

15 July 2015



**Imaginatik Plc**  
**("Imaginatik" or the "Company")**

**Final Results**

Imaginatik plc (AIM: IMTK.L), the world's first full service innovation provider offering a range of consultancy and technology products, is pleased to announce its audited results for the year ended 31 March 2015.

With its unique technology and consulting expertise, Imaginatik enables organisations to build actual solutions and actionable plans to develop a sustainable and organisation-wide innovation strategy in order to compete in the rapidly changing, information-rich 21<sup>st</sup> century.

**Financial Highlights**

- Recognised revenue increased by 15% £3.34m (FY14: £2.9m)
- Deferred revenue decreased by 4% £2.90m (FY14: £3.03m)
- Annualised Renewals increased by 29% to £3.1m (FY14: £2.4m)
- Gross bookings decreased by 14% to £3.18 (FY14: £3.44m)\*
- Loss after tax decreased by 9% £1.46m (FY14: £1.61m)
- Placing of and subscription for new shares in the year raised a total of £1.29m before expenses

**Operational Highlights**

- Appointment of Ralph Welborn as CEO who joined the Company in December 2014
- The client base increased by 21 over the year, 12 predominantly blue chip international clients on annual contracts, secured across a wide range of sectors:
  - Investment Management
  - Biotechnology
  - Media Services
  - Retail
  - Construction Equipment
  - Higher Education
- Total client base increased to 42 with 26 now on multi-year contracts
- Sales pipeline increased by 13% on a like-for-like basis to £8.22m in March 2015 (March 2014: £7.28m)\*
- Continued investment in the expansion of Imaginatik's consultancy and technology offerings

\* At constant currency, exchange rate of 1.5383.

**Ralph Welborn, Chief Executive Officer of Imaginatik**, commented, *"I am delighted to have joined Imaginatik at such a pivotal moment in the Company's development. The plan to reposition Imaginatik as a global full service innovation provider is seeing satisfactory progress, as highlighted by the number of new clients and the growth of our sales pipeline. The first six months since I joined have been spent getting to know the business, our employees and our client base and I am confident that we have a clear plan to take the company forward and build quickly on the progress made so far."*

**Matt Cooper, Non-Executive Chairman of Imaginatik**, added, *"The operational and financial performance of the Company in the period has been encouraging but we recognise that we can do better. We are committed to delivering an improved performance and value for our shareholders in the future. The uniqueness of our product offering and our commitment to helping our clients develop an effective innovation strategy is key to the growth in our client base. The diversity and breadth of industries seeking our services convinces the Board that we are on the right track."*

**For further information please contact:**

**Imaginatik plc**

Matt Cooper Non-Executive Chairman  
Ralph Welborn, CEO  
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**Tel: 020 7653 9850****About Imaginatik**

Imaginatik provides a range of Innovation solutions comprised of consultancy, enterprise software and program management to deliver innovation results to organisations such as The World Bank, The Chubb Group of Insurance Companies, Exxon Mobil, Altria, Shell, Mayo Clinic, Goodyear, the Yorkshire Building Society, Pitney Bowes and Cargill. Few organisations possess the internal capability to consistently generate fresh ideas, identify those worth pursuing and reliably transform them into real, value-enhancing assets. Imaginatik's mission is to help these organisations build sustainable innovation competencies.

Imaginatik is a public company whose shares are traded on the AIM market of the London Stock Exchange (LSE:IMTK.L) and is a World Economic Forum Technology Pioneer with offices in Boston, MA, and Fareham, UK. For more information visit [www.imaginatik.com](http://www.imaginatik.com)

**Chairman's statement**

On 1 December 2014 Ralph Welborn joined Imaginatik as our Chief Executive Officer who is based in Boston, USA. The Board is delighted that Ralph's appointment has had an immediate impact, benefiting both the strategy and direction of the Company. With his senior consulting background, Ralph is helping elevate conversations within the existing and prospective client bases, in addition to assisting the sales and consulting teams demonstrate that Imaginatik's services encompass substantially more than that of a pure technology vendor.

Our client base continues to grow in number and value, demonstrating the Company's progress in repositioning itself as a global full service innovation provider. We have achieved this growth through our expanded consultancy offerings, our growing sales capability, our client retention rates and through our range of proprietary technology products.

Our operational marketplace continues to expand with the sector coverage by industry analysts also increasing as a response to their clients seeking to further understand the innovation marketplace and how innovation can be institutionalised within their organisations. As recently as five years ago, the notion that large corporations would have a C-level officer devoted to innovation was not credible. This growing category of senior executives now have a title, Chief Innovation Officer (CINO), and a rising slate of conferences, publications, and services are targeting them. Over 40% of the Forbes Global 2000 now have a CINO or a close equivalent.

As we highlighted in the shareholders circular issued on 14th May 2015, the financial year ended 31 March 2016 contains a significant number of client renewals. Whilst only a few of these have so far reached their renewal date, we have confirmed five renewals and two small losses, one of which was anticipated. All others are progressing well and we shall update on their progress throughout the year.

The operational and financial performance of the Company in the period has been encouraging but we recognise that we can do better. We are committed to delivering an improved performance and value for our shareholders in the future. The uniqueness of our product offering and our commitment to helping our clients develop an effective innovation strategy is key to the growth in our client base. The diversity and breadth of industries seeking our services convinces the Board that we are on the right track

**Matt Cooper**  
**Non-Executive Chairman**  
14 July 2015

## **Strategic Report**

### **Operational Review**

Over the last three years our strategy has been to reposition Imaginatik as a global full service innovation provider, utilising our unique and extensive consultancy and technology offerings. In service of that objective, we have continued to invest in all of our core competencies; consultancy, technology, sales and marketing.

#### *Consultancy*

We see the provision of consultancy services as Imaginatik's key differentiator from our competitors, who are primarily technology based. Consequently, we have been intensely focused on developing our consultancy offerings to ensure we make the most of this opportunity to establish and consolidate Imaginatik as a leading global full service innovation provider.

Our consulting services are provided under two broad categories of *Sustainable Innovation Competence* and *Innovation Pathways*

*Sustainable Innovation Competence* leverages the complete set of Imaginatik services and products by providing our clients with a long term programme of building a lasting core competence for innovation. In delivering this strategic objective for our clients, the *Innovation Governance* service offering is particularly invaluable as it ensures that a client's burgeoning innovation programme develops healthy connections to overall corporate strategy, while also building scaled enterprise processes and helping to establish key metrics for innovation. Additionally we offer other solutions that help clients to create a clear roadmap as they begin the process of developing an effective innovation strategy. These platforms help our clients determine what success will look like, provide innovation maturity assessments relative to their competitors, establish concept enhancement workshops and install a range of training and skill development programmes.

*Innovation Pathways* – are discrete service lines that focus on building our client's capabilities within a particular type of core innovation process. In addition to our longstanding offering around *Idea Challenges*, new offerings around *Discovery Labs* and *Innovation Communities* allow us to offer early stage programmes and engagements for a wider variety of new clients. Our success along specific *Innovation Pathways* is a strong indicator of a client's likelihood to subsequently sign up for Imaginatik's complete Sustainable Innovation Competence programme of change. Within this area we have seen particular success with our Discovery Labs and Portfolio Valuation offers:

#### *Discovery Labs*

The Discovery Labs is a consulting engagement that is delivered in conjunction with our Discovery Central software offering. The objective is to encourage and enable our

clients to think radically, consider the impossible and seek to define future opportunities and to remove practices that inhibit progress, no matter how entrenched they may be. During the period under review, we have sold this offering into six new and existing clients and expect this to continue as our clients develop their strategic thought processes and focus on the efficiencies they can deliver.

#### *Portfolio Valuation*

More recently we have been working on a new offering of our model for innovation portfolio valuation. This seeks to apply various mathematical modelling and analytic techniques, including the Monte Carlo Simulations, to generate a series of potential valuations of a client's portfolio of innovation initiatives. In doing this it will allow a greater focus on new business models, address emerging markets and develop opportunities within new investment and growth frontiers.

Our models enable us to isolate the relative importance of specific projects or variables to investment success providing visualisations of project dependencies and interconnectedness. A study of these visualisations enables a greater focus on investment strategies and success, notably capability building, timing of investments and third party opportunities.

#### *Technology*

During the period we successfully released Version 12 of our Innovation Central software platform, a new and significantly enhanced version that incorporates various new features and functionalities that have been developed in response to, and alongside, our growing client base. In particular, we have invested resources in developing several new analytic tools that enable end users to further distil the very best ideas generated from idea challenges to be taken forward as projects for use within their businesses. We spent time further developing and enhancing connectors that link Innovation Central to enterprise social business applications, such as Jive, Yammer and Sharepoint, streamlining the process for our clients to engage their employees and, additionally, allowing corporate work streams to efficiently pass from one platform to the other. All of these developments will help increase the addressable market.

Development plans for the current year include a continuation of our investment strategy supporting a series of decision making support tools; these new tools aim to help clients action their ideas within current and prospective projects. We will also be developing further refinements to our portfolio valuation tools in response to the considerable interest expressed by our existing and prospective clients.

#### *Sales and Marketing*

Following significant work in previous years to carefully define Imaginatik's core principles; innovation value proposition and the central IP components of a refreshed brand position, these past 12 months have marked the first year of dissemination, success, and refinement of that core message.

In terms of client development, the new positioning and packaged offerings resulted in a noticeable increase in the level of cross-selling of different products and services. Our account managers have in many cases, already succeeded in moving client relationships away from tactical point solutions and onto an increasingly broad value proposition in-line with our new and enhanced direction. New business development has also transitioned to this unified "end to end innovation" sales message, away from the traditional technology only message, thereby utilising new and evolving methods for converting leads into prospects. This enhanced approach is based on a more holistic understanding of innovation management and how it can generate value for our clients.

Our marketing programmes focused on conferences, networking events and the roll-out of Imaginatik's own prospecting seminars and forums, recent locations of these include San Francisco,

New York, Chicago, Brussels and London. All of these programmes have the purpose of convening senior-level decision makers around strategic issues of innovation that align with Imaginatik's refreshed brand positioning. This focus allowed us to field-test the new messaging directly with target buyers and influencers. By the second half of the year under review, these efforts funneled into a redoubling of effort around email marketing, web content, and online advertising. This has steadily built up a new set of organisational habits for generating and developing sales leads and starting to establish new foundations of brand equity within the market.

The top priorities for the next year include new retainer services agreements with dedicated Social Media and PR firms, aiming to further amplify and disseminate our core brand position and sales messages. In line with this added PR and Social Media leverage, we are now increasing the cadence of high-end marketing content production and our frequency of senior-level marketing events.

## Management and Key Personnel

In October 2014 the Company announced the appointment of Ralph Welborn as CEO who joined the Company and the Board in December 2014. Ralph has spent his first few months meeting with many of our key clients, better understanding their current and ongoing requirements, and discussing Imaginatik's new rounded innovation capabilities in addition to helping the sales team to develop further senior relationships and generate sales momentum.

## KPIs & Financial Review

The key performance indicators on which we judge the progress of our business are as follows:

| KPI  | 2015     | 2014     |
|--|----------|----------|
| Number of new client wins in the year          | 21       | 15       |
| Total number of annual contracts               | 42       | 33       |
| Annualised value of renewals                   | £3.1m    | £2.4m    |
| Number of client renewing their contracts      | 12/15    | 14/16    |
| Gross bookings *                               | £3.18m   | £3.72m   |
| New & Upsell bookings *                        | £2.60    | £2.45m   |
| Renewal bookings *                             | £0.58    | £1.27    |
| % of contracts signed that include consultancy | 56%      | 47%      |
| Recognised revenue                             | £3.34m   | £2.90m   |
| Size of the sales pipeline at year end *       | £8.22m   | £7.28m   |
| Net result before exceptional costs            | (£1.46m) | £(1.47m) |

\* At constant currency, exchange rate of 1.5383.

We have seen a significant increase in new client wins with 21 secured during the course of the year, of which 12 are on annual technology contracts and the remainder being consulting engagements or pilot projects. Our new clients include an impressive array of large global businesses, including sector representation across financial services, pharmaceutical, aerospace, professional services and manufacturing. By the period end we had 42 clients (2014: 33) on annual or multi-year contracts, an increase of 28% year-on-year. More importantly, the aggregate annualised value of these contracts has increased to c. £3.1m, up 29% on the previous period (2014: c. £2.4m). Client renewal rates in the last two years have also been impressive, with 12 out of a possible 15 clients whose contracts came up for renewal choosing to renew in the period. The growth in the aggregate value of our contracts and our strong renewal rates gives the Board confidence that, as greater proportion of the fixed cost base is covered by the existing customer base, the Company's contracted revenue base will be able to underpin the fixed cost base of the business in the long term.

Gross bookings in the period ending 31 March 2015 were £3.18m (2014: £3.72m), with £2.6m generated from new and upsell business (2014: £2.45m), the balance of £0.58m came from the available renewals (2014: £1.27m). The reduced level of gross bookings relative to the prior year is a function of the availability of renewals to the company, showing some volatility as a result of the flow

of multi-year contracts now in place. Of the 42 clients contracted at the period end, some 26 are on a multi-year contract (2014: 22), with more than 30 available for renewal in the next financial year.

Recognised revenues at £3.34m were up 14% on the prior year (2014: £2.89m), with a skew towards the second half year as sales momentum started to build with the addition of several new annual contract wins as well as higher revenues generated from the consulting division. We now have more of our contracts containing some form of consulting component - 56% in this period versus 47% in the comparable period. This is a modest diversification of our revenue base, but in the longer term we believe it will help further embed the Company's offerings within the client base. Throughout the period contribution to revenues from our various technology offerings amounted to 74% of total revenues (2014: 85%) with a greater contribution now from consulting at 26% (2014:15%). We see this as a steady state in terms of revenue mix for the future. The US market again accounted for the largest element of revenues, with 71% derived from that region (2014:77%) with a growing contribution now from the Rest of World, which is primarily the European market – 29% (2014:23%).

Our sales pipeline of all business opportunities continued to grow in the period with a value at the year-end of approximately £8.22m (2014:£7.28m).The sales pipeline now contains a greater number of opportunities that contain a consulting component as we demonstrate a wider footprint of capability to our client base.

Administrative expenses for the period were up 7% at £4.6m (2014: £4.33m) as a result of recruiting and employing the new CEO and £0.2m of FX losses (FY14: US\$0.16m gain) as the US\$ strengthened in the second half of the year. In 2014 there was an FX gain of £0.16m. This resulted in a loss before tax of £1.58m (2014: £1.71m). We were again successful in securing an R&D tax credit from HMRC of £0.12m (2014: £0.1m), reflected in the taxation line in the consolidated statement of comprehensive income.

Cash outflows from operating activities was £1.03m (2014; £1.35m), these outflows were met through the institutional fund raisings undertaken in the period and the loan from Matt Cooper both referred to below.

In May 2014 and October 2014 the Company undertook placings of new ordinary shares with both new and existing shareholders raising £1.29m after expenses. These funds were used to strengthen the Company's financial position, providing reassurance to existing and prospective new clients as to the Company's ability to continue to provide and develop its software and range of consulting services.

Subsequent to the period end, on 14 May 2015 the company announced it had raised £0.5m before expenses by way of a conditional placing.

The Company announced on 19 January 2015, that Matt Cooper had agreed to lend to the Company the sum of US\$250,000 which remained in place at the period end, the loan attracts interest at 10% per annum and has no fixed repayment date

In August 2014 the Company undertook a Share Capital re-organisation, under which every 80 existing ordinary shares of 0.0625 pence each were consolidated into one new ordinary share of 5 pence each.

## **Summary and Outlook for 2016**

We are pleased with much of the progress made in the year and especially with how sales activity has picked up in the second half of the financial year. We recognise however that in order to continue this sales momentum there is a necessity to highlight demonstrable success of Imaginatik's technology products and consultancy offerings to the market. We enter the new financial year with a pleasing pipeline of sales opportunities, accompanied by an established sales team that is collectively focussed on securing more new client wins and ensuring we are successful in our efforts to renew all of our clients that are scheduled to renew in the year ahead. As set out at the time of the fundraising in May 2015, we remain reliant on significant cash-flows from renewals which are expected to occur later this year to provide the necessary working capital for the Group.

The market in which we operate continues to be receptive to the services and expertise that we offer and we are confident of achieving the scale necessary to allow the business to move to a breakeven position and ultimately into profitability.

*Approved by the Board and signed on its behalf by:*

**Ralph Welborn**  
**Chief Executive Officer**

**Shawn Taylor**  
**Chief Operating and Financial Officer**

14 July 2015

## **Imaginatik plc**

### **Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2015**

|   | Note | 2015<br>£ 000 | 2014<br>£ 000 |
|---|------|---------------|---------------|
| Revenue   | 3    | 3,336         | 2,899         |
| Cost of sales   |      | (265)         | (261)         |
| Gross profit  |      | 3,071         | 2,638         |
| Administrative expenses   |      | (4,625)       | (4,328)       |
| Operating loss  |      | (1,554)       | (1,690)       |
| Finance costs   |      | (28)          | (24)          |
| Loss before tax   |      | (1,582)       | (1,714)       |
| Income tax receipt  |      | 119           | 105           |
| Loss on ordinary activities for the year and total comprehensive income |      | (1,463)       | (1,609)       |
| Loss per share - Basic and diluted                                      | 5    | 2.46p         | 4.55p         |

The above results were derived from continuing operations.

The group has no recognised income or expenses other than the results for the year as set out above.

All of the above losses for the year are attributable to equity holders of the parent.

## Imaginatik plc

### Consolidated Statement of Financial Position as at 31 March 2015

|  | Note | 2015<br>£ 000 | 2014<br>£ 000 |
|--|------|---------------|---------------|
| <b>Assets</b>                                |      |               |               |
| <b>Non-current assets</b>                    |      |               |               |
| Property, plant and equipment                |      | 35            | 26            |
| Intangible assets                            |      | 392           | 291           |
| Trade and other receivables                  |      | 330           | 329           |
|  |      | 757           | 646           |
| <b>Current assets</b>                        |      |               |               |
| Trade and other receivables                  |      | 1,666         | 1,614         |
| Cash and cash equivalents                    |      | 125           | 94            |
|  |      | 1,791         | 1,708         |
| Total assets                                 |      | 2,548         | 2,354         |
| <b>Equity and liabilities</b>                |      |               |               |
| <b>Equity</b>                                |      |               |               |
| Share capital                                | 6    | 3,154         | 1,940         |
| Share premium                                |      | 6,480         | 6,405         |
| Other reserves                               |      | 1,076         | 967           |
| Retained earnings                            |      | (11,872)      | (10,409)      |
|  |      | (1,162)       | (1,097)       |
| Equity attributable to owners of the company |      | (1,162)       | (1,097)       |
| <b>Non-current liabilities</b>               |      |               |               |
| Deferred income                              |      | 851           | 1,079         |
| <b>Current liabilities</b>                   |      |               |               |
| Trade and other payables                     |      | 2,859         | 2,372         |
|  |      | 2,859         | 2,372         |
| Total liabilities                            |      | 3,710         | 3,451         |
| Total equity and liabilities                 |      | 2,548         | 2,354         |

## Imaginatik plc

### Consolidated and Company Statement of Cash Flows for the Year Ended 31 March 2015

|  | Note | 2015 | 2014 |
|--|------|------|------|
|--|------|------|------|



|  | £ 000          | £ 000          |
|--|----------------|----------------|
| <b>Cash flows from operating activities</b>                |                |                |
| Loss for the year  | (1,463)        | (1,609)        |
| Adjustments to cash flows from non-cash items              |                |                |
| Depreciation and amortisation                              | 121            | 105            |
| Share based payment transactions                           | 109            | 124            |
| Income tax credit  | (119)          | (105)          |
|  | <u>(1,352)</u> | <u>(1,485)</u> |
| Working capital adjustments                                |                |                |
| Increase in trade and other receivables                    | (53)           | (541)          |
| Increase in trade and other payables                       | 259            | 568            |
|  | <u>(1,146)</u> | <u>(1,458)</u> |
| Cash generated from operations                             | (1,146)        | (1,458)        |
| Income taxes received                                      | 119            | 105            |
|  | <u>(1,027)</u> | <u>(1,353)</u> |
| <b>Cash flows from investing activities</b>                |                |                |
| Acquisitions of property plant and equipment               | (29)           | (18)           |
| Acquisition of intangible assets                           | (202)          | (121)          |
|  | <u>(231)</u>   | <u>(139)</u>   |
| Net cash flows from investing activities                   | (231)          | (139)          |
| <b>Cash flows from financing activities</b>                |                |                |
| Proceeds from issue of ordinary shares, net of issue costs | 1,289          | 1,412          |
| Proceeds from disposal of treasury shares                  | -              | 38             |
|  | <u>1,289</u>   | <u>1,450</u>   |
| Net cash flows from financing activities                   | 1,289          | 1,450          |
| Net increase/(decrease) in cash and cash equivalents       | 31             | (42)           |
| Cash and cash equivalents at 1 April                       | 94             | 136            |
| Cash and cash equivalents at 31 March                      | <u>125</u>     | <u>94</u>      |

## Imaginatik plc

### Consolidated Statement of Changes in Equity for the Year Ended 31 March 2015

|                                      | Share<br>capital<br>£ 000 | Share<br>premium<br>£ 000 | Other<br>reserves<br>£ 000 | Retained<br>earnings<br>£ 000 | Total<br>£ 000 | Total equity<br>£ 000 |
|--------------------------------------|---------------------------|---------------------------|----------------------------|-------------------------------|----------------|-----------------------|
| At 1 April 2013                      | 528                       | 6,405                     | 843                        | (8,838)                       | (1,062)        | (1,062)               |
| Employee share-based payment options | -                         | -                         | 124                        | -                             | 124            | 124                   |
| Issue of share capital               | 1,412                     | -                         | -                          | -                             | 1,412          | 1,412                 |

|  |                                |                                |                                 |                                    |                        |                               |
|--|--------------------------------|--------------------------------|---------------------------------|------------------------------------|------------------------|-------------------------------|
| Transactions with owners                         | 1,412                          | -                              | 124                             | -                                  | 1,536                  | 1,536                         |
| Purchase of own share capital                    | -                              | -                              | -                               | 38                                 | 38                     | 38                            |
| Loss for the year and total comprehensive income | -                              | -                              | -                               | (1,609)                            | (1,609)                | (1,609)                       |
| At 31 March 2014                                 | 1,940                          | 6,405                          | 967                             | (10,409)                           | (1,097)                | (1,097)                       |
|  | <b>Share capital<br/>£ 000</b> | <b>Share premium<br/>£ 000</b> | <b>Other reserves<br/>£ 000</b> | <b>Retained earnings<br/>£ 000</b> | <b>Total<br/>£ 000</b> | <b>Total equity<br/>£ 000</b> |
| At 1 April 2014                                  | 1,940                          | 6,405                          | 967                             | (10,409)                           | (1,097)                | (1,097)                       |
| Employee share-based payment options             | -                              | -                              | 109                             | -                                  | 109                    | 109                           |
| Issue of share capital                           | 1,214                          | 75                             | -                               | -                                  | 1,289                  | 1,289                         |
| Transactions with owners                         | 1,214                          | 75                             | 109                             | -                                  | 1,398                  | 1,398                         |
| Loss for the year and total comprehensive income | -                              | -                              | -                               | (1,463)                            | (1,463)                | (1,463)                       |
| At 31 March 2015                                 | 3,154                          | 6,480                          | 1,076                           | (11,872)                           | (1,162)                | (1,162)                       |

## Imaginatik plc

### Notes to the Financial Statements for the Year Ended 31 March 2015

#### 1. General information

The group headed by Imaginatik PLC is one of the leading providers of collaborative innovation software and related professional services to large and medium-sized enterprises.

The company is a public company limited by share capital incorporated and domiciled in the UK.

The address of its registered office is:

22 Melton Street  
London  
NW1 2BW

The company's ordinary shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

The company has adopted the requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

These financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented. These accounting policies comply with applicable IFRS and IFRIC interpretations issued and effective at the time of preparing these statements.

## **2. Accounting policies**

### **Going concern**

The group posted a loss of £1,463,000 (2014: £1,609,000) for the period, has current net liabilities of £1,068,000 (2014: £664,000) and retained losses of £11,872,000 (2014: £10,409,000). The group has net funds at 31 March 2015 of £125,000 (2014: £94,000).

The group meets its financing requirements through the regular placing of new shares and completed a placing of new ordinary shares with institutional and other investors in May 2014 raising a total of £1.29 million before expenses. The company completed a further placing of new ordinary shares in October 2014, raising a total of £75,000 before expenses. Subsequent to the period end, on 14 May 2015 the company announced it has successfully raised £0.5m before expenses by way of a conditional placing. During the period the group also announced on 19 January 2015 that Matt Cooper, Non-Executive Chairman, had agreed a loan of \$250,000 which remained in place at the period end, the loan attracts interest at 10% per annum and has no fixed repayment date.

The directors have prepared detailed group budgets and forecasts for the period to March 2017. They have reviewed the group's budgets and forecasts for the coming 12 months, which have been prepared with appropriate regard to the current macroeconomic environment and the conditions in the principal markets served by the group. The directors have taken into consideration the group's net funds, the level of anticipated renewals by reviewing on a customer by customer basis, forecast new and up sell revenues based on sales in the pipeline and anticipated costs. There's inherent uncertainty in the level of anticipated renewals and up sell revenues and assumptions are based on reasonable expectations taking into account historic experience and current knowledge. The forecasts include investments and additional costs commensurate with expected levels of growth and options available to the directors include the ability to flex these investments and costs should predicted revenues be lower than forecast. The budget for the coming 12 months includes the repayment of \$250,000 loan. As a result, at the time of approving the financial statements, the Directors consider that the group has sufficient financial resources to continue in operational existence for the foreseeable future and, therefore, that it is appropriate to adopt the going concern basis in preparing these financial statements. As with all business forecasts, the directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

### **Basis of consolidation**

The group financial statements for the year ended 31 March 2015 consolidate the financial statements of Imaginatik PLC and its subsidiary undertaking using the acquisition method. Subsidiaries are entities that are directly or indirectly controlled by the group. Inter-company balances are eliminated on consolidation.

The company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own statement of comprehensive income. Of the consolidated result for the year ended 31 March 2015 a loss of £1,487,000 (2014: loss of £1,630,000) is attributable to the company.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable net of sales related taxes. Income for the group is derived from two sources: Technology and Consultancy. These sources are service-based rather than through the sale of goods. Following the principles of IAS 18 Revenue, the policies for income recognition in respect of each of the different sources of income are such that income is recognised by reference to the stage of completion of the transaction at the end of the reporting period. In applying the income recognition policies below where there is a requirement for a contract to be signed, income is recognised in accordance with the policy when the contract has been signed or persuasive evidence of an arrangement exists.

- a) Consulting:

Income derived from our consulting offering subject to contracts is recognised in the month in which the consulting takes place. Income from longer term consulting arrangements shall be recognised evenly over the term of the contract.

b) Technology:

The provision of our suite of technology products includes provision of software licences, hosting and maintenance in relation to the product over the contract term. Income arising from the provision of these bundled services are recognised evenly over the term of the contract, once an agreement has been signed or persuasive evidence of an arrangement exists.

### Critical judgements and significant accounting estimates

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. The most significant areas where judgements and estimates have been applied are as follows:

#### Judgements

The value of the awards under the modified and new share option scheme was measured, in accordance with IFRS 2, by reference to their fair value at the date on which they were granted. Judgement was required in determining the most appropriate valuation model (see Note 16).

#### Estimates

Significant assumptions were necessary in arriving at the inputs into the valuation model for modified and new share option scheme.

### 3. Segmental reporting

Management currently identifies the Group's two revenue streams as its operating segments. These operating segments are monitored by the Group's chief operating decision maker. For these operating segments only revenues are reported the Group's chief operating decision maker as results, other costs and assets and liabilities cannot be reliably allocated to the operating segments.

|                           | <b>2015</b>  | <b>2014</b>  |
|---------------------------|--------------|--------------|
|                           | <b>£'000</b> | <b>£'000</b> |
| <b>Segmental revenue:</b> |              |              |
| Technology                | 2,465        | 2,463        |
| Consultancy               | 871          | 436          |
|                           | <u>3,336</u> | <u>2,899</u> |

All other information presented to the Chief Operating Decision Maker is the same as is reported in these financial statements.

The group's revenues from external customers and its non-current assets are divided into the following geographical areas:

|                           | <b>2015</b>  | <b>2014</b>  |
|---------------------------|--------------|--------------|
|                           | <b>£'000</b> | <b>£'000</b> |
| <b>Segmental revenue:</b> |              |              |
| United States of America  | 2,383        | 2,243        |
| Rest of the World         | 953          | 656          |
|                           | <u>3,336</u> | <u>2,899</u> |

#### Segmental non-current assets:

|                          |            |            |
|--------------------------|------------|------------|
| United States of America | 314        | 189        |
| Rest of the World        | 443        | 457        |
|                          | <u>757</u> | <u>646</u> |

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

The group has one customer (2014: one customer), who accounted for revenues of £357,000 (2014: £343,000), of which amount to more than 10% of group revenues. These revenues arose in the Technology segment.

#### 4. Operating profit

Arrived at after charging / (crediting)

|                                    | <b>2015</b><br><b>£ 000</b> | <b>2014</b><br><b>£ 000</b> |
|------------------------------------|-----------------------------|-----------------------------|
| Depreciation expense               | 20                          | 21                          |
| Amortisation expense               | 101                         | 84                          |
| Research and development cost      | 182                         | 226                         |
| Foreign exchange gains/(losses)    | 199                         | (158)                       |
| Operating lease expense - property | 89                          | 91                          |

#### Auditor's remuneration

|  | <b>2015</b><br><b>£ 000</b> | <b>2014</b><br><b>£ 000</b> |
|--|-----------------------------|-----------------------------|
| Audit of these financial statements  | 22                          | 21                          |
| Audit of the financial statements of subsidiaries of the company pursuant to legislation | 1                           | 1                           |
|  | <u>23</u>                   | <u>22</u>                   |

#### Other fees to auditors

|                              |          |          |
|------------------------------|----------|----------|
| Taxation compliance services | 5        | 5        |
| All other non-audit services | 3        | 3        |
|                              | <u>8</u> | <u>8</u> |

#### Finance income and costs

|                      | <b>2015</b><br><b>£ 000</b> | <b>2014</b><br><b>£ 000</b> |
|----------------------|-----------------------------|-----------------------------|
| <b>Finance costs</b> |                             |                             |
| Other finance costs  | 28                          | 24                          |

#### Income tax

|  | <b>2015</b><br><b>£ 000</b> | <b>2014</b><br><b>£ 000</b> |
|--|-----------------------------|-----------------------------|
| Tax charged/(credited) in the income statement | (119)                       | (105)                       |

#### 5. Earnings per share

During the year the company completed a share consolidation converting its 4,908,980,456 ordinary shares of £0.000625 into 61,745,005 ordinary shares of £0.05. To enable a like-for-like comparison the average shares used for the 2014 comparative have been restated as though the share consolidation had been completed on 1 April 2013.

The calculation of basic loss per share (EPS) is based on the loss attributable to equity holders of the parent for the year of £1,463,000 (2014: loss of £1,609,000) and a weighted average of 59,574,327 (restated 2014: 35,354,105) ordinary shares in issue.

The share options issued during the current and prior year are anti-dilutive due to losses, and therefore diluted EPS equals basic EPS.

∴  
∴  
∴ **6. Share capital and reserves**

**Allotted, called up and fully paid shares**

|  | 2015    |       | 2014      |       |
|--|---------|-------|-----------|-------|
|  | No. 000 | £ 000 | No. 000   | £ 000 |
| Ordinary shares of 0.05p (2014 - 0.0625p) each | 63,084  | 3,154 | 3,104,695 | 1,940 |

**New shares allotted**

During the year 24,275,606 ordinary shares having an aggregate nominal value of £1,213,780 were allotted for an aggregate consideration of £1,357,137. Issue costs relating to the above placings were £68,000 and have been deducted from the share premium account.

**Share premium account**

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value, less any costs incurred relating directly to the issue of these shares.

**Other reserve account**

This account acts as the share option reserve and records the charges to profit with respect to unexercised share options.

**Alloted, called up and fully paid shares**

|                     | 2015            |       | 2014          |       |
|---------------------|-----------------|-------|---------------|-------|
|                     | No. 000         | £ 000 | No. 000       | £ 000 |
| At 1 April          | 3,104,694,741   | 1,940 | 846,365,443   | 528   |
| Issued in the year  | 24,275,606      | 1,214 | 2,258,329,298 | 1,412 |
| Share consolidation | (3,065,886,057) | -     | -             | -     |
| At 31 March         | 63,084,290      | 3,154 | 3,104,694,741 | 1,940 |

∴  
∴  
∴ **7. Non adjusting events after the financial period**

The company announced on 14 May 2015 that it had successfully raised £0.5m (before expenses) by way of a conditional Placing. The terms of the Placing were described in a circular which was despatched to shareholders of the Company on 14 May 2015. The shares were admitted to trading on AIM on 2 June 2015.

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#### **8. Report and Accounts**

Copies of the company's full statutory financial statements will be available from the Company's place of business at Carnac Cottage, Cams Hall Estate, Fareham, PO16 8UU and on its website, [www.imaginatik.com](http://www.imaginatik.com). A copy of the report and accounts will be sent to all shareholders with notice of the AGM in due course.