365 Agile Group plc
("365 Agile", the "Group" or the "Company")

Audited Results for the year ended 31 December 2016

365 Agile today announces its audited results for the year ended 31 December 2016.

The Annual Report and Accounts for the year ended 31 December 2016 together with the Notice of Annual General Meeting will be posted to shareholders in due course.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014

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Chairman's Statement

I am pleased to report the results of 365 Agile Group plc for the year ended 31 December 2016.

Background

On 21 August 2015, the Company completed the acquisition of 365 Agile Limited, a reverse takeover under the AIM Rules for Companies ("AIM Rules") and changed its name to 365 Agile Group plc. At that time the Company's focus was on the sale of software to provide field based workers access to traditional back office systems on smart phones or tablets. Additionally, through its Wireless Things Ltd subsidiary, the Group intended to exploit opportunities more widely in the Internet of Things ("IoT") sector, and to that end in November 2015, the Company acquired Easytherm Limited, owner of a smart internet based heating and hot water controller which was complementary to 365 Agile's range of solutions.

In April 2016, the Company announced the departure of the Chief Executive Officer and a new licence agreement with Castleton Technology plc ("Castleton") for the provision of 365 Agile's software solutions to the social housing sector on an exclusive basis (the "Licence Agreement"). The Licence Agreement guarantees 365 Agile minimum payments totalling at least £1.8 million over a three year period with the potential for a further payment of at least £0.3 million in the year to 31 March 2019 depending on total sales achieved by Castleton for the first three years of the Licence Agreement. In addition, certain staff transferred from 365 Agile to Castleton.

On 22 August 2016, the Company announced that, following a reassessment of its strategy to develop a meaningful business in the IoT space, the Board did not believe the continued investment of the income from the Licence Agreement into the Group's Nottingham based operations, trading under the Wireless Things name, would result in Wireless Things becoming core to the Group's future plans. This was formally confirmed on 26 August 2016 and accordingly this business has been closed and all staff were made redundant. In addition, the Board took the strategic decision that it would not invest further in the technology acquired from Easytherm Limited. Accordingly, trading activities in all of the Company's subsidiaries were discontinued at this time.

On 18 November 2016, the Company entered into a £275,000 loan facility with MXC Capital Limited (the "Loan") to allow the repayment of the outstanding £335,000 5% loan notes which were issued at the time of the acquisition of Easytherm Limited and which were due for repayment on 23 November 2016. The Loan is unsecured and has a one year term with interest payable at a rate of 10% per annum.

Current position

Under the AIM Rules, following the closure of Wireless Things, the Company was deemed to be an "AIM Rule 15 cash shell". Accordingly, in the absence of a qualifying transaction, trading in the Company's shares was suspended on 27 February 2017. The Company now has until 25 August 2017 to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules or otherwise seek readmission as an investing company with the attendant requirement to raise at least £6 million on or immediately before such readmission. In the event that neither of these occur by 25 August 2017, then admission of the Company's shares to trading on AIM will be cancelled.

The income from the Licence Agreement covers the Company's day-to-day costs but is unlikely to be sufficient to fund any material acquisitions.

Financial Results

Predominantly as a result of the Licence Agreement, revenue for the year to 31 December 2016 was £2.1 million (2015: £1.6 million). This licence is a perpetual licence, meaning the discounted net present value of the full minimum payment is recognised up front. Accordingly, £1.7 million is included in revenue in the year in respect of this agreement.

As detailed above, following the granting of the Licence Agreement and the subsequent strategic review, the decision was taken to discontinue trading operations in all of the Company's subsidiaries. Consequently, the Board considers the assets held by the Group to be impaired as at 31 December 2016 and the assets have therefore been stated at their estimated recoverable amounts at the end of the period, with the result that a loss on re-measurement (impairment loss) has been recognised of £4.2 million (2015: £nil). This charge, together with all trade from the Company's subsidiaries, is recognised within discontinued operations, in accordance with the requirements of IFRS 5. Further details are given in note 2.

The loss for the year before taxation from continuing operations, which relates to the activities of the Company, was £0.4 million (2015: loss of £1.7 million). The profit before taxation from the discontinued trading activities for the year up to the point of discontinuation was £1.0 million (2015: £0.4 million loss). After the above impairment losses, the overall loss after taxation for the year was £3.6 million (2015: £2.0 million).

Cash utilised during the period totalled £0.7 million, with a year-end cash balance of £0.1 million (2015: £0.9 million). Net assets at 31 December 2016 were £0.9 million (2015: £4.5 million).

Going concern

Based on the terms of the Licence Agreement 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

We are continuing to evaluate potential acquisition targets in the technology sector, and look forward to updating shareholders in due course.

Clive Carver
Non-Executive Chairman

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

	Note	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	-
Exceptional costs		**(65)**	(1,493)
Charges for share-based payments		**(48)**	(18)
Other administrative expenses		**(284)**	(218)
Total administrative expenses		**(397)**	(1,729)
Operating loss		**(397)**	(1,729)
Finance costs		**(18)**	(2)
Loss on ordinary activities before taxation		**(415)**	(1,731)
Income tax		-	-
Loss for the year from continuing operations		**(415)**	(1,731)
Loss for the year from discontinued operations	2	**(3,157)**	(294)
Loss and total comprehensive income for the year attributable to owners of the parent		**(3,572)**	**(2,025)**
Loss per share			
Basic and diluted loss per share from continuing operations	3	**(2.19)p**	(25.06)p
Basic and diluted loss per share from discontinued operations	3	**(16.69)p**	(4.26)p
Total basic and diluted loss per share	3	**(18.88)p**	(29.32)p

The comparatives have been restated to reflect the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'. See note 2 for details.

Consolidated Balance Sheet
As at 31 December 2016

	31 December 2016 £000	31 December 2015 £000
Assets		
Non-current assets		
Intangible assets	-	3,962
Property, plant and equipment	-	129
Trade and other receivables	689	64
	689	4,155
Current assets		
Inventories	-	106
Trade and other receivables	772	515
Cash and cash equivalents	132	856
	904	1,477
Total assets	1,593	5,632
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	5,674	5,674
Share premium account	14,036	14,036
Capital redemption reserve	4,426	4,426
Reverse acquisition reserve	(19,932)	(19,932)
Merger relief reserve	-	2,310
Equity reserve	66	65
Accumulated loss	(3,338)	(2,076)
Total equity attributable to the owners of the parent	932	4,503
Liabilities		
Current liabilities		
Trade and other payables	383	746
Borrowings	278	329
	661	1,075
Non-current liabilities		
Borrowings	-	23
Deferred taxation liabilities	-	31
	-	54
Total liabilities	661	1,129
Total equity and liabilities	1,593	5,632

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	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 2015	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
Loss for the year and total comprehensive income	-	-	-	-	-	-	(3,572)	(3,572)
Transactions with owners:								
Share-based payments - staff share scheme	-	-	-	-	-	(47)	-	(47)
Share-based payments - warrants issued	-	-	-	-	-	48	-	48
Transfer between reserves on impairment of investment in subsidiaries	-	-	-	-	(2,310)	-	2,310	-
	-	-	-	-	(2,310)	1	2,310	1
At 31 December 2016	5,674	14,036	4,426	(19,932)	-	66	(3,338)	932

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Note	31 December 2016 £000	31 December 2015 £000
Cash flows from operating activities			
Cash used in operations	4	(351)	(584)
Net finance charges paid		(18)	-
Income taxes paid		-	-
Net cash flows used in operating activities – continuing operations		(369)	(584)
Cash flows from financing activities			
Proceeds from issuance of shares		-	2,300
Costs of share issue		-	(460)
Borrowings received		275	950
Repayment of borrowings		(319)	(136)
Net cash flows (used in)/generated from financing activities – continuing operations		(44)	2,654
Net cash flows used in discontinued operations	2	(311)	(1,421)
Net (decrease)/increase in cash and cash equivalents		(724)	649
Cash and cash equivalents at 1 January		856	207
Cash and cash equivalents at 31 December		132	856
Comprising:			
Cash and cash equivalents		132	856

The comparatives have been restated to reflect the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'. See note 2 for details.

Selected Notes to the Consolidated Financial Statements

1 Accounting policies – Group

365 Agile is a public limited company incorporated and domiciled in England and Wales, whose shares are quoted on AIM, the market of that name operated by the London Stock Exchange. The registered office is 100 Fetter Lane, London, EC4A 1BN and the principal place of business is the United Kingdom. The principal activity of the Group during the year was the development and supply of software and services which allow companies to mobilise their data systems. As detailed in the Chairman's Statement, all subsidiary companies discontinued their trading activities during the year and the Company is now a 'cash shell' under AIM Rule 15, seeking a suitable acquisition target through which to continue to trade. Selected principal accounting policies, which have been applied consistently in the preparation of these consolidated financial statements throughout the year and by all subsidiary companies, are set out below:

1.1 Basis of preparation

The preliminary financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the financial years ended 31 December 2016 and 31 December 2015, but has been derived from those accounts. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRIC interpretations as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information included in this preliminary announcement does not include all the disclosures required by IFRS or the Companies Act 2006 and accordingly it does not itself comply with IFRS or the Companies Act 2006.

Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for the financial year ended 31 December 2016 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts and their opinion was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The consolidated financial statements of 365 Agile have been prepared on the going concern basis and in accordance with EU adopted 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 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 replicated in this summary at section 1.4 below.

Certain comparative amounts are restated in respect of discontinued activities. Further details are given in Section 1.3 below.

Going Concern

The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the revised licence agreement with Castleton Technology plc, the Group's forecasts and projections, taking account of reasonably possible changes in 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. In addition, following the discontinuation of trading activities in the Company's subsidiaries, the Board continues to seek a suitable acquisition through which to continue the Group's operations.

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.

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.

1.3 Discontinued operations

As detailed in note 2, during the year the Company's subsidiaries discontinued their trading activities and are therefore classified as discontinued operations. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the re-measurement to fair value of the related assets and liabilities.

1.4 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:

- Impairment of intangibles

Following the discontinuation of trade in the Company's subsidiaries, the directors have carried out an impairment review of the Group's intangibles, based on their assessment of the recoverable amounts of the Group's cash generating units. This has resulted in an impairment loss in the year in respect of intangibles.

- Recovery of trade and other receivables

The directors have reviewed the Group's trade and other receivables and have made impairment provisions where they believe them to be necessary.

The Group is owed £1.4 million by the Castleton Technology plc group at 31 December 2016 in respect of a licence agreement entered into between the two parties. This amount is stated at amortised cost in accordance with the Group's accounting policies. In the opinion of the Board, based on both its assessment of Castleton Technology plc's ability to service this debt and on its payment history to date, no provision is required against this receivable.

- Recognition of revenue

The above agreement with Castleton Technology plc is in relation to the sale of a perpetual licence and has therefore been recognised as the sale of a software licence in accordance with the Group's accounting policy on revenue recognition. The licence agreement provides for a minimum level of revenue together with a further contingent revenue, dependent on future sales levels being achieved. As the future sales levels cannot be predicted with reasonable accuracy the contingent income has not been recognised within revenue in the current year.

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. The licence agreement with Castleton Technology plc is in respect of such a perpetual licence and therefore the fair value of the minimum revenues due under the contract has been recognised in full at the time of sale.

The fair value has been calculated using a discount rate of 5%, which the Board feels is an appropriate risk-adjusted estimate of the weighted average cost of capital.

- Estimated valuation of warrants

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.

- Classification of Exceptional costs

The directors have exercised judgement when classifying certain costs as integration and strategic costs.

- Going concern

The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the revised licence agreement with Castleton Technology plc, the Group's forecasts and projections, taking account of reasonably possible changes 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. In addition, following the discontinuation of trading activities in the Company's subsidiaries, the Board continues to seek a suitable acquisition through which to continue the Group's operations.

2 Discontinued operations

As explained in the Chairman's Statement, in August 2016 the Company announced that it was now deemed to be an "AIM Rule 15 cash shell", following the discontinuation of the trading activities of its subsidiary companies. The Group continues to collect receivables due from its period of trade, but the Company is the only element of the Group continuing to carry out ongoing trading activities. In accordance with the provisions of IFRS 5 'Assets held for sale and discontinued operations' the activities of the Company are classed as 'continuing operations' whilst all other activities of the Group during the year meet the definition of 'discontinued operations'. As required by IFRS 5, all revenue and expenses, gains and losses relating to the discontinuation of the Company's subsidiaries have been eliminated from profit or loss in the Group's continuing operations and are shown as a single line item in the Consolidated Statement of Comprehensive Income (see 'loss for the year from discontinued operations').

The operating profit of the discontinued operations and the loss on re-measurement of the fair value of the related assets and liabilities at the point of discontinuation are summarised as follows:

	2016	2015
Operating profit:	£000	£000
Revenue	2,124	1,591
Cost of sales	(79)	(197)
Administrative expenses	(1,033)	(1,832)
Other operating income – grant income received	12	31
Operating profit/(loss)	1,024	(407)
Net finance costs	(4)	(17)
Profit/(loss) from discontinued operations before tax	1,020	(424)
Tax (expense)/income	(73)	130
Profit/(loss) for the year	947	(294)
Loss on re-measurement:		
Loss before tax on re-measurement to fair value, less costs to sell (see below)	(4,206)	-
Tax income	102	-
Total loss on re-measurement	(4,104)	-
Loss for the year from discontinued operations	(3,157)	(294)

The subsidiary companies have not been disposed of, but have all discontinued their trading activities. The fair value of the assets and liabilities relating to those companies has been re-measured at the point of cessation of trade, with the following impairment (gains)/losses recognised:

	2016 £000	2015 £000
Intangible assets	3,883	-
Property, plant and equipment	109	-
Inventories	97	-
Trade and other receivables	139	-
Impairment losses	4,228	-
Re-measurement of trade and other payables	(22)	-
Loss before tax on re-measurement to fair value, less costs to sell	4,206	-

Cash flows arising from the discontinued operations were as follows:

	2016 £000	2015 £000
Operating activities	(247)	(350)
Investing activities	(33)	(1,071)
Financing activities	(31)	-
Cash flows used in discontinued operations	(311)	(1,421)

3 Earnings/loss per share

The calculation of basic and diluted loss per share from continuing and discontinued operations is based on results attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding warrants would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive under the terms of IAS 33.

Basic and diluted loss per share from continuing operations is calculated as follows:

	2016 Loss per share pence	2016 Loss £000	2016 Weighted average number of ordinary shares	2015 Loss per share pence	2015 Loss £000	2015 Weighted average number of ordinary shares
Basic and diluted loss per share – continuing operations	(2.19)	(415)	18,914,073	(25.06)	(1,731)	6,907,375

Basic and diluted loss per share from discontinued operations is calculated as follows:

	2016 Loss per share pence	2016 Loss £000	2016 Weighted average number of ordinary shares	2015 Loss per share pence	2015 Loss £000	2015 Weighted average number of ordinary shares
Basic and diluted loss per share – discontinued operations	(16.69)	(3,157)	18,914,073	(4.26)	(294)	6,907,375

Total basic and diluted loss per share is calculated as follows:

	2016 Loss per share pence	2016 Loss £000	2016 Weighted average number of ordinary shares	2015 Loss per share pence	2015 Loss £000	2015 Weighted average number of ordinary shares
Total basic and diluted loss per share	(18.88)	(3,572)	18,914,073	(29.32)	(2,025)	6,907,375

4 Net cash flows from continuing operating activities

	2016 £000	2015 £000
Loss on ordinary activities before taxation	(415)	(1,731)
Adjustments for:		
Net finance costs	18	2
Equity-settled share-based payment charge	48	18
Deemed cost of listing on reverse acquisition	-	940
Movements in working capital:		
Increase in trade and other receivables	5	222
Decrease in trade and other payables	(7)	(35)
Cash used in continuing operations	(351)	(584)

5 Subsequent events

As detailed in the Chairman's Statement, the Company is now a 'cash shell' under AIM rule 15. Consequently, on 27 February 2017, the Company's shares were suspended from trading on AIM. It has until 25 August 2017 to complete an acquisition, raise sufficient capital to become classed as an investing company or to re-register as a private company.

6 Related parties

The Group has taken advantage of the exemption allowing it not to disclose transactions with entities wholly-owned by the Group.

Key management is considered to comprise only the directors. Key management remuneration paid during the year (including employer's national insurance) was £218,000 (2015: £156,000).

Jill Collighan and Anthony Weaver are directors of certain companies within the MXC Capital Limited group ("MXC"). MXC is also a significant shareholder in the Company. During the year, the Group paid MXC for consultancy services and corporate finance advice amounting to £104,000 (2015: £324,000). At 31 December 2016 £290,000 (2015: £165,000) was owed to MXC by the Group. In addition the Company has issued warrants to MXC as detailed the report and accounts. On 18 November 2016, the Company entered into a £275,000 loan facility with MXC. The loan is unsecured and has a one year term with interest payable at rate of 10.0% per annum.

Jonathan Holyhead, a majority shareholder and former director of 365 Agile was formerly a majority shareholder and director of Documotive Limited. Davinder Sanghera, a significant shareholder in Company, was, until January 2017, a director of Castleton Technology plc ("Castleton") which acquired 100% of the issued share capital in Documotive Limited on 18 November 2014. MXC is also the largest shareholder in Castleton.

On 18 November 2014, the Group entered into a reseller agreement with Documotive Limited (subsequently transferred to Castleton) whereby Documotive Limited was granted an exclusive non-transferrable licence to market and sell the Group's products to its existing client base and, by mutual agreement, to certain clients in the sector for a period of three years. On 1 April 2016 the Company entered into a new licence agreement with a subsidiary of Castleton for the provision of the Company's software solutions to the social housing sector on an exclusive basis (the "Licence Agreement"). The Licence Agreement guarantees the Group minimum payments totalling at least £1.8 million over a 3-year period. In addition, certain staff transferred from the Group to Castleton.

During the year ended 31 December 2016, the Group recognised sales income, on an amortised cost basis, to Castleton of £1,891,000 (2015: £683,000). At 31 December 2016, the trade debtor balance outstanding from Castleton was £1,441,000 (2015: £265,000).