7 June 2016

iomart Group plc
("iomart" or the "Group" or the "Company")
Final Results for the Year ended 31 March 2016

iomart (AIM:IOM), the cloud computing company, is pleased to report its consolidated final results for the year ended 31 March 2016.

FINANCIAL HIGHLIGHTS

- **Revenue growth of 16% to £76.3m (2015: £65.8m)**
- **Adjusted EBITDA[1] growth of 11% to £32.3m (2015: £29.1m)**
- **Adjusted profit before tax growth[2] of 14% to £19.0m (2015: £16.6m)**
- **Adjusted diluted earnings per share[3] from operations increased by 14% to 14.44p (2015: 12.63p)**
- **Cashflow from operations increased by 14% to £30.9m (2015: £27.2m)**
- **Adjusted PBT[2] margins maintained at 25% (2015: 25%)**
- **Proposed final dividend increased by 26% to 3.15p per share (2015: 2.50p per share)**

OPERATIONAL HIGHLIGHTS

- **Continuing to build relationships for Hybrid Cloud opportunities with major players**
- **First significant public cloud implementation and achieved Advanced Partner status with Amazon Web Services (AWS)**
- **Continued M&A activity with the acquisitions of SystemsUp and United Hosting**
- **Continued investment in senior resources to provide platform for future growth**

Statutory Equivalents

The above highlights are based on adjusted results. A full reconciliation between adjusted and statutory results is contained within this statement. The statutory equivalents of the above results are as follows:

- Profit before tax growth of 21% to £13.0m (2015: £10.8m)
- Basic earnings per share from operations increased by 24% to 10.32p (2015: 8.34p)

1 Throughout this statement adjusted EBITDA is earnings before interest, tax, depreciation and amortisation (EBITDA) before share based payment charges, gain on revaluation of contingent consideration and acquisition costs. Throughout this statement acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

2 Throughout this statement adjusted profit before tax is profit before tax, amortisation charges on acquired intangible assets, shared based payment charges, mark to mark adjustments in respect of interest rate swaps, acquisition costs, interest on contingent consideration due, gain on revaluation of contingent consideration and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the year.

3 Throughout this statement adjusted earnings per share is earnings per share before amortisation charges on acquired intangible assets, shared based payment charges, mark to mark adjustments in respect of interest rate swaps, acquisition costs, interest on contingent consideration due, gain on revaluation of contingent consideration and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the year, including the taxation effect of these.

Angus MacSween, CEO commented,

"Trading since the year end remains good and in line with market expectations.

"The long term opportunity is bigger than ever. The investments we have made in our staff, skillsets and industry relationships mean we are well positioned to take advantage of that opportunity and to deliver further significant growth.

"I look forward, once again, with confidence to the year ahead."

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About iomart Group plc

iomart Group plc (AIM: IOM) delivers cloud consultancy, facilitation and management to ISVs, SMEs, Enterprises and the UK public sector. The award-winning and highly ISO accredited hosting company provides public, private and hybrid cloud solutions - including managed AWS and Microsoft Azure - from a network of secure UK data centres connected by a high capacity private fibre network. iomart is a long term supplier to G-Cloud and its infrastructure and cloud and backup services are designed to meet the requirements of the UK public sector. They are certified for connection to the Public Services Network (PSN) and N3 NHS network and are CESG Pan Government Accredited. iomart delivers *any cloud your way*. www.iomart.com

CHAIRMAN’S STATEMENT

We have once again been able to deliver another year of excellent performance for our shareholders. It is especially pleasing that we have managed to maintain our relative level of organic growth in our Cloud Services segment (formerly the Hosting segment) in the midst of substantial overall revenue growth.

In accordance with our acquisition strategy we added SystemsUp, in June, and United Hosting, in November, into the Group and both are performing well. We have also benefited from the full year contribution from ServerSpace which we acquired in December 2014. We believe there will be other opportunities to allow us to continue to add to our organic growth through acquisition.

We have again enjoyed a substantial increase in profitability over the year, driven by both organic and acquisitive growth.

All of this progress is a result of a great deal of hard work by our executives and staff and I thank them all on behalf of the Board and the shareholders for their efforts over the year.

After nearly 11 years of first class commitment and service, Chris Batterham has chosen not to stand for re-election as Non-Executive Director at our forthcoming Annual General Meeting. Both personally and on behalf of everyone connected with the Group, I want to thank him for his valuable contribution to the development of iomart over the years. The search for Chris’ replacement is at an advanced stage and we expect to make an announcement in this regard in the near future.

As I indicated in my statement in last year’s Report and Accounts, we have adopted a progressive dividend policy with the intention of moving over time to a pay-out ratio of 25% of our adjusted diluted earnings per share. Last year we paid a final dividend of 2.5p per share equivalent to a pay-out ratio of 19.8% of adjusted diluted earnings per share. This year the Board is proposing to pay a final dividend of 3.15p per share on 30 August 2016 to shareholders on the register on 12 August 2016, based on an ex-dividend date of 11 August 2016, representing an increase of 26% over the dividend last year and equivalent to a pay-out ratio of 22% of adjusted diluted earnings per share. We continue to offer shareholders the option to participate in a Dividend Reinvestment Plan (DRIP) as an alternative to receiving cash. Details of the DRIP scheme will be distributed with the annual accounts in due course.

We have started the new financial year in a strong position and I look forward to another exciting year of growth with considerable confidence.

Ian Ritchie
Chairman
6 June 2016

CHIEF EXECUTIVE'S REVIEW

Introduction

I am delighted to report on another excellent year for iomart. We have increased our revenues and profits both organically and through acquisition as we continue to deliver an ever broader range of cloud solutions.

Our revenues in the year were £76.3m, an increase of 16% over the previous year, our adjusted EBITDA of £32.3m showed an 11% increase over the previous year and our profit before tax increased by 21% to £13.0m.

The opportunity remains to continue to grow both organically and through a disciplined acquisition strategy.

Market

The market for cloud services continues to grow and evolve. It is important to remember that we are still at the very early stages of this opportunity with enormous scope for long term growth. More and more applications and workloads are moving to the cloud, data volumes are growing exponentially, the emergence of the Internet of Things is creating ever more data, and alongside this a new generation of users now expect everything to be delivered to them through their mobile device of choice.

This means an ever growing complexity in the choices and permutations available when forming an IT policy for cloud and we believe that this will drive opportunity for those companies, such as iomart, who are agile and have the correct skillsets for success.

All businesses are now digital businesses to a greater or lesser extent. They are confronted by an increasingly complex set of cloud decisions in terms of cost, value, effectiveness, complexity, security, data protection and compliance.

Indeed the new legal requirements around data, particularly the EU General Data Protection Regulation (GDPR), are going to impact on all organisations. They will introduce significant new rules and compliance obligations for all organisations around data protection in the cloud with global implications and we believe will drive further opportunity for iomart in helping organisations become compliant and secure.

The traditional way of moving to the cloud, being a private or hybrid approach, is here for the foreseeable future and the long term recurring revenue opportunity for iomart remains compelling. We are well established as a major player in providing the flexible cloud solutions that businesses require, whether that be the private cloud, public or hybrid cloud spheres.

There is a large market opportunity in preparing and managing enterprises for transformation to cloud. This typically starts with an on-premise reorganisation and virtualisation programme, followed by some private cloud on-premise and in-hosted environments and moving through a hybrid model or a public cloud model.

The public cloud vendors led by AWS and Microsoft continue to win market share. It is becoming clear that they will require an ecosystem of businesses orbiting them to provide services and support. The public cloud has introduced another level of complexity to the choices that businesses have in their future IT buying decisions and we believe with that increase in choice and complexity comes opportunity. As underlying infrastructure becomes more mature and efficient the future success of cloud companies will be addressed further towards the application layer and not on the hardware.

Our challenge is to navigate through these early days of the further evolution of cloud adoption to ensure we have the skills and resources necessary to be successful in that space. The addition of SystemsUp to the Group during the period has enhanced our ability to provide solutions involving public cloud.

iomart set out on executing its current strategy almost 10 years ago. I believe that the opportunity over the next 10 years is significantly greater.

Acquisitions

We again augmented our organic growth through the acquisition of Systems Up Limited ("SystemsUp") in June and United Communications Limited (which trades as "United Hosting") in November. SystemsUp has been added into our Cloud Services segment and United Hosting into our Easysapce segment. Both have performed well since acquisition.

We continue to look for businesses that fit our criteria with a view to making further acquisitions in the coming year.

Operational Review

Whilst all of our activities involve the provision of services from common infrastructure we are organised into two operating segments.

Cloud Services

We have renamed our Hosting segment as Cloud Services to better describe the breadth of products and services we deliver. Due to the complex nature of the market opportunity this breadth of offerings helps us to maintain overall growth as the demand for specific products and services fluctuates over time.

Revenues in this segment have grown by 19% to £65.4m (2015: £55.0m) partly as a result of the continued organic growth and as a result of acquisitions. Organic growth in the year was 9% and our adjusted EBITDA percentage margin remains amongst the highest in the industry.

iomart Hosting, Melbourne and ServerSpace are now managed as one business unit and trade as iomart Cloud and this will be reflected in our marketing as the year unfolds. This unit provides complex hosting solutions with customers typically paying for these services on a monthly basis on contracts ranging from one to three years in length. Last year I made reference to an increase in customer churn and some pricing pressure at contract renewal. I am pleased to report that over this period customer churn has improved and we have seen less pricing pressure at contract renewal. This has helped the overall segment maintain its healthy organic growth level over the period.

Our server infrastructure business, delivering dedicated physical servers to customers, is run as one unit encompassing the RapidSwitch and Redstation brands. We manage over 12,000 physical servers for our customers using highly automated systems and processes which we continue to develop and improve.

Our Back-up and Disaster Recovery specialism is primarily sold through Backup Technology.

SystemsUp provides consultancy services to organisations, particularly in the public sector, helping them to decide on their cloud strategy with an emphasis on the public cloud. We have started to see SystemsUp move into the provision of public cloud infrastructure to the public sector during the period.

We are able to supply products and services across the cloud spectrum and do so using common platforms across the Group.

Within the scope of our product set we have strengthened our relationships with Amazon Web Services (AWS) and Microsoft now labelled as Hypercloud vendors. Both are growing strongly on a global basis although they still account for a very small fraction of overall IT and Cloud spend.

Due partly to the amount of revenue we are generating from the provision of their public cloud we are now an Advanced Partner of AWS and moving towards the next level. We are one of Microsoft's most respected Cloud Service Providers in the UK and we are beginning to engage with their customers at a strategic consultancy level.

We continue to build on our skills and accreditations and see constant improvement across the Group's skillset. We have strengthened and broadened our sales and marketing team with a new Account Director, a new Sales Director, dedicated channel management and a new Director of Marketing.

Easyspace

The Easyspace segment has performed as expected over the year.

Our activities within this segment provide a range of products to the micro and SME markets including domain names, shared, dedicated and virtual servers and email services.

During the year United Hosting became part of the segment delivering a similar range of products but to larger organisations. It has successfully created a support operation in India to provide services to its customers.

Revenues of £10.9m (2015: £10.8m) have remained around the same level as in the previous year whilst delivering strong levels of cash for the Group.

Trading Results

Revenue

Revenues for the year grew by 16% to £76.3m (2015: £65.8m) through the combination of continued organic growth and the impact of acquisitions.

Our Cloud Services segment grew revenues by 19% to £65.4m (2015: £55.0m). This growth was helped by a full year contribution from ServerSpace which we acquired in December 2014 and SystemsUp which was acquired in June 2015. Revenue growth in the Cloud Services segment excluding the impact of acquisitions was 9% (2015: 9%).

Revenues within the Easyspace segment grew by 1% to £10.9m (2015: £10.8m). This growth was entirely due to the contribution from United Hosting which was acquired in November 2015. Excluding the impact of the acquisition the segment's revenue declined by 8% (2015: 2%) due to the level of churn exceeding new sales both of which were in line with expectations. We expect the organic revenue levels in this segment to stabilise in the future as new sales and churn levels move into balance, through the introduction of new products and revised pricing in the domain market. Indeed the rate of decline in organic revenue over the full year was less than the rate in the first half of the year.

We continue to have good revenue visibility and high levels of recurring revenue. With our larger customers we have multi-year contracts for the provision of complex managed hosting solutions. Many of our smaller customers pay in advance for the provision of hosting services resulting in a substantial sum of deferred revenue which we then recognise during the period over which we provide our services.

Gross Margin
Our gross profit for the year was £51.6m (2015: £44.3m) increasing as a result of the additional revenues we generated as explained above. In percentage terms we maintained our margin at 67.7% (2015: 67.4%) with both operating segments maintaining their respective percentage margins.

Adjusted EBITDA
The adjusted EBITDA for the year was £32.3m (2015: £29.1m) an increase of 11%. Our adjusted EBITDA margin has reduced to 42.4% (2015: 44.2%). The Cloud Services segment increased its absolute level of margin over the period whilst experiencing a modest reduction in its percentage margin and the Easyspace segment increased both its absolute and percentage margin.

Adjusted EBITDA in the Cloud Services segment was £31.1m (2015: £27.5m), an increase of 13.1%. This greatly improved performance is a direct result of the additional gross margin delivered by the increase in sales revenue, from both organic and acquired sources, offset by an increase in administrative expenses. Administrative expenses have increased principally in relation to staff costs which has been largely due to the impact of the acquisition made in the period, the full impact of the acquisition made in the previous period and the recruitment of senior staff. In percentage terms the adjusted EBITDA margin has reduced to 47.5% (2015: 50.0%). This reduction is almost entirely due to the impact of acquisitions and in particular the impact of SystemsUp which although having a lower adjusted EBITDA margin than the rest of the Cloud Services segment also has almost no depreciation charge and therefore has a similar adjusted profit before tax percentage margin as the rest of the Group.

The Easyspace segment's adjusted EBITDA was £5.1m (2015: £4.9m) an increase of 3.9%. This improvement in adjusted EBITDA is entirely due to the impact of an acquisition made in the period. Excluding the acquisition adjusted EBITDA reduced as a result of the decline in organically generated revenue. In percentage terms the adjusted EBITDA margin has improved to 46.8% (2015: 45.5%). Excluding the acquisition the Easyspace segment maintained its adjusted EBITDA percentage margin, as a consequence of continued cost control. The improvement in percentage margin is entirely due to the impact of the acquisition made in the year.

Group overheads, which are not allocated to segments, include the cost of the Board, the running costs of the headquarters in Glasgow, Group marketing, human resource, finance and design functions and legal and professional fees for the year. These overhead costs have increased to £3.8m (2015: £3.3m) mainly due to increased payroll and staff related costs.

Adjusted profit before tax
Depreciation charges of £10.9m (2015: £10.1m) have increased largely as a result of charges for the equipment bought to provide services to the additional Cloud Services segment customers and also as a result of the full year contribution of ServerSpace.

The charge for amortisation of intangibles, excluding amortisation of intangible assets resulting from acquisitions ("amortisation of acquired intangible assets") of £1.2m (2015: £1.0m) has increased over the year as a result of an increase in the level of software acquired over the year.

Finance income in the period was £0.1m (2015: £nil). Finance costs of £1.4m (2015: £1.3m), excluding the mark to market adjustment in respect of interest swaps on the Company's loans, the accelerated write off of arrangement fees on the restructuring of the bank facility and the interest charge on the contingent consideration due in respect of acquisitions, remained static over the period.

After deducting the charges for depreciation, amortisation, excluding the charges for the amortisation of acquired intangible assets, and finance costs, excluding the mark to market adjustment in respect of interest swaps on the Company's loans, the accelerated write off of arrangement fees on the restructuring of the bank facility and the interest charge on the contingent consideration due in respect of acquisitions, and crediting the finance income from the adjusted EBITDA, the Group's adjusted profit before tax was £19.0m (2015: £16.6m) an increase of 14%.

The adjusted profit before tax margin for the year was 25% (2015: 25%). Although the margin has remained the same over both periods there are two largely offsetting components. The adjusted EBITDA margin reduced by 1.8% primarily due to the impact of acquisitions and principally due to the impact of SystemsUp. On the other hand depreciation charges as a percentage of revenue have fallen by 1.1% again primarily due to the impact of the acquisition of SystemsUp which has minimal depreciation charges.

Profit before tax
The measure of adjusted profit before tax is a non-statutory measure which is commonly used to analyse the performance of companies particularly where M&A activity forms a significant part of their activities.

A reconciliation of adjusted profit before tax to reported profit before tax is shown below:

Reconciliation of adjusted profit before tax to profit before tax	2016 £'000	2015 £'000
Adjusted profit before tax	18,970	16,613
Less: Amortisation of acquired intangible assets	(5,354)	(4,368)
Less: Acquisition costs	(116)	(526)
Less: Share based payments	(1,081)	(809)
Add/Less: Mark to market adjustment on interest rate swaps	64	(125)
Less: Accelerated write off of arrangement fees on restructuring of the bank facility	(177)	-
Less: Interest on contingent consideration	(152)	-
Add: Gain on revaluation of contingent consideration	870	-
Profit before tax	**13,024**	**10,785**

The adjusting items are: charges for the amortisation of acquired intangible assets of £5.4m (2015: £4.4m) which have increased substantially as a result of the acquisitions made in the year and the full year effect of acquisitions made in previous years; acquisition costs of £0.1m (2015: £0.5m) as a result of acquisitions made; share based payment charges of £1.1m (2015: £0.8m) which have increased as a result of the award of share options in the year; a mark to market credit adjustment in respect of interest rate swaps on the Company's loans of £0.06m (2015: £0.12m charge); the accelerated write off of arrangement fees on the restructuring of the bank facility during the year of £0.2m (2015: £nil); the charge of interest, at the weighted average cost of capital rate of 15.5%, on the contingent consideration expected to be paid for the acquisition of United Hosting of £0.2m (2015: £nil); and the gain on the revaluation of the contingent consideration to be paid for SystemsUp of £0.9m (2015: £nil). It was originally estimated that the contingent consideration would be £1.0m which was based on a measure of the revenue generated by the business. Whilst the overall quantum of revenue generated by the business was consistent with what was expected, the mix of revenue was not, with more revenue than expected being generated from the provision of public cloud services and less from the provision of consultancy services. As a result the amount due in respect of the contingent consideration is £0.1m and consequently, an amount of £0.9m has been recognised in the Statement of Comprehensive Income during the year as a gain on revaluation of contingent consideration.

After deducting these items from the adjusted profit before tax; the reported profit before tax was £13.0m (2015: £10.8m) an increase of 21%. The increase in the year has been significantly affected by the gain on revaluation of the contingent consideration of £0.9m. In percentage terms the profit before tax margin was 17% (2015: 16%). This improvement is entirely due to the gain on revaluation of the contingent consideration due on the acquisition of SystemsUp. Before that gain the percentage margins in both years would have been very similar, consistent with the adjusted profit before tax percentage margin over the same periods.

Taxation
There is a tax charge for the year of £2.0m (2015: £1.9m). The tax charge for the year is made up of a corporation tax charge of £3.6m (2015: £2.7m) with a deferred tax credit of £1.6m (2015: credit £0.8m). The effective rate of tax for the year is 15.4% (2015: 17.5%) and an explanation of this reduction in given in note 4. At the year end, the Group has no unused tax losses (2015: £1.2m) available for offset against future profits.

Profit for the year from total operations
After deducting the tax charge for the year from the profit before tax the Group has recorded a profit for the year from total operations of £11.0m (2015: £8.9m) an increase of 24% which has been significantly affected by the gain on revaluation of contingent consideration.

Earnings per share
Adjusted diluted earnings per share, based on profit for the year attributed to ordinary shareholders before share based payment charges, amortisation charges of acquired intangible assets, mark to market adjustments in respect of interest rate swaps, the accelerated write off of arrangement fees on the restructuring of the bank facility, acquisition costs; the charge of interest on contingent consideration due and the gain on the revaluation of the contingent consideration to be paid for SystemsUp and the tax effect of these items was 14.44p (2015: 12.63p) an increase of 14%.

The measure of adjusted diluted earnings per share as described above is a non-statutory measure which is commonly used to analyse the performance of companies particularly where M&A activity forms a significant part of their activities.

The calculation of both adjusted earnings per share and basic earnings per share is included at note 6.

Basic earnings per share from continuing operations was 10.32p (2014: 8.34p), an increase of 24% which has been significantly affected by the gain on revaluation of contingent consideration.

Acquisitions

On 5 June 2015 the Company acquired the entire share capital of SystemsUp on a no debt, no cash, normalised working capital basis. At completion an initial payment of £9m in cash was made and in addition an amount of £0.5m was made as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. A further sum of £335,000 was paid in August 2015 to the vendors in respect of the final amount due in respect of the no debt, no cash, normalised working capital adjustment. A final sum was contingent on a measure of revenue for the year to 31 March 2016 and this has now been calculated to be £0.1m and was paid in May 2016.

On 30 November 2015, the Group acquired the entire issued share capital of United Hosting on a no cash no debt, normalised working capital basis. At completion, an initial payment of £7.5m in cash was made and in addition an amount of £2.0m in cash was paid as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. An additional sum of £1.1m was paid in February 2016 in respect of the final amount due in respect of the no debt, no cash, normalised working capital adjustment. A further two sums are contingent on the profitability of the business in the years ending April 2016 and April 2017 and this has been estimated to have a present value at March 2016 of £3.1m. The maximum purchase price on a non-discounted basis is £11.0m, excluding any sums due in respect of the no debt, no cash, normalised working capital adjustment. The amount of contingent consideration due for the year ended April 2016 has now been agreed at £1.0m which was in line with expectations and was paid in June 2016.

Cash flow and net debt

Net cash flows from operating activities

The Group continued to generate high levels of operating cash over the year. Cash flow from operations was £30.9m (2015: £27.2m) with the significant increase of 14% over the previous year's level largely due to the improvement in adjusted EBITDA. After deducting payments for corporation tax of £4.3m (2015: £3.2m) the net cash flow from operating activities was £26.6m (2015: £24.0m).

Cash flow from investing activities

In line with our strategy of accelerating our growth by acquisition the Group continued to incur substantial sums on investing activities, spending a total of £32.6m (2015: £15.8m) in the period. Of this amount, £15.9m (2015: £2.4m), net of cash acquired of £4.5m (2015: £0.2m), was incurred in relation to acquisition activities described above. In addition the Group incurred expenditure of £1.65m (2015: £1.3m) in respect of contingent consideration due on acquisitions.

The Group continues to invest in property, plant and equipment through expenditure on datacentres and on equipment required to provide managed services to both its existing and new customers. As a result the Group spent £12.4m (2015: £10.7m) on assets, net of related finance lease drawdown, trade creditor movements and non-cash reinstatement provisions.

Expenditure was also incurred on development costs of £1.1m (2015: £1.0m), on intangible assets of £1.2m (2015: £0.4m) and on property lease deposits of £0.3m (2015: £nil).

Cash flow from financing activities

The Company's banking facility was restructured in the year resulting in a substantial increase in the quantum of the facility together with a lower interest margin. There were drawdowns of £16.5m (2015: £13.5m) from the facility to fund the purchase of the acquisitions in the year. In addition bank loan repayments of £3.5m were made (2015: £22.0m) in the year. We received £0.1m (2015: £nil) from the issue of shares as a result of the exercise of options by employees. We also made a dividend payment of £2.7m (2015: £1.9m); incurred finance costs of £1.5m (2015: £1.3m); and made lease repayments of £1.0m (2015: £1.2m).

Net cash flow

As a consequence, our overall cash generated during the year was £2.0m (2015: £4.7m cash spent) which resulted in cash and cash equivalent balances at the end of the year of £10.3m (2015: £8.3m). After recognising bank loans of £34.5m (2015: £21.5m) and finance lease obligations of £1.4m (2015: £2.2m) net debt balances at the end of the period stood at £25.6m (2015: £15.4m) a level the Board is comfortable with given the strong cash generation of the Group.

Financial position
The Group is now in a position where it is generating substantial amounts of operating cash. The generation of that cash flow together with the committed bank loan facility for acquisitions and capital expenditure and finance lease facilities which are also available to fund capital expenditure, means that the Group has the liquidity it requires to continue its growth through both organic and acquisitive means.

Current trading and outlook
Trading since the year end remains good and in line with market expectations.

The long term opportunity is bigger than ever. The investments we have made in our staff, skillsets and industry relationships mean we are well positioned to take advantage of that opportunity and to deliver further significant growth.

I look forward, once again, with confidence to the year ahead.

Angus MacSween
Chief Executive Officer
6 June 2016

Consolidated Statement of Comprehensive Income
Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Revenue		76,280	65,797
Cost of sales		(24,650)	(21,477)
Gross profit		**51,630**	**44,320**
Administrative expenses		(37,917)	(32,121)
Operating profit		**13,713**	**12,199**
Analysed as:			
Earnings before interest, tax, depreciation, amortisation, acquisition costs and share based payments		**32,341**	**29,053**
Share based payments		(1,081)	(809)
Acquisition costs		(116)	(526)
Depreciation	9	(10,878)	(10,142)
Amortisation – acquired intangible assets	8	(5,354)	(4,368)
Amortisation – other intangible assets	8	(1,199)	(1,009)
Gain on revaluation of contingent consideration	7	870	-
Finance income		128	45
Finance costs		(1,687)	(1,459)
Profit before taxation		**13,024**	**10,785**
Taxation	4	(2,005)	(1,890)
Profit for the year attributable to equity holders of the parent		**11,019**	**8,895**
Other comprehensive income			
Amounts which may be reclassified to profit or loss			
Currency translation differences		10	(49)
Other comprehensive income for the year		10	(49)
Total comprehensive income for the year attributable to equity holders of the parent		**11,029**	**8,846**

	Note	2016	2015
Basic and diluted earnings per share			
Total operations			
Basic earnings per share	6	10.32 p	8.34 p
Diluted earnings per share	6	10.17 p	8.24 p

Consolidated Statement of Financial Position
As at 31 March 2016

	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Intangible assets – goodwill	8	61,123	47,342
Intangible assets – other	8	23,065	19,041
Lease deposits		2,760	2,416
Property, plant and equipment	9	36,045	34,846
		122,993	**103,645**
Current assets			
Cash and cash equivalents		10,341	8,347
Trade and other receivables		13,718	11,389
		24,059	**19,736**
Total assets		**147,052**	**123,381**
LIABILITIES			
Non-current liabilities			
Contingent consideration due on acquisitions	12	(2,068)	-
Non-current borrowings	10	(826)	(1,346)
Trade and other payables		(455)	(703)
Provisions		(1,879)	(2,187)
Deferred tax	5	(2,075)	(2,087)
		(7,303)	**(6,323)**
Current liabilities			
Contingent consideration due on acquisitions	12	(1,135)	(1,650)
Trade and other payables		(19,532)	(18,680)
Provisions		(211)	(253)
Current income tax liabilities		(1,504)	(1,401)
Current borrowings	10	(35,098)	(22,395)
		(57,480)	**(44,379)**
Total liabilities		**(64,783)**	**(50,702)**
Net assets		**82,269**	**72,679**
EQUITY			
Share capital		1,078	1,078
Own shares		(489)	(538)
Capital redemption reserve		1,200	1,200
Share premium		21,067	21,067
Merger reserve		4,983	4,983
Foreign currency translation reserve		(37)	(47)
Retained earnings		54,467	44,936
Total equity		**82,269**	**72,679**

Consolidated Statement of Cash Flows
Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Profit before taxation		**13,024**	**10,785**
Gain on revaluation of contingent consideration	7	(870)	-
Finance costs – net		1,559	1,414
Depreciation	9	10,878	10,142
Amortisation	8	6,553	5,377
Share based payments		1,081	809
Movement in trade receivables		(1,612)	(3,277)
Movement in trade payables		298	1,956
Cash flow from operations		**30,911**	**27,206**
Taxation paid		(4,311)	(3,212)
Net cash flow from operating activities		**26,600**	**23,994**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(12,385)	(10,683)
Capitalisation of development costs	8	(1,123)	(1,041)
Purchase of intangible assets	8	(1,207)	(367)
Payments for current period acquisitions net of cash acquired		(15,924)	(2,445)
Contingent consideration paid		(1,650)	(1,271)
Payment of deposits		(300)	-
Finance income received		33	33
Net cash used in investing activities		**(32,556)**	**(15,774)**
Cash flow from financing activities			
Issue of shares		91	13
Draw down of bank loans		16,500	13,500
Repayment of finance leases		(984)	(1,245)
Repayment of bank loans		(3,500)	(22,000)
Finance costs paid		(1,489)	(1,299)
Dividends paid		(2,668)	(1,867)
Net cash received from/(used in) financing activities		**7,950**	**(12,898)**
Net increase/(decrease) in cash and cash equivalents		**1,994**	**(4,678)**
Cash and cash equivalents at the beginning of the year		8,347	13,025
Cash and cash equivalents at the end of the year		**10,341**	**8,347**

Consolidated Statement of Changes in Equity
Year ended 31 March 2016

Changes in equity	**Share capital £'000**	**Own shares EBT £'000**	**Own shares Treasury £'000**	**Foreign currency translation reserve £'000**	**Capital redemption reserve £'000**	**Share premium account £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 April 2014	**1,078**	**(70)**	**(486)**	**2**	**1,200**	**21,067**	**4,983**	**37,113**	**64,887**
Profit in the year	-	-	-	-	-	-	-	8,895	8,895
Currency translation differences	-	-	-	(49)	-	-	-	-	(49)
Total comprehensive income	**-**	**-**	**-**	**(49)**	**-**	**-**	**-**	**8,895**	**8,846**
Dividends – final (paid)	-	-	-	-	-	-	-	(1,867)	(1,867)
Share based payments	-	-	-	-	-	-	-	809	809
Deferred tax on share based payments	-	-	-	-	-	-	-	(19)	(19)
Issue of own shares for option redemption	-	-	18	-	-	-	-	5	23
Total transactions with owners	**-**	**-**	**18**	**-**	**-**	**-**	**-**	**(1,072)**	**(1,054)**
Balance at 31 March 2015	**1,078**	**(70)**	**(468)**	**(47)**	**1,200**	**21,067**	**4,983**	**44,936**	**72,679**
Profit in the year	-	-	-	-	-	-	-	11,019	11,019
Currency translation differences	-	-	-	10	-	-	-	-	10
Total comprehensive income	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**11,019**	**11,029**
Dividends – final (paid)	-	-	-	-	-	-	-	(2,668)	(2,668)
Share based payments	-	-	-	-	-	-	-	1,081	1,081
Deferred tax on share based payments	-	-	-	-	-	-	-	57	57
Issue of own shares for option redemption	-	-	49	-	-	-	-	42	91
Total transactions with owners	**-**	**-**	**49**	**-**	**-**	**-**	**-**	**(1,488)**	**(1,439)**
Balance at 31 March 2016	**1,078**	**(70)**	**(419)**	**(37)**	**1,200**	**21,067**	**4,983**	**54,467**	**82,269**

Notes to the Yearly Financial Information
Year ended 31 March 2016

1. GENERAL INFORMATION

iomart Group plc is a company incorporated and domiciled in Scotland. The company has a primary listing on the AIM stock exchange. The address of its registered office is Lister Pavilion, Kelvin Campus, West of Scotland Science Park, Glasgow G20 0SP.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 March 2016 and 31 March 2015 within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 March 2015 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The financial information for the year ended 31 March 2016 is derived from the statutory accounts for that year which were approved by the Directors on 6 June 2016. The statutory accounts for the year ended 31 March 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors reported on those accounts; their report was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

3. SEGMENTAL ANALYSIS

The chief operating decision-maker has been identified as the Chief Executive Officer (“CEO”) of the Company. The Group has two operating segments and the CEO reviews the Group’s internal reporting which recognises these two segments in order to assess performance and to allocate resources. The Group has determined its reportable segments which are also its operating segments based on these reports.

The Group currently has two operating and reportable segments.

- Easyspace – this segment provides a range of shared hosting and domain registration services to micro and SME companies. United Hosting was acquired during the year and has been reported as part of the Easyspace segment since acquisition.

- Cloud Services – this segment provides managed cloud computing facilities and services, through a network of owned datacentres, to the larger SME and corporate markets. The segment uses several routes to market and provides managed hosting services through iomart Hosting, RapidSwitch, Melbourne, iomart Cloud Services, Redstation, Backup Technology, ServerSpace and SystemsUp. SystemsUp was acquired during the year and has been reported as part of the Cloud Services segment since acquisition.

Information regarding the operation of the reportable segments is included below. The CEO assesses the performance of the operating segments based on revenue and a measure of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) before any allocation of Group overheads, charges for share based payments, costs associated with acquisitions and any gain or loss on the revaluation of contingent consideration. This segment EBITDA is used to measure performance as the CEO believes that such information is the most relevant in evaluating the results of the segment.

The Group’s EBITDA for the year has been calculated after deducting Group overheads from the EBITDA of the two segments as reported internally. Group overheads include the cost of the Board, all the costs of running the premises in Glasgow, the Group marketing, human resource, finance and design functions and legal and professional fees.

The segment information is prepared using accounting policies consistent with those of the Group as a whole.

The assets and liabilities of the Group are not reviewed by the chief operating decision-maker on a segment basis. Therefore none of the Group’s assets and liabilities are segmental assets and liabilities and are all unallocated for segmental disclosure purposes. For that reason the Group has not disclosed details of segmental assets and liabilities.

All segments are continuing operations. No customer accounts for 10% or more of external revenues. Inter-segment transactions are accounted for using an arms-length commercial basis.

Operating Segments

Revenue by Operating Segment

	2016			2015		
	External £'000	**Internal £'000**	**Total £'000**	**External £'000**	**Internal £'000**	**Total £'000**
Easyspace	10,883	-	10,883	10,782	-	10,782
Cloud Services	65,397	1,114	66,511	55,015	950	55,965
	76,280	**1,114**	**77,394**	**65,797**	**950**	**66,747**

Geographical Information

In presenting the consolidated information on a geographical basis, revenue is based on the geographical location of customers. There is no single country where revenues are individually material other than the United Kingdom. The United Kingdom is the place of domicile of the parent company, iomart Group plc.

Analysis of Revenue by Destination

	2016 £'000	**2015 £'000**
United Kingdom	64,218	54,253
Rest of the World	12,062	11,544
Revenue from operations	**76,280**	**65,797**

Profit by Operating Segment

	2016			2015		
	Adjusted EBITDA £'000	**Depreciation, amortisation, acquisition costs and share based payments £'000**	**Operating profit/(loss) £'000**	**Adjusted EBITDA £'000**	**Depreciation, amortisation, acquisition costs and share based payments £'000**	**Operating profit/(loss) £'000**
Easyspace	5,094	(815)	4,279	4,905	(416)	4,489
Cloud Services	31,084	(16,616)	14,468	27,481	(15,103)	12,378
Group overheads	(3,837)	-	(3,837)	(3,333)	-	(3,333)
Acquisition costs	-	(116)	(116)	-	(526)	(526)
Share based payments	-	(1,081)	(1,081)	-	(809)	(809)
Profit before tax and interest	32,341	(18,628)	13,713	29,053	(16,854)	12,199
Gain on revaluation of contingent consideration			870			-
Group interest and tax			(3,564)			(3,304)
Profit for the year	**32,341**	**(18,628)**	**11,019**	**29,053**	**(16,854)**	**8,895**

Group overheads, acquisition costs, share based payments, gain on revaluation of contingent consideration, interest and tax are not allocated to segments.

4. TAXATION

	2016 £'000	2015 £'000
Tax charge for the year	(3,663)	(2,782)
Adjustment relating to prior years	52	36
Total current taxation charge	**(3,611)**	**(2,746)**
Origination and reversal of temporary differences	1,482	692
Adjustment relating to prior years	31	179
Effect of different statutory tax rates of overseas jurisdictions	61	14
Effect of changes in tax rates	32	(29)
Total deferred taxation credit	**1,606**	**856**
Total taxation charge	**(2,005)**	**(1,890)**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2016 £'000	2015 £'000
Profit before tax	13,024	10,785
Tax charge @ 20% (2015 – 21%)	2,605	2,265
Expenses disallowed for tax purposes	67	71
Non-taxable income	(174)	(6)
Adjustments in current tax relating to prior years	(52)	(36)
Effect of different statutory tax rates of overseas jurisdictions	(53)	(14)
Movement in deferred tax relating to changes in tax rates	(32)	29
Effect of research and development tax reliefs	(335)	(395)
Tax effect of share based remuneration	(206)	155
Movement in unprovided deferred tax related to development costs	228	-
Movement in unprovided deferred tax related to property, plant and equipment	(12)	-
Movement in deferred tax relating to prior periods	(31)	(179)
Taxation charge for the year	**2,005**	**1,890**

The effective rate of tax for the year, based on the taxation charge for the year as a percentage of the profit before tax, is 15.4% (2015: 17.5%). The reduction of just over 2% is partly due to the overall reduction in tax rates from 21% to 20% and also due to the favourable impact of both non-taxable income in the period, due to the gain on revaluation of contingent consideration, and deferred tax on share based remuneration due to the increase in the Company's share price in the year. Offsetting this has been the adverse impact of a deferred tax charge on the initial recognition of a deferred tax liability in relation to development costs and a smaller charge in respect of deferred tax relating to prior periods.

5. DEFERRED TAX

The Group recognised deferred tax assets and liabilities as follows:

	2016		2015	
	Deferred tax Recognised £'000	Deferred tax Unrecognised £'000	Deferred tax Recognised £'000	Deferred tax Unrecognised £'000
Tax losses carried forward	-	-	289	-
Share based remuneration	1,010	-	575	-
Capital allowances temporary differences	1,103	-	873	-
Deferred tax on development costs	(195)	-	-	-
Deferred tax on acquired assets with no capital allowances	(442)	-	(605)	-
Deferred tax on customer relationships	(3,551)	-	(3,219)	-
Deferred tax liability	**(2,075)**	**-**	**(2,087)**	**-**

At the year end, the Group has no unused tax losses (2015: £1.2m) available for offset against future profits.

The movement in the deferred tax account during the year was:

	Tax losses carried forward £'000	Share based remuneration £'000	Capital allowances temporary differences £'000	Development costs £'000	Deferred tax on acquired assets with no capital allowances £'000	Customer relationships £'000	Total £'000
Balance at 1 April 2014	831	600	414	-	(765)	(3,523)	**(2,443)**
Acquired on acquisition of subsidiary	89	-	(13)	-	-	(557)	**(481)**
Debited to equity	-	(19)	-	-	-	-	**(19)**
(Charged)/credited to statement of comprehensive income	(673)	2	550	-	131	861	**871**
Effect of different tax rates of overseas jurisdictions	44	-	(30)	-	-	-	**14**
Effect of changes in tax rates	(2)	(8)	(48)	-	29	-	**(29)**
Balance at 1 April 2015	**289**	**575**	**873**	**-**	**(605)**	**(3,219)**	**(2,087)**
Acquired on acquisition of subsidiary	-	-	(24)	-	-	(1,627)	**(1,651)**
Credited to equity	-	57	-	-	-	-	**57**
(Charged)/credited to statement of comprehensive income	(289)	389	378	(195)	115	1,115	**1,513**
Effect of different tax rates of overseas jurisdictions	-	-	-	-	-	61	**61**
Effect of changes in tax rates	-	(11)	(124)	-	48	119	**32**
Balance at 31 March 2016	**-**	**1,010**	**1,103**	**(195)**	**(442)**	**(3,551)**	**(2,075)**

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, after deducting any own shares held in Treasury and held by the Employee Benefit Trust. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the total of the weighted average number of ordinary shares in issue during the year, after deducting any own shares, and adjusting for the dilutive potential ordinary shares relating to share options.

Total operations	**2016 £'000**	**2015 £'000**
Profit for the financial year and basic earnings attributed to ordinary shareholders	**11,019**	**8,895**
Weighted average number of ordinary shares:	**No 000**	**No 000**
Called up, allotted and fully paid at start of year	107,803	107,803
Own shares held in Treasury	(898)	(971)
Own shares held by Employee Benefit Trust	(141)	(141)
Weighted average number of ordinary shares - basic	**106,764**	**106,691**
Dilutive impact of share options	1,609	1,236
Weighted average number of ordinary shares - diluted	**108,373**	**107,927**
Basic earnings per share	10.32 p	8.34 p
Diluted earnings per share	10.17 p	8.24 p

Adjusted earnings per share	**2016 £'000**	**2015 £'000**
Profit for the financial year and basic earnings attributed to ordinary shareholders	11,019	8,895
- Amortisation of acquired intangible assets	5,354	4,368
- Acquisition costs	116	526
- Share based payments	1,081	809
- Mark to market interest adjustment	(64)	125
- Accelerated write off of arrangement fees	177	-
- Finance charge on contingent consideration	152	-
- Gain on revaluation of contingent consideration	(870)	-
- Tax impact of adjusted items	(1,311)	(1,093)
Adjusted profit for the financial year and adjusted earnings attributed to ordinary shareholders	**15,654**	**13,630**
Adjusted basic earnings per share	14.66 p	12.77 p
Adjusted diluted earnings per share	14.44 p	12.63 p

7. ACQUISITIONS

Systems Up Limited

The Group acquired 100% of the issued share capital of Systems Up Limited ("SystemsUp") on 5 June 2015.

SystemsUp is a London consultancy business specialising in the delivery of IT transformation using Public Cloud. It boasts a range of expertise in the design and delivery of public cloud solutions and is a G-Cloud partner to Google, an authorised Government Partner to Amazon Web Services and a Microsoft Gold Partner. With the acquisition of SystemsUp, the Group has broadened its ability to engage at a strategic level and act as a trusted adviser on cloud strategy to organisations wanting to create the right blend of cloud services, both public and private, to fit their requirements. The acquisition is in line with the Group's strategy to grow its hosting operations both organically and by acquisition.

During the current period the Group incurred £113,000 of third party acquisition related costs in respect of this acquisition. These expenses are included in administrative expenses in the Group's consolidated statement of comprehensive income for the year ended 31 March 2016.

The following table summarises the consideration to acquire SystemsUp and the amounts of identified assets acquired and liabilities assumed at the acquisition date and are final:

	£'000
Recognised amounts of net assets acquired and liabilities assumed:	
Cash and cash equivalents	1,184
Trade and other receivables	645
Property, plant and equipment	29
Intangible assets	2,516
Trade and other payables	(400)
Current income tax liabilities	(339)
Deferred tax liability	(503)
Identifiable net assets	**3,132**
Goodwill	7,708
Total consideration	**10,840**
Satisfied by:	
Cash – paid on acquisition	9,500
Contingent consideration - payable	1,005
Deferred consideration - paid	335
Total consideration to be transferred	**10,840**

The acquisition of SystemsUp included a provision for contingent consideration due in respect of revenues, on an adjusted basis, for the year to 31 March 2016. We estimated that the amount of contingent consideration that would be paid would be £1,005,000 and that payment will be made shortly after this reporting date. The amount of contingent consideration was based on both the level and mix of revenue generated through until March 2016. Whilst the overall quantum of revenue generated was consistent with what was expected the mix of revenue was not with more revenue than expected being generated from the provision of public cloud services and less from the provision of consultancy services. As a consequence it has now been established that the amount of contingent consideration due is £135,000. Consequently an amount of £870,000 has been recognised in the Statement of Comprehensive Income during the year as a gain on revaluation of contingent consideration.

At the point of the acquisition a payment was made of £9,500,000 in cash, including an amount of £500,000 as an interim payment towards the settlement in respect of the additional debt assumed, cash acquired and normalised working capital position of SystemsUp at completion. A further £335,000 was paid in August 2015 to the vendors in respect of the final amount due for the additional debt assumed, cash acquired and normalised working capital position of SystemsUp at completion and the £135,000 contingent consideration was paid in May 2016.

SystemsUp earned revenue of £4,358,000 and generated profits before tax of £792,000 in the period since acquisition.

United Communications Limited

The Group acquired 100% of the issued share capital of United Communications Limited ("United Hosting") on 30 November 2015.

United Hosting is a Hemel Hempstead based provider of managed and shared hosting services to over 7,000 customers. The acquisition is in line with the Group's strategy to grow its hosting operations both organically and by acquisition.

During the current period the Group incurred £150,000 of third party acquisition related costs in respect of this acquisition. These expenses are included in administrative expenses in the Group's consolidated statement of comprehensive income for the period ended 31 March 2016.

The following table summarises the consideration to acquire United Hosting and the provisional amounts of identified assets acquired and liabilities assumed at the acquisition date and are provisional:

	£'000
Recognised amounts of net assets acquired and liabilities assumed (provisional):	
Cash and cash equivalents	3,291
Trade and other receivables	48
Property, plant and equipment	146
Intangible assets	5,912
Trade and other payables	(843)
Deferred tax liability	(1,148)
Identifiable net assets	**7,406**
Goodwill	6,073
Total consideration	**13,479**
Satisfied by:	
Cash – paid on acquisition	7,500
Deferred consideration	3,063
Contingent consideration - payable	2,916
Total consideration transferred	**13,479**

The recognised amounts of all the net assets acquired and liabilities assumed are provisional.

The share purchase agreement, in respect of the acquisition of United Hosting, included a provision under which the total consideration payable may have been adjusted by a payment to be made either to or by the Company, depending on the level of cash, debt and working capital shown in an agreed set of accounts (the Completion Accounts) made up to, and as at, the completion date. The initial payment to acquire the company was £7,500,000 in cash and in addition an amount of £2,000,000 in cash was paid as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. Following agreement of the Completion Accounts a total payment of £3,063,000, before deduction of the interim settlement, was due by the Company in respect of the no debt, no cash, normalised working capital adjustment and the balance of £1,063,000 was paid in cash in February 2016.

The contingent consideration arrangements require the Company to pay the former shareholders of United Hosting additional amounts contingent on the level of profitability delivered by United Hosting in the year ending 30 April 2016 ("the First Earn-out Payment") and in the year ending 30 April 2017 ("the Second Earn-out Payment").

The potential undiscounted amount of the total payments that the Company could be required to make in respect of the First Earn-out Payment and the Second Earn-out Payment (together "the Earn-out Payments") is between £nil and £3,500,000. The undiscounted amount of contingent consideration payable which was recognised as of the acquisition date was £3,450,000 and after discounting was £2,916,000.

The potential undiscounted amount of the total payment that the Company could be required to make in respect of the First Earn-out Payment is between £nil and £1,025,000. The undiscounted fair value of the First Earn-out Payment is £1,025,000 and after discounting is £951,000. The amount of the First Earn-out payment has now been agreed at £1,025,000 and was paid in June 2016.

The potential undiscounted amount of the total payment that the Company could be required to make in respect of the Second Earn-out Payment is between £nil and £3,500,000. After deducting the undiscounted value of the First Earn-out Payment, the undiscounted fair value of the Second Earn-out Payment has been calculated to be £2,425,000 and after discounting is £1,965,000.

United Hosting earned revenue of £1,009,000 and generated a profit before tax of £356,000 in the period since acquisition.

ServerSpace Limited

The fair values of acquired assets and liabilities, including goodwill, previously disclosed as provisional for ServerSpace Limited have been finalised in the current period with no changes to the fair values disclosed in the Annual Report and Accounts 2015.

Pro-forma full year information

The following summary presents the Group as if the businesses acquired during the year had been acquired on 1 April 2015. The amounts include the results of the acquired business, a charge for interest on the additional debt incurred to finance the acquisition and depreciation and amortisation of the acquired property, plant and equipment and intangible assets recognised on acquisition. The amounts do not include any possible synergies from the acquisition. The information is provided for illustrative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of the future results of the combined companies.

	Pro-forma year ended 31 March 2016
	£'000
Revenue	78,860
Profit after tax for the year	10,691

8. INTANGIBLE ASSETS

	Goodwill £'000	Development costs £'000	Customer relationships £'000	Software £'000	Beneficial contracts £'000	Domain names & IP addresses £'000	Total £'000
Cost							
At 1 April 2014	**44,879**	**2,668**	**22,979**	**1,657**	**86**	**280**	**72,549**
Additions	-	-	598	435	-	-	1,033
Currency translation differences	-	-	76	22	-	-	98
Acquired on acquisition of subsidiary	2,463	-	2,778	-	-	-	5,241
Development cost capitalised	-	1,041	-	-	-	-	1,041
At 1 April 2015	**47,342**	**3,709**	**26,431**	**2,114**	**86**	**280**	**79,962**
Additions	-	-		1,020	-	-	1,020
Currency translation differences	-	-	23	3	-	-	26
Acquired on acquisition of subsidiary	13,781	-	8,428	-	-	-	22,209
Development cost capitalised	-	1,123	-	-	-	-	1,123
At 31 March 2016	**61,123**	**4,832**	**34,882**	**3,137**	**86**	**280**	**104,340**
Accumulated amortisation:							
At 1 April 2014	**-**	**(1,869)**	**(5,564)**	**(675)**	**(12)**	**(62)**	**(8,182)**
Currency translation differences	-	-	(20)	-	-	-	(20)
Charge for the year	-	(627)	(4,361)	(328)	(7)	(54)	(5,377)
At 1 April 2015	**-**	**(2,496)**	**(9,945)**	**(1,003)**	**(19)**	**(116)**	**(13,579)**
Currency translation differences	-	-	(16)	(4)	-	-	(20)
Charge for the year	-	(698)	(5,347)	(446)	(7)	(55)	(6,553)
At 31 March 2016	**-**	**(3,194)**	**(15,308)**	**(1,453)**	**(26)**	**(171)**	**(20,152)**
Carrying amount:							
At 31 March 2016	**61,123**	**1,638**	**19,574**	**1,684**	**60**	**109**	**84,188**
At 31 March 2015	47,342	1,213	16,486	1,111	67	164	66,383

Of the total additions in the year of £1,020,000 (2015: £1,033,000), £nil (2015: £182,000) were funded by finance leases, £297,000 (2015: £484,000) was included in trade payables as unpaid invoices at the year end resulting in a net decrease of £187,000 (2015: net cash inflow £484,000) in trade payables. Consequently, the consolidated statement of cash flows discloses a figure of £1,207,000 (2015: £367,000) as the cash outflow in respect of intangible asset additions in the year.

All amortisation and impairment charges are included in the depreciation, amortisation and impairment of non-financial assets classification, which is disclosed as administrative expenses in the statement of comprehensive income.

During the year, goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets". No impairment charges (2015: £nil) arose as a result of this review. For this review goodwill was allocated to individual Cash Generating Units (CGU) on the basis of the Group's operations. The goodwill acquired in the United Hosting acquisition has been allocated to the Easyspace CGU and the goodwill acquired in the SystemsUp acquisition has been allocated to the Cloud Services CGU, as these are the CGUs expected to benefit from the business combinations.

The carrying value of goodwill by each CGU is as follows:

Cash Generating Units (CGU)	2016 £'000	2015 £'000
Easyspace	23,210	17,137
Cloud Services	37,913	30,205
	61,123	**47,342**

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Leasehold improve-ments £'000	Datacentre equipment £'000	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost:							
At 1 April 2014	2,062	6,732	16,845	28,067	1,559	48	55,313
Additions in the year	-	109	1,522	9,705	582	-	11,918
Acquisition of subsidiary	-	16	-	434	3	-	453
Disposals in the year	-	-	-	(322)	-	-	(322)
Currency translation differences	-	-	-	94	-	-	94
At 31 March 2015	**2,062**	**6,857**	**18,367**	**37,978**	**2,144**	**48**	**67,456**
Additions in the year	-	466	2,105	9,103	209	-	11,883
Acquisition of subsidiary	-	-	-	152	3	20	175
Disposals in the year	-	-	-	(15)	-	-	(15)
Currency translation differences	-	-	-	24	-	-	24
At 31 March 2016	**2,062**	**7,323**	**20,472**	**47,242**	**2,356**	**68**	**79,523**
Accumulated depreciation:							
At 1 April 2014	(116)	(1,418)	(4,784)	(15,583)	(843)	(36)	(22,780)
Charge for the year	(34)	(440)	(1,469)	(7,925)	(269)	(5)	(10,142)
Disposals in the year	-	-	-	322	-	-	322
Currency translation differences	-	-	-	(10)	-	-	(10)
At 31 March 2015	**(150)**	**(1,858)**	**(6,253)**	**(23,196)**	**(1,112)**	**(41)**	**(32,610)**
Charge for the year	(41)	(479)	(1,686)	(8,399)	(259)	(14)	(10,878)
Disposals in the year	-	-	-	15	-	-	15
Currency translation differences	-	-	-	(5)	-	-	(5)
At 31 March 2016	**(191)**	**(2,337)**	**(7,939)**	**(31,585)**	**(1,371)**	**(55)**	**(43,478)**
Carrying amount:							
At 31 March 2016	**1,871**	**4,986**	**12,533**	**15,657**	**985**	**13**	**36,045**
At 31 March 2015	1,912	4,999	12,114	14,782	1,032	7	34,846

Of the total additions in the year of £11,883,000 (2015: £11,918,000), £97,000 (2015: £458,000) were funded by finance leases and £1,755,000 (2015: £2,354,000) was included in trade payables as unpaid invoices at the year end resulting in a net decrease of £599,000 (2015: net increase of £777,000) in trade payables. Consequently, the consolidated statement of cash flows discloses a figure of £12,385,000 (2015: £10,683,000) as the cash outflow in respect of property, plant and equipment additions in the year.

10. BORROWINGS

	2016 £'000	2015 £'000
Current:		
Obligations under finance leases	(573)	(938)
Bank loans	(34,525)	(21,457)
Current borrowings	**(35,098)**	**(22,395)**
Non-current:		
Obligations under finance leases	(826)	(1,346)
Bank loans	-	-
Total non-current borrowings	**(826)**	**(1,346)**
Total borrowings	**(35,924)**	**(23,741)**

11. ANALYSIS OF CHANGE IN NET DEBT

Analysis of change in net cash/(debt)	**Cash and cash equivalents £'000**	**Bank loans £'000**	**Finance leases and hire purchase £'000**	**Total £'000**
At 1 April 2014	13,025	(30,026)	(2,818)	(19,819)
Repayment of bank loans	-	22,000	-	22,000
New bank loans	-	(13,500)	-	(13,500)
Impact of effective interest rate	-	69	-	69
Inception of finance leases	-	-	(640)	(640)
Acquired on acquisition of subsidiary	155	-	(36)	119
Currency translation differences	-	-	(35)	(35)
Cash flow	(4,833)	-	1,245	(3,588)
At 31 March 2015	**8,347**	**(21,457)**	**(2,284)**	**(15,394)**
Repayment of bank loans	-	3,500	-	3,500
New bank loans	-	(16,500)	-	(16,500)
Impact of effective interest rate	-	(68)	-	(68)
Inception of finance leases	-	-	(97)	(97)
Acquired on acquisition of subsidiaries	4,476	-	-	4,476
Currency translation differences	-	-	(2)	(2)
Cash flow	(2,482)	-	984	(1,498)
At 31 March 2016	**10,341**	**(34,525)**	**(1,399)**	**(25,583)**

12. CONTINGENT CONSIDERATION

	2016 £'000	2015 £'000
Contingent consideration due on acquisitions within one year:		
- ServerSpace Limited	-	(1,650)
- Systems Up Limited	(135)	-
- United Communications Limited	(1,000)	-
	(1,135)	(1,650)
Contingent consideration due on acquisitions after more than one year:		
- United Communications Limited	(2,068)	-
	(2,068)	-
Total contingent consideration due on acquisitions	**(3,203)**	**(1,650)**

13. ANNUAL REPORT AND ACCOUNTS

The Annual Report and Accounts for 2016 will be posted to shareholders on 30 June 2016 and will also be available free of charge on request from the Company's registered office; Lister Pavilion, Kelvin Campus, West of Scotland Science Park, Glasgow G20 0SP and on the Group's web-site at www.iomart.com.