

365Agile Group plc
('365Agile', or the 'Company', together with its subsidiaries, the 'Group')

Final Results for the year to 31 December 2015 and Notice of Annual General Meeting

365 Agile is pleased to report its audited final results for the year to 31 December 2015, representing a period of significant change for the Group.

Highlights of the year:

- Acquisition of 365 Agile Limited, a reverse takeover under the AIM rules, and subsequent re-admission to trading on AIM and change of name from lafyds plc to 365 Agile Group plc
- Acquisition of Easytherm Limited in November, expanding the Group's technology base
- Revenue generated of £1.6 million, with adjusted EBITDA* of £0.1 million
- Net assets at period end of £4.5 million
- Post-year end licence deal with Castleton Technology plc in social housing sector guaranteeing a minimum licence income of £1.8 million, payable over the next three years.

* Adjusted EBITDA represents earnings for the year from continuing operations before net finance costs, tax, depreciation, amortisation, exceptional costs and share-based payment charges.

Clive Carver, non-executive chairman said:

"This has been a year of change for the 365 Agile Group. The Board is excited by the multiple prospects afforded by the Internet of Things space and we continue to assess the options in front of us, supported by the financial security brought by our revised licencing agreement with Castleton Technology."

The Group's Annual Report and Accounts for the year ended 31 December 2015 is today being posted to shareholders, together with the Notice of Annual General Meeting ("AGM"). A copy of each is available from the Company's website www.365agile.com. The Company's AGM will be held at the offices of DAC Beachcroft LLP at 100 Fetter Lane, London EC4A 1BN at 9.00 a.m. on 29 June 2016.

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Chairman's Statement

I am pleased to report the results of 365 Agile Group plc ('365 Agile' or the 'Company' and together with its subsidiaries, the 'Group') for the year ended 31 December 2015.

Background

This has been a year of significant change for the Group. In August 2015, Iafyds plc completed the £9.5 million acquisition of 365 Agile Limited and changed its name to 365 Agile Group plc. The acquisition was deemed a reverse takeover under the AIM Rules and, following shareholder approval, the Group re-admitted to AIM on 21 August 2015.

At the time of the acquisition, 365 Agile's business consisted principally of software to provide field based workers access to traditional back office systems on smart phones or tablets. Using the 365 Agile software remote workers can complete field based tasks in real time with secure connections to the office without the need for third party software. Sales activities were at the time targeted exclusively towards the social housing market.

Additionally, through its Wireless Things Limited subsidiary the Group had a start in the Internet of Things space.

Business overview and performance

365 Agile's subsidiary companies have contributed to the Group's performance in the year from their dates of acquisition, as detailed in the financial review section below, with all companies focused on the development, integration and exploitation of the Group's technology.

The initial sales focus has been on the social housing sector and during the year the Group maintained a software product development team with sales and installation in that sector being outsourced on an exclusive basis to Castleton Technology plc ('Castleton').

While we have yet to complete a full year's trading following the acquisition of 365 Agile Limited we quickly concluded that the original business model was open to improvement and took action to rectify the situation.

By the time of our announcement of 4 April 2016 it was clear to the board that a better way to monetise 365 Agile's products in the social housing sector was to have the software developers work more closely with the installers and sales teams. Accordingly, certain of the software development team transferred to our reseller Castleton along with the Group and Castleton entering into a revised licence agreement with a minimum licence fee of £1.8 million being payable to 365 Agile over the coming three years.

These changes have safeguarded the financial position of the Group while preserving its ability to develop outside the social housing sector. It has also created a firm base on which to develop organically or by acquisition an attractive Internet of Things business. The Group has developed a number of opportunities using its technologies and, following the departure of the CEO in April, the Board is assessing which options to pursue in the short term and will report on these in due course.

Following the above management change, Jill Collighan was appointed interim CEO whilst a suitable replacement is sought. Additionally, we have strengthened the board with the appointment of Tony Weaver, as Non-executive Director. Tony is a founder of MXC Capital Limited, a specialist merchant bank that invests and grows value in companies in the TMT sector, and which is a substantial shareholder in the Company. Tony is a business leader and investor with proven sales, operations and management expertise. Tony has served on a number of private and publically quoted company boards over the last 28 years.

Financial review

Overview

This has been a transformational year for the Company with the acquisition of its trading subsidiaries, effected by a reverse takeover.

The Company was an Investment Company under the AIM rules seeking to make a qualifying investment prior to 21 August 2015 when it acquired 365 Agile Limited and its subsidiary companies for a total consideration of £9.5 million, satisfied by the issue of 12.6 million Ordinary Shares in the Company.

In the consolidated financial statements, the reverse acquisition methodology has been applied as required by IFRS 3. The legal subsidiary (365 Agile Limited) is deemed to be the acquirer and the legal parent (365 Agile Group plc) is deemed to be a subsidiary. The effect of this is that the Group's consolidated accounts show 365 Agile Limited as if it is, and always has been, the parent company of the Group. The comparative numbers have therefore been restated to show the results of 365 Agile Limited for the period from its incorporation in August 2014.

In accordance with the provisions of IFRS 2 a 'deemed consideration' charge is required to be calculated to represent the notional cost 365 Agile would have incurred had it listed on AIM itself as opposed to being acquired by lafyds plc by way of a reverse acquisition. This notional, non-cash, cost is £0.8 million. In addition, the net liabilities of lafyds plc at the point of acquisition were £0.1 million. The combination of these costs result in a non-cash share-based payment of £0.9 million which has been charged to the income statement.

During the period, three other acquisitions were made by the Group:

365 Agile Limited acquired South View Solutions Limited, a specialist supplier of software and solutions to the social housing sector, for a total consideration of £1.1 million on 27 February 2015. The consideration was satisfied by £0.75 million in cash and loan notes of £0.35 million.

On 17 March 2015, 365 Agile Limited acquired Wireless Things Limited, formerly Ciseco Limited for £0.5 million, satisfied by the issue of shares.

Finally, on 23 November 2015, the Company acquired Easytherm Limited for £2.1 million, satisfied by £0.2 million in cash, £1.8 million of shares issued in 365 Agile and £0.1 million of convertible loan notes.

These financial statements reflect the above transactions, with each entity being included in the consolidated accounts as follows:

2014: Financial statements restated to show 365 Agile Limited's results only, from incorporation on 28 August 2014 to 31 December 2014. Trade in 365 Agile Limited commenced in November 2014.

2015: 365 Agile Limited, results included from 1 January 2015;
South View Solutions Limited, results included from 27 February 2015;
Wireless Things Limited, results included from 17 March 2015;
365 Agile Group plc (formerly lafyds plc), results included from 21 August 2015; and
Easytherm Limited, results included from 23 November 2015.

Trading results

Revenue for the year was £1.6 million (2014: £2,000). As a software and technology business gross margin is high at 88%, generating a gross profit of £1.4 million (2014: £2,000).

The adjusted EBITDA* for the period, a profit of £0.1 million (2014 loss of £0.1 million) reflects the normalised trade of the Group in a year of significant change and was generated after incurring administrative expenses relating to trading activities of £1.3 million in the year (2014: £0.1 million).

Further non-trading and exceptional expenses (classified as 'administrative expenses') were incurred in respect of the deemed reverse acquisition costs explained above (£0.9 million), the actual costs in respect of professional fees for the reverse acquisition and the other acquisitions in the year (£0.7 million), integration and restructuring costs (£0.2 million) and the share-based payments charge (£0.1 million). No equivalent costs were incurred in 2014. After accounting for depreciation and amortisation charges resulting from the acquisitions (£0.4 million, 2014: £nil) a loss before taxation of £2.1 million (2014: £0.1 million) was incurred.

The tax credit for the year was £0.1 million (2014: £nil) leading to a loss after tax of £2.0 million (2014: £0.1 million).

£0.9 million of cash was utilised in the Group's operating activities (2014: £20,000). £0.8 million (2014: £nil) was paid to acquire subsidiary companies, net of the cash in those subsidiaries on acquisition. A further £0.3 million (2014: £23,000) was incurred in the development of the Group's technology and the purchase of equipment. After costs, £2.7 million (2014: £0.3 million) was generated from financing activities, predominantly an equity raise in August 2015. Cash balances at the end of the year were £0.9 million (2014: £0.2 million).

The Group balance sheet includes an intangible asset of £4.0 million (2014: £nil). This asset, which arises on consolidation, relates to customer lists, software and goodwill resulting from the acquisitions in the year. See note 10 for further details. At the end of the year net assets were £4.5 million (2014: £0.2 million).

* Adjusted EBITDA represents earnings for the year from continuing operations before net finance costs, tax, depreciation, amortisation, exceptional costs and share-based payment charges.

Going concern

Based on the terms of the revised Castleton licence the Board is confident that the Group will have sufficient funding for its foreseeable future needs. Accordingly, the financial statements have been prepared on a going concern basis.

Outlook

The Board remains confident of the Group's prospects in continuing to develop opportunities around its core software platform and Internet of Things technologies.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Continuing operations		
Revenue	1,591	2
Cost of sales	(197)	-
Gross profit	1,394	2
Administrative expenses	(3,561)	(53)
Other operating income	31	-
Adjusted EBITDA⁽¹⁾	135	(51)
Exceptional costs	2 (1,800)	-
Depreciation	(39)	-
Amortisation	(367)	-
Charges for share-based payments	(65)	-
Operating loss	(2,136)	(51)
Finance income	2	-
Finance costs	(21)	-
Loss on ordinary activities before taxation	(2,155)	(51)
Income tax	130	-
Loss and total comprehensive income for the year attributable to owners of the parent company	(2,025)	(51)
Loss per share	3	
Basic loss per share from continuing activities	(29.32p)	(6.59p)
Diluted loss per share from continuing activities	(29.32p)	(6.59p)

⁽¹⁾ Total result for the year from continuing operations before net finance costs, tax, depreciation, amortisation, exceptional costs and share-based payment charges

Consolidated Balance Sheet

As at 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Assets			
Non-current assets			
Intangible assets	5	3,962	16
Property, plant and equipment		129	7
Trade and other receivables		64	-
		<hr/>	<hr/>
		4,155	23
Current assets			
Inventories		106	-
Trade and other receivables		515	14
Cash and cash equivalents		856	207
		<hr/>	<hr/>
		1,477	221
Total assets		<hr/>	<hr/>
		5,632	244
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	6	5,674	3,734
Share premium account		14,036	7,441
Capital redemption reserve		4,426	994
Reverse acquisition reserve		(19,932)	(13,069)
Merger relief reserve		2,310	1,150
Equity reserve		65	-
Accumulated loss		(2,076)	(51)
		<hr/>	<hr/>
Total equity attributable to the owners of the parent		4,503	199
Liabilities			
Current liabilities			
Trade and other payables		746	45
Borrowings		329	-
		<hr/>	<hr/>
		1,075	45
Non-current liabilities			
Borrowings		23	-
Deferred taxation liabilities		31	-
		<hr/>	<hr/>
		54	-
Total liabilities		<hr/>	<hr/>
		1,129	45
Total equity and liabilities		<hr/>	<hr/>
		5,632	244

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Reverse acquisition reserve £000	Merger relief reserve £000	Equity reserve £000	Accumulated loss £000	Total equity £000
At 1 January 2014	3,474	7,490	994	(13,069)	1,150	-	-	39
Loss for the year and total comprehensive income	-	-	-	-	-	-	(51)	(51)
Transactions with owners:								
Share issue	260	(49)	-	-	-	-	-	211
At 31 December 2014	3,734	7,441	994	(13,069)	1,150	-	(51)	199
Loss for the year and total comprehensive income	-	-	-	-	-	-	(2,025)	(2,025)
Transactions with owners:								
Share-based payments - staff share scheme	-	-	-	-	-	47	-	47
Share-based payments - warrants issued	-	-	-	-	-	18	-	18
Shares cancelled	(3,432)	-	3,432	-	-	-	-	-
Shares issued - reverse acquisition	3,780	5,670	-	-	-	-	-	9,450
Shares issued - placing	920	1,380	-	-	-	-	-	2,300
Shares issued - to acquire subsidiary company	670	-	-	-	1,160	-	-	1,830
Shares issued - to former adviser	2	5	-	-	-	-	-	7
Cost of share issues	-	(460)	-	-	-	-	-	(460)
Reverse acquisition adjustment	-	-	-	(6,863)	-	-	-	(6,863)
	1,940	6,595	3,432	(6,863)	1,160	65	-	6,329
At 31 December 2015	5,674	14,036	4,426	(19,932)	2,310	65	(2,076)	4,503

Called up share capital

Called up share capital represents the nominal value of ordinary shares in issue.

Share premium account

The share premium account represents the excess over nominal value of the fair value of consideration for equity shares, net of expenses of the share issue.

Capital redemption reserve

The capital redemption reserve includes amounts transferred to this reserve when shares are purchased and cancelled immediately.

Reverse acquisition reserve

The reverse acquisition reserve represents the difference between the parent's capital and the acquired Group's capital.

Merger relief reserve

Merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions, where advantage has been taken of the provisions of section 612 of the Companies Act 2006.

Equity reserve

The equity reserve is a reserve to recognise those amounts in equity in respect of share-based payments as follows:

Firstly, on 31 July 2015, in acknowledgement of professional services provided as the Group's corporate finance adviser, warrants over 5% of the Company's current and future issued share capital were issued to MXC Capital Guernsey Limited ('MXC'). At 31 December 2015, MXC held 945,703 share warrants in the Company. The fair value of the warrants is calculated using a two-tiered Black-Scholes option pricing model together with an empirical model, adjusted by a probability weighting to take the likely achievement of performance criteria into account.

Secondly, in September 2015, an employee share scheme was implemented for certain members of staff. The fair value of awards under the scheme have been calculated using a two-tiered Black-Scholes option pricing model together with an empirical model, adjusted by a probability weighting to take the likely achievement of performance criteria into account.

Accumulated loss

Accumulated loss represents losses incurred.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Cash flows from operating activities			
Cash used in operations	7	(881)	(20)
Net finance charges paid		(17)	-
Income taxes paid		(36)	-
Net cash flows used in operating activities		(934)	(20)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(782)	-
Purchase of property, plant and equipment		(71)	(7)
Capitalisation of development costs		(218)	(16)
Net cash flows used in investing activities		(1,071)	(23)
Cash flows from financing activities			
Proceeds from issuance of shares		2,300	250
Costs of share issue		(460)	-
Borrowings received		950	-
Repayment of borrowings		(136)	-
Net cash flows generated from financing activities		2,654	250
Net increase in cash and cash equivalents		649	207
Cash and cash equivalents at 1 January		207	-
Cash and cash equivalents at 31 December		856	207
Comprising:			
Cash and cash equivalents		856	207

Notes to the Preliminary Statement

For the year ended 31 December 2015

1 Accounting policies

1.1 Basis of preparation

The consolidated financial statements of 365 Agile have been prepared on the going concern basis and in accordance with EU adopted International Financial Reporting Standards (IFRSs), IFRIC interpretations and in accordance 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.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined by section 434 and 435 of the Companies Act 2006. The financial information for the year ended 31 December 2015 has been extracted from the Group's consolidated financial statements upon which the auditor's opinion is unmodified and does not include any statement under section 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2015 will be delivered to the Registrar of Companies following the Annual General Meeting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Section 1.23 in the accounting policies.

Comparative amounts are restated in respect of the reverse acquisition of 365 Agile Limited. Further details are given in Section 1.2 below.

New standards adopted in the year are discussed in Section 1.22.

The principal accounting policies, which have been applied consistently in the preparation of the consolidated financial statements throughout the year and by all subsidiary companies, are set out below.

Going Concern

The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the revised licence agreement with Castleon Technologies plc the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the timing of key strategic events, show 365 Agile will be able to operate within the level and conditions of available funding. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

1.2 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to reflect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group applies the acquisition method to account for business combinations where the transaction meets the criteria specified within IFRS 3. The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In August 2015, 365 Agile Group plc acquired, via a share for share exchange, the entire share capital of 365 Agile Limited. The exchange did not meet the definition of a business combination under IFRS 3. Although not a business combination, IFRS 3 requires the preparation of consolidated financial statements using reverse acquisition methodology.

Although the consolidated financial information has been issued in the name of the legal parent, 365 Agile Group plc, it represents in substance continuation of the financial information of the legal subsidiary, 365 Agile Limited.

The assets and liabilities of the legal subsidiary, 365 Agile Limited, are recognised and measured in the Group financial statements at the pre-transaction carrying amounts, without restatement of fair value. The retained earnings and other equity balances of 365 Agile Group plc immediately before the transaction and the results of the period from 1 January 2013 to the date of the transaction are those of 365 Agile Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, 365 Agile Group plc, including equity instruments issued in order to effect the transaction. Comparative numbers presented in the financial statements are the accounts of 365 Agile Limited for the period ended 31 December 2014.

The aggregate deemed fair value of consideration paid, assets and liabilities acquired and resulting charge to the income statement in respect of the above acquisition is £939,792.

1.3 Intangible assets

Goodwill

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred and the fair value of any non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is immediately recognised in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The carrying amount of goodwill allocated to a cash generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

Development costs

Software costs are measured on initial recognition at cost comprising of the purchase price and any directly attributable costs. Internally developed costs are recognised as intangible assets, during the development phase, provided that they meet the following criteria:

- the development costs can be measured reliably;
- the project is technically feasible of reaching completion;
- the Group has adequate technical, financial and other resources to complete the project;
- the Group has the ability to use or sell the software;
- there is an intention to complete the software and use it or sell it; and
- the software will generate probable future economic benefits.

Those costs that do not meet this criteria are expensed as incurred.

Amortisation is charged so as to allocate the cost of assets less residual value over their estimated useful lives, using the straight line method. Assets under the course of construction do not have any amortisation and instead are reviewed annually for impairment. The estimated useful lives of intangible assets are:

Development & software costs – 20 per cent on cost per annum

Other intangible assets

Intangible assets that meet the criteria to be separately recognised as part of a business combination are carried at cost (which is equal to their fair value at the date of acquisition) less accumulated amortisation and impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets acquired in this manner

include software and customer contracts. They are amortised over their estimated useful life as follows:

Software - 4 years

Customer contracts and related relationships - within 1 year

Impairment and amortisation charges are included within the administrative expenses line in the profit or loss.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost includes the original price of the asset and the cost attributable to bringing the asset to its current working condition for its intended use.

Depreciation, down to residual value, is calculated over the estimated useful life of the asset which is reviewed on an annual basis, as follows:

Plant and machinery 25% reducing balance basis

Equipment, fixtures and fittings 2–3 years straight line and 30% reducing balance

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

1.5 Impairment of assets

Goodwill is not subject to amortisation and is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date any goodwill acquired is allocated to each of the cash generating units expected to benefit from the business combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

Other intangible assets and property, plant and equipment are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate the carrying values may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of intangible assets and property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the 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 asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the cash generating unit to which the asset belongs. Fair value less costs to sell is, where known, based on actual sales price net of costs incurred in completing the disposal.

Non-financial assets (other than goodwill) that were impaired in previous periods are reviewed annually to assess whether the impairment is still relevant.

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

Share warrants that are issued within the scope of IFRS 2 (as detailed in 1.13) are measured at fair value at each reporting period end. They are classified as equity instruments based on the substance of the contractual arrangements entered into.

1.7 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.8 Current and deferred income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated using rates and laws that have been enacted or substantively enacted at the balance sheet date that are expected to be in place when the temporary differences reverse.

Deferred tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

1.9 Trade and other receivables

Trade and other receivables are initially recognised and carried at fair value and subsequently amortised cost under the effective interest method. Provision is made where there is objective evidence that the balances will not be recovered in full. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Amounts recoverable on contracts are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amount received as progress payments on account.

The Group's trade and other receivables are non-interest bearing.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits and are subject to insignificant risk of changes in value and have maturities of three months or less from inception.

1.11 Foreign currencies

The functional and presentation currency of 365 Agile is Pounds Sterling (£) and the Group conducts the majority of its business in Sterling.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit or loss.

1.12 Pensions

The Group operates a defined contribution scheme. Pension costs are charged directly to the profit or loss in the period to which they relate on an accruals basis. The Group has no further payment obligations once contributions have been paid.

1.13 Share-based payment transactions

The cost of equity-settled transactions with employees or suppliers is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees or suppliers become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions are approved by the directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the

vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

1.14 Financial assets

The Group classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' on the balance sheet.

Recognition

Financial assets are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted by translation costs.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

1.15 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the finance cost line in the profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

1.16 Finance costs

Loans are carried at fair value on initial recognition, net of unamortised issue costs of debt. These costs are amortised over the loan term.

All other borrowing costs are recognised in the income statement on an accruals basis, using the effective interest rate method.

1.17 Revenue

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

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

Sale of software licences

The Group sells licences to use its software products either on a perpetual royalty free basis or on a rental basis for a fixed period of time. Revenue arising from the sale of perpetual licences is recognised at the time of sale provided that all the Group's obligations associated with the sale of the licence have been fulfilled. Revenue from licences sold on a rental or subscription basis is recognised over the period for which the Group has obligations under the contract.

Sales of services

The Group sells consultancy, training, implementation and project management services to customers either separately from or in conjunction with the sale of licences. Revenue from the sale of services is recognised as the services are provided. The licence element is recognised as noted above.

Sales of goods

Sales of goods are recognised on delivery.

Annual contracts

The Group enters into contracts to provide support services on an annual basis. Revenue from support agreements is recognised in equal instalments over the period of the agreements.

1.18 Other income

Finance income

Income is recognised on an accrual basis using the effective interest method.

Government grants

Grants received in respect of operational costs are recognised as income in the income statement over the period necessary to match it with the related operational costs, for which it is intended to compensate.

Grants received in respect of capital expenditure is offset against the corresponding fixed asset addition in the statement of financial position.

1.19 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted separately on the face of the income statement. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which are included within the exceptional category include:

- the actual and deemed costs of listing arising from the reverse acquisition in the year;
- spend on the integration of significant acquisitions and other major restructuring programmes; and
- other particularly significant or unusual items.

Spend on integration is incurred by the Group, when integrating one trading business into another. The types of costs include employment related costs of staff made redundant as a consequence of integration, due diligence costs, legal and third party advisor fees and rebranding costs.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the income statement as management believe that they need to be considered separately to gain an understanding of the underlying profitability of the trading businesses. Details of the exceptional costs incurred in the year are given in note 2.

1.20 Operating profit or loss

The operating profit or loss is identified in the income statement and represents the profit or loss on continuing activities before finance income and costs and taxation.

1.21 Segmental reporting

The Chief Operating Decision Maker has been identified as the Executive Board. The Executive Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Board assesses the performance of the operating segments based on adjusted EBITDA. Information provided to the Executive Board is measured in a manner consistent with that in the financial statements.

1.22 Application of new IFRSs and interpretations

New standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.23 Critical accounting estimates and assumptions

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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimated valuation of intangibles

On acquisition of a new business, the Group identifies the fair value of net assets acquired. It also identifies intangible assets. This calculation involves estimates about future revenues, costs, cash flows and the cost of capital for the Group. It also involves estimating the life of customer contracts and software. Such estimates are derived from actual data and management experience. See note 4 for further details.

- Estimated impairment of goodwill and intangible assets with indefinite lives

The Group tests annually whether goodwill and intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in 1.5. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates based on actual data and management experience. Further details of the Group's goodwill are given in note 4.

- Estimated valuation of financial instruments

Share warrants are valued based on the following definition of Fair Value per IFRS 13 'Fair Value Measurement': 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. These calculations require the use of estimates of inputs such as share price volatility, performance criteria, dividend yield and warrant life. External experts have been engaged for valuation purposes where appropriate. See note 6 for further details.

- Classification of convertible loan notes

The company has a contractual obligation to deliver cash on maturity of its convertible loan notes for the amount of principal and interest which the Company cannot avoid. Therefore, the loan notes include a financial liability relating to the cash obligation. Furthermore, the holders of the notes will receive the same percentage of shares as a result of any possible adjusting events as would have been the case before the adjusting event took place. The fixed for fixed test in terms of IAS 32 is therefore not passed and the loan notes are accounted for as a financial liability as a whole.

- Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions regarding inputs such as share price volatility, performance criteria, dividend yield and warrant life are approved by the directors.

- Estimated allocation of costs incurred on reverse acquisition

The Group has incurred professional fees in connection with the reverse acquisition of 365 Agile Limited and the co-terminus equity fundraise. The costs in relation to the reverse acquisition are expensed in the profit or loss whilst the costs incurred relating to the equity fundraise are deducted from equity. Services provided by advisers comprise both elements of cost with no split between the two components. The directors have exercised judgement when classifying such costs between the income statement and equity and have allocated £406,000 to the income statement and £460,000 to equity.

- Classification of Exceptional costs

The directors have exercised judgement when classifying certain costs as integration and strategic costs. They believe that these costs are all related to the costs described in note 1.19 and are further detailed in note 2.

2 Exceptional costs

In accordance with the Group's policy in respect of exceptional costs the following charges were incurred for the year:

	2015 £000	2014 £000
Deemed cost of listing on reverse (see note 1.2)	940	-
Reverse acquisition costs	406	-
Other acquisition costs	249	-
Integration and reorganisation costs	205	-
	1,800	-

3 Earnings/loss per share

Basic loss per share and diluted loss per share are calculated using a weighted average number of shares of 6,907,375 and 6,957,395 respectively. (2014: weighted average number of shares of 773,499). Adjusted EBITDA* has been shown on the grounds that it is a common metric used by the market in monitoring similar businesses.

	2015 £000	2014 £000
Loss for the year from continuing operations before tax	(2,155)	(51)
Net finance expense	19	-
Depreciation	39	-
Amortisation	367	-
Share-based payment charges	65	-
Exceptional items included in administrative expenses	1,800	-
Adjusted EBITDA*	135	(51)
Basic adjusted EBITDA* per share	1.95p	(6.59p)
Statutory EPS:		
Basic loss per share from continuing activities	(29.32p)	(6.59p)
Diluted loss per share from continuing activities	(29.32p)	(6.59p)

The weighted number of shares and the loss for the year for the purposes of calculating the fully diluted earnings per share are the same as the basic loss per share calculation. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of IAS 33.

* Total result for the year from continuing operations before net finance costs, tax, depreciation, amortisation, exceptional costs and share-based payment charges.

4 Business combinations

South View Solutions

On 27 February 2015, 365 Agile Limited acquired 100% of the issued share capital of South View Solutions Limited ('SVS'), a specialist supplier of software and solutions to the social housing sector, for a total consideration of £1.1 million. The principal reason for the acquisition was to strengthen the Group's existing technology, as well as providing access to new customers.

The consideration was satisfied as to £0.75 million in cash and loan notes of £0.35 million. The loan notes were fully settled in July 2015 when they were converted into equity in 365 Agile Limited.

From the date of acquisition to 31 December 2015, the portion of SVS held within continuing activities achieved revenue of £0.75 million and a profit before taxation of £0.4 million. The reported revenue of SVS from the date of its last statutory accounts of 31 July 2014 through to 31 December 2015 was £1.3 million and the profit for the period before taxation was £0.3 million.

Acquisition costs were £46,000.

The goodwill arising on this acquisition is attributable to new cross-selling opportunities achieved from combining the acquired customer bases and technology with the existing Group.

Wireless Things

On 17 March 2015, 365 Agile acquired the entire issued share capital of Wireless Things Limited, formerly Ciseco Limited ('Wireless Things'), a provider of Internet of Things solutions for £0.5 million, satisfied by the issue of shares in 365 Agile Limited with a fair value of £0.5 million. The principal reason for the acquisition was to strengthen the Group's technical knowledge in the Internet of Things ('IoT') market to enable IoT technologies to be embedded into the Group's existing product portfolio.

From the date of acquisition to 31 December 2015, the portion of Wireless Things held within continuing activities achieved revenue of £0.2 million and a loss before taxation of £0.2 million. The reported revenue of Wireless Things from the date of

its last statutory accounts of 31 July 2014 through to 31 December 2015 was £0.4 million and the loss for the period before taxation was £0.1 million.

Acquisition costs were £49,000.

Wireless Things does not generate positive cash flows or profits as a stand-alone entity and is therefore not considered by the Board to have any separable intangible assets. The entire excess of consideration over net assets has therefore been allocated as goodwill. This goodwill is attributable to the IoT knowledge acquired to enable the Group to expand its product portfolio by the integration of IoT capabilities with the Group's existing technology.

365 Agile Limited

On 21 August 2015, 365 Agile Group plc acquired 365 Agile Limited for a total consideration of £9.5 million satisfied by the issue of 12,599,999 Ordinary Shares of £0.30 each at £0.75. The principal reason for the acquisition was to give 365 Agile Limited a stock market listing.

In the Group accounts the reverse acquisition methodology has been applied as set out in IFRS 3. The legal subsidiary is identified as the acquirer and the fair value of the deemed consideration is £829,655. The legal parent is identified as a subsidiary. The aggregate deemed fair value of the net liabilities was £110,138. The excess of the deemed cost over the fair value of assets and liabilities represents a share-based payment. The resulting charge to the income statement in accordance with IFRS 2 in respect of the acquisition was £939,793. The fair value of the net liabilities of the legal parent at the date of acquisition can be analysed as follows:

	£000
Other debtors	7
Cash	17
Trade payables	(18)
Other liabilities	(116)
Net liabilities	(110)

Easytherm

On 23 November 2015, 365 Agile acquired the entire share capital of Easytherm Limited ('Easytherm'), a developer of Internet of Things technology, for £2.1 million, satisfied by £0.2 million in cash, £1.8 million at fair value of shares issued in 365 Agile Group plc and £0.1 million of convertible loan notes. In addition, the Company issued a further £0.2 million of convertible loan notes in settlement of borrowings owed by Easytherm Limited. The loan notes are repayable in 12 months, carry 5% coupon and are convertible into new ordinary shares of 30 pence each in 365 Agile ('Ordinary Shares') at a price of 82 pence per Ordinary Share. The fair value of loan notes at the date of issue was £0.3 million. The principal reason for the acquisition was to further strengthen the Group's technical knowledge in the IoT market and to enable additional IoT technologies to be embedded into the Group's existing product portfolio.

From the date of acquisition to 31 December 2015, the portion of Easytherm held within continuing activities achieved revenue of £nil and a profit before taxation of £nil. The reported revenue of Easytherm from the date of its last statutory accounts of 30 April 2015 through to 31 December 2015 was £11,000 and the loss for the period before taxation was £46,000.

Acquisition costs were £106,000.

Easytherm does not generate positive cash flows or profits as a stand-alone entity and is therefore not considered by the Board to have any separable intangible assets. The entire excess of consideration over net assets has therefore been allocated as goodwill. This goodwill is attributable to the IoT knowledge acquired to enable the Group to expand its product portfolio by the integration of further IoT capabilities with the Group's existing technology and the development of new products.

Goodwill

The total provisional goodwill arising from the acquisitions is the difference between the fair value of consideration less the provisional fair value of assets acquired:

	SVS £000	Wireless Things £000	Easytherm £000	Total £000
Fair value of purchase consideration	1,100	456	2,142	3,698
Less fair value of assets acquired:				
Property, plant and equipment	(12)	(78)	-	(90)
Inventories	-	(40)	(25)	(65)
Trade receivables	(444)	(19)	-	(463)
Other debtors	(4)	(10)	-	(14)
Cash	(176)	(4)	(1)	(181)
Deferred tax asset	(30)	-	-	(30)
Trade payables	33	37	6	76
Corporation tax payable	36	-	-	36
Borrowings	-	63	342	405
Other liabilities	507	16	9	532
Software	(795)	-	-	(795)
Customer contracts and related assets	(160)	-	-	(160)
Deferred tax liability	191	-	-	191
Goodwill	246	421	2,473	3,140

The consideration was satisfied as follows:

	SVS £000	Wireless Things £000	Easytherm £000	Total £000
Cash	750	-	230	980
Equity issued	-	456	1,760	2,216
Convertible loan notes:				
- classified as debt	-	-	152	152
- classified as equity	350	-	-	350
	1,100	456	2,142	3,698

On acquisition of each business the directors assessed the business acquired to identify any intangible assets. Customer contracts and related relationships and software met the criteria for recognition as intangible assets as they are separable from each other and have a measurable fair value, being the amount for which an asset would be exchanged between knowledgeable and willing parties in an arm's length transaction. Where, in the opinion of the directors, there were no separable assets on acquisition the entire purchase consideration has been allocated to goodwill.

For the customer contracts the fair value of the intangible assets was calculated by using the cash flows arising from the existing customer contracts base. Due to the short term nature of the contracts acquired, only those revenues relating to contracted amounts or outstanding orders at the date of acquisition were included in this category.

The fair value of software was calculated by using the discounted cash flows expected to arise from the use of the software by the directors.

A customer retention rate of 95% was applied with a discount rate of 8.07%. The reasonable economic life of the customer relationships and software was assumed to be between 0 and 4 years. The identifiable intangible assets and related deferred tax liability are as follows:

	SVS £000	Wireless Things £000	Easythem £000	Total £000
Customer contracts and related assets	160	-	-	160
Software	795	-	-	795
Deferred tax liability	(191)	-	-	(191)
Goodwill	246	421	2,473	3,140
	1,010	421	2,473	3,904

Impairment tests for goodwill

In the opinion of the Board, the Group has one cash generating unit, the development and exploitation of technology. The goodwill arising on acquisition represents the economic benefits the Group is expecting to derive as detailed above, and is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of the goodwill was based on a value in use calculation using cash flow projections until December 2025 from forecast revenue streams. Forecast revenue and costs were based on sensitised management expectations, with revenue based on assumed penetration of 0.2%, 3%, 6%, 9% and 12% of certain target sectors for each of the years ended 2016 to 2020 respectively, with no growth thereafter. An increase in operating costs of 54% over current levels has also been assumed. Cash flows were discounted at a rate of 9.97% which reflects management's risk-adjusted estimate of the weighted average cost of capital. Following the impairment review of goodwill, the directors considered it unnecessary to record a goodwill impairment charge in the year ended 31 December 2015. A reasonably possible adverse movement in any of the above key assumptions made would not give rise to an impairment.

5 Intangible assets

	Goodwill £000	Software £000	Customer contacts and related relationships £000	Development expenditure £000	Total £000
Cost					
At 1 January 2013	-	-	-	-	-
Additions	-	-	-	16	16
At 1 January 2014	-	-	-	16	16
Additions	-	-	-	218	218
Business Combinations	3,140	795	160	-	4,095
At 31 December 2015	3,140	795	160	234	4,329
Amortisation					
At 1 January 2013 and 2014	-	-	-	-	-
Charge for the year	-	(200)	(160)	(7)	(367)
At 31 December 2015	-	(200)	(160)	(7)	(367)
Net carrying amount					
31 December 2015	3,140	595	-	227	3,962
31 December 2014	-	-	-	16	16

Software relates to the Group's technology platform.

6 Called up share capital

	2015 Number	2014 Number	2015 £000	2014 £000
Allotted, called up and fully paid share capital				
Ordinary shares of 30p (2014: 0.003p, 2013: 25p)				
1 January	10,056,423,466	1,389,756,860	302	42
Share consolidation	(10,055,417,823)	-	-	-
Share issues	17,908,430	8,666,666,606	5,372	260
31 December	18,914,073	10,056,423,466	5,674	302
Allotted, called up and fully paid share capital				
Deferred shares of 0.247p				
1 January	1,389,756,800	1,389,756,800	3,432	3,432
Shares repurchased and cancelled	(1,389,756,800)	-	(3,432)	-
31 December	-	1,389,756,800	-	3,432
Total issued share capital	18,914,073	11,446,180,266	5,674	3,734

Ordinary shareholders have the right to attend, vote and speak at meetings, receive dividends, and receive a return on assets in the case of a winding up.

The deferred shares are transferable only with the consent of the Company and will not be admitted to trading on AIM (or any other investment exchange). The holders of the deferred shares do not, by virtue or in respect of their holdings of deferred shares, have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares were repurchased and cancelled by the Company on 20 August 2015 for a total consideration of 1 penny.

Share issue

During the year the following shares were issued:

	2015 Number	2014 Number
Placing with investors	3,066,667	8,666,666,606
Shares issued as consideration for fees	10,056	-
Shares issued as consideration for acquisition of 365 Agile Limited	12,599,999	-
Shares issued as consideration for acquisition of Easytherm Limited	2,231,708	-
	17,908,430	8,666,666,606

In order to provide sufficient working capital to allow the Group to pursue its stated strategy and to fund further acquisitions, on 21 August 2015, the Company raised £2.3 million (before fees) by way of an equity placing 3,066,667 new Ordinary Shares at a price of 75 pence per Ordinary Share. A further 12,610,055 new Ordinary Shares were issued on this date as a result of the reverse acquisition of 365 Agile Limited and in settlement of fees due to a former adviser of the Company.

On 23 November 2015, 2,231,708 new Ordinary Shares were issued as consideration for the acquisition of Easytherm Limited at a price of 82 pence per share. The share issue included £1,760,000 consideration and £70,000 in respect of loans settled.

On 31 July 2015 loans owed by 365 Agile Limited totalling £950,000 were converted into shares in that company. The £950,000 is reflected in the cash flow statement as 'borrowings received'.

Warrants

During the year, in acknowledgement of professional services provided as the Group's corporate finance adviser, warrants over 5% of the Company's current and future issued share capital were issued to MXC Capital Guernsey Limited ('MXC'). At 31 December 2015, MXC held 945,703 share warrants in the Company. 50% of the warrants vest between one and three years from grant, the remaining 50% also vest between one and three years from grant if the shares achieve a compound growth rate of 12% per annum from the placing price of 75 pence at the point of exercise. The warrants must be exercised within seven years of grant.

The fair value of the warrants has been calculated by an external valuations expert using a two-tiered Black-Scholes option pricing model together with an empirical model, adjusted by a probability weighting to take the likely achievement of performance criteria into account.

The weighted average fair value of the warrants issued during the period determined by the option pricing model above was 8.56 pence per warrant. The significant inputs into the model were weighted average share price of 75.8 pence per share at the grant date, an exercise price of between 75 pence and 82 pence per share, volatility of 48.72%, probability of achieving performance targets of 15.44% and an expected warrant life of one to seven years.

The expense recognised for equity-settled share-based payments in respect of warrants issued during the year to 31 December 2015 was £18,000 (2014: £nil).

7 Net cash flows from continuing operating activities

	2015 £000	2014 £000
Loss on ordinary activities before taxation	(2,155)	(51)
Adjustments for:		
Net finance costs	19	-
Depreciation of property, plant and equipment	39	-
Amortisation of intangibles	367	-
Equity-settled share-based payment charge	65	-
Deemed cost of listing on reverse acquisition	940	-
Movements in working capital:		
Increase in trade and other receivables	(83)	(14)
(Decrease)/increase in trade and other payables	(31)	45
Increase in inventory	(42)	-
Cash used in continuing operations	(881)	(20)

8 Subsequent events

On 4 April 2016, 365 Agile announced it had entered into a revised licence agreement with Castleton Technology plc, the Group's exclusive reseller within the social housing sector. The revised licence guarantees 365 Agile a minimum licence fee income of £1.8 million payable over the coming three years. In addition, certain of the Group's staff were transferred to Castleton Technology plc and a subcontractor agreement entered into with them.