

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

Financial Statements for the 6 months ended 30 June 2016

mporium Group PLC (AIM: MPM) (“mporium” or the “Company”), the mobile commerce specialist, today announces its results for the six months ended 30 June 2016.

Results Overview

Overall revenue during the period under review increased to £870,473 (2015: £559,065) and the loss from ordinary activities before taxation reduced to £2,939,919 (2015: loss of £3,895,937) compared with the prior period. The loss per share was 0.01 (2015: loss of 0.03). The Group had cash reserves at the end of the half year of £662,052.

On 18 July 2016 the Company successfully completed a Placing of 41,379,008 ordinary shares of 0.5 pence each at a price of 7.5 pence per share from a combination of new and existing shareholders. The net proceeds of the Placing of approximately £3.0m are to be used to continue the Group’s core products development, to accelerate growth through investment in sales and marketing activities, in addition to general working capital purposes.

Business Review

The business and the senior management team continue to execute on its revised product strategy focusing mporium’s development efforts on the evolution of its two key software products IMPACT & INSIGHTS, whilst re-aligning Fast Web Media Limited (FWM) to complement the Group’s vision of the digital marketing agency of the future.

The two key software products have shown encouraging results in live environments during the first half of 2016. In order to fulfil both products’ potential, the technology underpinning the products’ commercialisation continues to be developed, taking into account customer feedback and to better address the large scale opportunities the market presents.

INSIGHTS continues to evolve into a decision support tool that delivers actionable information to enable users to manage their websites and the digital advertising campaigns that drive web traffic to their websites. IMPACT is being further developed into a digital advertising activation technology that enables campaigns to be managed across Google AdWords, Facebook, Instagram and YouTube by reacting in real time to events. These events can be TV content, weather, news, sports and consumer sentiment amongst others.

The primary target market for both software products is the large marketing and advertising agencies across the globe. INSIGHTS will be targeted at agencies as a decision support tool to determine how to operate advertising campaigns, in addition to the optimisation of corporate websites in order to achieve a brand’s commercial objectives. IMPACT is a technology that can be utilised by brands & broadcasters directly, as well as media agencies which buy advertising on behalf of brands. In practice, the media agencies can use IMPACT to manage the digital advertising campaigns of their brand clients.

The investment in sales and marketing is progressing as planned, with key hires in Business Development and Sales already complete, and a number of other positions identified in readiness for the marketing push in the second half of the year. Furthermore, the Group has strengthened its Board with the appointment of Aidan Casey as a Non-Executive Director in April.

The turnaround in performance of FWM, which was acquired by the Group in September 2015, continues with the business making profit in every month of 2016 to date. Preparations continue to be made for the re-launch of the Company, placing mporium technology at the core of the offering.

Outlook

mporium's strategy to deliver world-class mobile commerce products remains on track, backed by a solid financial platform and capable management team.

The business continues to invest in technology and the patent process, its portfolio of applications now includes aspects of personalisation which has further enhanced the uniqueness and innovative nature of its offering.

The Board believe the business is well positioned to take advantage of the opportunities the mobile commerce market offers during the remainder of the year.

24 August 2016

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Consolidated interim statement of total comprehensive income for the period ended 30 June 2016

		<u>6 months to</u> <u>30 June 2016</u>	<u>6 months to</u> <u>30 June 2015</u>	<u>Year ended 31</u> <u>December 2015</u>
	<u>Note</u>	<u>unaudited</u>	<u>unaudited</u>	<u>audited</u>
		£	£	£
Continuing operations				
Revenue	4	870,473	553,623	1,267,189
Cost of sales		(154,778)	(378,821)	(854,833)
Gross profit		715,695	174,802	412,356
Administrative expenses		(3,648,134)	(4,065,057)	(5,523,886)
Operating loss		(2,932,439)	(3,890,255)	(5,111,530)
Financial income		2,508	131	297
Financial expense		(9,988)	(5,813)	(15,949)
Loss on ordinary activities before taxation		(2,939,919)	(3,895,937)	(5,127,182)
Taxation		-	-	508,299
Total loss		(2,939,919)	(3,895,937)	(4,905,930)
Other comprehensive loss for the period				
Revaluation of investment which will subsequently be reclassified to profit and loss	6	269,023	(55,000)	(80,543)
Total comprehensive losses attributable to equity holders of the parent company		(2,670,896)	(3,950,937)	(4,986,473)
Basic and diluted loss per share for losses attributable to the owners of the parent during the period	7	(0.01)	(0.03)	(0.02)

The notes on pages 10 to 11 form part of these financial statements

Consolidated interim statement of financial position as at 30 June 2016

<u>Note</u>	<u>As at</u> <u>30 June 2016</u> <u>unaudited</u> £	<u>As at</u> <u>30 June 2015</u> <u>unaudited</u> £	<u>As at 31</u> <u>December 2015</u> <u>audited</u> £
Non-current assets			
Property, plant and equipment	326,006	43,023	334,397
Intangible assets	2,277,615	2,057,251	2,689,493
Investments	6	688,480	445,000
Total Non-current assets	3,292,101	2,545,274	3,443,347
Current assets			
Trade and other receivables	1,574,547	1,670,435	1,958,680
Cash and cash equivalents	662,052	2,604,750	2,735,318
Total Current assets	2,236,599	4,275,185	4,693,998
Total assets	5,528,700	6,820,459	8,137,345
Current liabilities			
Trade and other payables	(1,779,228)	(3,087,613)	(1,964,569)
Current proportion of loans and borrowings	-	-	-
Total Current liabilities	(1,779,228)	(3,087,613)	(1,964,569)
Total liabilities	(1,779,228)	(3,087,613)	(1,964,569)
Net assets	3,749,472	3,732,846	6,172,776
Shareholders' Equity			
Share capital	2,351,049	2,128,598	2,350,663
Share premium	14,614,568	11,559,710	14,614,568
Share option reserve	2,101,751	1,731,296	1,889,558
Non-controlling interest	-	6,969	-
Merger reserve	7,641,598	7,641,598	7,641,598
Retained earnings	(22,959,494)	(19,335,325)	(20,323,611)
Equity shareholders' funds	3,749,472	3,732,846	6,172,776

The notes on pages 10 to 11 form part of these financial statements

Consolidated interim statement of changes in equity for the period ended 30 June 2016

	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 - audited	(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 - audited	(20,323,611)	2,350,663	14,614,568	1,889,558	7,641,598	6,172,776
Total loss for the period	(2,939,919)	-	-	-	-	(2,939,919)
Other comprehensive loss – revaluation of investment	269,023	-	-	-	-	269,023
Share-based payments	-	-	-	247,206	-	247,206
Transfer related to exercised share options	35,013	-	-	(35,013)	-	-
Share issue during the year	-	386	-	-	-	386
30th June 2016 - unaudited	(22,959,494)	2,351,049	14,614,568	2,101,751	7,641,598	3,749,472

The notes on pages 10 to 11 form part of these financial statements

Consolidated interim statement of cash flows for the period ended 30 June 2016

	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2015</u> <u>unaudited</u> £	<u>Year ended 31</u> <u>December 2015</u> <u>audited</u> £
Cash flows used in operating activities			
Loss before taxation	(2,939,919)	(3,895,937)	(5,127,182)
Adjustments for:			
Depreciation of property, plant and equipment	67,183	1,748	32,684
Amortisation of intangible assets	125,000	16,917	157,328
Impairment of intangible assets	575,250	-	77,259
Loss on sale of fixed assets	-	-	4,351
Loss on sale of intangible assets	10,500	-	17,500
Share based payment expense	247,206	797,009	1,002,521
Bad debt expense	-	72,084	64,160
Financial income	(2,508)	(131)	(297)
Financial expense	9,988	5,813	15,949
Loss before tax on discounted activities	-	-	(262,090)
Cash flows from operating activities before changes in working capital	(1,907,300)	(3,002,497)	(4,017,817)
Decrease/(increase) in trade and other receivables	(2,058,444)	343,485	(46,961)
Increase /(decrease) in trade and other payables	2,257,238	747,754	(95,508)
Cash used in operations	198,794	1,091,239	(142,469)
Income taxes received	-	-	78,562
Net cash used in operating activities	(1,708,506)	(1,911,258)	(4,081,724)
Cash flows used in investing activities			
Interest received	2,508	131	297
Purchase of intangible assets	(298,872)	-	(624,381)
Purchase of property, plant and equipment	(58,794)	-	(328,850)
Sale Proceeds	-	-	2,190
Cash acquired with subsidiary	-	(5,619)	(5,619)
Cash disposed of with subsidiary	-	-	(14,879)
Net cash used in investing activities	(355,158)	(5,488)	(971,242)
Cash flows from financing activities			
Interest paid	(9,988)	(5,813)	(15,949)
Issue of share capital	386	3,300,000	6,311,323
Issue cost of share	-	(94,128)	(78,527)
Increase in borrowings	-	250,000	250,000
Repayment of borrowings	-	(250,000)	-
Net cash generated from financing activities	(9,602)	3,200,059	6,466,847
Net increase/(decrease) in cash and cash equivalents	(2,073,266)	1,283,313	1,413,881
Cash and cash equivalents at start of period	2,735,318	1,321,437	1,321,437
Cash and cash equivalents at end of period	662,052	2,604,750	2,735,318

The notes on pages 10 to 11 form part of these financial statements

Notes to the consolidated interim financial statements

1 Basis of preparation

The interim condensed consolidated financial statements are the unaudited Consolidated Financial Statements of mporium Group plc, for the six months ended 30 June 2016. This non-statutory interim statement has been prepared on a basis consistent with that used in the preparation of the annual accounts, which are prepared under International Financial Reporting Standards as adopted by the EU ("IFRS"). They do not include all of the information required in annual financial statements in accordance with IFRS.

The interim financial statements were approved by the Board on 24 August 2016. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements have been prepared under the historical cost convention and the consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies.

The comparative figures for the year ended 31 December 2015 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) (accounting record or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

Going Concern

The interim financial statements have been prepared assuming the Group 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 existing working capital position. Management are of the opinion that the Group has adequate resources to continue as a going concern.

2 Significant accounting policies

The principal accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied in the Group's annual accounts for the year ended 31 December 2015. The accounts for the Group can be obtained from the company's website.

3 Critical accounting judgements and key estimation of uncertainty

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised. The critical accounting judgements made in preparing this interim report are the same as those in preparing the annual accounts for the Group for the year ended 31 December 2015 which can be obtained from the company's website.

4 Business 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:

	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2015</u> <u>unaudited</u> £	<u>Year ended 31</u> <u>December 2015</u> <u>audited</u> £
Product Revenue	35,282	377,458	787,284
Agency and Project Fees	835,191	176,165	479,905
	870,473	553,623	1,267,189

Notes to the consolidated interim financial statements

5 Staff numbers

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

	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u>	<u>6 months to</u> <u>30 June 2015</u> <u>unaudited</u>	<u>Year ended 31</u> <u>December 2015</u> <u>audited</u>
Directors	6	4	6
Administration	3	2	2
Research and development	4	7	5
Operations	23	13	19
Customer services	-	14	12
Sales	5	5	5
	41	45	49

6 Investments

On 8 June 2015 as part of the arrangements with Cxense the Company entered into a share swap agreement. The Company allotted and issued 25,000,000 new ordinary shares to Cxense at 2 pence per ordinary share in return for the allotment and issue by Cxense to the Company of 51,177 new shares at an issue price of NOK 113.45 per share with an initial valuation of £500,000.

	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u> <u>£</u>	<u>6 months to</u> <u>30 June 2015</u> <u>unaudited</u> <u>£</u>	<u>Year ended 31</u> <u>December 2015</u> <u>audited</u> <u>£</u>
Number of shares	51,177	51,177	51,177
Share price Norwegian Krona	150	108	107
FX NOK/£	11.15	12.42	13.05
Fair value	688,480	445,000	419,457
Revaluation recognised in consolidated statement of income	269,023	(55,000)	(80,543)

7 Loss per share

	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u> <u>£</u>	<u>6 months to</u> <u>30 June 2015</u> <u>unaudited</u> <u>£</u>	<u>Year ended 31</u> <u>December 2015</u> <u>audited</u> <u>£</u>
Loss for the period	(2,939,919)	(3,895,937)	(4,986,473)
Deemed average ordinary shares in issue during the period	470,206,403	129,973,630	283,731,742
Loss per share	(0.01)	(0.03)	(0.02)

Deemed average ordinary shares are used due to the application of merger accounting.