Ideagen PLC - IDEA Final Results
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Ideagen PLC
("Ideagen" or the "Group")

Unaudited Preliminary Results for the Year Ended 30 April 2015

Ideagen PLC (AIM: IDEA), a leading supplier of Information Management software to highly regulated industries, announces its unaudited preliminary results for the year ended 30 April 2015.

The results represent the Group's sixth consecutive year of revenue and adjusted EPS growth.

Financial Highlights

- Revenue up 60% to £14.4 million (2014: £9.0 million)
  - Proforma organic revenue growth of 5.3%
  - Recurring revenues of £10.6 million at year end covering 84% of fixed costs
  - Support and maintenance contract renewal rate 96%
- Adjusted diluted EPS** up by 26% to 2.11 pence (2014: 1.67 pence)
- Adjusted EBITDA* up 43% to £4.0 million (2014: £2.8 million)
- Adjusted PBT** up by 42% to £3.6 million (2014: £2.55 million)
- Cash generated by operations of £2.25 million (2014: £1.69 million)
- Net cash of £5.3 million (2014: £4.0 million)
- Net assets of £31.2 million (2014: £13.4 million)
- Proposed final dividend of 0.11 pence per share
  - Making a total of 0.165 pence per share for the year (2014: 0.15 pence per share)

*Before share based payments and exceptional items

**Before share based payments, amortisation of acquisition intangibles and exceptional items

Operational Highlights

- Transformational acquisition and integration of Gael helping scale the business whilst supporting the Group's GRC and Healthcare strategy
- Acquisition and integration of EIBS strengthening the Group's position in the UK Healthcare sector and providing the Group with leading portal and mobile technology
- Appointment of Ashley Marron as Group COO and Ben Dorks as Group Sales and Marketing Director
- Launch of dart/Portal, a Patient Information Portal based on EIBS technology
- Largest single NHS contract win to date at Doncaster and Bassetlaw NHS Trust worth £1million
- Strong account management and customer retention resulting in support and maintenance contract renewal rate of 96%

David Hornsby, CEO of Ideagen, commented: "I'm delighted with the further progress made during the year. As well as delivering strong, profitable revenue growth and cash generation we have made two acquisitions, one of them transformational, and integrated them successfully.

"We have entered the new financial year with an excellent, more diverse client base, a stronger suite of products and the right organisational structure to support our corporate goals. I am pleased to announce that the new year has started well and that Ideagen is well placed for another year of growth."

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CHAIRMAN'S STATEMENT

This has been a productive and transformational year for the business. The Group has continued to perform strongly during the period and the integration of our most recent acquisition, Gael, is progressing as planned. The addition of Gael has allowed the Group to significantly broaden the customer base, strengthen the solution set, and gain further scale in our core Governance, Risk and Compliance (GRC) markets.

In the year to 30 April 2015 we have successfully delivered on ambitious targets, delivering strong growth in revenue and profit through both organic and acquisitive growth. Adjusted EPS, an important financial metric for the Group, increased by 26% to 2.11p, representing our sixth consecutive period of earnings growth. At the same time, we have invested in our infrastructure and product set to ensure we continue to anticipate our customer needs and remain at the forefront of market trends.

The vertical markets in which we operate, namely healthcare, complex manufacturing, aviation and banking and finance, are characterised by a global customer profile, high consequences of controls failure and are governed by industry specific standards. As such, the demand from organisations operating in these industries for specialist software solutions to address these requirements and ensure adherence to exacting regulations is robust and growing, particularly as compliance becomes more "risk based". Furthermore, the highly fragmented market environment means that to date we have only realised a small proportion of the opportunity available to us, and we are therefore confident of further growth through increased market share and the expansion of our footprint within our existing customer base.

In line with our progressive dividend policy and reflecting the strength of the balance sheet, the Board is pleased to propose a final dividend of 0.11p making a total dividend of 0.165p for the year.

I would like to take this opportunity to thank all of our employees who work tirelessly to make Ideagen a success. We have an exciting pipeline of opportunities as we enter the new financial year and I look forward to the future with continued confidence.

Jonathan Wearing
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Business Review
I am pleased to report on another strong year for the Group ended 30 April 2015. As well as delivering further revenue and profit growth, the year was defined by our most significant and transformative acquisition to date, of Gael Limited, which completed in January of this year.

Revenue for the year was £14.4 million, an increase of 60% compared to the £9.0 million achieved in the previous year, with proforma organic growth contributing 5.3% (2014: 13%). Adjusted EBITDA increased by 43% to £4.0 million compared to the prior year's £2.8 million whilst adjusted earnings per share also rose by 26% to 2.11p, up from 1.67p.

The financial strength of the business is underpinned by high levels of recurring revenue, which represent 53% (2014: 56%) of core revenue (software licence, maintenance and support, and professional services) and cover 84% (2014: 86%) of the fixed overhead base. Software licence revenue represented 26.3% of total revenues at £3.78 million, Maintenance and Support 49.1% at £7.07 million, Professional Services 20.2% at £2.90 million and hardware 4.4% at £0.64 million.

In January 2015, the Group completed a successful Placing raising £17.5 million to support the £18 million acquisition of Gael and associated transaction costs and provide adequate working capital headroom.

Cash generated by operations amounted to £2.25 million (2014: £1.69 million) representing 56% (2014: 60%) of adjusted EBITDA. Cash generation during the year was impacted by two significant items which are not expected to recur: annual bonus payments to Gael employees relating to the year ended 31 December 2014 made post-acquisition, and the payments for unusually high hardware purchases towards the end of the financial year to 30 April 2014 in order to satisfy certain customer contracts. The effect of these two items adversely affected cash flow by approximately £0.8m. The group ended the year with cash balances of £5.3m (2014: £4.0m) and no debt.

GRC and NHS
The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Complex Manufacturing, Banking and Finance and Aviation Sectors. The Group has in parallel leveraged its core technology and has acquired capability to build a UK business supplying content and clinical management solutions predominantly to the NHS. Each of the Group's chosen markets require robust information systems and exhibit a high consequence of error should data and processes be compromised.

The Group's top line growth in the year was driven by strong performance in the GRC markets, up 13% compared to 9% growth in the prior year. This was offset by a modest decline in the NHS market of 3% (2014: growth of 16%), the result of a funding uncertainty in the run up to the General Election. The Group is now experiencing renewed demand for its products from the NHS following the General Election results and the Conservative Government's ongoing strategy to deliver a paperless NHS, and the Board believes that the sector will be a growth driver for the Group.

Acquisitions
The acquisition of Gael, a Scottish based GRC specialist, was in line with our stated strategy of acquiring businesses with strong IP and recurring revenues and has strengthened Ideagen's existing markets, whilst also adding new product sets, vertical markets and client relationships. Integration of the two businesses has proceeded in line with expectations and, as a result, Ideagen is well placed to deliver upon two key parts of our strategy, namely: to be a dominant supplier in Governance, Risk and Compliance and; to be a Best of Breed supplier to the NHS.

The combined business is extremely well placed in a number of key sectors, including aerospace & defence, where we now count 7 out of the top 7 global companies as clients, finance where we have 7 out of the top 10 UK accounting firms as clients, and healthcare with over 125 NHS Acute Trusts using our solutions. The enlarged Group now has over 1500 customers which span across multiple geographies and size, including many blue chip names such as BAE Systems, Emirates, Ernst and Young and the European Central Bank. As a result, the acquisition has helped de-risk the Group's business model as our revenue base is now spread across a greater number of clients and markets with the Group now less reliant on large enterprise NHS contracts where purchasing behavior can be less predictable.

In the year, the Group also acquired EIBS Limited for a net cash consideration of £1.29 million. EIBS is a software company that has developed proprietary Information Portal, Internet and Mobile solutions for the NHS and numerous public sector, not for profit and commercial organisations. The integration of this business is now complete, resulting in enhanced capabilities for the product set, particularly to the Group's mobile offering and a further consolidated position in the NHS sector.

Management Structure and Sales Strategy
Following the acquisition and ongoing integration of Gael, the enlarged Group has been successfully re-organised under a single management team and fully integrated reporting structure. Ashley Marron, Chief Executive of Gael has been appointed as Group Chief Operating Officer to enable integration of the Group's product strategy, product development and professional services groups.

Additionally, the sales and marketing team has been successfully restructured into one organisation under Ben Dorks, focused into industry facing teams covering the Group's key markets. The Group has also appointed a Global Head of Channel and the Group is developing new routes to market particularly in the Asia Pacific market.

In addition to winning new customers, a key proponent of the Group's sales strategy is expanding its footprint within the existing customer base. This represents a key growth area, both through winning contracts from new divisions within existing customers and by up-selling additional elements of the solution set, including the newly acquired Gael and EIBS solutions. To date, the sales team has been successful in both migrating customers onto new products as they become available and cross selling new products and services into the customer base.

Product Development
Product development remains an important part of the Group's strategy and we currently have over 117 employees within this function. The Group is focused on ensuring all of our current products remain 'world class' in their specific markets and that we can continue to win and develop 'world class' customers. Furthermore, an important initiative is the development of the Group's Amazon Web Services (AWS) based, scalable SaaS Risk and Compliance platform, Enlighten, which ensures customers now have the choice in terms of delivery method (SaaS, Hosted or on premise). Enlighten has also enabled the Group to bid for significantly larger contracts which are predominantly recurring in nature.

Customer Case Studies
Brussels Airlines - Belgium's flagship carrier
Brussels Airlines - which operates 49 aircraft and has 3,500 employees - has been working with Ideagen to implement its Gael Insight suite of software solutions to transform safety and operational performance through efficient safety and risk management and in depth performance indicators.

Adriaan Charlet, the airline's Safety Services Manager, said: "Q-Pulse and the overall Gael Insight solution has provided us with much better efficiency in investigating safety issues. It has also provided safety related efficiencies as well as operational reporting benefits.

"The risk management and performance monitoring capabilities in particular have been extremely beneficial for us. Risk in particular was a very important part of the overall solution - not only because we can focus on the safety issues - but also enhance our operational risk assessments. For example, nowadays we are able to carry specific cargo that requires to be handled with care thanks to being able to risk assess it and feed the results back into the system.

"Performance monitoring is the link between safety and efficiency. In the past we gathered information ourselves manually from a variety of different databases. However now, thanks to being able to monitor performance of the business through a series of KPIs, we are able to view all of that data in a blink of an eye in one central portal. We don't need to search or look for this ourselves, the system does this for us and tells us what areas require extra attention or is performing well."

Dirk Adriaenssens, who oversees Brussels Airlines' Safety & Compliance Monitoring Department, said: "We invested in an integrated software suite because we required one solution to manage all of our safety and compliance monitoring activities. The solution gives us full integration of all safety issues for all departments and is also able to integrate with existing interfaces - such as our flight data monitoring system or our scheduling software - for a complete safety product.

"The largest benefit we've seen is that it can be used online and offline and provides us with higher efficiencies in that we now don't have to duplicate a lot of our tasks and data. This encourages the same working methods throughout the organisation in regards to capturing safety and operational issues and other forms of data."

Mr Adriaenssens continued: "We are now capturing safety issues more easily and working more proactively as we can detect hazards in advance even better. This has helped us not only improve safety even more here at Brussels Airlines, but has increased efficiency as everyone is using and becoming knowledgeable in one tool."

NHS - Birmingham Children's Hospital NHS Foundation Trust

Birmingham Children's Hospital provides the widest range of children's health services for young patients from Birmingham, the West Midlands and beyond with over 270,000 patient visits every year.

Prior to implementing Ideagen's PatientFirst software, Birmingham's Children's Hospital had been using more of a Patient Administration System (PAS) than a clinical patient management system, with the Emergency Department itself being run using a manual white (wipe) board.

Dr Benjamin Stanhope, one of six full-time consultants responsible for patient care within the Emergency Department, said: "This was quickly considered to be an inaccurate and inefficient way of working and had created some difficulties, particularly in the tracking of patients.

"There were also challenges in our ability to safely and accurately record patients' vital signs; with no facility to electronically record administration of nurse-dispensed Patient Group Directives (PGDs) for drugs given at triage. This led to the Trust exploring more effective options."

Dr Stanhope added: "PatientFirst was chosen due to the hospital's confidence that Ideagen could deliver a purpose built, customisable Emergency Department management tool. "The key deliverable was in Ideagen working together with us to shape the project pre and post-implementation. We had confidence in the company and in our specific Ideagen team and our selection of PatientFirst was reaffirmed by strong testimonials from colleagues who were familiar with the system."

Once up and running, PatientFirst completely transformed the way in which the Emergency Department at Birmingham Children's Hospital NHS Foundation Trust operated, from improved tracking of patients and speed of data access to achieving national targets.

Dr Stanhope continued: "We now have confidence in the tracking of our patients throughout the department as well as having quick and simple access to historical and medicinal records so we are always aware of a patient's situation. There has been fewer errors recorded, such as patients not being seen in order, which has also improved safety and overall operations.

"Overall productivity has been enhanced as we now have the ability to manage departmental workload much more efficiently. Our situation can be seen remotely by the Hospital Operation Centre (HOC), meaning Trust-wide activity and resource can be coordinated more efficiently. "Our governance needs are being maintained and exceeded with improvements in accuracy of activity and metrics, allowing us to continually achieve the national Emergency Department targets. This is of particular financial benefit, with the functionality of the product improving quality coding against patient episodes thus reducing missed remuneration for under-coded activity."

Infrastructure
The Group operates from 3 primary locations: Nottingham, East Kilbride and Welwyn Garden City and has 3 satellite offices in Bristol, Sittingbourne and Matlock.

At year end the Group had 243 employees across the following functions: Sales and Marketing - 55, Customer Services and Support - 45, Research and Development - 117, Finance and Administration - 26. The Group will continue to recruit to support its ongoing growth plans.

Outlook
The new financial year has started strongly and we have seen continued progress across all of the Group's product and markets. Furthermore, in the wake of the General Election in May, purchasing patterns in the NHS appear to have returned to a more normal level following a period of uncertainty in the lead up to the Election. The Group has a strong pipeline of new business opportunities and continues to develop sales levels to existing customers which provides the board with confidence for the year.

David Hornsby
Chief Executive Officer

FINANCIAL REVIEW

Revenue for the year ended 30 April 2015 increased by 60% to £14.4 million (2014: £9.0 million). Within this, underlying organic revenue growth was 5.3% based on a comparison of revenue in the year under review with pro-forma revenue for the comparative period adjusted for the Gael, EIBS, MSS and Pentana acquisitions and excluding revenue generated from the VA PRISM contract in the early part of 2013/14.

Recurring revenues represent 53% (2014: 56%) of core revenues and cover 84% (2014: 86%) of the fixed overhead base. The decrease is due to a slightly lower historical proportion of recurring revenues in the businesses acquired. Software licence revenue represented 26.3% (2014: 21.6%) of total revenues at £3.78 million (2014: £1.94 million), Maintenance and Support 49.1% (2014: 49.6%) at £7.07 million (2014: £4.45 million), Professional Services 20.2% (2014: 21.8%) at £2.90 million (2014: £1.95 million) and hardware 4.4% (2014: 7.0%) at £0.64 million (2014: £0.63 million).

Adjusted EBITDA increased by 43% to £4.02 million (2014: £2.81 million). The adjusted EBITDA margin reduced to 28% (2014: 31%) as expected following increased investment in products, customer service and the longer-term infrastructure of the business.

Amortisation of acquisition intangibles of £2.09 million (2014: £0.95 million) represents the majority of the total depreciation and amortisation charge of £2.50 million (2014: £1.22 million). The £188,000 increase in the fair value of contingent consideration related to settling the earn-out on the acquisition of Pentana in 2013.

The adjusted group tax charge was £0.59 million (2014: £0.41 million). This has been adjusted to exclude the deferred tax credits associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted group tax charge represents 16% (2014: 16%) of adjusted PBT of £3.61 million (2014: £2.55 million). A further taxation credit of £0.29 million relating to the tax deductions available on the exercise of share options has been taken in reserves. Accordingly, the group's corporation tax liability has been reduced to £0.04 million (2014: £0.28 million).

As a result of the above, adjusted diluted earnings per share increased by 26% to 2.11p (2014: 1.67p).

The Group's financial position has continued to strengthen with net assets increasing to £31.2 million (2014: £13.4 million). Intangible assets increased to £35.1 million (2014: £11.8 million) following the £17.5 million share placing and acquisitions of Gael and EIBS during the year. Net current assets were £1.23 million (2014: £2.60 million).

Cash generated by operations amounted to £2.25 million (2014: £1.69 million) representing 56% (2014: 60%) of adjusted EBITDA. Cash generation during the year was impacted by two significant items which are not expected to recur: annual bonus payments to Gael employees relating to the year ended 31 December 2014 made post-acquisition, and the payments for unusually high hardware purchases towards the end of the financial year to 30 April 2014 in order to satisfy certain customer contracts. The effect of these two items adversely affected cash flow by approximately £0.8 million. The group ended the year with cash balances of £5.3 million (2014: £4.0 million) and no debt.

The net cash outflows on acquisition of businesses during the year were £14.59 million on Gael and £1.29 million on EIBS. Deferred consideration of £3.2 million is payable in respect of the acquisition of Gael of which £1.6 million is payable in January 2016 and £1.6 million in January 2017.

Dividend

The Board proposes a final dividend of 0.11 pence per share payable on 12 November 2015 to shareholders on the register on 30 October 2015. The corresponding ex-dividend date is 29 October 2015.

Graeme Spenceley
Finance Director

Ideagen plc

Group Statement of Comprehensive Income for the year ended 30 April 2015

	2015	2014
	£'000	**£'000**
Revenue	14,389	8,970
Cost of sales	(1,892)	(1,425)
Gross profit	12,497	7,545
Operating costs	(8,477)	(4,733)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items	4,020	2,812
Depreciation and amortisation	(2,503)	(1,220)
Costs of acquiring businesses	(450)	(246)
Share-based payment charges	(276)	(285)
Profit from operating activities	791	1,061
Movement in fair value of contingent consideration	(188)	-
Finance income	5	10
Profit before taxation	608	1,071
Taxation	(128)	(198)
Profit for the year	480	873
Other comprehensive income		
Exchange differences on translating foreign operations	(4)	(10)
Total comprehensive income for the year attributable to the owners of the parent company	476	863
Earnings per share	**Pence**	**Pence**
Basic	0.35	0.72
Diluted	0.34	0.68

Ideagen plc
Group Statement of Financial Position at 30 April 2015

	2015	2014
	£'000	**£'000**
Assets and liabilities		
Non-current assets		

Intangible assets	35,050	11,807
Property, plant and equipment	302	166
Deferred income tax assets	876	173
	36,228	12,146
Current assets		
Inventories	55	389
Trade and other receivables	7,332	3,637
Cash and cash equivalents	5,266	4,011
	12,653	8,037
Current liabilities		
Trade and other payables	3,476	2,421
Contingent consideration on business combinations	47	327
Current income tax liabilities	44	283
Deferred revenue	6,228	2,356
Deferred consideration on business combinations	1,628	50
	11,423	5,437
Non-current liabilities		
Deferred consideration on business combinations	1,613	-
Deferred income tax liabilities	4,656	1,377
	6,269	1,377
Net assets	31,189	13,369

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Group Statement of Financial Position at 30 April 2015 (continued)

	2015	2014
	£'000	£'000
Equity		
Issued share capital	1,773	1,219
Share premium	23,443	6,870
Merger reserve	1,167	1,167
Share-based payments reserve	653	596
Retained earnings	4,160	3,520
Foreign currency translation reserve	(7)	(3)
Equity attributable to owners of the parent	31,189	13,369

Ideagen plc

Group Statement of Cash Flows for the year ended 30 April 2015

	2015	2014
	£'000	£'000
Cash flows from operating activities		
Profit for the year	480	873
Depreciation of property, plant and equipment	156	110
Amortisation of intangible non-current assets	2,347	1,110
Loss on disposal of property, plant and equipment	-	2
Share-based payment charges	276	285
Finance income recognised in profit or loss	(5)	(10)
Taxation charge recognised in profit or loss	128	198
Business acquisition costs in profit or loss	450	246
Net foreign exchange (gain)/loss in profit or loss	(13)	10
Movement in fair value of contingent consideration	188	-
Decrease/(increase) in inventories	334	(389)
Increase in trade and other receivables	(1,487)	(1,154)
(Decrease)/increase in trade and other payables	(648)	392
Increase in deferred revenue liability	42	14
Cash generated by operations	2,248	1,687
Interest received	5	5

Income tax paid	(185)	(281)
Business acquisition costs paid	(312)	(180)
Net cash generated by operating activities	1,756	1,231
Cash flows from investing activities		
Cash outflow on acquisition of businesses net of cash acquired	(15,879)	(2,844)
Payments of deferred consideration on business combinations	(50)	(106)
Payments of contingent consideration on business combinations	(468)	-
Payments for development costs	(941)	(525)
Payments for property, plant and equipment	(98)	(65)
Proceeds from disposal of property, plant and equipment	9	24
Net cash used in investing activities	(17,427)	(3,516)
Cash flows from financing activities		
Proceeds from placing of equity shares	17,500	-
Payments for share issue costs	(584)	-
Proceeds from issue of shares under the share option scheme	211	5
Equity dividends paid	(219)	(61)
Net cash generated/(used) by financing activities	16,908	(56)
Net increase/(decrease) in cash and cash equivalents during the year	1,237	(2,341)
Cash and cash equivalents at the beginning of the year	4,011	6,372
Effect of exchange rate changes on cash balances held in foreign currencies	18	(20)
Cash and cash equivalents at the end of the year	5,266	4,011

Ideagen plc

Group Statement of Changes in Equity for the year ended 30 April 2015

	Share capital	**Share premium**	**Merger reserve**	**Share based payments reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total attributable to owners of the parent**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May							

2014	**1,219**	**6,870**	**1,167**	**596**	**3,520**	**(3)**	**13,369**
Share placing	515	16,985	-	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	-	(584)
Shares issued under share option scheme	39	172	-	-	-	-	211
Profit for the year	-	-	-	-	480	-	480
Other comprehensive income for the year	-	-	-	-	-	(4)	(4)
Share-based payments	-	-	-	142	-	-	142
Transfer on exercise of share options	-	-	-	(85)	85	-	-
Taxation on share-based payments in equity	-	-	-	-	294	-	294
Equity dividends paid	-	-	-	-	(219)	-	(219)
Balance at 30 April 2015	**1,773**	**23,443**	**1,167**	**653**	**4,160**	**(7)**	**31,189**

Ideagen plc

Group Statement of Changes in Equity for the year ended 30 April 2014

	Share capital	**Share premium**	**Merger reserve**	**Share based payments reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total attributable to owners of the parent**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May 2013	**1,217**	**6,867**	**1,167**	**313**	**2,706**	**7**	**12,277**
Shares issued under share option scheme	2	3	-	-	-	-	5
Profit for the year	-	-	-	-	873	-	873

Other comprehensive income for the year	-	-	-	-	-	(10)	(10)
Share-based payments	-	-	-	285	-	-	285
Transfer on exercise of share options	-	-	-	(2)	2	-	-
Equity dividends paid	-	-	-	-	(61)	-	(61)
Balance at 30 April 2014	**1,219**	**6,870**	**1,167**	**596**	**3,520**	**(3)**	**13,369**

Notes

1 Basis of information

The financial information included in this preliminary announcement is unaudited. This information does not constitute the annual report and accounts of the Group for the year ended 30 April 2015 within the meaning of section 434 of the Companies Act 2006. This will be available from www.ideagenplc.com in due course. The audited annual report and accounts of the Group for the year ended 30 April 2014 has been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis. Consistent accounting policies have been applied in the preparation of this information over the two years ended 30 April 2015 unless otherwise stated below.

2 Revenue

An analysis of the Group's revenue is given below.

	2015 £'000	2014 £'000
Software licences	3,778	1,939
Maintenance and support	7,070	4,445
Professional services	2,905	1,954
Hardware	636	632

Total revenue	**14,389**	**8,970**

3 Earnings per share information

Basic earnings per share is calculated by dividing the profit for the year attributable to the owners of the Group ('Earnings') by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing Earnings by the weighted-average number of ordinary shares outstanding during the year as adjusted for the effect of all potentially dilutive shares, including share options.

In order to better demonstrate the performance of the Group, adjusted earnings per share calculations have also been presented which take into account items typically adjusted for by users of financial statements. The adjusted earnings and earnings per share information are shown below.

	2015 **£'000**	**2014** **£'000**
Profit for the year (Earnings)	**480**	**873**
Adjustments:		
Costs of acquiring businesses	450	246
Share-based payment charges	276	285
Deferred taxation on share based payment charges	(57)	(36)
Amortisation of acquired intangibles	2,090	948
Deferred taxation on amortisation of acquired intangibles	(409)	(179)
Movement in fair value of contingent consideration	188	-
Adjusted earnings	**3,018**	**2,137**
Weighted average number of shares	138,783,359	121,823,670
Diluted weighted average number of shares	143,068,383	128,269,454
Basic earnings per share	0.35 pence	0.72 pence
Diluted earnings per share	0.34 pence	0.68 pence
Adjusted basic earnings per share	2.17 pence	1.75 pence
Adjusted diluted earnings per share	2.11 pence	1.67 pence

4 Taxation

Further information on the taxation charge in the Statement of Comprehensive Income is as follows:

	2015 £'000	2014 £'000
UK corporation tax charge	109	311
Overseas income tax charge	51	20
	160	331
Deferred tax credit on amortisation of acquisition intangibles	(409)	(179)
Deferred tax credit on share based payment charges	(57)	(36)
Deferred tax charge on utilisation of tax losses	293	69
Deferred tax charge on development costs	141	46
Other deferred taxation	-	(33)
Total deferred taxation (credit)	(32)	(133)
Total taxation charge	128	198

5 Adjusted profit before taxation and adjusted taxation charge in the Income Statement

	2015 £'000	2014 £'000
Adjusted earnings (note 3)	3,018	2,137
Adjusted taxation charge (below)	594	413
Adjusted profit before taxation	**3,612**	**2,550**
Taxation charge in the Statement of Comprehensive Income	128	198
Add back:		
Deferred tax credit on amortisation of acquisition intangibles (note 3)	409	179
Deferred tax credit on share based payment charges	57	36
Adjusted taxation charge	**594**	**413**

Adjusted taxation charge based on adjusted profit before taxation	16.4%	16.2%

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