IMImobile

IMImobile PLC

Annual Report & Financial Statements 31st March 2018

Company Registration: 08802718

Welcome to IMImobile

Our Vision

Our vision of the world is one in which consumers are delivered great experiences by enterprises through continuous, seamless engagement, powered by best in class software and automation.

Our Mission

Our goal is to be the leading global provider of mission critical software, infrastructure and services that manage the digital interactions between our clients and their customers.

Contents

Key financial highlights of the Group

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

£111.4m

Revenue up 46%

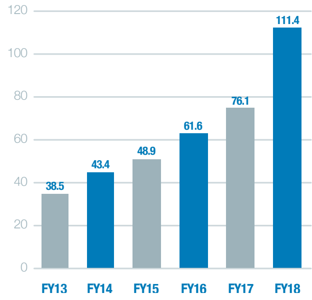
£50.7m

Gross profit up 17%

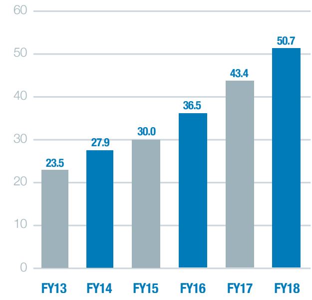
£13.4m

Adjusted EBITDA[2] up 17%

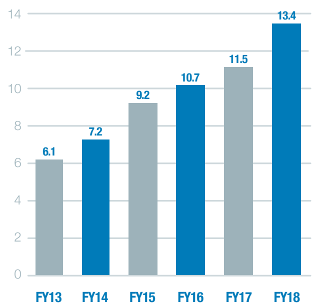
Revenue (£m)



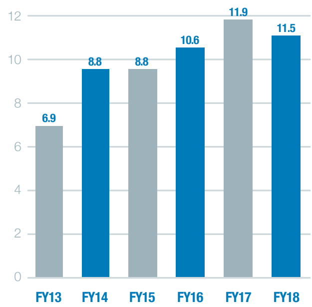
Gross Profit (£m)



Adjusted EBITDA[2] (£m)



Adjusted cash generated from operations[2] (£m)



Operational highlights of the Group

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

[1] Excluding acquired business of Infracast, Sumotext and Healthcare Communications.
[2] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[3] Cash conversion is defined as adjusted cash generated from operations (see note 9) as a percentage of adjusted EBITDA.
[4] RCS (Rich Communications Services) Business Messaging capability which will bring feature rich media messaging to Android devices.

Strategic Report

Chairman's Statement

John Allwood
Non-Executive Chairman

> It has been four years since our IPO, during which time the Group has performed very well. Group revenue has grown to £111.4m, gross profit increased to £50.7m and adjusted EBITDA has grown to £13.4m.

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

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

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

[1] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Chairman's Statement

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

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

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

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

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

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

John Allwood
Non-Executive Chairman

Chief Executive's Report

Jay Patel
Chief Executive Officer

> We help our clients deliver great customer experiences through continuous, seamless engagement powered by best-in-class software and automation.

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

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

Market overview

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

Chief Executive's Report

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

Digital transformation spending to reach a compound growth rate of 17.5% from 2016-2021

IDC Analyze the Future

By 2020, 85% of all customer interactions will be handled by Artificial Intelligence

Gartner

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

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

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

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

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

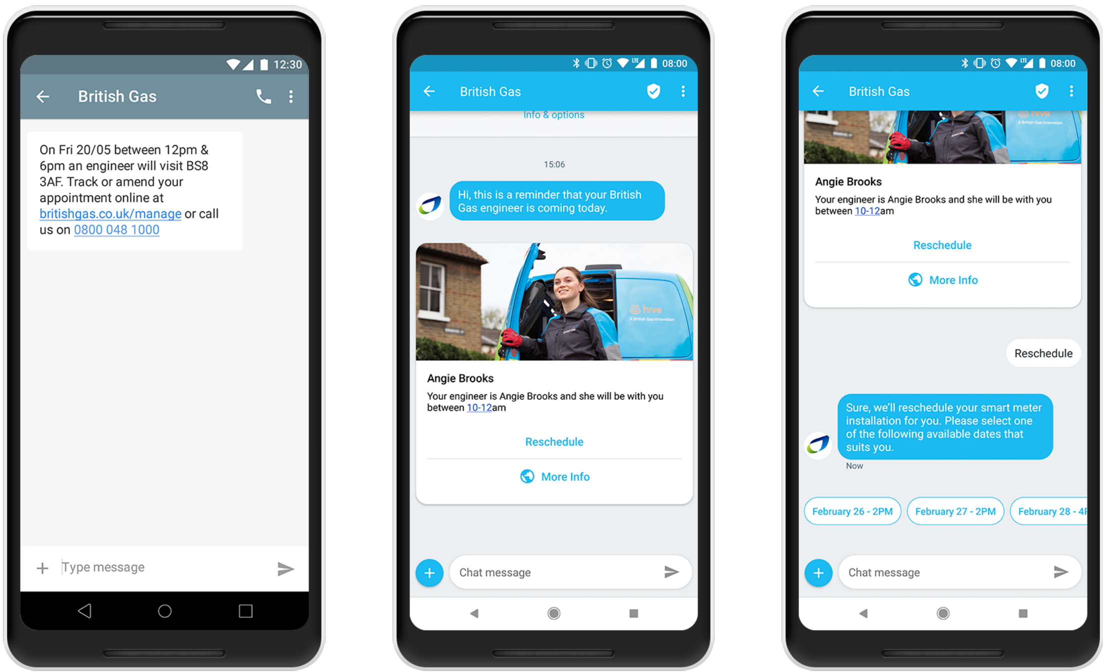
Products and Technology

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

During the year to 31 March 2018 the Group increased investment in its innovative products and platforms. We have announced the addition of RCS (Rich Communications Services)[1] Business Messaging capability and introduced a Consent Management solution to help our customers comply with the new General Data Protection Regulations (GDPR). The Group continues to invest in artificial intelligence and automation capabilities with several implementations currently ongoing for our IMIbot.ai product.

> The Group increased investment in its innovative products and platforms. We have announced the addition of RCS (Rich Communications Services) Business Messaging capability.

Business messaging evolution from SMS to RCS (Rich Communications Services)



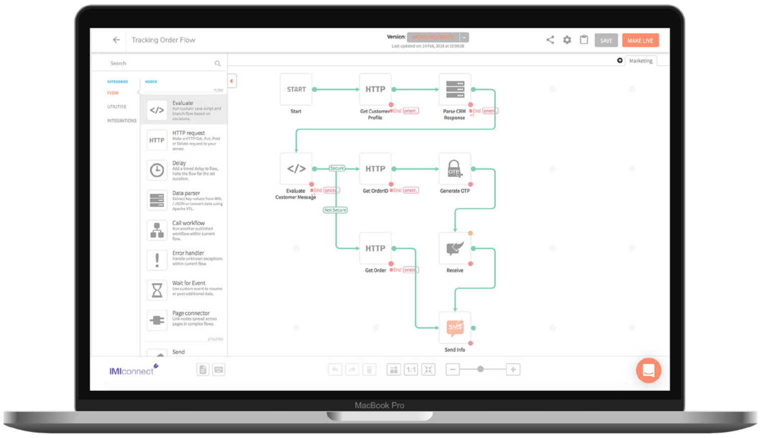
[1] RCS (Rich Communications Services) Business Messaging capability which will bring feature rich media messaging to Android devices.

Chief Executive’s Report

Core Products and Technology

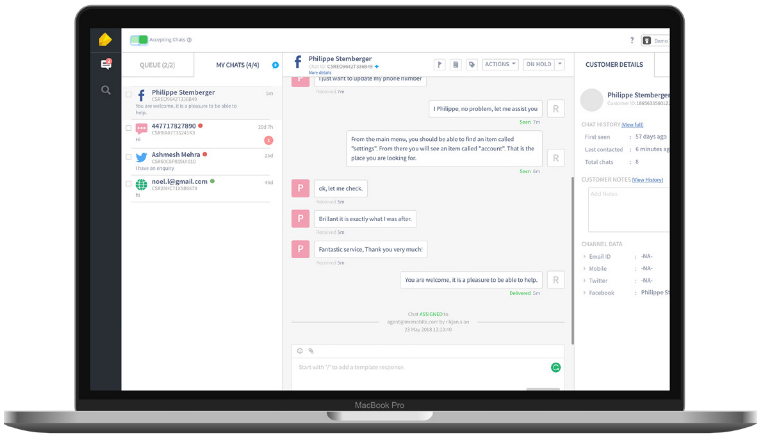
IMIconnect

IMIconnect is a cloud based software platform that helps time and resource constrained IT teams to quickly and easily automate customer interactions across communications channels such as SMS, Voice, Facebook and other messaging applications, and link those interactions with backend business systems. The platform has a visual ‘drag and drop’ tool so users can build workflows with ease, reducing the time, risk and complexities inherent in a traditional programming-intensive approach. IMIconnect is a key enabler for digital transformation and a key foundation for future growth.



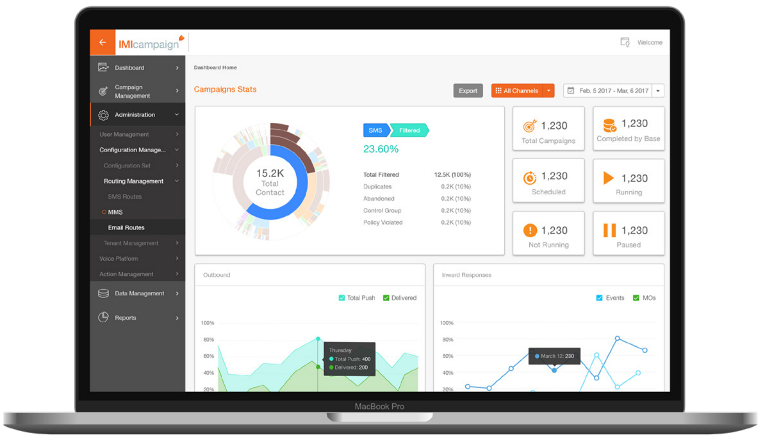
IMIchat

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.



IMIcampaign

IMIcampaign is a cloud campaign management software application designed for multi-channel marketing 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, push notifications, USSD and outbound voice.



IMIdigital

IMIdigital helps organisations to offer mobile content and rich media services such as video streaming, content downloads and self-care to mobile devices across multiple touchpoints. The platform enables delivery of digital services for government and telecom organisations.

IMIbot.ai

IMIbot.ai is a product built for automating conversations across digital channels (chatbots). The solution brings together the best global libraries of artificial intelligence, proprietary domain insights and tools to equip businesses with the ability to create menu or NLP (Natural Language Processing) driven chatbots. These bots can engage customers across multiple messaging channels and automate significant aspects of the customer service experience.

Textlocal

Textlocal is a cloud-based, self-serve platform that allows SMEs to have instant, affordable access to SMS messaging and mobile marketing tools. The platform is easy to sign-up for and begin deploying mobile messaging campaigns and services without the need for advance training.

NMX

NMX is a solution for mobile operators to manage connectivity and volume of messaging across their network. NMX improves operational efficiency and reduces load on the core operator network. NMX enables operators to monetise messaging traffic terminating on the network, reduce grey route and fraudulent traffic and delivers rapid ROI.

Envoy Messenger

Envoy Messenger delivers high-availability, critical and secure patient communications across digital and voice channels. As well as sending proactive communications to patients, the software provides dashboards allowing healthcare managers to analyse efficiency and effectiveness.

Infrastructure and services

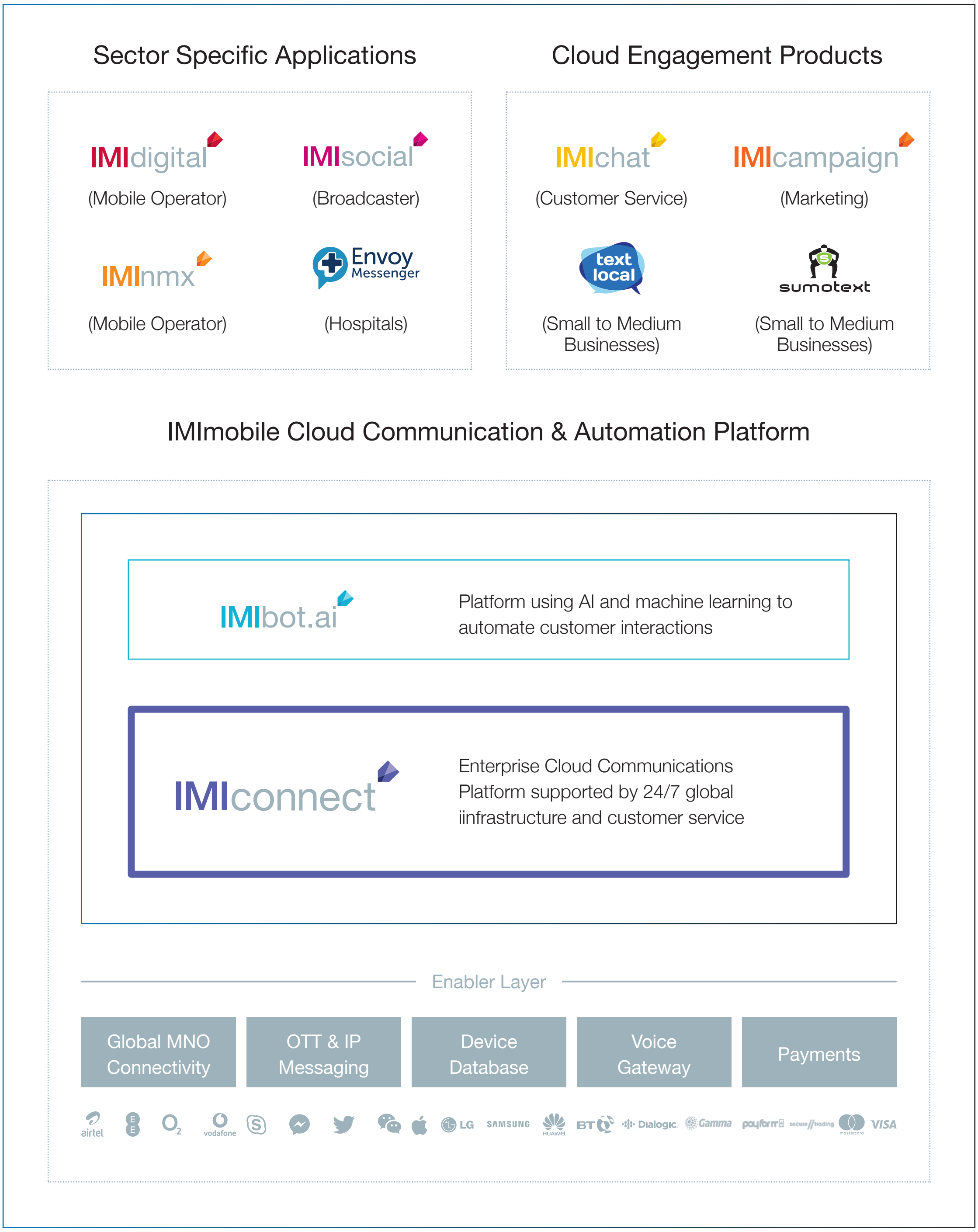
We have adapted our platform and product architecture to take full advantage of public cloud infrastructure and provide flexible deployment options to our enterprise clients including public cloud, private cloud as well as hybrid models. In the last year, as well as our Amazon Web Services (AWS) deployments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

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

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

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

IMImobile's Customer Experience Automation Suite at the heart of customer engagement



Chief Executive's Report

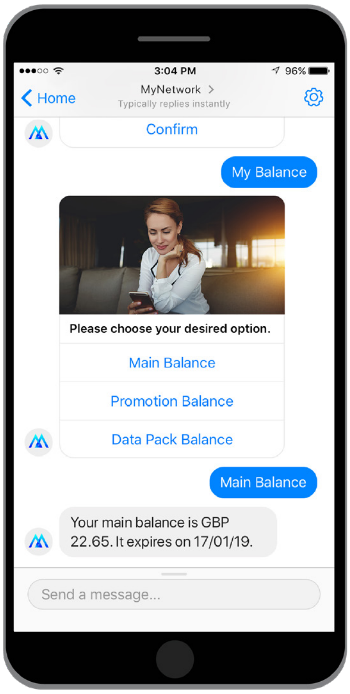
Sector overview

Mobile Operators

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

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

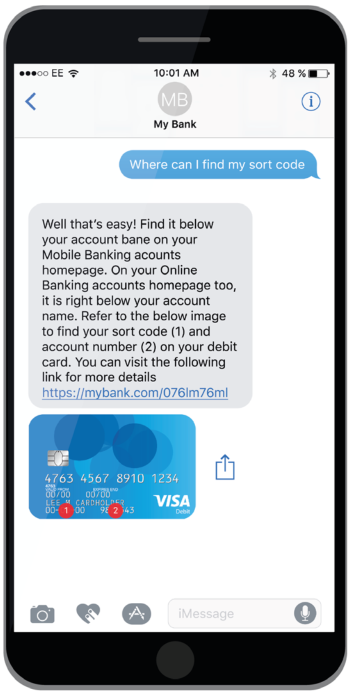
Our telecommunications infrastructure offering has been significantly strengthened by the acquisition and subsequent rebranding of IMImobile Intelligent Networks (formerly Infracast) through their NMX offering. We now have several initiatives to help operators introduce the next generation of messaging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



Financial Services

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

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



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

Logistics

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

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

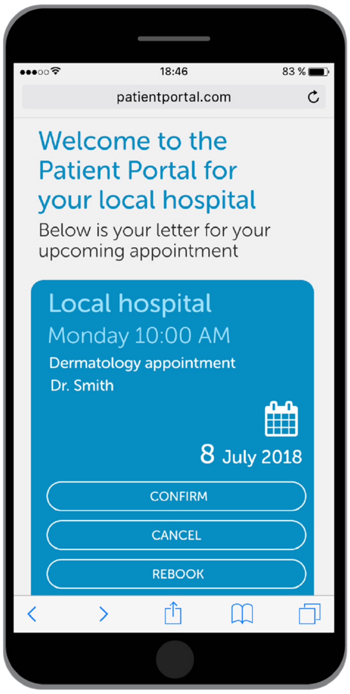
Chief Executive's Report

Utilities

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

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

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



Retail & Leisure

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

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

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

Healthcare & Public Sector

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

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

IMImobile CTO Shyam Bhat at the the Goverment of Telangana opening ceremony for m-gov

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

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

Regional Performance

The Group is managed commercially and strategically on a regional basis with centralised resources for software development, finance and general management. A key operating metric for each region is gross profit as there are considerable differences in gross margins across regions, vertical sectors, product lines and revenue models. Gross profit additionally measures most directly the value of the software and associated services delivered by the Group which excludes the impact of network infrastructure, third party hardware and content costs.

Europe and Americas

Gross Profit: £31.3m *(2017: £22.9m)*

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

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

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

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

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

Middle East and Africa

Gross Profit: £11.2m *(2017: £13.5m)*

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

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

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

Chief Executive's Report

India and SE Asia

Gross Profit: £8.2m *(2017: £7.0m)*

There has been growth across all business units in the region, with gross profits rising by 18%. Our main sectors in this region continue to be operator, enterprise, brands and agencies and government.

Growth in the region has been driven by successful deployments for the Telenor group in multiple territories including Bangladesh and Thailand as well as a further client win in the public sector, who have launched our mGovernance platform, delivered on IMIconnect, for its citizens.

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

18,000 paying customers

Growth strategy and outlook

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

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

33 customers generated over £0.5m compared to 27 last year

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

As a result of these initiatives, we believe that we can deliver consistent organic growth in the coming periods. The 2019 financial year has started well with trading in line with expectations. We continue to have good earnings visibility due to our established client relationships, healthy pipeline of new deployments and high proportion of recurring customer revenues.

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

Jay Patel
CEO

Financial Review

IMImobile

Financial Review

Group performance at a glance

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

Key performance indicators (KPIs)

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

Revenue and gross profit

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

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

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

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

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

Gross profit in the Middle East & Africa (MEA) region declined by 17% to £11.2m (2017: £13.5m). This decline was the result of several factors, including the impact of renewing the largest customer contract in the region on less

[1] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[2] Adjusted EBITDA margin calculated as Adjusted EBITDA divided by Gross Profit.

favourable terms and the devaluation of the Nigerian Naira. Political and economic uncertainty in South Africa also had an impact on the result as some customers in the country reduced or delayed spend on digital marketing. Gross margin in MEA increased to 61.0% from 58.3%, reflecting the some higher margin contracts won and deployed during the period.

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

Adjusted operating costs

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

Adjusted EBITDA

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

Group cash flow and working capital

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

Group working capital is made up as follows:

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

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

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

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

[1] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Financial Review

Profit after tax

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

Earnings per share

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

Other financial information

Group taxation

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

Non-controlling interest

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

Other intangible assets

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

Property, plant and equipment

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

Goodwill

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

Deferred tax

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

Available-for-sale financial assets

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

Non-current liabilities

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

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[1] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[2] Adjusted tax as a proportion of adjusted profit before tax, as reconciled in note 9.

Principal risks and uncertainties of the Group

The Board has overall responsibility for managing risk. Risks are formally identified and recorded in a risk register, which is reviewed by the Board at each full board meeting. Risks are evaluated based on likelihood and potential impact, including any change from the prior year, and the register records current mitigating controls to reduce risk, together with any required actions to further reduce risk to appropriate levels. The Board do not consider there to have been any significant changes in the severity of the risks during the year.

Risk Area	Potential Impact	Change in the year	Mitigation of Risks
Acquisitions	The Group may fail to successfully execute its acquisition strategy or retain key personnel or encounter unforeseen difficulties in integrating acquired businesses. The Group may also fail to fully understand the risks or market challenges faced by the acquired businesses.	↑	Before completion of acquisitions, extensive due diligence is performed in order to fully understand the operations and risks of the acquired business. An integration plan is put together and closely monitored and appropriate incentives are put in place to ensure the retention of key personnel.
Exchange rate fluctuations	A significant proportion of the Group's revenue is generated overseas and is denominated in Indian Rupees, US Dollars, South African Rand and Nigerian Naira and cash deposits are held in multiple foreign currencies, most significantly the Nigerian Naira and US Dollar. Therefore the Group is exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Group's operating results.	↓	The Group naturally mitigates this risk by offsetting its cost base in the same currencies where possible and by closely monitoring exchange rate fluctuations. The Group repatriates cash into UK Pounds Sterling whenever possible and makes use of forward exchange contracts where considered commercially appropriate.
Dependence on key personnel	The Group's future success is substantially dependent on the continued services and performance of its senior management including the Group's Directors, each of whom has significant relevant experience.	↔	The Group provides meaningful long-term incentives to the executive team and key employees as well as offering competitive remuneration packages.
Customer relationships	A proportion of the Group's business is derived from supplying ongoing services to customers based on formal contracts. Despite historically low levels of customer attrition and the longevity of many of the Group's relationships with its core customers, it is possible that customer attrition rates may increase in the future due to increased competition, the take-over or merger of major customers or changes in market demand.	↔	The Group seeks to minimise the risk of events of this nature occurring by diversifying its customer base, and maintaining strong relationships with its customers, as well as signing long-term contracts with customers.

Financial Review

Risk Area	Potential Impact	Change in the year	Mitigation of Risks
Technological change	The Group operates in markets that are subject to constant technological development, evolving industry standards and changes in customer needs. Therefore the Group is subject to the effects of actions by competitors in these markets and relies on its ability to anticipate and adapt to constant technological changes taking place in the industry, for example the growing number of communication channels used by consumers. To maintain its strong position in the market, the Group needs to successfully market its products and services and respond to both commercial actions by competitors and other competitive factors affecting these markets, anticipating and adapting promptly to technological changes, changes in consumer preferences and general economic, political and social conditions.	⟷	The Group spends approximately 5% of revenues on research and development as well as employing product and solution specialists who monitor market developments and keep the product offering relevant for the markets in which the Group operates.
Data privacy and regulatory compliance	Certain activities of the Group and its customers may require the implementation of appropriate privacy and security policies or explicit end user opt-in and compliance with the new general data protection regulations (GDPR) which affect how personal data is processed and stored. They may also affect the types of communication which are allowed based on permissions given by end users. Failure to comply with the laws governing the management of end user and customer data could result in fines, damage to reputation or the loss of customers. Certain activities of the Group are regulated by Phonepaid Services Authority ("PSA") an agency of OFCOM which has responsibility for the regulation of mobile payments in the UK. The PSA has the ability to impose fines, suspend services or enforce certain other sanctions where its code of practice is breached. Such fines, suspensions or other sanctions can be imposed when the Group has failed to adequately deal with due diligence and/or risk management of the customer which has breached the code of practice.	⟷	The Group has invested heavily in its products, platforms and processes in order to ensure market leading technology and practice are built-in to the solutions provided to its customers, most recently in relation to GDPR. In relation to the UK payments business the Group follows detailed procedures for the sign up of new services as well as regular monitoring and risk assessment of ongoing services. In addition, key personnel from the Group meet regularly with the regulator in order to review market trends and collaborate on certain matters.

Risk Area	Potential Impact	Change in the year	Mitigation of Risks
Significant failure of, or interruption to network or IT systems	The Group's business depends on providing customers with highly reliable platforms and services. Unanticipated network, or other, interruptions (whether accidental or otherwise) may occur as a result of system failures, including hardware or software failures, which affect the quality, or cause an interruption in the Group's supply of services. Such failures can result from a variety of factors within the Group's control, including human error, equipment failure, power loss, failure of services related to the internet and telecommunication networks, physical or electronic security breaches, as well as factors outside of the Group's control, such as sabotage, vandalism, system failures of network service providers, fire, earthquake, adverse weather and other natural disasters, water damage, fibre optic cable cuts, power loss not caused by the Group and terrorism.	⟷	The Group's infrastructure is hosted mainly using third party data centres, with major platforms and systems also benefiting from geographical redundancy. Third party hardware and software support contracts are in place. Connectivity to multiple networks also provides mitigation against elements of this risk.

The Strategic Report was approved by the Board and signed on its behalf by:

Mike Jefferies
CFO
26 June 2018

Corporate Social Responsibility

Introduction

At IMImobile, we are committed to operating at the highest ethical standards and with integrity. We are proud to be a partner of the UN Global Compact initiative, committed to adopting sustainable, socially responsible policies and adherence to their universal principles on human rights, labour practices, the environment and anti-corruption. We care deeply about the impact that we have on our employees, our customers and the wider community.

Our Workplace

At IMImobile, we recognise the importance of our employees and that the success of the Group largely depends on our ability to attract, retain and motivate talented individuals and establish successful teams. We regularly encourage our employees to develop their skills and keep up to date with new technologies and innovations by sponsoring their attendance at educational, industry events. The continued investment in our employees is illustrated through the reduction in staff turnover in the last 4 years.

The health, safety and wellbeing of our employees is of the utmost importance and we actively encourage staff to adopt a healthy lifestyle as well as providing a safe working environment. We have recently introduced private healthcare cover through Vitality Health insurance for employees in the UK promoting a healthy and active lifestyle. In addition to this, the business sponsors a variety of sporting activities including weekly football, cricket, badminton, touch rugby and cycling, providing an inclusive array of activities to boost involvement.

We maintain our motivated and enthusiastic workforce through effective two-way communications. IMImobile holds regular ‘town-hall’ style forums to update staff members on issues currently affecting the business, new client wins and product developments. This type of environment encourages staff to provide any feedback on the business and raise any queries to senior management. We also carry out regular staff feedback surveys and all employees have access to an online feedback tool where they can anonymously provide comments and thoughts on any aspect of the business.

IMImobile is an equal opportunities employer and acts fairly when dealing with matters relating to recruitment, training and development. We are also an accredited member of the Living Wage foundation in the UK.

Given the relatively low risk, office-based environment we operate in, more industrial health and safety hazards, such as machinery and hazardous materials are scarce. We have recognised the importance of mental wellbeing as an increasing risk and have trained staff on mental health first aid.

Corporate Social Responsibility

Our Community

At IMImobile, we are passionate about helping others and support a diverse range of charitable activities. Using our products and platforms we support certain charities in achieving their fundraising aims across digital channels.

Our products and services have been used, free of charge, to support charitable activities for The Felix Project, who were the Evening Standard's official partner for the 2017 Christmas Appeal 'Help a Hungry Child' through setting up charity short codes. We have also continued to support text to donate campaigns for Help Refugees UK.

In the UK, we fundraise for the charities Buttle UK and Rays of Sunshine, raising money through a raffle at our Christmas party, regular bake offs, quizzes and Christmas Jumper Day. We have taken part in Cancer Research's 'Wear it Pink' day as well as a large number of people running 10k for CATS, a charity that aims to relieve sickness and to promote and protect the good health of critically ill or injured children.

Our Environment

As a cloud-services technology provider, we have no manufacturing facilities which means that our environmental impact is relatively low. Many of our solutions reduce the environmental impact for our clients' operations, reducing waste and consuming fewer resources through digitisation and automation. Examples of this include the delivery of paperless statements and the general shift towards digital engagement through various communications channels.

We are committed to our environmental responsibilities and have a broad set of initiatives to ensure we limit and continue to reduce our environmental impact.

These include:

- Reducing paper and ink wastage with printers set to auto-print double-sided pages and recycling used ink cartridges;
- Encouraging alternative methods of transport to work e.g. provision of a Cycle to Work scheme;
- Supporting employees who work from home;
- Minimisation of business travel using video, web and telephone conferencing facilities;
- Virtualisation of servers to limit the amount of physical hardware and power usage;
- Upholding good office practices such as recycling and limited use of disposable cups and glasses; and
- Consciously sourcing environmentally sound suppliers.

Directors' Report

Directors' Report

The Directors present their annual report and audited financial statements on the affairs of IMImobile PLC for the year ended 31 March 2018.

Results and dividends

The results for the year are set out in the consolidated income statement on page 48. The Directors are not recommending a dividend for the year.

Directors

The following Directors served on the Board of the Company during the year and subsequently:

Executive Directors
Mr Jayesh (Jay) Patel
Mr Michael (Mike) Jefferies
Mr Shyamprasad (Shyam) Bhat

Non-executive Directors
Mr John Allwood
Mr Viswanatha (Vish) Alluri
Mr Simon Blagden

The Directors and their beneficiaries have the following beneficial interests in the ordinary share capital of the Company:

	31 March 2018 Number	31 March 2018 % of share capital and voting rights	31 March 2017 Number	31 March 2017 % of share capital and voting rights
Jay Patel	3,382,500	5.5%	3,082,500	5.1%
Mike Jefferies	45,000	0.1%	45,000	0.1%
Shyam Bhat	1,170,012	1.9%	1,170,012	1.9%
John Allwood	10,000	0.0%	10,000	0.0%
Vish Alluri	6,739,707	10.9%	6,739,707	11.0%
Simon Blagden	-	-	-	-

There were no changes in Directors' interests between 1 April 2018 and the date of these financial statements.

Details of related party transactions involving Directors of the Company are given in note 16 to the financial statements.

Directors' emoluments

The remuneration of the Directors of the Company was as follows:

	Basic salary	Pension	31 March 2018 Total	31 March 2017 Total
Executive Directors	**£000**	**£000**	**£000**	**£000**
Jay Patel	300	9	**309**	283
Mike Jefferies	235	8	**243**	240
Shyam Bhat	82	-	**82**	79
Non-executive Directors				
John Allwood	50	-	**50**	50
Vish Alluri	35	-	**35**	35
Simon Blagden	45	-	**45**	45
	747	**17**	**764**	732

Interests in share options

Set out below are details of options granted to the Directors over shares in IMImobile PLC:

	1 April 2017 Number of options	Number of options granted	Number of options exercised	31 March 2018 Number of options	Weighted average exercise price (pence)	31 March 2018 Number of vested options	Earliest exercise date
Jay Patel	1,650,000	-	300,000	1,350,000	140	450,000	30/06/2015
Mike Jefferies	988,424	-	-	988,424	44	592,800	27/06/2014
Shyam Bhat	2,075,000	-	-	2,075,000	23	1,625,000	27/06/2014
John Allwood	-	-	-	-	-	-	-
Vish Alluri	720,000	-	-	720,000	28	720,000	26/06/2014
Simon Blagden	-	-	-	-	-	-	-

On 7 December 2017 Jay Patel exercised his option to acquire 300,000 shares in the Company. The option was granted before the Company was listed on AIM in June 2014. The gain on the exercise of the option was £699,000.

All unvested options are dependent upon continuing employment except for 47,812 of Mike Jefferies' unvested options, granted in previous years, which are also dependent upon meeting performance targets of 20% average annual compound growth in the Group's adjusted EPS from a baseline set when the options were granted to the vesting date. All options vest over a period of 0-4 years and expire 10 years from the grant date.

Pension contributions

The number of Directors who:

	31 March 2018 Number	31 March 2017 Number
Are members of a defined benefit pension scheme	2	2
Are members of a money purchase pension scheme	2	2

Contributions paid in the year to the money purchase pension scheme by the company in respect of such Directors were as follows:

	31 March 2018 £000	31 March 2017 £000
Jay Patel	9	8
Mike Jefferies	8	9
	17	17

Total amounts accrued in the defined benefit pension scheme at year end by such Directors are as follows:

	31 March 2018 £000	31 March 2017 £000
Shyam Bhat	31	33
Vish Alluri	15	16
	46	49

Highest paid director

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid Director taking into account emoluments, gains on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid Director in the year was Jay Patel and details of his remuneration are disclosed above.

Directors' Report

Strategic report

The Strategic Report covers pages 2 to 21. The Company has chosen to set out likely future developments in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 28 to the consolidated financial statements and disclosures relating to exposure to price risk and credit risk are outlined in note 28.

Supplier payment policy

The Company has no trade creditors because it is a parent company and does not generate trading revenues. Accordingly, no disclosure can be made of year-end trade creditor days. However, the Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors for the Group, expressed as a number of days, were 133 (2017: 170).

Related party transactions

Disclosures relating to related party transactions are set out in note 16 to the consolidated financial statements.

Charitable and political donations

No charitable or political donations were made by the Company.

Charitable donations made by the Group in the year were £3,000 (2017: £4,000). Political donations were £nil in both years.

Employees

The number of employees and their remuneration is set out in note 6.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Group complies with all applicable labour laws in the respective jurisdictions in which it operates.

Going concern

In determining whether the financial statements can be prepared on the going concern basis, the Directors considered the Company's and Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities, as given in the Strategic Report.

Based on cash flow forecasts which take into account the Directors' best estimate of current sales orders and opportunities, expenditure forecasts as well as the Group's current cash balance the Directors consider it appropriate to prepare the financial statements on the going concern basis. For further details please refer to note 1.

Auditor

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- As far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation should be given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

Mike Jefferies
CFO
26 June 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 “Reduced Disclosure Framework”). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Mike Jefferies
CFO
26 June 2018

Corporate Governance Report

Introduction

This Corporate Governance Report forms part of the Directors' Report. As an AIM listed company we are not required to comply with the UK Corporate Governance Code (the Code). This report shows how the Group has applied the principles of good corporate governance and is not a statement of compliance as required by the Code.

Denotes member of audit committee

Denotes member of remuneration and nomination committee

John Allwood

Non-Executive Chairman
Age: 66

John Allwood is a Non-Executive Director of TalkTalk Telecom Group plc and Independent Non-Executive Chairman of Adgorithms plc. He has spent his career in media and telecoms holding a number of senior positions including Chief Executive of Orange UK, Finance Director and Chief Executive of Mirror Group plc, Finance Director and COO of Mecom Group plc and Managing Director of Telegraph Media Group Limited. He is a governor of Exeter University.

John holds a B.A (Hons) in Economics and Statistics from Exeter University, as well as being a fellow of the Institute of Chartered Accountants of England and Wales.

Jay Patel

CEO
Age: 48

Jay is the CEO of IMImobile and has been working with the Group for over 15 years, initially as a venture capital investor but since 2010 as Managing Director of the Group and since 2013 as CEO. He has a wide range of operational and strategic experience in growing and selling high growth businesses. Jay has previously held executive positions at Spark Ventures, UBSWarburg and BSkyB. He qualified as a Chartered Accountant with KPMG and holds degrees from INSEAD and the London School of Economics.

Mike Jefferies

CFO
Age: 40

Mike joined IMImobile in 2010 when it acquired WIN plc. Since then Mike has headed the group finance function. Before that he worked as European CFO for Star Trac Inc, a US based manufacturer and distributor of commercial fitness equipment and previous to that for the Whirlpool Corporation. Mike has a degree in accounting and finance and is a Chartered Management Accountant.

Shyam Bhat

CTO
Age: 58

Bhat is a founder of the business and has more than twenty years of experience in engineering and new product development. He is responsible for the creation of all the engineering and mobile products and platforms. Bhat is an engineering graduate from the highly prestigious Indian Institute of Technology, Bombay.

The Board of IMImobile PLC is committed to ensuring that an effective and appropriate corporate governance framework exists in the Group, given the size and complexity of the Group's operations.

Vish Alluri

Non-Executive Director
Age: 64

Vish founded IMImobile with a vision of harnessing India's intellectual resources to develop an IPR centric technology company. While recognising the potential of the rapidly evolving mobile data space, Vish was aware that fast growth was needed to keep pace with ever changing technology. Vish therefore set out to build a company which would liberate mobile operators and media companies of technological complexities thus enabling them to realise their revenue potential.

Vish has extensive experience in technology and was previously involved in setting up an Indian hi-tech consumer services company in the healthcare sector. Vish is a Chartered Accountant.

Simon Blagden, CBE

Non-Executive Director
Age: 56

Simon, CBE, has over 20 years' experience in the telecoms and IT industry, living and working in most regions of the world across a truly international career. Following 5 years at GEC Plessey as International Commercial Manager and then Country General Manager, Simon joined The Quante Group as UK Managing Director. In 1995, he joined Quante's main board as International CEO, with operations in over 50 countries worldwide, and he led the sale of the company to 3M in 2000.

Simon was appointed a Member of The Order of The British Empire in 1997, and Commander of The Order of The British Empire in 2016 for services to industry. He is also non-executive Co-Chairman of Fujitsu Telecommunications Europe Limited. He served as Chairman of the Supervisory Board at Pegg Capital AG. He served as Director of International Operations of Spescom Ltd and also served as Executive Director.

Board responsibilities and composition

The Board comprises three executive directors and three non-executive directors. The Board meets at least eight times a year and is responsible for ensuring the business delivers shareholder value, setting the strategy, monitoring the performance of the Company and ensuring that a reliable system of controls exists within the business.

Details of attendance of board meetings throughout the year are shown in the table below:

	Number of meetings	Meetings attended
John Allwood	8	8
Jay Patel	8	8
Mike Jefferies	8	8
Shyam Bhat	8	8
Vish Alluri	8	8
Simon Blagden	8	8

Board committees

The Board carries out its duties with the support of the board committees.

Audit committee

The audit committee has a primary responsibility for monitoring the Group's internal controls and ensuring that the financial performance of the Group is properly measured and reported on. The committee receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee meets at least twice a year and has unrestricted access to the Group's auditors.

The chairman of the audit committee is John Allwood and its other members are Vish Alluri and Simon Blagden.

Details of attendance of audit committee meetings throughout the year are shown in the table below:

	Number of meetings	Meetings attended
John Allwood	3	3
Vish Alluri	3	3
Simon Blagden	3	3

Corporate Governance Report

Remuneration and nomination committee

The remuneration and nomination committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.
The remuneration and nomination committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

The remuneration and nomination committee is also responsible for ensuring that the Board has a formal and transparent appointment procedure and has primary responsibility for reviewing the balance and effectiveness of the Board and identifying the skills needed by the Board and those individuals who might best provide them.

The chairman of the remuneration committee is Simon Blagden and its other members are Vish Alluri and John Allwood.

Details of attendance of remuneration and nomination committee meetings throughout the year are shown in the table below:

	Number of meetings	Meetings attended
John Allwood	2	2
Vish Alluri	2	2
Simon Blagden	2	2

Investor relations

The Board recognises the importance of maintaining good relations with shareholders. Following the announcement of interim and full year results a series of meetings are scheduled with institutional shareholders and the CEO and CFO. During these sessions the performance of the Company is discussed and shareholders have an opportunity to raise any concerns.

Shareholders also have the opportunity to share views or concerns and to meet with management during the Annual General Meeting.

Information relating to the Company, trading performance and copies of any regulatory announcements can be found on the Company's website at www.imimobile.com.

Whistle-blowing

A whistle-blowing policy is in place across the Group to enable members of staff to bring to the attention of any director serious matters of misconduct which they believe would damage the performance or reputation of the Company.

Remuneration Committee Report

Remuneration Committee Report

This report is for the period to 31 March 2018. It sets out the remuneration policy and the detailed remuneration for the Executive and Non-Executive Directors of the Company. As a company quoted on AIM, IMImobile is not required to comply with the Main Market UK Listing Rules or those aspects of the Companies Act for listed companies regarding the disclosure of Directors' remuneration.

The Remuneration Committee

The Committee comprises Simon Blagden (Chairman), John Allwood and Vish Alluri.

Remuneration policy

Our approach to remuneration is to ensure that overall packages should be sufficiently attractive to recruit, motivate and retain high calibre executives. We also ensure that individual reward is aligned with the performance of the Group and the interests of shareholders.

Key components of remuneration for Executive Directors

When evaluating remuneration the Committee considers the combination of all components as well as a review of common market practice in order to set the appropriate balance between short-term success and long-term growth. The key components are set out as follows:

Basic Salary

The basic salary levels are reviewed annually giving consideration to:

1. Salary levels of comparable listed companies
2. Salary awards throughout the rest of the business
3. Role and responsibilities of the directors
4. Company performance

Benefits

Commensurate with those offered to other employees in the Group, including pension arrangements.

Bonus

No formal bonus arrangements have been put in place for the Executive Directors, and no bonuses have been awarded in the last two years. It is the Committee's view that bonuses can be awarded for outstanding contribution by the Executive Directors, after taking into account an overall view of the Group's performance. Bonuses are limited to 100% of basic salary.

Long Term Share Incentive Schemes

The Company operates several share option schemes which were put in place prior to admission to AIM. Details of the schemes can be found in note 24 to the financial statements. Details of the specific awards made to the Executive Directors are set out in the Directors' Report.

Appointment and notice period

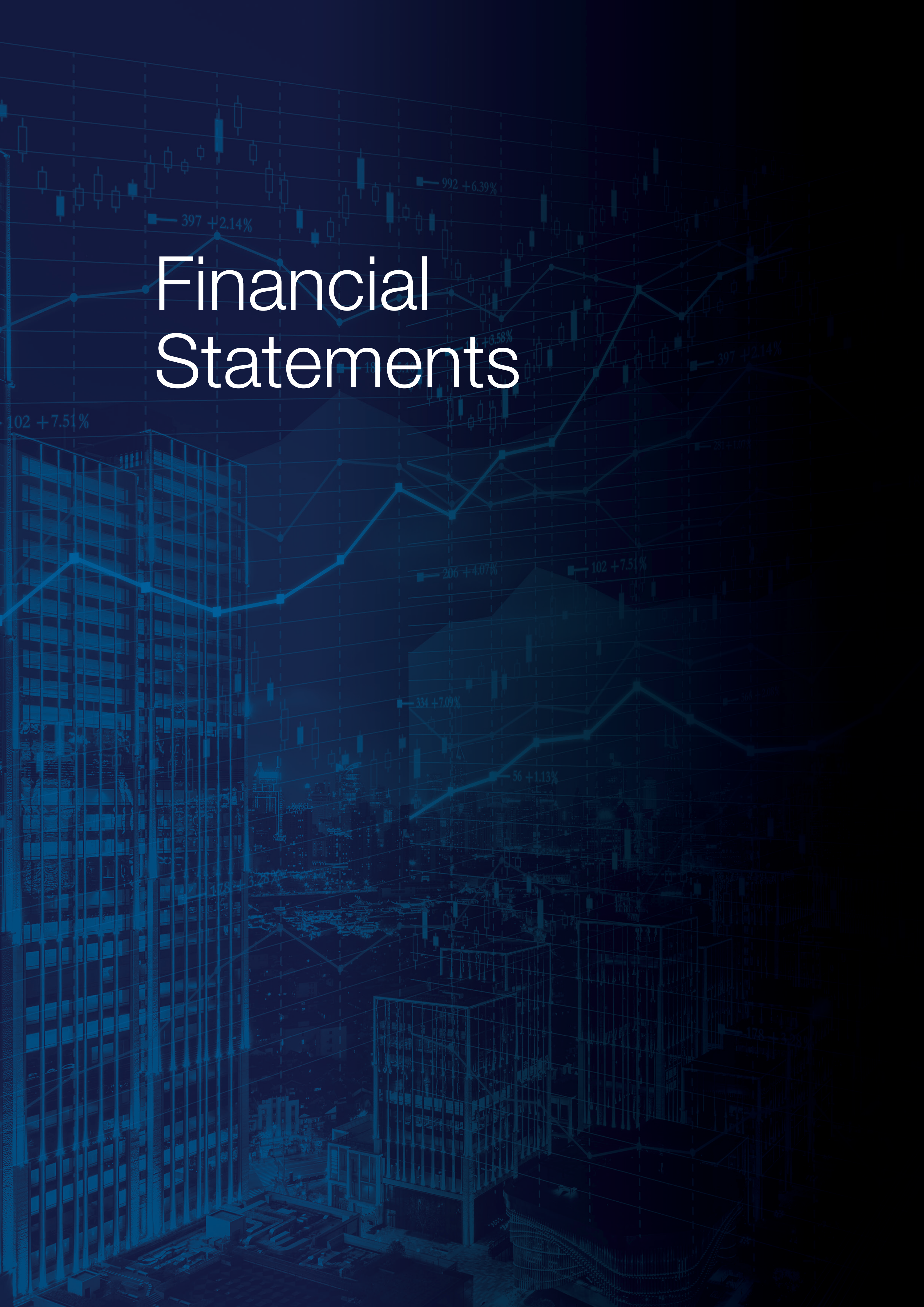
The service contracts of the Executive Directors of the Company contain the following terms:

Executive Directors	Appointment	Notice
Jay Patel	18 June 2014	12 months
Mike Jefferies	18 June 2014	6 months
Shyam Bhat	18 June 2014	12 months

Non-Executive Directors

The remuneration of Non-Executive Directors is determined by the Board within the limits set by the Company's Articles of Association and is based on fees paid in similar companies and the skills and expected time commitment required by the individuals.

Financial Statements



Independent auditor's report to the members of IMImobile PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IMImobile PLC (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Accounting for the acquisition of Healthcare Communications – specifically in respect of the valuation of intangible assets and treatment of consideration. • Revenue recognition – focusing on the risks pertaining to the manual manipulation volumes of messages and other manual adjustments to revenue.

Independent auditor's report to the members of IMImobile PLC

Materiality	The materiality that we used for the group financial statements was £450,000.
Scoping	We performed full scope audits on five of the group's components and specified audit procedures for one component. Together these account for 93% of revenue.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Healthcare Communications	
Key audit matter description	In December 2017 the group acquired 100% of the share capital of Healthcare Communications UK Limited ("Healthcare Communications"). The maximum total consideration is £15.3 million, which comprises initial cash consideration of £9.3 million and further deferred payments of up to £6.0 million, payable in cash or shares at the option of the group, based on the achievement of performance targets over the two years post acquisition. The acquisition has resulted in the recognition of goodwill of £6.2 million and intangible assets of £4.4 million and the recognition of £10.3 million as consideration and £2.6 million as post-acquisition remuneration expense. Judgement has been applied by management in determining these amounts. Management are required to determine the fair value of the acquired assets and liabilities, which includes intangible assets. The key assumptions in valuing intangible assets include the selection of valuation methodology, estimates of customer churn and asset replacement costs and forecast cash flows. Furthermore, the contingent element of consideration granted to existing management on acquisition needs to be accurately recorded and classified as either remuneration for services or consideration for shares. In respect of this acquisition we pinpointed our risk to the valuation of acquired intangible assets and the classification of consideration. Further detail on the group's approach to accounting for business combinations is set out within the accounting policies note in note 2; the associated key judgements involved in the valuation of acquired intangibles are set out in the critical accounting judgements in note 3 and a full breakdown of identifiable assets and liabilities acquired is included within note 32.

Accounting for the acquisition of Healthcare Communications	
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of controls that the group has in place to manage the risk of an inaccurately determining the fair value of acquired intangible assets. We have reviewed the group's methodology for acquisition accounting and assessed whether it has been performed in accordance with IFRS 3 *Business Combinations* and IFRS 2 *Share Based Payments* in respect to the fair value of intangible assets and the accuracy and classification of the contingent consideration. We used in-house valuation experts to support our assessment of the group's approach to the identification and fair valuation of acquisition intangibles including assessing the valuation methodologies applied. We have performed an assessment on the appropriateness of key assumptions of customer churn and asset replacement costs as well as the assumptions which are used to derive the forecast cash flows and discount rate. We have reviewed the terms of the contingent payments to evaluate the conditions attached to such payments, including assessing the performance targets and hence the valuation of the consideration, and the existence of other conditions such as continuing employment.
Key observations	We concluded through our testing that management's acquisition accounting for Healthcare Communications had been performed in accordance with IFRS 3 and IFRS 2 and the key assumptions used in management's fair value assessment of identified assets and liabilities were reasonable. We are satisfied that the presentation of contingent payments between remuneration and consideration is appropriate.
Revenue recognition	
Key audit matter description	ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* states that when identifying and assessing the risks of material mistatement due to fraud the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue transactions and assertions give rise to such risks. In the Europe, India and MEA components we pinpointed this risk to the occurrence and accuracy of volume-based revenues due to the existence of certain manual process steps within the recording of revenue transactions between operating systems and the general ledger. There is a risk that the volume of messages recorded in revenue in the general ledger does not represent the volume of messages that have actually been sent. In the Txtlocal, IMImobile Intelligent Networks and Archer components, we identified a risk related to manual adjustments made to revenue, which impact the amount and timing of revenue recognised. Further detail on the Group's approach to the recognition of revenue is set out within the accounting policies note in note 2.

Independent auditor's report to the members of IMImobile PLC

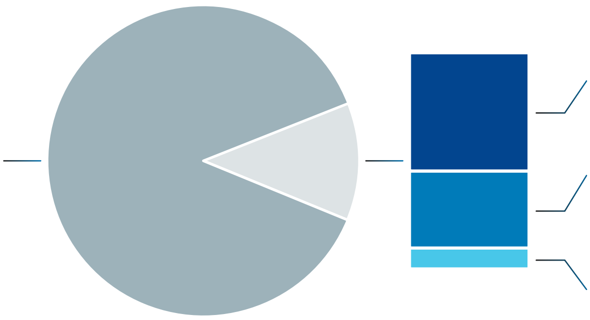
Revenue recognition	
How the scope of our audit responded to the key audit matter	Our audit response varied by component and consisted of a number of procedures which reflected the risks pertaining to each component, including: • an evaluation of the design and implementation of controls over manual adjustments posted to revenue; • an evaluation of the operating effectiveness of business process controls over reconciliations of volumes to operator statements; • agreement of a sample of third party network operator volume reports to system generated reports; • using IT audit specialists, for one component, we evaluated the IT controls in respect of the systems and applications that capture message transactions, specifically looking at controls around security, change management, data and network operations; • in respect of manual adjustments, we traced a sample of the adjustments being made to revenue and corroborated these against supporting evidence; • scrutinising the mechanical accuracy of a sample of revenue schedules for the by inspecting the accuracy of the calculations within; and • reviewing the audit work of the respective component auditors.
Key observations	We concluded through our audit procedures that the Group's revenue recognition was appropriate.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and Parent Financial Statements
Materiality	Group: £450,000 Parent company: £445,500
Basis for determining materiality	To determine materiality we considered several benchmarks including adjusted EBITDA and adjusted profit before tax ("PBT"). EBITDA and PBT were adjusted to exclude acquisition related share-based payment charges and acquisition related costs. These adjustments have been made as we are satisfied that they do not reflect the underlying performance of the business. The basis for parent company materiality is net assets. The parent company materiality is approximately 0.8% of parent company net assets.
Rationale for the benchmark applied	We have used the adjusted benchmark as in our view this represents the financial measures most relevant to users of the financial statements. They are also the key performance indicators management use to assess the group's performance for the year. The parent company benchmark is considered most relevant as this is a holding company.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £22,500 for the group and for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

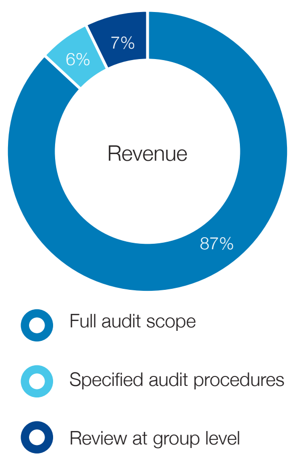
Our group audit was scoped on an entity level basis, assessing the components against the risk of material misstatement at the group level. We have also considered the quantum of the financial statement balances and total contribution to the group. In performing our assessment we have considered the geographical spread of the Group and any risks presented within each region.

Based on this assessment we focused our work on the following components (location of the component's principal operations is stated in brackets):

- "Europe" - IMImobile Europe Limited (UK)
- "Txtlocal" - Txtlocal Limited (UK)
- IMImobile Intelligent Networks Limited (UK)
- "India" - IMI Mobile Private Limited (India)
- "Dubai" - IMI Mobile VAS Limited FZE and IMImobile Limited FZE (United Arab Emirates)
- "Archer" - IMImobile South Africa Pty Limited (South Africa)

All of these are subject to a full scope audit by Deloitte member firms, with the exception of Archer which was subject to specified audit procedures performed by a non-Deloitte member firm.

At the group level we also tested the consolidation and carried out review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures. In addition to sending out detailed instructions to all in-scope components we conducted team briefings with them at the planning phase of the audit, discussed their risk assessment and as deemed necessary attended closing meetings and reviewed their audit working papers. All UK components were visited by senior members of the engagement team. In the prior year the lead audit partner visited the audit team responsible for the India and Dubai components and in the current year this visit was undertaken by the audit senior manager.



The materiality for these components varies from £197,000 to £292,500. We have determined these based on a percentage of Group materiality.

Independent auditor's report to the members of IMImobile PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinion on other matter prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

David Griffin FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
26 June 2018

IMImobile

Consolidated Income Statement

For the year ended 31 March 2018

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
		£000	£000
Revenue	2, 5	111,366	76,116
Cost of sales		(60,630)	(32,746)
Gross profit	5	**50,736**	**43,370**
Operating costs:			
Other operating costs		(37,331)	(31,904)
Depreciation and amortisation		(4,825)	(3,213)
Share-based payment charge	24	(4,561)	(2,572)
Acquisition costs	4	(788)	(362)
Exchange losses on the Nigerian Naira		(349)	(213)
Change in benefit limit of defined gratuity		(96)	-
Impairment of available-for-sale financial assets	17	-	(238)
Operating profit		**2,786**	**4,868**
Finance income	7	176	272
Finance cost	7	(302)	(67)
Profit before tax		**2,660**	**5,073**
Tax	8	(1,817)	(996)
Profit for the year		**843**	**4,077**
Profit for the year attributable to:			
Equity holders of the parent company		902	4,565
Non-controlling interest		(59)	(488)
Profit for the year		**843**	**4,077**
Adjusted EBITDA[1]	9	**13,405**	**11,466**
Basic earnings per share	9	1.5p	11.8p
Adjusted basic earnings per share	9	12.6p	14.5p
Diluted earnings per share	9	1.3p	9.0p
Adjusted diluted earnings per share	9	11.2p	11.0p

The accompanying notes are an integral part of the consolidated financial statements and are all attributable to continuing operations.

[1] See note 9 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

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

The accompanying notes are an integral part of the consolidated financial statements.

Statement of Changes in Equity

For the year ended 31 March 2018

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

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	As at 31 March 2018	As at 31 March 2017
		£000	£000
Non-current assets			
Goodwill	10	33,265	25,314
Other intangible assets	11	20,420	9,933
Property, plant and equipment	12	4,609	6,005
Deferred tax assets	22	484	301
Total non-current assets		**58,778**	**41,553**
Current assets			
Cash and cash equivalents	13	15,743	14,662
Trade and other receivables	14	40,094	30,554
Available-for-sale financial assets	17	-	28
Total current assets		**55,837**	**45,244**
Current liabilities			
Trade and other payables	18	(43,996)	(33,906)
Provision for contingent consideration	19	(1,806)	-
Bank borrowings	20	(223)	(196)
Total current liabilities		**(46,025)**	**(34,102)**
Net current assets		**9,812**	**11,142**
Non-current liabilities			
Provision for contingent consideration	19	(557)	-
Bank borrowings	20	(11,196)	(644)
Provision for defined benefit gratuity	21	(912)	(634)
Deferred tax liabilities	22	(1,763)	(631)
Total non-current liabilities		**(14,428)**	**(1,909)**
Net assets		**54,162**	**50,786**
Equity attributable to the owners of the parent company			
Share capital	23	6,204	6,102
Share premium	23	1,246	69,754
Translation reserve	23	1,759	4,374
Share-based payment reserve	23	10,782	7,505
Capital restructuring reserve	23	(29,040)	(29,040)
Retained earnings	23	63,104	(7,901)
Equity attributable to shareholders of the parent company		**54,055**	**50,794**
Non-controlling interest		107	(8)
Total equity		**54,162**	**50,786**

The accompanying notes are an integral part of the consolidated financial statements.

The financial statements of IMImobile PLC (Company number: 08802718) were approved by the Board and authorised for issue on 26 June 2018.

Signed on behalf of the Board

Mike Jefferies
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2018

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
		£000	£000
Cash generated from operations	25	10,720	11,554
Tax paid		(1,202)	(1,523)
Net cash from operating activities		**9,518**	**10,031**
Investing activities			
Interest received		176	272
Purchases of intangible assets		(5,452)	(2,250)
Purchases of property, plant & equipment		(1,072)	(2,124)
Disposal of property, plant & equipment		-	7
Purchase of shares in available-for-sale investment	17	-	(65)
Disposal of shares in available-for-sale investment	17	28	-
Acquisition of subsidiary net of cash acquired	31, 32	(11,248)	(10,853)
Contingent consideration as part of acquisition		-	(1,150)
Net cash used in investing activities		**(17,568)**	**(16,163)**
Financing activities			
Bank loan received		10,811	840
Repayment of bank loans		(232)	-
Interest paid		(268)	(67)
Proceeds from issuance of Ordinary shares		677	5,499
Net cash generated by financing activities		**10,988**	**6,272**
Net increase in cash and cash equivalents		2,938	140
Cash and cash equivalents at beginning of the year		14,662	15,039
Effect of foreign exchange rate changes		(1,857)	(517)
Cash and cash equivalents at end of the year	13	**15,743**	**14,662**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The consolidated financial statements for the years ended 31 March 2017 and 2018 have been prepared under the International Financial Reporting Standards as adopted for use in the European Union in accordance with Article 4 of the IAS Regulation (EC) No. 1606/2002.

The financial information contained in the consolidated financial statements for the years ended 31 March 2017 and 2018 has been prepared applying the recognition and measurement principles set out in International Financial Reporting Standards as adopted for use in the European Union.

The consolidated financial statements of IMImobile PLC and its subsidiaries, hereafter referred to as "the Group", are prepared under the historical cost convention except for available-for-sale financial assets which are carried at fair value. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

General Information

IMImobile PLC is incorporated in England and Wales and quoted on the London Stock Exchange's AIM market.

Amounts in the consolidated financial statements are stated in UK Pounds Sterling.

Going Concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

At 31 March 2018 the Group had net assets of £54.2 million including £15.7 million of cash and cash equivalents (31 March 2017: net assets of £50.8 million including £14.7 million of cash and cash equivalents).

In determining whether the consolidated financial statements should be prepared on the going concern basis, the Directors considered the Company's and the Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

Based on cash flow forecasts which take into account the Directors' best estimate of current sales orders and opportunities, expenditure forecasts as well as the Group's current cash balance, the Directors consider it appropriate to prepare the Company's financial statements on the going concern basis.

Basis of consolidation

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

- has the power over the investee;
- is exposed, or has rights, to 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.

IMImobile

Notes to the Consolidated Financial Statements

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.

Entities included under common control

The following entities are considered to be under the control of the Group and therefore have been included in the consolidated financial statements for the years ended 31 March 2017 and 2018:

Name of entity	Functional currency	% of share class held by Group Companies as at 31 March:		Share class
		2018	2017	
United Kingdom (5 St John's Lane, London, EC1M 4BH)				
IMImobile Europe Limited	UK Pounds Sterling	100%	100%	Ordinary
Tap2Bill Limited	UK Pounds Sterling	100%	100%	Ordinary
Txtlocal Limited	UK Pounds Sterling	100%	100%	Ordinary
Textlocal Limited	UK Pounds Sterling	100%	100%	Ordinary
Chilli Digital Europe Limited	UK Pounds Sterling	100%	100%	Ordinary
IMImobile Software Limited (formerly Skinkers Limited)	UK Pounds Sterling	100%	100%	Ordinary
IMImobile International Limited	UK Pounds Sterling	100%	100%	Ordinary
IMImobile SAT Limited	UK Pounds Sterling	85%	85%	Ordinary
IMImobile Holdings Limited	UK Pounds Sterling	100%	100%	Ordinary
IMImobile Intelligent Networks Limited (formerly Infracast Limited)	UK Pounds Sterling	100%	100%	Ordinary & Deferred
Healthcare Communications UK Limited (acquired during the year)	UK Pounds Sterling	100%	-	Ordinary
IMImobile African Holdings Limited	South African Rand	100%	100%	Ordinary
IMImobile South Africa 1 Limited	South African Rand	81%	81%	Ordinary
IMImobile South Africa 2 Limited	South African Rand	100%	100%	Ordinary
Switzerland (c/o Zingg, Hotz & Partner AG, Poststrasse 14, 6301 Zug, Switzerland)				
WIN Wireless Network Systems AG (dissolved during the year)	Swiss Franc	100%	100%	Bearer shares
USA (Tower Place 200, 3348 Peachtree Rd. NE., Atlanta, GA. 30326, USA)				
IMImobile, Inc.	US Dollar	100%	100%	Common stock
USA (201 E Markham St, Little Rock, AR 72201, USA)				
IMImobile North America, Inc. (incorporated during the year)	US Dollar	89%	-	Common stock
Panama (Av. Miguel Brostella, P.H. Camino de Cruces, Local No. 35, Panama City)				
IMI Mobile VAS Latin America S.A.	US Dollar	100%	100%	Ordinary
Costa Rica (Ruta Nacional 102 Calle La Florida, Oficentro #8, San Juan de Tibas, San Jose, Costa Rica)				
IMImobile VAS Costa Rica S.A. (dissolved during the year)	US Dollar	100%	100%	Common stock
UAE (P.O. Box 293593, Office # 624, Building 5EA, Dubai Airport Free Zone, Dubai)				
IMI Mobile VAS Limited FZE	UAE Dirham	100%	100%	Ordinary
IMImobile Limited FZE	UAE Dirham	100%	100%	Ordinary

Name of entity	Functional currency	% of share class held by Group Companies as at 31 March: 2018	2017	Share class
South Africa (Clearwater Office Park, Building no. 3, Corner Christiaan De Wet and Millennium Boulevard, Strubensvalley, Roodepoort, South Africa)				
IMImobile South Africa Pty Limited (formerly Archer Digital Limited)	South African Rand	77%	85%	Ordinary
Nigeria (2nd Floor, No 32, Shiro Street, Fadeyi - Yaba, Lagos State, Nigeria)				
IMI Mobile VAS Nigeria Limited	Nigerian Naira	100%	100%	Ordinary
Tunisia (Regus, Tunis Berges du Lac Business Center, Immeuble "Slim", 2eme Etage, Rue de l'Euro, Les Berges du Lac 2, 1053 - Tunis, Tunisia)				
IMImobile VAS Tunisia Limited	Tunisian Dinar	100%	100%	Ordinary
Ghana (H No F486, Nyaniba Estate, Accra, Greater Accra, PO Box 14310, Accra, Ghana)				
IMImobile Ghana Limited	Ghanaian Cedi	77%	77%	Ordinary
British Virgin Islands (Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands)				
Lenco International Limited	South African Rand	85%	85%	Ordinary
Lenco Technology Group Limited	South African Rand	85%	85%	Ordinary
India (Plot No. 770, Road No. 44, Jubilee Hills, Hyderabad – 500 033, India)				
IMI Mobile Private Limited	Indian Rupee	100%	100%	Ordinary
Bangladesh (House No: 13, A-5 (5th floor), Road No: 113/A, Gulshan, Dhaka, Bangladesh)				
IMI Mobile VAS Limited	Bangladeshi Taka	100%	100%	Ordinary
Sri Lanka (No: 94/1, Dharmapala Mawatha, Colombo 07, Sri Lanka)				
IMI Mobile VAS Private Limited	Sri Lankan Rupee	100%	100%	Ordinary
Nepal (124, Lal Colony Marg, Lal Durbar, Kathmandu, Nepal)				
IMI Mobile Nepal Private Limited (incorporated during the year)	Nepalese Rupee	100%	-	Ordinary
Myanmar (R-1006, 10th Floor - Business Suites, Myanmar Center Tower 2, 192 Kaba Aye Pagoda Road, Bahan Township, Yangon, Myanmar)				
IMImobile VAS Myanmar Limited (incorporated during the year)	Myanmar Kyat	100%	-	Ordinary

Adoption of new and revised International Financial Reporting Standards ("IFRSs")

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the Group.

The Group is assessing the impact of new standards not yet effective. The Group does not intend to adopt these standards before its mandatory date. The following standards, interpretations and amendments have been issued but are not yet adopted by the Group:

- IFRS 9 Financial Instruments
- IFRS 15 Revenues from Contracts with customers
- IFRS 16 Leases

There are no other forthcoming standards and interpretations not yet effective which are expected to have significant impact on the Group's consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has decided against early adoption of IFRS 9 and assessment of the impact is ongoing.

Notes to the Consolidated Financial Statements

IFRS 15 – Revenue from contracts with customers

The Group is required to implement a new accounting standard, IFRS 15 Revenue from contracts with customers, from 1 April 2018. IFRS 15 prescribes a principles-based approach to accounting for revenue arising from contracts with customers, as well as additional reporting disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and several revenue related interpretations.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The clarification in IFRS 15 Revenue from Contracts with Customers addresses the areas of identification of performance obligations, principal versus agent considerations, licensing and transition rules pertaining to contractual amendments and completed contracts.

The Group has decided against early adoption of IFRS 15 and assessment of the impact is ongoing.

IFRS 16 – Leases

IFRS 16 Leases, effective for the year ending 31 March 2020, will require all leases to be recognised on the balance sheet. The major impact of the standard is to remove the concept of operating leases and recognising a related asset and liability on the Statement of Financial Position. The Group's major operating lease expenditure is incurred on property lease rentals as set out in note 30.

Following adoption of IFRS 16, the Group will recognise a right of use ("ROU") asset and a corresponding financial liability to the lessor based on the present value of future lease payments. In addition to changes in the presentation of the Statement of financial position, property lease rentals expenditure in the consolidated income statement will be replaced by amortisation of the ROU asset together with a finance expense. Adjusted EBITDA, one of the Group's key performance indicators, will benefit from the adoption of IFRS 16 through the removal of the leasing charge. In the consolidated statement of cash flows, "Cash generated from operations" will see an improvement as a result of the amortisation adjustment, with a corresponding increased outflow in "Net cash generated from financing activities".

2. Accounting policies

The principal accounting policies set out below have been applied consistently by the Group entities:

Foreign currencies

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in UK Pounds Sterling ("the presentational currency").

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) equity items other than retained earnings have been translated at historical rates in line with IAS 21;

(c) income and expenses for each income statement are translated at average exchange rates; and

(d) all resulting exchange differences are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group discloses cash on a net basis where it has the right to offset.

Trade payables
Trade payables are not interest-bearing and are stated at their nominal value.

Notes to the Consolidated Financial Statements

Intangible assets

(a) 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.

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 years.

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(c) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 10 years.

Impairment of assets

Goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Projects under which assets are not ready for their intended use are carried at cost and are only depreciated once they are ready for use.

When assets are sold, their cost and accumulated depreciation are eliminated and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation is computed on a straight-line basis over the estimated useful lives of operational assets.

	Estimated useful life
Computers and servers	3-6 years
Office equipment	2-5 years
Furniture & fixtures	2-10 years
Vehicles	8 years
Leasehold improvements	Lower of estimated useful life and lease term

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Employee benefits

Other post-employment obligations
The Group has a post-employment unfunded gratuity benefit plan for employees of IMI Mobile Private Limited. The entitlement of these benefits is subject to a vesting period of five years in the case of early separation, based on final salary and years of service in India.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise.

Notes to the Consolidated Financial Statements

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the related current service cost and, where applicable, past service cost.

These obligations are valued periodically by independent qualified actuaries.

Defined contribution plan

The Group operates defined contribution plans for certain employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. These contributions are expensed in the period they are incurred.

Employee share-based payments

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

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

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

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

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

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

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

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

Company Share Capital

Ordinary shares are classified as equity.

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

Revenue recognition

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

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

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

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

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

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

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

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

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.

Notes to the Consolidated Financial Statements

Taxation

Current tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

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

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

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

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

Key sources of estimation uncertainty

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

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

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

Notes to the Consolidated Financial Statements

Taxation including deferred taxation

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

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

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

Share based payments

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

The Archer and Sumotext put options, which enable the relevant management teams to sell their share in the subsidiary to the Group, are revalued each year and accounted for as a cash-settled share-based payment. This requires management to estimate the earnings multiple that will be applied to the valuation when the put option is exercised. See note 24 for details of the share-based payment charge relating to put options.

Management must also estimate the fair value of the contingent considerations arising from the acquisition of Infracast, Sumotext and Healthcare Communications, which are included as share-based payments as there is an option to settle in shares in the Company as well as in cash. See note 24 for details of the share-based payment charge relating to contingent consideration.

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

4. Operating profit

Operating profit for the year is stated after charging:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	**£000**
Depreciation of property, plant and equipment	2,140	2,121
Amortisation of intangible assets	1,160	539
Amortisation of intangible assets added on acquisition	1,525	553
Impairment of available-for-sale financial assets	-	238
Operating lease rentals	920	618
Staff costs (note 6 - including share-based payment charge)	24,606	22,705
Acquisition costs	788	362
Loss on disposal of PPE and intangible assets	23	7
Impairment of trade receivables	39	68
Foreign exchange losses	293	315
Research and non-capitalised development costs	1,265	2,540

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Fees payable to the Group's auditor and their associates for the audit of the group's annual report and financial statements:		
- Group	206	178
- Company	5	5
Total audit fees	211	183
Non-audit fees	1	4
Total fees	**212**	**187**

5. Business and geographical segments

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

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

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

Geographical revenue and results

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2017	Europe and Americas £000	India and SEA £000	MEA £000	Eliminations £000	Total £000
Revenue to external customers	41,138	11,760	23,218	-	**76,116**
Inter-segment revenue	-	11	-	(11)	**-**
Total revenue	41,138	11,771	23,218	(11)	**76,116**
Gross profit	22,868	6,963	13,539	-	**43,370**
Other operating costs					**(31,904)**
Depreciation and amortisation					**(3,213)**
Share-based payment charge					**(2,572)**
Acquisition costs					**(362)**
Exchange losses on the Nigerian Naira					**(213)**
Impairment of AFS financial assets					**(238)**
Operating profit					**4,868**
Net finance costs					**205**
Profit before tax					**5,073**
Tax					**(996)**
Profit after tax					**4,077**
Non-current assets	28,995	3,751	8,807	-	**41,553**

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

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

Additional voluntary disclosures

Alternative revenue model and results

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

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

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

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

6. Employee benefits

	Year ended 31 March 2018	Year ended 31 March 2017
Staff costs for the Group during the year:	**£000**	**£000**
Wages and salaries	21,107	19,138
Social security and taxes	1,722	1,381
Share options granted to Directors and employees	1,281	1,891
Pension costs – Defined contribution plan	299	195
Pension costs – Defined benefit plan	197	100
	24,606	**22,705**

	Year ended 31 March 2018	Year ended 31 March 2017
Average monthly number of people employed:	**Number**	**Number**
Sales and Managed solutions	147	255
Development and Product Management	295	212
Operations and Technical Support	364	298
Common Functions	146	89
	952	**854**

Details of Directors' remuneration and interests are provided in the audited section of the Directors' Report and should be regarded as part of these financial statements.

7. Finance income and finance cost

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	**£000**
Interest income	**176**	**272**
Interest on defined gratuity plan (note 21)w	(34)	-
Bank loan interest expense	(268)	(67)
	(302)	**(67)**

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Notes to the Consolidated Financial Statements

8. Tax

Current tax	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
India tax expense	-	8
UK tax expense	347	394
Other foreign tax expense	94	118
Withholding tax expense	863	897
Adjustments in respect of prior periods	200	(34)
	1,504	1,383
Deferred tax (note 22)		
Current year	(83)	(430)
Adjustments in respect of prior periods	396	43
	313	(387)
Total tax charge	**1,817**	**996**

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

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

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

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

9. Earnings per share ('EPS')

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

A Share-based payment charge, which predominantly relates to acquisition activities (see note 24).

B Costs of acquisition activity.

C Amortisation of acquired intangibles.

Other adjusting items:

D Impairment of available-for-sale financial assets. As the asset was disposed in the year for the impaired value there is no adjustment in the current year.

E Change in benefit limit of defined gratuity plan in India.

F Exchange losses incurred on the Nigerian Naira following its unpegging against the US Dollar on 20 June 2016. Management consider this to be an adjusting item until such time as the currency can be freely traded on the exchange market due to the lifting of restrictions imposed by the Central Bank of Nigeria.

G Re-recognition of deferred tax assets.

H Basic adjusted EPS and diluted adjusted EPS includes profit attributable to non-controlling interests not included in the calculation of statutory basic and diluted EPS.

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

10. Goodwill

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

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

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

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

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

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

Long-term growth rate

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

Discount rate

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

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

Notes to the Consolidated Financial Statements

11. Other intangible assets

Cost	Trade name £000	Customer relationships £000	Capitalised development costs £000	Software £000	Trademarks and licenses £000	Total £000
At 1 April 2016	**62**	**1,725**	**1,126**	**1,626**	**1,319**	**5,858**
Additions	-	-	1,520	354	376	**2,250**
On acquisition	90	2,500	231	1,488	-	**4,309**
Exchange differences	-	-	-	74	227	**301**
At 31 March 2017	**152**	**4,225**	**2,877**	**3,542**	**1,922**	**12,718**
Additions	-	148	4,940	333	31	**5,452**
On acquisition	800	6,216	-	800	-	**7,816**
Exchange differences	-	-	-	(55)	(214)	**(269)**
At 31 March 2018	**952**	**10,589**	**7,817**	**4,620**	**1,739**	**25,717**

Accumulated amortisation and impairment	Trade name £000	Customer relationships £000	Capitalised development costs £000	Software £000	Trademarks and licenses £000	Total £000
At 1 April 2016	**6**	**173**	**109**	**586**	**629**	**1,503**
Amortisation charge	13	345	224	283	227	**1,092**
Exchange differences	-	-	-	60	130	**190**
At 31 March 2017	**19**	**518**	**333**	**929**	**986**	**2,785**
Amortisation charge	64	1,024	723	619	255	**2,685**
Exchange differences	-	-	-	(50)	(123)	**(173)**
At 31 March 2018	**83**	**1,542**	**1,056**	**1,498**	**1,118**	**5,297**
Carrying value at 31 March 2017	**133**	**3,707**	**2,544**	**2,613**	**936**	**9,933**
Carrying value at 31 March 2018	**869**	**9,047**	**6,761**	**3,122**	**621**	**20,420**

12. Property, plant and equipment

Cost or valuation:	Leasehold improvements £000	Furniture and Fixtures £000	Office Equipment £000	Vehicles £000	Computers and Servers £000	Total £000
At 1 April 2016	**2,236**	**597**	**457**	**134**	**14,671**	**18,095**
Additions	12	17	28	39	2,028	**2,124**
On acquisition	-	3	3	-	627	**633**
Disposal	-	-	-	(24)	-	**(24)**
Exchange differences	391	246	81	27	2,093	**2,838**
At 31 March 2017	**2,639**	**863**	**569**	**176**	**19,419**	**23,666**
Additions	30	33	20	-	989	**1,072**
On acquisition	-	-	-	-	55	**55**
Disposal	(27)	(43)	-	-	(2,759)	**(2,829)**
Exchange differences	(284)	(95)	(67)	(20)	(1,575)	**(2,041)**
At 31 March 2018	**2,358**	**758**	**522**	**156**	**16,129**	**19,923**

Accumulated depreciation:	Leasehold improvements £000	Furniture & Fixtures £000	Office Equipment £000	Vehicles £000	Computers and Servers £000	Total £000
At 1 April 2016	**1,420**	**385**	**396**	**25**	**11,211**	**13,437**
Charge for the year	194	93	41	20	1,773	**2,121**
Disposal	-	-	-	(17)	-	**(17)**
Exchange differences	264	220	73	7	1,556	**2,120**
At 31 March 2017	**1,878**	**698**	**510**	**35**	**14,540**	**17,661**
Charge for the year	176	47	27	21	1,869	**2,140**
Disposal	(17)	(29)	-	-	(2,760)	**(2,806)**
Exchange differences	(212)	(86)	(58)	(5)	(1,320)	**(1,681)**
At 31 March 2018	**1,825**	**630**	**479**	**51**	**12,329**	**15,314**
Net book value:						
At 31 March 2017	**761**	**165**	**59**	**141**	**4,879**	**6,005**
At 31 March 2018	**533**	**128**	**43**	**105**	**3,800**	**4,609**

13. Cash and cash equivalents

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

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

14. Trade and other receivables

	As at 31 March 2018 £000	As at 31 March 2017 £000
Trade receivables (note 15)		
– revenue to be collected on behalf of the Group	15,993	10,973
– pass through revenues to be collected on behalf of billing customers	1,756	2,492
Other receivables	855	83
Refundable deposits	87	93
Prepayments	2,586	2,286
Amounts billable not yet invoiced		
– revenue to be collected on behalf of the Group	12,790	9,627
– pass through revenues collected on behalf of billing customers	3,426	2,658
Withholding tax debtor	1,364	2,025
Due from related parties (note 16)	31	31
Tax receivable	1,206	286
	40,094	**30,554**

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

Notes to the Consolidated Financial Statements

15. Trade receivables

Amounts falling due within one year:	As at 31 March 2018 £000	As at 31 March 2017 £000
Trade receivables	18,450	14,271
Less: Provision for receivables	(701)	(806)
Trade receivables – net	**17,749**	**13,465**

The historical level of customer default is low and, as a result, the credit quality of period end trade receivables is considered to be high. Trade receivables are considered past due once they have passed their contracted due date. The Group review trade receivables past due but not impaired on a regular basis and in determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Included in the Group's trade receivables balance are debtors with a carrying amount of £7,144,000 (2017: £4,898,000) which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. Of the total balance, £2,260,000 (2017: £2,236,000) is past due by fewer than 30 days. The average age of trade receivables and amounts billable not yet invoiced, excluding pass through revenues, is 94 days (2017: 99 days).

The movement in bad debt provision has been analysed below:

Movement in bad debt provision	As at 31 March 2018 £000	As at 31 March 2017 £000
As at 1 April	806	1,768
Charged to the income statement	127	129
Credited to the income statement	(88)	(61)
Debts written off	(62)	(1,174)
Foreign exchange	(82)	144
As at 31 March	**701**	**806**

The creation and release of provision for uncollectable receivables have been included in operating costs in the consolidated income statement.

16. Related party transactions

The Group has entered into various transactions with related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated Statement of Financial Position	Notes	As at 31 March 2018 £000	As at 31 March 2017 £000
Due from related parties	a)	31	31

IAS24 allows disclosure exemption of transactions between wholly owned subsidiaries that are eliminated on consolidation.

Balances included in the consolidated Statement of Financial Position	Notes	As at 31 March 2018 £000	As at 31 March 2017 £000
Amounts paid to key management personnel	b)	764	732

a) On 11 October 2012 Mr T Newmarch, a current Director of IMImobile Europe Limited, was loaned an interest free amount totalling £52,671 by IMImobile Europe Limited. Subsequent loan repayments and exchange rate movements reduced the balance to £31,151 and this amount was outstanding at 31 March 2018 and 31 March 2017.

All loans made to Directors of the Group were approved by the shareholders in accordance with the Companies Act 2006.

b) The compensation of the Directors of the Group, considered to be key management personnel, was as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Short-term employee benefits	747	715
Post-employment benefits	17	17
	764	**732**

Details of Directors' remuneration are disclosed within the Directors' Report.

17. Available-for-sale financial assets

	31 March 2018	31 March 2017
Cost:	**£000**	**£000**
At start of period	587	523
Additions	-	65
Exchange differences	-	(1)
Disposal	(587)	-
At end of period	**-**	**587**
Impairment:		
At start of period	559	321
Impairment charge	-	238
Disposal	(559)	-
At end of period	**-**	**559**
Fair value at end of period	**-**	**28**

The available-for-sale financial asset held at the start of the year was an unlisted US equity security denominated in US Dollars and was sold in April 2017.

Notes to the Consolidated Financial Statements

18. Trade and other payables

	As at 31 March 2018 £000	As at 31 March 2017 £000
Trade payables		
– cost of sales to be paid on behalf of the Group	14,932	9,278
– pass through revenues to be paid to billing customers	3,087	4,012
Other payables	1,168	1,087
Put option on acquisitions (note 24)	1,137	578
Accrued expenses		
– cost of sales to be paid on behalf of the Group	12,710	11,442
– pass through revenues to be paid to billing customers	2,598	2,565
Deferred income	6,837	2,984
VAT payable	1,527	1,960
	43,996	**33,906**

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

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

19. Provision for contingent consideration

	As at 31 March 2018 £000	As at 31 March 2017 £000
Contingent consideration arising on acquisition of Sumotext (note 31)	1,263	-
Contingent consideration arising on acquisition of Healthcare Communications (note 32)	487	-
Other contingent consideration	56	-
Provision for contingent consideration due in less than one year	**1,806**	**-**
Contingent consideration arising on acquisition of Healthcare Communications (note 32)	465	-
Other contingent consideration	92	-
Provision for contingent consideration due in more than one year	**557**	**-**

20. Bank borrowings

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

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

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

21. Employees' post-retirement benefits

The Group has a defined gratuity plan in place for all IMI Mobile Private Limited employees. The benefit has a qualifying period requiring the employee to complete five years of service. The defined gratuity plan for the Group is accounted for as an unfunded defined benefit scheme and represents a cash bonus payable to an employee who has completed five years of service. On the basis of an actuarial valuation, the Group makes a provision of such gratuity in the consolidated financial statements.

	Year ended 31 March 2018	Year ended 31 March 2017
Net benefit expenses	**£000**	**£000**
Current service cost	101	26
Change in benefit limit of defined gratuity	96	-
Interest cost on benefit obligation	34	29
Net actuarial losses recognised	191	45
Total	**422**	**100**

The movement in the defined gratuity obligation over the year is as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	**£000**
Opening defined benefit obligation	634	463
Interest cost	34	29
Current service cost	101	26
Change in benefit limit of defined gratuity	96	-
Benefits paid	(59)	(44)
Net actuarial loss recognised in the year	191	45
Exchange differences	(85)	115
Closing defined benefit obligation	**912**	**634**

The significant actuarial assumptions were as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Discount rate	7.7%	8.0%
Salary growth rate	1st Year – 10% Thereafter – 6%	1st Year - 10% Thereafter - 6%
Mortality tables	LIC (2006-08)	LIC (2006-08)

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

22. Deferred tax

The Group's deferred tax assets and liabilities are measured at the end of each period in accordance with IAS 12. The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models where appropriate to forecast future taxable profits. Deferred tax assets have only been recognised for territories where the Group considers that it is probable there would be sufficient taxable profits for the future deductions to be utilised. If it is probable that some portion of these assets will not be realised, then no asset is recognised in relation to that portion.

If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

Notes to the Consolidated Financial Statements

Certain deferred tax assets and liabilities have been offset as they relate to the same tax group or entity. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Gross	Offset	As reported
31 March 2018	**£000**	**£000**	**£000**
Deferred tax assets	1,472	(988)	484
Deferred tax liabilities	(2,751)	988	(1,763)
Total	**(1,279)**	**-**	**(1,279)**
31 March 2017			
Deferred tax assets	1,045	(744)	301
Deferred tax liabilities	(1,375)	744	(631)
Total	**(330)**	**-**	**(330)**

The gross movement on the deferred income tax account is as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	**£000**
At 1 April	(330)	128
Income statement (charge)/credit	(421)	420
Effect of change in UK deferred tax rate	108	(33)
On acquisition	(894)	(766)
Share-based payment recognised in equity	330	63
Change in deferred tax rate on Archer acquired intangibles	-	(165)
Exchange differences	(72)	23
At 31 March	**(1,279)**	**(330)**

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the respective period:

	Property, Plant and Equipment	Share-based payments	Intangible assets	Other short-term temporary differences	Total
Deferred tax assets:	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2017	532	352	-	161	**1,045**
(Charge) / credit to the income statement	271	77	-	(311)	**37**
Share-based payments recognised in equity	-	330	-	-	**330**
Exchange differences	(285)	-	-	303	**18**
Effect of change in UK deferred tax rate	-	-	-	42	**42**
At 31 March 2018	**518**	**759**	**-**	**195**	**1,472**

	Property, Plant and Equipment	Share-based payments	Intangible assets	Other short-term temporary differences	Total
Deferred tax liabilities:	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2017	(173)	-	(1,202)	-	**(1,375)**
(Charge) / credit to the income statement	52	-	(510)	-	**(458)**
On acquisition	-	-	(894)	-	**(894)**
Exchange differences	(90)	-	-	-	**(90)**
Effect of change in UK deferred tax rate	(7)	-	73	-	**66**
At 31 March 2018	**(218)**	**-**	**(2,533)**	**-**	**(2,751)**

Other short-term temporary differences comprise a number of items, none of which is individually significant to the Group's Statement of Financial Position. At 31 March 2018 the balance related to temporary differences in relation to long-term employee benefits including retirement benefits, and the provision of bad debts and tax losses in India to the extent they are offset by deferred tax on property, plant and equipment in India.

At the balance sheet date, the Group has losses of £21,884,000 on which there are unrecognised deferred tax assets of £4,818,000 (2017: £4,319,325). No deferred tax asset has been recognised in respect of these temporary differences as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Of these unrecognised deferred tax assets, £3,165,000 may be carried forward indefinitely and £1,653,000 expire after eight years.

No deferred tax liability is recognised on gross temporary differences of £18,025,000 (2017: £18,144,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 March 2018 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of a dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

23. Share Capital, Share Premium and Reserves

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

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

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

Ordinary shares

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

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

Cancellation of share premium account

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

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

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

Notes to the Consolidated Financial Statements

Translation reserve

The translation reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

Share-based payment reserve

The share-based payment reserve relates to the charge for the share-based payment in accordance with International Financial Reporting Standard 2.

Capital restructuring reserve

The capital 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 that has subsequently been eliminated.

Retained earnings / (deficit)

Retained earnings / (deficit) represents the cumulative earnings of the Group attributable to equity shareholders.

24. Share-based payments

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

Prior to admission to AIM and subsequently, options 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 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
At 1 April	0.03	1,770,938	0.03	1,800,938
Exercised	0.03	(300,000)	0.03	-
Forfeited	0.03	-	0.03	(30,000)
At 31 March	**0.03**	**1,470,938**	**0.03**	**1,770,938**

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
Vested	0.03	1,017,190	0.03	863,442
Unvested	0.03	453,748	0.03	907,496
At 31 March	**0.03**	**1,470,938**	**0.03**	**1,770,938**

The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 6.1 years (2017: 7.1 years).

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 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
At 1 April	0.76	9,330,486	0.41	6,654,694
Granted	2.29	435,840	1.60	2,826,205
Exercised	0.94	(439,236)	-	-
Forfeited	1.34	(182,691)	1.07	(150,413)
At 31 March	**0.81**	**9,144,399**	**0.76**	**9,330,486**

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
Vested	0.45	5,525,876	0.38	4,392,247
Unvested	1.37	3,618,523	1.09	4,938,239
At 31 March	**0.81**	**9,144,339**	**0.76**	**9,330,486**

The aggregate fair value of options granted in the year is £278,000 (2017: £1,961,000). The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 7.2 years (2017: 8.0 years).

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.

Notes to the Consolidated Financial Statements

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 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
At 1 April	1.42	1,264,383	1.25	987,931
Granted	2.47	261,400	1.81	377,770
Exercised	1.31	(177,420)	1.20	(49,347)
Forfeited	1.67	(105,444)	1.31	(51,971)
At 31 March	**1.63**	**1,242,919**	**1.42**	**1,264,383**

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
Vested	1.30	645,004	1.24	608,575
Unvested	1.99	597,915	1.59	655,808
At 31 March	**1.63**	**1,242,919**	**1.42**	**1,264,383**

The aggregate fair value of options granted in the year is £149,000 (2017: £229,000). The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 7.6 years (2017: 8.0 years).

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 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
At 1 April	0.30	604,500	0.30	750,000
Exercised	0.30	(111,000)	0.29	(144,000)
Forfeited	-	-	0.32	(1,500)
At 31 March	**0.30**	**493,500**	**0.30**	**604,500**

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
Vested	0.30	493,500	0.30	604,500
Unvested	-	-	-	-
At 31 March	**0.30**	**493,500**	**0.30**	**604,500**

The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 6.2 years (2017: 7.2 years).

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.

Total of Employee Share Schemes

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
At 1 April	0.70	12,970,307	0.42	10,193,563
Granted	2.36	697,240	1.63	3,203,975
Exercised	0.67	(1,027,656)	0.53	(193,347)
Forfeited	1.46	(288,135)	0.99	(233,884)
At 31 March	**0.78**	**12,351,756**	**0.70**	**12,970,307**

	As at 31 March 2018		As at 31 March 2017	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	£	Number	£	Number
Vested	0.46	7,681,570	0.41	6,468,764
Unvested	1.32	4,670,186	1.00	6,501,543
At 31 March	**0.78**	**12,351,756**	**0.70**	**12,970,307**

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

Textlocal contingent consideration

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

Notes to the Consolidated Financial Statements

Archer put option

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

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

Infracast contingent consideration

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

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

Healthcare Communications contingent consideration

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

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

Sumotext put option

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

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

Share-based payment charge

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

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

25. Notes to the Consolidated Cash Flow Statement

Cash generated from operations

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

Changes in liabilities arising from financing activities

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

	1 April 2017	Financing cash flows	31 March 2018
Non cash changes:	**£000**	**£000**	**£000**
Bank borrowings (note 20)	840	10,579	11,419
Total liabilities from financing activities	**840**	**10,579**	**11,419**

26. Dividends per share

No dividends were paid in the year ended 31 March 2018 or 31 March 2017.

27. Contingent liabilities

There were no contingent liabilities at 31 March 2018 or 31 March 2017.

28.Financial risk management

The Group's financial instruments comprise cash and cash equivalents, available-for-sale financial assets and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. It is the objective of the Group to minimise these risks where possible by maintaining and operating a robust control environment. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department.

Notes to the Consolidated Financial Statements

The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Liquidity risk

As regards liquidity, the Group's policy throughout the period has been to ensure continuity of funding. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and makes use of forward exchange contracts where considered commercially appropriate. All forward exchange contracts were fully drawn at year end and the Group has not entered into any other derivative transactions in any year.

All trade payables (note 18) are due to be paid within twelve months of the balance sheet date. The average trade creditor days for the Group, expressed as a number of days, was 133 (2017: 170).

Currency risk

The Group's policy is to conduct the majority of its sales in the local or pegged currency of each entity (see note 2). Within each statutory entity, there is an amount of trading with overseas customers which are settled in foreign currencies. The Group monitors its exposure to currency by regularly reviewing its cash balances and matching these with future and forecast requirements.

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

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

Foreign currency exchange rate risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. As well as naturally mitigating this risk by offsetting its cost base in the same currencies where possible, currency exposure arising from the net assets of the Group's foreign operations is managed through cash balances denominated in the relevant foreign currencies.

The Group is mainly exposed to the Nigerian Naira, South African Rand, US Dollar, Indian Rupee and Euro currencies.

The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative or positive.

	As at 31 March 2018	As at 31 March 2017
Currency impact of:	**£000**	**£000**
Nigerian Naira	(60)	(164)
South African Rand	39	(44)
US Dollar	(217)	(75)
Indian Rupee	73	11
Euro	217	92

Interest rate risks

Historically the Group has financed its operations through a mix of equity and debt to help minimise its exposure. During the year the Group increased its bank borrowings (note 20) to help fund the acquisitions of Sumotext and Healthcare Communications.

The Group minimises its risk to interest fluctuations by closely monitoring interest rates and drawing funds from jurisdictions with low and stable interest rates. The Group controls the value of debt taken on as a ratio of profits. An increase in LIBOR and South Africa's prime rate by 0.5% would increase interest expenses by £57,000.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. It is the Group's policy to minimise its credit risk exposure by reviewing the recoverability of trade receivables at the balance sheet date and considers any change in the credit quality of the receivables on an individual basis from the date the receivable was created to the date the balance is settled.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date can be found within notes 14 and 15. The table below summaries the Group's credit exposure to six of its key customers at the balance sheet date, excluding pass through revenues.

	As at 31 March 2018	As at 31 March 2017
	£000	**£000**
Customer A	2,091	1,694
Customer B	1,368	1,889
Customer C	2,355	705
Customer D	21	1,476
Customer E	1,050	1,193
Customer F	793	1,232

There are no other customers that represent more than 5% of the total balance of trade receivables in either period.

29. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. For the purpose of capital risk management, the total capital resources consist of the following components:

	As at 31 March 2018	As at 31 March 2017
	£000	**£000**
Cash and cash equivalents	15,743	14,662
Bank borrowings	(11,419)	(840)
Net cash	**4,324**	**13,822**
Equity	**54,162**	**50,786**

Notes to the Consolidated Financial Statements

30. Operating lease arrangements

The Group's significant lease arrangements are in respect of operating leases for premises (residential and office). These lease arrangements which are non-cancellable, ranging between 6 months and 2 years, are generally renewable by mutual consent on mutually agreeable terms.

As at the balance sheet date, the Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March 2018	As at 31 March 2017
Land and buildings:	**£000**	**£000**
Within one year	686	470
In the second to fifth year inclusive	226	68
In more than five years	-	-

31. Acquisition of Sumotext Corporation ("Sumotext")

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

	Fair value
Net assets acquired:	**£000**
Identifiable intangible assets:	
Customer relationships	4,060
Technology	500
Trade name	700
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(690)
Technology	(85)
Trade name	(119)
Property, plant and equipment	48
Trade and other receivables	1,082
Cash and cash equivalents	1,071
Trade and other payables	(2,515)
Net identifiable assets acquired	4,052
Goodwill	6,198
Total consideration	**10,250**

Cash consideration during the year	9,298
Cash acquired	(1,071)
Consideration during the year net of cash acquired	**8,227**

Cash consideration during the year	9,298
Contingent consideration due in less than one year	487
Contingent consideration due in more than one year	465
Total consideration	**10,250**

Company Balance Sheet

As at 31 March 2018

	Notes	As at 31 March 2018	As at 31 March 2017
		£000	£000
Non-current assets			
Investments	35	94,844	82,974
Total non-current assets		**94,844**	**82,974**
Current assets			
Cash and cash equivalents		1,422	153
Trade and other receivables	36	2,775	2,600
Total current assets		**4,197**	**2,753**
Current liabilities			
Trade and other payables		(309)	(129)
Provision for contingent consideration		(487)	-
Overdraft		(1,874)	-
Total current liabilities		**(2,670)**	**(129)**
Net current assets		**1,527**	**2,624**
Non-current liabilities			
Trade and other payables	37	(31,121)	(30,873)
Bank borrowings	20	(10,765)	-
Provision for contingent consideration		(465)	-
Total non-current liabilities		**(42,351)**	**(30,873)**
Net assets		**54,020**	**54,725**
Equity attributable to the owners of the parent			x
Share capital	23	6,204	6,102
Share premium	23	1,246	69,754
Share-based payment reserve		92	92
Retained earnings	34	46,478	(21,223)
Total equity		**54,020**	**54,725**

The accompanying notes are an integral part of the Company financial statements.

The financial statements of IMImobile PLC (Company number: 08802718) were approved by the Board and authorised for issue on 26 June 2018.

Signed on behalf of the Board

Mike Jefferies
Director

Notes to the Company Financial Statements

33. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions as disclosed in the group accounts.

The financial statements have been prepared under the historical cost convention. Further details of the Directors' considerations in relation to going concern are included in the Strategic Report, the Directors' Report and note 1.

The principal accounting policies applied in preparation of the Company Statement of Financial Position are set out below.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Foreign currencies

The Company financial statements are presented in UK Pounds Sterling ("the presentational currency" and "the functional currency").

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Cash and cash equivalents

Cash and short–term deposits in the balance sheet comprise cash at bank and in hand and short–term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

Going Concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic review and Director's Report and note 1.

Cash flow statement

A cash flow statement has not been prepared as the consolidated financial statements includes a consolidated Cash Flow statement.

34. Profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. IMImobile PLC reported a loss for the financial year ended 31 March 2018 of £2,107,000 (2017: £24,183,000) and received dividends totalling £nil (2017: £80,000) from its subsidiaries.

During the year the Company cancelled its share premium account. See note 23 for details.

The auditor's remuneration for audit and other services is disclosed within note 4 to the consolidated financial statements. The only employees of the Company are the Non-executive Directors whose emoluments are disclosed in the Directors' Report.

35. Investments

The Company has investments in the following subsidiaries:

	As at 31 March 2018	As at 31 March 2017
	£000	**£000**
IMI Mobile Private Limited	36,050	37,350
IMImobile Europe Limited	22,000	22,000
Txtlocal Limited	11,000	11,000
Infracast Limited	8,218	8,218
IMImobile African Holdings	4,179	4,123
IMImobile South Africa 1 Limited	225	225
IMImobile South Africa 2 Limited	56	56
IMImobile Limited FZE	2	2
IMImobile North America Inc	2,864	-
Healthcare Communications UK Limited	10,250	-
	94,844	**82,974**

The investment in IMImobile African Holdings includes a long-term loan of ZAR 69,000,000 which is considered to be part of the net investment in the subsidiary.

During the year the Company made a long-term loan of USD 4,011,000 to IMImobile North America Inc to acquire the assets of Sumotext Corporation which is considered to be part of the net investment in the subsidiary. See note 31 for details.

During the year the Company acquired 100% of the share capital of Healthcare Communications Limited. See note 32 for details.

The investment in IMI Mobile Private Limited was impaired down to £36,050,000 during the year, due to the change in the fair value less cost of disposal mainly caused by the movement in the Indian Rupee foreign currency exchange rate.

Notes to the Company Financial Statements

36. Trade and other receivables

	As at 31 March 2018	As at 31 March 2017
	£000	£000
Due from subsidiary - IMI Mobile Private Limited	2,600	2,600
Due from subsidiary - IMImobile South Africa 1 Limited	138	-
Other receivables	37	-
	2,775	**2,600**

37. Non-current trade and other payables

	As at 31 March 2018	As at 31 March 2017
	£000	£000
Due to subsidiary - IMImobile VAS Limited FZE	23,080	23,320
Due to subsidiary - IMImobile Limited FZE	1,532	512
Due to subsidiary - IMImobile Europe Limited	4,998	6,324
Due to subsidiary - Tap2Bill Limited	-	2
Due to subsidiary - Lenco International Limited	-	409
Due to subsidiary - Lenco Technology Group Limited	-	306
Due to subsidiary – IMImobile African Holdings Limited	677	-
Due to subsidiary – IMImobile Inc	124	-
Due to subsidiary – Txtlocal Limited	330	-
Due to subsidiary – Healthcare Communications UK Limited	380	-
	31,121	**30,873**

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