5 July 2016

IMIMOBILE PLC

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

Audited Preliminary Results for the year ended 31 March 2016

IMImobile PLC, a London based global provider of cloud software and solutions that help companies use mobile technologies to communicate and engage with customers today announces its Audited Preliminary Results for the year ended 31 March 2016.

Key financial highlights of the Group

- Revenue up 26% to £61.6m (2015: £48.9m) of which 11% is organic[1] growth.
- Gross profit up 22% to £36.5m (2015: £30.0m) of which 10% is organic[1] growth.
- EBITDA[2] up 17% to £10.7m (2015: £9.2m)
- Adjusted profit after tax[3] up 21% to £6.8m (2015: £5.6m)
- Profit after tax on a statutory basis of £2.2m (2015: £3.4m loss) reflecting share-based payments, impairment charges and costs in relation to acquisition activities
- Good contribution from Europe and Americas with gross profit growth of 21%
- Organic[4] recurring revenue growth in MEA of 58%
- Diluted adjusted EPS growth of 13% to 10.4p (2015: 9.2p[5])
- Cash generated from operations of £10.6m (2015: £8.8m) with strong cash conversion of 99% (2015: 96%)
- Cash and cash equivalents at 31 March 2016 of £15.0m (2015: £14.6m)

Operational highlights of the Group

- Organic growth from all regions and business units
- New major client wins in all regions
- Renewal of all major contracts falling due in the period
- Textlocal launched in India with over 1,500 paying customers within the first 6 months
- Rebranding and simplification of product suite completed with new version releases of core products
- Acquisition and successful integration of Archer Digital ("Archer"), trading well since acquisition in September 2015

Outlook

The 2017 financial year has started well with many opportunities for growth across all regions and business units. As a result of our stable client relationships, pipeline of new deployments and high mix of recurring, repeating and transactional revenues we have good visibility of future performance. We will continue to invest in more sales and marketing activities and product development to establish a leading position in growth markets, and we are confident of our prospects for the year ahead.

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[1] Excluding the impact of the Archer acquisition and adjusting for the full year impact of Textlocal.

[2] EBITDA is defined as operating profit/(loss) before depreciation, amortisation, fees incurred in relation to IPO and acquisition activities, impairment charges and share-based compensation. See note 6 for a reconciliation.

[3] Adjusted profit after tax is defined by the Group as profit/(loss) after tax before fees incurred in relation to IPO and acquisition activities, impairment charges, share-based compensation, de-recognition of deferred tax assets and amortisation of acquired intangibles. See note 6 for a reconciliation.

[4] Excluding the impact of the Archer acquisition.

[5] Restated – see note 6

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

"We are pleased to announce that we have had a year of operational, financial and strategic progress across all business units of the Group. We have significantly grown our recurring revenue base and again achieved profitable cash generative growth, whilst continuing to invest in product development.

We have also executed an acquisition in South Africa and delivered on our objective to roll out Textlocal, our previous acquisition, into new geographic markets.

The 2017 financial year has started well with trading in line with expectations and we will continue to invest in more sales and marketing activities and product development to establish a leading position in growth markets and we are confident of our prospects for the year ahead."

An analyst meeting will be held at 10.30am today at the offices of Redleaf Communications, 1st Floor, 4 London Wall Buildings, Blomfield Street, EC2M 5NT. 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 IMImobile'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.

IMImobile 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.

5 July 2016

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About IMImobile PLC

IMImobile enables organisations to maximise the potential of mobile technologies to improve customer engagement. We believe that mobile will sit at the heart of customer engagement strategies for many years to come.

We help remove the barriers and complexities faced by organisations by providing a cloud based communications platform and a suite of software products to help our customers rapidly create and deploy mobile user journeys that enable them to reduce service delivery costs, improve marketing and customer service effectiveness and generate revenues.

Our technologies act as an intelligent software layer between existing IT systems, complex business processes and customer touch points across mobile, digital and social media channels.

Organisations that trust us to deliver smarter customer engagement include Vodafone, O2, Aircel, Airtel, EE, BSNL, AT&T, MTN, France Telecom, Centrica, Betfair, Universal Music, Tata, the AA, the BBC and major financial institutions.

IMImobile is headquartered in London with offices in Hyderabad, Atlanta, Dubai and Johannesburg, with over 780 employees worldwide. IMImobile is quoted on the London Stock Exchange's AIM market with the TIDM code IMO.

Chairman's Statement

It is my pleasure to introduce this year's preliminary results, the first since I took over as Chairman.

It is yet again hugely satisfying for the Board to present a year of strong, profitable and cash-generative growth for the Group.

The year has seen further development of our product offering, investment in sales and marketing and the completion of the acquisition of Archer Digital which joined the IMI family in September 2015.

IMImobile helps organisations to address the changing demands of consumers. Their customers increasingly expect communication via their preferred mobile channels, and we help companies to manage the complexity that this creates. We have been through another year of significant change in all markets and our software and solutions are vital to organisations looking to undertake any form of digital transformation. According to Gartner's 2016 CEO survey 50% of CEOs expect digitalisation to transform their industries by 2020.

In the year to 31 March 2016 revenue grew by 26% to £62m and gross profit grew by 22% to £37m. It has been particularly satisfying to have achieved growth in all regions and business units of the Group during the year. We have continued to make controlled investment in product, and sales and marketing activities, which we expect to deliver further profitable growth in future years.

The acquisition of Archer Digital consolidates our position in Africa and provides a platform to develop our Enterprise business in the region. It offers access to key customer sectors beyond existing mobile operator clients to our portfolio of software products and solutions. The acquisition has bedded in well and the early signs are positive.

The acquisition of Textlocal in October 2014 has also continued to deliver against expectations with good growth in the core UK business and international expansion into the Indian market during the year.

The executive team continue to review potential acquisition targets and the Board is confident that the executive team have the requisite track record and experience in executing an acquisition growth strategy as opportunities arise.

Cash generation has been strong during the year, with cash generated from operations of more than £10m. The Group remains debt free, having settled the consideration for Archer Digital from existing resources.

Our balance sheet is strong with net cash of £15m, providing the Board with the flexibility to invest in the business as well as return capital to shareholders via on market purchases of IMImobile shares. Over the last six months there has been a lot of M&A activity in our sector and we believe that the landscape will continue to evolve in the next 12 months. We have, and will continue to, review acquisition opportunities to optimise value for shareholders but only if they deliver superior and sustainable long-term returns which are in keeping with our acquisition parameters.

In the absence of significant acquisition opportunities and in accordance with our own strict return parameters, the Board will review all the options available to it, including a return of capital, taking into account the financial resources of the Company, the Company's share price and future funding requirements in order to provide the best possible returns for our shareholders.

Our strategy of creating intellectual property in software and mobile technologies which can be deployed in global markets is unchanged, and the executive and management teams continue to successfully execute against this. Our people are one of our greatest assets and I would like to thank the entire IMI team for their continued dedication and hard work, and to congratulate them on yet another successful year. The strategy relies on keeping and attracting talented executives and it is incumbent upon me to ensure we have the appropriate rewards and incentives in place for executives and employees to share in the success of the Company. This will be reviewed over the coming months.

In summary, our core product offering and associated services are better than ever and position the Group well for continued growth in all of the regions in which we operate.

I also would like to take this opportunity to thank Vish, founder of the Company, who has stepped aside as Chairman. He provided a true long-term vision for the management of the Company and I am grateful that Vish remains very much involved with IMImobile in the role of Non-Executive Director. As a result, we will continue to receive the benefit of his strategic and management guidance as and when necessary.

IMImobile

Chief Executive's Report

We are pleased to report that we have recorded a year of operational, financial and strategic progress across all business units of the Group. We have significantly grown our recurring revenue base and achieved profitable cash generative growth, whilst continuing to invest in product development. We have also executed an acquisition in South Africa and delivered on our objective to roll out Textlocal, our previous acquisition, into new geographic markets.

Market overview

As I stated last year, we are living in a period of great change driven by technology, the ubiquity of mobile networks, increasing processing power of mobile devices and the falling costs of cloud computing. These themes are disrupting many industries and providing tremendous opportunities for value creation. This disruption is continuing and arguably accelerating with the launch of new technologies and initiatives around artificial intelligence, voice recognition and interactive messaging channels by the large global technology businesses such as Facebook and Apple.

These changes are revolutionising consumer behaviour across the world as the proliferation of connected devices transforms the relationships between consumers and service providers. There is an overwhelming need for companies like banks, mobile operators, retailers, brands and utilities to focus on improving customer experience, particularly through digital channels. We are focused on helping clients to fully utilise mobile and digital technologies to improve customer engagement.

Our strategy has been to ensure that our software products and solutions are network, channel and device agnostic so that our clients have a partner that is able to deliver the right experience for their customers across a customer base that maybe highly fragmented in its use and adoption of technologies. We also believe that as consumers adopt the new technologies they won't necessarily discard old technologies and channels of communication and our clients will need software and solutions that adapt to this fragmentation.

Our addressable market is fragmented, highly competitive and fast changing with IT and Communication vendors of all sizes looking to offer services for mobile and digital transformation. According to Forrester's Market estimates, organisations will spend £90 billion on systems and processes for mobile engagement in 2017 and, according to Gartner, global IT spend will reach $3.5 trillion, 42% of this is being spent on communications. Spend on software is a small fraction of these totals but all reports suggest that the amounts spent on our specific area of expertise, cloud software for customer engagement, will increase substantially over the next few years.

We also expect to benefit from the increasing penetration of smartphones and data coverage in the emerging markets, particularly across India and Africa. An additional 1.3 billion smartphones subscribers are expected in India and the MEA region over the period from 2015 to 2021 and we believe that as a trusted vendor to the mobile operators in these regions we will be at the forefront of their customer engagement and new business activities.

As an organisation we started in the pre-smartphone age of 2G networks and we have established a strong track record of delivering innovation to blue-chip enterprises around the world and we believe that our continued growth is supported by market trends in all regions.

Software and solutions offering

A key initiative over the last year has been to simplify and reposition our technology and product offering to enhance the go-to-market strategy and to make it easier to sell and roll-out our platform and applications. The product portfolio is delivered from our global cloud infrastructure and offers a suite of end user business applications and a core platform-as-a-service offering.

IMIconnect

IMIconnect is a cloud-based platform that helps time and resource constrained IT teams to quickly and easily automate customer interactions across communication channels such as SMS, Voice, Social Media and Facebook. Using visual drag-and-drop tools to automate messages and responses, for example, reduces the time and complexities inherent in a programming-intensive approach.

We have invested considerable resources into this platform over the year adding additional communication channels and developer tools and we believe this platform can be a key enabler of future growth as an increasing number of businesses across all sectors adopt digital transformation agendas.

Case Study - Helping to digitise key customer journeys to improve the retail banking experience.

What we do:

IMImobile has been working with a number of retail banks worldwide. Initially being selected as a global messaging partner, IMImobile is now helping retail banks with key strategic digital transformation initiatives using its IMIconnect digital customer engagement platform including:

- Embedding digital customer communication to improve existing business processes (such as automated balance notifications and application status alerts).
- Deployment of real-time fraud prevention solutions.
- Improvement of contact centre efficiency with two-way interactive messaging.

IMIcampaign

IMIcampaign is a cloud campaign management application designed for multi-channel communication. It allows marketing departments to create, manage, deploy, monitor and adapt marketing campaigns targeted at a customer's mobile device. Channels supported include SMS, MMS, email, social media, mobile internet and USSD. The product supports different types of campaigns such as promotional, event-triggered, targeted, interactive, progressive and multi-wave campaigns.

IMIcampaign is fully integrated within the internal processes and systems of a client and provides a real-time snapshot of customer behaviour using the campaign dashboard which allows businesses to track campaign activity at all times. The product is used by mobile operators, retailers and gaming companies.

Case study - O2 UK - Helping to deliver personal and contextual marketing

What we do:

O2 is the commercial brand of Telefónica UK Limited and is a leading digital communications company with the highest customer satisfaction of any mobile provider according to Ofcom. IMImobile delivers more than 600 million customer interactions across 700 multi-channel campaigns a year using IMIcampaign. By creating and managing the delivery of campaigns across SMS, MMS, and email, IMImobile enables O2 to deliver personalised communication to their customers, helping the company provide better services, enhance customer satisfaction and increase revenue.

Customer Quote:

"*O2's goals are to enhance its market position and retain its reputation for customer satisfaction. IMImobile is an essential part of the team that makes that happen.*"

Head of Marketing Operations at Telefónica UK Ltd (O2).

IMIdigital

IMIdigital helps organisations to offer mobile content services such as video and audio to different devices across multiple channels. The products reduce the time to market and ensure cross border consistency through the end-to-end service delivery platform including content licensing web-portal, as well as app development.

IMIdigital powers more than 350 international content services and 14 billion billing transactions across the globe for trusted and recognised brands such as Universal Music Group, MTN, Aircel, Airtel and Orange across multiple international territories. We have continued to develop this set of products and during the last year we have added and deployed video and audio streaming capabilities.

Case Study – Warner Music International - Enabling the end-to-end delivery of digital content services.

What we do:

IMIdigital has been designed to support the management and delivery of digital content to the complete universe of mobile and desktop devices. It provides content management, billing solutions and marketing tools which enable service providers to merchandise and monetise digital content utilising a single platform. Many leading content publishers, brands and retailers have chosen IMIdigital to provide a range of revenue generation and customer loyalty solutions. For example, IMImobile have worked in partnership with Warner Music International who utilise IMIdigital for the distribution and merchandising of Warner's extensive digital catalogue across international territories.

Customer Quote:

"We value the flexibility, reliability and scalability of the IMIdigital solution and have partnered to deliver some innovative projects. The platform allows us to distribute our music in all digital formats to consumers around the globe and is supported by reliable reporting and accounting capabilities. "

VP, Artist Services, Warner Music International

IMIchat

IMIchat is a cloud application that enables contact centres to improve their customer interactions whilst optimising their operational costs and efficiency. This product allows for real-time agent interactions for either customer support or sales across multiple message channels including SMS, Facebook Messenger and In-app chat channels.

Contact centre specific functionality includes message templates where contact centre agents can choose pre-configured messages to improve the speed of interactions and ensure consistency. Additional capabilities include a queue management system, management of permitted discourse and the ability to tag conversations with keywords to enable efficient tracking of conversations. Over the last year we have added new channel capabilities, an enhanced user interface and adapters for integrating into other contact centre applications. The application is now used by leading retail banks, insurers and utilities.

Case study - Using two-way mobile chat to transform the customer service experience.

What we do:

IMImobile has been working with one of the UK's leading providers of breakdown and home insurance services, helping the business to connect with their growing customer base and manage their field force employees.

IMImobile provides IMIchat, interactive messaging software, to enable contact centre agents to have a real-time conversation with customers using two-way SMS. From the IMIchat dashboard, agents can manage multiple SMS conversations, send real-time updates and answer any customer enquiries.

Customer Quote:

"*It's not just a faster service for customers and agents; it's a messaging solution that allows a great deal of personalisation.*"

Service Delivery Manager of a leading UK Home Insurance Services Group

IMIsocial

IMIsocial is a cloud application that centrally collates high volumes of inbound customer audience messages from multiple social channels such as Facebook, Twitter, SMS, YouTube and Instagram, allowing broadcasters to use audience generated content in their programming. This allows for real-time audience interaction as well as premium rate services such as competitions and voting, therefore transforming audience engagement into improved ratings and revenue.

The product gives editors, producers, and presenters real-time feedback on audience reactions, comments and sentiment in one accessible, easy-to use dashboard with an auto filter on content preferences. Over the last year the latest version of IMIsocial has been rolled out to leading broadcasters such as the BBC and other major media houses powering their audience engagement programmes.

Textlocal

Textlocal is a cloud-based, self-serve platform that allows SMEs to gain instant, affordable access to SMS messaging capabilities. The platform simplifies the creation, deployment and management of mobile messaging campaigns and services.

Textlocal is a Software-as-a-Service business messaging tool that enables businesses of any size to harness SMS messaging capabilities to increase customer engagement and marketing ROI. The product was acquired in October 2014 and since then we have invested in adding sophisticated data import capabilities, target group definition, audit logs and role-based access control which make the product ideally suited for enterprise usage whilst also providing an extremely intuitive yet simple to operate interface. The Textlocal product is being used across a range of industries by companies like Makro, Pizza Hut, Costcutter, Tastecard and Lottoland.

All the key products support multi-tenancy and are hosted and managed within the IMIcloud which provides highly available and scalable data centre and network infrastructure including industry leading levels of availability and disaster recovery. The IMIcloud supports our integrations and connectivity with mobile network operators, device environments (such as Apple and Google), payment gateways and other third party service providers.

We operate a private cloud co-located in five data centres across the UK, US and India and our platform modules have been deployed with geo-redundancy to offer 99.99% service availability. We have also supported certain clients and applications on a public cloud infrastructure.

The infrastructure, platform and software applications are all supported by our Virtual Network Operations Centre ("VNOC") operating 24/7 across support centres in the UK and India. The VNOC teams in India are ITIL certified and aligned to ITIL best practice guidelines. We are ISO 9000 and 27001 accredited and operate several services within a PCI DSS compliant environment.

Our cloud infrastructure and applications today process over 13 billion SMS messages per year, 15 billion voice flows, and 14 billion commerce transactions.

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, product lines 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 £19.9m (2015: £16.4m)

Gross profits in this region have risen strongly by 21% year on year. Organic growth accounted for 9% of this. Like for like[1] gross profit growth from Textlocal was above 10%.

Growth in the region came from a number of new significant contract wins with a mobile operator, an electronics retailer and a gaming business as well as additional business from existing financial services clients. We also renewed all significant contracts falling due in the year including a two year extension with the region's largest customer, a tier-one high street bank, and a three year renewal with a leading utility provider.

Mobile operators remain our largest customer sector, and we are currently positioned as a trusted, integrated and reliable partner to all the major UK operators. We have also retained our position as one of the leading providers of carrier billing products in the UK market. Furthermore, we have made progress in the financial services sector, which is undergoing rapid change due to mobile and digital technologies.

There are live deployments of all of our products and platforms in the Europe and Americas region with new versions of IMIcampaign, IMIconnect, IMIchat, IMIsocial and Textlocal launched and deployed in the year. We have successfully upsold new deployments of our products to existing clients, and on the back of these successes we have also started to invest in a reseller and partnership strategy through which we hope to build greater distribution.

A number of our deployments have also been recognised by industry during the year; including the 'Best Use of Social Media in Telecom Industry' at the Youth Marketing Awards 2016 as well as being shortlisted as a finalist for the 'Best Loyalty Programme within the Telecoms sector' category, along with O2, for the Priority £1 lunch campaign.

We continue to invest in establishing our operations in the Americas and have significantly grown gross profit in the region. We now have contracts with Cricket and GoPhone as well as early pilots with other major operator groups. We will continue to invest in the region, as it is the largest single addressable market for our product set.

Middle East and Africa
Gross profit £11.4m (2015: £8.6m)

Our business performed well this year driven by an increase of 58% in our recurring revenue from our existing and new contracts with mobile operators in the region. Overall organic[2] year on year gross profit growth was 15% and this lower figure reflects the expected fall in license revenues from the exceptionally high level of non-repeating license revenues recognised in the previous year. The acquisition of Archer Digital in September 2015 contributed to 32% gross profit growth in the Middle East and Africa.

[1] Defined as the full year to 31 March 2016 compared with the full year to 31 March 2015.
[2] Excluding the impact of the Archer Digital acquisition

IMImobile has long-term contracts with the leading mobile operator groups for deployments of IMIdigital and IMIcampaign in multiple countries. We work with mobile operators that serve nearly 500 million customers representing 40% of all mobile subscribers in the region.

Our clients' significant investment in increasing mobile coverage across Africa is providing opportunities for people to consume more content and we work closely with our clients to create, deliver and operate these content services across different mobile channels. We believe there are strong foundations for growth. The number of smartphone connections is expected to increase from 245 million today to over 585 million by 2020. There is also a strong pipeline of operator contracts in deployment which will contribute to profit in the coming years in the region.

The acquisition of Archer Digital ("Archer") for a cash consideration of $5.6m was a major highlight during the year. Archer was founded in 2005 and provides a feature-rich suite of mobile engagement products to clients across banking, satellite television services, mobile operators, retailers and municipalities in South Africa. The company has experienced year on year growth since its inception in 2005, has 50 employees and is based in Johannesburg. This acquisition supports the Group's international growth plans, as well as providing access to customers in key target sectors.

The Group continues to see numerous opportunities in Africa for enterprises to use mobile as an engagement channel driven by the explosion of mobile devices and better networks as well as the limitations of physical infrastructure. We intend to utilise Archer's existing infrastructure and market presence to cross-sell IMI's product suite and to offer Archer's technology and products to new international markets outside of South Africa. Trading since September has been in line with our expectations.

Currency volatility in South Africa and Nigeria, as well political and regulatory uncertainty, could create short term obstacles. However we remain very positive about opportunities in the region and our proven ability to deliver solutions for the leading blue chip companies operating in this region.

India and SE Asia
Gross profit £5.3m (2015: £5.0m)

We are pleased to report that after a strong second half we have returned to growth in India with an overall gross profit increase of 4%.

This growth reflects a significant increase in new sales with a new voice services contract signed with a major operator in Myanmar and a major deployment of IMIcampaign in a license deal in Nepal as well as various smaller wins with leading ecommerce businesses, FMCG brands and financial services clients. There continued to be a decline in the monthly recurring revenue from certain operator customers. However we now believe this has stabilised.

During the year, we have also successfully renewed a number of multi-year contracts with four of the major operators in India that serve over 350 million customers. We also won a three year contract to provide services on a pan-India basis, previously having only provided coverage in part of the country.

We have also successfully launched the Textlocal platform in India with over 1,500 paying customers in the first six months and we believe that the market for cloud communications software will grow rapidly in the region. We are well placed to leverage this trend with our suite of cloud applications.

IMImobile is proud to have been selected as a partner of BBC Media Action and The Gates Foundation to provide free mobile health education services to nearly 10 million families and one million community health workers across India, facilitated through the Government of India's Ministry of Health and Family Welfare Department. This programme was developed by BBC Action Media and powered by our IMIconnect platform nationwide, ensuring that pre-recorded audio health messages became available to millions of women and expectant mothers throughout India.

Growth strategy and outlook

Our growth strategy has remained consistent over a number of years.

There are structural growth trends from which we benefit, particularly the movement towards the use of cloud software and infrastructure for enhancing customer experience. We also operate in highly competitive markets with technology vendors of all sizes competing for the attention of enterprises as they pursue the benefits of digital and mobile transformation.

We are confident that we can grow organically in these markets on the basis of strong existing customer relationships and an innovative culture that will help us to secure new relationships. We currently have over 70 clients with revenues over £0.1m p.a. of which 20 have revenues over £0.5m p.a. and 11 clients with over £1m p.a. We believe that we can steadily grow the number of clients and the average size of the contracts as mobile and digital engagement strategies become a business imperative.

In order to develop our relationships we need to continually innovate and we believe that our track record of delivering innovation over the last fifteen years has underpinned our growth to date. We have committed technical resources in India and the UK and believe that we can cost-effectively continue to commit R&D resources to innovate. We are encouraged by the progress we have made with the latest versions of our cloud product suite and we hope to create additional growth opportunities through a partnership and channel strategy for greater distribution.

We also believe that selective geographic expansion can enhance organic growth and we have invested in establishing operations in the USA and Myanmar, in the USA because we see large opportunities for our core product set and in Myanmar there is substantial greenfield opportunity for our core products and solutions.

We continue to look for acquisitions that can accelerate growth and have clear criteria for selection in what is a very fragmented market. Our primary objective is to look for organisations that have close, recurring and substantial relationships with large blue chip corporates delivering mobile and digital strategies or technologies. We believe that over time we should be able to increase the scale of the client relationships. We also consider companies with complementary products that can be delivered to our major customer groups.

We aim to maintain a strong balance sheet as there are many acquisition and consolidation opportunities. However we are confident in our organic growth and strategic position and believe it is important to wait for the right opportunity, particularly when valuations look stretched for many small privately owned companies. We are pleased with all the material acquisitions we have made in the Group since foundation (WIN plc, Textlocal and Archer) and will continue to consider selective opportunities.

The 2017 financial year has started well with many opportunities for growth across all regions and business units. As a result of our stable client relationships, pipeline of new deployments and high mix of recurring, repeating and transactional revenues we have good visibility of future performance. We will continue to invest in more sales and marketing activities and product development to establish a leading position in growth markets, and we are confident of our prospects for the year ahead.

Financial Review

Group performance at a glance

Year ended 31 March	2016 £m	2015 £m	Growth / (decline)
Revenue	61.6	48.9	26%
Gross Profit	36.5	30.0	22%
Gross Margin	*59.3%*	*61.4%*	
EBITDA	10.7	9.2	17%
EBITDA Margin	*17.3%*	*18.7%*	
Operating profit before share-based payments and exceptional items	8.4	6.7	25%
Profit / (loss) before tax	4.2	(2.3)	(282%)
Adjusted profit before tax[1]	8.5	6.7	26%
Profit / (loss) after tax	2.2	(3.4)	(167%)
Adjusted profit after tax[2]	6.8	5.6	21%
Diluted EPS	5.2p	(13.5p)	(139%)
Diluted adjusted EPS[3]	10.4p	9.2p	13%
Cash at period end	15.0	14.6	3%

Key performance indicators (KPIs)

This section sets out the KPIs for the Group during the year ended 31 March 2016.

Group revenue and gross profit

For the year to 31 March 2016 total revenue increased by 26% to £61.6m (2015: £48.9m) and gross profit increased by 22% to £36.5m (2015: £30.0m). 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	2016 £m	2015 £m	Growth
Europe and Americas	34.5	28.0	23%
Middle East & Africa	17.0	11.3	50%
India & South East Asia	10.1	9.6	5%
Total	**61.6**	**48.9**	**26%**

Gross profit

Year ended 31 March	2016 £m	2015 £m	Growth
Europe and Americas	19.9	16.4	21%
Middle East & Africa	11.3	8.6	32%
India & South East Asia	5.3	5.0	4%
Total	**36.5**	**30.0**	**22%**

The Europe and Americas region gross profit grew by 21% in the year. Gross margin in Europe and Americas in the year was 57.6%, down slightly from 58.5% in 2015 in part as a consequence of the inclusion of full year results of the lower margin Textlocal business.

Excluding the impact of the Archer acquisition gross profit in the Middle East & Africa (MEA) region grew by 15% to £9.9m (2015: £8.6m). Gross profit from recurring revenue contracts in MEA increased by 58% year on year. This growth was partially offset by a decline in non-repeating license fee income recognised in the prior year which was not repeated to the same extent this year. When including the post-acquisition gross profit generated by Archer the regional gross profit grew by 32% to £11.4m. Gross margin in MEA reduced to 67.0% from 76.2%, reflecting the decreased proportion of license fees recognised during the period and the inclusion of the lower margin Archer business.

The Indian and SEA region gross profit increased in the year by 4% to £5.3m (2015: £5.0m). Gross margin declined slightly to 51.9% compared with 52.5% from the previous year as a result of the increase in the lower margin sales to non-operator customers who typically have a lower gross margin because of the cost of third party mobile infrastructure.

[1] Adjusted profit before tax is defined by the Group as profit/(loss) before tax before fees incurred in relation to IPO and acquisition activities, impairment charges, share-based compensation and amortisation of acquired intangibles. See note 6 for a reconciliation.

[2] Adjusted profit after tax is defined by the Group as profit/(loss) after tax before fees incurred in relation to IPO and acquisition activities, impairment charges, share-based compensation and amortisation of acquired intangibles. See note 6 for a reconciliation.

[3] Adjusted EPS uses adjusted profit after tax as defined above.

Operating costs before amortisation, depreciation, impairment costs, share-based payments and exceptional items

Operating costs before amortisation, depreciation, impairment costs, share-based payments and exceptional items in the year were £25.8m (2015: £20.9m). This reflects the full year inclusion of Textlocal and the post-acquisition costs of Archer as well as additional investment in sales and marketing across the Group.

EBITDA[1] and operating profit before share-based payments and exceptional items

EBITDA for the year to 31 March 2016 was £10.7m (2015: £9.2m) and operating profit before share-based payments and exceptional items was £8.4m (2015: £6.7m) representing an increase of 25% against the prior year.

Group cash flow and working capital

Year end cash and cash equivalents were £15.0m (2015: £14.6m). There were no bank borrowings at 31 March 2016 (2015: £nil). Cash generated from operations was £10.6m (2015: £8.8m) and represents an operating cash flow conversion of 99% of EBITDA (2015: 96%).

Group working capital is made up as follows:

As at 31 March	**2016** £m	**2015** £m
Cash and cash equivalents	15.0	14.6
Trade and other receivables	24.3	19.7
Trade and other payables (excluding deferred income)	(22.6)	(18.3)
Net working capital	16.7	16.0

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 2016 is £3.1m (2015: £3.2m) and £6.3m (2015: £5.2m) in trade and other payables.

Trade and other receivables has increased during the year as a result of the inclusion of Archer Digital. The value of trade and other receivables included from Archer Digital at 31 March 2016 is £1.5m (2015: £nil), the additional increase is mainly attributable to the increase in monthly run rate revenues compared to the previous year.

Trade and other payables has increased during the year as a result of the inclusion of Archer Digital. The value of trade and other payables included from Archer Digital at 31 March 2016 is £1.6m (2015: £nil). 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 revenues compared to the previous year have also contributed to the overall increase.

Group profit after tax

Profit after tax was £2.2m (2015: loss of £3.4m) after the impact of exceptional costs of £0.6m (2015: £1.7m), share-based payment charges net of deferred tax of £3.7m (2015: £6.7m), amortisation of acquired intangibles of £0.3m (2015: £nil) and de-recognition of deferred tax assets of £nil (2015: £0.5m). Adjusted profit after tax was £6.8m (2015: £5.6m) representing an increase of 21% against the prior year.

Earnings per share

Diluted earnings per share was 5.2p (2015: loss 13.5p). Diluted adjusted EPS grew by 13% to 10.4p (2015: 9.2p).

Group taxation

The tax charge for the year was £1.9m (2015: £1.1m). The adjusted effective rate of tax[2] for the year was 19.9% (2015: 16.7%).

Other intangible assets

During the year to 31 March 2016 the Group capitalised £1.0m of development costs (2015: £0.2m) and acquired £2.1m of intangible assets as a result of the acquisition of Archer Digital. In addition to this, expenditure during the year on software and trademarks and licences was £0.6m (2015: £0.5m).

Property, plant and equipment

Capital expenditure on property, plant and equipment during the year was £2.0m (2015: £1.0m) and acquired £0.2m of property, plant and equipment as a result of the acquisition of Archer Digital.

Goodwill

Goodwill held at 31 March 2016 was £19.8m (2015: £17.9m) following the acquisition of Archer Digital. There were no other changes to the carrying amount of goodwill in the year.

Deferred tax

Deferred tax assets at 31 March 2016 were £0.5m (2015: £0.9m) following the write-off of deferred tax on the flowering share plan recognised in the prior year.

Deferred tax liabilities at 31 March 2016 were £0.4m (2015: £nil) recognised on identifiable intangible assets acquired in Archer, which do not offset with deferred tax assets held by the Group.

[1] EBITDA is defined as operating profit/(loss) before depreciation, amortisation, fees incurred in relation to IPO and acquisition activities, impairment charges and share-based compensation. See note 6 for the reconciling items.

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

Available-for-sale financial assets

During the year the Group increased its holding in the available-for-sale financial asset held at the start of the year by £0.1m which also resulted in an impairment of the existing holding by £0.2m.

Non-current liabilities

As well as the deferred tax liabilities above, the provision for defined benefit gratuity increased to £0.5m (2015: £0.4m).

IMIMOBILE PLC CONSOLIDATED FINANCIAL RESULTS

Consolidated Income Statement
For the year ended 31 March 2016

	Notes	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Revenue	2, 4	61,630	48,876
Cost of sales		(25,108)	(18,848)
Gross profit	4	36,522	30,028
Operating costs:			
Other operating costs		(25,833)	(20,872)
Depreciation and amortisation		(2,692)	(2,442)
Share-based payment charge	12	(3,362)	(7,294)
IPO and acquisition related costs		(376)	(1,575)
Impairment of available-for-sale financial assets		(176)	(145)
Operating profit / (loss)		4,083	(2,300)
Investment income		81	13
Profit / (loss) before tax		4,164	(2,287)
Tax	5	(1,923)	(1,076)
Profit / (loss) for the year		2,241	(3,363)
Profit / (loss) for the year attributable to:			
Equity holders of the company		3,410	(5,975)
Non-controlling interest		(1,169)	2,612
Profit / (loss) for the year		2,241	(3,363)
EBITDA[1]		10,689	9,156
Basic earnings / (loss) per share	6	7.1p	(13.5p)
Adjusted basic earnings per share	6	14.1p	12.6p
Diluted earnings / (loss) per share	6	5.2p	(13.5p)
Adjusted diluted earnings per share	6	10.4p	9.2p

[1] EBITDA is defined as operating profit / (loss) before depreciation, amortisation, fees incurred in relation to IPO and acquisition activities, impairment charges and share-based compensation.

IMIMOBILE PLC CONSOLIDATED FINANCIAL RESULTS

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2016

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Profit / (loss) for the year	2,241	(3,363)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Equity holders of the parent	(79)	1,066
Non-controlling interest	33	352
Other comprehensive income for the year	(46)	1,418
Total comprehensive income / (expense) for the year	2,195	(1,945)
Total comprehensive income / (expense) for the year attributable to:		
Equity holders of the parent	3,331	(4,909)
Non-controlling interest	(1,136)	2,964
Total comprehensive income / (expense) for the year	2,195	(1,945)

IMIMOBILE PLC CONSOLIDATED FINANCIAL RESULTS

Statement of Changes in Equity

For the year ended 31 March 2016

	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 parent £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2014	**4,524**	**8,283**	**2,178**	**1,272**	**(8,538)**	**6,176**	**13,895**	**-**	**13,895**
Capital restructuring	(2,295)	16,230	-	-	(20,502)	(6,546)	(13,113)	6,546	(6,567)
Profit / (loss) for the year	-	-	-	-	-	(5,975)	(5,975)	2,612	(3,363)
Foreign exchange differences	-	-	1,066	-	-	-	1,066	352	1,418
Share-based payment charge	-	-	-	7,294	-	-	7,294	-	7,294
Proceeds from share issue	2,505	27,509	-	-	-	-	30,014	-	30,014
Issue of shares as part of acquisition	71	929	-	-	-	-	1,000	-	1,000
Cost of share issue	-	(2,055)	-	-	-	-	(2,055)	-	(2,055)
Cancellation of share options	-	-	-	(2,697)	-	-	(2,697)	-	(2,697)
Balance at 31 March 2015	**4,805**	**50,896**	**3,244**	**5,869**	**(29,040)**	**(6,345)**	**29,429**	**9,510**	**38,939**
Profit / (loss) for the year	-	-	-	-	-	3,410	3,410	(1,169)	2,241
Foreign exchange differences	-	-	(79)	-	-	-	(79)	33	(46)
Share-based payment charge	-	-	-	3,362	-	-	3,362	-	3,362
Proceeds from share issue	113	1,488	-	(1,570)	-	-	31	-	31
Deferred consideration as part of acquisition	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Deferred tax on share-based payments	-	-	-	-	-	22	22	-	22
Balance at 31 March 2016	**4,918**	**52,384**	**3,165**	**6,661**	**(29,040)**	**(2,913)**	**35,175**	**8,374**	**43,549**

IMIMOBILE PLC CONSOLIDATED FINANCIAL RESULTS

Consolidated Statement of Financial Position
As at 31 March 2016

	Notes	As at 31 March 2016 £000	As at 31 March 2015 £000
Non-current assets			
Goodwill	7	19,770	17,934
Other intangible assets		4,355	1,678
Available-for-sale financial assets		202	279
Property, plant and equipment		4,658	4,285
Deferred tax assets		499	911
Total non-current assets		29,484	25,087
Current assets			
Cash and cash equivalents	8	15,039	14,617
Trade and other receivables	9	24,336	19,745
Total current assets		39,375	34,362
Current liabilities			
Trade and other payables	10	(24,476)	(20,104)
Total current liabilities		(24,476)	(20,104)
Net current assets		14,899	14,258
Non-current liabilities			
Provision for defined benefit gratuity		(463)	(406)
Deferred tax liabilities		(371)	-
Total non-current liabilities		(834)	(406)
Net assets		43,549	38,939
Equity attributable to the owners of the parent			
Share capital	11	4,918	4,805
Share premium	11	52,384	50,896
Translation reserve		3,165	3,244
Share-based payment reserve		6,661	5,869
Capital restructuring reserve	11	(29,040)	(29,040)
Retained earnings		(2,913)	(6,345)
Equity attributable to shareholders of the parent		35,175	29,429
Non-controlling interest		8,374	9,510
Total equity		43,549	38,939

IMIMOBILE PLC CONSOLIDATED FINANCIAL RESULTS

Consolidated Cash Flow Statement
For the year ended 31 March 2016

	Notes	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Cash generated from operations	13	10,633	8,816
Tax paid		(1,867)	(582)
Net cash from operating activities		8,766	8,234
Investing activities			
Interest received		81	13
Purchase of intangible assets		(1,533)	(672)
Purchase of property, plant & equipment		(2,006)	(967)
Disposal of property, plant & equipment		28	15
Purchase of share in available-for-sale investment		(99)	-
Acquisition of subsidiary as part of capital restructuring		-	(23,464)
Acquisition of subsidiary net of cash acquired	14	(3,612)	(6,395)
Deferred consideration as part of acquisition		(1,000)	-
Acquisition related costs		(376)	(1,575)
Net cash used in investing activities		(8,517)	(33,045)
Financing activities			
Proceeds from issuance of Ordinary shares		31	30,000
Net cash generated by financing activities		31	30,000
Net increase in cash and cash equivalents		280	5,189
Cash and cash equivalents at beginning of the year		14,617	9,305
Effect of foreign exchange rate changes		142	123
Cash and cash equivalents at end of the year	8	15,039	14,617

1. Basis of preparation

While the financial information included in this preliminary announcement has been computed in accordance with 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 Company expects to publish full financial statements that comply with IFRS in due course.

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 March 2016, but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the company's annual general meeting.

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.

2. Basis of consolidation and accounting policies

The principal accounting policies set out below have been applied consistently by the Group entities from which the information contained in this preliminary announcement has been extracted:

Basis of consolidation

The Group financial results incorporate the financial results 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 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 compensation 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 unbilled amounts in work in progress. 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 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. Pass through revenues collected on behalf of the customers are not recognised within turnover.

Licence, one-off and professional service revenue
Revenue from sale of end user licences is recognised at fair value on customer acceptance following installation at the customer's locations as per the terms of the contract.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3. Critical accounting judgements, estimates and assumptions

The preparation of financial results 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 results 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 key sources of estimation uncertainty at the reporting date derive from management assumptions in respect of:

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires judgement. Where revenues are verified by third parties, revenues are accrued based on platform data. Differences are adjusted for upon receipt of third party reports.

Where contracts include more than one deliverable element, each element and deliverables are assigned to one, or more, separate units of accounting based on their fair value. Revenue is recognised on a milestone basis, based on the judgement of management, as each deliverable is met.

Goodwill and impairment reviews

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.

Debtor recoverability

The Group's trade receivables are stated after allowances for bad and doubtful debts based on management's judgement of recoverability on an individual customer basis. The credit worthiness of individual customers is assessed based on their financial strength using available information, communication with the customer and the historic trading relationship.

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.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which have been detailed within the notes to the consolidated financial results.

Research and development

IAS 38 requires the Group to capitalise and subsequently amortise development costs when the requirements of an internally generated intangible have been met and costs can be measured reliably. The determination of whether costs incurred in the development of software have met the criteria per IAS 38 requires judgement. Following a review of the criteria the Directors have concluded that expenditure on development has not met the criteria for capitalisation as it is not possible to accurately distinguish between the research and development phases of each project during the periods covered by the consolidated financial results. As a result all research and development expenditure has been treated as an expense within the consolidated income statement of the period incurred, except to the extent is has been capitalised in other intangible assets.

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.

Share-based payments

The fair value 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 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 £33,474,277 (2015: £27,243,754)), 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 and Americas £000	India and SEA £000	MEA £000	Total £000
Year ended 31 March 2016				
Revenue from external companies	34,525	10,134	16,971	**61,630**
Intersegment revenues	-	79	-	**79**
Gross profit	19,896	5,264	11,362	**36,522**
Other operating costs				**(25,833)**
Depreciation and amortisation				**(2,692)**
Share-based payment charge				**(3,362)**
IPO and acquisition related costs				**(376)**
Impairment of AFS financial assets				**(176)**
Operating profit				**4,083**
Investment income				**81**
Profit before tax				**4,164**
Tax				**(1,923)**
Profit after tax				**2,241**
Non-current assets	21,527	2,792	5,165	**29,484**

	Europe and Americas	India and SEA	MEA	Total
Year ended 31 March 2015				
Revenue from external companies	27,978	9,610	11,288	**48,876**
Intersegment revenues	-	578	-	**578**
Gross profit	16,381	5,048	8,599	**30,028**
Other operating costs				**(20,872)**
Depreciation and amortisation				**(2,442)**
Share-based payment charge				**(7,294)**
IPO and acquisition related costs				**(1,575)**
Impairment of AFS financial assets				**(145)**
Operating loss				**(2,300)**
Investment income				**13**
Loss before tax				**(2,287)**
Tax				**(1,076)**
Loss after tax				**(3,363)**
Non-current assets	20,596	3,565	926	**25,087**

During the year revenues from Customer A and Customer B accounted for 12% (2015: 14%) and 16% (2015: 15%) of the Group's revenue.

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.

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 which is made up of a combination of the following:
    a. Contracted, recurring revenues;

b. Non-contracted, repeating revenues; and,
c. Transactional revenues, typically a share of consumer spend.

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	**Licence, one-off and professional services £000**	**Total £000**
Year ended 31 March 2016			
Revenue from external companies	58,250	3,380	**61,630**
Intersegment revenues	-	79	**79**
Gross profit	33,420	3,102	**36,522**
Year ended 31 March 2015			
Revenue from external companies	43,601	5,275	**48,876**
Intersegment revenues	-	578	**578**
Gross profit	25,068	4,960	**30,028**

5. Tax

	Year ended 31 March 2016 £000	**Year ended 31 March 2015 £000**
Current tax		
India tax expense	13	(6)
UK tax expense	453	522
Other foreign tax expense	62	80
Withholding tax expense	969	592
Adjustments in respect of prior periods	33	13
	1,530	1,201
Deferred tax		
Current year	(39)	(125)
Adjustments in respect of prior periods	432	-
	393	(125)
	1,923	1,076

The deferred tax adjustment in respect of prior periods relates to deferred tax recognised on the flowering share plan in the prior year.

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

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Profit / (loss) before tax	4,164	(2,287)
Tax at the UK corporation tax rate of 20% (2015: 21%)	833	(480)
Effect of overseas tax rates	66	(367)
Expenses not deductible for tax purposes	407	57
Tax losses on which deferred tax not recognised	83	1,323
Temporary differences on which deferred tax not recognised	108	-
Effect of change in UK tax rate	46	2
Utilisation of tax losses and other deductions	(15)	-
Tax adjustments in respect of previous years	465	13
De-recognition of deferred tax asset	-	578
Enhanced tax relief on research and development expenditure	(70)	(50)
Total tax charged in the income statement	1,923	1,076

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.

The Finance Act 2015 reduced the UK standard rate of corporation tax from 21% to 20% from 1 April 2015 and 20% to 18% from 1 April 2016. All UK deferred tax assets and liabilities have been recognised at 18% (2015: 20%). A further reduction in the corporation tax rate to 17%, rather than 18%, from 1 April 2020 was announced in the 2016 Budget. However, this further rate change was not substantively enacted at the balance sheet date, so its effect is not reflected in these financial results.

6. Earnings per share ('EPS')

	Year ended 31 March 2016 pence	Year ended 31 March 2015 (restated) pence
Basic EPS	7.1p	(13.5p)
Adjusted basic EPS	14.1p	12.6p
Diluted EPS	5.2p	(13.5p)
Adjusted diluted EPS	10.4p	9.2p

	Year ended 31 March 2016 Million	Year ended 31 March 2015 (restated) Million
Weighted average number of ordinary shares for the purpose of basic EPS	48.1	44.3
Effect of exchange of Ordinary B Shares (see note 11)	11.3	11.3
Effect of dilutive potential ordinary shares: share options	6.0	5.3
Weighted average number of ordinary shares for the purpose of diluted EPS	65.4	60.9

The comparative figures have been restated to exclude the profits attributable to non-controlling interests when calculating basic EPS. The diluted and adjusted diluted EPS comparative figures have been restated to remove the effect of share options as they are anti-dilutive at a statutory level, and include the impact of the remaining IFRS 2 charge per option in the statutory and adjusted result.

To provide more meaningful comparative information on the Group's profitability, a number of non-GAAP adjusted profit measures are used in these financial results. Summarised below is a reconciliation between statutory results to adjusted results. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

	Statutory results £000	Share-based payment charge £000	IPO and acquisition related costs £000	Impairment of AFS financial asset £000	Amortisation of acquired intangibles £000	Other* £000	Adjusted Results £000
Year ended 31 March 2016							
Revenue	61,630	-	-	-	-	-	61,630
Gross profit	36,522	-	-	-	-	-	36,522
Operating profit	4,083	3,362	376	176	416	-	8,413
Profit before tax	4,164	3,362	376	176	416	-	8,494
Tax	(1,923)	353	(40)	-	(83)	-	(1,693)
Profit after tax	2,241	3,715	336	176	333	-	6,801
EBITDA	6,775	3,362	376	176	-	-	10,689
Basic EPS (pence)	7.1	7.7	0.7	0.4	0.7	(2.5)	14.1
Diluted EPS (pence)	5.2	5.7	0.5	0.3	0.5	(1.8)	10.4

	Statutory results £000	Share-based payment charge £000	IPO and acquisition related costs £000	Impairment of AFS financial asset £000	De-recognition of deferred tax asset £000	Other* £000	Adjusted Results £000
Year ended 31 March 2015							
Revenue	48,876	-	-	-	-	-	48,876
Gross profit	30,028	-	-	-	-	-	30,028
Operating (loss) / profit	(2,300)	7,294	1,575	145	-	-	6,714
(Loss) / profit before tax	(2,287)	7,294	1,575	145	-	-	6,727
Tax	(1,076)	(588)	-	-	537	-	(1,127)
(Loss) / profit after tax	(3,363)	6,706	1,575	145	537	-	5,600
EBITDA	142	7,294	1,575	145	-	-	9,156
Basic EPS (pence)	(13.5)	15.1	3.6	0.3	1.2	5.9	12.6
Diluted EPS (pence)	(13.5)	11.0	2.6	0.2	0.9	8.0	9.2

* Other adjustments as follows:

- 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.
- Diluted adjusted EPS includes the dilutive effect of share options not included in statutory diluted EPS when they have an anti-dilutive effect.

7. Goodwill

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

	Opening £000	Additions £000	Impairment £000	Foreign Exchange Movement £000	Closing £000
31 March 2015					
Managed solutions	4,716	-	-	-	4,716
Cloud based services / SaaS	3,145	-	-	-	3,145
TextLocal	-	10,073	-	-	10,073
Total	7,861	10,073	-	-	17,934
31 March 2016					
Managed solutions	4,716	-	-	-	4,716
Cloud based services / SaaS	3,145	-	-	-	3,145
TextLocal	10,073	-	-	-	10,073
Archer	-	1,900	-	(64)	1,836
Total	17,934	1,900	-	(64)	19,770

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:

	Managed solutions	Cloud based services/SaaS	TextLocal	Archer
Budgeted EBITDA[1] growth rate	38%	28%	24%	28%
Long-term growth rate:	3%	3%	3%	3%
Discount rate:	11%	11%	11%	11%

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.

8. Cash and cash equivalents

	As at 31 March 2016 £000	As at 31 March 2015 £000
Unrestricted		
Cash on hand and at bank	14,980	14,570
Restricted		
Short-term bank deposits	59	47
Cash and cash equivalents	15,039	14,617

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 2016 £000	As at 31 March 2015 £000
United Arab Emirates Dirham	120	131
Australian Dollar	-	-
Bangladeshi Taka	327	320
Euro	1,286	673
UK Pounds Sterling	6,919	8,113
Indian Rupee	478	899
Nigerian Naira	3,315	1,124
Sri-Lankan Rupee	50	55
US Dollar	2,326	3,302
South African Rand	218	-
	15,039	14,617

9. Trade and other receivables

[1] Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.

	As at 31 March 2016 £000	As at 31 March 2015 £000
Trade receivables		
– revenue to be collected on behalf of the Group	10,754	7,817
– pass through revenues to be collected on behalf of billing customers	678	848
Other receivables	160	21
Refundable deposits	456	185
Prepayments	1,196	1,746
Amounts billable not yet invoiced		
– revenue to be collected on behalf of the Group	6,072	4,561
– pass through revenues collected on behalf of billing customers	2,410	2,327
Withholding tax debtor	2,579	2,187
Due from related parties	31	53
	24,336	19,745

The fair value receivables approximate their carrying values as at 31 March 2016 and 31 March 2015.

10. Trade and other payables

	As at 31 March 2016 £000	As at 31 March 2015 £000
Trade payables		
– cost of sales to be paid on behalf of the Group	5,261	2,964
– pass through revenues to be paid to billing customers	3,700	2,833
Other payables	589	855
Accrued expenses		
– cost of sales to be paid on behalf of the Group	9,063	8,296
– pass through revenues to be paid to billing customers	2,611	2,319
Deferred income	1,856	1,734
VAT payable	1,256	617
Tax payable	140	486
	24,476	20,104

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 their carrying values as at each respective reporting date.

11. Share Capital, Share Premium and Restructuring Reserve

Allotted, called up and fully paid	Share Capital £000	Share Premium £000	Total £000
At 1 April 2015	4,805	50,896	55,701
Share options exercised	113	1,488	1,601
At 31 March 2016	4,918	52,384	57,302

	As at 31 March 2016 Number
Ordinary shares as at 1 April 2015	48,038,862
Share options exercised	1,127,470
Ordinary shares as at 31 March 2016	49,166,332
Ordinary B shares as at 1 April 2015 and 31 March 2016	2
	49,166,334

During the year 77,470 share options were exercised for a consideration of £30,764. The exercise of 1,050,000 flowering share options for nil consideration has been accounted for as a reduction in the share-based payment reserve.

The Group's capital consists of two classes of equity share.

Ordinary shares

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.

Ordinary B shares

The founders of the Group, and current directors Vish Alluri and Shyam Bhat hold their investment in the Company via Ordinary B Shares which give them the right to exchange their holdings in IMI Mobile Private Limited, a subsidiary of the Company (which they have held since the Group was founded) for a direct holding in the Company. This structure was established on listing and was necessary because of tax and foreign holding considerations in India, the structure is detailed in the Company's Admission document.

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 B shares is able to exercise voting rights in respect of such shares equal to the number of Ordinary Shares each of its nominees would receive if they exchanged their holding in IMI Mobile Private Limited for three ordinary shares in the Company.

In addition, each holder of ordinary B shares has the right (but not the obligation) to swap all of their shares in IMI Mobile Private Limited for ordinary shares in the Company on the basis of one IMI Mobile Private Limited share for three ordinary shares in the Company (subject to adjustment for any consolidation, sub division or any other alteration of the share capital of either the Company or IMI Mobile Private Limited). Such a share swap is subject to all legal and regulatory consents and approvals being obtained. If such a share swap occurred in full the holders of ordinary B shares would be entitled to acquire 11,299,599 ordinary shares. The holders of the ordinary B shares form the non-controlling interest in the Group.

Restructuring Reserve

The restructuring reserve was created as part of the capital restructuring of the Group following admission to AIM. The share capital and share premium were restated based on the 3:1 conversion of ordinary shares, with a corresponding entry in the restructuring reserve. The restructuring reserve also reflects the conversion of preference shares to ordinary shares and the creation of a non-controlling interest in the Group as outlined above.

There were no movements in the restructuring reserve in the current year.

12. 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, options were issued to the Directors and key employees. The Group operated the following schemes during the year.

Flowering Share Plan

The plan was established on 16 May 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment, and meeting an objective Company hurdle and performance targets for the Group's adjusted EPS. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2016		As at 31 March 2015	
	Weighted average exercise price (£)	**Number of share options**	**Weighted average exercise price (£)**	**Number of share options**
At 1 April		3,000,000		-
Granted	-	-	0.03	3,000,000
Exercised	0.03	(1,050,000)	-	-
Forfeited	0.03	(149,062)	-	-
At 31 March		1,800,938		3,000,000

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 0.31% to 1.55%, exercise price shown above, an expected option life of five years, volatility of 22% to 70% depending on the vesting date of the options and a dividend yield of nil.

2014 Unapproved Option Plan

The plan was established on 26 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment and meeting performance targets for the Group's adjusted EPS. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2016		As at 31 March 2015	
	Weighted average exercise price (£)	**Number of share options**	**Weighted average exercise price (£)**	**Number of share options**

At 1 April		6,370,018		-
Granted	1.08	549,984	0.33	6,387,373
Forfeited	0.93	(265,308)	1.20	(17,355)
At 31 March		**6,654,694**		**6,370,018**

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 0.42% to 1.72%, exercise price shown above, an expected option life of five years, volatility of 7% to 70% depending on the vesting date of the options and a dividend yield of nil.

CSOP

The plan was established on 26 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2016		**As at 31 March 2015**	
	Weighted average exercise price (£)	**Number of share options**	**Weighted average exercise price (£)**	**Number of share options**
At 1 April		993,938		-
Granted	1.51	73,666	1.24	1,051,580
Exercised	1.33	(8,970)	-	-
Forfeited	1.20	(70,703)	1.20	(57,642)
At 31 March		**987,931**		993,938

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 0.42% to 1.72%, exercise price shown above, an expected option life of five years, volatility of 7% to 70% depending on the vesting date of the options and a dividend yield of nil.

Rollover scheme

The plan was established on 27 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2016		**As at 31 March 2015**	
	Weighted average exercise price (£)	**Number of share options**	**Weighted average exercise price (£)**	**Number of share options**
At 1 April		820,000		-
Converted *	-	-	0.30	951,000
Exercised	0.29	(68,500)	0.29	(47,000)
Forfeited	0.32	(1,500)	0.31	(84,000)
At 31 March		**750,000**		820,000

* options converted from a share scheme closed in the year ended 31 March 2015.

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 1.34%, exercise price shown above, an expected option life of five years, volatility of 9% to 41% depending on the vesting date of the options and a dividend yield of nil.

TextLocal deferred consideration

The deferred 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 deferred 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. The Group has valued this option and accounted for the obligation to purchase the shares as a cash settled share-based payment vesting over the 5 year period, with a charge of £208,000 recorded in the year ended 31 March 2016.

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.

Share-based payment charge

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

	31 March 2016 £000	31 March 2015 £000
Accelerated charge in lieu of cancelled scheme	-	35
Equity-settled share-based payment plans	3,362	7,259
At 31 March	**3,362**	**7,294**

13. Notes to the Consolidated Cash Flow Statement

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Cash flows from operating activities:		
Profit / (loss) before taxation	4,164	(2,287)
Adjustments:		
Interest income	(81)	(13)
Share-based payments	3,362	7,294
Exceptional costs – IPO preparation costs	376	1,575
Depreciation of property, plant and equipment	1,910	2,219
Amortisation of intangible assets	782	223
Impairment of available-for-sale financial assets	176	145
Operating cash flow before movements in working capital:	10,689	9,156
(Increase) / decrease in receivables	(3,863)	2,461
Increase / (decrease) in payables	3,789	(3,460)
Increase in provision for defined benefit gratuity plan	60	161
Foreign exchange (gain) / loss on working capital	(42)	498
Cash generated from operations	**10,633**	**8,816**

14. Acquisition of Archer Digital Limited

On 16 September 2015 the Group acquired 89% of the share capital of Archer Digital Limited ("Archer") for a maximum total consideration of $5.6 million (£3.7 million) comprising an initial consideration of $5.2 million (£3.4 million) payable in cash with an additional deferred payment of up to a maximum of $0.4 million (£0.3 million). The primary reasons for acquiring the business were to leverage the Group's African mobile operator and operational footprint to expand into the wider African market. The remaining 11% of Archer is owned by the Archer management team, who will be able to earn up to 20% of the equity in Archer following the acquisition.

The results of the acquired entity which have been consolidated in the income statement from 16 September 2015 contributed £3.51 million of revenues and a profit of £0.21 million to the profit attributable to equity shareholders of the Group during the year. Had Archer been acquired at the start of the year the contribution would have been £6.87 million of revenue and a profit of £0.42 million.

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

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	1,725
Trade name	62
Technology	275
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(345)
Trade name	(12)
Technology	(55)
Property, plant and equipment	211
Trade and other receivables	1,719
Cash and cash equivalents	42
Current taxation liabilities	(86)
Trade and other payables	(1,782)
Net identifiable assets acquired	1,754
Goodwill	1,900
Total consideration	3,654
Cash consideration	3,654
Cash acquired	(42)
Consideration net of cash acquired	3,612