30 June 2017

Proxama PLC

("Proxama" or the "Company")

Final Results for the year ended 31 December 2016

Proxama Plc, (AIM: PROX), the mobile location data and intelligence Company, is pleased to announce its Full Year Results for the year ended 31 December 2016.

2016 Trading Highlights

- Overall revenue and other income was £2.4m for the full year (2015: £2.9m)
- EBITDA[1] loss reduced by 28% to £3.6m (2015: £5.0m)
- We continued to build our network reach; enlarging our networks with existing media owner partners and extending into new areas with new partners
- We scaled our technology capabilities beyond beacons so we can now capture significantly more data from these audiences and networks, such as accurate geo-location data, and we ensured that our platform securely stores and processes the anonymised data collected
- We achieved Google 'Location Services Provider' status; one of three globally
- The first Proxama branded audience data, derived from its technology, was placed on both Oracle and AdSquare's data marketplaces, resulting in its first audience sales

Post Period Actions

Conclusion of Strategic Review

- The Board concluded the Sale Process and took the decision to retain the Digital Payments Division and reduce its cost base to provide high margin revenue to support the wider Company
- The Digital Payments Division was successfully restructured and we have been able to reduce the Division's annualised cost base by £1.2m
- Our confidence in retaining the division increased further as we continued to win new clients including Tutuka and a 5-year contract with a leading South African Insurer and a further revenue generating contract win with a major US provider of financial services and payment card technology

Proposed Equity Placing

- With the absence of sale proceeds from the Digital Payments Division, and in order to support the working capital requirements and remove debt from the business, the Company is today announcing a placing by way of a Proposed Placing to raise approximately £1.2 million before expenses, and Open Offer to raise approximately £4.1m
- The Company has received an irrevocable undertaking from Barclays Bank to partially write off the outstanding loan and settle the balance through a combination of cash and share warrants, releasing the Company from all liabilities and obligations under the Barclays facility

- There is an agreement with White Angle Ltd, the holder of a convertible loan note, to convert the remaining balance to equity. This will allow Proxama to be completely debt free, further strengthening the Group's financial position
- In the event that the Company does not raise a minimum requirement of £3.1m through the Proposed Placing and Open Offer, it will pursue other financing options open to it, including a Loan Note with an Alternative Investment Manager

Transition to Mobile Data and Location Intelligence

- During 2016, we continued to monetise our proximity marketing business through the sale of mobile proximity marketing campaigns for Tier 1 brands such as Coca-Cola, Skyscanner and MasterCard
- The Company also increased its monetisable audience to over 2.7 million, and scaled our data business to over 1 billion data points
- For the first part of 2017 we have already seen increases in data sales via four marque brand partnerships, including Blis
- Considering the progress Proxama has made with its data products in early 2017, the Board is pleased to announce it intends to transition the main focus to a mobile location data and intelligence business
- The primary focus of Proxama will be to help companies evaluate the effectiveness of its online spend in terms of physical world outcomes
- The Company has further strengthened the Board to help deliver on its vision, with the addition of Mark Slade and Dan Francis to the Executive Team, which will take effect upon the admission to trading on AIM of those shares issued in connection with the proposed placing and open offer
- As previously announced, David Bailey will be leaving the Board, and this will take effect from 30 June 2017

[1] *EBITDA means earnings before interest, tax, depreciation, amortization and exceptional items*

Commenting on the results, John Kennedy, Chief Executive of Proxama, said,

"Proxama is today calling on shareholders to support the Company as it aims to consolidate its financial position in order to pursue an exciting growth opportunity in the mobile location intelligence market.

We want to take this opportunity to recognise the support our shareholders have given us to date, and acknowledge that providing this support has come at a cost. I want to reassure investors that we firmly believe that by supporting us in this Proposed Placing and Open Offer that you will be sharing in a significant new growth direction for the business.

Myself, and my fellow Directors, are participating in this transaction, and are confident in the outlook for a debt free business with access to valuable anonymised mobile location data, with the expertise to monetise it, and the market demand for it."

Enquiries:

Proxama PLC	Via Redleaf
John Kennedy	
Peel Hunt LLP (Nominated Adviser and Broker)	020 7418 8900
Richard Kauffer/Euan Brown	
Redleaf Communications	020 7382 4747
Charlie Geller/Elise Palmer/Sam Modlin	

About Proxama

Proxama is a mobile location data and intelligence business, helping companies connect the online world with the offline world using mobile location technology data. To do this we use the latest location technologies embedded into our partner apps on consumer's mobile phones and when combined with geo-location capabilities and our extensive Bluetooth beacon network, we generate and store anonymised data.

Proxama is media-agnostic and works with a variety of media, advertising, technology partners – plus the world's biggest brands. Its technology is well positioned to fulfil the need for greater accuracy and accountability, in a growing market that is increasingly looking for superior data and verification. We help them measure the effectiveness of their online media and whether it results in actual store visits or drives a behaviour, to a precision never seen before.

We can also help publishers monetise their apps and conventional physical media companies measure their audience.

Forward looking statements

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Proxama has made strong progress in 2016 against the strategic milestones it set out for the Proximity Marketing Division.

During 2016, we continued to monetise our proximity marketing business through the sale of mobile proximity marketing campaigns for Tier 1 brands such as Coca-Cola, Skyscanner and MasterCard. In September 2016, we proudly achieved Google 'Location Services Provider' status, which allows us to provide proximity marketing to Google standards and to connect Google customers to its services through our platform, and in the latter part of 2016, our first Proxama branded audience data, derived from our technology, was placed on both Oracle and AdSquare's data marketplaces resulting in our first audience sales.

In 2017, we plan to continue to scale the business primarily through our data products - both existing and new. For the first part of 2017 we have already seen increases in data sales via four marque brand partnerships including Blis, a global leader in advanced location data technology, and we expect these to make a significant contribution to our revenue for 2017 and beyond. We have also already started the shift to higher value data products and are working on the release of these for the second half of 2017.

From Proximity Marketing to Mobile Location Intelligence

Considering the progress Proxama has made with its data products in early 2017, the Board is pleased to announce an exciting transition of the main focus for the Company; from a mobile proximity marketing business to a mobile location data and intelligence business. The primary focus of Proxama will be to help companies connect the online world with the offline world using mobile location data.

Two key trends have supported this transition; the growth in mobile data and the ability to build scalable and profitable products and services around this data.

Throughout 2016 and the beginning of 2017, we laid the crucial foundations for extending our mobile proximity marketing business to include data and data products derived from our SaaS platform:

- We continued to build our network reach; enlarging our networks with existing media owner partners, such as Exterion Media (London buses), Ubiquitous (London taxis) and Primesight (cinemas, retail) and extending to new areas with new partners, such as Limited Space (retail), Chiltern Railways (rail) and Emblem Group (London Underground). In addition, Proxama is extending into new UK cities including Manchester and Birmingham.
- In parallel to network growth, we extended our consumer audience reach to more than 2 million consumers through embedding Proxama technology within location enabled apps.
- Finally, we scaled our technology capabilities beyond beacons so that it now captures significantly more data from these audiences and networks, such as accurate geo-location

data, and we ensured that our platform securely stores and processes the anonymised data collected. We have built this data into our revenue generating data products.

Strategic Review Conclusion & Proposed Placing

Proxama had initially believed that the best way to realise value was from the sale of the Digital Payments Division, with the intention to use the funds arising from a sale to secure the financial future of the business and accelerate growth in the Mobile Data and Location Intelligence Division. The Company received indications of interest through two separate sale processes, operated by international external advisers. However, no offers met our valuation and, the Company believes that it is more suitable to extract value from the long-term contracted revenue agreements already in place within the Digital Payments Division. Our confidence in retaining the division increased because we continued to win revenue generating contracts throughout 2016, despite going through the sales process. These contracts include Tutuka and a 5-year contract with a leading South African Insurer. In addition, we are pleased to announce a further revenue generating contract win for 2017 with a major US provider of financial services and payment card technology. The contract is to licence Proxama's Digital Enablement Platform in North America and the agreement will generate licence fees, incremental fees as clients are on-boarded, and recurring support and maintenance revenues over the longer term. In addition, the agreement has seen a number of Proxama staff move across to the major US company. I am pleased to confirm the restructure programme is complete and we have reduced the Division's annualised cost base by £1.2m. The high margin cash flow will continue to contribute towards the working capital requirements of the increasingly established location data and intelligence business.

With the absence of sale proceeds from Digital Payments Division in the near term, and in order to support the working capital requirements and remove debt from the business, the Company will be announcing a placing by way of a Proposed Placing to raise not less than £1.2m, and Open Offer to raise approximately £4.1m. Certain major shareholders of the Company as well as fellow Directors have already indicated a willingness to participate in the Placing. In conjunction with the proposed placing, the Company has received an irrevocable undertaking from Barclays Bank to partially write off the outstanding loan and settle the balance through a combination of cash and share warrants, releasing the Company from all liabilities and obligations under the Barclays facility. Similarly, there is an agreement with White Angle Ltd, the holder of a convertible loan note, to convert the remaining balance to equity. This will allow Proxama to be completely debt free, further strengthening the Group's financial position.

In the event that the Company does not raise a minimum requirement of £3.1m through the Proposed Placing and Open Offer then it will pursue other financing options open to it, including a Loan Note with an Alternative Investment Manager.

The successful conclusion of the Proposed Placing and Open Offer will allow Proxama to become debt free, and strengthen the Group's financial position as it accelerates its plans to become a leading provider of mobile location data and intelligence.

Board Changes

To help deliver on our new vision of Proxama as a mobile data and location intelligence business, the Board is pleased to welcome Mark Slade onto the Executive Team to lead and continue the recent momentum across Commercial and Product Development. Mark will also join the main plc Board. Mark brings with him considerable industry experience from managing the EMEA business at Opera

Mediaworks, a mobile technology business, having successfully grown and exited as founder of 4th Screen Advertising, a journey that saw the Business grow from a start-up to a $100m Business.

Dan Francis, the current Strategy Director, will also join the Board as an Executive Director. Dan has held senior management positions at Barclays, American Express and Aimia primarily based around the launching and commercial scaling of new technology businesses based around data, mobile and Artificial Intelligence.

Following the change in company strategy and the restructure of the Digital Payment Division, we recently announced Mike Woods has left the Board. In addition, David Bailey will step down as Deputy Chairman. I would like to take this opportunity to thank both David and Mike for their support and contribution to Proxama over the previous years.

Outlook

2016 was a further period of change for the Company, however the Board is of the single view that the Company ended 2016 in a strong position for the Mobile Data and Location Intelligence Division and certainty for the future of the Digital Payment Division. The Board would like to acknowledge the team at Proxama for their hard work during the year and thank them for their dedication and support as we reposition the business for extended growth.

2016 operating losses were £5.0m (2015: £6.0m) mainly due to a reduction in cost base, with a further reduction in 2017 expected. Overall revenue and other income was £2.4m for the full year (2015: £2.8m). Trading revenue was £1.8m (2015: £2.5m) and Grant income £0.6m (2015: £0.3m). 2016 EBITDA before impairment shows a year to date loss of £3.6m which is a £1.4m (28%) year on year improvement (2015 EBITDA before impairment and exceptional items of £5.0m).

As previously announced in February of this year, I joined the Board and the Proxama business as I was excited by the opportunity and sheer scale that mobile data presents. That sentiment remains and I look forward to working with the Board and Proxama team to help grow the Company significantly in the years ahead.

Kelvin Harrison, Chairman

David Bailey, Deputy Chairman (outgoing Chairman)

Date: 29 June 2017

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

It is with pleasure I announce the 2016 full year results for a restructured and repositioned Proxama. A Business with two Divisions; Mobile Data and Location Intelligence and Digital Payments.

We entered 2016 with the aim of significantly increasing our proximity marketing and data business (now Mobile Data and Location Intelligence), and were successful in increasing our revenue by 154% from 2015 (2016: £204k, 2015: £80k), further reducing the cost base and made significant progress in scaling the business across the key areas of audience, network and data. With the addition of grant income the Division delivered revenue and other income of £755k (2015: £417k).

The global trend of digitisation of media and advertising continues at pace, and so does the shift in usage of data to support for planning (e.g. the purchase of customer audiences, pre-campaign) and increasingly for verification of success after a campaign has run (e.g. if I'm served a mobile ad for store sale, did I go instore?). Both this pre-campaign and now post-campaign "proof of visit" capability is increasingly powered by precise and verified location data – 38% of marketing spend in 2016 in the US was location based (Source: BIA Kelsey, "Mobile Ad Revenue Forecast ", Jan 2017).

It is this extension to the entire value chain of marketing that has led Proxama to build on our existing platform and data products and refocus as a location data business, supplying SaaS based data products that service the whole marketing chain – and according to the IAB, in 2016 is now worth over £3.8bn in the UK for mobile ads alone.

Furthermore, Proxama's data product and services now also extend to other marketing sectors, notably where we have existing relationships and contracts such as the Out of Home ("OOH") media businesses (£1bn UK ad spend) and the city and transit planning consultancies and financial services sectors, where in 2017 we are already monetising our location data and expertise by supplying to a major UK city transport planning project.

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 or to contactless cards. Our aim in 2016 was to maximise shareholder value from this Division through disposal, but following the conclusion of the strategic review, the Company believes that it is more suitable to extract value from the long-term contracted revenue agreements already in place within the Digital Payments Division.

I am pleased to confirm we have completed the restructuring programme reducing the Division's annualised cost base by £1.2m. With £1.1m revenues already under contract, the high margin cash flow that it then generates will contribute toward the working capital requirements of the increasingly established Mobile Data and Location Intelligence Division.

Financial results

For the Financial Year 2016 revenue, grant income and other operating income was £2,395,118 (2015: £2,880,371). Normal trading revenue was £1,814,238 (2015: £2,543,644), whilst government grant income totalled £551,666 (2015: £272,398).

The business materially improved the EBIDTA before impairment of the Company by £1.4m (28%) during 2016. EBITDA loss before exceptional items and impairment at £3,573,015 (2015: £4,988,542 before exceptional items and impairment), and as at 31 December 2016, the Company had net cash of £2,026,764 (2015: £270,487). Loss before tax for the financial year was £5,782,606 (2015: £6,092,857).

The Company has restructured the Digital Payment Division, ensuring it is profitable while retaining and delivering against long term contracts, while moving the Mobile Data and Location Intelligence Division to profitable revenues from data sales and focusing on higher value, recurring revenue that the new products and services will bring, based on the existing low cost SaaS platform.

Statement of Financial Position

As at 31 December 2016 total equity was £435,760 (2015: £3,489,798) of which £2,026,764 (2015: £270,487) were cash and cash equivalents.

Net current liabilities are £4,001,447 liability (2015: assets £816,775) comprising £2,026,764 (2015: £270,487) cash and cash equivalents, trade receivables of £817,188 (2015: £1,527,702), other receivables £258,268 (2015: £352,042), current tax receivable £456,260 (2015: £684,277), trade and other payables £2,337,253 (2015: £2,014,986) and current portion of long term borrowings £5,222,674 (2015: £2,747), which includes the £2,500,000 loan with Barclays. Since the year end we have agreed with the bank to make a partial repayment of the loan by way of a combination of cash and share warrants, with the remaining balance being written off by the bank. I would like to thank Barclays for their support of Proxama over the past two years. We have also reached agreement with White Angle Ltd, a holder of a convertible loan note since 2013, to convert the remaining balance to equity. I would also like to thank White Angle Ltd for their support over the last few years.

During December 2016, the Company entered into a £2m convertible loan agreement with Darwin Capital Limited. This provided working capital to enable the company to fully complete the strategic review process, the completion of which was announced to the market on 17 May 2017. The loan notes were fully converted by the end of March, and Darwin Capital no longer own any Proxama stock, as updated to market in April 2017.

Outlook & how we will measure our progress

We made significant progress in 2016 across our audience reach, our network, our Google certification and our data products and we are excited for 2017 and beyond. We are a fast-growing location intelligence business, with growing and recurring revenues from our location data products with key industry partners.

We have set ourselves four target KPIs for 2017:

- Grow our monetisable audience to 4 million
- Expand our proximity network to 6,000 beacons
- Scale our data business to 2 billion data points
- Have revenue generating location intelligence product in agencies and media owners.

With the demand for accurate and verified location data and intelligence, we are well positioned to take advantage of this trend, not only accessing a growing marketing spend but many other sectors.

I’m also pleased to welcome our new members to the Board of Directors. The experience Mark Slade and Dan Francis will bring to the Executive and Board will support our new vision and purpose. At the same time, I would like to thank both David Bailey and Mike Woods for their contribution and support to Proxama over the years and wish them well for the future.

John Kennedy, Chief Executive Officer

Date: 29 June 2017

Strategy and Business model

In summary, the Mobile Location and Intelligence Division helps companies connect the online world with the offline world using mobile location data.

To do this we use the latest location technologies embedded into our partner apps on consumer's mobile phones and when combined with geo-location capabilities and our extensive Bluetooth beacon network, we generate and store anonymised data. Our platform, algorithms and data teams then synthesise this into four distinct products and services:

1. **Online/Offline Verification** - Marketing agencies and brands can buy our services to prove customers visited a particular place, based on their advert call to action;
2. **Out of Home Verification** - Out of Home Media companies ("OOH") can buy our "verified footfall" service to prove which customers saw their media;
3. **Precise Location Data** - Consultancies, Financial Services and location data companies buy our data;
4. **AI Generated Programmatic Audiences** - Brands can use our data audience segments to precisely target advertising to consumers based on their past location behaviour.

Our data is therefore mined, refined and sold multiple times to multiple partners, in different industries and sectors, and in different locations and territories. This represents a highly scalable and quickly growing business. This is demonstrated by the rapid growth of our location data sales already seen during 2017. The growth of our data[1] and users is shown below:

Insert link to PDF: Chart 1

Chart1: Cumulative Growth of Data and Location Intelligence Division audience, July 2016 to April 2017 (Source: internal data)

Insert link to PDF: Chart 2

Chart2: Data points, cumulative by month, July 2016 to May 24 2017. "Data point" is defined as any device event that Proxama records and stores, such as a location event, device status change or beacon interaction. May figures shown are a partial month.

During 2017 we will also continue to monetise our proximity marketing products through our media partners and network reach.

Dan Francis, Strategy Director

Date: 29 June 2017

[1] *"Audience" is defined as the total number of consumers who have a mobile phone with iOS or Android apps with a registered Proxama SDK. This is the number that can be monetised. Up to May 24 2017, May figures shown are a partial month.*

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016**	2015
		£	£
Revenue	3	**1,814,238**	2,543,644
Cost of sales		**(658,508)**	(391,941)
Gross profit		**1,155,730**	2,151,703
Grant income		**551,666**	272,398
Other income		**29,214**	64,329
Administrative expenses		**(6,771,152)**	(8,562,679)
Administrative expenses – non recurring item	6	**-**	109,375
Operating loss	6	**(5,034,542)**	(5,964,874)
Finance income	4	**1,781**	11,641
Finance expense	5	**(749,845)**	(139,624)
Loss on ordinary activities before taxation		**(5,782,606)**	(6,092,857)
Taxation	9	**589,020**	764,815
Loss for the year attributable to owners of the parent		**(5,193,586)**	(5,328,042)
Loss per share – basic and diluted	10	**(0.39p)**	(0.52p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Loss for the year	**(5,193,586)**	(5,328,042)
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange difference arising on consolidation	**(18,187)**	(34,654)
Other comprehensive income	**(18,187)**	(34,654)
Total comprehensive loss for the financial year attributable to owners of the parent	**(5,211,773)**	(5,362,696)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	**2016**	2015
		£	£
Assets			
Non-current Assets			
Intangible assets	11	**4,751,607**	5,000,609
Property, plant and equipment	12	**44,925**	127,070
		4,796,532	5,127,679
Current Assets			
Trade and other receivables	13	**1,075,456**	1,879,744
Current tax asset		**456,260**	684,277
Cash and cash equivalents	14	**2,026,764**	270,487
		3,558,480	2,834,508
Current Liabilities			
Trade and other payables	15	**(2,337,253)**	(2,014,986)
Current portion of borrowings	16	**(5,222,674)**	(2,747)
		(7,559,927)	(2,017,733)
Net Current (Liabilities)/Assets		**(4,001,447)**	816,775
		795,085	5,944,454
Non-current liabilities			
Non-current borrowings	16	**(4,925)**	(1,967,456)
Deferred tax liabilities	17	**(354,400)**	(487,200)
Net Assets		**435,760**	3,489,798
Equity			
Share capital	19	**10,475,177**	10,195,024
Share premium account		**10,991,445**	8,703,332
Share based payment reserve		**262,447**	934,966
Merger relief reserve		**11,605,556**	11,605,556
Translation reserve		**(44,679)**	(26,492)
Capital reserve		**209,791**	209,791
Equity reserve		**44,160**	535,138
Other reserve		**(9,225,108)**	(9,225,108)
Retained earnings		**(23,883,029)**	(19,442,409)
Total Equity		**435,760**	3,489,798

The financial statements were authorised for issue by the board of directors on 29 June 2017 and were signed on its behalf by:

John Kennedy

Director

Registered number – 06458458

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
Cash flows from operating activities	**£**	£
Loss for the year before tax	**(5,782,606)**	(6,092,857)
Adjustments for:		
Depreciation of property, plant and equipment	**94,574**	107,635
Amortisation of intangible assets	**934,937**	890,295
Impairment of intangibles assets	**431,480**	87,777
Loss/(profit) on disposal of assets	**12,689**	(2,512)
Financial income	**(1,781)**	(11,641)
Financial expense	**749,845**	139,624
Foreign Exchange Differences	**10,981**	(34,455)
Share-based payments	**80,446**	335,517
	(3,469,435)	(4,580,617)
Decrease/(Increase) in trade and other receivables	**804,289**	(976,044)
Increase in trade and other payables	**322,267**	38,359
Cash used in operations	**(2,342,879)**	(5,518,302)
Income taxes received	**684,277**	649,087
Net cash used in operating activities	**(1,658,602)**	(4,869,215)
Cash flows from investing activities		
Interest received	**1,781**	11,641
Additions to intangible assets	**(1,117,415)**	(1,056,904)
Purchase of property, plant and equipment	**(28,113)**	(39,314)
Proceeds on disposal of property, plant and equipment	**2,459**	6,850
Net cash (used in)/from investing activities	**(1,141,288)**	(1,077,727)
Cash flows from financing activities		
Interest paid	**(209,011)**	(93,082)
Issue of share capital	**2,077,288**	7,352
Convertible loan note redeemed (Interest)	**-**	(127,534)
Convertible loan note redeemed (Principal)	**-**	(100,000)
New long-term loan	**900,000**	1,600,000
New convertible loan	**1,800,000**	-
Repayment of bank loans	**-**	(10,249)
New finance lease agreements	**11,699**	-
Repayment of finance lease agreements	**(5,622)**	(6,014)
Repayment of borrowings	**-**	(556,412)
Net cash from financing activities	**4,574,354**	714,061
Net increase/(decrease) in cash and cash equivalents	**1,774,464**	(5,232,881)
Cash and cash equivalents at beginning of year	**270,487**	5,503,567
Exchange differences on cash and cash equivalents	**(18,187)**	(199)
Cash and cash equivalents at end of year	**2,026,764**	270,487

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	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 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
At 1 January 2016	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
Loss for the year	-	-	-	-	-	-	-	-	(5,193,586)	(5,193,586)
Other comprehensive income	-	-	-	(18,187)	-	-	-	-	-	(18,187)
Total comprehensive income for the period attributable to equity holders	-	-	-	(18,187)	-	-	-	-	(5,193,586)	(5,211,773)
Issue of shares	280,153	2,288,113	-	-	-	-	-	-	-	2,568,266
Equity element of convertible loan	-	-	-	-	-	-	-	-	-	-
Equity to be issued	-	-	-	-	-	-	(490,978)	-	-	(490,978)
Share based payments	-	-	-	-	-	80,446	-	-	-	80,446
Share based transfer	-	-	-	-	-	(752,965)	-	-	752,965	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	280,153	2,288,113	-	-	-	(672,519)	(490,978)	-	752,965	2,157,734
Total movement in shareholder's equity	280,153	2,288,113	-	(18,187)	-	(672,519)	(490,978)	-	(4,440,621)	(3,054,039)
At 31 December 2016	10,475,177	10,991,445	209,791	(44,679)	11,605,556	262,447	44,160	(9,225,108)	(23,883,029)	435,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Proxama Plc ("the Company") and its subsidiaries (together 'the Group') is a Business that operates two Divisions. Mobile Data and Location Intelligence Division, trading as Proxama Solutions Ltd, providing location data and verification products and services to media, agencies, consultancies and specialist location services companies. It sources mobile data including location and other attributes from its partners' apps using its embedded mobile technology, and then securely stores and manages this data in its SaaS platform. This data is packaged as products such as Location Data events, Customer Audiences, Media Verification and Store visit verification. The Mobile Data and Location Intelligence Division also provide location marketing and media services. The Digital Payment Division provides card issuers and their partners with end-to-end platform to manage credit and debit cards including PIN management and card migration functionality.

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.

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. The Group has made good progress in securing a series of important contracts in 2016 and post year end has completed the restructuring of Digital Payments Division and the relaunch of the Mobile Data and Location Intelligence Division. Throughout 2016 the Group operated at a trading loss and whilst the Group has sufficient capital resources to meet its external current liabilities as they fall due in the short term, the outlook presents some challenges in terms of timing of contractual revenue streams and the Group needs to secure new funding. Currently working capital is provided through a bank facility with Barclays Bank, which is secured by way of a debenture over the assets of the Group. The facility of £2.5m is fully drawn down as at 31 December 2016. 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 options to fund the required investment whilst securing the financial future of the business. To support the next phase of development of the Group, the Company will be announcing a Proposed Placing of not less than £1.2m and Open Offer to raise approximately £4.1m. In conjunction with the proposed placing, the Company has received an irrevocable undertaking from Barclays Bank to partially write off the outstanding loan and settle the balance through a combination of cash and share warrants, releasing the Company from all liabilities and obligations under the Barclays facility. Similarly, there is an agreement with White Angle Ltd, the holder of a convertible loan note, to convert the remaining balance to equity. This will allow Proxama to be completely debt free, further strengthening the Group's financial position. In the event that the Company does not raise a minimum requirement of £3.1m through the Proposed Placing and Open Offer then it will pursue other financing options open to it, including a Loan Note with an Alternative Investment Manager. The success of this activity is not known and therefore there is material uncertainty as to the source of the funds, which creates significant doubt. However, 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 medium term such that Group will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

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 2016. 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 2017, or later periods, have been adopted early. The directors haven't yet assessed the impact on the adoption of the following standards and interpretations will have on the Group's financial statement:

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).

The adoption of IFRS16 will require the Group to recognise in its Statement of Financial Position the asset and financial commitment associated with properties under operating leases.

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 Company'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.

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.

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.

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

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

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.

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.

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.

Employee benefits

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.

Grants

Grants receivable are recognised on a work done basis to match the related expenditure to the extent that the conditions for receipt have been substantially fulfilled and recoverability is expected.

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.

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:

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 £32,086 (2015: £87,777) of development costs, previously capitalised for which the underlying projects are no longer being pursued.

Classification and valuation of financial instruments

The Group has issued financial instruments including conversion features and warrants. The valuation of these financial instruments, including Level 3 fair values where there are no observable market inputs, are performed in consultation with third party valuation specialists, with the overall aim of maximising the use of market based information.

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. An impairment of goodwill of £399,394 has been recognised in the year (note 11).

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 2016 were structured as four trading companies and its financial reporting is reported to the CODM information on two segments: Digital Payments and Mobile Data and Location Intelligence (formerly Proximity Marketing). The Digital 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 Mobile Data and Location Intelligence segment centres on providing mobile location based data, media and verification services.

It should be noted that a segmental analysis of the Balance Sheet is not part of routine management reporting and consequently no segmental analysis of assets is shown here

An analysis of revenue is as follows:

	2016	2015
	£	£
Digital Payments	**1,610,049**	2,463,147
Mobile Data and Location Intelligence	**204,189**	80,497
Total revenue	**1,814,238**	2,543,644

An analysis of EBITDA is as follows:

	2016	2015
	£	£
Digital Payments	**(835,116)**	(804,506)
Mobile Data and Location Intelligence	**(2,737,899)**	(1,569,400)
Group	**-**	(2,614,636)
Total EBITDA	**(3,573,015)**	(4,988,542)

An analysis of Loss before tax is as follows:

	2016	2015
	£	£
Digital Payments	**(835,116)**	(804,506)
Mobile Data and Location Intelligence	**(4,947,490)**	(1,569,400)
Group	**-**	(3,718,951)
Total loss before tax	**(5,782,606)**	(6,092,857)

The geographical analysis of revenue is as follows:

	2016	2015
	£	£
United Kingdom	**175,274**	112,203
Europe	**888,236**	973,655
Rest of world	**750,728**	1,457,786
Total revenue	**1,814,238**	2,543,644

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:

	2016	2015
	£	£
South Africa customer 1	**285,815**	-
United States of America customer 1	**226,233**	706,750
United States of America customer 2	**-**	318,075
Europe customer 1	**555,704**	548,777
Europe customer 2	**205,924**	-

4. FINANCE INCOME

	2016	2015
	£	£
Income from cash and cash equivalents	**1,781**	11,641

5. FINANCE EXPENSE

	2016	2015
	£	£
Bank interest	**180,783**	41,570
Finance lease interest	**87**	604
Interest payable on convertible loan note	**65,984**	46,542
Finance cost on convertible loan note	**485,335**	-
Other loan interest	**17,656**	50,908
	749,845	139,624

6. LOSS BEFORE TAXATION

	2016	2015
	£	£
The loss before taxation is stated after charging/(crediting): -		
Depreciation of property, plant and equipment		
- Owned	**90,053**	102,242
- Held under hire purchase agreements	**5,057**	5,393
Loss/(Profit) on disposal of tangible assets	**12,689**	(2,512)
Amortisation of intangible assets	**934,937**	890,295
Impairment of intangible assets	**431,480**	87,777
Government grants	**(551,666)**	(272,398)
Research and development expensed as incurred in administrative expenses	**264,034**	565,753
Operating lease rentals		

- Land and buildings	**246,533**	255,239
- Plant and machinery	**1,323**	616
Share based payments	**80,447**	335,517
Net foreign exchange losses	**10,981**	10,189
Auditors remuneration:		
For audit services		
- Company audit	**26,500**	18,500
- Subsidiary audits	**17,500**	21,500
- Audit	**12,000**	-
For tax advisory services	**15,000**	100
For other non-audit services		
- Half year review	**-**	3,250
- iXBRL tagging	**-**	1,500
Exceptional item	**-**	(109,375)

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. This has been removed as the conditions for the settlement have not been met.

7. STAFF COSTS

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

	2016 Number	2015 Number
Management	**12**	16
Research and development	**43**	55
Commercial and client services	**14**	19
	69	90

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	**3,861,225**	5,165,867
Social security costs	**450,142**	574,833
Pension costs	**23,019**	62,851
Expense of share based payments	**80,446**	335,517
	4,414,832	6,139,068

8. KEY MANAGEMENT COMPENSATION

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

	2016	2015
	£	£
Salaries and other short term employee benefits	**634,064**	867,067
Pension costs	**1,234**	35,734
Expense of share based payments	**14,738**	335,517
	650,036	1,238,318

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 2016, key management comprised seven (2015: six) people. The remuneration of the highest paid director is £171,304 (2015: £210,000).

Directors' remuneration is disclosed in the directors' remuneration report on pages 9 to 11.

9. CORPORATION TAX CHARGE

(a) Analysis of credit in the period

	2016	2015
	£	£
Current tax:		
UK corporation tax	**(456,220)**	(628,015)
Deferred tax:		
UK deferred tax movement (note 17)	**(132,800)**	(136,800)

(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% (2015: 20%) as explained below:

	2016	2015
	£	£
Loss before tax	**(5,782,606)**	(6,092,857)
Loss before tax multiplied by the standard rate of corporation tax	**(1,156,521)**	(1,244,499)
Non-deductible expenses	**104,203**	194,405
Unrecognised deferred tax asset	**611,466**	714,514
Additional deduction for R&D expenditure	**(334,699)**	(410,808)
Surrender of tax losses for R&D tax credit	**162,845**	(136,017)
R&D expenditure credits	**6,726**	-

Other differences	**16,960**	-
Total tax for the period	**(589,020)**	(764,815)

Subject to the UK tax authority's agreement, the Group has UK tax losses of approximately £20,160,000 (2015: £17,000,000) available for carry forward and offset against future taxable profits arising from the same trade. The Group has a potential deferred tax asset of £3,629,000 (2015: £3,064,000) 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.

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the loss of £5,193,586 (2015: £5,328,042) and on the number of shares in issue, being the weighted average number of equity shares in issue during the period of 1,332,551,074 0.01p ordinary shares (2015: 1,019,191,254 1p ordinary shares). A separate adjusted earnings per share calculation has been prepared related to the loss before exceptional items for the prior year.

	2016	2015
Loss for the year	**(5,193,586)**	(5,328,042)
Add back:		
Exceptional items	**-**	(109,375)
Adjusted loss	**(5,193,586)**	(5,437,417)
Loss per share – basic and diluted	**(0.39p)**	(0.52p)
Adjusted loss per share – basic and diluted	**(0.39p)**	(0.53p)

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, warrants and convertible loan notes.

11. INTANGIBLE ASSETS

	Trademarks	Goodwill	Customer relationships	Intellectual Property Rights	Development costs	Total
	£	£	£	£	£	£
Cost						
At 1 January 2015	5,102	659,288	1,000,000	6,001	3,386,271	5,056,662
Additions (internally developed)	-	-	-	-	1,056,904	1,056,904
At 31 December 2015	5,102	659,288	1,000,000	6,001	4,443,175	6,113,566
Additions, (internally developed)	-	-	-	-	1,117,415	1,117,415
At 31 December 2016	5,102	659,288	1,000,000	6,001	5,560,590	7,230,981
Amortisation and impairment						
At 1 January 2015	1,364	-	20,000	2,400	111,121	134,885
Charge for the year	510	-	240,000	600	649,185	890,295
Impairment	-		-	-	87,777	87,777
At 31 December 2015	1,874	-	260,000	3,000	848,083	1,112,957
Charge for the year	510	-	240,000	600	693,827	934,937
Impairment	-	399,394	-	-	32,086	431,480
At 31 December 2016	2,384	399,394	500,000	3,600	1,573,996	2,479,374
Net book amount						
At 31 December 2016	**2,718**	**259,894**	**500,000**	**2,401**	**3,986,594**	**4,751,607**
At 31 December 2015	3,228	659,288	740,000	3,001	3,595,092	5,000,609

Internal development represents the cost incurred in developing the Company's SaaS 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.

The directors have identified one R&D project which has 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 Income Statement.

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. The initial valuation of acquired intangibles on acquisition in December 2014 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.

Further to the strategic review (announced to the market on 17 May 2017) and decision to focus resource and investment on the Mobile Data and Location Intelligence business, formal impairment testing has been undertaken for the goodwill and acquired intangibles associated with the Digital Payments Division.

The recoverable amounts for the Digital Payments Division was considered based on value-in-use calculations, and expected recoverable value based on market multiples of sustainable revenue and sustainable earnings. Management has prepared a cash flow forecast, based on existing clients and the sustainable operating base with no assumption in investment in future growth, then applied a discount rate in order to calculate the present value of such cash flows, which represents the recoverable amount. The discount rate used in the calculations was 8.5% given the change in business strategy for the Digital Payments Division and the zero growth assumption.

The principal assumptions used in the forecasts are the sustainable level of profit and the discount rate. The results of the impairment review and the sensitivity to a change in key assumptions are set out below

Impairment review results:

	Carrying amount of goodwill and intangibles before impairment	**Value in use**	**Impairment**
	£'000	£'000	£'000
Digital Payments	3,280	2,881	399
Increase in discount rate of 5%	3,280	2,181	1,099
20% reduction in sustainable earnings after Year 3	3,280	2,472	808

As noted above, formal impairment testing has been undertaken for goodwill and an impairment of £399,394 is recognised. The goodwill wholly relates to the Digital Payments Division.

12. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2015	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
Additions	16,258	11,855	28,113
Disposals	(58,061)	(145,608)	(203,669)
At 31 December 2016	178,617	83,951	262,568
Depreciation			
At 1 January 2015	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
Charge for the year	55,768	39,342	95,110
Eliminated on disposal	(57,661)	(130,860)	(188,521)
At 31 December 2016	147,480	70,163	217,643
Net book amount			
At 31 December 2016	**31,137**	**13,788**	**44,925**
At 31 December 2015	71,047	56,023	127,070

Hire purchase agreements

Included within the net book value of £44,925 is £9,424 (2015: £2,783) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of such assets amounted to £5,057 (2015: £5,393).

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
Trade receivables	**817,188**	1,527,702
Prepayments and accrued income	**3,019**	258,902
Other receivables	**255,249**	93,140
	1,075,456	1,879,744

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 (2015: 30) and average debtor days outstanding were 164 (2015: 82).

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

	2016	2015
	£	£
Outstanding between one and two months	**-**	88,954
Outstanding between two and three months	**10,620**	82,176
Outstanding over three months	**230,080**	211,299
	240,700	382,429

Trade receivables as a whole have decreased due to the overall decrease in revenue compared to 2015. The amount in past due trade receivables is primarily due to a debt of £226k with the Nigerian Identity Management commission which is an average of 559 days old. No provision is recognised since the contractual revenue has not been recognised and is included in deferred income.

All of the Group's trade and other receivables have been reviewed for impairment. An impairment provision of £5,000 (2016 £nil) has been recognised in the year.

14. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank	**2,026,764**	270,487

15. TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Trade payables	**232,842**	254,570
Taxation and social security	**535,528**	186,812
Accruals	**261,010**	456,267
Deferred income	**1,155,227**	940,316
Other payables	**152,646**	177,021
	2,337,253	2,014,986

Trade payables and accruals principally comprise amounts outstanding for operational 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

	2016	2015
	£	£
Current portion of borrowings		
Bank loans	**2,500,000**	-
Convertible loan notes (note 23)	**2,655,662**	-
Derivative financial instrument	**63,113**	-
Finance lease agreements	**3,899**	2,747
	5,222,674	2,747
Non-current borrowings		
Bank loans	**-**	1,600,000
Convertible loan notes (note 23)	**-**	367,456
Finance lease agreements	**4,925**	-
	4,925	1,967,456

Bank loans	**2016**	2015
	£	£
Current portion of borrowings	**2,500,000**	-
Non-current borrowings	**-**	1,600,000
	2,500,000	1,600,000

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. See post balance sheet event note 24.

Convertible loans

The Group has loan notes of £400,000 (2015: £400,000) in issue. 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.

Senior Convertible Loan Note Instrument

The Group has created £2,000,000 senior convertible loan notes on the terms set out in the loan instrument, which includes a maturity date of 12th December 2017. The issue consisted of 80 loan notes of £25,000 each issued at £22,500 each, i.e. £1,800,000.

The loan notes are immediately convertible into a variable number of shares depending on the weighted average share price prior to conversion. The conversion price is set as the lesser of 1.24875p and 90% of the average of the five lowest daily volume weighted average share price calculations out of the twenty trading days prior to and including such date.

Alongside the loan notes, the holders have warrants to subscribe for up to 75,675,676 ordinary shares at a warrant price of £0.0124875 per share, expiring on 19 December 2021.

Subsequent to the year end all loan notes have been converted into shares but no warrants have been exercised.

Finance lease agreements	**2016**	2015
	£	£
Gross finance lease liabilities – minimum lease payments:		
Within one year	**3,899**	2,909
Later than one year and no later than five years	**4,925**	-
	8,824	2,909
Less: Future finance charges on finance leases	**-**	(162)
Present value of finance lease liabilities	**8,824**	2,747

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

	2016	2015
	£	£
Within one year	**3,899**	2,747
Later than one year and no later than five years	**4,925**	-
	8,824	2,747

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 where applicable.

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 2016	487,200
Movement in the year	(132,800)
At 31 December 2016	354,400

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 on significant borrowings is set out in note 5.

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.

As a result, investment returns and credit risk to the Group in this regard are not material to the financial statements.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. No collateral is held in respect of these amounts which are expected to be received in full. An impairment provision of £5,000 (2015 £nil) has been made. In order to manage credit risk, credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

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 one US Dollar bank account 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.

Liquidity risk

The Group has sufficient capital resources to meet its external current liabilities as they fall due in H1 2017. However, the outlook presents some challenges in terms of timing of contractual revenue streams and the Group needs to secure new funding. This puts significant pressure on working capital.

Operational cash flow represents on going 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 available are in accordance with long-term cash flow forecasts. The Group currently has no undrawn committed facilities as at 31 December 2016.

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 actively manages its working finance to ensure it has sufficient funds for operations and planned research and development activities.

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

At 31 December 2016 the Group had financial liabilities by way of a facility with Barclays Bank, one convertible loan note repayable no earlier than the Barclays loan, and new senior convertible loan notes which have all converted to equity post year end. The Group has a fully drawn down bank facility of £2.5m (2015 £1.6m). This bank facility is planned to be settled over the coming weeks as detailed in note 24.

Interest rates on the Barclay's loan is 7% over base rates and on the convertible loan is fixed at 10%. No interest is payable on the senior convertible loan notes but they attract a redemption premium if redeemed by the Group of 5% of the principal.

Derivative financial instruments

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

Capital management

The Group's activities are of a type and stage of development where the most suitable capital structure is that of one primarily financed by equity. The directors will reassess the future capital structure when projects under development are sufficiently advanced.

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 equity finance at appropriate times.

The Group manages capital on the basis of the carrying amount of equity, and debt with regard to maintaining sufficient liquidity to enable the Group to continue to trade and invest in commercialisation.

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

	2016	2015
	£	£
Capital		
Total equity	**435,760**	3,489,798
Total equity	**435,760**	3,489,798
Borrowings	**5,227,599**	1,970,203
Overall financing	**5,663,359**	5,460,001
Equity to overall financing ratio	**0.08**	0.64

Categories of financial instruments

All of the Group's financial assets are classified as loans and receivables.

The accounting policies applied are set out in note 2. The carrying amounts of financial assets and liabilities as at 31 December 2016 are categorised as follows:

	2016	2015
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	**1,072,437**	1,879,744
Cash and cash equivalents	**2,026,764**	270,487
	3,099,201	2,150,231

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

Financial liabilities at amortised cost		
Trade and other payables	**646,498**	887,858
Convertible loan notes	**2,655,662**	367,456
Other borrowings	**2,508,824**	1,600,000
	5,810,984	2,855,314

Financial liabilities at fair value		
Conversion feature on convertible loan	**63,113**	-

The derivative classified as a financial liability is based on a Level 3 valuation per the hierarchy as established by IFRS13, being derived from the volatility in the Company's share price.

The contractual maturity of financial liabilities is as follows:

At 31 December 2016	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	646,498	-	-	646,498
Convertible loan notes	-	2,655,662	-	2,655,662
Other borrowings	1,949	2,501,950	4,925	2,508,824
	648,447	5,157,612	4,925	5,810,984

At 31 December 2015	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	887,858	-	-	887,858
Convertible loan notes	-	-	367,456	367,456
Other borrowings	-	-	1,600,000	1,600,000
	887,858	-	1,967,456	2,855,314

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2016	2015
	£	£
(2015: 1,019,502,472) ordinary shares of 1p each	**-**	10,195,024
1,721,245,256 (2015: nil) ordinary shares of 0.01p each	**172,124**	-
1,040,712,398 (2015: nil) deferred shares of 0.99p each	**10,303,053**	-
	10,475,177	10,195,024

Shares issued during the year

- On 28 January 2016 42,095 ordinary 1p shares were issued at par as one employee exercised their right to purchase share options.
- On 31 March 2016 20,892,669 ordinary 1p shares were issued at a premium of 1.35p per share, being settlement of deferred consideration on the acquisition of Aconite Technology Limited.
- On 13 June 2016 275,162 ordinary 1p shares were issued at par to two employees who exercised their right to purchase share options.
- On 25 July 2016, each ordinary share of 1p each in issue was subdivided into 1 ordinary share of 0.01p and one deferred share of 0.99p
- On 25 July 2016 666,666,666 ordinary 0.01p shares were issued at a premium of 0.0029p per share.
- On 19 September 2016 13,866,192 0.01p shares were issued at a premium of 0.0052p per share as one employee exercised their right to purchase share options.

Share rights

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

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 yearend are as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	**0.025**	**44, 258,651**	0.045	55,968,386
Granted during the year	**0.005**	**18,432,939**	0.008	16,070,308
Forfeited during the year	**0.020**	**(9,418,065)**	0.041	(27,044,780)
Exercised during the year	**0.053**	**(13,908,287)**	0.050	(735,263)
Outstanding at the end of the year	**0.017**	**39,365,238**	0.025	44,258,651

The weighted average contractual life of options outstanding at year end is 8.1 years (2015: 8.0 years). The weighted average share price at the date of grant is 0.48p (2015: 1.23p).

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:

	2016
Average share price (pence)	**0.4p – 1.7p**
Exercise price (pence)	**0.42p - 1.64p**
Expected volatility	**55%**
Risk-free interest rate	**3%**

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 £80,447 (2015: £335,517) related to equity settled, share based payment transactions during the year.

21. OPERATING LEASE COMMITMENTS

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

	Property And Total 2016 £	Property 2015 £	Plant and machinery 2015 £	Total 2015 £
No later than one year	**96,027**	246,533	564	247,097
Later than one year and no later than five years	**172,701**	226,901	-	226,901
	268,728	473,434	564	473,998

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 2016 (2015: £nil).

23. RELATED PARTY TRANSACTIONS

As at 31 December 2016, N R Garner (a former director) was owed £Nil by the Group (2015: £87).

As at 31 December 2016, White Angle Ltd Consulting Limited, a Company with common directorship, was owed £Nil (2015: £11,237) by the Group.

As at 31 December 2016, David Bailey Enterprises Limited, a Company in which the director is also a director of a fellow Group Company, was owed £Nil (2015: £4,000) by the Group.

As at 31 December 2016, S Gregory (a director), was owed £2,000 (2015: £7,914) by the Group.

Admin expenses were incurred during the year of £20,574 (2015: £5,445), from Whitespace Norwich Limited, of which N R Garner is a director. There was £5,000 (2015: £5,445) outstanding at the yearend included within Other Creditors.

Fixed assets of £nil (2015: £6,850), were sold to Whitespace Norwich Limited during the year.

During 2013 the Company issued a total of 1,000,000 50p loan notes to White Angle Ltd, a Company wholly owned by White Angle Ltd 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 was 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 of £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 £65,984 (2015: £46,542) and the balance of the loan as at 31 December 2016 is £451,616 (2015: £411,616).

Subject to the Barclays Loan of £2,500,000 which is senior debt, the holder of the loan note has the right to convert it, together with accrued interest if it 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 (2015: £44,160) has been estimated as being in relation to the equity element. The liability element recognised has a carrying value of £433,440 (2015: £367,456).

24. POST BALANCE SHEET EVENTS

The £2m convertible loan notes were all converted into Ordinary shares during Q1 of 2017 as follows:

- £300,000 converted in January 17 into 75,373,854 Ordinary shares at a price of 0.398016 pence
- £900,000 converted in February 17 into 319,774,878 Ordinary shares at a price of 0.281448 pence
- £800,000 converted in March 17 into 292,937,282 Ordinary shares at a price of 0.273096 pence

Subject to securing funding from a Proposed Placing and Open Offer or loan funding from an Alternative Investment Manager, the £2.5m loan with Barclays has been agreed to be partially repaid, by way of a combination of cash and share warrants, with the remaining balance written off by the Bank.

The convertible loan note with a capital value of £400,000 has been agreed to be converted to equity.

PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this final announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The consolidated statement of financial position at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and associated notes for the year then ended have been extracted from the Group's 2016 financial statements upon which the auditor's opinion is not modified and does not include any statement under Section 498 of the Companies Act 2006, but does include an Emphasis of Matter on going concern.

The accounts for the year ended 31 December 2016 will be posted to shareholders today and laid before the Company at the Annual General Meeting. Copies will also be available on the Company's website (www.proxama.com) in accordance with AIM Rule 26."