PROXAMA PLC

COMPANY NUMBER - 06458458

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2017

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PROXAMA PLC

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

From Proxama to Location Sciences

The Board is pleased to report that during 2017 it completed the transformation of Proxama plc from the previous two business divisions (Payments and Proximity Marketing) to the single Location Sciences business ("Location Sciences").

Key highlights include the £3.1 million placing and open offer announced on 30 June 2017, and the disposal of the Payments Division announced on 1 November 2017, which raised additional working capital for the business, significantly reduced the on-going cost base and removed all the debt. These are three major steps towards a sounder financial future for the Company.

There were also key strategic steps forward, in particular, the Location Sciences business name, brand and product were introduced to the market, along with the appointment of a new CEO, new members of the Board and management team as well as an exciting new product set.

Last but not least, we have met our three major 2017 KPIs, namely:

- the monetisation of our 4 Location Science products;
- exceeding 5 million consumers (7 million as of year-end 2017); and
- exceeding 5 billion data points (14 billion as of year-end 2017).

Market Review

2017 saw pressure on the advertising and marketing sector for brands, agencies and their suppliers to account for their spend, particularly in mobile and digital. Some of the most dominant companies such as Google and Facebook saw the services they offer come under increasing scrutiny as the demand for transparency and accountability across the marketing industry rose.

As digital spend migrates to mobile, rising to £5.4 billion in 2017 (£3.8 billion in 2016), location becomes a key component of all aspects of the campaign lifecycle. Location Sciences is therefore in a strong position to offer its products and services to both brands and agencies across any campaign with a location component. This is demonstrated by the extension of our products to the measurement of "out of home" (OOH) campaigns. In parallel with the marketing sector, we are also monetising our data and services in transport planning with projects using Location Sciences data and services in both London (city planning) and Manchester (transport aggregation).

We have also continued to monetise our 14 billion+ data points by data partnership arrangements which by the year end were generating promising recurring monthly revenues for the Company.

Board Changes

During the year, as previously announced, David Bailey, John Kennedy and Mike Woods all left the business; I would like to thank them all for their contributions. I joined as Chairman in February, Dan Francis was promoted to Chief Strategy Officer in June and Mark Slade was appointed CEO in October 2017. We have all made investments (as previously disclosed) in the Company. After year-end, as separately announced today, David Rae joined the Board as CFO enhancing the Board's financial and strategic capabilities as well as bringing experience in delivering rapid growth for ambitious companies. Some continuity is provided by Non-Executive Director Shaun Gregory, however what we now have is a totally re-vamped Board, who have developed a new strategy for the business, to which it is totally committed.

Outlook

2017 saw an unprecedented amount of change for Proxama - the sale of the Payments division, a new Board, including a CEO and management team, becoming completely debt free, a significant restructuring of the business, resulting in materially reduced costs, and raising the working capital to invest in Location Sciences.

The Company is now in its strongest position yet, strategically, financially, operationally and in terms of its market position. I thank all those who worked in the business in 2017 for their efforts and commitment and look forward to working with the team in 2018.

Kelvin Harrison, Chairman

Date: 11 February 2018

PROXAMA PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

We started the year as two businesses – the Payments division and the Proximity Marketing division, and ended the year as a single business, Location Sciences. Subject to shareholder approval, we will also change the Company's name to Location Sciences Group plc at the Company's AGM in 2018.

As previously reported, the Board felt that proximity marketing lacked the scale and targeting to compete in the digital marketing sales space. Even large digital sales operations in the UK were struggling to compete with the duopoly of Facebook and Google. Combined with the cost of running the sales function, it was clear this business model was not working. The real value in the business was the location data picked up as a byproduct of running proximity marketing, this required less scale to be attractive to our customers as the insight gained on 7 million consumers was enough to make marketing decisions.

Financial results

As detailed below, the Group disposed of its Digital Payments Division on 31 October 2017, as such the Group's consolidated financial statements show the continuing operations of the Group including a restatement of 2016 activity.

In 2017 revenue increased to £471,993 (2016: £269,062). In addition, the Group received £283,361 of grant income in 2017 which was reduced from £551,666 in 2016.

Administrative costs for continuing operations were £4,893,319 in 2017 (2016: £4,312,205). The Group also experienced a one-off exceptional income relating to the write off of debt during the year of £637,006 in 2017 (2016: £nil). The Group's administrative costs for continuing operations have been significantly reduced, compared to 2017 the directors expect administrative costs to reduce by at least 50% in 2018.

The business delivered an operating loss of £3,660,000 in 2017 (2016: £4,041,687) and a loss for the year after discontinued operations and taxation of £5,374,380 in 2017 (2016: £5,193,586).

The loss attributable to discontinued operations for the 10 months to 31 October 2017 was £1,852,712.

Sale of the Digital Payments Division and £3.1 million Placing and Open Offer

On 31 October 2017, the Digital Payments Division was sold to LHH2 APS, a private Danish company, for an initial cash consideration of £1.0 million (less working capital of approximately £0.3 million and transaction costs) plus potential deferred consideration of up to £1.0 million over the next 18 months, subject to certain performance conditions.

The cash funds received from the sale of the Digital Payments Division have been used to further strengthen the Company's balance sheet, following the successful placing and open offer in July 2017 which generated gross proceeds of £3.1 million and resulted in all the Group's debt being cleared.

We have taken significant measures to reduce overheads

The Location Sciences division now operates with its lowest cost base since inception, with administrative costs now running at less than half of 2017, with further cost reduction measures planned for the early part of 2018. As part of this rationalisation and resource focus exercise, our headcount reduced to 23 at the end of 2017 (2016: 60). We anticipate the headcount reducing further during 2018.

The cost reduction programme has looked at all areas of the business to align the on-going overheads with the future Location Sciences business model. This included, *inter alia*, reductions in personnel, HR, office, IT, communications costs as well as a review of the third party professional fees incurred by the business.

With the actions taken and to be taken, I am confident that we have the right resources in place at the right cost level, to deliver our Location Science business model as well as create value for shareholders.

Statement of Financial Position

I am pleased to report that due to the actions of the Board, the financial position of the Group has significantly improved during 2017.

As at 31 December 2017 the Group's net assets were £2,551,731 (2016: £435,760) of which £1,140,239 (2016: £2,026,764) were cash and cash equivalents.

Net current assets were £1,155,979 as at 31 December 2017, compared to net current liabilities of £4,001,447 as at 31 December 2016. The main impact on net current assets was the repayment and conversion of the Group's debts during the year. Group borrowings were £4,756 (representing finance lease agreements) as at 31 December 2017 (2016: £5,227,599).

The Group's improved financial position provides a solid foundation to deliver the Location Sciences business plan in 2018 and beyond.

The changing data landscape

The last year has seen some important changes in the regulation around data, and the Company, as a part of its general risk management efforts, identified data privacy risk as an area needing focus. This focus is necessitated by the European Union General Data Protection Regulation ("EU GDPR"), which replaces the previous 1995 Data Protection Directive (Directive 95/46/EC), with a new, binding regulatory framework across all EU member states and comes into force in May 2018. As the Company is processing data within the EU and/or processing data of EU residents, the regulation creates compliance obligations for the Company and various affirmative requirements enabling EU residents to exercise their rights under the law. In addition, the UK is changing its national legislation via a new

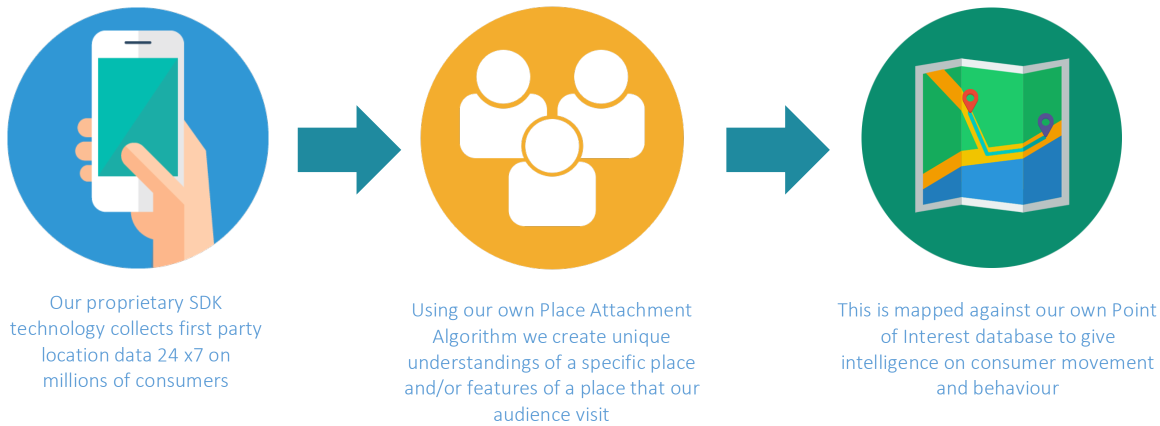
Data Protection Bill (replacing the Data Protection Act 1998 c29), to reflect the GDPR, and the EU ePrivacy regulations will tighten the control of electronic data for marketing, profiling etc. The company has been working throughout last year both internally and with industry consultants and the ICO to prepare for May 2018 for both the supply of data from its app publisher partners and for the provision of data services to its customers both ongoing and new and expects to be fully compliant with all relevant legislation.

Furthermore, the Company sees an opportunity in the marketplace for fully compliant, audited and permissioned first party mobile data. Data providers which fall short of the required standards will see their date being worth less and they may not be able to supply some agencies and brands without the relevant standards being in place.

Location Sciences, a new beginning

Location Sciences was officially launched in September 2017 and made significant progress in the later part of the year.

Although we use complicated data storage techniques processing up to 100 million data points a day and have leading edge iOS and Android software to get data from phones, our business is relatively simple. The diagram below simplifies the business.



Location Sciences is derived from ultra-precise geo-location technology combined with sophisticated data analytics providing valuable insights into the mobile consumer, enabling companies to bridge the gap between the digital and physical world.

Our leading location technologies collect unique anonymised data on real-world consumer actions using mobile geo-location and Bluetooth beacons – we believe providing unrivalled coverage and accuracy.

When this data is combined with our machine learning techniques and data science teams, we're able to deliver actionable insights and analysis into their behaviour. We can answer questions like:

- Where should I put my next store/restaurant?
- How loyal are my customers and which other competitor stores do they go to?
- Is my OOH advertising or digital advertising leading customers into store?
- What's the make-up of customers going near to my out of home advertising?
- Is my location advertising effective and accurate?
- What's the catchment area of my customers?

Our Service Offering

1. Location data – this is a Data as a Service ("DaaS") product provided to sophisticated technology businesses who can integrate location data into their products and services
2. Audience data & verification – enriched location data, attached to points of interest, which can be used for insights and analytics, for example the analysis of a retail customer preferences (which shops do people go to, catchment area, competitive behaviour)
3. OOH ("Out of Home") – the measurement and analysis of out of home advertising on store visits
4. O2O ("Online to Offline") – the impact of digital advertising on driving store visits

What makes us special?

- One of the largest trackable consumer footprint in the UK, many millions of consumers, and growing every day.
- Our data is collected first-party, with permission, directly from the mobile operating system, and we see consumer movement 24 x 7 to allow for accurate attribution.
- We're media agnostic, which means we give an unbiased view on the data and insights generated from your campaigns. This means we can work with all media owners including the Facebook and Google duopoly.
- The only non-US Google certified "Location Services Provider". We have just started on this partnership and are hopeful of a strong revenue and gross margin contribution from the product line.
- Our data becomes and more valuable – the more we learn about our audience the better our platform's machine learning algorithms are at determining behaviour. This provides a barrier to entry and increases our differentiation.
- Timing – the explosion of the app stores and location data from apps has occurred as data processing and storage costs have tumbled. This business model was simply not possible 5 years ago.

Measuring Success

Location Sciences' business model is DaaS, as such the key performance indicators set by the Board focus on consumer reach and the number of data points these consumers generate. The Board believes together these will lead to significant revenue generation as well as a rapid appreciation in underlying asset value.

	Target KPI	KPI as of 31 Dec 2017	KPI performance
Audience[1]	5 million	7 million	+46%
Data points[2]	5 billion	14 billion	+180%

[1] *"Audience" is defined as the total number of consumers who have a mobile phone with iOS or Android apps embedded with the Location Sciences technology.*

[2] *A "data point" is defined as any device event that Location Sciences records and stores, such as a location event, device status change or beacon interaction.*

These figures, together with our precision location technology set Location Sciences apart from its competitors in the UK.

Advisory Panel

In addition to the industry experience of our executive and non-executive team member, the Company has also secured the services of two leading figures in the attribution, AI, location and brand marketing fields.

David Phillipson

David is an Adtech entrepreneur specialising in mobile, location and SDK technologies. Previously David has founded, grown and exited several businesses most notably Ad-X tracking, a mobile analytics and attribution platform which was sold to Criteo (CRTO) in 2013. David went on to complete his four year earn out with Criteo performing the roles of Managing Director of Mobile Solutions where he built and grew Criteo's In-App retargeting product, opening offices in US, Asia and across Europe and most recently General Manager of outdoor and offline where his team-built GPS and beacon technology to allow retargeting and attribution based on consumers store visit behaviour.

Dan Wilson

Dan has nearly 20 years' experience in mobile and Adtech and has spent several years in senior positions at Amobee and PubMatic. More recently, he created and ran the global data and programmatic division at mobile location specialist Blis. He is currently CEO of LMX, a planned futures and options market for media.

The advisory panel gives us first-hand experience of building location and attribution businesses and senior relationships to help move our business forward. We plan to grow the panel during 2018.

Outlook

I am extremely excited going into 2018. We have made some good progress in bringing the Company's costs under control, including moving both the London and Norwich offices to smaller and more cost-effective sites. I am encouraged by the interest we are receiving from potential customers in our data, but I am acutely aware that we need to start delivering meaningful revenues across our core enhanced data products. From my experience in marketing, I am confident that there is tremendous value in the ability to analyse real world movements of millions of consumers. It is just a matter of time and education before the market will use this in earnest – the really exciting times will come in the years ahead as we and our customers all develop a greater understanding of the potential.

It's clear that our metamorphosis into a DaaS business is well on track. We are still a new business in a new industry in the UK, so we need to remain agile and also focussed on where the best revenue generating opportunities are - we have so much interest from a plethora of verticals that it's very easy to become distracted. I have spent the last few months since being appointed as CEO meeting as many potential customers as possible to obtain a better understanding of where the best opportunities lie in the short and long term.

The biggest impact to the business I have seen so far is the changes in both sales and engineering teams. We have hired in experienced people which is already helping our product build and commercial pipeline. We have also built a new advisory panel of experienced industry veterans to help move the business forward and shape the product. The advisory panel is also a huge testament to the value we have in our data and will be helpful in ensuring we are on the right track and maximise the opportunities available to us.

Mark Slade, Chief Executive Officer

Date: 11 February 2018

The Directors present their strategic report for the year to 31 December 2017.

Fair Review of the Business

The fair review of the business is set out in the Chief Executive Officer's report, which describes in detail the financial results, placing an open offer, disposal of the payments division, cost reductions and future plans for Location Sciences.

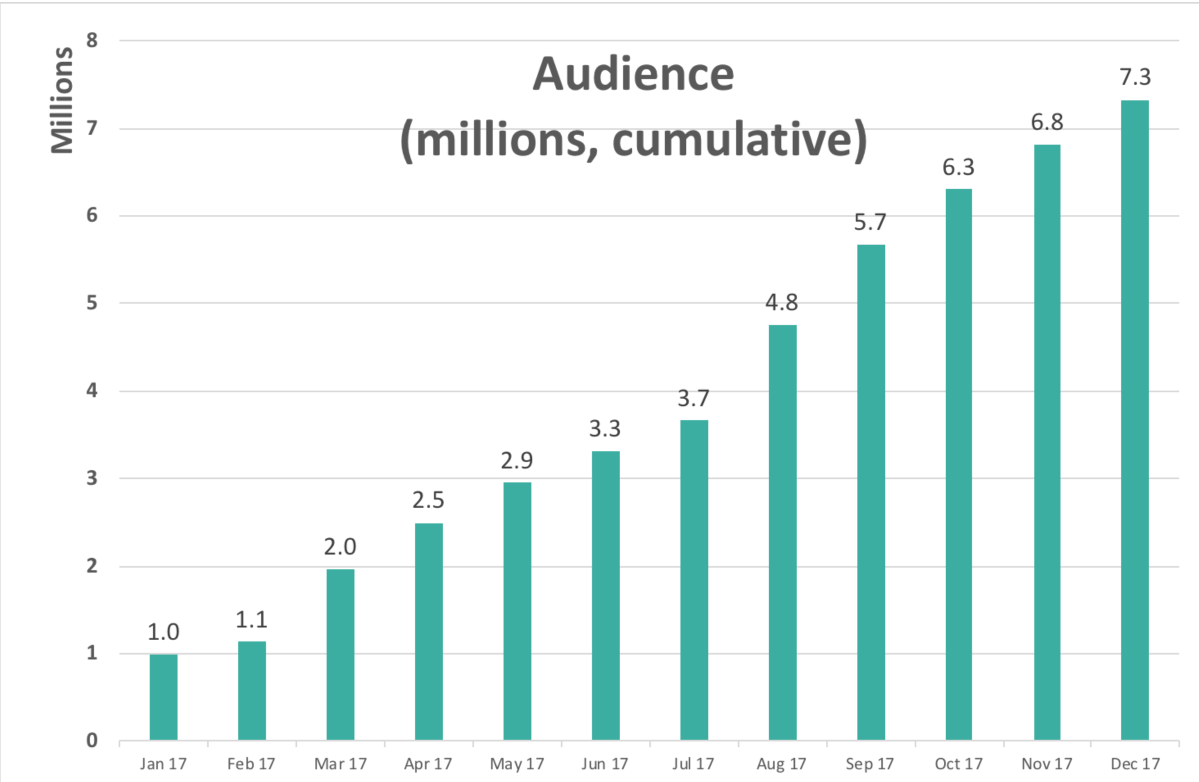
Key Performance Indicators

The Board monitors progress on the overall Group strategy and the individual strategic elements by reference to KPIs. The primary measures are revenue, costs, EBITDA before exceptional items and working capital levels.

The Board has also set three secondary measures that are lead indicators to delivering the primary measures, namely, 1) audience size, 2) data points and 3) making all four core products revenue generating.

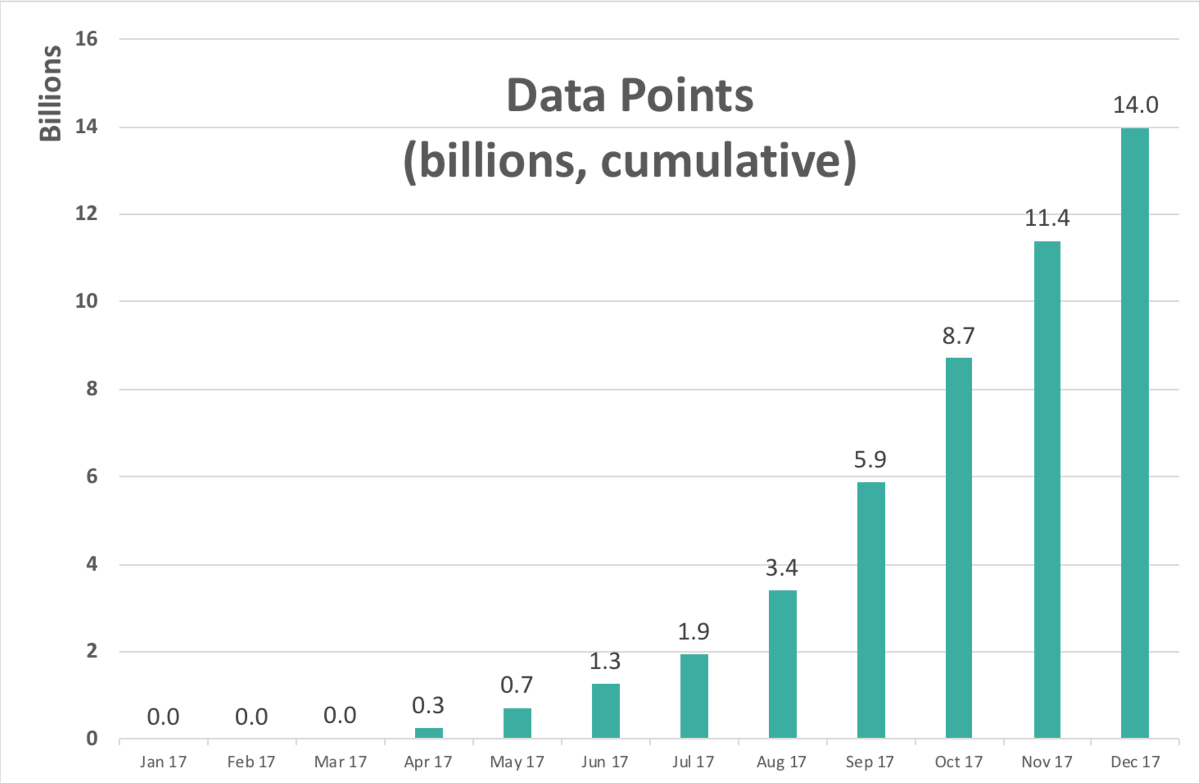
I am pleased to advise the Group has exceeded its targets for 2017, delivering an audience size of 7.3 million versus a target of 5 million – 46% above target.

Cumulative Audience Size by Month (millions of devices)



14 billion data points versus a target of 5 billion by year end, 180% above target.

Cumulative Data Points by Month



The Group also achieved sales in each of the four product categories, data sales, audience sales, OOH attribution & O2O products.

Principal Risks and Uncertainties

The principle and commercial risks to the Group are as follows:

Description	The Group does not achieve sufficient commercial success before existing competitors or new entrants enter the market.
Impact	The current plans of the Group may not be realised, and the Group may have to re-evaluate its business plan.
Mitigation	The Board considers the know-how, existing data lake and customer relationships already in place, creates a significant barrier to entry for new competitors, and for existing competitors to threaten the Group's market position.

Description	Proxama PLC continues to be in a cash consumption phase
Impact	There is a risk that the Group may face working capital and cash flow challenges if the business plan is not delivered as expected. Going Concern has been carefully considered and details are provided in the Corporate Governance report and in note 2 to the Group financial statements.
Mitigation	The Group repaid all its debt in 2017, raised £3.1 million in new funds, divested the loss making Digital Payments Division and significantly reduced its running costs. Notwithstanding the actions already taken, there are a number of options available to the Group, which include structuring sales contracts beneficially, and requiring payment up front, and reducing costs further if required. Historically, Proxama plc have continued to meet obligations through debt and equity fund raises.

Description	Changes in regulation negatively impact the Group's market.
Impact	The Group may find the demand for their products reduced.
Mitigation	The board seeks to be led by commentators and industrial bodies as to the direction of policy change. Currently, the board see the new GDPR regulations as an opportunity for Locations Sciences to grow, through fully compliant, audited and permissioned first party mobile data, with other data providers falling short of this being worth less or not being able to be supplied to agencies and brands without the relevant standard being in place.

The board of directors meet regularly to review specific and general risks that face the Group and strives to position the Group in a way that any risks can be minimised and met, should the need arise.

The Group's performance is dependent on its products and solutions keeping pace with market and technological changes, frequent introduction of new services and products and evolving industry standards. Advances in technology may result in changing customer preferences for products and services and delivery formats and any such change in preferences may be rapid. The Group manages this risk by a commitment to research and development, combined with ongoing dialogue with key industry players, and engagement with the regulatory landscape, e.g. monitoring requirements and compliance for GDPR regulations.

Strategic Risks

The refocus of Proxama as a Location Data and Insights business, combined with the disposal of the Digital Payments Division and restructuring of the Group will significantly de-risk the Company and gives clarity and focus to our customers and employees alike, while also significantly reducing the on-going cost base.

The Location Data and Insights business is driven primarily by achieving our KPIs that support our revenue and growth targets, that is achieving and maintaining our audience and network at the right levels with the right permission and at the right cost base.

With Google embedding location into most aspects of their technology and business and location data playing an increasing role in both advertising and beyond, we see this as a significant endorsement of the location intelligence strategy.

This report, in conjunction with the Chief Executive Officer's Report on pages 5 to 10 form the Strategic Report for the purposes of s414A of the Companies Act 2006

On behalf of the board

Dan Francis, Chief Strategy Officer

Date: 11 February 2018

Introduction

The Listing Rules require that listed companies (but not companies traded on the Alternative Investment Market (AIM)) incorporated in the UK should state in their report and accounts whether they comply with the UK Corporate Governance Code ("the Code") and identify and give reasons for any area of non-compliance. The Company is listed on AIM and therefore no disclosure is required. However, a number of voluntary disclosures have been given.

The Board supports the principles and aims of the Code and intends to ensure that the Company adopts guidance from the Code as it grows. However, the Board considers that at this stage in the Group's development the expense of compliance with the Code is not appropriate.

Directors and Board

At year end the Board comprised two executive and two non-executive directors. David Rae was appointed as CFO following the year end and the Board anticipates appointing an additional non-executive director in 2018. The Board considers that the non-executive directors are independent. The non-executive directors bring their independent judgements to bear on issues of strategy, performance, appointments, resources and standards of conduct. There is a formal schedule of matters specifically reserved for decision by the Board, who meet monthly. The Board composition has changed in 2017 to better reflect the Proxama business activities with the changes contained within this annual report.

Board Committees

The Board has established three committees; the Audit, Remuneration and Nomination Committees.

Relations with Shareholders

Private investors are encouraged to participate in the Annual General Meeting. The Board made a strategy presentation which was open to all shareholders in 2017 and plan to repeat this in 2018. The Board have also commissioned independent financial research from Edison Investment Research, which will be openly accessible to all existing and potential investors.

Internal Financial Control

The Company has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group. The key procedures that have been established in respect of internal financial control are:

- Internal control: the directors review the effectiveness of the Group's system of internal controls on a regular basis;
- Financial reporting: there is in place a comprehensive system of financial reporting. The results for the Group are reported on a monthly basis along with an analysis of key variances;
- Investment appraisal: applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns.

No system can provide absolute assurance against material mis-statement or loss but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

Going Concern

The directors have taken a view of the Group as a whole.

During the year the Group continued to operate at a trading loss, however, following the completion of the restructuring process, where the loss-making payments division was divested, and significant cost reductions were made, it ended the year with an improved financial outlook. In addition, the Group completed a £3.1 million placing and repaid all its loan facilities, ending the year with £1.1 million of cash resources.

The Group also made good commercial progress, with the successful launch of the Locations Sciences business which was generating revenues from its four main product lines by the year end. Notwithstanding the positive progress in 2017, there remains a sensitivity to the timing of sales, grant receipts and earn-out income from the disposal of the Payments division. Consequently, near term cash resources will continue to be closely monitored and controlled due to the associated working capital requirements of the Group in delivering its growing order pipeline and winning new business. To deliver its growth plans, the Board may also consider raising additional capital in 2018.

Based on the current status, after making enquiries and considering the progress of the Group during 2017, the directors have a reasonable expectation that the Group will be able to execute its plans in the medium term such that Company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the Company's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the Board

Mark Slade, Chief Executive Officer

Date: 11 February 2018

PROXAMA PLC

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

As a Company listed on AIM, Proxama plc is not required to present a directors' remuneration report, however, a number of voluntary disclosures have been made. The Company has complied with the disclosure requirements set out in the AIM Rules for Companies.

Remuneration Committee

The Remuneration Committee, consisting of the chairman Kelvin Harrison, David Bailey (retired 30 June 2017) and Shaun Gregory, determines the Group's policy for executive remuneration and the individual remuneration packages for executive directors. In setting the Group's remuneration policy, the committee considers a number of factors including:

- salaries and benefits available to executive directors of comparable companies;
- the need to both attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the Group's development through appropriate incentive schemes (including the award of share options).

Remuneration of executive directors

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive. The remuneration packages can comprise the following elements:

- base salary: the Remuneration Committee sets the base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee;
- equity: share options; and
- various other add on benefits such as private medical insurance.

The executive directors are engaged under separate contracts which require a notice period of six or three months given at any time by the individual.

Remuneration of non-executive directors

The fees and equity awarded to non-executive directors are determined by the Board. The non-executive directors do not receive any other forms of benefit such as private medical insurance.

	Year to 31 December 2017				
Director	**Salary and fees**	**Bonus**	**Pension**	**Benefits**	**Total**
Mark Slade (Executive)	69,554	-	98	-	69,652
Kelvin Harrison (Non-executive)	61,005	-	-	-	61,005
Shaun Gregory (Non-executive)	24,000	-	-	-	24,000
Dan Francis (Executive)	48,125	-	163	945	49,233
John Kennedy (Executive)	125,000	55,000	-	1,280	181,280
Michael Woods (Executive)	63,700	-	158	-	63,858
David J Bailey (Non-executive)	12,957	-	-	-	12,957
	404,341	55,000	419	2,225	461,985

	Year to 31 December 2016				
Director	**Salary and fees**	**Bonus**	**Pension**	**Benefits**	**Total**
Dr Neil R Garner (Executive)	42,692	-	-	128	42,820
Gavin DP Breeze (Non-executive)	12,500	-	-	-	12,500
David J Bailey (Non-executive)	25,000	-	-	-	25,000
Shaun Gregory (Non-executive)	24,000	-	-	-	24,000
John Kennedy (Executive)	150,000	20,000	62	1,242	171,304
Michael Woods (Executive)	147,530	20,000	955	280	168,765
	401,722	40,000	1,017	1,650	444,389

** Gavin DP Breeze's fees are paid to Gavin Breeze Consulting Limited and David J Bailey's fees are paid to David Bailey Enterprises Limited.*

Full details of the directors' options over ordinary shares of 0.01p are detailed below:

Director	Grant date	Exercise price	At 31 December 2017 Number	At 31 December 2016 Number
Mark Slade	14/11/2017	0.03p	1,237,117,230	0
Daniel Francis	14/11/2017	0.03p	175,708,610	0
Kelvin Harrison	14/11/2017	0.03p	66,666,667	0

Notes:

Options granted vest 3 years from the grant date and include relevant performance criteria as the Board may determine from time to time.

Included in Mark Slade's total are 687,287,350 options over the Company's Ordinary Shares, which are subject to separate performance criteria, and are also exercisable after three years and within ten years of grant.

On behalf of the Board

Kelvin Harrison
Chairman, Remuneration Committee

Date: 11 February 2018

The Directors are pleased to present the annual report and audited financial statements of Proxama Plc for the year ended 31 December 2017.

Dividends

The Directors do not recommend the payment of a dividend.

Board of Directors

Kelvin Harrison, Non-Executive Chairman

Kelvin joined Proxama as Non-Executive Chairman in February 2017. He is a chartered engineer with extensive experience in executive and non-executive roles across the information technology, media and telecommunications sector. His involvement has spanned from start up, through VC and PE investment to IPOs on LSE and AIM and exits via trade sale. He was previously CEO of Vega Group Plc and Maxima Holdings Plc, which he founded and grew to more than £50M revenues, £9M PBT and 500 staff. He was also CEO of Symbionics Group, a pioneer in wireless technologies such as Bluetooth, and an NED with UBC Media Group Plc.

He has led high growth of revenues and profits in British and International businesses, with a recent focus on Software as a Service (DaaS). He was Chairman of NetDespatch which was recently purchased in a strategic acquisition by Royal Mail Group. He is also Chairman of Traveltek and Clixifix.

Shaun Gregory, Non-Executive Director

Shaun has been a Non-Executive Director at Proxama since June 2014. Shaun has held a number of executive roles at some of the most respected international media and technology businesses such as Telefónica, Telegraph Media Group and EMAP. He currently serves as CEO of Exterion Media, a leading international outdoor advertising Company, backed by Platinum Private Equity. Shaun is also a Non-Executive Director on various Boards, including Ocean Outdoor, and has served as Non-Executive Chairman for companies including Weve and Tag Man. In the industry, Shaun serves as the Vice Chairman for FEPE, and has previously served on the Board on numerous Trade Bodies, including the Mobile Marketing Association and The Advertising Association.

Mark Slade, Chief Executive Officer

Mark joined the Board on 24 July 2017 as an executive director and replaced John Kennedy as CEO on 30 October 2017, once the terms of the disposal of the Digital Payments Division were finalised.

Mark is one of the advertising industries leading lights with numerous senior relationships across the ad tech and media giants. He joins us from Opera Mediaworks, where he was Managing Director, EMEA. Mark founded and sold his mobile advertising business 4th Screen to Opera, and then helped grow the business to over $100m in revenues. Mark's expertise is in executing in a high growth ad tech sector as well as European acquisitions. Mark is also a founding member of the IAB mobile council.

Dan Francis, Chief Strategy Officer

Dan joined the Board in July 2017 and has over 20 years' experience in creating and developing new products and businesses, specialising in commercialising new technologies such as mobile, data and AI. He has worked in senior positions in the retail, loyalty & marketing and financial services for and with brands such as American Express, Aimia and Barclays. Dan joined in August 2016 to lead the scaling of our Mobile Data and Location Intelligence Division, building on similar programmes of work from his experience with major brands such as Barclaycard, Nectar & Sainsbury's.

David Rae, Chief Financial Officer

David joined as CFO in February 2018 and brings with him a wealth of public company, growth and international business experience within the technology and energy sectors. He has joined the Proxama board on a part-time basis and will assist the board in delivering the Location Sciences business plan, by providing strategic input and leading the finance and investor relation functions.

David began his career in 1992 with EY's Entrepreneurial Services team in London, where he focused on fast growth companies. After leaving EY in 1999, David worked in corporate finance where he advised both public and private companies on fundraising and M&A activities. His experience includes SmartXpo, the AI and machine learning company, STC Energy Management, a leading energy software technology provider, as well as Pixel's, a successful digital marketing company recently acquired by Gravity4.

David is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a first-class honours degree in Information Systems and Management Studies from the University of Leeds.

Research and Development

Proxama continued to invest substantially in research and development. Under IAS 38 "Intangible Assets" £385,811 of development expenditure has been capitalised (2016: £1,117,415). The Group continued to invest in the development of its payments and location intelligence products.

Financial Risk Management

The Group's financial instruments comprise cash and cash equivalents, trade receivables and payables and borrowings. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk.

Interest rate and credit risk – the principal assets of the Group are its cash deposits. These are short-term liquid assets and as a result the exposure to interest rate income risk is not considered significant. The principal focus of the Directors has been to minimise any credit risk in relation to its cash deposits even at the expense of interest income received. Borrowings include financial instruments on fixed interest rate terms and a revolving credit facility at a variable rate. As a result, the exposure to interest rate expense risk is low and no active management of interest rate risk is undertaken by the Board.

Foreign currency risk – the main functional currency is sterling. Throughout 2017, the Company's transactions have primarily been denominated in sterling and the Group has had low exposure to foreign currency risk.

Liquidity risk – the Board's policy is to ensure that sufficient cash and cash equivalents are held on a short-term basis at all times in order to meet the Group's operational needs. The Group repaid all loan facilities during the year, ending the year with no loan facilities in place (2016 £2.5m). The Group does actively raise funds through market placings and other loan facilities.

The Group has been operating at a trading loss due to its stage of development and seeks to ensure that its investments will deliver long term value to shareholders. Liquidity risk is actively managed through regular review of cash requirements of the business in conjunction with the strategic and operational plans for the Group.

Post Balance Sheet Events

These have been disclosed in note 24.

Substantial shareholdings

As at 31 January 2018 the Directors had been notified of the following holdings representing three per cent or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Peel Hunt	2,904,275,152	21.13%
Mr Gavin Breeze	1,254,000,462	9.12%
Hargreaves Lansdown Asset Mgt	1,244,672,279	9.05%
Mr James Leek	706,000,000	5.14%
Woodspeen Investment Mgt	702,779,986	5.11%
Barclays Wealth	648,990,648	4.72%
Share Centre Investment Mgt	642,449,412	4.67%
TD Direct Investing	622,068,210	4.53%
Proxama PLC Directors & Related Holdings	620,129,104	4.51%
Mr Jonathan Hickling	560,000,000	4.07%
Halifax Share Dealing	438,652,622	3.19%
	10,344,017,875	75.25%

**the interest of Gavin Breeze includes interests held directly or through White Angle Limited.*

Directors and their interests in shares

The Directors of Proxama Plc during the year, who served during the whole year unless otherwise stated, were as follows:

- Daniel Francis was appointed 24th July 2017
- Kelvin Harrison was appointed 15th February 2017
- Mark Slade was appointed 24th July 2017
- John Kennedy resigned 30th October 2017
- David J Bailey resigned 30th June 2017
- Michael Woods resigned 18th May 2017

The Company maintains director and officers' liability insurance.

The directors held the following interests in Proxama Plc:

	At 31 December 2017 Ordinary shares of 0.01p each	**At 31 December 2017** Options over ordinary shares of 0.01p each	**At 31 December 2016** Ordinary shares of 0.01p each	**At 31 December 2016** Options over ordinary shares of 0.01p each
Kelvin Harrison	66,666,666	66,666,667	-	-
Mark Slade	176,000,000	1,237,117,230	-	-
Daniel Francis	83,333,333	175,708,610	-	-
David Bailey [1]	261,645,529	-	32,824,126	-
Mike Woods	-	-	17,439,021	-
John Kennedy	800,000	-	800,000	4,938,271

1. The interest of David Bailey includes the holdings of his wife and is held directly through a self-invested personal pension plan as well as indirectly through various nominee accounts

The market price of the Company's shares at the end of the financial year was 0.0.0275p.

Statement of Directors' responsibilities

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

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

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

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

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

Notice of the forthcoming Annual General Meeting of the Company together with resolutions relating to the Company's ordinary business will be given to the members separately.

On behalf of the Board

Mark Slade, Director

Date: 11 February 2018

Independent auditor's report to the members of Proxama Plc

Opinion

We have audited the group financial statements of Proxama Plc (the 'group') for the year ended 31 December 2017, which comprise the consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006; and as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the group financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed, to reduce to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceeds materiality for the group financial statements as a whole.

We establish materiality for the financial statements as a whole to be £70,000, which is 1.5% of the value of the Group's net assets. Key audit risks were identified as revenue recognition; the disposals of investments; refinancing in the year; internally developed intangible assets; and going concern.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the group's business and is risk based. In arriving at our opinions set out in this report, we highlight the following risks that in our judgement, had the greatest effect on the financial statements.

Audit Risk	How we responded to the risk
Recognition of revenue	
Revenue consists of the value of services and software licences. Revenue recorded for services is recorded to the extent that the company has performed is contractual obligations. Revenue from software licences sold alongside is invoiced separately and recognised over the period of the licence. We therefore identified revenue recognition as a risk that required particular audit attention.	Our audit work included but was not restricted to: • For revenue recognised in the year our audit work include, assessing whether the company's accounting policy for revenue recognition was in accordance with International Accounting Standard 18 'Revenue'. • Sampling service and software licence sales in the year and comparing them to usage reports and stated performance dates. • Performing cut-off testing of sales around the year end; and • Analytical review of revenue recognised in the year including variance review.

Disposal of investments during the year

During the year the company disposed of its wholly owned subsidiary Aconite Technology and dissolved Proxama Inc. These investments were significant in value. We therefore identified the disposal of investments as a risk that required particular audit attention.	Our audit work included but was not restricted to: • Substantive testing of the component parts of the loss arising on disposal to supporting information. • Analytical review of revenue and expenses arising from investments to the date of disposal; and • Review of when the disposal took place and disclosures in the financial statements.

Refinancing in the year

During the year the company undertook refinancing. The company converted debt, in the form of bank loans and convertible loan notes into shares and loan warrants. We therefore identified the refinancing in the year as a risk that requires particular audit attention.	Our audit work included but was not restricted to: • Substantive testing of the conversion to supporting information; and • Review of the value of warrants issued and surplus arising on debt exchanged for these warrants.

Internally generated intangible assets

The company has £687,639 of development costs capitalised in the year on the balance sheet. The company capitalises development costs when the following criteria have been met: The product is technically viable, it is intended for sale, a market exists, expenditure can be measured reliably, and sufficient resources are available to allow completion of the project. When the Board is sufficiently confident that these criteria are met, the costs are capitalised. We therefore identified internally generated intangibles as a risk that required particular audit attention.	Our audit work included but was not restricted to: • Agreeing intangible asset additions to supporting documentation including employee costs and time spent on projects. • Assessing the nature of the costs being capitalised to ensure they met the required accounting criteria for capitalisation; and • Discussions were held with management to ensure that all criteria for capitalisation had been met and supporting evidence was obtained to corroborate this.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate. This description forms part of our auditor's report.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 11 February 2018

PROXAMA PLC

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
Continuing operations		**£**	£
Revenue	3	**471,993**	269,062
Cost of sales		**(165,719)**	(579,424)
Gross profit/(loss)		**306,274**	(310,362)
Grant income		**283,361**	551,666
Other income		**6,678**	29,214
Administrative expenses		**(4,893,319)**	(4,312,205)
Administrative expenses – non-recurring item	6	**637,006**	-
Operating loss		**(3,660,000)**	(4,041,687)
Finance income	4	**1,498**	1,697
Finance expense	5	**(143,279)**	(749,648)
Loss on ordinary activities before taxation	6	**(3,801,781)**	(4,789,638)
Taxation	9	**280,113**	410,127
Discontinued operations			
Loss for the year from discontinued operations	25	**(1,852,712)**	(814,075)
Loss for the year attributable to owners of the parent		**(5,374,380)**	(5,193,586)
Loss per share – basic and diluted	10	**(0.08p)**	(0.39p)
Loss per share from continued operations – basic and diluted		**(0.05p)**	(0.33p)
Loss per share from discontinued operations – basic and diluted		**(0.03p)**	(0.06p)

The loss for the year from discontinued operations is from revenue of £1,056,935.

PROXAMA PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Loss for the year	**(5,374,380)**	(5,193,586)
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange difference arising on consolidation	**111,043**	(18,187)
Other comprehensive income	**111,043**	(18,187)
Total comprehensive loss for the financial year attributable to owners of the parent	**(5,263,337)**	(5,211,773)

PROXAMA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	**2017**	2016
Assets		**£**	£
Non-current Assets			
Intangible assets	11	**1,379,902**	4,751,607
Property, plant and equipment	12	**16,437**	44,925
		1,396,339	4,796,532
Current Assets			
Trade and other receivables	13	**233,387**	1,075,456
Current tax asset		**269,428**	456,260
Cash and cash equivalents	14	**1,140,239**	2,026,764
		1,643,054	3,558,480
Current Liabilities			
Trade and other payables	15	**(482,906)**	(2,337,253)
Current portion of borrowings	16	**(4,169)**	(5,222,674)
		(487,075)	(7,559,927)
Net Current Assets/(Liabilities)		**1,155,979**	(4,001,447)
		2,552,318	795,085
Non-current liabilities			
Non-current borrowings	16	**(587)**	(4,925)
Deferred tax liabilities	17	**-**	(354,400)
Net Assets		**2,551,731**	435,760
Equity			
Share capital	19	**11,677,628**	10,475,177
Share premium account		**15,189,919**	10,991,445
Share-based payment reserve		**107,170**	262,447
Merger relief reserve		**11,605,556**	11,605,556
Translation reserve		**-**	(44,679)
Capital reserve		**209,791**	209,791
Equity reserve		**1,934,797**	44,160
Other reserve		**(9,225,108)**	(9,225,108)
Retained earnings		**(28,948,022)**	(23,883,029)
Total Equity		**2,551,731**	435,760

The financial statements on pages 28 to 62 were authorised for issue by the board of directors and were signed on its behalf by:

Mark Slade, Chief Executive Officer

Date: 11 February 2018
Registered number – 06458458

PROXAMA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
Cash flows from operating activities		**£**	£
Loss for the year before tax		**(5,654,493)**	(5,782,606)
Adjustments for:			
Depreciation of property, plant and equipment		**34,449**	94,574
Amortisation of intangible assets		**1,078,797**	934,937
Impairment of intangibles assets		**350,431**	431,480
Loss on disposal of assets		**1,388,196**	12,689
Financial income		**(1,498)**	(1,781)
Financial expense		**143,279**	749,845
Foreign exchange differences		**8,065**	10,981
Share-based payments		**87,746**	80,446
		(2,625,028)	(3,469,435)
Decrease in trade and other receivables		**842,069**	804,289
(Decrease)/Increase in trade and other payables		**(1,826,317)**	322,267
Cash used in operations		**(3,549,276)**	(2,342,879)
Income taxes received		**456,260**	684,277
Net cash used in operating activities		**(3,093,016)**	(1,658,602)
Net cash flow from continuing operating activities		(3,288,795)	(2,026,324)
Net cash flow from discontinued operating activities		195,779	367,722
Net cash flow from operating activities		**(3,093,016)**	(1,658,602)
Cash flows from investing activities			
Interest received		**1,498**	1,781
Additions to intangible assets		**(687,639)**	(1,117,415)
Purchase of property, plant and equipment		**(6,316)**	(28,113)
Proceeds from sales of subsidiaries, net of cash disposed		**773,106**	-
Proceeds on disposal of property, plant and equipment		-	2,459
Net cash used in investing activities		**(80,649)**	(1,141,288)
Net cash flow from continuing investing activities		221,177	(740,911)
Net cash flow from discontinued investing activities		(301,826)	(400,377)
Net cash flow from investing activities		**(80,649)**	(1,141,288)
Cash flows from financing activities			
Interest paid		**(143,279)**	(209,011)
Issue of share capital		**5,400,925**	2,077,288
Convertible loan note redeemed		**(738,775)**	-
New long-term loan		-	900,000
New convertible loan		-	1,800,000
Repayment of bank loans		**(2,500,000)**	-
New finance lease agreements		-	11,699
Repayment of finance lease agreements		**(4,072)**	(5,622)
Net cash from financing activities		**2,014,799**	4,574,354
Net cash flow from discontinued financing activities		(2)	-
Net (decrease)/increase in cash and cash equivalents		**(997,568)**	1,774,464
Cash and cash equivalents at beginning of year		**2,026,764**	270,487
Exchange differences on cash and cash equivalents		**111,043**	(18,187)
Cash and cash equivalents at end of year		**1,140,239**	2,026,764
Cash flows of discontinued operation	25		
Non-cash financing activities:			
Discount on share options		**190,203**	-
Loans written-off		**482,935**	-
Share options granted on release of bank loan		**1,934,797**	-

PROXAMA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Share-based payment reserve	Merger relief reserve	Translation reserve	Capital Reserve	Equity reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2016	10,195,024	8,703,332	934,966	11,605,556	(26,492)	209,791	535,138	(9,225,108)	(19,442,409)	3,489,798
Loss for the year	-	-	-	-	-	-	-	-	(5,193,586)	(5,193,586)
Other comprehensive income	-	-	-	-	(18,187)	-	-	-	-	(18,187)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	(18,187)	-	-	-	(5,193,586)	(5,211,773)
Issue of shares	280,153	2,288,113	-	-	-	-	-	-	-	2,568,266
Equity to be issued	-	-	-	-	-	-	(490,978)	-	-	(490,975)
Share-based payments	-	-	80,446	-	-	-	-	-	-	80,446
Share-based transfer	-	-	(752,965)	-	-	-	-	-	752,965	-
Total transactions with owners	280,153	2,288,113	(672,519)	-	-	-	(490,978)	-	752,965	2,157,734
Total movement in shareholders' equity	280,153	2,288,113	(672,519)	-	(18,187)	-	(490,978)	-	(4,440,621)	(3,054,039)
At 31 December 2016	10,475,177	10,991,445	262,447	11,605,556	(44,679)	209,791	44,160	(9,225,108)	(23,883,029)	435,760
At 1 January 2017	10,475,177	10,991,445	262,447	11,605,556	(44,679)	209,791	44,160	(9,225,108)	(23,883,029)	435,760
Loss for the year	-	-	-	-	-	-	-	-	(5,374,380)	(5,374,380)
Other comprehensive income	-	-	-	-	111,043	-	-	-	-	111,043
Total comprehensive income for the period attributable to equity holders	-	-	-	-	111,043	-	-	-	(5,374,380)	(5,263,337)
Issue of shares	1,202,451	4,198,474	-	-	-	-	-	-	-	5,400,925
Equity element of convertible loan	-	-	-	-	-	-	1,934,797	-	-	1,934,797
Equity transfer	-	-	-	-	-	-	(44,160)	-	-	(44,160)
Translation transfer	-	-	-	-	(66,364)	-	-	-	66,364	-
Share-based payments	-	-	87,746	-	-	-	-	-	-	87,746
Share-based transfer	-	-	(243,023)	-	-	-	-	-	243,023	-
Total transactions with owners	1,202,451	4,198,474	(155,277)	-	(66,364)	-	1,890,637	-	309,387	7,379,308
Total movement in shareholders' equity	1,202,451	4,198,474	(155,277)	-	44,679	-	1,890,637	-	(5,064,993)	2,115,971
At 31 December 2017	11,677,628	15,189,919	107,170	11,605,556	-	209,791	1,934,797	(9,225,108)	(28,948,022)	2,551,731

1. GENERAL INFORMATION

Prior to the disposal of the Digital Payments Division on 31 October 2017 and the subsequent restructuring of the business, Proxama Plc ("the Company") and its subsidiaries (together 'the Group') operated three divisions, namely, Digital Payments, Proximity Marketing and Location Data and Insights, trading as Location Sciences AI Ltd (formerly Proxama Solutions Limited) and Aconite Solutions Limited. Following the disposal and restructuring exercise, the business focused on Location Data and Insights, providing four core products to its customers, namely; Location Data – this is a DaaS product provided to sophisticated technology businesses who can integrate location data into their products and services; Audience Data & verification – enriched location data, attached to points of interest, which can be used for insights and analytics, for example the analysis of a retail customer preferences (which shops do people go to, catchment area, competitive behaviour); OOH ("Out of Home") – the measurement and analysis of out of home advertising on store visits; and O2O ("Online to Offline") – the impact of digital advertising on driving store visits

The Company is a public limited Company, limited by shares, which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office is given on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention basis as discussed in the accounting policies below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company beneficially owns 100% of the voting rights in all of its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from that date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Acquisition costs are expensed as incurred.

Consideration where payment is contingent on future employment is excluded from the acquisition accounting and is recognised as a post-acquisition expense charged to the income statement.

Going Concern

During the year the Group continued to operate at a trading loss, however, following the completion of the restructuring process, where the loss-making payments division was divested, and significant cost reductions were made, it ended the year with an improved financial outlook. In addition, the Group completed a £3.1 million placing and repaid all its loan facilities, ending the year with £1.1 million of cash resources.

The Group also made good commercial progress, with the successful launch of the Locations Sciences business which was generating revenues from its four main product lines by the year end. Notwithstanding the positive progress in 2017, there remains a sensitivity to the timing of sales, grant receipts and earn-out income from the disposal of the Payments division. Consequently, near term cash resources will continue to be closely monitored and controlled due to the associated working capital requirements of the Group in delivering its growing order pipeline and winning new business. To deliver its growth plans, the Board may also consider raising additional capital in 2018.

Based on the current status, after making enquiries and considering the progress of the Group during 2017, the directors have a reasonable expectation that the Group will be able to execute its plans in the medium term such that Company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the Company's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

Adoption of new accounting standards

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2017. The adoption of new standards and interpretations in the year has not had a material impact on the Group's financial statements.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2018, or later periods, have been adopted early. The directors haven't yet assessed the impact on the adoption of the following standards and interpretations will have on the Group's financial statement:

- IFRS 9 Financial Instruments (effective 1 January 2019)
- IFRS 15 Revenue from contracts with customers (effective 1 January 2018)
- IFRS 16 Leasing (effective 1 January 2019)
- IAS 12 Income Taxes (effective 1 January 2019)

The adoption of IFRS16 will require the Group to recognise in its Statement of Financial Position the asset and financial commitment associated with properties under operating leases.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for the use in strategic decision making and monitoring of performance. The Group considers the chief operating decision maker to be the Executive Board.

Revenue Recognition

Revenue represents the invoice value of services and software licences provided to external customers in the period, stated exclusive of value added tax.

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

Revenue from software licences sold in conjunction with services is invoiced separately from those services and recognised over the period of the licence.

Revenue from software development is recognised to the extent that the Group has obtained the right to consideration through its performance.

Grants

Grants received on capital expenditure are initially recognised within deferred income on the Group's Statement of Financial Position and are subsequently recognised in the Income Statement on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the Income Statement in the periods in which the expenditure is recognised.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling, which is the Parent's functional and Group's presentational currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

The results and financial position of all Group entities that have a functional currency different from the presentational currency of the Group are translated into sterling as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at the average exchange rate for the month where these approximate the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognised within other comprehensive income and taken to the foreign exchange reserve.

Financial instruments

Loans and receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall within this class.

Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a Group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the Income Statement within operating expenses.

The Group's financial liabilities include trade and other payables, accruals and borrowings.

Trade and other payables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

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

Convertible loan notes are also stated at amortised cost using the effective interest method.

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment in value. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life. Depreciation is recognised within administrative expenses within the Consolidated Income Statement.

The principal annual rates used for this purpose are:

Computer and office equipment	33.33% per annum

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired and is capitalised.

Goodwill is subject to annual impairment testing. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. The recoverable amount is tested annually or when events or changes in circumstances indicate that it may be impaired. The recoverable amount is the higher of the fair value less costs and the value in use in the Group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount. In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash generating unit that have not already been included in the estimate of future cash flows.

Internally developed software

Intangible assets are predominantly internally generated software development costs for location science technologies. Development costs are capitalised when certain criteria are met. The product must be technically feasible, sale is intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete the project. The extent of capitalisation is limited to the amount which, taken together with further related costs, will be recovered from the future economic benefits related to the asset. When the Board is sufficiently confident that all of the criteria for capitalisation are met, development costs are capitalised and amortised over the expected useful life, currently 5 years, from the date that the asset is available for use. Development costs that have been capitalised, but where amortisation has not yet commenced are reviewed annually for impairment. If no intangible asset can be recognised based on the above then development costs are recognised within administrative expenses in the Consolidated Income Statement in the period in which they are incurred.

Other intangibles

Acquired trademarks and intellectual property rights are recognised as an asset at cost, or deemed cost, less accumulated amortisation and any recognised impairment loss.

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

Trademarks and intellectual property rights	10% straight line
Customer relationships	25% straight line

Impairment of property, plant and equipment and intangible assets

At each Statement of Financial Position date, the Group performs an impairment review in respect of goodwill and any intangible assets not yet ready for use and reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the Income Statement in the period in which it was identified.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank deposits.

Current taxation

The tax currently receivable is based on the taxable loss for the period and relates to R & D tax credits. Taxable loss differs from net loss as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. This is calculated using rates and laws enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences other than those relating to goodwill on investments in subsidiaries. Deferred tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred tax assets is assessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Employee benefits

The Group operates an equity-settled, share-based compensation plan. Equity-settled share-based payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black Scholes or a binomial options valuation model as appropriate depending on the terms of the options.

Leases

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in the Income Statement, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Equity

Equity comprises:

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

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

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

Merger relief reserve - the difference between cost or fair value and the nominal value of shares issued on the exchange of shares with Location Sciences AI Limited (formerly Proxama Solutions Ltd) and on acquisition of subsidiaries where shares are issued as part of the consideration.

Translation reserve – the foreign exchange difference arising on consolidation.

Capital reserve – represents a capital contribution to the Company.

Equity reserve – represents the equity element of the convertible loan note and the fair value of shares to be issued under deferred consideration arrangements.

Other reserve - the balance of the amount recognised as issued equity instruments arising on restatement of Locations Sciences AI Limited (formerly Proxama Solutions Ltd) to reflect the parent equity structure, further to the reverse acquisition basis of accounting adopted in 2013 on the share exchange by Proxama Plc for 100% of the shares of Location Sciences AI Limited.

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

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

Critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Estimates in applying the Group's accounting policies:

Fair values for employee share schemes

The establishment of fair values in respect of employee services received in exchange for share options require the exercise of judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the expected volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the Group's stage of development.

Critical judgements in applying the Group's accounting policies:

Assessing whether development costs meet the criteria for capitalisation

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Commercial success of the development projects remains uncertain at the time of recognition and therefore impairment reviews are undertaken based on current estimates of future revenue streams. This assessment has resulted in the impairment of £350,431 (2016: £32,086) of development costs, previously capitalised for which the underlying projects are no longer being pursued.

Classification and valuation of financial instruments

The Group has issued financial instruments including conversion features and warrants. The valuation of these financial instruments, including Level 3 fair values where there are no observable market inputs, are performed in consultation with third party valuation specialists, with the overall aim of maximising the use of market based information.

Impairment of goodwill and other intangible assets

There are a number of assumptions management have considered in performing impairment reviews of goodwill and intangible assets, as determining whether such assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. An impairment of goodwill of £nil has been recognised in the year (note 11).

3. SEGMENTAL ANALYSIS

Operating segments are based on internal reports about components of the Company, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

The Group's operations in 2017 were structured as four trading companies, prior to the sale of the Digital Payments Division, and its financial reporting is reported to the CODM information on three segments: Digital Payments, Proximity Marketing and Location Data and Insight. The Digital Payments segment predominantly focuses on the migration of Card Payment systems to the EMV Standard known as "Chip and Pin" from old magnetic stripe systems. The Proximity Marketing segment centres on providing location-based marketing for Mobile devices, typically Smartphones. Location Data and Insight uses the 100m+ data points a day we process in combination with our data analytics to provide insights to brands, agencies and other organisations.

It should be noted that a segmental analysis of the Balance Sheet is not part of routine management reporting and consequently no segmental analysis of assets is shown here

An analysis of continuing operation revenue is as follows:

	2017	2016
	£	£
Digital Payments [1]	**-**	64,873
Proximity Marketing	**327,180**	204,189
Location Data and Insights	**144,813**	-
Total Revenue	**471,993**	269,062

[1] the Digital Payment revenues for the 10 months to 31 October 2017 were £1,056,935 in 2017, further information is detailed in Note 25 for Discontinued Operations.

An analysis of EBITDA is as follows:

	2017	2016
	£	£
Proximity Marketing	**(2,932,139)**	(2,737,899)
Location Data and Insights	**(1,297,795)**	-
Total EBITDA for continuing operations	**(4,229,934)**	(2,737,899)
Total EBITDA for discontinued operations	**(464,516)**	(835,116)
Total EBITDA	(4,694,450)	(3,573,015)

An analysis of loss before tax is as follows:

	2017	2016
	£	£
Proximity Marketing	**(2,911,851)**	(4,789,638)
Location Data and Insights	**(1,288,815)**	-
Total loss before tax continuing operations	**(3,801,781)**	(4,789,638)
Total loss before tax discontinued operations	**(1,852,712)**	(992,968)
Total loss before tax	**(5,654,493)**	(5,782,606)

4. FINANCE INCOME

	2017	2016
	£	£
Income from cash and cash equivalents	**1,498**	1,697

5. FINANCE EXPENSE

	2017	2016
	£	£
Bank interest	**562**	180,586
Finance lease interest	**-**	87
Interest payable on convertible loan note	**-**	65,984
Finance cost on convertible loan note	**131,710**	485,335
Other loan interest	**11,007**	17,656
	143,279	749,648

6. LOSS BEFORE TAXATION

Exceptional items in 2017 relate to the following:

	2017	2016
	£	£
Discount on settlement of bank loan	**(190,203)**	-
Discount on settlement of convertible loan	**(482,935)**	-
Restructuring costs	**36,132**	-
	(637,006)	-

	2017	2016
	£	£
The loss before taxation is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- Owned	**30,559**	90,053
- Held under hire purchase agreements	**3,890**	5,057
Loss/(Profit) on disposal of tangible assets	**-**	12,689
Amortisation of intangible assets	**1,078,797**	934,937
Impairment of intangible assets	**350,431**	431,480
Government grants	**(283,361)**	(551,666)
Research and development expensed as incurred in administrative expenses	**-**	264,034
Operating lease rentals		
- Land and buildings	**96,027**	246,533
- Plant and machinery	**-**	1,323
Share-based payments	**87,746**	80,446
Net foreign exchange losses	**8,065**	10,981
Auditors remuneration:		
For audit services		
- Company audit	**15,000**	38,500
- Subsidiary audits	**15,000**	17,500
For tax advisory services	**-**	15,000

7. STAFF COSTS

The average number of persons employed by the Group during the year, including executive directors, was:

	2017 Number	2016 Number
Management	**8**	12
Research and development	**29**	43
Commercial and client services	**10**	14
	47	69

Included within the above totals, 10 (2016: 11) research and development staff relate to the discontinued operation.

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	**2,718,377**	3,861,225
Social security costs	**303,854**	450,142
Pension costs	**14,801**	23,019
Expense of share-based payments	**87,746**	80,446
	3,124,778	4,414,832

Included within the above totals, £1,198,869 (2016: £1,196,623) relates to the discontinued operation.

8. KEY MANAGEMENT COMPENSATION

Details of aggregate key management emoluments for the year are as follows:

	2017 £	2016 £
Salaries and other short-term employee benefits	**734,761**	634,064
Pension costs	**773**	1,234
Expense of share-based payments	**17,134**	14,738
	752,668	650,036

The directors are of the opinion that the key management of the Group comprises the executive and non-executive directors of Proxama Plc. These persons have authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly. At 31 December 2017, key management comprised eight (2016: seven) people. The remuneration of the highest paid director is £181,280 (2016: £171,304).

Directors' remuneration is disclosed in the directors' remuneration report on pages 17 to 19.

9. CORPORATION TAX CHARGE

(a) Analysis of credit in the period

	2017	2016
	£	£
Current tax:		
UK corporation tax	**(193,113)**	(456,220)
Deferred tax:		
UK deferred tax movement (note 17)	**(87,000)**	(132,800)

(b) Factors affecting the tax credit for the period

The tax assessed for the period does not reflect an expense equivalent to the profit before tax multiplied by the UK standard rate of corporation tax of 19.25% (2016: 20%) as explained below:

	2017	2016
	£	£
Loss before tax	**(3,801,781)**	(5,782,606)
Loss before tax multiplied by the standard rate of corporation tax	**(731,843)**	(1,156,521)
Non-deductible expenses	**215,069**	104,203
Unrecognised deferred tax asset	**346,477**	611,466
Additional deduction for R&D expenditure	**(151,828)**	(334,699)
Surrender of tax losses for R&D tax credit	**66,247**	162,845
R&D expenditure credits	**-**	6,726
Other differences	**62,225**	16,960
Total tax for the period	**(193,113)**	(589,020)

Subject to the UK tax authority's agreement, the Group has UK tax losses of approximately £19,200,000 (2016: £20,160,000) available for carry forward and offset against future taxable profits arising from the same trade. The Group has a potential deferred tax asset of £3,260,000 (2016: £3,629,000) which will not be recognised until it is regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted. In addition, no deferred tax asset is recognised in respect of future tax deductions on exercise of share options.

10. LOSS PER SHARE

The calculation of loss per share is based on the loss of £5,374,380 (2016: £5,193,586) and on the number of shares in issue, being the weighted average number of equity shares in issue during the period of 7,157,915,871 0.01p ordinary shares (2016: 1,332,551,074 0.01p ordinary shares). A separate adjusted loss per share calculation has been prepared related to the loss before exceptional items for the prior year.

	2017	2016
Loss for the year	**(5,374,380)**	(5,193,586)
Add back:		
Exceptional items	**637,006**	-
Adjusted loss	**(4,737,374)**	(5,193,586)
Loss per share – basic and diluted	**(0.08p)**	(0.39p)
Adjusted loss per share – basic and diluted	**(0.06p)**	(0.39p)
Loss per share from continued operations – basic and diluted	**(0.05p)**	(0.33p)
Loss per share from discontinued operations – basic and diluted	**(0.03p)**	(0.06p)

Dilutive instruments

Instruments that could potentially dilute basic loss per share in the future but are not included in the calculation of diluted loss per share because they are anti-dilutive, related to share options, warrants and convertible loan notes in the period.

11. INTANGIBLE ASSETS

	Trademarks	Goodwill	Customer relationships	Intellectual Property Rights	Development costs	Total
	£	£	£	£	£	£
Cost						
At 1 January 2016	5,102	659,288	1,000,000	6,001	4,443,175	6,113,566
Additions (internally developed)	-	-	-	-	1,117,415	1,117,415
At 31 December 2016	5,102	659,288	1,000,000	6,001	5,560,590	7,230,981
Additions (internally developed)	-	-	-	-	687,639	687,639
Disposals	-	(659,288)	(1,000,000)	-	(4,011,399)	(5,670,687)
At 31 December 2017	5,102	-	-	6,001	2,236,830	2,247,933
Amortisation and impairment						
At 1 January 2016	1,874	-	260,000	3,000	848,083	1,112,957
Charge for the year	510	-	240,000	600	693,827	934,937
Impairment	-	399,394	-	-	32,086	431,480
At 31 December 2016	2,384	399,394	500,000	3,600	1,573,996	2,479,374
Charge for the year	603	-	200,000	650	877,544	1,078,797
Impairment	-	-	-	-	350,431	350,431
On disposals	-	(399,394)	(700,000)	-	(1,941,177)	(3,040,571)
At 31 December 2017	2,987	-	-	4,250	860,794	868,031
Net book amount						
At 31 December 2017	**2,115**	**-**	**-**	**1,751**	**1,376,036**	**1,379,902**
At 31 December 2016	2,718	259,894	500,000	2,401	3,986,594	4,751,607

Internal development represents the cost incurred in developing the Company's DaaS platform and software development kits. These internal costs have been capitalised in accordance with the Company's accounting policies where all the conditions for capitalisation have been met.

The directors have identified a number of R&D projects related to the Digital Payments business sitting within Location Sciences AI Limited that were not transferred as part of the disposal. Due to the fact that the directors see the likelihood of future revenues attributable to these products as low, the decision has been made to fully impair the value of these products totalling £350,431.

Impairment of research and development is considered within the conditions of capitalisation. Amortisation charges are included in administrative expenses in the Income Statement.

Other intangible assets represent amounts paid to third parties for acquiring trademarks and intellectual property rights.

	Carrying amount of intangibles before impairment	**Value in use**	**Impairment**
	£'000	£'000	£'000
Digital Payments	350	0	350

As noted above, formal impairment testing has been undertaken for intangibles and an impairment of £350,431 is recognised. The goodwill wholly relates to the Digital Payments Division which was disposed of in 2017.

12. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2016	220,420	217,704	438,124
Additions	16,258	11,855	28,113
Disposals	(58,061)	(145,608)	(203,669)
At 31 December 2016	178,617	83,951	262,568
Additions	6,316	-	6,316
Disposals	(5,944)	(4,435)	(10,379)
At 31 December 2017	178,989	79,516	258,505
Depreciation			
At 1 January 2016	149,373	161,681	311,054
Charge for the year	55,768	39,342	95,110
Eliminated on disposals	(57,661)	(130,860)	(188,521)
At 31 December 2016	147,480	70,163	217,643
Charge for the year	22,674	11,775	34,449
Eliminated on disposal	(5,944)	(4,080)	(10,024)
At 31 December 2017	164,210	77,858	242,068
Net book amount			
At 31 December 2017	**14,779**	**1,658**	**16,437**
At 31 December 2016	31,137	13,788	44,925

Hire purchase agreements

Included within the net book value of £16,437 is £5,524 (2016: £9,424) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of such assets amounted to £3,900 (2016: £5,057).

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
Trade receivables	**34,095**	817,188
Prepayments and accrued income	**12,342**	3,019
Other receivables	**186,950**	255,249
	233,387	1,075,456

Trade receivables comprise amounts due from customers for services provided. All amounts are short term. The net carrying amount of trade receivables is considered a reasonable approximation of fair value. Average credit terms were 7 days (2016: 30) and average debtor days outstanding were 44 (2016: 164).

An aged analysis of trade receivables that were over one month old at the year end excluding the amounts impaired is presented below:

	2017	2016
	£	£
Outstanding between one and two months	**4,035**	-
Outstanding between two and three months	**-**	10,620
Outstanding over three months	**-**	230,080
	4,035	240,700

Trade receivables as a whole have decreased due to the overall decrease in revenue compared to 2017, which is a result of the restructuring of the Group during the year.

All of the Group's trade and other receivables have been reviewed for impairment. An impairment provision of £9,065 (2016: £5,000) has been recognised in the year.

14. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank	**1,140,239**	2,026,764

15. TRADE AND OTHER PAYABLES

	2017	2016
	£	£
Trade payables	**152,394**	232,842
Taxation and social security	**58,555**	535,528
Accruals	**155,405**	261,010
Deferred income	**-**	1,155,227
Other payables	**116,552**	152,646
	482,906	2,337,253

The directors consider that the carrying amount of trade and other payables approximated their fair value.

Trade payables are paid between 30 and 60 days of receipt of the invoice.

16. BORROWINGS

	2017	2016
	£	£
Current portion of borrowings		
Bank loans	**-**	2,500,000
Convertible loan notes	**-**	2,655,662
Derivative financial instrument	**-**	63,113
Finance lease agreements	**4,169**	3,899
	4,169	5,222,674
Non-current borrowings		
Bank loans	**-**	-
Convertible loan notes	**-**	-
Finance lease agreements	**587**	4,925
	587	4,925

Bank loans	**2017**	2016
	£	£
Current portion of borrowings	**-**	2,500,000
Non-current borrowings	**-**	-
	-	2,500,000

Barclays Loan: the Barclays loan of £2,500,000 was partially repaid in the year with the balance being exchanged for share warrants. £375,000 was repaid in August 2017 and 5,863,021,931 share warrants were issued with an exercise price of 0.03p. The fair value of the warrants issued of £1,934,797 is shown in the equity reserve in the Statement of Financial Position. The £190,203 discount on settlement of the bank loan is shown in note 6 of the Income Statement.

White Angle Convertible Loan Notes: the convertible loan note with a capital value of £400,000 was partly cancelled in the year with the balance being converted into shares. In June 2017, £100,000 of the convertible loan notes were cancelled and £300,000 were converted into Ordinary shares at a price of 0.03p per share. The £482,935 discount on settlement of the convertible loan is shown in note 6.

Darwin Capital Limited Convertible Loan Notes: the £2,000,000 convertible loan noted were all converted into Ordinary shares during the first quarter of 2017 as follows:

- £300,000 converted in January 17 into 75,373,854 Ordinary shares at a price of 0.398016 pence
- £900,000 converted in February 17 into 319,774,878 Ordinary shares at a price of 0.281448 pence
- £800,000 converted in March 17 into 292,937,282 Ordinary shares at a price of 0.273096 pence
- In addition, Darwin Capital Limited were issued with 558,352,249 share warrants with an exercise price of 0.1692 pence per share.

Finance lease agreements	2017	2016
	£	£
Gross finance lease liabilities – minimum lease payments:		
Within one year	**4,169**	3,899
Later than one year and no later than five years	**587**	4,925
	4,756	8,824
Less: Future finance charges on finance leases	**-**	-
Present value of finance lease liabilities	**4,756**	8,824

Finance lease agreements are secured on the assets concerned. Interest rates are fixed for the term of the agreements which are payable by equal fixed monthly amounts where applicable.

17. DEFERRED TAX LIABILITIES

The Group had recognised a deferred tax liability on the fair value of the intangible assets acquired through the acquisition of Aconite, which has been derecognised further to disposal, as follows:

	£
At 1 January 2017	354,400
Charge for year	(87,000)
Eliminated on disposal	(267,400)
At 31 December 2017	-

18. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT

Treasury risk management

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

Credit risk

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

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

As a result, investment returns and credit risk to the Group in this regard are not material to the financial statements.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. No collateral is held in respect of these amounts which are expected to be received in full. In order to manage credit risk, credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency risks

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

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

Liquidity risk

The Group has sufficient capital resources to meet its external current liabilities as they fall due in 2018.

Operational cash flow represents on going trading revenue and costs, administrative costs and research and development activities. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy is to ensure facilities are available as required or to issue equity share capital to ensure cash resources available are in accordance with long-term cash flow forecasts. The Group currently has no undrawn committed facilities as at 31 December 2017.

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

The Group's main financial liabilities include trade payables and operational costs. All amounts for trade and other payables are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines. All such payment terms are within six months.

Capital management

The Group's activities are of a type and stage of development where the most suitable capital structure is that of one primarily financed by equity. The directors will reassess the future capital structure when projects under development are sufficiently advanced.

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

The Group manages capital on the basis of the carrying amount of equity, and debt with regard to maintaining sufficient liquidity to enable the Group to continue to trade and invest in commercialisation.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2017 £	2016 £
Capital		
Total equity	**2,551,731**	435,760
Total equity	**2,551,731**	435,760
Borrowings	**4,756**	5,227,599
Overall financing	**2,556,487**	5,663,359
Equity to overall financing ratio	**1**	0.08

Categories of financial instruments

All of the Group's financial assets are classified as loans and receivables.

The accounting policies applied are set out in note 2. The carrying amounts of financial assets as at 31 December 2017 are categorised as follows:

Carrying value of financial assets and liabilities within the consolidated statement of financial position:	2017 £	2016 £
Financial assets classified as loans and receivables		
Trade and other receivables	**183,045**	1,072,437
Cash and cash equivalents	**1,140,239**	2,026,764
	1,323,284	3,099,201

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The carrying amounts of financial liabilities and classifications is as follows:

	2017 £	2016 £
Financial liabilities at amortised cost		
Trade and other payables	**424,351**	646,498
Convertible loan notes	**-**	2,655,662
Other borrowings	**4,756**	2,508,824
	429,107	5,810,984

	2017	2016
	£	£
Financial liabilities at fair value		
Conversion feature on convertible loan	**-**	63,113

The derivative classified as a financial liability is based on a Level 3 valuation per the hierarchy as established by IFRS13, being derived from the volatility in the Company's share price.

The contractual maturity of financial liabilities is as follows:

At 31 December 2017	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	424,351	-	-	424,351
Other borrowings	2,084	2,085	587	4,756
	426,435	**2,085**	**587**	**429,107**

At 31 December 2016	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	646,498	-	-	646,498
Convertible loan notes	-	2,655,662	-	2,655,662
Other borrowings	1,949	2,501,950	4,925	2,508,824
	648,447	**5,157,612**	**4,925**	**5,810,984**

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2017	2016
	£	£
13,745,747,069 (2016: 1,721,245,256) ordinary shares of 0.01p each	**1,374,575**	172,124
1,040,712,398 (2016: 1,040,712,398) deferred shares of 0.99p each	**10,303,053**	10,303,053
	11,677,628	10,475,177

Shares issued during the year

- On 6 January 2017 75,373,854 ordinary 0.01p shares were issued at a premium of 0.3980p per share.
- On 8 February 2017 319,774,878 ordinary 0.01p shares were issued at a premium of 0.2814p per share.
- On 27 March 2017 292,937,282 ordinary 0.01p shares were issued at a premium of 0.2731p per share.
- On 25 July 2017 367,501,733 ordinary 0.01p shares were issued at a premium of 0.03p per share.
- On 26 July 2017 9,968,914,066 ordinary 0.01p shares were issued at a premium of 0.03p per share.
- On 14 August 2017 1,000,000,000 ordinary 0.01p shares were issued at a premium of 0.03p per share.

Share rights

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

20. SHARE-BASED PAYMENTS

The share option scheme was introduced by Location Sciences AI Limited (formerly Proxama Solutions Limited) on 29 September 2011. It was established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the Company and to promote the success of the Company's business. Further to the acquisition of the business by Proxama Plc, the options are granted over shares in the parent entity. The share option scheme is administered by the directors.

During the period, three types of share-based payment arrangements (Option A, Option B and Option C), existed during the period as follows:

For Option A, the options granted become exercisable three years from the vesting start date provided that option holder remains an employee, the company has achieved a 15% compound growth in its share price over the three years from the vesting start date. If the performance criteria above has not been achieved by the date which is three years from the vesting start date, then the options shall lapse at that date and cease to be exercisable. If the conditions have been met, the option will be settled in equity.

For Option B, the options granted become exercisable three years from the vesting start date provided that the option holder remains an employee, the Company has achieved EBITDA in the 12 months to 31 December 2017 of not worse than (£3,352,000). If the performance criteria above have not been achieved by the date which is three years from the vesting start date, then the options shall lapse at that date and cease to be exercisable. If the conditions have been met, the option will be settled in equity.

For Option C, the options granted become exercisable three years from the vesting start date provided that option holder remains an employee, the company has achieved revenues in the 12 months to 31 December 2020 of more than £3 million. If the performance criteria above has not been achieved, then the options shall lapse and cease to be exercisable. If the conditions have been met, the option will be settled in equity.

Details of the share options outstanding at the yearend are as follows:

	Weighted average exercise price (pence) 2017	**Number 2017**	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	**0.017**	**38,865,269**	0.025	43,758,682
Granted during the year	**0.004**	**1,553,723,782**	*0.005*	*18,432,939*
Forfeited during the year	**0.016**	**(26,168,003)**	*0.020*	*(9,418,065)*
Exercised during the year	**-**	**-**	*0.053*	*(13,908,287)*
Outstanding at the end of the year	**0.004**	**1,566,421,048**	0.017	38,865,269

The weighted average contractual life of options outstanding at year end is 2.9 years (2016: 8.1 years). The weighted average share prices at the date of the grant is 0.07p (2016:0.48). The range of exercise prices for the options outstanding at the year end is 0.004p - 0.05345p (2016: 0.0029p – 0.05345p).

Options have been valued using a Binomial option pricing model that takes into account factors specific to the share incentive planned including performance conditions. The exercise price of all the options in issue is 0.03p per ordinary share. The performance conditions include either a 15% compound growth in the share price over a three year period, a revenue target for the 12 months to 31 December 2020 or target share price. The inputs into the model for options granted in the year were as follows:

	2017
Average share price (pence)	**0.03p**
Exercise price (pence)	**0.035p**
Expected volatility	**50%**
Risk-free interest rate	**2%**

The expected volatility was determined with reference to both historic volatility and the industry volatility give the short period of time that the parent Company has been listed. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, and is estimated at 10 years.

The Company recognised total expenses of £87,746 (2016: £80,447) related to equity settled, share-based payment transactions during the year.

21. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Property And Total 2017 £	Property And Total 2016 £
No later than one year	**11,307**	96,027
Later than one year and no later than five years	**-**	172,701
	11,307	268,728

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

22. CAPITAL COMMITMENTS

No capital expenditure was committed to as at 31 December 2017 (2016: £nil).

23. RELATED PARTY TRANSACTIONS

As at 31 December 2017, S Gregory (a director), was owed £2,000 (2016: £2,000) by the Group.

During 2013 the Company issued a total of 1,000,000 50p loan notes to White Angle Ltd, a company wholly owned by Gavin Breeze for a total of £500,000. Interest is accruing on the loan notes at 10% per annum (non-compound). Both the interest and the loan notes were repayable on the third anniversary of the issue of the loan note instrument. However, on 16 September 2015, £100,000 of the loan principal along with all the accrued interest at that point of £127,534 was repaid.

Following the successful placing and open offer on 24th July 2017, £300,000 of the White Angle Ltd loan notes were converted into 1,000,000 ordinary shares and the remaining £100,000 of loan notes were cancelled.

24. POST BALANCE SHEET EVENTS

David Rae was appointed CFO of the Company on 12th February 2018.

25. DISCONTINUED OPERATIONS

On 31 October 2017, the group entered into a sale agreement to dispose of Aconite Technology Limited, Aconite Solutions Limited and Aconite Consulting Limited, which carried out all of the group's digital payments operations. The disposal was affected in order to generate cash flow for the expansion of the group's other businesses. The disposal was completed on 31 October 2017, on which date control of Aconite Technology Limited, Aconite Solutions Limited and Aconite Consulting Limited passed to the acquirer.

The results of the discontinued operations, which have been included in consolidated income statement, were as follows:

Discontinued operations	**Period ended 31 October 2017 £**	Year ended 31 December 2016 £
Revenue	**1,056,935**	1,545,176
Cost of sales	**(42,148)**	(79,084)
Gross profit	**1,014,787**	1,466,092
Administrative expenses	**(1,478,888)**	(2,458,947)
Operating loss	**(464,101)**	(992,855)
Finance income	**6**	84
Finance expense	**(421)**	(197)
Loss on disposal of discontinued operations	**(464,516)**	(992,968)
Taxation	**-**	178,893
Net Loss on disposal of discontinued operations (attributable to owners of the company)	**(464,516)**	(814,075)
Loss on sale of discontinued operation	**(1,388,196)**	
Loss from discontinued operation	**(1,852,712)**	
Net cash inflow from operating activities	**195,779**	367,722
Net cash outflow from investing activities	**(301,826)**	(400,377)
Net cash outflow from financing activities	**(2)**	-
Net decrease in cash generated by the subsidiaries	**(106,049)**	(32,655)

Details of the sale of the subsidiary	**Period ended 31 October 2017**	Year ended 31 December 2016
Consideration received or receivable:	**£**	£
Cash	**758,586**	-
Total disposal consideration	**758,586**	-
Carrying amount of net assets sold	**(2,146,782)**	-
Loss on sale	**(1,388,196)**	-

The carrying amounts of assets and liabilities as at the date of sale (31 October 2017) were:

	31 October 2017 £
Intangible assets	2,630,621
Trade and other receivables	195,854
Cash and cash equivalents	10,455
Total assets	2,836,930
Trade and other payables	(422,748)
Deferred tax	(267,400)
Total liabilities	(690,148)
Net assets	2,146,782

Independent auditor's report to the members of Proxama Plc

Opinion

We have audited the parent company financial statements of Proxama Plc (the 'company') for the year ended 31 December 2017, which comprise the statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the group financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed, to reduce to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceeds materiality for the group financial statements as a whole.

We establish materiality for the financial statements as a whole to be £70,000, which is 1.5% of the value of the Company's net assets. Key audit risks were identified as revenue recognition; the disposals of investments; refinancing in the year; internally developed intangible assets; and going concern.

An overview of the scope of our audit

In arriving at our opinions set out in this report, we highlight the following risks that in our judgement, had the greatest effect on the financial statements.

Audit Risk	How we responded to the risk
Disposal of investments during the year	
During the year the company disposed of its wholly owned subsidiary Aconite Technology and dissolved Proxama Inc. These investments were significant in value. We therefore identified the disposal of investments as a risk that required particular audit attention.	Our audit work included but was not restricted to: • Substantive testing of the component parts of the loss arising on disposal to supporting information. • Analytical review of revenue and expenses arising from investments to the date of disposal; and • Review of when the disposal took place and disclosures in the financial statements.
Refinancing in the year	
During the year the company undertook refinancing. The company converted debt, in the form of bank loans and convertible loan notes into shares and loan warrants. We therefore identified the refinancing in the year as a risk that required particular audit attention.	Our audit work included but was not restricted to: • Substantive testing of the conversion to supporting information; and • Review of the value of warrants issued and surplus arising on debt exchanged for these warrants.

Impairment of carrying value of investments

In view of the operating losses recurred and the current change in focus of the business. The board assessed the carrying value of its investments. These investments were significant in value. We therefore identified the subsequent impairment as risk that required particular attention.

Our audit work included but was not restricted to:

- Review of the boards' assessment of the carrying value of subsidiary investments.
- Consideration of the appropriateness of the underlying assumptions.
- Substantive testing of the underlying calculation and accountancy for the impairment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate. This description forms part of our auditor's report.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 11 February 2018

PROXAMA PLC

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017**	2016
		£	£
Non-current Assets			
Investments	2	**3,400,000**	7,334,903
Current Assets			
Trade and other receivables	4	**50,342**	1,910,366
Cash and cash equivalents	5	**594,388**	1,617,941
		644,730	3,528,307
Current Liabilities			
Trade and other payables	6	**(84,507)**	(76,207)
Current borrowings	7	**-**	(5,218,775)
		(84,507)	(5,294,982)
Net Current Assets/(Liabilities)		**560,223**	(1,766,675)
Non-current liabilities			
Non-current borrowings	7	**-**	-
Net Assets		**3,960,223**	5,568,228
Equity			
Share capital	9	**11,677,628**	10,475,177
Share premium account		**15,189,919**	10,991,445
Merger relief reserve		**11,605,556**	11,605,556
Share-based payment reserve		**107,170**	262,447
Equity reserve		**1,934,797**	44,160
Retained earnings		**(36,554,847)**	(27,810,557)
Total Equity		**3,960,223**	5,568,228

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax for the parent Company for the year was £8,987,313 (2016: £13,773,950).

The financial statements were authorised for issue by the board of directors and were signed on its behalf by:

Mark Slade, Chief Executive Officer

Date: 11 February 2018

PROXAMA PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017**	2016
		£	£
Cash flows from operating activities			
Loss before taxation		**(8,987,313)**	(13,773,950)
Adjustments for:			
Interest income		**(1,495)**	(1,614)
Interest expense		**132,272**	731,905
Impairment to investments		**2,321,236**	9,806,563
Loss on disposal of assets		**855,081**	-
Share-based payments		**15,446**	13,498
		(5,664,773)	(3,223,598)
Decrease in trade and other receivables		**1,860,024**	274,229
(Decrease) in trade and other payables		**(8,763)**	(57,877)
Net cash outflows from operating activities		**(3,813,512)**	(3,007,246)
Cash flows from investing activities			
Interest received		**1,495**	1,614
Proceeds from sales of investments		**758,586**	-
Net cash from investing activities		**760,081**	1,614
Cash flows from financing activities			
Interest paid		**(132,272)**	(180,586)
Proceeds of share issues		**5,400,925**	2,077,288
Convertible loan note redeemed		**(738,775)**	-
Repayment of bank loans		**(2,500,000)**	-
New long-term loan		**-**	900,000
New convertible loan note		**-**	1,800,000
		2,029,878	4,596,702
Net (decrease)/increase in cash and cash equivalents		**(1,023,553)**	1,591,070
Cash and cash equivalents at beginning of year		**1,617,941**	26,871
Cash and cash equivalents at end of year		**594,388**	1,617,941

Non-cash financing activities:

Discount on share options	**190,203**	-
Loans written-off	**482,935**	-
Share options granted on release of bank loan	**1,934,797**	-

PROXAMA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Merger relief reserve	Share-based payment reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£	£
At 1 January 2016	10,195,024	8,703,332	11,605,556	934,966	535,138	(14,789,572)	17,184,444
Loss for the year	-	-	-	-	-	(13,773,950)	(13,773,950)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	(13,773,950)	(13,773,950)
Issue of shares	280,153	2,288,113	-	-	-	-	2,568,266
Equity to be issued	-	-	-	-	(490,978)	-	(490,978)
Share-based payments	-	-	-	80,446	-	-	80,446
Share-based transfer	-	-	-	(752,965)	-	752,965	-
Total transactions with owners	280,153	2,288,113	-	(672,519)	(490,978)	752,965	2,157,734
Total movement in shareholder's equity	280,153	2,288,113	-	(672,519)	(490,978)	(13,020,985)	(11,616,216)
At 31 December 2016	10,475,177	10,991,445	11,605,556	262,447	44,160	(27,810,557)	5,568,228
At 1 January 2017	10,475,177	10,991,445	11,605,556	262,447	44,160	(27,810,557)	5,568,228
Loss for the year	-	-	-	-	-	(8,987,313)	(8,987,313)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	(8,987,313)	(8,987,313)
Issue of shares	1,202,451	4,198,474	-	-	-	-	5,400,925
Equity element of convertible loan	-	-	-	-	1,934,797	-	1,934,797
Share-based payments	-	-	-	87,746	-	-	87,746
Share-based transfer	-	-	-	(243,023)	-	243,023	-
Total transactions with owners	1,202,451	4,198,474	-	(155,277)	1,934,797	243,023	7,423,468
Total movement in shareholder's equity	1,202,451	4,198,474	-	(155,277)	1,890,637	(8,744,290)	(1,608,005)
At 31 December 2017	11,677,628	15,189,919	11,605,556	107,170	1,934,797	(36,554,847)	3,960,223

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going Concern

The directors have taken a view of the Group as a whole. During the year the Group continued to operate at a trading loss, however, following the completion of the restructuring process, where the loss-making payments division was divested, and significant cost reductions were made, it ended the year with an improved financial outlook. In addition, the Group completed a £3.1 million placing and repaid all its loan facilities, ending the year with £1.1 million of cash resources.

The Group also made good commercial progress, with the successful launch of the Locations Sciences business which was generating revenues from its four main product lines by the year end. Notwithstanding the positive progress in 2017, there remains a sensitivity to the timing of sales, grant receipts and earn-out income from the disposal of the Payments division. Consequently, near term cash resources will continue to be closely monitored and controlled due to the associated working capital requirements of the Group in delivering its growing order pipeline and winning new business. To deliver its growth plans, the Board may also consider raising additional capital in 2018.

Based on the current status, after making enquiries and considering the progress of the Group during 2017, the directors have a reasonable expectation that the Group will be able to execute its plans in the medium term such that Company will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors assurance on the Company's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currencies

The Company's functional currency is sterling and all of its assets are held in this currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Investments

Investments are stated at cost, less any provisions for impairment in value. The Company grants options over its equity instruments to the employees of its subsidiaries. The carrying value of the investment in this subsidiary is increased by an amount equal to the value of the share-based payment charge attributable to the option holders in the subsidiary.

Financial instruments

Loans and receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall within this class.

The Company's financial liabilities include trade and other payables, accruals and borrowings.

Trade and other payables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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

Convertible loan notes are also stated at amortised cost using the effective interest method.

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank deposits.

Deferred taxation

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred tax assets is assessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Equity

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

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

Merger relief reserve - the difference between cost or fair value and the nominal value of shares issued on the exchange of shares with Location Sciences AI Limited (formerly Proxama Solutions Limited) and on acquisition of subsidiaries where shares are issued as part of the consideration.

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

Equity reserve – represents the equity element of the convertible loan note and the fair value of shares to be issued under deferred consideration arrangements.

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

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

Critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Estimates in applying the Company's accounting policies:

Fair values for employee share schemes

The establishment of fair values in respect of employee services received in exchange for share options require the exercise of judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the expected volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the Company's stage of development.

Critical judgements in applying the Company's accounting policies:

Impairment of Group balances

The Board is required to consider whether investments and balances with Group companies are impaired. This requires an estimation of the expected future cash flows from the trading subsidiaries which depend on the future commercial success and profitability of the entities. Given the stage of development and trading performances to date, impairment provisions have been recognised (note 2 and 4).

Classification and valuation of financial instruments

The Company has issued financial instruments including conversion features and warrants. The valuation of these financial instruments, including Level 3 fair values where there are no observable market inputs, are performed in consultation with third party valuation specialists, with the overall aim of maximising the use of market based information.

2. FIXED ASSET INVESTMENTS

	2017	2016
	£	£
Investment in Location Sciences AI Limited	**2,414,043**	4,807,579
Investment in Aconite Technology Limited	**-**	1,613,667
Capital contributions arising from IFRS2 share-based payments charge	**985,957**	913,657
	3,400,000	7,334,903

Proxama Plc has five subsidiaries, details of which are as follows:

- Location Sciences AI Limited (formerly Proxama Solutions Limited), a 100% owned subsidiary, acquired on 22 August 2013, which is incorporated in the United Kingdom.
- Aconite Technology Limited, a 100% owned subsidiary, was disposed of on 31 October 2017, which was incorporated in the United Kingdom.
- *Aconite Solutions Limited, a 100% owned subsidiary, was disposed of on 31 October 2017, which was incorporated in the United Kingdom.
- *Aconite Consulting Limited, a 100% owned subsidiary, was disposed of on 31 October 2017, which was incorporated in the United Kingdom.
- Proxama Inc, a 100% owned subsidiary, which was dissolved on 31 July 2017, which was incorporated in the United States of America.

**Indirectly held by Aconite Technology Limited*

In view of operating losses incurred and the current change in focus of the business, the board has assessed the carrying value of its remaining subsidiary investment, being Locations Sciences AI Limited.

The board considers that the carrying amount of the remaining investment approximates to the fair value. As Location Sciences AI Limited is the only trading entity of the Group, then it follows that the fair value of the investment is equal to the fair value of Proxama plc determined by its shareholders. On 7 February 2018, being the latest practical date prior to the compilation of these financial statements, the share price of Proxama plc was 0.0245p per share giving a market capitalisation of £3.4 million. Consequently, after incorporating an impairment provision of £12,200,099 (2016: £9,806,563) against Locations Sciences AI Limited and considering the capital contributions arising from IFRS2 share-based payments charge of £985,957 (2016: 913,657), the carrying value of the remaining investment is £3.4 million

3. LOSS BEFORE TAXATION

	2017	2016
	£	£
The loss before taxation is stated after charging: -		
Share-based payment	**15,446**	13,498
Auditors' remuneration:		
For audit services		
- Company audit	**15,000**	26,500
- Audit	**-**	12,000
For tax advisory services	**-**	15,000

Exceptional items in 2017 relate to the following:

Discount on settlement of bank loan	**(190,203)**	-
Discount on settlement of convertible loan	**(482,935)**	-
Impairment to investment in Location Sciences AI Limited (formerly Proxama Solutions Limited)	**2,393,536**	9,806,563
Provision on amounts due from Location Sciences AI Limited (formerly Proxama Solutions Limited)	**2,332,295**	2,679,193
Loss on sale of Aconite Group	**3,692,990**	-
	8,425,853	12,485,756

4. TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
Prepayments	**1,875**	1,624
Other receivables	**48,467**	-
Due from Aconite Technology Limited	**-**	1,267,621
Due from Proxama Inc.	**-**	641,121
	50,342	1,910,366

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In view of the current challenging outlook, and the current change in focus of the business, the board has assessed the requirement to provide for certain intercompany receivables. The board considers that the carrying amount of trade and other receivables approximates to their fair value, after incorporating an increase in impairment provision of £2,332,295 leaving a total impairment of £16,760,810 in 2017 (2016: £14,428,515).

5. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank	**594,388**	1,617,941

6. TRADE AND OTHER PAYABLES

	2017	2016
	£	£
Accruals	**59,000**	50,700
Other payables	**25,507**	25,507
	84,507	76,207

7. BORROWINGS

	2017	2016
Current borrowings	£	£
Bank facility	-	2,500,000
Convertible loan notes	-	2,655,662
Derivative financial instrument	-	63,113
	-	5,218,775

Barclays Loan: the Barclays loan of £2,500,000 was partially repaid in the year with the balance being exchanged for share warrants. £375,000 was repaid in August 2017 and 5,863,021,931 share warrants were issued with an exercise price of 0.03p. The fair value of the warrants issued of £1,934,797 is shown in the equity reserve in the Statement of Financial Position. The £190,203 discount on settlement of the bank loan is shown in note 6 of the Income Statement.

White Angle Convertible Loan Notes: the convertible loan note with a capital value of £400,000 was partly cancelled in the year with the balance being converted into shares. In June 2017, £100,000 of the convertible loan notes were cancelled and £300,000 were converted into Ordinary shares at a price of 0.03p per share. The £482,935 discount on settlement of the convertible loan is shown in note 6.

Darwin Capital Limited Convertible Loan Notes: the £2,000,000 convertible loan noted were all converted into Ordinary shares during the first quarter of 2017 as follows:

- £300,000 converted in January 17 into 75,373,854 Ordinary shares at a price of 0.398016 pence
- £900,000 converted in February 17 into 319,774,878 Ordinary shares at a price of 0.281448 pence
- £800,000 converted in March 17 into 292,937,282 Ordinary shares at a price of 0.273096 pence
- In addition, Darwin Capital Limited were issued with 558,352,249 share warrants with an exercise price of 0.1692 pence per share.

8. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT

Treasury risk management

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

Credit risk

The Company's principal financial assets are bank balances, cash, trade and other receivables.

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

As a result, investment returns and credit risk to the Company in this regard are not material to the financial statements.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. No collateral is held in respect of these amounts which are expected to be received in full. In order to manage credit risk, credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency risks

The Company's operations are located in the United Kingdom. The Company's transactions are primarily denominated in sterling with little exposure to foreign currency risks. Due to the limited risks to the Company, forward exchange contracts are not considered necessary and are not used. At the year end, the Company operated sterling bank accounts only.

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

Liquidity risk

The Company has sufficient capital resources to meet its external current liabilities as they fall due in 2018.

Operational cash flow represents on going trading revenue and costs, administrative costs and research and development activities. The Company manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Company's policy is to ensure facilities are available as required or to issue equity share capital to ensure cash resources available are in accordance with long-term cash flow forecasts. The Company currently has no undrawn committed facilities as at 31 December 2017.

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

The Company's main financial liabilities include trade payables and operational costs. All amounts for trade and other payables are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines. All such payment terms are within six months.

Capital management

The Company's activities are of a type and stage of development where the most suitable capital structure is that of one primarily financed by equity. The directors will reassess the future capital structure when projects under development are sufficiently advanced.

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

The Company manages capital on the basis of the carrying amount of equity, and debt with regard to maintaining sufficient liquidity to enable the Company to continue to trade and invest in commercialisation.

Capital	**2017** **£**	2016 £
Total equity	**3,960,223**	5,568,228
Total equity	**3,960,223**	5,568,228
Borrowings	**-**	5,218,775
Overall financing	**3,960,223**	10,787,003
Equity to overall financing ratio	**1**	0.52

Categories of financial instruments

All of the Company’s financial assets are classified as loans and receivables.

The accounting policies applied are set out in note 1. The carrying amounts of financial assets and liabilities as at 31 December 2017 are categorised as follows:

Carrying value of financial assets and liabilities within the Company statement of financial position:	**2017** **£**	2016 £
Financial assets classified as loans and receivables		
Trade and other receivables	**38,000**	**1,908,742**
Cash and cash equivalents	**594,388**	**1,617,941**
	632,388	**3,526,683**

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2017	2016
	£	£
Financial liabilities at amortised cost		
Trade and other payables	**59,000**	76,207
Convertible loan notes	**-**	2,655,662
Other borrowings	**-**	2,500,000
	59,000	5,206,362
Financial liabilities at fair value		
Conversion feature on convertible loan	**-**	63,113

The derivative classified as a financial liability is based on a Level 3 valuation per the hierarchy as established by IFRS13, being derived from the volatility in the Company's share price.

The contractual maturity of financial liabilities is as follows:

At 31 December 2017	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	59,000	-	-	59,000
	59,000	**-**	**-**	**59,000**

At 31 December 2016	Within 6 months	Between 6 – 12 months	Between 1 to 2 years	Total
	£	£	£	£
Trade and other payables	76,207	-	-	76,207
Convertible loan notes	-	2,655,662	-	2,655,662
Other borrowings	-	2,500,000	-	2,500,000
	76,207	**5,155,662**	**-**	**5,231,869**

9. SHARE CAPITAL

Allotted, called up and fully paid:

	2017	2016
	£	£
13,745,747,069 (2016: 1,721,245,256) ordinary shares of 0.01p each	**1,374,575**	172,124
1,040,712,398 (2016: 1,040,712,398) deferred shares of 0.99p each	**10,303,053**	10,303,053
	11,677,628	10,475,177

Shares issued during the year

- On 6 January 2017 75,373,854 ordinary 0.01p shares were issued at a premium of 0.3980p per share.
- On 8 February 2017 319,774,878 ordinary 0.01p shares were issued at a premium of 0.2814p per share.
- On 27 March 2017 292,937,282 ordinary 0.01p shares were issued at a premium of 0.2731p per share.
- On 25 July 2017 367,501,733 ordinary 0.01p shares were issued at a premium of 0.03p per share.
- On 26 July 2017 9,968,914,066 ordinary 0.01p shares were issued at a premium of 0.03p per share.
- On 14 August 2017 1,000,000,000 ordinary 0.01p shares were issued at a premium of 0.03p per share.

Share rights

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

10. SHARE-BASED PAYMENTS

The share option scheme was adopted by the Group on 29 September 2011. It was established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the Company and to promote the success of the Company's business. The share option scheme is administered by the directors.

Details of the share options outstanding at the year end to the employees of the Company, Proxama Plc were as follows:

	Number 2017	Number 2016
Outstanding at the beginning of the year	**4,938,271**	4,938,271
Granted during the year	**1,553,723,782**	-
Forfeited during the year	**(7,790,877)**	-
Exercised during the year	**-**	-
Outstanding at the end of the year	**1,550,871,176**	4,938,271

The weighted average contractual life of options outstanding at year end is 2.9 (2016: 8.0) years. The share price at the date of grant in 2015 was 1.23p. The range of exercise prices for the options outstanding at the year end is 0.004p-0.0082p.

Details of all share options in issue and the assumptions to evaluate the share-based payment charge are disclosed in note 20 of the Group accounts.

The Company recognised total expenses of £15,446 (2016: £13,498) related to equity settled, share-based payment transactions during the year.

11. CAPITAL COMMITMENTS

No capital expenditure was committed to as at 31 December 2017.

12. RELATED PARTY TRANSACTIONS

As at 31 December 2017, S Gregory (a director), was owed £2,000 (2016: £2,000) by the Group.

During 2013 the Company issued a total of 1,000,000 50p loan notes to White Angle Ltd, a company wholly owned by Gavin Breeze for a total of £500,000. Interest is accruing on the loan notes at 10% per annum (non-compound). Both the interest and the loan notes were repayable on the third anniversary of the issue of the loan note instrument. However, on 16 September 2015, £100,000 of the loan principal along with all the accrued interest at that point of £127,534 was repaid.

Following the successful placing and open offer on 24th July 2017, £300,000 of the White Angle Ltd loan notes were converted into 1,000,000 ordinary shares and the remaining £100,000 of loan notes were cancelled.

13. POST BALANCE SHEET EVENTS

David Rae was appointed CFO of the Company on 12th February 2018.

PROXAMA PLC

COMPANY INFORMATION

Directors	Daniel P Francis (appointed 24 July 2017)
	Mark H Slade (appointed 24 July 2017)
	John Kennedy (resigned 30 October 2017)
	David J Bailey (resigned 30 June 2017)
	Michael J Woods (resigned 18 May 2017)
	Shaun Gregory
	Kelvin F Harrison (appointed 15 February 2017)
Company secretary	Cargil Management Services Ltd
Registered Office	27/28 Eastcastle Street
	London
	W1W 8DH
Auditors	Hazlewoods LLP
	Windsor House
	Bayshill Road
	Cheltenham
	GL50 3AT
Bankers	Bank of Scotland
	33 Old Broad Street
	London