



PROXAMA PLC
COMPANY NUMBERED 06458458

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2015

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CHAIRMAN'S REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

The Board is pleased to be able to report that the Company made strong progress in 2015, and continues to do so through 2016, in developing its technology and business strategy.

With smartphone user penetration now in excess of 70% across the UK and forecast to be more than 80% by 2017, Proxama's expertise, in both Digital Payments and Proximity Marketing, utilising the smartphone as a conduit to enhanced consumer service and experience is providing the Company with many exciting opportunities. The mobile advertising market, in particular, saw significant developments in 2015. Proxama's Proximity Marketing Division has benefitted from growing awareness and popularity of location based marketing, helped by the actions of the industry's largest players such as the introduction of Google's open beacon format, Eddystone.

During 2015 the strategy for the Proximity Marketing division has evolved. Today we have a London focused network opportunity of approximately 50,000 beacon locations, primarily spread across transport links (taxis, buses and airports) representing a differentiated opportunity for potential partners and clients to communicate innovatively and directly with the millions of people travelling across and through London.

To gain greater scale Proxama is seeking to extend the number of partnerships it has with established apps, such as the recently announced partnership with Mapway, which has c30million lifetime downloads across its 26 international transport apps. We believe Proxama is an attractive partner for app owners like Mapway, as beacon powered mobile app engagement increases the volume of app sessions and subsequent advertising response, creating a direct positive impact on the average revenue per user (ARPU). We have established a number of other very important relationships in the period, and in 2016, with organisations such as Google, Oracle, Adsquare and Pubmatic which we believe will rapidly accelerate the progress of this division as proximity marketing develops.

In 2016, our objective is to continue to expand the beacon network to be in position to offer app owners the ability to connect to primarily London audiences in a highly targeted manner. The last 6 months has seen the Division make substantial progress and we believe it is on the brink of further significant strides forward.

Our Digital Payments Division provides end-to-end software solutions for card issuers with the ability to migrate customers from magnetic stripe to chip-and-pin cards and from contactless cards to mobile devices. Digital Payments is a more mature business with an established revenue base and a clear market opportunity in contactless payments.

Strategic Review and Proposed Placing

Further to the Strategic Review announced in January 2016 when the Company confirmed that it had been exploring a number of strategic opportunities to secure the long term financial future of the business and that it had received a number of expressions of interest in relation to the Digital Payments Division. Since then discussions have taken place and a potential buyer has been selected and has undertaken a period of due diligence. The potential buyer has submitted a Letter of Intent with an indication of \$10-12 million as a price range to acquire the Digital Payments division. However, there can be no certainty that an offer will be made, any sales concluded, nor as to the terms of any offer or sale. Whilst we are continuing discussions with this potential buyer, we are not in a period of exclusivity and there are ongoing conversations with other potential buyers.

CHAIRMAN'S REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

The Strategic Review will extend into H2 2016 and therefore in the absence of sale proceeds from Digital Payments division in the near term, the Company will be announcing a proposed equity placing to raise approximately £2m. The proposed placing is by way of an accelerated book build (the "Placing"). The book building process will be made available to new and existing eligible investors. Certain of the Company's major shareholders as well as certain Directors have indicated a willingness to participate in the Placing.

The Board believes that this funding will be sufficient to see the Company to trading cash positively by the end of 2017 and provide sufficient time to complete the sale of the Digital Payments Division.

Outlook

2015 was certainly a period of change for the Company and the Board considers that the Company ended 2015 with improved traction and greater commercial opportunities. The Company ended 2015 operating a lower cost-base which would be further reduced when the sale of the Digital Payments Division proceeds.

2016 trading continues to improve with income year on year growth of more than 50% after 5 months (2016 £1.3m, 2015 £0.8M). Proximity Marketing Division income accounts for approximately 24% of Group income in 2016, whereas only 4 % in 2015. 2016 EBITDA year to date loss of £2m is a 35% improvement on the same position last year. The business continues to drive down the cost base with costs reducing by nearly 20% since the start of the year.

It has been a significant year of change for the Company and the Board expresses their thanks to the team at Proxama for their hard work and responses to the challenges of 2015.

We look forward to an exciting and dynamic 2016 and the opportunities ahead of us and the chance to reward our patient and supportive shareholders.

David J Bailey**Chairman****23 JUNE 2016**

CHIEF EXECUTIVE OFFICER'S REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015****Introduction**

I am pleased to be announcing the 2015 full year results for Proxama. This has been a period of change for the Company, which has seen Proxama emerge with a reduced financial cost base for 2016, controlled expenditure and a significant increase in revenues.

Proxama provides mobile advertising and data technology to enable brands to advertise and engage directly with consumers' mobile phones, via utilising Bluetooth Low Energy beacons. All this is achieved through Proxama's TapPoint® cloud platform for mobile proximity marketing. As a direct result of using the platform to engage consumers, insightful analytics and audience data is captured for enhanced marketing, re-targeting or onward sale.

Over the past three to five years the UK advertising market has seen digital and mobile spend increasing, whilst print and 'out of home' decline. This is in parallel with industry leaders such as Twitter, Samsung, Google and Facebook, creating ecosystems primed for digital advertising. These driving forces create a UK Mobile advertising market forecast to be worth £4.6bn in 2016, currently growing at a rate of 35% per annum.

The world of mobile advertising continues to be challenged with not only the ability to target adverts effectively and precisely to consumers, but also to make them relevant so that consumers want to respond or engage. Responding in the mobile advertising world can be measured via 'click-through rates', the number of times an advert is clicked. These rates are often less than 1% (source: eMarketer).

Proxama's Proximity Marketing Strategy is clear:

"To be the Number One technology platform and beacon network for Brands seeking to communicate with 'on the move' consumers"

Our aim is to use beacon-led technology to deliver the most accurate and reliable mobile location and behavioural data for digital marketers; focussed on moments of consumer 'dwell'.

The Proximity Marketing Division has two principle revenue streams:

- 1) Through delivering adverts to 'on the move' consumers in major urban areas delivering regular revenues.
- 2) Selling data to recognised Data Management Providers (DMPs), delivering regular revenues.

Proxama has established a London focused Bluetooth beacon network opportunity, primarily spread across transport links (taxis, buses and airports) representing a strong base to access the millions of people travelling across and through London.

Proxama solutions are currently engaging consumers across London buses, delivered in conjunction with Mapway, one of the world's leading publishers of transport apps for mobile devices and Exterion Media, Europe's largest privately owned out-of-home advertising business. The initial solution, launched in 2016, deploys real time travel updates and contextual in-app messaging as well as an enhanced advertising experience to a user base of hundreds of thousands.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Real-time travel updates – ‘Welcome aboard’ in-app notifications are delivered to users when they board a beacon-enabled bus, advising them of real-time travel updates for the route they are travelling on.

Contextual in-app ads – relevant and timely advertising served based on the consumer being on board a bus at time of viewing.



International brands, are currently using the beacon network to deliver contextually relevant advertising campaigns and are achieving click through rates significantly higher than the lower than 1% average click through rate for engagement with non-beacon driven in-app advertising. The beacon-triggered real-time travel update notifications are receiving a click-through rate of more than 40 per cent.

As importantly, Proxama is working closely with Google during 2016 to deploy one of the world's first Physical Web consumer engagement experience. The solution launched in London in partnership with Exterior Media, utilising Google's Eddystone open beacon format. The MyStop™ web experience from Proxama, delivers real-time transport updates to London commuters and travellers' mobiles, as well as contextually relevant advertising. Advertisers are able to use the beacon network to engage and advertise to London travellers, through the MyStop progressive web app service. Proxama was incredibly proud to have The MyStop™ web experience showcased by Google, at the recent Google I/O conference in San Francisco, California.

This alternative form of beacon marketing, as opposed to that requiring a mobile app, is available to passengers with the Chrome browser installed on both iPhone and Android, initially across London buses. Eddystone significantly boosts the reach and capability of beacon campaigns because it enables any compatible smartphone with the Chrome browser to interact with beacons without the need to download an app. With 47% of all handsets in the UK with the Chrome browser, this approach enhances the potential reach of campaigns significantly, and with it the potential to deliver very high performing mobile advertising campaigns. A potentially ‘game-changing’ move in the market, of which Proxama is proud to be at the centre.

The Company's strategy is to continue to build out the beacon network with our key partners, across the UK and International transport grids. In parallel, we will partner with mobile apps that have a large consumer audience. This gives the Company the ability to reach millions of consumers, delivering adverts and collecting data. In London alone, there are approximately 4 billion ‘On the move’ passenger journeys every year (Source: Transport for London).

Our progress over the last year, along this journey has been significant with the following key partnerships and contracts achieved:

- **Exterior Media** – The three-year contract for Proxama, announced in 2015, to deploy Proximity Marketing Services utilising Exterior Media's physical media sites. Exterior Media are one of the largest privately owned out-of-home media owners in Europe. They own media sites in numerous high footfall locations in London and are the sole providers of advertising space on Transport for London's bus and Underground services.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

- **Innovate UK £1m Grant** – Proxama was awarded £1m over two years, announced in 2015, to support the extended roll-out of the Proxama-owned mobile application, Loka.
- **Mapway** – the provider of public transport apps with c30 million downloads worldwide, have signed a commercial collaboration to enable their apps with Proxama's beacon technology to facilitate contextual in-app messaging and advertising to millions of consumers. Mapway service a number of key markets including London, New York, Paris, Tokyo, Shanghai and Beijing. Their globally-reaching apps include the iconic London Tube Map which alone has millions of reachable consumers, complementing Proxama's beacon enabled transport network across London.
- **Primesight** – one of the top-4 outdoor media companies in the £1 billion UK out-of-home advertising market, have signed a contract to beacon-enable the Glasgow Tube network of 15 stations, 130 Cinemas, and 500 premium advertising sites outside convenience stores including locations in London, Manchester and Birmingham.
- **Ubiquitous** – The Company also continues to strengthen its coverage in London, demonstrated by the long-term exclusive contract signed with the UK's largest taxi advertiser, Ubiquitous. The agreement will see Proxama's beacons installed in up to 4,000 Black Cabs across the UK so that passengers can receive contextually-relevant messaging, as they travel to their destinations.

The remainder of 2016 will see the Commercial and Operations Team focus on further network contracts, mobile app partners and broader 'in-market' solutions. These will likely go across both mobile app and Physical Web solutions. The team at Proxama are experts in their fields and are committed and confident in their technology and its application of the technology. This will include integrating our technology into the existing mobile advertising and data ecosystem.

Digital Payments Division

Our Digital Payments Division provides end-to-end software solutions for card issuers enabling them to migrate customers from magnetic stripe to chip-and-pin cards and from contactless cards to mobile devices. The division made good progress in 2015 and secured a series of important revenue generating contracts, including a \$1m contract to roll out EMV processing services in 2015 with a leading US financial services technology company. There remains consistent international demand for end to end payment solutions as card issuers and banks transition their customers from magnetic stripe cards to chip and PIN and, ultimately, to mobile payments.

The division has increased its activity across the USA and Canada, demonstrated by our partnership with a leading North-American bank. These markets are critical as the US card market must now migrate from magnetic stripe to chip and pin over the next two to three years. Our focus is on supporting banks and card issuers which require the migration of their customer's credit and debit cards to chip and PIN as well as digitisation and securing of other relevant processes.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015**

The division has signed a number of contracts across the globe. In May 2015, we signed a new five-year contract with Navy Federal Credit Union, the world's largest credit union. In July, we signed a new contract with the South African franchise of the Diners Club, and in December we signed the \$1m contract with a leading US financial services company referred to above. The strategic partnership and international reseller agreement with industry leader Stanchion also exposed Proxama to payments industry markets in Europe, North America, Africa and the Middle East.

Financial results

Revenue, grant income and other operating income of £2,880,371 (2014: £798,274) was in line with expectations. Normal trading revenue was £2,543,644 (2014: £650,978), whilst government grant income totalled £272,398 (2014: £104,926).

In the period under review, EBITDA loss before exceptional items and impairment was £4,988,542 (2014: £5,613,690 before exceptional items) and as at 31 December 2015, the Company had net cash of £270,487 (2014: £5,503,567). Loss before tax for the financial year was £6,092,857 (2014: £5,899,268).

Outlook

We now have a lower cost base compared to the beginning of 2015, and greater control of our costs going forward. Our recent partnerships demonstrate that the demand for our services is clearly there and the Board is confident in its strong pipeline of good commercial opportunities.

We believe that mobile proximity marketing has widespread appeal and that the Company is well-positioned to take advantage of this demand with our highly scalable services for our customers and partners.

John Kennedy

Chief Financial Officer and Interim Chief Executive Officer

23 JUNE 2016

CHIEF FINANCIAL OFFICER'S REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

Revenue, grant income and other operating income of £2,880,371 (2014: £798,274) was in line with expectations. Normal trading revenue was £2,543,644 (2014: £650,978), whilst government grant income totalled £272,398 (2014: £104,926).

The Company is concentrating on delivering long term, strategic contracts that deliver regular sustainable revenues and cash. Equally important, is the shift to a more focused cash and cost management culture, with an explicit emphasis to drive investment into top line growth.

The geographic split of the revenue was 4.4% UK, 38.3% Europe, and 57.3% from other countries compared to 59.0%, 17.3%, and 23.7% respectively for the 2014 period.

The product revenue mix saw an increased in payments revenue from 70.0% in 2014 to 96.8%, due to the acquisition of Aconite Technology Ltd in December 2014.

The group total loss after taxation for 2015 was £5,328,042 and EBITDA loss before exceptional items and impairment was £4,988,542 in line with expectations and compares to the 2014 group loss of £5,623,977 and EBITDA loss before exceptional items of £5,613,690. The 2015 group loss includes £1,085,707 of amortisation, depreciation and impairment of intangible assets compared to 2014's £135,703, due to the full year amortisation of intangible assets acquired in December 2014.

Balance sheet

As at 31 December 2015 total equity was £3,489,798 (2014: £8,509,625) of which £270,487 (2014: £5,503,567) were cash and cash equivalents.

Net current assets are £816,775 (2014: £4,572,313) comprising £270,487 (2014: £5,503,567) cash and cash equivalents, trade receivables of £1,527,702 (2014: £453,963), other receivables £352,042 (2014: £505,999), current tax receivable £684,277 (2014: £649,087), trade and other payables £2,014,986 (2014: £1,976,627) and current portion of long term borrowings £2,747 (2014: £563,676).

John Kennedy

Chief Financial Officer

23 JUNE 2016

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Introduction

The Listing Rules require that listed companies (but not companies traded on the Alternative Investment Market (AIM)) incorporated in the UK should state in their report and accounts whether they comply with the UK Corporate Governance Code (“the Code”) and identify and give reasons for any area of non-compliance. The Company is listed on AIM and therefore no disclosure is required. However, a number of voluntary disclosures have been given.

The Board supports the principles and aims of the Code and intends to ensure that the Company adopts guidance from the Code as it grows. However, the Board considers that at this stage in the group’s development the expense of compliance with the Code is not appropriate.

Directors and Board

The Board comprises two executive and three non-executive directors. The Board considers that the non-executive directors are independent.

The non-executive directors bring their independent judgements to bear on issues of strategy, performance, appointments, resources and standards of conduct.

There is a formal schedule of matters specifically reserved for decision by the Board, who meet on a monthly basis.

Board Committees

The Board has established three committees; the Audit, Remuneration and Nomination Committees.

Relations with shareholders

Private investors are encouraged to participate in the Annual General Meeting.

Internal financial control

The Company has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the group. The key procedures that have been established in respect of internal financial control are:

- Internal control: the directors review the effectiveness of the group’s system of internal controls on a regular basis;
- Financial reporting: there is in place a comprehensive system of financial reporting. The results for the group are reported on a monthly basis along with an analysis of key variances;
- Investment appraisal: applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns.

CORPORATE GOVERNANCE REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015**

No system can provide absolute assurance against material mis-statement or loss but the group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

Going concern

The directors have taken a view of the group as a whole. Whilst the group has made good progress in securing a series of important revenue generating contracts in 2015, with demand for end to end payment solutions holding up, and has sufficient capital resources to meet its external current liabilities as they fall due over the coming months, the outlook presents some challenges in terms of timing of contractual revenue streams and the group needs to secure new funding or realise value from its subsidiary businesses in the short term. Currently working capital is provided through a revolving credit facility with Barclays Bank and is secured by way of a debenture over the assets of the Group. This facility of £2.5m, which is fully drawn down as at 31 May 2016, is repayable in September 2017, or if requested by the Group, and at the bank's discretion, may be extended for a further 12 months. These circumstances necessarily create material uncertainties over future trading results and cash flows of the group, which may cast significant doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result, the group board has been exploring a number of strategic opportunities to fund the required investment whilst securing the financial future of the business including disposal of part of the group. A potential buyer has been selected and undertaken a period of due diligence, however the completion and timing of this disposal is not certain creating a material uncertainty.

To support this transition the Company will be announcing a proposed equity placing to raise approximately £2m that will become available over the coming weeks. These cash resources will mitigate the risk of further delay on the disposal. Based on the current status, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group will be able to execute its plans in the short term such that company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the company's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board

John Kennedy

Director

23 JUNE 2016

DIRECTORS' REMUNERATION REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

As a company listed on AIM, Proxama Plc is not required to present a directors' remuneration report, however a number of voluntary disclosures have been made. The Company has complied with the disclosure requirements set out in the AIM Rules for Companies.

Remuneration Committee

The Remuneration Committee, consisting of the chairman David Bailey, Gavin Breeze and Shaun Gregory, determines the group's policy for executive remuneration and the individual remuneration packages for executive directors. In setting the group's remuneration policy, the committee considers a number of factors including:

- salaries and benefits available to executive directors of comparable companies;
- the need to both attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the group's development through appropriate incentive schemes (including the award of share options).

Remuneration of executive directors

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive.

The remuneration packages can comprise the following elements:

- base salary: the Remuneration Committee sets the base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and group performance as determined by the Remuneration Committee;
- equity: share options; and
- various other add on benefits such as private medical insurance.

The executive directors are engaged under separate contracts which require a notice period of six or three months given at any time by the individual.

Remuneration of non-executive directors

The fees and equity paid to non-executive directors are determined by the board. The non-executive directors do not receive any other forms of benefit such as private medical insurance.

DIRECTORS' REMUNERATION REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015**

Directors' detailed emoluments and compensation (audited). Changes in directors' appointments during the year are disclosed on page 17.

Director	Year to 31 December 2015			
	Salary and fees	Bonus	Benefits	Total
Miles L Quitmann (CCO)	117,865	-	596	118,461
Dr Neil R Garner (CEO)	150,000	-	1,630	151,630
Adrianus GJC van Breda (CFO)	25,000	-	658	25,658
Gavin DP Breeze (Non-executive)	25,000	-	-	25,000
Mike Woods (Executive)	147,893	-	35,734	183,627
David J Bailey (Non-executive)	25,000	-	-	25,000
Shaun Gregory (Non-executive)	24,000	-	-	24,000
John Kennedy (Executive)	150,000	60,000	-	210,000
	<u>664,758</u>	<u>60,000</u>	<u>38,618</u>	<u>763,376</u>

Director	Year to 31 December 2014			
	Salary and fees	Bonus	Benefits	Total
Miles L Quitmann (CCO)	143,011	-	432	143,443
Dr Neil R Garner (CEO)	146,596	-	6,213	152,809
Adrianus GJC van Breda (CFO)	150,000	-	-	150,000
Gavin DP Breeze (Non-executive)	25,000	-	-	25,000
David J Bailey (Non-executive)	24,503	-	-	24,503
Shaun Gregory (Non-executive)	14,000	-	-	14,000
	<u>503,110</u>	<u>-</u>	<u>6,645</u>	<u>509,755</u>

DIRECTORS' REMUNERATION REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015**

Gavin DP Breeze's fees are paid to Gavin Breeze Consulting Limited.

David J Bailey's fees are paid to David Bailey Enterprises Limited.

Miles L Quitmann resigned 27th March 2015

Dr Neil R Garner resigned 27th January 2016

Adrianus GJC van Breda resigned 30th January 2015

Full details of the directors' options over ordinary shares of 1p are detailed below:

Director	Grant date	Exercise price	At 31 December 2015 Number	At 31 December 2014 Number
Miles L Quitmann	29/09/2011	0.53p	12,460,209	12,460,209
	27/02/2012	0.53p	1,405,983	1,405,983
Dr Neil R Garner	27/02/2012	0.53p	1,468,284	1,468,284
Adrianus GJC van Breda	18/01/2013	0.53p	17,860,194	17,860,194
John Kennedy	09/01/2015	2.03p	4,938,271	-

Notes:

The above options (excluding those granted in 2015 to J Kennedy) were granted when Proxama was a private company prior to its reverse onto AIM, but are stated based on the exchange ratio for shares in Proxama Plc. The options may not be exercised earlier than the first anniversary of the grant date.

An option may not be exercised later than the day before the tenth anniversary of the date of grant.

Options granted in prior years become exercisable as follows:

On or after the first anniversary of the vesting start date, an option shall become exercisable as to one-third of the total number of option shares;

At the end of the first quarter after the first anniversary of the grant date and on each subsequent quarter day an option shall become exercisable as to one-twelfth of the total number of option shares (or if less than one-twelfth of the total number of option shares remain, then the option shall become exercisable over the remainder of the total number of option shares).

New options granted in 2015 vest 3 years from the grant date and include relevant performance criteria as the Board may determine from time to time.

Adrianus GJC Van Breda options expired after the year end on 31 March 2016.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

On behalf of the board

David J Bailey

Chairman, Remuneration Committee

23 JUNE 2016

STRATEGIC REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their strategic report for the year ended 31 December 2015.

Strategy and Business Model

Proxama's vision is to be the Number One destination for Brands wanting to communicate with 'on the move' consumers. Proxama's beacon-led technology and mobile proximity marketing platform TapPoint® is used to deliver accurate and reliable mobile location and behavioural data for digital marketers. Consumers using the high footfall transport network are targeted in moments of 'dwell' where they are more likely to engage. The average London Commuter spends £44 every week buying during their daily commute (Source: Centre for Economics and Business Research) and we have already seen significantly higher response rates compared to non-beacon marketing.

For Proximity Marketing, Proxama generates revenue, firstly, through serving adverts onto the mobile phone (ad impressions), and secondly, by Data Management Platform (DMP) companies paying for the rich data Proxama has collected.

For Digital Payments, Proxama charges on a 'charge per card' basis, support and maintenance basis for enabling card issuers and processors, which is typically linked to the volume of cards being managed.

Business Review and Future Developments

The business is now focused on delivering product into market; however Proxama will continue to explore innovative mobile proximity marketing technologies to ensure it remains at the forefront of the competition. A strong example of this was the Google Eddystone format beacon, launched in 2015, where the company responded by making the TapPoint® platform compatible, ensuring the significant consumer reach Google can achieve will be optimised.

The company will continue to develop its data and analytics solutions in response to partners and clients feedback and requirements.

Key Performance Indicators

The Board monitors progress on the overall group strategy and the individual strategic elements by reference to KPIs. The primary measures are revenue, costs, EBITDA before exceptional items and working capital levels. The Board has a set of secondary measures that are lead indicators to delivering the primary measures. These secondary indicators include pipeline size, win ratio, number of beacon networks, mobiles application partners, trading territories and cities, Software Development Kit (SDK) clients and new contracts.

Principal Risks and Uncertainties

The key financial risks that are affecting the group this year are Going Concern, as detailed in the Corporate Governance report and in Note 2 to the group financial statements, together with the key financial risks which are set out in the Directors' report. The group's performance is dependent on its products and solutions keeping pace with market and technological changes, frequent introduction of new services and products and evolving industry standards. Advances in technology may result in changing customer preferences for products and services and delivery formats and any such change in preferences may be rapid. The group manages this risk by a commitment to research and development, combined with ongoing dialogue with key industry players.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Strategic Risks

The strategic direction the company is taking will significantly de-risk the company allowing the business to focus on a single market and products.

The Proximity Marketing business is driven primarily by the level of consumer reach the business achieves, combining the scale deployment of Bluetooth beacons along with users of relevant mobile applications. Our primary risk is the speed of roll-out, adoption of Brands advertising through beacon advertising and saleability of the beacon data collected. The entry of Google into the beacon sector has materially de-risked some of these aspects.

This report, in conjunction with the Chief Executive Officer's Report on pages 3 to 6 and the Chief Financial Officer's Report on page 7 form the Strategic Report for the purposes of s414A of the Companies Act 2006

On behalf of the board

John Kennedy

Director

23 JUNE 2016

DIRECTORS' REPORT**FOR THE YEAR ENDED 31 DECEMBER 2015**

The Directors are pleased to present their annual report and audited financial statements of Proxama Plc for the year ended 31 December 2015.

Dividends

The Directors do not recommend the payment of a dividend.

Research and development

Proxama continues to invest substantially in research and development. Under IAS 38 "Intangible Assets" £1,056,904 of development expenditure has been capitalised (2014: £817,715). The group continues to invest in the development of its Payments and Proximity Marketing projects.

Financial Risk Management

The group's financial instruments comprise cash and cash equivalents, trade receivables and payables and borrowings. The main risks arising from the group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk.

Interest rate and credit risk – the principal assets of the group are its cash deposits. These are considered to be short-term liquid assets and as a result the exposure to interest rate income risk is not considered significant. The principal focus of the Directors has been to minimise any credit risk in relation to its cash deposits even at the expense of interest income received. Borrowings are on floating and fixed interest rate terms with current exposure to interest rate expense risk assessed as low.

Liquidity risk – The group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The group's policy is to ensure facilities are available as required or to issue equity share capital to ensure cash resources are available in accordance with long-term cash flow forecasts. Further details are included in notes 2 and 18 to the group financial statements

Foreign currency risk – the main functional currency is sterling. The group has two US Dollar accounts and one Euro account. Throughout 2015, the company's transactions have primarily been denominated in sterling and the group has had low exposure to foreign currency risk. The incorporation of Proxama Inc. has increased the exposure to exchange rate fluctuations but the low volume of US transactions and assets held in Proxama Inc. has kept this risk to a minimum. Further information on financial instruments is disclosed in note 18.

Post Balance Sheet Events

There are no post balance sheet events requiring disclosure for the year ending 31 December 2015.

DIRECTORS' REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015****Substantial shareholdings**

As at 29 April 2016 the Directors had been notified of the following holdings representing three per cent or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Gavin Breeze ¹	150,006,651	14.4%
Octopus Investments	123,322,483	11.9%
Dr. Neil Garner ²	69,761,130	6.7%
Hargreave Hale	63,395,575	6.1%
Woodspeen Investment Management	56,230,000	5.4%
Hargreaves Lansdown Asset Management	51,753,952	5.0%
Charles Stanley	40,528,476	3.9%
Herald Investment Management	<u>35,600,000</u>	<u>3.4%</u>
	<u>590,598,267</u>	<u>56.8%</u>

1. The interests of Gavin Breeze include interests held directly or through White Angle Limited.
2. The interests of Neil Garner include 2,000,000 Ordinary Shares held by his wife, Charissa Lynn Garner.

Directors and their interests in shares

The Directors of Proxama Plc during the year, who served during the whole year unless otherwise stated, were as follows:

Gavin DP Breeze

Dr Neil R Garner – resigned 27 January 2016

Miles L Quitmann – resigned 27 March 2015

Adrianus GJC van Breda – resigned 30 January 2015

David J Bailey

Shaun Gregory

John Kennedy – appointed 20 January 2015

Michael J Woods – appointed 20 January 2015

The company maintains director and officers' liability insurance.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors held the following interests in Proxama plc:

	At 31 December 2015	At 31 December 2015	At 31 December 2014	At 31 December 2014
	Ordinary shares of 1p each	Options over ordinary shares of 1p each	Ordinary shares of 1p each	Options over ordinary shares of 1p each
Gavin DP Breeze ¹	150,006,651	-	150,006,651	-
Dr Neil R Garner ²	117,761,130	1,468,284	119,761,130	1,468,284
Miles L Quitmann	14,101,926	13,866,192	14,101,926	13,866,192
Adrianus GJC van Breda	-	17,860,194	-	17,860,194
David Bailey ³	12,824,126	-	12,824,126	-
John Kennedy	800,000	4,938,271	-	-

1. 9,200,000 shares are owned by White Angle Ltd, a company registered in Jersey in which G Breeze has an interest. 139,556,651 shares are held by a nominee company.
2. Includes 2,000,000 shares held by C L Garner.
3. 3,000,000 of these shares are held in a self-investing personal pension fund.

The market price of the Company's shares at the end of the financial year was 1.35p.

DIRECTORS' REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2015****Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic Report and Directors' 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 have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they are sufficient to show a true and fair view of the state of affairs and profit or loss of the Company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Future Developments

The directors plan to build on Proxama's platforms and technologies to enable the new proximity commerce ecosystem. Development of further media owner partnerships will also be a focus to enable the delivery of recurring highly scalable revenues.

Annual General Meeting

Notice of the forthcoming Annual General Meeting of the Company together with resolutions relating to the Company's ordinary business will be given to the members separately.

On behalf of the Board

John Kennedy

Director

23 JUNE 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROXAMA PLC

We have audited the group financial statements of Proxama Plc for the year ended 31 December 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made within note 2 to the consolidated financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £5,328,042 for the year ended 31 December 2015. The net loss along with the other matters set out in note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the group were unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROXAMA PLC**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Proxima Plc for the year ended 31 December 2015. That report includes an emphasis of matter

Alison Seekings (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

**Statutory Auditor, Chartered Accountants
Cambridge**

Date: 23 JUNE 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Revenue	3	2,543,644	650,978
Cost of sales		<u>(391,941)</u>	<u>(741,489)</u>
Gross profit/(loss)		2,151,703	(90,511)
Grant income		272,398	104,926
Other income		64,329	42,370
Administrative expenses		(8,562,679)	(5,806,178)
Administrative expenses – non recurring item	6	<u>109,375</u>	<u>(109,375)</u>
Operating loss	6	(5,964,874)	(5,858,768)
Finance income	4	11,641	31,621
Finance expense	5	(139,624)	(72,121)
Loss on ordinary activities before taxation		(6,092,857)	(5,899,268)
Taxation	9	764,815	275,291
Loss for the year attributable to owners of the parent		<u>(5,328,042)</u>	<u>(5,623,977)</u>
Loss per share – basic and diluted	10	(0.52p)	(0.68p)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	£	£
Loss for the year	(5,328,042)	(5,623,977)
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange difference arising on consolidation	(34,654)	8,162
Other comprehensive income	(34,654)	8,162
Total comprehensive loss for the financial year attributable to owners of the parent	<u>(5,362,696)</u>	<u>(5,615,815)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Assets			
Non-current Assets			
Intangible assets	11	5,000,609	4,921,777
Property, plant and equipment	12	127,070	199,729
		<u>5,127,679</u>	<u>5,121,506</u>
Current Assets			
Trade and other receivables	13	1,879,744	959,962
Current tax asset		684,277	649,087
Cash and cash equivalents	14	270,487	5,503,567
		<u>2,834,508</u>	<u>7,112,616</u>
Current Liabilities			
Trade and other payables	15	(2,014,986)	(1,976,627)
Current portion of borrowings	16	(2,747)	(563,676)
		<u>(2,017,733)</u>	<u>(2,540,303)</u>
Net Current Assets		<u>816,775</u>	<u>4,572,313</u>
		5,944,454	9,693,819
Non-current liabilities			
Non-current borrowings	16	(1,967,456)	(560,194)
Deferred tax liabilities	17	(487,200)	(624,000)
Net Assets		<u><u>3,489,798</u></u>	<u><u>8,509,625</u></u>
Equity			
Share capital	19	10,195,024	10,187,672
Share premium		8,703,332	8,703,332
Share based payment reserve		934,966	599,449
Merger relief reserve		11,605,556	11,605,556
Translation reserve		(26,492)	8,162
Capital reserve		209,791	209,791
Equity reserve		535,138	546,178
Other reserve		(9,225,108)	(9,225,108)
Retained earnings		(19,442,409)	(14,125,407)
Total Equity		<u><u>3,489,798</u></u>	<u><u>8,509,625</u></u>

The financial statements on pages 23 to 56 were authorised for issue by the board of directors on 23rd June 2016 and were signed on its behalf by:

John Kennedy

Director

Registered number – 06458458

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	£
Cash flows from operating activities		
Loss before taxation	(6,092,857)	(5,899,268)
Adjustments for:		
Depreciation of property, plant and equipment	107,635	93,183
Amortisation of intangible assets	890,295	42,520
Impairment of intangibles assets	87,777	-
Profit on disposal of assets	(2,512)	(5,129)
Loss on disposal of intangibles	-	53,361
Financial income	(11,641)	(31,621)
Financial expense	139,624	72,121
Foreign Exchange Differences	(34,455)	
Share-based payments	335,517	267,126
	<u>(4,580,617)</u>	<u>(5,407,707)</u>
(Increase) in trade and other receivables	(976,044)	(168,180)
Increase/(Decrease) in trade and other payables	38,359	(207,902)
	<u>(5,518,302)</u>	<u>(5,783,789)</u>
Cash used in operations		
Income taxes received	649,087	-
Net cash used in operating activities	(4,869,215)	(5,783,789)
Cash flows from investing activities		
Interest received	11,641	31,621
Additions to intangible assets	(1,056,904)	(817,715)
Purchase of property, plant and equipment	(39,314)	(196,863)
Proceeds on disposal of property, plant and equipment	6,850	12,627
Acquisition of subsidiaries net of cash acquired	-	18,178
Net cash (used in)/from investing activities	(1,077,727)	(952,152)
Cash flows from financing activities		
Interest paid	(93,082)	(6,976)
Issue of share capital	7,352	4,937,596
Share issue costs	-	(60,463)
Convertible loan note redeemed (Interest)	(127,534)	-
Convertible loan note redeemed (Principal)	(100,000)	-
New long-term loan	1,600,000	-
Repayment of bank loans	(10,249)	(1,926)
Repayments of finance lease agreements	(6,014)	(22,303)
Repayment of other borrowings	(556,412)	(83,400)
Net cash from financing activities	714,061	4,762,528
Net decrease in cash and cash equivalents	(5,232,881)	(1,973,413)
Cash and cash equivalents at beginning of year	5,503,567	7,468,818
Exchange differences on foreign denominated cash and bank balances	(199)	8,162
	<u>270,487</u>	<u>5,503,567</u>
Cash and cash equivalents at end of year	270,487	5,503,567

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Capital Reserve	Translation reserve	Merger relief reserve	Share based payment reserve	Equity reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2014	7,724,336	5,811,795	209,791	-	10,960,607	332,323	55,200	(9,225,108)	(8,501,430)	7,367,514
Loss for the year	-	-	-	-	-	-	-	-	(5,623,977)	(5,623,977)
Total comprehensive income for the period attributable to equity holders	-	-	-	8,162	-	-	-	-	-	8,162
Issue of shares	2,463,336	2,952,000	-	-	644,949	-	-	-	-	6,060,285
Equity to be issued	-	-	-	-	-	-	490,978	-	-	490,978
Share based payments	-	-	-	-	-	267,126	-	-	-	267,126
Share issue costs	-	(60,463)	-	-	-	-	-	-	-	(60,463)
Total transactions with owners	2,463,336	2,891,537	-	-	644,949	267,126	490,978	-	-	6,757,926
Total movement in shareholder's equity	2,463,336	2,891,537	-	-	644,949	267,126	490,978	-	(5,623,977)	1,142,111
At 31 December 2014	10,187,672	8,703,332	209,791	8,162	11,605,556	599,449	546,178	(9,225,108)	(14,125,407)	8,509,625
At 1 January 2015	10,187,672	8,703,332	209,791	8,162	11,605,556	599,449	546,178	(9,225,108)	(14,125,407)	8,509,625
Loss for the year	-	-	-	-	-	-	-	-	(5,328,042)	(5,328,042)
Other comprehensive income	-	-	-	(34,654)	-	-	-	-	-	(34,654)
Total comprehensive income for the period attributable to equity holders	-	-	-	(34,654)	-	-	-	-	(5,328,042)	(5,362,696)
Issue of shares	7,352	-	-	-	-	-	-	-	-	7,352
Equity element of convertible loan	-	-	-	-	-	-	(11,040)	-	11,040	-
Equity to be issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	335,517	-	-	-	335,517
Share issue costs	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	7,352	-	-	-	-	335,517	(11,040)	-	11,040	342,869
Total movement in shareholder's equity	7,352	-	-	(34,654)	-	335,517	(11,040)	-	(5,317,002)	(5,019,827)
At 31 December 2015	10,195,024	8,703,332	209,791	(26,492)	11,605,556	934,966	535,138	(9,225,108)	(19,442,409)	3,489,798

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. GENERAL INFORMATION

Proxama Plc (“the Company”) and its subsidiaries (together ‘the Group’) specialise in next generation proximity marketing, loyalty, contactless payment solutions and card issuing. The TapPoint® platform delivers proximity engagement and loyalty solutions for retailers, media owners and brands by utilising technologies such as Near Field Communication (NFC), Bluetooth LE (beacons), geo-fencing and QR codes. Digital Enablement Platform (DEP) is the mobile contactless (NFC) payment platform that enables banks to transition their card portfolio onto mobile for mobile contactless payments. Proxama’s TapPoint® and DEP platforms connect existing retail loyalty and payment infrastructure onto mobile. Our partners are retail loyalty providers, point of sale vendors, payment security software specialists, integrators and card schemes.

Card issuers are provided with a suite of end-to-end integrated solutions for EMV enablement, electronic PIN delivery, tokenisation and NFC mobile payments, including Host Card Emulation (HCE). The focus is on simplifying the adoption of NFC payments for card issuers by providing a single platform capable of supporting multiple technologies, such as Secure Elements and HCE, and new solutions such as ApplePay as standards emerge.

The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office is given on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention basis as discussed in the accounting policies below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company beneficially owns 100% of the voting rights in all of its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from that date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. 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 excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Acquisition costs are expensed as incurred.

Consideration where payment is contingent on future employment is excluded from the acquisition accounting and is recognised as a post-acquisition expense charged to the income statement.

Going concern

The directors have taken a view of the group as a whole. Whilst the group has made good progress in securing a series of important revenue generating contracts in 2015, with demand for end to end payment solutions holding up, and has sufficient capital resources to meet its external current liabilities as they fall due over the coming months, the outlook presents some challenges in terms of timing of contractual revenue streams and the group needs to secure new funding or realise value from its subsidiary businesses in the short term. Currently working capital is provided through a revolving credit facility with Barclays Bank and is secured by way of a debenture over the assets of the Group. This facility of £2.5m which is fully drawn down as at 31 May 2016, is repayable in September 2017, or if requested by the Group, and at the bank's discretion, may be extended for a further 12 months. These circumstances necessarily create material uncertainties over future trading results and cash flows of the group, which may cast significant doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result, the group board has been exploring a number of strategic opportunities to fund the required investment whilst securing the financial future of the business including disposal of part of the group. A potential buyer has been selected and undertaken a period of due diligence however the completion and timing of this disposal is not certain creating a material uncertainty.

To support this transition the Company is announcing a proposed equity placing to raise approximately £2m that will become available over the coming weeks. These cash resources will mitigate the risk of further delay on the disposal. Based on the current status, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group will be able to execute its plans in the short term such that company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the company's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Adoption of new accounting standards**

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2015. The adoption of new standards and interpretations in the year has not had a material impact on the Group's financial statements.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2016, or later periods, have been adopted early. The directors haven't yet assessed the impact the adoption of the following standards and interpretations will have on the Group's financial statements;

IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 15 Revenue from contracts with customers (effective 1 January 2018)

IFRS 16 Leasing (effective 1 January 2019).

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for the use in strategic decision making and monitoring of performance. The Group considers the chief operating decision maker to be the executive board.

Revenue recognition

Revenue represents the invoice value of services and software licences provided to external customers in the period, stated exclusive of value added tax.

Consideration received from customers in respect of services is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration. Management assess the performance of the Group's contractual obligations against project milestones and work performed to date.

Revenue from software licenses sold in conjunction with services is invoiced separately from those services and recognised over the period of the licence.

Revenue from software development is recognised to the extent that the Group has obtained the right to consideration through its performance.

Grants

Grants received on capital expenditure are initially recognised within deferred income on the company's Statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Foreign currencies**

Items included in the 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 sterling, which is the Parent's functional and Group's presentational currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

The results and financial position of all Group entities that have a functional currency different from the presentational currency of the Group are translated into sterling as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at the average exchange rate for the month where these approximate the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognised within other comprehensive income and taken to the foreign exchange reserve.

Financial instruments

Loans and receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall within this class.

Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the income statement within operating expenses.

The Group's financial liabilities include trade and other payables, accruals and borrowings.

Trade and other payables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015**

Financial instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Convertible loan notes are also stated at amortised cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment in value. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life. Depreciation is recognised within administrative expenses within the consolidated income statement.

The principal annual rates used for this purpose are:

Computer and office equipment	33.33% per annum
Motor Vehicles	25% per annum

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired and is capitalised.

Goodwill is subject to annual impairment testing. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. The recoverable amount is tested annually or when events or changes in circumstances indicate that it may be impaired. The recoverable amount is the higher of the fair value less costs and the value in use in the Group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount. In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash generating unit that have not already been included in the estimate of future cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Internally developed software**

Development costs are capitalised when certain criteria are met. The product must be technically feasible, sale is intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete the project. The extent of capitalisation is limited to the amount which, taken together with further related costs, will be recovered from the future economic benefits related to the asset. When the Board is sufficiently confident that all of the criteria for capitalisation are met, development costs are capitalised and amortised over the expected useful life, currently 5 years, from the date that the asset is available for use. Development costs that have been capitalised, but where amortisation has not yet commenced are reviewed annually for impairment. If no intangible asset can be recognised based on the above then development costs are recognised within administrative expenses in the consolidated income statement in the period in which they are incurred.

Other intangibles

Acquired trademarks and intellectual property rights are recognised as an asset at cost, or deemed cost less accumulated amortisation, and any recognised impairment loss.

Amortisation is charged so as to write off the cost or valuation of intangible assets less any residual value over their estimated useful lives on the following basis:

Trademarks and intellectual property rights 10% straight line

Customer relationships 25% straight line

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group performs an impairment review in respect of goodwill and any intangible assets not yet ready for use and reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the income statement in the period in which it was identified.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Current taxation**

The tax currently receivable is based on the taxable loss for the period and relates to R & D tax credits. Taxable loss differs from net loss as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. This is calculated using rates and laws enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences other than those relating to goodwill on investments in subsidiaries. Deferred tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. Equity-settled share based payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black Scholes or a binomial options valuation model as appropriate depending on the terms of the options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Leases**

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Assets held under finance leases are recognised as assets of the group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Equity

Equity comprises:

Share capital – the nominal value of ordinary shares is classified as equity.

Share premium – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Capital reserve – represents a capital contribution to the company.

Share based payment reserve – represents equity settled share-based employee remuneration.

Retained earnings – includes all current and prior period retained profits/ (losses).

Equity reserve – represents the equity element of the convertible loan note and the fair value of shares to be issued under deferred consideration arrangements.

Merger relief reserve - the difference between cost or fair value and the nominal value of shares issued on the exchange of shares with Proxama Solutions Ltd and on acquisition of subsidiaries where shares are issued as part of the consideration.

Other reserve - the balance of the amount recognised as issued equity instruments arising on restatement of Proxama Solutions Ltd to reflect the parent equity structure, further to the reverse acquisition basis of accounting adopted in 2013 on the share exchange by Proxama Plc for 100% of the shares of Proxama Solutions Limited.

Translation reserve – the foreign exchange difference arising on consolidation.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Critical accounting estimates and judgements**

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

*Estimates in applying the Group's accounting policies:**Business combinations*

Management uses valuation techniques when determining the fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset arising from a deferred consideration arrangement. Where future payments are dependent on performance, a probability is applied when recognising the liability. This probability is based on management estimate discounted at an appropriate discount rate to reflect the timing of payment. As at 31 December 2015, the performance conditions have not been satisfied and the deferred consideration provision of £109,375 has been released.

Fair values for employee share schemes

The establishment of fair values in respect of employee services received in exchange for share options require the exercise of judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the expected volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the Group's stage of development.

*Critical judgements in applying the Group's accounting policies:**Assessing whether development costs meet the criteria for capitalisation*

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Commercial success of the development projects remains uncertain at the time of recognition and therefore impairment reviews are undertaken based on current estimates of future revenue streams. This assessment has resulted in the impairment of £87,777 of development costs, previously capitalised for which the underlying projects are no longer being pursued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Impairment of goodwill and other intangible assets

There are a number of assumptions management have considered in performing impairment reviews of goodwill and intangible assets, as determining whether such assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

Earn-out consideration

There are a number of conditions associated with the deferred and contingent elements of the consideration payable under the terms of the Sale and Purchase Agreement (SPA) for the Acquisition of the Aconite group of companies. In order to incentivise the former owners to remain with the business as employees following the transaction, an element of consideration is contingent on them remaining employed for a certain period of time post-acquisition. Management have assessed, based on the terms on the SPA, whether these arrangements may be accounted for as consideration in the business combination, and concluded they are required to be accounted for as employee remuneration which should be recognised as a post-acquisition expense.

3. SEGMENTAL ANALYSIS

Operating segments are based on internal reports about components of the company, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

The Group's operations in 2015 were structured as five trading companies and its financial reporting is reported to the CODM information on two segments: payments and marketing. The Payments segment predominantly focuses on the migration of Card Payment systems to the EMV Standard known as "Chip and Pin" from old magnetic stripe systems. The Proximity Marketing segment centres on providing location based marketing for Mobile devices, typically Smart Phones.

An analysis of revenue is as follows:

	2015	2014
	£	£
Payments	2,463,147	455,501
Proximity Marketing	80,497	195,477
Total revenue	<u>2,543,644</u>	<u>650,978</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

The geographical analysis of revenue is as follows:

	2015	2014
	£	£
United Kingdom	112,203	507,280
Netherlands	364,960	9,767
Finland	548,777	34,367
Rest of Europe	59,918	68,319
United States of America	1,046,269	27,528
South Africa	145,703	-
Canada	128,097	-
Rest of world	137,717	3,717
Total revenue	<u>2,543,644</u>	<u>650,978</u>

For this disclosure revenue is determined by the location of the customer.

A summary of the group's significant (defined as accounting for more than 10% of revenue in the year) customers is as follows:

	2015	2014
	£	£
United Kingdom customer 1	-	192,006
United States of America customer 1	706,750	-
United States of America customer 2	318,075	-
Europe customer 1	<u>548,777</u>	<u>-</u>

4. FINANCE INCOME

	2015	2014
	£	£
Income from cash and cash equivalents	<u>11,641</u>	<u>31,621</u>

5. FINANCE EXPENSE

	2015	2014
	£	£
Bank interest	41,570	371
Finance lease interest	604	2,828
Interest payable on convertible loan note	46,542	65,145
Other loan interest	50,908	3,777
	<u>139,624</u>	<u>72,121</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. LOSS BEFORE TAXATION

	2015	2014
	£	£
The loss before taxation is stated after charging:-		
Depreciation of property, plant and equipment		
- Owned	102,242	81,649
- Held under hire purchase agreements	5,393	11,534
Profit on disposal of tangible assets	(2,512)	(5,129)
Amortisation of intangible assets	890,295	42,520
Impairment of intangible assets	87,777	-
Elimination of intangible assets	-	53,361
Research and development expensed as incurred in administrative expenses	565,753	139,449
Operating lease rentals		
- Land and buildings	255,239	247,575
- Plant and machinery	616	616
Share based payments	335,517	267,126
Net foreign exchange losses	10,189	1,307
Auditors remuneration:		
For audit services		
- Company audit	18,500	16,500
- Subsidiary audits	21,500	19,500
For other non-audit services		
- Interim review	3,250	3,800
- Tax compliance services	-	5,450
- Tax advisory services	6,900	13,050
- Employment related securities	1,000	-
- Advisory services on acquisitions	-	34,605
- Nomad services	-	26,821
- EIS and VCT applications	5,800	-
Exceptional item	<u>(109,375)</u>	<u>109,375</u>

The exceptional item in 2015 is the reversal of the £109,375 included in 2014 for the earn-out consideration accounted for as contingent post acquisition remuneration on the acquisition of Aconite Technology Ltd. This has been reversed as the conditions for the settlement have not been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. STAFF COSTS

The average number of persons employed by the group during the year including executive directors was:

	2015	2014
	Number	Number
Management	16	12
Research and development	55	31
Commercial and client services	19	30
	<u>90</u>	<u>73</u>

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	5,165,867	3,458,353
Social security costs	574,833	410,572
Pension costs	62,851	-
Expense of share based payments	335,517	267,126
	<u>6,139,068</u>	<u>4,136,051</u>

8. KEY MANAGEMENT COMPENSATION

Details of aggregate key management emoluments for the year are as follows:

	2015	2014
	£	£
Salaries and other short term employee benefits	867,067	566,927
Pension costs	35,734	-
Expense of share based payments	335,517	186,308
	<u>1,238,318</u>	<u>753,235</u>

The directors are of the opinion that the key management of the Group comprises the executive and non-executive directors of Proxama Plc. These persons have authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly. At 31 December 2015, key management comprised six (2014: six) people. The remuneration of the highest paid director is £210,000 (2014: £152,809).

Directors' remuneration is disclosed in the directors' remuneration report on pages 10 to 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. CORPORATION TAX CHARGE

(a) Analysis of credit in the period

	2015 £	2014 £
Current tax:		
UK corporation tax based on the results for the year at 20% (2014: 20%)	<u>(764,815)</u>	<u>(275,291)</u>

(b) Factors affecting the tax credit for the period

The tax assessed for the period does not reflect an expense equivalent to the profit before tax multiplied by the UK standard rate of corporation tax of 20% (2014: 20%).

	2015 £	2014 £
Loss before tax	<u>(6,092,857)</u>	<u>(5,899,268)</u>
Loss before tax multiplied by the standard rate of corporation tax	(1,244,499)	(1,179,854)
Non-deductible expenses	194,405	118,303
Losses carried forward	714,514	877,732
Research and development allowances	(410,808)	(237,348)
Research and development relief given at less than corporation tax rate	<u>(136,017)</u>	<u>145,876</u>
Current tax for the period	<u><u>(764,815)</u></u>	<u><u>(275,291)</u></u>

Subject to the UK tax authority's agreement, the group has UK tax losses of approximately £17,000,000 (2014: £13,230,000) available for carry forward and offset against future taxable profits arising from the same trade. The group has a potential deferred tax asset of £3,064,000 (2014: £2,646,000) which will not be recognised until it is regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted. In addition no deferred tax asset is recognised in respect of future tax deductions on exercise of share options.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the loss of £5,328,042 (2014: £5,623,977) and on the number of shares in issue, being the weighted average number of equity shares in issue during the period of 1,019,185,906 (2014: 825,290,390) ordinary 1p shares. A separate adjusted earnings per share calculation has been prepared related to the loss before exceptional items.

	2015	2014
Loss for the year	(5,328,042)	(5,623,977)
Add back:		
Exceptional items	<u>(109,375)</u>	<u>109,375</u>
Adjusted loss	<u>(5,437,417)</u>	<u>(5,514,602)</u>
Loss per share – basic and diluted	(0.52p)	(0.68p)
Adjusted loss per share – basic and diluted	(0.53p)	(0.67p)

Dilutive instruments

Instruments that could potentially dilute basic earnings per share in the future but are not included in the calculation of diluted earnings per share because they are anti-dilutive in the period related to share options and deferred consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

11. INTANGIBLE ASSETS

	Trademarks	Goodwill	Customer relationships	Intellectual Property Rights	Development costs	Total
	£	£	£	£	£	£
Cost						
At 1 January 2014	5,102	-	-	6,001	515,258	526,361
Additions (internally developed)	-	-	-	-	817,715	817,715
On acquisition	-	659,288	1,000,000	-	2,120,000	3,779,288
Disposals	-	-	-	-	(66,702)	(66,702)
At 31 December 2014	5,102	659,288	1,000,000	6,001	3,386,271	5,056,662
Additions (internally developed)	-	-	-	-	1,056,904	1,056,904
Disposals	-	-	-	-	-	-
At 31 December 2015	5,102	659,288	1,000,000	6,001	4,443,175	6,113,566
Amortisation and impairment						
At 1 January 2014	854	-	-	1,800	103,052	105,706
Charge for the year	510	-	20,000	600	21,410	42,520
Disposals	-	-	-	-	(13,341)	(13,341)
At 31 December 2014	1,364	-	-	2,400	111,121	134,885
Charge for the year	510	-	240,000	600	649,185	890,295
Impairment	-	-	-	-	87,777	87,777
Disposals	-	-	-	-	-	-
At 31 December 2015	1,874	-	260,000	3,000	848,083	1,112,957
Net book value						
At 31 December 2015	3,228	659,288	740,000	3,001	3,595,092	5,000,609
At 31 December 2014	3,738	659,288	980,000	3,601	3,275,150	4,921,777

Internal development represents the cost incurred in developing the company's TapPoint® platform and mobile payments systems. These internal costs have been capitalised in accordance with the company's accounting policies where all the conditions for capitalisation have been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have identified four R&D projects which have become impaired due to the fact that the market has moved on and therefore this R&D work has become obsolete and the assets have been retired. If no future economic benefit is expected assets are derecognised.

Impairment of research and development is considered within the conditions of capitalisation. Amortisation charges are included in administrative expenses in the Profit and Loss Account.

Formal impairment testing has been undertaken for goodwill and management is not aware of any reason that would create an impairment charge

Other intangible assets represent amounts paid to third parties for acquiring trademarks and intellectual property rights and the goodwill and separable intangible assets on the acquisition of the Aconite group of companies (note 24). The valuation and the recoverable amounts were determined based on management's estimates of future revenue and profits for a period of 3 years. The discount rate applied was 25% given the small size and high risk nature of the business.

12. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 January 2014	97,076	23,995	122,132	243,203
Additions	110,753	-	87,036	197,789
Disposals	-	(23,995)	-	(23,995)
At 31 December 2014	207,829	-	209,168	416,997
Additions	30,778	-	8,536	39,314
Disposals	(18,187)	-	-	(18,187)
At 31 December 2015	220,420	-	217,704	438,124
Depreciation				
At 1 January 2014	52,502	15,997	72,083	140,582
Charge for the year	49,890	500	42,793	93,183
Eliminated on disposals	-	(16,497)	-	(16,497)
At 31 December 2014	102,392	-	114,876	217,268
Charge for the year	60,830	-	46,805	107,635
Eliminated on disposals	(13,849)	-	-	(13,849)
At 31 December 2015	149,373	-	161,681	311,054
Net book value				
At 31 December 2015	71,047	-	56,023	127,070
At 31 December 2014	105,437	-	94,292	199,729

Hire purchase agreements

Included within the net book value of £127,070 is £2,783 (2014: £8,176) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of such assets amounted to £5,393 (2014: £11,534).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

13. TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Trade receivables	1,527,702	453,963
Prepayments and accrued income	258,902	294,144
Other receivables	<u>93,140</u>	<u>211,855</u>
	<u>1,879,744</u>	<u>959,962</u>

Trade receivables comprise amounts due from customers for services provided. All amounts are short term. The net carrying amount of trade receivables is considered a reasonable approximation of fair value. Average credit terms were 30 days (2014: 30) and average debtor days outstanding were 82 (2014: 70).

An aged analysis of trade receivables that were past due at the year end but not impaired is presented below:

	2015 £	2014 £
Outstanding between one and two months	88,954	37,585
Outstanding between two and three months	82,176	274,483
Outstanding over three months	<u>211,299</u>	<u>21,600</u>
	<u>382,429</u>	<u>333,668</u>

Trade receivables as a whole have increased due to the overall increase in revenue compared to 2014. The increase in past due trade receivables is primarily due to a debt of £226k with the Nigerian Identity Management Commission which is an average of 194 days old. As the debt relates partly to the provision of future services, £179k has been treated as deferred revenue.

14. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Bank balances	<u>270,487</u>	<u>5,503,567</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

15. TRADE AND OTHER PAYABLES

	2015 £	2014 £
Trade payables	254,570	408,281
Taxation and social security	186,812	383,119
Accruals	456,267	300,633
Deferred income	940,316	720,723
Contingent consideration	-	109,375
Other payables	177,021	54,496
	<u>2,014,986</u>	<u>1,976,627</u>

Trade payables and accruals principally comprise amounts outstanding for on-going costs.

The directors consider that the carrying amount of trade and other payables approximated their fair value.

Trade payables are paid between 30 and 60 days of receipt of the invoice.

16. BORROWINGS

	2015 £	2014 £
Non-current borrowings		
Bank loans	1,600,000	8,999
Finance lease agreements	-	2,747
Convertible loan notes (note 23)	367,456	548,448
	<u>1,967,456</u>	<u>560,194</u>
Current portion of borrowings		
Bank loans	-	1,250
Finance lease agreements	2,747	6,014
Other loans	-	556,412
	<u>2,747</u>	<u>563,676</u>
Bank loans	2015 £	2014 £
Non-current borrowings	1,600,000	8,999
Current portion of borrowings	-	1,250
	<u>1,600,000</u>	<u>10,249</u>
Amounts included in non-current borrowings falling due later than five years	-	425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The bank loan is a revolving credit facility with Barclays Bank and is secured by way of a debenture over the assets of the Group. Interest on the bank loan is payable at 7% over base rate per annum on the amount drawn down plus 50% of the rate on the margin on the undrawn down element. The loan is repayable 24 months after the date of the facility agreement which was 14th September 2015, or if requested by the Group, and at the bank's discretion, the date falling 36 months after the date of the facility agreement.

The following loans were all paid off in the year and replaced with the bank loan mentioned above:

- Thin Cats Loans – In 2014; 3 loans totalling £472,967 secured by way of a debenture with a corporate guarantee and a personal guarantee by the directors of Aconite Technology Limited. Interest is payable at 10.75%. The loans were originally repayable by monthly instalments until May 2016.
- Funding Circle Loan – In 2014; £18,445 outstanding, secured by way of a personal guarantee from the directors of Aconite Technology Limited. Interest is payable at 10%. The loan was repayable by monthly instalments until May 2015.
- Shareholders loan – In 2014; £65,000 was outstanding, no security provided on this loan. Interest was accruing at 10% and the loan was originally repayable in December 2015.

Convertible loans

Interest is accruing on the loan notes at 10% per annum (non compound). On 16 September 2015, 20% of the loan notes were redeemed at par, together with interest accumulated to that date. The notes were then subordinated to the Barclays loan and rescheduled as a perpetual instrument (see note 23).

Finance lease agreements	2015	2014
	£	£
Gross finance lease liabilities – minimum lease payments:		
Within one year	2,909	6,618
Later than one year and no later than five years	-	2,909
	<hr/>	<hr/>
Less: Future finance charges on finance leases	(162)	(766)
	<hr/>	<hr/>
Present value of finance lease liabilities	<u>2,747</u>	<u>8,761</u>

The present value of finance lease liabilities is analysed as follows:

	2015	2014
	£	£
Within one year	2,747	6,014
Later than one year and no later than five years	-	2,747
	<hr/>	<hr/>
	<u>2,747</u>	<u>8,761</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015**

Finance lease agreements are secured on the assets concerned.

Interest rates are fixed for the term of the agreements which are payable by equal fixed monthly amounts.

17. DEFERRED TAX LIABILITIES

The Group has recognised a deferred tax liability on the fair value of the intangible assets acquired through the acquisition of Aconite as follows:

	£
At 1 January 2015	624,000
Movement in the year	<u>(136,800)</u>
At 31 December 2015	<u>487,200</u>

18. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT**Treasury risk management**

The group manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counterparty risks.

Interest rates on bank and other loans are disclosed in note 16.

Credit risk

The group's principal financial assets are bank balances, cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are UK banks or "Blue Chip" companies with high credit ratings assigned by international credit rating agencies.

The group's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. The group's credit risk is primarily attributable to its trade receivables. The amounts reported in the statement of financial position are net of allowances for doubtful receivables. The group seeks to mitigate credit risk by working closely with its customers to ensure that project deliverables are fully aligned with contract terms. Details of credit risk exposure on trade receivables are disclosed in note 13.

Currency risks

The group's operations are located in the United Kingdom and the USA. The group's transactions are primarily denominated in sterling with little exposure to foreign currency risks. Due to the limited risks to the group, forward exchange contracts are not considered necessary and are not used. The group operates two US Dollar bank accounts and a Euro bank account.

The translation risk on the group's foreign exchange payables and receivables is considered to be immaterial due to their short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Liquidity risk**

Operational cash flow represents ongoing trading revenue and costs, administrative costs and research and development activities. The group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The group's policy is to ensure facilities are available as required or to issue equity share capital to ensure cash resources are available in accordance with long-term cash flow forecasts. Facilities that have been drawn upon at the year end are disclosed in note 16.

The financial market turbulence and associated illiquidity in credit markets during the year has had no impact on the group's ability to meet its financing requirements. The group has sufficient capital resources to meet its external current liabilities as they fall due in the short term. However, the outlook presents some challenges in terms of timing of contractual revenue streams and the group needs to secure new funding or realise value from its subsidiary businesses in the short term. This puts significant pressure on working capital.

The group's financial liabilities include trade payables and operational costs. All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines. All such payment terms are within 6 months.

The group has long term financial liabilities in the way of one bank loan (2014: one), convertible loan note, no other loans (2014: five) and two (2014: two) finance lease agreements which are repayable by monthly instalments. The bank loan bears interest at a floating rate whilst interest rates on the convertible loan, other loans and finance lease agreements are fixed. The statement of comprehensive income would be affected by £16,000 (2014: £200) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis in respect of the bank loan.

Derivative financial instruments

The group does not currently use derivative financial instruments as hedging is not considered necessary. Should the group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented.

In accordance with IAS 39, "Financial instruments: recognition and measurement", the group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No material embedded derivatives have been identified.

Commodity contracts

The group does not use commodity forward contracts and futures to hedge against price risk in commodities as these are not considered necessary.

Capital management

The group's capital structure is that of one comprised of debt and equity. The directors are reassessing the future capital structure based on current strategic options and expectations when projects under development are sufficiently advanced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The group's financial strategy is to utilise its resources and current trading revenue streams to further appraise and test the group's research and development projects and support their commercialisation. The group keeps investors informed of its progress with its projects through regular announcements and raises additional debt and equity finance at appropriate times.

The group manages capital on the basis of the carrying amount of debt and equity.

The amounts managed as capital by the group for the reporting periods under review are summarised as follows:

	2015 £	2014 £
<u>Capital</u>		
Total equity	<u>3,489,798</u>	<u>8,509,625</u>
Total equity	3,489,798	8,509,625
Borrowings	<u>1,970,203</u>	<u>1,123,870</u>
Overall financing	<u>5,460,001</u>	<u>9,633,495</u>
Equity to overall financing ratio	<u>0.64</u>	<u>0.88</u>

Categories of financial instruments

All of the group's financial assets are classified as loans and receivables, and all of the group's financial liabilities are classified as being measured at amortised cost.

The accounting policies applied are set out in note 2. The carrying amounts of financial assets and liabilities as at 31 December 2015 are categorised as follows:

	2015 £	2014 £
Carrying value of financial assets and liabilities within the consolidated statement of financial position:		
Financial assets classified as loans and receivables		
Trade and other receivables	1,879,744	624,927
Cash and cash equivalents	<u>270,487</u>	<u>5,503,567</u>
	<u>2,150,231</u>	<u>6,128,494</u>
Financial liabilities at amortised cost		
Trade and other payables	431,591	872,785
Convertible loan notes	367,456	548,448
Other borrowings	<u>1,600,000</u>	<u>566,661</u>
	<u>2,399,047</u>	<u>1,987,894</u>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2015	2014
	£	£
1,019,502,472 (2014: 1,018,767,209) ordinary shares of 1p each	10,195,024	10,187,672
	<hr/>	<hr/>

Shares issued during the year

On 14 January 2015 35,078 1p shares were issued at par as one employed exercised their right to purchase share options.

On 4 June 2015 85,594 1p shares were issued at par as one employed exercised their right to purchase share options.

On 5 June 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

On 8 June 2015 425,162 1p shares were issued at par as one employed exercised their right to purchase share options.

On 16 June 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

On 12 August 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

20. SHARE BASED PAYMENTS

The share option scheme was introduced by Proxama Solutions Limited on 29 September 2011. It was established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the company and to promote the success of the company's business. Further to the acquisition of the business by Proxama Plc, the options are granted over shares in the parent entity. The share option scheme is administered by the directors.

Details of the share options outstanding at the year end are as follows:

	Number 2015	Number 2014
Outstanding at the beginning of the year	55,968,386	49,893,885
Granted during the year	16,070,308	8,857,637
Forfeited during the year	(40,910,972)	(1,023,525)
Exercised during the year	(735,263)	(1,759,611)
Outstanding at the end of the year	<u>30,392,459</u>	<u>55,968,386</u>

The weighted average contractual life of options outstanding at year end is 8.0 years (2014: 7.9 years). The weighted average share price at the date of grant is 1.23p (2014: 0.95p).

Options issued from August 2013 have been valued using a Binomial option pricing model that takes into account factors specific to the share incentive planned including performance conditions. The performance conditions include either a 15% compound growth in the share price over a three year period or target share price. The inputs into the model for options granted in the year were as follows:

	2015
Average share price (pence)	0.75p - 2.03p
Exercise price (pence)	1p - 2.03p
Expected volatility	55%
Risk-free interest rate	<u>1.6% - 2%</u>

The expected volatility was determined with reference to both historic volatility and the industry volatility give the short period of time that the parent company has been listed. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, and is estimated at 10 years.

The company recognised total expenses of £335,517 (2014: £267,126) related to equity settled, share based payment transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

21. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Property	Plant and machinery	Total	Property	Plant and machinery	Total
	2015	2015	2015	2014	2014	2014
	£	£	£	£	£	£
No later than one year	246,533	564	247,097	273,583	616	274,199
Later than one year and no later than five years	226,901	-	226,901	495,031	564	495,595
Later than five years	-	-	-	-	-	-
	<u>473,434</u>	<u>564</u>	<u>473,998</u>	<u>768,614</u>	<u>1,180</u>	<u>769,794</u>

The company leases all of its properties. The terms of property leases vary between properties, although they all tend to be tenant-repairing with periodic rent reviews and break clauses. The company also leases office equipment under a non-cancellable operating lease agreement.

22. CAPITAL COMMITMENTS

No capital expenditure was committed to as at 31 December 2015 (2014: £nil).

23. RELATED PARTY TRANSACTIONS

As at 31 December 2015, N R Garner (a former director) was owed £87 by the company (2014: £821), and M L Quitmann (a former director) was owed £nil (2014: £71).

As at 31 December 2015, Gavin Breeze Consulting Limited, a company with common directorship, was owed £11,237 (2014: £6,250) by the company.

As at 31 December 2015, David Bailey Enterprises Limited, a company with common directorship, was owed £7,914 (2014: £nil) by the company.

As at 31 December 2015, S Gregory (a director), was owed £4,000 (2014: £2,000) by the company.

Sales during the year to the value of £8,598 were made to Exterior Media Ltd, a company of which S Gregory is a director

Admin expenses were incurred during the year of £5,445, from Whitespace Norwich Limited, of which N R Garner is a director. These were outstanding and included in other creditors at the year end.

Fixed assets of £6,850 (2014: £nil), were sold to Whitespace Norwich Limited during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015**

During 2013 the company issued a total of 1,000,000 50p loan notes to White Angle Ltd, a company wholly owned by Gavin Breeze for a total of £500,000. Interest is accruing on the loan notes at 10% per annum (non compound). Both the interest and the loan notes were repayable on the third anniversary of the issue of the loan note instrument. However on 16 September 2015 £100,000 of the loan principal along with all the accrued interest at that point £127,534 was repaid. The loan was then subordinated to the Barclay's loan (note 16) so it is no longer redeemable in March 2016, and cannot be redeemed until the Barclays loan has been repaid. The interest charge included in these accounts amounts to £46,542 (2014: £65,145) and the balance of the loan as at 31 December 2015 is £411,616 (2014: £603,648).

The holder of the loan note has the right to convert it, together with accrued interest if he so chooses, into ordinary shares at the rate of one ordinary share per 50p loan note. The loan note is a compound financial instrument, containing both elements of liability and equity. Included in the amount above, an amount of £44,160 (2014: £55,200) has been estimated as being in relation to the equity element. The liability element recognised has a carrying value of £367,456 (2014: £548,448).

As at 31 December 2015, a loan of £nil (2014: £65,000) was owed to the former shareholders of Aconite Technology Limited, which was paid off in December 2015.

24. PRIOR YEAR BUSINESS COMBINATIONS

In the prior year, in July 2014 a subsidiary in the USA, Proxima Inc. was incorporated to provide a presence for sales in the USA.

In the prior year, on 4 December 2014, the Group acquired 100% of the share capital of Aconite Technology Limited, a UK based business, which in turn owns 100% of the share capital of Aconite Consulting Limited and Aconite Solutions Limited, thereby gaining control. The acquisition combines technologies to provide a complete end-to-end solution for card issuers and is expected to accelerate the financial performance of the payments business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Details of the business combination are as follows:

Fair value of consideration transferred	£
Amount settled in shares	1,122,689
Fair value of deferred consideration	490,978
Total	<u>1,613,667</u>

	Book value £	Fair value adjustment £	Fair value £
Recognised amounts of identifiable net assets			
Property, plant and equipment	926	-	926
Intangible assets	-	3,120,000	3,120,000
Total non-current assets	926	3,120,000	3,120,926
Trade and other receivables	524,583	-	524,583
Cash and cash equivalents	18,178	-	18,178
Total current assets	542,761	-	542,761
Borrowings	(500,257)	-	(500,257)
Deferred tax liabilities	-	(624,000)	(624,000)
Total non-current liabilities	(500,257)	(624,000)	(1,124,257)
Trade and other payables	(163,225)	-	(163,225)
Other liabilities	(1,421,826)	-	(1,421,826)
Total current liabilities	(1,585,051)	-	(1,585,051)
Identifiable net assets	<u>(1,541,621)</u>	<u>2,496,000</u>	<u>954,379</u>

Goodwill on acquisition **659,288**

Acquisition costs charged to expenses 56,988

Consideration transferred

The acquisition of Aconite Technology Limited was settled by the issue of 47,773,998 ordinary 1p shares at a premium of 1.35p per share. Deferred base consideration of an additional 20,892,669 ordinary 1p shares was issuable on 31 March 2016. However the conditions were not met therefore no further consideration is to be recognised for the acquisition of the Aconite Group.

In the prior year; acquisition costs amounting to £56,988 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated income statement, as part of other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Identifiable net assets**

The fair value of the trade and other receivables acquired as part of the business combination amounted to £524,583, the gross contractual amount receivable is £527,633.

Goodwill

Goodwill of £659,288 is related to expected cost synergies and growth expectations related to the combining of the technologies of Aconite and Proxama, as well as the value of the Aconite workforce acquired.

Aconite's contribution to the Group results

The Aconite Group incurred a loss of £78,979 for the period 4 December 2014 to 31 December 2014 and revenues were £88,085.

If Aconite had been acquired on 1 January 2014, revenue of the Group for 2014 would have increased by £1,117,054, and the loss for the year would have increased by £637,000.

25. POST BALANCE SHEET EVENTS

There are no post balance sheet events requiring disclosure for the year ending 31 December 2015.

INDEPENDENT AUDITOR'S REPORT - COMPANY**FOR THE YEAR ENDED 31 DECEMBER 2015****Independent auditor's report to the members of Proxama Plc**

We have audited the parent company financial statements of Proxama Plc for the year ended 31 December 2015 which comprise the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015;
- have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made within note 1 to the parent company financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £12,625,813 for the year ended 31 December 2015. The net loss along with the other matters set out in note 1 to the parent company financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

**INDEPENDENT AUDITOR'S REPORT - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2015**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Proxima Plc for the year ended 31 December 2015. That report includes an emphasis of matter

Alison Seekings (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Cambridge

Date: 23 JUNE 2016

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Non-current Assets			
Investments	3	17,074,518	16,753,499
Current Assets			
Trade and other receivables	5	2,184,595	8,317,174
Cash and cash equivalents	6	26,871	5,202,962
		2,211,466	13,520,136
Current Liabilities			
Trade and other payables	7	(134,084)	(257,799)
Net Current Assets		2,077,382	13,262,337
Non-current liabilities			
Non-current borrowings	8	(1,967,456)	(548,448)
Net Assets		17,184,444	29,467,388
Equity			
Share capital	10	10,195,024	10,187,672
Share premium account		8,703,332	8,703,332
Merger relief reserve		11,605,556	11,605,556
Share based payment reserve		934,966	599,449
Equity reserve		535,138	546,178
Retained earnings		(14,789,572)	(2,174,799)
Total Equity		17,184,444	29,467,388

The financial statements were authorised for issue by the board of directors on 23rd JUNE 2016
and were signed on its behalf by:

John Kennedy

Director

23 JUNE 2016

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss before taxation	(12,625,813)	(1,066,722)
Adjustments for:		
Interest income	(11,594)	(31,560)
Interest expense	80,096	65,145
Share based payments	14,498	-
	<u>(12,542,813)</u>	<u>(1,033,137)</u>
Decrease/(Increase) in trade and other receivables	6,133,119	(6,107,612)
(Decrease)/Increase in trade and other payables	<u>(123,715)</u>	<u>167,834</u>
Net cash outflows from operating activities	(6,533,409)	(6,972,915)
Cash flows from investing activities		
Interest received	11,594	31,560
Cash flows from financing activities		
Interest paid	(34,094)	-
Proceeds of share issues	7,352	4,937,596
Convertible loan note redeemed - principal	(100,000)	-
Convertible loan note redeemed - interest	(127,534)	-
New long-term loan	1,600,000	-
Funding costs	-	(60,463)
	<u>1,345,724</u>	<u>4,877,133</u>
Net (decrease)/increase in cash and cash equivalents	(5,176,091)	(2,064,222)
Cash and cash equivalents at beginning of year	<u>5,202,962</u>	<u>7,267,184</u>
Cash and cash equivalents at end of year	<u><u>26,871</u></u>	<u><u>5,202,962</u></u>

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Merger relief reserve	Share based payment reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£	£
At 1 January 2014	7,724,336	5,811,795	10,960,607	332,323	55,200	(1,108,077)	23,776,184
Loss for the year	-	-	-	-	-	(1,066,722)	(1,066,722)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	(1,066,722)	(1,066,722)
Issue of shares	2,463,336	2,952,000	644,949	-	-	-	6,060,285
Equity to be issued	-	-	-	-	490,978	-	490,978
Share based payments	-	-	-	267,126	-	-	267,126
Share based payments lapsed	-	-	-	-	-	-	-
Share issue costs	-	(60,463)	-	-	-	-	(60,463)
Total transactions with owners	2,463,336	2,891,537	644,949	267,126	490,978	-	6,757,926
Total movement in shareholder's equity	2,463,336	2,891,537	644,949	267,126	490,978	(1,066,722)	5,691,204
Share issue costs	-	-	-	-	-	-	-
At 31 December 2014	10,187,672	8,703,332	11,605,556	599,449	546,178	(2,174,799)	29,467,388
At 1 January 2015	10,187,672	8,703,332	11,605,556	599,449	546,178	(2,174,799)	29,467,388
Loss for the year	-	-	-	-	-	(12,625,813)	(12,625,813)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	(12,625,813)	(12,625,813)
Issue of shares	7,352	-	-	-	-	-	7,352
Equity element of convertible loan	-	-	-	-	(11,040)	11,040	-
Equity to be issued	-	-	-	-	-	-	-
Share based payments	-	-	-	335,517	-	-	335,517
Share based payments lapsed	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Total transactions with owners	7,352	-	-	335,517	(11,040)	11,040	342,869
Total movement in shareholder's equity	7,352	-	-	335,517	(11,040)	(12,614,773)	(12,282,944)
At 31 December 2015	10,195,024	8,703,332	11,605,556	934,966	535,138	(14,789,572)	17,184,444

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****1. ACCOUNTING POLICIES****Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going Concern

The directors have taken a view of the group as a whole. Whilst the group has made good progress in securing a series of important revenue generating contracts in 2015, with demand for end to end payment solutions holding up, and has sufficient capital resources to meet its external current liabilities as they fall due over the coming months, the outlook presents some challenges in terms of timing of contractual revenue streams and the group needs to secure new funding or realise value from its subsidiary businesses in the short term. Currently working capital is provided through a revolving credit facility with Barclays Bank and is secured by way of a debenture over the assets of the Group. This facility of £2.5m, which is fully drawn down as at 31 May 2016, is repayable in September 2017, or if requested by the company, and at the bank’s discretion, may be extended for a further 12 months. These circumstances necessarily create material uncertainties over future trading results and cash flows of the company, which may cast significant doubt on the company’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result, the group board has been exploring a number of strategic opportunities to fund the required investment whilst securing the financial future of the business including disposal of part of the group. A potential buyer has been selected and undertaken a period of due diligence, however the completion and timing of this disposal is not certain creating a material uncertainty.

To support this transition the company is announcing a proposed equity placing to raise approximately £2m that will become available over the coming weeks. These cash resources will mitigate the risk of further delay on the disposal. Based on the current status, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group will be able to execute its plans in the short term such that company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the company’s ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Adoption of new accounting standards

For the purposes of the preparation of these entity financial statements, the company has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2015. The adoption of new standards and interpretations in the year has not had a material impact on the company's financial statements.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the company's accounting periods beginning on or after 1 January 2016, or later periods, have been adopted early. The directors do not consider that the adoption of these standards and interpretations will have a material impact on the company's financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Foreign currencies**

The company's functional currency is sterling and all of its assets are held in this currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Investments

Investments are stated at cost, less any provisions for impairment in value. The company grants options over its equity instruments to the employees of its subsidiaries. The carrying value of the investment in this subsidiary is increased by an amount equal to the value of the share based payment charge attributable to the option holders in the subsidiary.

Financial instruments

Loans and receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall within this class.

Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the income statement within operating expenses.

The company's financial liabilities include trade and other payables, accruals and borrowings.

Trade and other payables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Convertible loan notes are also stated at amortised cost using the effective interest method

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank deposits.

Deferred taxation

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Equity

Equity comprises:

Share capital – the nominal value of ordinary shares is classified as equity.

Share premium reserve – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Share-based payment reserve – represents equity settled share-based employee remuneration.

Retained earnings – includes all current and prior period retained profits/ (losses).

Equity reserve – represents the equity element of the convertible loan note and the fair value of shares to be issued under deferred consideration arrangements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015**

Merger relief reserve - the difference between cost or fair value and the nominal value of shares issued on the exchange of shares with Proxama Solutions Ltd and on acquisition of subsidiaries where shares are issued as part of the consideration.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Critical estimates in applying the company's accounting policies:

Fair values for employee share schemes

The establishment of fair values in respect of employee services received in exchange for share options require the exercise of judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the expected volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the company's stage of development.

Impairment of group balances

The board is required to consider whether investments and balances with group companies are impaired. This requires an estimation of the expected future cash flows from the trading subsidiaries which depend on the future commercial success and profitability of the entities. Details are given in note 5.

2. LOSS FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss after tax for the financial year was £12,625,813 (2014: £1,066,722).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

3. FIXED ASSET INVESTMENTS

	2015 £	2014 £
Investment in Proxama Solutions Limited	14,614,142	14,614,142
Investment in Aconite Technology Limited	1,613,667	1,613,667
Capital contributions arising from IFRS2 share based payments charge	846,709	525,690
	<u>17,074,518</u>	<u>16,753,499</u>

Proxama Plc has five subsidiaries, details of which are as follows:

- Proxama Solutions Limited, a 100% owned subsidiary, acquired on 22 August 2013, which is incorporated in the United Kingdom. Its principal activity is that of mobile technology consulting and services.
- Aconite Technology Limited, a 100% owned subsidiary, acquired on 4 December 2014, which is incorporated in the United Kingdom. Its principal activity is that of the provision of software services and intra group services in support of the main activity of the group.
- Aconite Solutions Limited, a 100% owned subsidiary, acquired on 4 December 2014, which is incorporated in the United Kingdom. Its principal activity is that of software solution provider and IT consultancy specialising in programme management, project management and system architecture design and delivery.
- Aconite Consulting Limited, a 100% owned subsidiary, acquired on 4 December 2014, which is incorporated in the United Kingdom. Its principal activity is that of IT consultancy.
- Proxama Inc. a 100% owned subsidiary, incorporated on 8 July 2014, which is incorporated in the United States of America. Its principal activity is that of software sales and marketing in the United States of America.

4. LOSS BEFORE TAXATION

	2015 £	2014 £
The loss before taxation is stated after charging:		
Auditors remuneration:		
For audit services	1,000	1,000
For non-audit services		
- Tax compliance services	-	2,500
- Other services	3,640	-
	<u>3,640</u>	<u>-</u>

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

5. TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Prepayments	1,563	2,875
Other receivables	-	28,374
Due from Proxama Solutions Limited	-	7,509,229
Due from Aconite Technology Limited	1,683,461	630,603
Due from Proxama Inc.	499,571	146,093
	<u>2,184,595</u>	<u>8,317,714</u>

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised in income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

In view of the current challenging outlook, and in view of the current progress to secure new funding and realise value from the subsidiary businesses, the board has decided to provide for certain intercompany receivables in full. The Board considers that the carrying amount of trade and other receivables approximates to their fair value, after incorporating an impairment provision of £11,823,081 (2014: £nil)

6. CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Bank balances	<u>26,871</u>	<u>5,202,962</u>

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Trade payables	2,484	130,359
Accruals	104,680	17,878
Contingent consideration	-	109,375
Other payables	26,920	187
	<u>134,084</u>	<u>257,799</u>

8. BORROWINGS

	2015	2014
	£	£
Non-current borrowings		
Bank facility	1,600,000	-
Convertible loan notes (note 16/23 group accounts)	367,456	548,448
	<u>1,967,456</u>	<u>548,448</u>

9. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT**Treasury risk management**

The company manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counterparty risks.

Credit risk

The company's principal financial assets are bank balances and intercompany receivables.

The credit risk on liquid funds is limited because the counterparties are UK banks with high credit ratings assigned by international credit rating agencies.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets and liabilities at the reporting date. No collateral is held in respect of these amounts which are expected to be received in full.

Currency risks

The company's operations are located in the United Kingdom. The company's transactions are primarily denominated in sterling with little exposure to foreign currency risks. Due to the limited risks to the company, forward exchange contracts are not considered necessary and are not used. The company does not operate foreign currency bank accounts.

The translation risk on the company's foreign exchange payables and receivables is considered to be immaterial due to their small values.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****Liquidity risk**

Operational cash flow represents financing support together with head office costs. The company manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The company's policy is to manage liquidity for the group as a whole by ensuring facilities are available for the group as a whole as required or to issue equity share capital in accordance with long-term cash flow forecasts. Facilities that have been drawn upon at the year end are disclosed in note 16 of the group accounts

The financial market turbulence and associated illiquidity in credit markets during the year has had no impact on the company's ability to meet its financing requirements.

The company has sufficient capital resources to meet its external current liabilities as they fall due in the short term. However, the outlook presents some challenges in terms of timing of contractual revenue streams for its subsidiaries and the group needs to secure new funding or realise value from its subsidiary businesses in the short term. This puts significant pressure on working capital.

The company's financial liabilities include trade payables and operational costs. All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines.

The company has long term financial liabilities by way of the a revolving credit facility with Barclays Bank, repayable in September 2017 and one convertible loan note repayable no earlier than the Barclays loan.

The bank loan bears interest at a floating rate (7% over base rates) whilst interest rates on the convertible loan are fixed at 10%, with other loans and finance leases agreements also being fixed. The statement of comprehensive income would be affected by £16,000 (2014: £200) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis in respect of the bank loan.

Derivative financial instruments

The company does not currently use derivative financial instruments as hedging is not considered necessary. Should the company identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented.

In accordance with IAS 39, "Financial instruments: recognition and measurement", the company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Commodity contracts

The company does not use commodity forward contracts and futures to hedge against price risk in commodities as these are not considered necessary.

Capital management

The company's capital structure is that of one almost entirely financed by equities. The directors are reassessing the future capital structure based on current strategic options and expectations when projects under development are sufficiently advanced.

The company's financial strategy is to utilise its resources and current trading revenue streams to further appraise and test the group's research and development projects and support their commercialisation. The company keeps investors informed of its progress with its projects through regular announcements and raises additional equity finance at appropriate times.

The amounts managed as capital by the company for the reporting periods under review are summarised as follows:

	2015 £	2014 £
<u>Capital</u>		
Total equity	<u>17,184,444</u>	<u>29,467,388</u>
Total equity	17,184,444	29,467,388
Borrowings	<u>1,967,456</u>	<u>548,448</u>
Overall financing	<u>19,151,900</u>	<u>30,015,836</u>
Equity to overall financing ratio	<u>0.90</u>	<u>0.98</u>

Categories of financial instruments

All of the company's financial assets are classified as loans and receivables, and all of the company's financial liabilities are classified as being measured at amortised cost.

The accounting policies applied are set out in note 1. The carrying amounts of financial assets and liabilities as at 31 December 2015 are categorised as follows:

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	£
Carrying value of financial assets and liabilities within the company statement of financial position:		
Financial assets classified as loans and receivables		
Trade and other receivables	2,183,032	8,288,488
Cash and cash equivalents	<u>26,871</u>	<u>5,202,962</u>
	<u>2,209,903</u>	<u>13,491,450</u>
Financial liabilities at amortised cost		
Trade and other payables	134,084	257,799
Back facility and loan notes	<u>1,967,456</u>	<u>548,448</u>
	<u>2,101,540</u>	<u>806,247</u>

10. SHARE CAPITAL**Allotted, called up and fully paid:**

	2015	2014
	£	£
1,019,502,472 (2014: 1,018,767,209)		
Ordinary shares of £0.01 each	<u>10,195,024</u>	<u>10,187,672</u>

Shares issued during the year

On 14 January 2015 35,078 1p shares were issued at par as one employed exercised their right to purchase share options.

On 4 June 2015 85,594 1p shares were issued at par as one employed exercised their right to purchase share options.

On 5 June 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

On 8 June 2015 425,162 1p shares were issued at par as one employed exercised their right to purchase share options.

On 16 June 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

On 12 August 2015 63,143 1p shares were issued at par as one employed exercised their right to purchase share options.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

11. SHARE BASED PAYMENTS

The share option scheme was adopted by the group on 29 September 2011. It was established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the company and to promote the success of the company's business. The share option scheme is administered by the directors.

Details of the share options outstanding at the year end to the employees of the company, Proxama Plc, were as follows:

	Number 2015	Number 2014
Outstanding at the beginning of the year	-	-
Granted during the year	4,938,271	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	4,938,271	-

The weighted average contractual life of options outstanding at year end is 9.0 years. The share price at the date of grant was 1.23p.

The options have been valued using a Binomial option pricing model that takes into account factors specific to the share incentive planned including performance conditions. The performance conditions include either a 15% compound growth in the share price over a three year period or target share price. The inputs into the model were as follows:

	2015
Average share price (pence)	2.03p
Exercise price (pence)	2.03p
Expected volatility	55%
Risk-free interest rate	1.6%

The expected volatility was determined with reference to both historic volatility and the industry volatility give the short period of time that the parent company has been listed. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, and is estimated at 10 years.

The company recognised total expenses of £14,498 (2014: £Nil) related to equity settled, share based payment transactions during the year.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2015****12. CAPITAL COMMITMENTS**

No capital expenditure was committed to as at 31 December 2015.

13. RELATED PARTY TRANSACTIONS

During 2013 the company issued a total of 1,000,000 50p loan notes to White Angle Ltd, a company wholly owned by Gavin Breeze for a total of £500,000. Interest is accruing on the loan notes at 10% per annum (non compound). Both the interest and the loan notes were repayable on the third anniversary of the issue of the loan note instrument. However on 16 September 2015 £100,000 of the loan principle along with all the accrued interest at that point £127,534 was repaid.

The loan was then subordinated to the Barclay's loan (note 16) so it is no longer redeemable in March 2016, and cannot be redeemed until the Barclays loan has been repaid. The interest charge included in these accounts amounts to £46,542 (2014: £65,145) and the balance of the loan as at 31 December 2015 is £411,616 (2014: £603,648).

The holder of the loan note has the right to convert it, together with accrued interest if he so chooses, into ordinary shares at the rate of one ordinary share per 50p loan note. The loan note is a compound financial instrument, containing both elements of liability and equity. Included in the amount above, an amount of £44,160 (2014: £55,200) has been estimated as being in relation to the equity element. The liability element recognised has a carrying value of £367,456 (2014: £548,448).

At 31 December 2015, Proxima Plc was owed £11,823,081 (2014: £7,509,229) by Proxima Solutions Ltd, £1,683,461 (2014: £630,603) by Aconite Technology Ltd and £449,571 (2014: £146,093) by Proxima Inc.

14. POST BALANCE SHEET EVENTS

There are no post balance sheet events requiring disclosure for the year ending 31 December 2015.

COMPANY INFORMATION

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John Kennedy

David J Bailey

Michael J Woods

Shaun Gregory

Company secretary

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