the opportunities to communicate proactively with their customers at all stages of the delivery process to improve customer experience.

Logistics providers integrate IMIconnect into their delivery systems to send real-time updates to customers scheduling deliveries and collections whilst also managing delivery agents in the field. We have secured a new contract this year with one of the UK's largest logistics providers and have established a leadership position in the sector.

Utilities

We now work with 4 out of the 6 largest utility providers in the UK, including long-standing relationships with Centrica and E.on.

Energy firms and utilities are also facing challenges from industry regulator OFWAT which sets customer satisfaction targets that they must meet or face financial penalties. It is therefore vital for utility providers to deliver excellent service while reducing operational costs through technology.

IMImobile provides multiple solutions for energy and utility companies that automate the billing and collections experience, establish mobile alerts to warn customers in advance of problems in their area, manage engineer call outs and increase operational efficiency through an automated smart meter reading solution.

Retail & Leisure

We work with many retailers and leisure companies in order to improve and automate their customer experience. Mobile and digital channels have become the most commonly used and effective touch point for retailers to gain consumer attention and turn that engagement into sales. IMImobile helps retailers to link the in-store experience with mobile apps, virtual loyalty cards and mobile coupons.

Our IMIconnect platform enables customers to be kept up to date about their orders and collections using real time updates, seamlessly integrating with back end logistics systems to streamline processes and therefore increase operational efficiency. Working together with IMIcampaign, the platform can also deliver targeted and personalised mobile marketing to increase footfall in stores, drive purchasing and convert abandoned baskets into actual orders.

The automation of our campaigns in line with key events in a customer lifecycle, for example delivering a highly targeted message when they are located near a store, drives stronger customer loyalty and ultimately more revenue for our customers.

Healthcare & Public Sector

It is widely recognised that the public sector is under ever-increasing pressure to cut costs so government bodies must find lower cost, innovative ways to deliver public services in an operationally effective manner. Our software enables 'mobile government', connecting public bodies to individuals across multiple communication channels, including SMS, MMS, email, voice, social media and chat services.

IMImobile's IMIconnect platform improves service delivery with new mobile services and better field force management, for example, collecting feedback from ground staff to provide real-time and accurate updates on services. IMIchat also enables public bodies to respond to complaints faster, keeping citizens updated with the results via a mobile device. In India, we work with the Government of Karnataka and the Government of Telangana.

As previously mentioned, the Group's position in the Healthcare sector in the UK was significantly bolstered by the acquisition of Healthcare Communications in December 2017. Healthcare Communications works with over 140 NHS trusts providing communications services to patients via SMS, IVM, telephone and email through its internally-developed Envoy platform as well as providing postal and portal communication channels. Its innovative services are proven to save the NHS time and money to improve the patient experience. Recent published statistics suggest that patients missing their appointments costs the NHS up to £1 billion per year[1].

Regional performance

The Group is managed commercially and strategically on a regional basis with centralised resources for software development, finance and general management. A key operating metric for each region is gross profit as there are considerable differences in gross margins across regions, vertical sectors, product lines

[1] https://www.theguardian.com/society/2018/jan/02/patients-missing-their-appointments-cost-the-nhs-1bn-last-year

and revenue models. Gross profit additionally measures most directly the value of the software and associated services delivered by the Group which excludes the impact of network infrastructure, third party hardware and content costs.

Europe and Americas
Gross profit £31.3m (2017: £22.9m)

Gross profits in this region have risen by 37%. This growth was generated by established customer relationships, new contract wins and delivery of innovative and scalable solutions to blue chip clients, as well as contribution following the acquisitions of Infracast, Sumotext and Healthcare Communications. We have consolidated our position as the UK market leader for digital and mobile interactions across major industry verticals.

There have been major new deployments in the region within the mobile operator, retail, logistics and utilities sectors and these will support growth in the coming financial year. We have also seen success in upselling to the customer base of IMImobile Intelligent Networks, who we acquired as Infracast last year, and we hope to build on this in the coming year.

We have started to get some momentum from our partnership strategy with an increasing number of opportunities being initiated by the likes of BT, KCom, InContact and SITA. We expect more commercial progress in the coming year.

Textlocal continues to perform well, with year on year gross profit growth of 15%. Over the last year, we have successfully secured several new major relationships within the gaming, finance and insurance markets. We have also further invested in our reseller strategy, securing many new partnerships within the telecom, marketing agency & email service provider markets.

The Group's presence in the US, the single largest addressable market for our product portfolio, was enhanced by the acquisition of Sumotext, a provider of mobile messaging solutions for government, travel, retail, healthcare and non-profit organisations. Building on the Group's existing relationships with US mobile operators, we plan to use this platform to further leverage IMImobile's cloud communications product suite in the US market.

Middle East and Africa
Gross profit £11.2m (2017: £13.5m)

Gross profits in this region have declined by 17%. Several new long-term contracts in the mobile operator, banking and broadcast sectors provide a healthier outlook for the region, but, as anticipated, did not fully offset year on year declines in gross profit as a result of currency headwinds created by the Nigerian Naira and the full year impact of the MTN contract renewal.

We have successfully rebranded Archer, our acquisition in 2015 to IMImobile South Africa and have successfully cross-sold our cloud product set, most notably to the second largest retail bank in South Africa.

We remain confident of significant long-term growth in the region. There is significant momentum going into the new financial year, particularly in the enterprise market in South Africa, with a strong pipeline of new deployments and opportunities which should be capitalised on in the upcoming months.

India and SE Asia
Gross profit £8.2m (2017: £7.0m)

There has been growth across all business units in the region, with gross profits rising by 18%. Our main sectors in this region continue to be operator, enterprise, brands and agencies and government. Growth in the region has been driven by successful deployments for the Telenor group in multiple territories including Bangladesh and Thailand as well as a further client win in the public sector, who have launched our mGovernance platform, delivered on IMIconnect, for its citizens.

Textlocal India has also experienced strong growth, it has doubled its customer base in the past year meaning it has over 18,000 paying customers since its launch two years ago.

Growth strategy and outlook

We believe that there is no clear category leader today in our markets and that there is a global opportunity to be at the heart of digital interactions for enterprises. Our strategy is to be the market leader in the markets we operate in for customer interaction and automation platforms. This strategy will need to be executed on a regional basis due to the different maturities in the markets we operate in.

To achieve this goal, in a period of accelerated change, we need to continue investing in our platforms and IP as well as innovating on new technologies. We believe we can grow consistently on the customer foundations that we have established through increasing the penetration into our existing accounts. We expect to manage more interactions both through consolidation of existing communications and through creating new user journeys that help our clients service customers better and save money. Over the last few years, the number of customers that generate annual revenue over £0.5m has consistently grown. This year, 33 customers generated over £0.5m compared to 27 last year.

In order to win new clients, we will continue to invest and accelerate efforts in building our direct sales organisation as well as our expanding our partnership strategy through which we would expect to accelerate growth.

As a result of these initiatives, we believe that we can deliver organic growth across all regions in the coming periods.

The 2019 financial year has started well with trading in line with expectations. We continue to have good earnings visibility due to our established client relationships, healthy pipeline of new deployments and high proportion of recurring customer revenues.

The acquisitions we have made have performed well and, whilst maintaining our disciplined and selective approach to acquisitions, we see further exciting opportunities to take a leading role in the consolidation of this sector.

Financial Review

Group performance at a glance

Year ended 31 March	2018 £m	2017 £m	Growth / (decline)
Revenue	111.4	76.1	46%
Gross Profit	50.7	43.4	17%
Gross Margin	*45.6%*	*57.0%*	
Adjusted EBITDA[1]	13.4	11.5	17%
Adjusted EBITDA Margin[2]	*26.4%*	*26.4%*	
Operating profit	2.8	4.9	(43%)
Adjusted operating profit[1]	10.1	8.8	15%
Profit before tax	2.7	5.1	(48%)
Adjusted profit before tax[1]	10.1	9.0	12%
Profit after tax	0.8	4.1	(79%)
Adjusted profit after tax[1]	7.8	7.5	4%
Diluted EPS	1.3p	9.0p	(86%)
Adjusted diluted EPS[1]	11.2p	11.0p	1%
Cash at period end	15.7	14.7	7%
Bank borrowings	11.4	0.8	1259%

Key performance indicators (KPIs)

This section sets out the KPIs for the Group during the year ended 31 March 2018.

Revenue and gross profit

For the year ended 31 March 2018 total revenue increased by 46% to £111.4m (2017: £76.1m) and gross profit increased by 17% to £50.7m (2017: £43.4m). The Board considers that gross profit is the key operational measure of performance in the business.

Group geographical split of revenues and gross profit is as follows:

Revenue

Year ended 31 March	2018 £m	2017 £m	Growth / (decline)
Europe and Americas	78.3	41.1	90%
Middle East & Africa	18.4	23.2	(21%)
India & South East Asia	14.7	11.8	25%
Total	**111.4**	**76.1**	**46%**

Gross profit and margin

Year ended 31 March	2018 £m	*2018 %*	2017 £m	*2017 %*	Growth / (decline)
Europe and Americas	31.3	*40.0%*	22.9	*55.6%*	37%
Middle East & Africa	11.2	*61.0%*	13.5	*58.3%*	(17%)
India & South East Asia	8.2	*56.1%*	7.0	*59.2%*	18%
Total	**50.7**	***45.6%***	**43.4**	***57.0%***	**17%**

The Europe and Americas region gross profit grew by 37% in the year. Gross margin in Europe and Americas in the year was 40.0%, down from 55.6% in 2017, mainly due to the inclusion of revenue from Infracast which operates with significantly lower margin because of the cost of third party mobile infrastructure. Excluding the impact of acquisitions, gross profit in the region grew by 10% compared with the previous year.

Gross profit in the Middle East & Africa (MEA) region declined by 17% to £11.2m (2017: £13.5m). This decline was the result of several factors, including the impact of renewing the largest customer contract in the region on less favourable terms and the devaluation of the Nigerian Naira. Political and economic uncertainty in South Africa also had an impact on the result as some customers in the country reduced or delayed spend on digital marketing. Gross margin in MEA increased to 61.0% from 58.3%, reflecting the some higher margin contracts won and deployed during the period.

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

[2] Adjusted EBITDA margin calculated as Adjusted EBITDA divided by Gross Profit.

The India & SEA region gross profit increased in the year by 18% to £8.2m (2017: £7.0m). Gross margin declined to 56.1% compared with 59.2% from the previous year, mainly as a result of an increase in contribution from enterprise customers for whom the Group incurs the cost of third party mobile infrastructure.

Adjusted operating costs[1]

Adjusted operating costs[1] in the year were £40.6m (2017: £34.6m). This reflects the full year inclusion of Infracast and the post-acquisition costs of Sumotext and Healthcare Communications as well as additional investment in product development, partnerships and sales and marketing across the Group.

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the year ended 31 March 2018 was £13.4m (2017: £11.5m) representing an increase of 17% against the prior year.

Group cash flow and working capital

During the year the Group has drawn down £10.8m of a revolving line of credit facility agreed with Silicon Valley Bank, which was used to partially fund the acquisitions of Sumotext and Healthcare Communications. Year-end cash and cash equivalents were £15.7m (2017: £14.7m). Total bank borrowings at 31 March 2018 were £11.4m (2017: £0.8m). Adjusted cash generated from operations[1] was £11.5m (2017: £11.9m) and represents an operating cash flow conversion of 86% of adjusted EBITDA[1] (2017: 104%).

Group working capital is made up as follows:

As at 31 March	**2018** £m	**2017** £m
Cash and cash equivalents	15.7	14.7
Bank borrowings	(11.4)	(0.8)
Trade and other receivables	40.1	30.5
Trade and other payables (excluding deferred income)	(37.2)	(30.9)
Net working capital less borrowings	7.2	13.5

Trade receivables and payables include "pass through" amounts generated from mobile payment transactions. The receivables are from mobile operators and payables to customers who use IMImobile's payment APIs. The gross value of these transactions is excluded from revenues and cost of sales as the Group accounts only for the commission earned on such transactions within revenue as it is not the principal obligor in the arrangement. The value of pass through transactions included in trade and other receivables at 31 March 2018 is £5.2m (2017: £5.2m) and £5.7m (2017: £6.6m) in trade and other payables.

Trade and other receivables have increased during the year as a result of the inclusion of Sumotext and Healthcare Communications. The value of trade and other receivables included from Sumotext and Healthcare Communications at 31 March 2018 is £1.6m. The additional increase is mainly attributable to higher monthly recurring revenues in the Europe & Americas region compared to the previous year and an increase in the tax receivable.

Trade and other payables (excluding deferred income) have increased during the year as a result of the inclusion of Sumotext and Healthcare Communications. The value of trade and other payables (excluding deferred income) included from Sumotext and Healthcare Communications at 31 March 2018 is £0.9m. An increase of pass through transactions of £1.1m referred to above as well as an increase in cost of sales as a result of higher monthly recurring revenues in the Europe & Americas region compared to the previous year have also contributed to the overall increase.

Profit after tax

Profit after tax was £0.8m (2017: £4.1m) after the net of tax impact of acquisition costs of £0.8m (2017: £0.3m), exchange losses on the Nigerian Naira of £0.3m (2017: £0.2m), impairment charges of £nil (2017: £0.2m), acquisition-related share-based payment charges of £3.3m (2017: £0.7m) share-based payment charges of £1.3m (2017: £1.9m), amortisation of acquired intangibles of £1.2m (2017: £0.4m), the re-recognition of deferred tax assets of £nil (2017: £0.3m) and £0.1m (2017: £nil) from the change in benefit limit of the defined gratuity plan in India. Adjusted profit after tax[1] was £7.8m (2017: £7.5m) which is 7% higher than the prior year.

Earnings per share

Diluted earnings per share was 1.3p (2017: 9.0p). Diluted adjusted EPS[1] increased by 1% to 11.2p (2017: 11.0p).

Other financial information

Group taxation

The tax charge for the year was £1.8m (2017: £1.0m). The adjusted effective rate of tax[2] for the year was 22.8% (2017: 17.0%).

Non-controlling interest

The non-controlling interest shown on the face of the Income Statement in the prior year relates predominantly to the shareholding of the founding shareholders in IMI Mobile Private Limited. This element of the non-controlling interest was eliminated in January 2017, following the exchange of 70% of the founding shareholder shares in IMI Mobile Private Limited into ordinary shares of the Company, and the placing of ordinary shares of the Company and subsequent purchase of the remaining 30% of the founding shareholders shares in IMI Mobile Private Limited.

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

[2] Adjusted tax as a proportion of adjusted profit before tax, as reconciled in note 6.

Other intangible assets

During the year ended 31 March 2018 the Group capitalised £4.9m of development costs (2017: £1.5m) and acquired £7.8m of intangible assets as a result of the acquisition of Sumotext and Healthcare Communications. In addition to this, expenditure during the year on software and trademarks and licenses was £0.4m (2017: £0.7m).

Property, plant and equipment

Capital expenditure on property, plant and equipment during the year was £1.1m (2017: £2.1m) and the Group acquired £0.1m of property, plant and equipment as a result of the acquisition of Sumotext and Healthcare Communications.

Goodwill

Goodwill held at 31 March 2018 was £33.3m (2017: £25.3m) which increased following the acquisition of Sumotext and Healthcare Communications.

Deferred tax

Deferred tax assets at 31 March 2018 were £0.5m (2017: £0.3m) and deferred tax liabilities at 31 March 2018 were £1.8m (2017: £0.6m) including the amount recognised on identifiable intangible assets acquired in Healthcare Communications.

Available-for-sale financial assets

During the year the Group sold the available-for-sale financial asset held at the start of the year with no impairment in value.

Non-current liabilities

As well as the deferred tax liabilities and bank borrowings above, the provision for defined benefit gratuity increased to £0.9m (2017: £0.6m) and a £0.5m provision for contingent consideration due in more than one year was added in relation to the acquisition of Healthcare Communications.

Consolidated Income Statement
For the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Revenue	2, 4	111,366	76,116
Cost of sales		(60,630)	(32,746)
Gross profit	4	50,736	43,370
Operating costs:			
Other operating costs		(37,331)	(31,904)
Depreciation and amortisation		(4,825)	(3,213)
Share-based payment charge	14	(4,561)	(2,572)
Acquisition costs		(788)	(362)
Exchange losses on the Nigerian Naira		(349)	(213)
Change in benefit limit of defined gratuity		(96)	-
Impairment of available-for-sale financial assets		-	(238)
Operating profit		2,786	4,868
Finance income		176	272
Finance cost		(302)	(67)
Profit before tax		2,660	5,073
Tax	5	(1,817)	(996)
Profit for the year		843	4,077
Profit for the year attributable to:			
Equity holders of the parent company		902	4,565
Non-controlling interest		(59)	(488)
Profit for the year		843	4,077
Adjusted EBITDA[1]	6	13,405	11,466
Basic earnings per share	6	1.5p	11.8p
Adjusted basic earnings per share	6	12.6p	14.5p
Diluted earnings per share	6	1.3p	9.0p
Adjusted diluted earnings per share	6	11.2p	11.0p

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2018

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Profit for the year	843	4,077
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Equity holders of the parent company	(2,615)	1,209
Non-controlling interest	(137)	443
Net actuarial losses recognised on defined gratuity plan		
Equity holders of the parent company	(191)	-
Non-controlling interest	-	-
Other comprehensive (loss)/income for the year	(2,943)	1,652
Total comprehensive (loss)/income for the year	(2,100)	5,729
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the parent company	(1,904)	5,774
Non-controlling interest	(196)	(45)
Total comprehensive (loss)/income for the year	(2,100)	5,729

Statement of Changes in Equity
For the year ended 31 March 2018

	Share capital £000	Share premium £000	Translation reserve £000	Share-based payment reserve £000	Capital restructuring reserve £000	Retained Earnings / (Deficit) £000	Total equity attributable to shareholders of the parent company £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2016	**4,918**	**52,384**	**3,165**	**6,661**	**(29,040)**	**(2,913)**	**35,175**	**8,374**	**43,549**
Share swap	791	11,785	-	-	-	(4,239)	8,337	(8,337)	-
Profit / (loss) for the year	-	-	-	-	-	4,565	4,565	(488)	4,077
Foreign exchange differences	-	-	1,209	-	-	-	1,209	443	1,652
Credit to equity for share-based payments	-	-	-	2,202	-	-	2,202	-	2,202
Share-based payments reclassified to Other payables	-	-	-	(208)	-	-	(208)	-	(208)
Proceeds from share issue	366	5,133	-	-	-	(5,390)	109	-	109
Contingent consideration as part of acquisition	-	-	-	(1,150)	-	-	(1,150)	-	(1,150)
Deferred tax on share-based payments	-	-	-	-	-	63	63	-	63
Tax relief on exercised share-based payments	-	-	-	-	-	13	13	-	13
Issue of shares as part of acquisition	27	452	-	-	-	-	479	-	479
Balance at 31 March 2017	**6,102**	**69,754**	**4,374**	**7,505**	**(29,040)**	**(7,901)**	**50,794**	**(8)**	**50,786**
Profit / (loss) for the year	-	-	-	-	-	902	902	(59)	843
Foreign exchange differences	-	-	(2,615)	-	-	-	(2,615)	(137)	(2,752)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(191)	(191)	-	(191)
Credit to equity for share-based payments	-	-	-	4,002	-	-	4,002	-	4,002
Proceeds from share issue	102	1,300	-	(725)	-	-	677	-	677
Deferred tax on share-based payments	-	-	-	-	-	330	330	-	330
Tax relief on exercised share-based payments	-	-	-	-	-	156	156	-	156
Cancellation of share premium account	-	(69,808)	-	-	-	69,808	-	-	-
Non-controlling interest subscription in shares of IMImobile South Africa Pty Ltd	-	-	-	-	-	-	-	311	311
Balance at 31 March 2018	**6,204**	**1,246**	**1,759**	**10,782**	**(29,040)**	**63,104**	**54,055**	**107**	**54,162**

Consolidated Statement of Financial Position
As at 31 March 2018

	Notes	As at 31 March 2018 £000	As at 31 March 2017 £000
Non-current assets			
Goodwill	7	33,265	25,314
Other intangible assets		20,420	9,933
Property, plant and equipment		4,609	6,005
Deferred tax assets		484	301
Total non-current assets		58,778	41,553
Current assets			
Cash and cash equivalents	8	15,743	14,662
Trade and other receivables	9	40,094	30,554
Available-for-sale financial assets		-	28
Total current assets		55,837	45,244
Current liabilities			
Trade and other payables	10	(43,996)	(33,906)
Provision for contingent consideration	11	(1,806)	-
Bank borrowings	12	(223)	(196)
Total current liabilities		(46,025)	(34,102)
Net current assets		9,812	11,142
Non-current liabilities			
Provision for contingent consideration	11	(557)	-
Bank borrowings	12	(11,196)	(644)
Provision for defined benefit gratuity		(912)	(634)
Deferred tax liabilities		(1,763)	(631)
Total non-current liabilities		(14,428)	(1,909)
Net assets		54,162	50,786
Equity attributable to the owners of the parent company			
Share capital	13	6,204	6,102
Share premium	13	1,246	69,754
Translation reserve		1,759	4,374
Share-based payment reserve		10,782	7,505
Capital restructuring reserve		(29,040)	(29,040)
Retained earnings		63,104	(7,901)
Equity attributable to shareholders of the parent company		54,055	50,794
Non-controlling interest		107	(8)
Total equity		54,162	50,786

Consolidated Cash Flow Statement
For the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Cash generated from operations	15	10,720	11,554
Tax paid		(1,202)	(1,523)
Net cash from operating activities		9,518	10,031
Investing activities			
Interest received		176	272
Purchase of intangible assets		(5,452)	(2,250)
Purchase of property, plant & equipment		(1,072)	(2,124)
Disposal of property, plant & equipment		-	7
Purchase of shares in available-for-sale investment		-	(65)
Disposal of shares in available-for-sale investment		28	-
Acquisition of subsidiary net of cash acquired	16, 17	(11,248)	(10,853)
Contingent consideration as part of acquisition		-	(1,150)
Net cash used in investing activities		(17,568)	(16,163)
Financing activities			
Bank loan received		10,811	840
Repayment of bank loans		(232)	-
Interest paid		(268)	(67)
Proceeds from issuance of Ordinary shares		677	5,499
Net cash generated by financing activities		10,988	6,272
Net increase in cash and cash equivalents		2,938	140
Cash and cash equivalents at beginning of the year		14,662	15,039
Effect of foreign exchange rate changes		(1,857)	(517)
Cash and cash equivalents at end of the year	8	15,743	14,662

1. Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted for use by the EU ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. The financial information is an abridged statement of the full annual report which was approved by the Board of Directors on 26 June 2018. The consolidated financial statements within the full annual report are prepared in accordance with IFRS, the Companies Act 2006 and Article 4 of the EU IAS Regulations.

The auditor has reported on those accounts; the auditor's report was unqualified, did not draw attention to any matters by way of emphasis without qualifying its report and did not contain statements under s498(2) or (3) of the Companies Act 2006. The Company expects to publish its full financial statements in due course.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2018 or 31 March 2017 within the meaning of section 434(3) of the Companies Act 2006. Statutory accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered following the Company's annual general meeting.

2. Basis of consolidation and accounting policies

The principal accounting policies set out below have been applied consistently by the Group in preparing the financial statements from which the financial information herein has been exacted.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to a variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of in any year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Goodwill is measured as the excess of the sum of consideration transferred. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies into line with those used by the Group. Inter-company balances and transactions, including inter-company profits and unrealised profits and losses are eliminated on consolidation.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each cash generating unit ("CGU" or "unit"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Employee benefits

Employee share-based payments

The Group operates a number of equity-settled, share-based payment plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. Where options are cancelled by the Group and settled in cash the expense is accelerated in the period in which the options are settled, with the cash payment recognised in the share-based payment reserve.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options are payable by the employee.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, performance conditions, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Company share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the Group enters into arrangements to deliver multiple elements (licensing, servicing and maintenance), such elements are separated for recognition based on stand-alone value where sold and delivered separately. If such elements cannot be separated they are treated as a single deliverable and recognised over the period of delivery when the criteria for recognition have been met and customer acceptance received. Amounts incurred but not yet billed are classified as amounts billable not yet invoiced. Where the Group acts as principal in the sale of goods and content, revenue is recognised on a gross basis.

Monthly recurring revenue
Revenues from monthly recurring revenue contracts are recognised proportionally over the period during which the services are rendered. Revenue from content related sales is recognised on delivery of the content, when all significant contractual obligations have been satisfied, the significant risks and rewards of ownership have been transferred and no effective ownership control is retained. Revenues are typically billed up to 60 days after month end and classified as amounts billable not yet invoiced until this point.

Billing revenues recognised within turnover relate only to the commission earned on hosting each service and are recognised at the point of delivery to the customer. Amounts billed and collected on behalf of third parties (also known as pass through revenues) are not recognised within revenue.

Where the Group provides services to mobile network operators which enable the delivery of wholesale messages, revenue is reported on a gross basis where the Group controls the right to perform the service and is responsible for the successful delivery of the messages.

License and professional service revenue
License revenues are derived from the sale of perpetual end user licenses and recognised at fair value on customer acceptance following installation at the customer's locations as per contracted terms. Professional service revenues relate to configuration, setup and change requests largely generated on a time and materials basis, and are recognised at the point of acceptance by the customer, or upon completion of designated milestones and at the point that the contractual risks and rewards of ownership have been transferred.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The critical accounting judgements and key sources of estimation uncertainty at the reporting date derive from management assumptions in respect of:

Critical accounting judgements

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated income statement.

Judgement is required in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. Calculating the fair values involves the use of significant estimates and assumptions, including expectations about future cash flows, discount rates and the lives of assets following purchase.

Cash generating units

Judgement is also required in identifying the cash generating units to which goodwill is associated for the purpose of goodwill impairment testing. Identification of cash generating units involves an assessment of whether assets or groups of assets generate cash flows that are largely independent. Goodwill is then allocated to each identified cash generating unit that is expected to benefit from the synergies of the business combinations from which goodwill has arisen.

Revenue recognition

When the Group sells services as a principal, income and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Group sells services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners. Such judgements impact the amount of reported revenue and cost of sales but do not impact reported assets, liabilities or cash flows.

Pass through revenues totalling £27,525,000 (2017: £38,188,000) were received by the Group but not recognised within revenue.

Key sources of estimation uncertainty

Impairment reviews

Management undertake periodic tests for impairment of goodwill if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of goodwill can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in adjusted EBITDA;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changes in the conditions for these assumptions and estimations could have a material effect on the value of goodwill.

Taxation including deferred taxation

The Group's tax charge is the sum of total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items. Provisions for tax contingencies require management to make judgements and estimates in relation to tax audit issues and exposures. Tax benefits are not recognised unless it is probable that the tax position will be sustained.

Management must also assess the probability that the deferred tax assets will be recovered from future taxable income. In particular, deferred tax assets relating to losses and other timing differences in IMI Mobile Private Limited are restricted to the extent of forecast future taxable income, and as a result a portion losses have not been recognised.

As at 31 March 2018 the carrying amount of deferred tax assets was £484,000 (2017: £301,000) and the carrying amount of deferred tax liabilities was £1,375,000 (2017: £631,000).

Share-based payments

The fair value of employee share options is determined at grant date and expensed over the vesting period based on the estimate of the proportion of the shares which will vest. The schemes include performance conditions, including achieving targets for the Group's EPS. The probability of whether these performance targets will be met based on the latest Group forecasts is re-assessed on a six monthly basis. The share-based payment charge on options with EPS targets is £285,000 (2017: £530,000).

The Archer and Sumotext put options, which enable the relevant management teams to sell their share in the subsidiary to the Group, are revalued each year and accounted for as a cash-settled share-based payment. This requires management to estimate the earnings multiple that will be applied to the valuation when the put option is exercised. See note 14 for details of the share-based payment charge relating to put options.

Management must also estimate the fair value of the contingent considerations arising from the acquisition of Infracast, Sumotext and Healthcare Communications, which are included as share-based payments as there is an option to settle in shares in the Company as well as in cash. See note 14 for details of the share-based payment charge relating to contingent consideration.

The accounting policies in relation to these items are disclosed in note 2.

4. Business and geographical segments

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

The Chief Operating Decision Maker considers results principally by geographical region, which forms the Group's operating and reporting segments. Geographically, the operating segments are defined as Europe and Americas (Europe being substantially all to the UK where revenue during the year was £69,294,108 (2017: £39,433,645)), India and South East Asia (SEA) and Middle East and Africa (MEA), which also represent the Group's reportable segments.

The performance of the operating segments is assessed based on a measure of revenue and gross profit (the result for the segment). Any sales between segments are carried out at arm's length. As costs are shared across geographies, results from gross profit to profit after tax are assessed on a consolidated basis only. The Group does not regularly provide information in relation to the assets or liabilities of operating segments to management.

Geographical revenue and results

The following is an analysis of the Group's revenue and results by geographical segment:

	Europe & Americas £000	India & SEA £000	MEA £000	Eliminations £000	Total £000
Year ended 31 March 2018					
Revenue to external customers	78,318	14,679	18,369	-	**111,366**
Inter-segment revenue	-	146	273	(419)	**-**
Total revenue	78,318	14,825	18,642	(419)	**111,366**
Gross profit	31,291	8,234	11,211	-	**50,736**
Other operating costs					**(37,331)**
Depreciation and amortisation					**(4,825)**
Share-based payment charge					**(4,561)**
Acquisition costs					**(788)**
Exchange losses on the Nigerian Naira					**(349)**
Change in benefit limit of defined gratuity					**(96)**
Operating profit					**2,786**
Net finance costs					**(126)**
Profit before tax					**2,660**
Tax					**(1,817)**
Profit after tax					**843**
Non-current assets	51,287	2,849	4,642	-	**58,778**

	Europe & Americas £000	India & SEA £000	MEA £000	Eliminations £000	Total £000
Year ended 31 March 2017					
Revenue to external customers	41,138	11,760	23,218	-	**76,116**
Inter-segment revenue	-	11	-	(11)	**-**
Total revenue	41,138	11,771	23,218	(11)	**76,116**
Gross profit	22,868	6,963	13,539	-	**43,370**
Other operating costs					**(31,904)**
Depreciation and amortisation					**(3,213)**
Share-based payment charge					**(2,572)**
Acquisition costs					**(362)**
Exchange losses on the Nigerian Naira					**(213)**
Impairment of AFS financial assets					**(238)**

Operating profit					**4,868**
Net finance costs					**205**
Profit before tax					**5,073**
Tax					**(996)**
Profit after tax					**4,077**
Non-current assets	28,995	3,751	8,807	-	**41,553**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 for each period. The revenue from external parties reported is measured in a manner consistent with that in the consolidated income statement. Revenues are attributed to countries on the basis of the customer's location. The Group measures segment profit and loss as gross profit as reported. The Group does not allocate general administration, marketing and sales expenses to segments.

During the year revenues from three customers (Customer A, Customer B and Customer C) accounted for 11% (2017: 13%), 6% (2017: 13%) and 18% (2017: 3%) of the Group's revenue respectively.

Additional voluntary disclosures

Alternative revenue model and results

The following disclosures are provided for additional purposes only and does not form part of the Group's segmental reporting under IFRS 8. In addition to geographical performance, the Chief Operating Decision Maker also considers the performance of the Group in line with its revenue model, which has also been disclosed below. The Group's revenue models are defined as:

1. Monthly recurring revenue ("MRR") which is made up of a mix of contracted, usage-based and transactional revenues.
2. License, one-off and professional service revenues.

These alternative revenue models arise in all geographical segments. The following is an analysis of the Group's revenue and result by revenue model:

	Monthly recurring revenue £000	**License, one-off and professional services £000**	**Elimination £000**	**Total £000**
Year ended 31 March 2018				
Revenue to external customers	102,684	8,682	-	**111,366**
Inter-segment revenue	273	146	(419)	**-**
Total revenue	102,957	8,828	(419)	**111,366**
Gross profit	42,461	8,275	-	**50,736**
Year ended 31 March 2017				
Revenue to external customers	72,100	4,016	-	**76,116**
Inter-segment revenue	-	11	(11)	**-**
Total revenue	72,100	4,027	(11)	**76,116**
Gross profit	39,591	3,779	-	**43,370**

5. Tax

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Current tax		
India tax expense	-	8
UK tax expense	347	394
Other foreign tax expense	94	118
Withholding tax expense	863	897
Adjustments in respect of prior periods	200	(34)
	1,504	1,383
Deferred tax		
Current year	(83)	(430)
Adjustments in respect of prior periods	396	43
	313	(387)
Total tax charge	1,817	996

The total tax charge for the year can be reconciled to the result per consolidated income statement as follows:

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Profit before tax	2,660	5,073
Tax at the UK corporation tax rate of 19% (2017: 20%)	505	1,015
Effect of overseas tax rates	430	92
Expenses not deductible for tax purposes	651	395
Tax losses on which deferred tax not recognised	-	(118)
Temporary differences on which deferred tax not recognised	(84)	80
Effect of change in UK tax rate	(108)	33
Utilisation of tax losses and other deductions	-	(22)
Tax adjustments in respect of previous years	596	9
Enhanced tax relief on research and development expenditure	(173)	(210)
Re-recognition of deferred tax assets	-	(278)
Total tax charged in the income statement	1,817	996

Taxation for each region is calculated at the rates prevailing in the respective jurisdictions. Prior year adjustments relate to the routine confirmation and agreement of the final tax position in local jurisdictions.

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. UK deferred tax assets and liabilities have been recognised at the rate applying in the period they are expected to unwind. Where this cannot be forecast they are recognised at 17% (2017: 17%).

6. Earnings per share ('EPS')

	Year ended 31 March 2018 pence	Year ended 31 March 2017 pence
Basic EPS	1.5p	11.8p
Adjusted basic EPS	12.6p	14.5p
Diluted EPS	1.3p	9.0p
Adjusted diluted EPS	11.2p	11.0p

	Year ended 31 March 2018 Million	Year ended 31 March 2017 Million
Weighted average number of ordinary shares for the purpose of basic EPS	61.4	51.7
Effect of exchange of Ordinary B Shares	-	8.9
Effect of dilutive potential ordinary shares: share options	8.1	7.2
Weighted average number of ordinary shares for the purpose of diluted EPS	69.5	67.8

A number of non-GAAP adjusted profit measures are used in this annual report and financial statements. Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group. Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

Year ended:	Unadjusted results £000	A £000	B £000	C £000	D £000	E £000	F £000	G £000	H £000	Adjusted results £000
31 March 2018										
Revenue	111,366	-	-	-	-	-	-	-	-	111,366
Gross profit	50,736	-	-	-	-	-	-	-	-	50,736
Operating costs	(47,950)	4,561	788	1,525	-	96	349	-	-	(40,631)
Operating profit	2,786	4,561	788	1,525	-	96	349	-	-	10,105
Profit before tax	2,660	4,561	863	1,525	-	96	349	-	-	10,054
Tax	(1,817)	(77)	(111)	(287)	-	-	-	-	-	(2,292)
Profit after tax	843	4,484	752	1,238	-	96	349	-	-	7,762
EBITDA[1]	7,611	4,561	788	-	-	96	349	-	-	13,405
Cash generated from operations	10,720	-	788	-	-	-	-	-	-	11,508
Basic EPS (pence)	1.5	7.2	1.2	2.0	-	0.2	0.6	-	(0.1)	12.6
Diluted EPS (pence)	1.3	6.4	1.1	1.8	-	0.2	0.5	-	(0.1)	11.2

	Unadjusted results £000	A £000	B £000	C £000	D £000	E £000	F £000	G £000	H £000	Adjusted results £000
31 March 2017										
Revenue	76,116	-	-	-	-	-	-	-	-	76,116
Gross profit	43,370	-	-	-	-	-	-	-	-	43,370
Operating costs	(38,502)	2,572	362	553	238	-	213	-	-	(34,564)
Operating profit	4,868	2,572	362	553	238	-	213	-	-	8,806
Profit before tax	5,073	2,572	362	553	238	-	213	-	-	9,011
Tax	(996)	(32)	(73)	(150)	-	-	-	(278)	-	(1,529)
Profit after tax	4,077	2,540	289	403	238	-	213	(278)	-	7,482
EBITDA[1]	8,081	2,572	362	-	238	-	213	-	-	11,466
Cash generated from operations	11,554	-	362	-	-	-	-	-	-	11,916
Basic EPS (pence)	11.8	4.9	0.5	0.8	0.5	-	0.4	(0.5)	(3.9)	14.5
Diluted EPS (pence)	9.0	3.7	0.4	0.6	0.4	-	0.3	(0.4)	(3.0)	11.0

Adjustments for acquisition related costs which management do not consider to reflect underlying business performance:

A Share-based payment charge, which predominantly relates to acquisition activities.

B Costs of acquisition activity.

C Amortisation of acquired intangibles.

[1] Unadjusted EBITDA is operating profit plus depreciation and amortisation.

Other adjusting items:

D	Impairment of available-for-sale financial assets. As the asset was disposed in the year for the impaired value there is no adjustment in the current year.
E	Change in benefit limit of defined gratuity plan in India
F	Exchange losses incurred on the Nigerian Naira following its unpegging against the US Dollar on 20 June 2016. Management consider this to be an adjusting item until such time as the currency can be freely traded on the exchange market due to the lifting of restrictions imposed by the Central Bank of Nigeria.
G	Re-recognition of deferred tax assets
H	Basic adjusted EPS and diluted adjusted EPS includes profit attributable to non-controlling interests not included in the calculation of statutory basic and diluted EPS.

7. Goodwill

Goodwill is monitored by management at the CGU level by region and delivery model. The following is a summary of goodwill allocation for each CGU:

	Opening £000	Additions £000	Change in deferred tax rate applied £000	Foreign Exchange Movement £000	Closing £000
31 March 2017					
Europe (excluding Textlocal and Infracast)	7,861	-	-	-	7,861
Textlocal	10,073	-	-	-	10,073
Archer	1,836	-	165	499	2,500
Infracast	-	4,880	-	-	4,880
Total	19,770	4,880	165	499	25,314
31 March 2018					
Europe (excluding Textlocal and Infracast)	7,861	-	-	-	7,861
Textlocal	10,073	-	-	-	10,073
Archer	2,500	-	-	32	2,532
Infracast	4,880	-	-	-	4,880
Sumotext	-	1,721	-	-	1,721
Healthcare	-	6,198	-	-	6,198
Total	25,314	7,919	-	32	33,265

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The long-term growth rates are management's estimates. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

CGUs serve a common group of customers such that the key assumptions used for value-in-use calculations for all CGUs are as follows:

	Europe (excluding Textlocal and Infracast)	Textlocal	Archer	Infracast
Cash flow growth rate[1]:	15%	19%	30%	22%
Long-term growth rate:	2%	2%	2%	2%
Discount rate:	13.4%	13.4%	14.7%	13.4%

Value in use is calculated for the various CGUs based on approved business plans and forecasts taking into account certain variables for each CGU. Below is a description of the principal variables that have been considered for each CGU with significant goodwill.

Long-term growth rate

In all cases, impairment tests are performed using the projected cash flows based on Board approved forecasts and strategic plans over a five year period. Cash flow projections from the sixth year are calculated using an expected constant growth rate.

Discount rate

The pre-tax discount rates used are disclosed above and take into account the market risk rate associated with the company. A discount factor is calculated using the discount rate and applied to future projected cash flows.

[1] Cash flow growth rate is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the business plans and forecasts used for impairment testing.

8. Cash and cash equivalents

	As at 31 March 2018 £000	As at 31 March 2017 £000
Unrestricted		
Cash on hand and at bank	15,654	14,554
Restricted		
Short-term bank deposits	89	108
Cash and cash equivalents	15,743	14,662

Restricted short-term bank deposits represent cash balances deposited in bank accounts attracting a preferential interest rate and are typically deposited for a period of 90 to 180 days. Preferential interest rates are agreed in advance of the deposit being transferred and depend on the prevailing local rates and market conditions at the time.

The Group at the year-end held cash at bank amounts as follows:

	As at 31 March 2018 £000	As at 31 March 2017 £000
United Arab Emirates Dirham	284	188
Australian Dollar	-	1
Bangladeshi Taka	275	361
Euro	3,276	1,302
UK Pounds Sterling	5,950	3,124
Indian Rupee	1,617	1,464
Nigerian Naira	272	4,671
Sri Lankan Rupee	17	8
US Dollar	2,593	2,452
South African Rand	1,125	1,091
Tunisian Dinar	146	-
Myanmar Kyat	144	-
Nepalese Rupee	44	-
	15,743	14,662

9. Trade and other receivables

	As at 31 March 2018 £000	As at 31 March 2017 £000
Trade receivables		
– revenue to be collected on behalf of the Group	15,993	10,973
– pass through revenues to be collected on behalf of billing customers	1,756	2,492
Other receivables	855	83
Refundable deposits	87	93
Prepayments	2,586	2,286
Amounts billable not yet invoiced		
– revenue to be collected on behalf of the Group	12,790	9,627
– pass through revenues collected on behalf of billing customers	3,426	2,658
Withholding tax debtor	1,364	2,025
Due from related parties	31	31
Tax receivable	1,206	286
	40,094	30,554

The fair value of receivables approximate their carrying values as at 31 March 2018 and 31 March 2017.

10. Trade and other payables

	As at 31 March 2018 £000	As at 31 March 2017 £000

Trade payables		
– cost of sales to be paid on behalf of the Group	14,932	9,278
– pass through revenues to be paid to billing customers	3,087	4,012
Other payables	1,168	1,087
Put option on acquisitions (note 14)	1,137	578
Accrued expenses		
– cost of sales to be paid on behalf of the Group	12,710	11,442
– pass through revenues to be paid to billing customers	2,598	2,565
Deferred income	6,837	2,984
VAT payable	1,527	1,960
	43,996	33,906

Trade payables balances are non-interest bearing and are settled within 30-60 days.

The fair value of accounts payable and other credit balances approximate to their carrying values as at each respective reporting date.

11. Provision for contingent consideration

	As at 31 March 2018 £000	As at 31 March 2017 £000
Contingent consideration arising on acquisition of Sumotext (note 16)	1,263	-
Contingent consideration arising on acquisition of Healthcare Communications (note 17)	487	-
Other contingent consideration	56	-
Provision for contingent consideration due in less than one year	1,806	-
Contingent consideration arising on acquisition of Healthcare Communications (note 17)	465	-
Other contingent consideration	92	-
Provision for contingent consideration due in more than one year	557	-

12. Bank borrowings

	As at 31 March 2018 £000	As at 31 March 2017 £000
Bank loan due in less than one year	223	196
Bank loan due in more than one year	11,196	644

A bank loan of £10,811,000 was taken by the Company in December 2017 with a four year term and an annual interest rate of between 1.5% and 2.0% plus LIBOR, based on the level of net leverage.

A bank loan of ZAR 15,000,000 was taken by Archer Digital Limited in October 2016 and is repayable over four years. The loan is secured by fixed assets and bears interest at South Africa’s prime rate plus 1%.

13. Share Capital and Share Premium

Allotted, called up and fully paid	Share Capital £000	Share Premium £000	Total £000
At 1 April 2017	6,102	69,754	75,856
Share options exercised	102	1,300	1,402
Cancellation of share premium account	-	(69,808)	(69,808)
At 31 March 2018	6,204	1,246	7,450

	As at 31 March 2018 Number
Ordinary shares as at 1 April 2017	61,016,229
Share options exercised	1,027,656
	62,043,885

During the year 577,656 share options were exercised for consideration of £677,000. The exercise of 300,000 flowering share options and 150,000 unapproved options for nil consideration has been accounted for as a reduction in the share-based payment reserve.

Ordinary shares

The Group's capital consists of a single class of equity share.

The amount classified as equity share capital represents the nominal value of allotted, called up and fully paid ordinary shares at a par value of £0.10. Each holder of ordinary shares is entitled to one vote per share.

Cancellation of share premium account

Pursuant to a resolution of the shareholders of the company passed on 16 August 2017, the Company has completed a cancellation of the share premium account (the Cancellation).

The Cancellation was formally approved by the High Court of Justice Chancery Division on 4 October 2017. Following registration of the order at the High Court with Companies House, the cancellation became effective on 5 October 2017.

The effect of the cancellation is to create distributable reserves to make future dividends possible.

14. Share-based payments

The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement is adjusted at each balance sheet date to reflect the number of share options that are expected to vest revised for expected leavers and estimated achievement for non-market based vesting conditions.

Prior to admission to AIM and subsequently, options have been issued to the Directors and key employees. The Group operated multiple schemes during the year, and below is a consolidated summary of all existing employees and Director options.

Total of Employee Share Schemes

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	0.70	12,970,307	0.42	10,193,563
Granted	2.36	697,240	1.63	3,203,975
Exercised	0.67	(1,027,656)	0.53	(193,347)
Forfeited	1.46	(288,135)	0.99	(233,884)
At 31 March	**0.78**	**12,351,756**	**0.70**	**12,970,307**
Vested	0.46	7,681,570	0.41	6,468,764
Unvested	1.32	4,670,186	1.00	6,501,543
At 31 March	**0.78**	**12,351,756**	**0.70**	**12,970,307**

The aggregate fair value of options granted in the year is £427,000 (2017: £2,190,000). The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 7.0 years (2017: 7.9 years).

Textlocal contingent consideration

The contingent consideration arising from the acquisition of Textlocal is treated as remuneration rather than consideration as one of the conditions of payment is continued employment of the shareholders of the company post-acquisition. As the Group has the option to settle the contingent consideration in shares in the Company or cash, it is included as a share-based payment. The charge is taken to the consolidated income statement evenly over the period from acquisition to the settlement date.

Archer put option

Archer management team's shareholding in Archer Digital Limited includes a put option which enables them to sell their holding to the Group after 5 years or in the event of an unconditional offer for the Company. The Group revalues this option each year and has accounted for it as a cash settled share-based payment vesting over the 5 year period, with a charge of £362,000 recorded in the year ended 31 March 2018 (2017: £370,000).

The fair value at grant date has been determined using the Black-Scholes valuation model. The significant inputs into the model were a risk-free interest rate of 0.44% to 1.10%, an expected option life of five years, volatility of 9% to 35% depending on the vesting date of the options and a dividend yield of nil.

Infracast contingent consideration

The contingent consideration arising from the acquisition of Infracast is treated as remuneration rather than consideration as one of the conditions of payment is continued employment of one of the shareholders of the company post-acquisition. As the Group has the option to settle the contingent consideration in shares in the Company or cash, it is included as a share-based payment. The charge is taken to the consolidated income statement evenly over the period from acquisition to the settlement date.

The total intrinsic value at 31 March 2018 is £3,932,000 and the Group recorded total expense of £2,387,000 in the year (2017: £nil).

Healthcare Communications contingent consideration

Part of the contingent consideration arising from the acquisition of Healthcare Communications is treated as remuneration rather than consideration as one of the conditions of payment is continued employment of two of the former shareholders of the company post-acquisition. As the Group has the option to settle the contingent consideration in shares in the Company or cash, it is included as a share-based payment. The charge is taken to the consolidated income statement evenly over the period from acquisition to the settlement date.

The total intrinsic value at 31 March 2018 is £2,566,000 and the Group recorded total expense of £334,000 in the year.

Sumotext put option

Sumotext's management's shareholding in IMImobile North America Inc includes a put option which enables them to sell their holding to the Group after 5 years or in the event of an unconditional offer for the Company. The Group revalues this option each year and has accounted for it as a cash settled share-based payment vesting over the 5 year period, with a charge of £197,000 recorded in the year ended 31 March 2018 (2017: £nil).

The fair value at grant date has been determined using the Black-Scholes valuation model. The significant inputs into the model were a risk-free interest rate of 3.20%, an expected option life of five years, volatility of 22.49% and a dividend yield of nil.

Share-based payment charge

The Group recognised the following expense related to share-based payments:

	31 March 2018 £000	31 March 2017 £000
Employee share schemes	1,281	1,891
Textlocal contingent consideration	-	311
Infracast contingent consideration	2,387	-
Healthcare Communications contingent consideration	334	-
Credit to equity for share-based payments	4,002	2,202
Archer put option	362	370
Sumotext put option	197	-
Movement in Put option on acquisitions	559	370
Share-based payment charge	4,561	2,572

15. Notes to the Consolidated Cash Flow Statement

Cash generated from operations

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Cash flows from operating activities:		
Profit before taxation	2,660	5,073
Adjustments:		
Net finance costs/(income)	126	(205)
Share-based payments	4,561	2,572
Exchange losses on the Nigerian Naira	349	213
Depreciation of property, plant and equipment	2,140	2,121
Amortisation of intangible assets	2,685	1,092
Change in the benefit limit of defined gratuity	96	-
Impairment of available-for-sale financial assets	-	238
Operating cash flow before movements in working capital:	12,617	11,104
Increase in receivables	(10,460)	(1,644)
Increase in payables	8,246	2,579
Increase in provision for defined benefit gratuity plan	348	93
Foreign exchange gain on working capital	(31)	(578)
Cash generated from operations	**10,720**	**11,554**

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 April 2017 £000	Financing cash flows £000	31 March 2018 £000
Non cash changes:			
Bank borrowings	840	10,579	11,419
Total liabilities from financing activities	**840**	**10,579**	**11,419**

16. Acquisition of Sumotext Corporation ("Sumotext")

On 31 October 2017 the Group acquired the trade and assets of Sumotext for a maximum total consideration of $6 million (£4.3 million) comprising an initial consideration of $1.7 million (£1.1 million) paid in cash at the time of the deal and a further $2.8 million (£1.9 million) paid in cash in January 2018, with an additional payment ranging from £nil to $1.5 million (£1.3 million) payable in cash on or before 19 January 2019 contingent on achievement of EBITDA targets during the first 12 months following the Acquisition. The contingent consideration of $1.5 million (£1.3 million) is based on the estimation that the company will achieve the maximum target EBITDA.

Sumotext helps brands, agencies and non-profit organisations communicate and complete commercial transactions with mobile audiences via SMS and MMS. The US market is competitive, and the experienced team at Sumotext provide valuable expertise as well as an established customer base made up of a government agency, travel companies, retailers, healthcare companies and other leading brands, agencies and non-profit organisations.

The Acquisition enhances IMImobile's position in the US market and consolidates its footprint within the region, so is aligned with pursuing IMImobile's broader strategic plan to enhance its position in the US market. Management believes that this strategic acquisition provides a platform to launch IMImobile's product offering to the enterprise market in the US.

A key attraction of the Acquisition for IMImobile was the experience and skills of the founder of Sumotext, Tim Miller, who has agreed to join the Group as a member of the senior management team, and will maintain leadership of the Sumotext business.

The results of the acquired entity which have been consolidated in the income statement from 31 October 2017 contributed £1.2 million of revenues and a profit of £0.4 million to the profit attributable to equity shareholders of the Group during the year. As this was an asset acquisition it is not possible to accurately determine the contribution had the assets been acquired at the start of the year.

The provisional purchase price allocation is set out in the table below:

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	2,156
Technology	300
Trade name	100
Property, plant and equipment	7
Net identifiable assets acquired	2,563
Goodwill	1,721
Total consideration	4,284
Cash consideration during the year	3,021
Contingent consideration due in less than one year	1,263
Total consideration	4,284

17. Acquisition of Healthcare Communications UK Limited ("Healthcare Communications")

On 6 December 2017 the Group acquired 100% of the share capital of Healthcare Communications for a total consideration of £9.3 million payable in cash upon completion (£9.0 million on a normalised working capital basis), with additional deferred payments of up to a maximum aggregate value of £6.0 million payable in cash or shares, split over two years contingent on achievement of gross profit and EBITDA targets, with an anticipated value of £3.7 million, discounted to present value of £3.1 million. Part of these deferred payments are dependent on continued employment of certain individuals and the Company has the option to settle in shares so they will be accounted for as an equity-settled share based payment. Where the deferred payments to certain individuals do not depend on continued employment they will be included as a provision. The provision before discounting to present value range from £nil to £1.9 million. At 31 March 2018 the provision is estimated to be £1.0 million based on performance forecasts of gross profit and EBITDA, with £0.5m expected to be paid in less than one year and £0.5m expected to be paid in more than one year.

Healthcare Communications is an industry leader in the UK healthcare communications market, providing services to more than 140 NHS acute trusts and health boards with low customer concentration levels but high customer retention rates with a significant market share in the NHS trusts sector. The enlarged Group will drive additional future revenue growth through winning additional trusts customers as well as increased levels of cross service sales across the existing customer base.

The Acquisition also serves to strengthen the IMImobile's management team, with founder and Managing Director, Mike Cunningham, Commercial Director, Kenny Bloxham and other senior management remaining with the business following completion.

Healthcare Communications meets IMImobile's acquisition criteria of purchasing companies with established recurring revenue contracts with access to significant customers, with over 90% recurring revenues. It has a complementary product set, a good financial record and opportunities for revenue and purchasing synergies.

The results of the acquired entity which have been consolidated in the income statement from 6 December 2017 contributed £1.6 million of revenues and a profit of £0.2 million to the profit attributable to equity shareholders of the Group during the year. Had Healthcare Communications been acquired at the start of the year the contribution would have been £4.4 million of revenue and a profit of £0.4 million.

The provisional purchase price allocation is set out in the table below:

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	4,060
Technology	500
Trade name	700
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(690)
Technology	(85)
Trade name	(119)
Property, plant and equipment	48
Trade and other receivables	1,082
Cash and cash equivalents	1,071
Trade and other payables	(2,515)
Net identifiable assets acquired	4,052
Goodwill	6,198
Total consideration	10,250
Cash consideration during the year	9,298
Cash acquired	(1,071)
Consideration during the year net of cash acquired	8,227
Cash consideration during the year	9,298
Contingent consideration due in less than one year	487
Contingent consideration due in more than one year	465
Total consideration	10,250