

mporium Group plc

Financial Statements for the year ended 31 December 2015

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Company information for the year ended 31 December 2015

| | |
|---|---|
| Directors: | N Walder – Non-Executive Chairman S Bjornstad – Non-Executive Director B Moat – Chief Executive Officer R J Gordon – Chief Financial Officer and Company Secretary |
| Registered office: | 106 New Bond Street London W1D 1DS |
| Registered number: | 08696120 |
| Statutory Auditors: | Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP |
| Nominated Advisor and Broker | Nplus1 Singer Capital Markets Limited One Bartholomew Lane London EC2N 2AX |
| Registrars | Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU |
| Banker | Metro Bank One Southampton Row London WC1B 5HA |

Strategic and Financial Report for the year ended 31 December 2015

mporium Group PLC (“mporium” or the “Company”)

Overview

mporium Group plc (AIM:MPM), is a public company listed on the London Stock Exchange’s AIM market and acts as a holding company for mporium Limited and Fast Web Media Limited. This is the first time the Company is reporting full year results as mporium Group plc and today announces results for the twelve months to 31 December 2015.

mporium is a “mobile first” technology firm that seeks to monetise the transformation that smartphones have had on consumer digital behaviour. The new management team has transformed the Company away from the original MoPowered business, focusing on a market niche for which the Board believes there is considerable real demand. The Company has been in the process of developing two new products, **impact** and **insights**, to meet these market needs. Development of the new products has been progressing well and mporium expects to bring these products to market by the middle of 2016.

Strategy

There are already more smartphones than PCs globally and the rate of adoption of smartphones is unprecedented. By 2020, the number of smartphones in circulation is estimated to grow to c.4 billion, which means that over 80% of the world’s adult population will own a smartphone. One of the many significant consequences of this revolution, is the profound effect on consumers’ digital behaviour.

As smartphones are portable and always connected, consumers are able to respond to stimuli from their environment in real-time. This has resulted in consumers generating a far greater diversity of search terms than occurred when search was dominated by PC activity. The dramatic increase in smartphone traffic and associated conversion rates, has significantly reduced the effectiveness of platforms that were constructed for e-Commerce in a PC dominated world. The consequences of the migration to a smartphone dominated environment are profound and the barriers to refactoring legacy platforms are high.

To succeed in the smartphone era, businesses need to embrace technologies that optimise for mobile devices. mporium’s patent pending technologies are built with the express intention of enabling brands, retailers, agencies and broadcasters to prosper in this new environment.

mporium’s **impact** is specifically targeted at monetising the events that Google calls “Micro-Moments”: these are the multitude of stimuli that encourage consumer engagement and interest throughout the day. In a world where smartphones have generated a far greater diversity of search terms, stimuli that coordinate large scale consumer behaviour are rare and extremely valuable.

TV provides a mechanism that is almost unique in its ability to selectively manage and coordinate very large audiences. Crucially, TV prime viewing time matches the peak of both smartphone and e-Commerce activity. mporium’s **impact** is designed to monetise second-screening, a widely growing habit of consumer’s ability to operate a mobile device whilst simultaneously watch TV, by identifying the peak moments of consumer interest on TV and then launching search and social campaigns in real-time. The result is that consumers are engaged in a highly relevant manner, significantly increasing the effectiveness of digital marketing by brands and retailers.

Unlike other products, mporium believes that **impact** is unique in focussing on TV content (the documentaries, news, sports, soaps, lifestyle shows) rather than TV advertising. It is TV content that generates the greatest consumer interest and engagement, with consumers becoming ever more adept at disengaging during TV advertising. The target customers for the **impact** platform are tier-one brands, retailers and agencies.

mporium’s **insights** is also built for the smartphone era but is focussed on the SME market. It combines high end analytics with the ability to personalise content based on real-time transactions. The product is designed to provide SME’s with access to sophisticated analytic functionality that is normally reserved for larger retailers with more resources. This product is intended for installation and use by SME’s, it requires no in-depth technology knowledge or experience.

The Company believes that both **impact** and **insights** are highly innovative products which deploy leading technologies that are new to their target markets. For this reason, several new patent applications have been filed and the patent applications process has begun to protect various aspects of the proprietary technology underpinning both products. Internal processes for innovation harvesting, capture and protection have been established as part of this ongoing IP strategy to build a comprehensive and robust intellectual property portfolio.

Strategic and Financial Report – *continued*

The ability to deliver these products has been achieved through a complete revision of the business strategy and the refocussing of development resources. This refocussing, coupled with a strategic partnership with Cxense ASA (a Norwegian-based and Oslo Stock Exchange quoted Tech company), has enabled mporium to develop attractive products in a short time period.

Results Overview

The full year results include charges associated with the placing of the legacy MoPowered platforms into maintenance mode and the cost of reorganising the new business to focus on new products. The combination of these activities has resulted in the poor financial performance of the Company during the year under review.

On 8 June 2015, a new management team led by Barry Moat as Chief Executive was appointed to the Company. This new team initiated a complete business review which concluded that the old MoPowered business model and strategy was no longer attractive and identified the new market opportunity and product strategy. To support the team in the development of a new product suite, marketing of the new products and for general working capital purposes the Company successfully conducted two fundraises through placings during the year, the second of which was completed in November 2015 raising £3.1m. The Company acquired Fast Web Media Limited (FWM) and its subsidiary company InTELEgentsia, as well as disposing of its own subsidiary company Global Mobile Transactions (GMT). The Company also entered into a share swap agreement with Cxense ASA, the Norwegian specialists in data management and personalized online experiences, to license Cxense's technology.

mporium's overall revenues increased to £1.3m in the period, up 38.3% on 2014. This growth was driven primarily through the acquisition of FWM and recognition of 7 months' income, as further MoPowered client sales were brought to a close at the beginning of 2016.

The operational cost base was reduced due to the decommissioning of previous development of the Mopowered platforms and the rationalisation of the operating base. All outsource agreements were terminated, with the business provisioning for those identified agreements. Staff levels were dramatically reduced, particularly in the sales and operations teams and employment of developers both out-house and in-house ceased with subsequent redundancy settlements. Further reductions were also made to the day-to-day corporate costs of the business. Relocation costs associated with an office move and professional fees involved in the transactions utilised resources in the second half of the year.

mporium continues to manage its resources carefully going forward, but due to these factors, the Group recorded an operating loss after excluding share based payments of £3.9m (2014: £4.8m). The total comprehensive loss for the year was £4.9m (2014: £5.2m).

Outlook

The Board believes that 2015 was a transformational year for the Company with its new management and revised product and development strategy, which it expects to roll out fully in the middle of 2016.

Using proprietary technology, mporium **impact** leverages the stimuli that TV content provides, and generates the associated synchronised consumer digital activity. The focus on TV content rather than advertising provides a unique market positioning for the product that will launch in the middle of 2016.

The mporium **insights** product provides enterprise level technology to the SME market. Significant enhancements to the existing **insights** product will be implemented in Q2 2016.

The relationship with Cxense has also been further enhanced, bringing additional flexibility to the Company's development and market deployments. FWM is in the process of being re-aligned to compliment the Group's vision of the digital marketing agency of the future, and preparing for a re-launch that will place mporium Group technology at the core of the FWM offering.

KPI

The Key Performance Indicators for the Group will be developed throughout the year and will include such metrics as:

- Number of leads that are generated;
- Number of merchants that are acquired;
- Average Revenue under management;

These are indicators of the evolution of (i) the sales and marketing strategy for the mporium Platform, namely to grow the customer base; (ii) the ability of the Platform to deliver a SaaS m-commerce service at scale; and therefore (iii) the generation of recurring and repeating SaaS income. These metrics will be monitored consistently within the business but are not considered to be of any value this year.

On behalf of the Board

Barry Moat

Chief Executive

20 April 2016

Directors' Report for the year ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of mporium Group plc and its subsidiaries.

Directors of mporium Group plc

The Directors shown below have held office during the period of 2015:

- S Bjornstad – appointed 8 June 2015
- N Walder – appointed 29 September 2015
- B Moat – appointed 8 June 2015
- R J Gordon

Other Directors that have held office for part of the period are as follows:

- R Mann resigned – 8 June 2015
- M Hughes resigned – 29 September 2015

Financial risk management objectives and policies

The Group's activities expose it to some degree of liquidity, credit and currency risks. The objective and policies which have been adopted in respect of these risks are described below. mporium monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks.

Liquidity and cash flow risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably. This involves regular cash flow forecasting of short and medium-term cash requirements and the operation of banking facilities only with market leading banks. See going concern considerations as disclosed in Note 2

Credit risk

Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. Credit limits with existing customers are regularly reviewed, particularly with any overdue accounts. See note 4 for further information.

Currency risk

The significant majority of the Group's revenues and costs are in sterling therefore currency risk is not considered significant. To the extent that transactions are incurred in other currencies, mporium will typically exchange to/from sterling as required rather than hold significant foreign currency balances. No forward exchange or other such financial instruments have been used in the period.

Further information on the financial risk management strategy of the Group and of the exposure of mporium to currency risk, interest rate risk, credit risk and liquidity risk is set out in note 4 to the financial statements.

Charitable and political donations

During the year, and in the previous year, the Group did not make any charitable or political contributions.

Dividend policy

No dividend was paid during the current year or prior year.

Employees

mporium's policy of providing employees with information about the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The Group continues to consider ways to encourage the involvement of employees in mporium's performance. The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is mporium's

policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Research and development

mporium undertakes development activities which involve a planned investment in the building and enhancement of the mporium products. Development expenditure is capitalised as an intangible asset, only if the development costs can be measured reliably and the platform being built will be completed and will generate future economic benefits in the form of cash flows to the Group. Expenditure being capitalised includes internal staff time and cost spent directly on developing the trading platform.

Further information on development activities are provided in the Strategic Report.

Future developments

Further information on future developments are provided in the Strategic Report.

Going concern

The activities, performance, strategy and outlook of mporium Group plc are set out in the Strategic Report on pages 4 to 6. The financial risk management objectives and policies are described in this Directors' Report

The Directors have prepared a cash flow forecast up to 30 April 2017 which indicates that the cost of product development as the product is brought to market with launch and trial partners is likely to require a further funding round within the next 12 months. The success of the previous two funding rounds and current discussions with major shareholders supports the Directors' reasonable expectation that a further funding round will succeed and mporium will have adequate resources to continue in operational existence throughout this period. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of mporium Group plc and the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

Directors' Report – *continued*

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Principal risks and uncertainties

The key business risks affecting the Group are set out below:

Financial

See financial risk management and policies included in the Directors' Report on page 6.

Technology

The Company's performance is dependent on its technology keeping pace with developments in m-commerce, eCommerce and cloud technology, mporium manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

Recruitment and retention of staff

mporium relies on the experience and talent of key personnel and on its ability to recruit and retain qualified employees for the success of its business. It was necessary to reduce significantly staff numbers during the year and the Directors have had to monitor and address the impact this has had on the business, the staff that remain and the new staff recruited.

Revised client strategy

The commercial performance of the business and the reputation of the Group could be significantly impaired if mporium is unsuccessful in acquiring a sufficient number of clients in its target market. The Group's working capital requirements may be affected by the rate of customer acquisition and other factors such as payback period and churn rate of new customers.

Reliance on key systems and major supply chain contracts

mporium's business relies on various key systems, including SaaS and third party hosted infrastructure. If the Group's access to or use of these systems and services was restricted or terminated, mporium would have to incur expense sourcing a suitable replacement and/or alternative systems and services, and time in relation to staff training, which could have a material adverse effect on mporium's business, operation and financial position.

Ability to raise future finance

The Group's rate of growth in the longer-term may be influenced by its ability to raise finance in the future. The directors pay close attention to the financial resources available to the Group such that this risk can be mitigated.

Ability to generate revenues in the future

The ability of the new mporium products to generate revenues is not yet well known. Consequently, the size of future revenues is hard to predict. As more trading information is generated, the Board should be able to take more comfort in the predictability of the Group's revenues.

On behalf of the Board

Richard Gordon
Finance Director

20 April 2016

Independent Auditor's Report to the members of mporium Group plc

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

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the groups and company's ability to continue as a going concern. The group incurred a loss for the year after taxation of £4,905,930 during the year ended 31 December 2015. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the groups and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report – *continued*

Matters on which we are required to report by exception

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

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

Perry Burton

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

20 April 2016

Consolidated Financial Statements – mporium Group plc

Consolidated Statement of Total Comprehensive Income

for the year ended 31 December 2015

| | Notes | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|-------|--|--|
| Continuing operations | | | |
| Revenue | 5 | 1,267,189 | 915,931 |
| Cost of sales | | (854,833) | (815,669) |
| Gross profit | | 412,356 | 100,262 |
| Administrative expenses | 6 | (5,523,886) | (5,155,042) |
| Operating loss | | (5,111,530) | (5,054,780) |
| Financial income | 8 | 297 | 254 |
| Financial expense | 9 | (15,949) | (1,906) |
| Loss from continuing operations before taxation | | (5,127,182) | (5,056,432) |
| Taxation | 10 | 508,299 | 377,013 |
| Loss from continuing operations after taxation | | (4,618,883) | (4,679,419) |
| Loss from discontinued operations | 12 | (262,090) | (482,234) |
| Loss on disposal of subsidiary | 12 | (24,957) | – |
| Total loss | | (4,905,930) | (5,161,653) |
| Other Comprehensive Income | | | |
| Revaluation of Investment which will subsequently be re-classified to profit & loss | 16 | (80,543) | – |
| Total comprehensive losses attributable to equity holders of the parent company | | (4,986,473) | (5,161,653) |
| Basic and diluted loss per share for losses attributable to the owners of the parent during the period | 13 | (0.02) | (0.16) |

mporium Group plc ("the company") has taken advantage of the exemption allowed under sections 408 of the Companies Act 2006 and has not presented its own profit and loss account in the financial statements. The company loss after tax for the period ended 31st December is £5,976,559 (2014: £6,649,087).

The notes on pages 20 to 43 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Financial Position

as at 31 December 2015

| | Notes | 31 December 2015 £ | 31 December 2014 £ |
|-----------------------------------|-------|--------------------------|--------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 14 | 334,397 | 11,423 |
| Other intangible assets | 15 | 2,689,493 | 16,917 |
| Investments | 16 | 419,457 | – |
| Total Non-current assets | | 3,443,347 | 28,340 |
| Current assets | | | |
| Trade and other receivables | 18 | 1,958,680 | 793,177 |
| Cash and cash equivalents | 19 | 2,735,318 | 1,321,437 |
| Total Current Assets | | 4,693,998 | 2,114,614 |
| Total assets | | 8,137,345 | 2,142,954 |
| Current liabilities | | | |
| Trade and other payables | 20 | (1,964,569) | (1,527,340) |
| Total Current liabilities | | (1,964,569) | (1,527,340) |
| Total Liabilities | | (1,964,569) | (1,527,340) |
| Net assets | | 6,172,776 | 615,614 |
| Equity | | | |
| Share capital | 21 | 2,350,663 | 445,264 |
| Share premium | | 14,614,568 | 6,978,853 |
| Share option reserve | | 1,889,558 | 1,518,590 |
| Merger Reserve | | 7,641,598 | 7,641,598 |
| Retained earnings – deficit | | (20,323,611) | (15,968,691) |
| Equity shareholders' funds | | 6,172,776 | 615,614 |

The financial statements were approved and authorised for issue by the Board of directors on 20 April 2016 and were signed on its behalf by

Barry Moat

Director

Company Registration Number: 8696120

The notes on pages 20 to 43 form part of these financial statements

Company Statement of Financial Position

as at 31 December 2015

| | Notes | 31 December 2015 £ | 31 December 2014 £ |
|----------------------------------|-------|--------------------------|--------------------------|
| Non-current assets | | | |
| Intangible assets | 15 | 609,589 | – |
| Investment in subsidiaries | 17 | 1,452,491 | – |
| Investments | 16 | 419,457 | – |
| Total Non-current assets | | 2,481,537 | – |
| Current assets | | | |
| Trade and other receivables | 18 | 618,664 | 54,828 |
| Cash and cash equivalents | 19 | 2,676,398 | 1,099,034 |
| Total Current Assets | | 3,295,062 | 1,153,862 |
| Total assets | | 5,776,599 | 1,153,862 |
| Current liabilities | | | |
| Trade and other payables | 20 | (524,282) | (348,101) |
| Total Current liabilities | | (524,282) | (348,101) |
| Net assets | | 5,252,317 | 805,761 |
| Equity | | | |
| Share capital | 21 | 2,350,663 | 445,264 |
| Share premium | | 14,614,568 | 6,978,853 |
| Share option reserve | | 1,054,769 | 88,199 |
| Other reserve | | (57,468) | (57,468) |
| Retained earnings | | (12,710,215) | (6,649,087) |
| | | 5,252,317 | 805,761 |

The financial statements were approved and authorised for issue by the Board of directors on 20 April 2016 and were signed on its behalf by

Barry Moat

Director

Company Registration Number: 8696120

The notes on pages 20 to 43 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

| | Retained earnings £ | Share capital £ | Share premium reserve £ | Share option reserve £ | Merger reserve £ | Total £ |
|---|---------------------------|-----------------------|----------------------------------|---------------------------------|------------------------|------------------|
| 31 December 2013 – unaudited | (10,807,038) | 79,064 | 3,995,392 | 1,150,640 | 7,641,598 | 2,059,656 |
| Comprehensive loss for the period | (5,161,653) | – | – | – | – | (5,161,653) |
| Share-based payments | – | – | – | 367,950 | – | 367,950 |
| Share issue cost | – | – | (307,839) | – | – | (307,839) |
| Share issues during the year | – | 366,200 | 3,291,300 | – | – | 3,657,500 |
| 31 December 2014 | (15,968,691) | 445,264 | 6,978,853 | 1,518,590 | 7,641,598 | 615,614 |
| Total loss for the year | (4,905,930) | – | – | – | – | (4,905,930) |
| Other comprehensive loss – revaluation of investment | (80,543) | – | – | – | – | (80,543) |
| Share-based payments | – | – | – | 1,002,521 | – | 1,002,521 |
| Transfer related to lapsed share options | 631,553 | – | – | (631,553) | – | – |
| Share issue cost | – | – | (293,070) | – | – | (293,070) |
| Share issues during the year | – | 1,905,399 | 7,928,785 | – | – | 9,834,184 |
| 31 December 2015 | (20,323,611) | 2,350,663 | 14,614,568 | 1,889,558 | 7,641,598 | 6,172,776 |

The notes on pages 20 to 43 form part of these financial statements

Company Statement of Changes in Equity

for the period ended 31 December 2015

| | Retained earnings £ | Share capital £ | Share premium reserve £ | Share option reserve £ | Other reserve £ | Total £ |
|---|---------------------------|-----------------------|----------------------------------|---------------------------------|-----------------------|------------------|
| Share capital at date of incorporation on 18 September 2013 | – | 1 | – | – | – | 1 |
| Reclassification arising on group reorganisation to equal deemed share capital | – | 57,468 | – | – | (57,468) | – |
| Comprehensive loss for the year | (6,649,087) | – | – | – | – | (6,649,087) |
| Share-based payments | – | – | – | 88,199 | – | 88,199 |
| Share issue cost | – | – | (634,815) | – | – | (634,815) |
| Share issues during the year | – | 387,795 | 7,613,668 | – | – | 8,001,463 |
| 31 December 2014 | (6,649,087) | 445,264 | 6,978,853 | 88,199 | (57,468) | 805,761 |
| Comprehensive loss for the year | (5,976,559) | – | – | – | – | (5,976,559) |
| Other comprehensive loss – revaluation of investment | (80,543) | – | – | – | – | (80,543) |
| Transfer related to lapsed share options | (4,026) | – | – | 4,026 | – | – |
| Share-based payments | – | – | – | 962,544 | – | 962,544 |
| Share issue cost | – | – | (293,070) | – | – | (293,070) |
| Share issues during the year | – | 1,905,399 | 7,928,785 | – | – | 9,834,184 |
| 31 December 2015 | (12,710,215) | 2,350,663 | 14,614,568 | 1,054,769 | (57,468) | 5,252,317 |

The notes on pages 20 to 43 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Operating activities | | |
| Loss from continuing operations before taxation | (5,127,182) | (5,538,666) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 32,684 | 3,308 |
| Amortisation of intangible assets | 157,328 | 482,278 |
| Impairment of intangible assets | 77,259 | 612,143 |
| Loss on sale of fixed assets | 4,351 | – |
| Loss on sale of intangible assets | 17,500 | – |
| Share based payment expense | 1,002,521 | 367,950 |
| Bad debts | 64,160 | 154,193 |
| Financial income | (297) | (254) |
| Financial expense | 15,949 | 1,906 |
| Loss before tax on discontinued activities | (262,090) | – |
| Cash outflow from operating activities before changes in working capital | (4,017,817) | (3,917,142) |
| (Decrease)/increase in trade and other receivables | (46,961) | 247,768 |
| Decrease in trade and other payables | (95,508) | (387,947) |
| Change in working capital | (142,469) | (140,179) |
| Income taxes recovered | 78,562 | – |
| Net cash used in operating activities | (4,081,724) | (4,057,321) |
| Investing activities | | |
| Interest received | 297 | 254 |
| Invested in intangible assets | (624,381) | (740,908) |
| Purchase of property, plant and equipment | (328,850) | (12,361) |
| Sale Proceeds | 2,190 | – |
| Overdraft acquired with subsidiary | (5,619) | – |
| Cash disposed of with subsidiary | (14,879) | – |
| Net cash used in investing activities | (971,242) | (753,015) |
| Financing activities | | |
| Interest paid | (15,949) | (1,906) |
| Issue of share capital | 6,311,323 | 3,657,500 |
| Cost of Issue capital | (78,527) | (307,839) |
| Increase in Loans | 250,000 | 250,000 |
| Repayment of borrowings | – | (250,000) |
| Net cash from financing activities | 6,466,847 | 3,347,755 |
| Net increase/(decrease) in cash and cash equivalents | 1,413,881 | (1,462,581) |
| Cash and cash equivalents at start of year | 1,321,437 | 2,784,018 |
| Cash and cash equivalents at end of year | 2,735,318 | 1,321,437 |

The notes on pages 20 to 43 form part of these financial statements

Company Statement of Cash Flows

for the period ended 31 December 2015

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Operating activities | | |
| Loss before taxation | (5,976,559) | (6,649,087) |
| Adjustments for: | | |
| Amortisation of intangible assets | 140,411 | – |
| Impairment of investment in subsidiary | 355,827 | – |
| Share based payment expense | 962,544 | 88,199 |
| Write off of intercompany receivable | 3,401,715 | – |
| Financial expense | 3,117 | 1,906 |
| Cash flows from operating activities before changes in working capital | (1,112,945) | (6,558,982) |
| Increase in trade and other receivables | (3,997,507) | (54,828) |
| Increase in trade and other payables | 208,136 | 348,102 |
| Change in working capital | (3,789,371) | 293,274 |
| Net cash used in operating activities | (4,902,316) | (6,265,708) |
| Financing activities | | |
| Interest paid | (3,116) | (1,906) |
| Issue of share capital | 6,311,323 | 8,001,463 |
| Cost of Issue capital | (78,527) | (634,815) |
| Increase in Loans | 250,000 | 250,000 |
| Repayment of borrowings | – | (250,000) |
| Net cash from financing activities | 6,479,680 | 7,364,742 |
| Net increase in cash and cash equivalents | 1,577,364 | 1,099,034 |
| Cash and cash equivalents at start of period | 1,099,034 | – |
| Cash and cash equivalents at end of period | 2,676,398 | 1,099,034 |

The notes on pages 20 to 43 form part of these financial statements

Notes to the Consolidated and Company Financial Statements

1 General information

mporium Group plc (AIM:MPM) (“mporium” or the “Company”), is a public company listed on the London Stock Exchange’s AIM market and acts as a holding company for mporium Limited and Fast Web Media Limited.

mporium Group plc and its subsidiaries are a “mobile first” technology firm that monetises the transformation that smartphones have had on consumer behaviour.

2 Accounting policies

Statement of Compliance

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’). These financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS.

Basis of preparation

The financial statements are prepared under the historical cost convention and presented in Pounds Sterling, the Group’s presentational currency and the company’s functional currency. The accounting policies have been applied consistently by the Group to all periods presented in these financial statements.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its group.

Basis of consolidation

The financial information consolidates the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired are consolidated for the period from the date on which control passes. Control as defined under IFRS 10 is when the Group obtains the power over the investee, exposure or rights to variable returns from involvement in the investee and the ability to use its power to affect the amount of the investee’s returns.

Business combinations are consolidated under the acquisition method of accounting from the date on which the Group obtains control. The cost of a business combination is measured at the fair value of the consideration given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the fair value of consideration transferred over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full. The accounting policies which follow set out the policies applied in preparing the Group and company financial information.

Going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, management has considered the Group’s and Company’s existing working capital position and future funding requirements. Management are of the opinion that, having taken into consideration the ‘in trial’ status of the Group’s key products, discussions with both N+1 Singer, the Company’s nominated adviser, and major shareholders, it should be possible to secure additional funding when required. It is noted that if additional funding is not available then the Group and

Company would be unlikely to be able to continue as a going concern. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and therefore may be unable to realise assets and discharge liabilities in the normal course of business. Further information on the Directors' decision to prepare the accounts on a going concern basis can be found in the Directors' Report under Going Concern.

Changes in accounting policies

Certain new standards, amendments to standards and interpretations to existing standards have been published that are not mandatory for the Group's accounting periods beginning after 1st January 2013, or later periods, to which the Group has decided not to adopt early when early adoption is available for those adopted by the EU. These are

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018 – not yet adopted by the EU)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016 – not yet adopted by the EU)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018 – not yet adopted by the EU)
- IFRS 16 Leases effective 1 January 2019 – not yet adopted by the EU)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016 – not yet adopted by the EU)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2017 – not yet adopted by the EU)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)
- Amendments to IAS 12: Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017 – not yet adopted by the EU)

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the year of initial application. The Directors do not consider application of any of the amendments made to existing standards as a result of the 2011 - 2013 annual improvements project, and IAS 1 and IAS 19, will have a material effect on the financial statements of the Group.

Revenue

Revenue comprise of services and software licences provided to external customers (excluding VAT and other sales taxes).

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

Revenue from software licences and hosting fees sold in conjunction with services is invoiced separately from those services and recognised over the period of the licence in order to reflect the on-going obligations of the Group. These service revenues are recorded under upsold project fees to existing customers and new installation for new clients per note 5 of the accounts.

Notes to the Consolidated and Company Financial Statements –

continued

2 Accounting policies – continued

Revenue from software licences for the use of the technology platform is recognised over the period of the licence in order to reflect the on-going obligations of the Group. These revenues are recorded under license, transaction and other recurring revenue per note 5 of the accounts.

Revenue from customer services delivered to external customers is recognised in the period that the services were delivered. These revenues are recorded under license, transaction and other recurring revenue per note 5 of the accounts.

Revenue relating to perpetual licence fees are recognised over the different stages of transferring the code onto the customer's own systems. These revenues are recorded under license, transaction and other recurring revenue per note 5 of the accounts.

Revenue for project and retained services by FWM are recognised over the term of the agreement and in the period that the services were delivered.

Property, plant and equipment and intangible assets

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss.

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

| | |
|------------------------|-------------------|
| Office equipment | 33% straight line |
| Furniture and Fixtures | 33% straight line |
| Computer Hardware | 33% straight line |
| Computer Software | 33% straight line |

Intangible assets, representing amounts paid to third parties and internal resources for development of the mporium SaaS Platform, are stated at cost, or deemed cost less accumulated amortisation, and any recognised impairment loss. A Software license between Cxense ASA and the Company has been recognised as an intangible asset and amortised over the three-year license. Further information on the accounting policy for Research and development activities is provided below.

Amortisation is charged to as to write off the cost of an asset less any residual value over their estimated useful lives and on the following basis:

| | |
|----------------------|----------------------|
| Development platform | 33-50% straight line |
|----------------------|----------------------|

Depreciation and amortisation charges will start when revenues are derived from the asset and the respective charge included within Administrative Expenses in the Statement of Comprehensive Income.

Goodwill

The annual evaluation for impairment of goodwill is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. We believe such assumptions are also comparable to those that would be used by other marketplace participants. When certain events or changes in operating conditions occur, an impairment assessment is performed and an intangible asset may be adjusted to a determinable life. Any impairment is recognised in the period in which it is identified.

Investments

Investments held by the Company in its subsidiary undertakings are stated at cost less provision for any impairment in value.

Available for sale financial assets (AFS)

AFS financial investments, being an equity instrument, are initially recognised at fair value with subsequent adjustments to fair value recognised in other comprehensive income.

Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher 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 the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement and is included in the administrative expense.

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

Conversion of foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Non-monetary assets having been translated are carried at their historical cost.

Exchange differences are recognised in statement of total comprehensive income for the year.

Financial instruments

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

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently carried at amortised cost less impairment. At the end of each accounting period they are assessed for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand that is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

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

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing borrowings

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

Notes to the Consolidated and Company Financial Statements –

continued

2 Accounting policies – continued

Equity instruments

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

Commitments and contingencies

Commitments and contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the statement of financial position date

Post year-end events that provide additional information about the Group's position at the statement of financial position date and are adjusting events are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

Research and development activities

Expenditure on research or on the research phase of an internal project is recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Group;
- the Group has the intention of completing the asset for either use or resale;
- the Group has the ability to either use or sell the asset;
- it is possible to estimate how the asset will generate income;
- the Group has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the period in which they are incurred.

Taxation

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted, or substantively enacted, by the statement of financial position date.

Deferred taxation

Deferred tax is provided in full using the balance sheet liability method for all taxable temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates. Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the asset can be utilised.

Government grants

Grants receivable are accounted for where the conditions for receipt have been fulfilled and recoverability is assured. Grant receipts are set off against the expense incurred in the profit and loss.

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

Lease incentives and similar arrangements of incentives are taken into account when calculating the straight-lined expense.

Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted.

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to shareholders' equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

As part of the process surrounding the acquisition of mporium Limited by mporium Group Plc, the holders of all outstanding options under the mporium Limited Share Scheme surrendered those entitlements in exchange for the grant, by mporium Group plc, of Replacement Options that were on equivalent terms.

The profit and loss impact of share options issued by mporium Group plc is recognised in the company which receives the benefits from those employees who hold the share options.

Shareholder's Equity

Equity comprises:

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

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

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

Merger reserve – arising from the application of merger accounting following the principles of FRS 6.

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

Other reserve – reserve created on the application of merger relief accounting.

Employee benefits

The Group has agreed to make pension contributions to third party insurance companies in respect of certain employees at rates agreed with the individuals concerned. Such contributions are accounted for as they fall due on a defined contribution basis.

3 Critical accounting judgements and key estimation of uncertainty

Accounting estimates and judgements

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have significant risk of causing a material adjustment to the carrying amounts of assets & liabilities within the next financial year. The policies and the related notes to the financial statements are found below:

Notes to the Consolidated and Company Financial Statements –

continued

3 Critical accounting judgements and key estimation of uncertainty – *continued*

Recoverability of receivables (note 18)

The recoverability of the receivables is determined by the Group. Management monitors the circumstances relating to the payments due from third parties, together with the recoverability of the amounts due. Any indication of non-recoverability and change in fair value is adjusted for accordingly.

Impairment of Intangible assets and goodwill (note 15)

Intangible assets include the capitalised development costs of the mporium Platform. These costs are assessed based on management's view of the internal and external development costs relating to time spent on projects that enhance the mporium Platform, supported by internal time recording and considering the requirements of IAS 38 'Intangible assets'. The development cost of the platform is amortized over the useful life of the asset. The useful life is based on the management's estimate of the period that the asset will generate revenue, which is reviewed annually for continued appropriateness. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgment. Future events could cause the assumptions to change; which could have an adverse effect on the future results of the Group.

An impairment review of the investment in FWM was performed by management through a discounted cash flow. A Weighted Average Cost of Capital (WACC) of 18% was used and it was concluded an impairment was required to the business.

Share-based payments (note 24)

Share options are measured at their fair value using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Going concern (note 2)

The directors have prepared and reviewed a business plan and cash flow forecast. The forecast includes a fund raising and contains certain assumptions about the level of future sales and gross margin achievable. These assumptions are the Directors' best estimate of the future development of the business.

Deferred taxation – potential asset in relation to tax losses carried forward (note 10)

The recoverability of the tax losses carried forward to future accounting periods is determined by the Group. Management monitors the circumstances relating to the future profitability of the Group, together with the anticipated utilisation of the amounts carried forward. Any indication of non-recoverability and change in fair value is adjusted for accordingly.

4 Financial instruments and treasury risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of directors. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments.

The Group does not issue or use financial instruments of a speculative nature.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables;
- Cash and cash equivalents;
- Trade and other payables;
- AFS financial assets
- Investments

Financial Assets

Trade and other receivables are initially measured at face value and subsequently at amortized cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|-------------------------------------|---|---|---|---|
| Cash and cash equivalents | 2,735,318 | 1,321,437 | 2,676,398 | 1,099,034 |
| Trade and other receivables | 1,958,680 | 793,177 | 618,663 | 54,828 |
| Available for sale financial assets | 419,457 | – | – | – |
| | 5,113,455 | 2,114,614 | 3,295,061 | 1,153,862 |

Trade receivables principally comprise amounts outstanding for services provided to customers. Average credit terms were 30 days and average debtor days outstanding were 65 days during 2015 (2014: 158 days). An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for.

Financial Liabilities

Trade, other payables, loans with mporium Group plc and other borrowings are measured at amortised cost. Convertible loan notes are measured at fair value.

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|----------------------------|---|---|---|---|
| Current Liabilities | | | | |
| Trade and other payables | 1,964,569 | 1,527,340 | 524,282 | 348,101 |
| | 1,964,569 | 1,527,340 | 524,282 | 348,101 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group targets the payments of trade payables between 30 to 90 days of receipt of the invoice.

Treasury risk management

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

Credit risk

The Group's principal financial assets are cash, trade and other receivables.

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

The Group currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. The Group's investment policy is therefore one of achieving high returns with minimal risks.

Notes to the Consolidated and Company Financial Statements –

continued

4 Financial instruments and treasury risk management – *continued*

The maximum exposure due to credit risk for the Group on trade and other receivables during 2015 was £504,996 (2014: £235,980). No collateral is held in respect of these amounts.

| | As at 31 December 2015 £ | As at 31 December 2014 £ |
|--|---|---|
| Outstanding between one and two months | 90,817 | 113,666 |
| Outstanding between two and three months | 175,377 | 28,938 |
| Outstanding more than three months | 48,872 | 309,943 |
| Less: allowance for receivables | (16,228) | (309,732) |
| | 298,838 | 142,815 |

As at the year-end trade receivables of £52,983 were past due but not impaired (2014: £11,238).

Currency risks

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

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

Liquidity risk

Operational cash flow represents on going trading revenue and costs, administrative costs and research and development activities. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy to ensure facilities are available as required is to issue equity share capital and loan notes in accordance with long-term cash flow forecasts.

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

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

The Group's main financial liabilities are trade and other payables and borrowings. All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines.

Derivative financial instruments

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

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

Capital management

The Group's activities are of a type and stage of development where the most suitable capital structure to continue as a going concern is that of entirely financed by equities and loan notes. The directors will reassess the future capital structure when projects under development are sufficiently advanced. The Group considers its capital to consist of share capital and loan notes only.

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

5 Operating segments

The Group's operations are centred on providing software as service and supporting services. Management therefore considers there to be one reporting segment covering the Group.

A supplementary analysis of revenue is as follows:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|--|--|--|
| License, Transaction & Other Recurring Revenue | 787,284 | 573,150 |
| Upsold Project Fees to Existing Clients | 479,905 | 279,584 |
| New Installation Fees for New Clients | – | 63,197 |
| | 1,267,189 | 915,931 |

The geographical split of revenue is as follows:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|----------------|--|--|
| United Kingdom | 1,140,377 | 872,032 |
| Europe | 126,812 | 43,899 |
| | 1,267,189 | 915,931 |

The largest single customer contributed 20% (2014:63%) of total revenues. Revenues from four individual customers exceeded 10% of total Group revenues for the year.

6 Operating Loss

The operating loss is stated after charging the following amounts:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Depreciation of property, plant and equipment – owned | 32,684 | 3,308 |
| Amortisation of intangible assets | 157,328 | 482,278 |
| Impairment of intangible assets | 77,259 | 612,143 |
| Office rent and services charges | 469,620 | 184,876 |
| Bad debt provision | 64,160 | 154,193 |
| Staff cost | 2,949,951 | 2,761,217 |
| Administrative expenses | 1,443,193 | 1,622,284 |
| Write off of intangible | 17,500 | – |
| Research and development costs | 312,190 | – |

Notes to the Consolidated and Company Financial Statements –

continued

6 Operating Loss – *continued*

Administrative expense includes the following services obtained from the Group's auditor, Grant Thornton UK LLP.

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|--|--|--|
| Group Audit | 41,500 | 42,000 |
| Total Audit fees | 41,500 | 42,000 |
| Interim review | 15,500 | 15,000 |
| R&D tax credit advice | 11,000 | 9,400 |
| Tax advice on EIS clearance | 4,950 | 5,350 |
| Advisory work in relation to fundraising | – | 35,000 |
| Due Diligence on acquisition | 39,300 | – |
| | 112,250 | 106,750 |

7 Staff costs and numbers

Staff cost (including directors' emoluments) incurred in the year were as follows:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|-----------------------|--|--|
| Wages and salaries | 1,677,944 | 2,046,664 |
| Social security costs | 223,531 | 298,457 |
| Pension contributions | 45,955 | 50,323 |
| Share-based payments | 1,002,521 | 365,773 |
| Net Staff Cost | 2,949,951 | 2,761,217 |

The average number of persons employed by the Group during the year including executive directors is analysed below:

| | Year ended 31 December 2015 | Year ended 31 December 2014 |
|--------------------------|-----------------------------------|-----------------------------------|
| Directors | 6 | 4 |
| Administration | 2 | 3 |
| Research and development | 5 | 9 |
| Operations | 19 | 16 |
| Customer services | 12 | 13 |
| Sales | 5 | 12 |
| | 49 | 57 |

Directors' emoluments

The Directors and Executive Committee are the key management personnel of the company. The remuneration for the periods was:

| | Salary/ Fees £ 2015 | Benefits £ 2015 | Employers NI £ 2015 | Total short-term benefits £ 2015 | Post employment benefits- defined pension contribution £ 2015 | Termination benefits £ 2015 | Share based payments £ 2015 | Total emoluments £ 2015 |
|--------------------------------|------------------------------|-----------------------|------------------------------|--|--|--------------------------------------|--------------------------------------|----------------------------------|
| Executive Directors | | | | | | | | |
| B Moat ⁽¹⁾ | 145,833 | – | – | 145,833 | – | – | 745,030 | 890,863 |
| D Keen ⁽²⁾ | 10,000 | – | 540 | 10,540 | – | 20,000 | – | 30,540 |
| R Gordon ⁽³⁾ | 113,333 | – | 13,831 | 127,164 | – | – | 7,258 | 134,422 |
| Non-executive Directors | | | | | | | | |
| N Walder ⁽⁴⁾ | 7,500 | – | – | 7,500 | – | – | – | 7,500 |
| S Bjornstad ⁽⁵⁾ | 8,481 | – | – | 8,481 | – | – | – | 8,481 |
| M Hughes ⁽⁶⁾ | – | – | – | – | – | – | – | – |
| R Mann ⁽⁷⁾ | – | – | 690 | 690 | – | – | – | 690 |
| E Griffin ⁽⁸⁾ | – | – | – | – | – | – | – | – |
| Total emoluments | 285,147 | – | 15,061 | 300,208 | – | 20,000 | 752,288 | 1,072,496 |

| | Salary/ Fees £ 2014 | Benefits £ 2014 | Employers NI £ 2014 | Total short-term benefits £ 2014 | Post employment benefits- defined pension contribution £ 2014 | Termination benefits £ 2014 | Share based payments £ 2014 | Total emoluments £ 2014 |
|--------------------------------|------------------------------|-----------------------|------------------------------|--|--|--------------------------------------|--------------------------------------|----------------------------------|
| Executive Directors | | | | | | | | |
| D Keen | 100,413 | 4,250 | 19,573 | 124,236 | 2,196 | – | 43,261 | 169,693 |
| B Carswell | 62,404 | – | 15,104 | 77,508 | 5,833 | 55,000 | 43,261 | 181,602 |
| R Gordon | 8,333 | – | 685 | 9,018 | 833 | – | – | 9,851 |
| Non-executive Directors | | | | | | | | |
| M Hughes | 30,000 | – | 3,013 | 33,013 | – | – | – | 33,013 |
| R Mann | 22,500 | – | 1,899 | 24,399 | – | – | – | 24,399 |
| E Griffin | 20,231 | – | 1,647 | 21,878 | – | – | – | 21,878 |
| Total emoluments | 243,881 | 4,250 | 41,921 | 290,052 | 8,862 | 55,000 | 86,522 | 440,436 |

Notes

- (1) Mr B Moat was appointed Chief Executive Officer 8 June 2015 paid through a service company
- (2) Mr D Keen resigned on 30 September 2015
- (3) Mr R Gordon was appointed Finance Director and Company Secretary 3 November 2014
- (4) Mr N Walder was appointed Chairman 29 September 2015
- (5) Mr S Bjornstad was appointed non-executive director 8 June 2015
- (6) Mr M Hughes resigned on 29 September 2015
- (7) Mr R Mann resigned on 8 June 2015
- (8) Mrs Griffin was appointed to the Board on 11 of December 2013 and resigned on 3 September 2014

No share options were exercised by Directors during the year ended 31 December 2015 (2014: nil). During 2014 a non interest bearing loan of £56,922 was repaid by D Keen which was offset against the back payment of salary relating to prior periods.

Notes to the Consolidated and Company Financial Statements –

continued

8 Financial income

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---------------------|--|--|
| Interest receivable | 297 | 254 |
| | 297 | 254 |

9 Financial expense

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|------------------|--|--|
| Interest payable | 15,949 | 1,906 |
| | 15,949 | 1,906 |

10 Taxation

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Research & development tax credits | (508,299) | (377,013) |
| Total tax credit in income statement | (508,299) | (377,013) |

Reconciliation of the tax credit

The tax credit for the year is lower (2014: lower) than the tax credit on ordinary activities at the standard rate of corporation tax in the UK (2015: 20% and 2014: 21%) for the reasons set out in the following reconciliation.

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|--|--|--|
| Loss on ordinary activities before taxation | (5,127,182) | (5,538,666) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014: 21%) | (1,025,436) | (1,163,121) |
| Expenses not allowed for tax purposes | 261,401 | 77,270 |
| Fixed asset timing differences | (189,471) | – |
| Losses surrendered for R&D credit | 684,113 | 142,800 |
| R & D enhancement | (385,047) | (100,766) |
| Losses unrelieved in period – deferred tax not provided | 654,440 | 1,043,817 |
| Amounts relating to current year R&D credit | (507,003) | – |
| Amounts relating to prior years R&D credit | (1,296) | 377,013 |
| Tax credit | 508,299 | 377,013 |

As at 31 December 2015 mporium Group plc has trading tax losses available to be carried forward totalling £19,576,719 (2014: £12,663,116). Given the current position of the Group it is considered that there is not sufficient certainty over the utilisation of tax losses carried forward in order to recognise a deferred tax asset in the financial statements.

11 Acquisition of subsidiary and non-controlling interest

Fast Web Media Limited

On 8 June 2015 the Group acquired the entire issued share capital of Fast Web Media Limited together with a 50.001% holding of Fast Web Media Limited's subsidiary InTELEgentsia Limited for a total consideration of £1,558,319. The consideration was satisfied by the issue of 89,046,800 new ordinary shares at 1.75 pence per ordinary share.

Fast Web Media Limited is experienced in reviewing businesses to gain an understanding of the key metrics that can optimise online performance. This knowledge will be utilised to increase levels of merchant acquisition and performance by the core mporium business. It is also envisaged that these skills will also be used to develop standardised online analytics for mporium merchants.

The table below shows the results of the acquired business since acquisition:

Seven-month period ended 31 December 2015

| | £ |
|--|------------------|
| Revenue | 959,476 |
| Cost of sales | (458,863) |
| Gross Profit | 500,613 |
| Operating and administrative expenses | (1,125,026) |
| Operating loss | (624,413) |
| Finance income | 190 |
| Finance expense | (11,725) |
| Loss before taxation | (635,948) |
| Taxation | 78,562 |
| Loss for the period | (557,386) |
| Total comprehensive loss for the period | (557,386) |

100% of the total comprehensive loss for the period generated by the acquired business is attributed to the equity shareholder.

If the acquisition of the acquired business had occurred on 1 January 2015 the Group's consolidated revenue would have been £808,303 higher and the loss on continuing activities before taxation would increase by £122,673.

In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2015.

The cash flows of the acquired business since the acquisition were as follows:

Seven-month period ended 31 December 2015

| | £ |
|--|---------------|
| Net cash from operating activities | 60,247 |
| Net cash from investing activities | (68) |
| Net cash from financing activities | (11,725) |
| Net increase in cash and cash equivalents | 48,454 |
| Bank overdraft net of cash and cash equivalents on acquisition | (5,619) |
| Cash and cash equivalents at the end of the year | 42,835 |

Notes to the Consolidated and Company Financial Statements –

continued

11 Acquisition of subsidiary and non-controlling interest – *continued*

The table below shows the identifiable assets acquired and liabilities assumed:

| | Book value on acquisition £ | Fair value adjustments £ | Fair value £ |
|---|-----------------------------------|--------------------------------|------------------|
| Tangible assets | 33,349 | | 33,349 |
| Intangible assets | 28,000 | | 28,000 |
| Trade and other receivables | 829,885 | (50,000) | 779,885 |
| Cash and cash equivalents | 163 | | 163 |
| Total assets | 891,397 | (50,000) | 841,397 |
| Bank overdraft | (5,782) | | (5,782) |
| Trade and other payables | (507,039) | (50,008) | (557,047) |
| Net assets attributable to Group equity shareholders | 378,576 | (100,008) | 278,568 |
| Consideration | | | 1,558,319 |
| Goodwill | | | 1,279,751 |

InTELEgentsia Limited

On 29 September 2015 the Company acquired the remaining interest in InTELEgentsia Limited which it did not already own. Prior to this transaction, mporium held 50.001% of InTELEgentsia following the acquisition of Fast Web Media (“FWM”) on 8 June 2015. The consideration of approximately £250,000 for the remaining 49.999% of InTELEgentsia was satisfied through the issue of 5,555,555 new ordinary shares of 0.5p in the Company at an issue price of 4.5p each.

At the time of the acquisition InTELEgentsia Limited had not begun to trade and has not traded since. InTELEgentsia Limited’s only asset at the time of the acquisition was the intellectual property of two products InTELEgentsia and Weatherfit.

The table below shows the identifiable assets acquired and liabilities assumed:

| | Book value on acquisition £ |
|--|-----------------------------------|
| Intangible assets | 10,000 |
| Intercompany loan | (3,939) |
| Net value attributable to Group equity shareholders | 6,061 |

No fair value adjustment was required.

12 Disposal of Subsidiary

Global Mobile Transactions (Isle of Man) Limited

On 3 November 2015 the Company disposed of its non-core operation, Global Mobile Transactions (Isle of Man) Limited to Dominic Keen, the previous CEO of the Company, for a total consideration of £1 on a cash free debt free basis. It is a term of the disposal that, should GMT be sold during the three years following the Disposal, mporium will receive 25% of any sales proceeds between £250,000 and £500,000 and 50% of any proceeds exceeding £500,000. No contingent liability asset has been recognised in relation to this arrangement.

The majority of the existing mporium customers being serviced through GMT, together with any related debtor balances, were assigned back to mporium. Global Mobile Transactions (Isle of Man) Limited was left with two third-party call centre contracts together with 14 employees and the associated ongoing liabilities relating to those call centre contracts. Historically the two contracts remaining with Global Mobile Transactions (Isle of Man) Limited have operated on a near breakeven basis.

The table below shows the results of the business for the period to the date of the disposal:

| | 10 months to 31 December 2015 £ | 12 months to 31 December 2014 £ |
|--|--|--|
| Revenue | 112,068 | 183,023 |
| Operating and administrative expenses | (374,158) | (665,257) |
| Total comprehensive loss for the period | (262,090) | (482,234) |
| Loss per share | 0.001 | 0.015 |

The table below shows the assets and liabilities sold:

| | |
|-------------------------------------|---------------|
| | £ |
| Trade debtors and other receivables | 19,261 |
| Cash and cash equivalents | 14,879 |
| Total assets | 34,140 |
| Trade and other payables | (9,183) |
| Net value | 24,957 |
| Consideration | 1 |
| Loss on sale | 24,956 |

The cash flows of the business prior to disposal were as follows:

Ten months to ended 31 October 2015

| | |
|--|------------------|
| | £ |
| Net cash from operating activities | (117,771) |
| Net cash from financing activities | (591) |
| Net decrease in cash and cash equivalents | (118,362) |
| Cash and cash equivalents at the start of the year | 133,241 |
| Cash and cash equivalents transferred on sale | 14,879 |

13 Loss per share

Diluted loss per share is calculated after showing the effect of outstanding options in issue. As the effect of the options would be to reduce the loss per share there is no requirement to disclose a diluted loss per share.

Calculation of loss per share is based on the following loss and numbers of shares:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Net loss for the year | (4,986,473) | (5,161,653) |
| Weighted average ordinary shares in issue during the year | 283,731,742 | 31,723,378 |
| Loss per share | (0.02) | (0.16) |

Notes to the Consolidated and Company Financial Statements –

continued

14 Property, plant and equipment

| | Group | | | | |
|---|--------------------------|--------------------------------|---------------------------|---------------------------|----------------|
| | Office equipment £ | Furniture and fixtures £ | Computer hardware £ | Computer software £ | Total £ |
| Cost | | | | | |
| 1 January 2014 | 4,700 | 23,563 | – | – | 28,263 |
| Additions | 10,244 | 2,118 | – | – | 12,362 |
| 1 January 2015 | 14,944 | 25,681 | – | – | 40,625 |
| Additions | 14,864 | 290,365 | 23,621 | | 328,850 |
| Acquired through business combinations | – | 11,544 | 30,667 | 21,945 | 64,156 |
| Disposals | (14,944) | (25,681) | – | – | (40,625) |
| 31 December 2015 | 14,864 | 301,909 | 54,288 | 21,945 | 393,006 |
| Depreciation | | | | | |
| 1 January 2014 | 2,331 | 23,563 | – | – | 25,894 |
| Charge for the period | 3,308 | – | – | – | 3,308 |
| 1 January 2015 | 5,639 | 23,563 | – | – | 29,202 |
| Acquired through business combinations | – | 5,010 | 25,015 | 782 | 30,807 |
| Charge for the period | 4,973 | 19,720 | 3,735 | 4,256 | 32,684 |
| Disposals | (9,756) | (24,328) | – | – | (34,084) |
| 31 December 2015 | 856 | 23,965 | 28,750 | 5,038 | 58,609 |
| Carrying amount | | | | | |
| 31 December 2015 | 14,008 | 277,944 | 25,538 | 16,907 | 334,397 |
| 31 December 2014 | 9,305 | 2,118 | – | – | 11,423 |

15 Intangible assets

| | Group | | | Total intangible assets £ |
|--|------------------------------|------------------|---------------------------|------------------------------------|
| | Development platform £ | Goodwill | Other intangibles £ | |
| Cost | | | | |
| 1 January 2014 | 1,131,820 | – | – | 1,131,820 |
| Additions | 740,908 | – | – | 740,908 |
| Impairment | (1,844,728) | – | – | (1,844,728) |
| 1 January 2015 | 28,000 | – | – | 28,000 |
| Additions | 624,381 | 1,522,782 | 750,000 | 2,897,163 |
| Acquired through business combinations | – | – | 27,500 | 27,500 |
| Impairment | – | (77,259) | – | (77,259) |
| Disposals | (28,000) | – | (17,500) | (45,500) |
| 31 December 2015 | 624,381 | 1,445,523 | 760,000 | 2,829,904 |
| Amortisation | | | | |
| 1 January 2014 | 761,391 | – | – | 761,391 |
| Charge for the year | 482,278 | – | – | 482,278 |
| Impairment | (1,232,586) | – | – | (1,232,586) |
| 1 January 2015 | 11,083 | – | – | 11,083 |
| Charge for the year | 16,917 | – | 140,411 | 157,328 |
| Disposals | (28,000) | – | – | (28,000) |
| 31 December 2015 | – | – | 140,411 | 140,411 |
| Carrying amount | | | | |
| 31 December 2015 | 624,381 | 1,445,523 | 619,589 | 2,689,493 |
| 31 December 2014 | 16,917 | – | – | 16,917 |

Intangible assets mainly relate to development cost incurred for continued development work carried out on the Group's SAAS platform. The majority of the cost incurred relates to the Group's in-house development department.

An impairment review of the investment in FWM was performed through a discounted cash flow covering the next 5 years.

FWM is in the process of being re-aligned to compliment the Group's vision of the digital marketing agency of the future, following a relatively stagnant period for the business. They are planning for a re-launch that will place mporium Group technology at the core of the FWM offering.

We have assumed a Compound Aggregate Growth Rate (CAGR) of 13.4% on revenues over the period from a low starting point of £1.7m, growing to £3.2m over the five-year period of 2016 to 2020. This translates to an average of three to four new clients a year. Costs of Sale increase both absolute and % terms to reflect the movement of the business into search based clients. Other costs have reduced as a % of revenue, but increased in absolute terms, reflecting the utilisation of mporium technology to bring efficiencies to the business. A 10% tax rate was applied to reflect the use of PatentBox technologies for the mporium Group.

The Cash Flow included a discounted terminal value to reflect the value of ongoing operations of the business. This was calculated using a 0.5% growth rate in line with GDP at the time.

A Weighted Average Cost of Capital (WACC) of 18% was used and concluded an impairment was required to the investment of £355,827. The impact on the carrying value of the goodwill in the Group accounts is £77,259.

Notes to the Consolidated and Company Financial Statements –

continued

15 Intangible assets – *continued*

| | Company |
|-------------------------|--|
| | Other intangible assets £ |
| Cost | |
| 1 January 2015 | – |
| Additions | 750,000 |
| 31 December 2015 | 750,000 |
| Amortization | |
| 1 January 2015 | – |
| Charge for the year | 140,411 |
| 31 December 2015 | 140,411 |
| Carrying amount | |
| 31 December 2015 | 609,589 |
| 31 December 2014 | – |

16 Investments

On the 8 June 2015 the Company entered into a share swap agreement with Cxense ASA, the Norwegian specialists in data management and personalized online experiences, to license Cxense's technology.

The equity securities and debentures are denominated in NOK and are publicly traded in Norway. Fair values of this investment has been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. During the year a loss of £80,543 to reflect the movement in market value was recognised in other comprehensive income.

| Dates | Number of Shares | NOK Price | FX NOK/£ | Fair Value |
|------------------|------------------|-----------|----------|------------|
| 8 June 2015 | 51,177 | 113.45 | 11.61 | £500,000 |
| 31 December 2015 | 51,177 | 106.96 | 13.05 | £419,457 |

17 Investments in subsidiaries

| | FWM | InTELEgentsia | Total |
|-------------------------|------------------|----------------------|------------------|
| | £ | £ | £ |
| Cost | | | |
| 1 January 2015 | – | – | – |
| Additions | 1,558,319 | 249,999 | 1,808,318 |
| Impairment | (355,827) | – | (355,827) |
| 31 December 2015 | 1,202,492 | 249,999 | 1,452,491 |

An impairment of FWM was provided for in 2015 of £355,827, see note 15

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

| Subsidiary | Status | Nature of business | Country of incorporation | Percentage of equity capital and voting rights |
|------------------------|--------|--------------------|--------------------------|--|
| mporium Limited | Active | m-commerce | England & Wales | 100% |
| Fast Web Media Limited | Active | m-commerce | England & Wales | 100% |
| InTELEgentsia | Active | m-commerce | England & Wales | 100% |

18 Trade and other receivables

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|-------------------|--|--|--|--|
| Trade receivables | 298,838 | 142,815 | – | – |
| Accrued Income | 2,181 | 33,600 | – | – |
| Prepayments | 530,667 | 35,669 | 487,697 | 22,868 |
| VAT recoverable | 83,745 | 55,216 | 83,745 | 31,959 |
| R&D Tax credits | 953,177 | 465,490 | – | – |
| Other receivables | 90,072 | 60,387 | 47,222 | 1 |
| | 1,958,680 | 793,177 | 618,664 | 54,828 |

Trade receivables have been reviewed for impairment at the statement of financial position date and an impairment of £16,228 (2014: £188,207) has been recognised in these accounts. Due to an uncertainty of when mporium Ltd would be able to settle the intercompany loan owed to mporium Group PLC an impairment of £10,029,914 was made in the Company accounts.

Aged analysis of Trade receivables

| | As at 31 December 2015 £ | As at 31 December 2014 £ |
|--|-----------------------------------|-----------------------------------|
| Outstanding between one and two months | 90,817 | 113,666 |
| Outstanding between two and three months | 175,377 | 28,938 |
| Outstanding more than three months | 48,872 | 309,943 |
| Less: allowance for receivables | (16,228) | (309,732) |
| | 298,838 | 142,815 |

19 Cash and cash equivalents

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|---------------|--|--|--|--|
| Bank balances | 2,735,318 | 1,321,437 | 2,676,398 | 1,099,034 |
| | 2,735,318 | 1,321,437 | 2,676,398 | 1,099,034 |

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance charges are accounted for on an accruals basis and charged to the statement of comprehensive income when payable.

Cash and cash equivalents are held in Pounds Sterling and placed on deposit in UK banks.

Notes to the Consolidated and Company Financial Statements –

continued

20 Trade and other payables

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|--|--|--|--|--|
| Due within one year | | | | |
| Trade payables | 792,867 | 646,687 | 257,343 | 244,775 |
| Taxation and social security cost | 238,579 | 455,910 | 72,036 | 51,110 |
| Accruals and Deferred income | 857,267 | 424,743 | 143,456 | 52,216 |
| Other payables | 75,856 | – | 51,447 | – |
| Trade and other payable due within one year | 1,964,569 | 1,527,340 | 524,282 | 348,101 |

Aged analysis of trade payable

| | As at 31 December 2015 £ | As at 31 December 2014 £ |
|--|-----------------------------------|-----------------------------------|
| Outstanding between one and two months | 418,708 | 289,367 |
| Outstanding between two and three months | 40,583 | 45,424 |
| Outstanding more than three months | 333,576 | 311,896 |
| | 792,867 | 646,687 |

21 Share capital

Ordinary shares of £0.005 carry the right to 1 vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling and translated at the historic rate.

The table below shows the movements in share capital for the year:

| | Number issued and fully paid shares | | Share capital (£) | | Share premium (£) | |
|---|--|-------------------|----------------------|----------------|----------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Balance at the beginning of year | 89,052,803 | 15,812,803 | 445,264 | 79,064 | 6,978,853 | 3,995,392 |
| Issue of new shares | 381,079,717 | 73,240,000 | 1,905,399 | 366,200 | 7,928,785 | 3,291,300 |
| Cost of share issue | – | – | – | – | (293,070) | (307,839) |
| Balance at the end of year | 470,132,520 | 89,052,803 | 2,350,663 | 445,264 | 14,614,568 | 6,978,853 |

22 Financial commitments

The Group leases all of its properties. The terms of property leases vary between properties, although they all tend to be tenant-repairing with periodic rent reviews and break clauses.

The total future minimum lease payments which exclude services are due as follows:

| | Group As at 31 December 2015 £ | Group As at 31 December 2014 £ | Company As at 31 December 2015 £ | Company As at 31 December 2014 £ |
|---|--|--|--|--|
| Not later than one year | 196,912 | 285,601 | 142,014 | – |
| Later than one year and not later than five years | 168,785 | 127,199 | 78,588 | – |
| | 365,697 | 412,800 | 220,602 | – |

23 Related party transactions

The Group's related parties are its directors and Executive Committee members. Compensation paid to the Group's Board and members of the Executive Committee is disclosed in note 7

The Company entered into a short-term loan agreement with Robert Keith on 15 May 2015 whereby Robert Keith agreed to lend to the Company £250,000 for working capital purposes (the "Loan"). The Loan was unsecured and interest was accumulated and charged at a rate of one per cent. per calendar month. The Loan was settled on 10 June 2015. Robert Keith is a substantial shareholder of the Company and consequently, the Loan constitutes a related party transaction.

A secured convertible loan note facility to issue up to £1,000,000 of convertible loan notes was entered into in September 2012 with Imperialise Limited (shareholder in the Parent Company). The interest rate for loan notes issued under the facility was 10%. The loan notes are convertible into ordinary shares of the Parent Company at any time between the date of the issue of the notes and the final redemption date of the respective loan note, which is one year after the respective loan note was issued. The loan notes are convertible at the lower of £20 per share and the price paid per share in the most recent non-qualifying or qualifying fund raising. The loan note holders have agreed that the interest charged will be rolled up into the principal amount.

The following loans were provided by Imperialise Limited to the company:

| | Year ended 31 December 2015 £ | Year ended 31 December 2014 £ |
|---|--|--|
| Balance brought forward | – | – |
| Loans made during the year | – | 250,000 |
| Loans converted into equity during the year | – | (100,000) |
| Interest rolled up | – | 1,906 |
| Loans repaid during the year | – | (151,906) |
| Balance carried forward | – | – |

Placing and Subscription

Twocan Limited, a company owned by a trust of which Nigel Keen, who retired as a director of the Company in December 2013, and Dominic Keen, the former chief executive officer of the Company is both beneficiaries agreed to subscribe for 10,000,000 Placing Shares at the Issue Price pursuant to the Placing on 13 October 2014. Twocan Limited's participation in the Placing constituted a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies.

24 Share-based payments

The first share option scheme was adopted by the parent company, mporium Limited, on 17 October 2008. A second scheme was adopted on 24 April 2013. The schemes were established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the Company and to promote the success of the Company's business.

As part of the process surrounding the acquisition of mporium Limited by mporium Group plc, the holders of all outstanding options under the mporium Limited Share Scheme surrendered their entitlements in exchange for the grant, by mporium Group plc, of Replacement Options that were on equivalent terms. All share options are valued on the same basis as before.

The share option schemes are administered by the directors of mporium Group plc.

Share options are issued as part of a long term incentive scheme ("LTIS") or in lieu of salary or bonus due. LTIS options typically vest 3 years from the date of issue, contingent upon the option-holder being an employee of the company at the vesting date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.3 years.

Notes to the Consolidated and Company Financial Statements –

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24 Share-based payments – *continued*

These fair values were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £1,002,521 related to equity-settled, share-based payment transactions during 2014 (2014: £367,950).

| Date of grant | Per 2014 Financial Statements | Issued in year | Surrendered/ exercised during the year | 31 Dec 2014 Number of options | Exercisable from | Exercisable to | Exercise price per option |
|---------------|-------------------------------------|-------------------|---|-------------------------------------|---------------------|-------------------|---------------------------------|
| 22/10/2008 | 658,000 | | | 658,000 | 22/10/2011 | 31/08/2018 | £0.0050 |
| 15/04/2009 | 10,000 | | | 10,000 | 15/04/2012 | 15/04/2019 | £0.0050 |
| 05/05/2011 | 359,960 | | (239,980) | 119,980 | 30/06/2011 | 05/05/2021 | £0.0050 |
| 05/05/2011 | 39,130 | | | 39,130 | 22/10/2011 | 05/05/2021 | £0.0050 |
| 05/05/2011 | 117,780 | | (6,000) | 111,780 | 31/12/2013 | 05/05/2021 | £0.0050 |
| 05/05/2011 | 20,758 | | | 20,758 | 31/12/2013 | 05/05/2021 | £0.5250 |
| 05/05/2011 | 239,980 | | | 239,980 | 01/09/2016 | 31/08/2018 | £0.0050 |
| 01/08/2011 | 188,340 | | (68,340) | 120,000 | 01/08/2011 | 01/08/2021 | £0.0050 |
| 01/08/2011 | 120,000 | | (60,000) | 60,000 | 30/06/2014 | 01/08/2021 | £0.0050 |
| 01/08/2011 | 79,340 | | | 79,340 | 01/09/2016 | 31/08/2018 | £0.0050 |
| 18/10/2013 | 90,000 | | | 90,000 | 31/12/2013 | 18/10/2023 | £0.5250 |
| 18/10/2013 | 108,860 | | (60,720) | 48,140 | 18/10/2013 | 18/10/2023 | £0.0050 |
| 18/10/2013 | 681,600 | | (448,520) | 233,080 | 31/12/2014 | 18/10/2023 | £0.5250 |
| 18/10/2013 | 331,920 | | (202,204) | 129,716 | 31/12/2015 | 18/10/2023 | £0.5250 |
| 19/06/2014 | 100,000 | | (100,000) | 0 | 19/06/2014 | 19/06/2024 | £0.0050 |
| 19/06/2014 | 90,000 | | (90,000) | 0 | 31/12/2014 | 19/06/2024 | £0.5250 |
| 19/06/2014 | 181,250 | | (134,505) | 46,745 | 30/06/2015 | 19/06/2024 | £0.7000 |
| 19/06/2014 | 45,000 | | (45,000) | 0 | 31/12/2015 | 19/06/2024 | £0.5250 |
| 19/06/2014 | 60,000 | | | 60,000 | 01/09/2016 | 19/06/2024 | £0.5250 |
| 19/06/2014 | 100,000 | | | 100,000 | 01/09/2016 | 19/06/2024 | £0.0050 |
| 19/06/2014 | 181,250 | | (137,487) | 43,763 | 31/12/2016 | 19/06/2024 | £0.7000 |
| 31/10/2014 | 98,200 | | | 98,200 | 01/11/2015 | 31/10/2018 | £0.0050 |
| 31/10/2014 | 98,200 | | | 98,200 | 01/11/2016 | 31/10/2018 | £0.0050 |
| 08/06/2015 | | 42,571,960 | | 42,571,960 | 08/06/2015 | 08/06/2025 | £0.0200 |
| 08/06/2015 | | 500,000 | | 500,000 | 08/06/2015 | 08/06/2025 | £0.0375 |
| 08/06/2015 | | 6,385,794 | | 6,385,794 | 08/06/2015 | 08/06/2025 | £0.0375 |
| 08/06/2015 | | 6,385,794 | | 6,385,794 | 08/06/2015 | 08/06/2025 | £0.0375 |
| 08/06/2015 | | 6,385,794 | | 6,385,794 | 08/06/2015 | 08/06/2025 | £0.0375 |
| 30/09/2015 | | 1,000,000 | | 1,000,000 | 03/05/2016 | 08/06/2025 | £0.0500 |
| 26/10/2015 | | 2,128,598 | | 2,128,598 | 26/10/2016 | 26/10/2025 | £0.0938 |
| 26/10/2015 | | 2,128,598 | | 2,128,598 | 26/10/2017 | 26/10/2025 | £0.0938 |
| 26/10/2015 | | 2,128,598 | | 2,128,598 | 26/10/2018 | 26/10/2025 | £0.0938 |

The weighted average exercise price of share options issued during the year was £0.032 (2014: £0.350) per share and the weighted average exercise price per share options surrendered and exercised during the year was £0.380

| Date of issue | Weighted average share price | Weighted average exercise price | Expected volatility | Expected life | Risk free rate | Expected dividend yield |
|----------------------|-------------------------------------|--|----------------------------|----------------------|-----------------------|--------------------------------|
| 18/10/2013 | 0.9870 | 0.5250 | 19.00% | 10 years | 2.82% | – |
| 18/10/2013 | 0.9870 | 0.0050 | 19.00% | 10 years | 2.82% | – |
| 19/06/2014 | 0.2200 | 0.7000 | 15.09% | 10 years | 2.82% | – |
| 19/06/2014 | 0.2200 | 0.0050 | 15.09% | 10 years | 2.82% | – |
| 19/06/2014 | 0.2200 | 0.5250 | 15.09% | 10 years | 2.82% | – |
| 03/11/2014 | 0.2200 | 0.0500 | 15.09% | 10 years | 2.82% | – |
| 31/10/2014 | 0.0625 | 0.0050 | 111.50% | 10 years | 0.47% | – |
| 31/10/2014 | 0.0625 | 0.0050 | 111.50% | 10 years | 0.78% | – |
| 08/06/2015 | 0.0375 | 0.0200 | 134.00% | 10 years | 0.46% | – |
| 08/06/2015 | 0.0375 | 0.0375 | 134.00% | 10 years | 0.46% | – |
| 08/06/2015 | 0.0375 | 0.0375 | 134.00% | 10 years | 0.41% | – |
| 08/06/2015 | 0.0375 | 0.0375 | 134.00% | 10 years | 0.60% | – |
| 08/06/2015 | 0.0375 | 0.0375 | 134.00% | 10 years | 0.90% | – |
| 30/09/2015 | 0.0450 | 0.0500 | 139.70% | 10 years | 0.39% | – |
| 26/10/2015 | 0.0938 | 0.9380 | 139.70% | 10 years | 0.40% | – |
| 26/10/2015 | 0.0938 | 0.9380 | 139.70% | 10 years | 0.59% | – |
| 26/10/2015 | 0.0938 | 0.9380 | 139.70% | 10 years | 0.80% | – |