

ATTRAQT Group PLC

Report and Financial Statements

Year Ended

31 December 2015

Company Number 8904529

Corporate statement

ATTRAQT is a fast growing SaaS software business, providing an online merchandising platform to retailers.

Uniquely, the ATTRAQT Freestyle Merchandising® platform provides the complete range of merchandising disciplines within a single platform providing a dynamic, robust and scalable merchandising solution that delivers increased online revenue and reduced costs to retailers by enabling them to take total control of their online merchandising.

ATTRAQT Group PLC

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Key Highlights

Financial Highlights

- Significant revenue growth of 40% to £2.91m (2014: £2.09m)
 - Recurring monthly revenue increased by 38% to £2.65m (2014: £1.92m), now representing 91% of all revenue (2014: 90%)
- Exit rate (year-end annualised billing) up 29% at £3.05m (2014: £2.36m)
- Increased gross margin to 84% (2014: 81%)
- 44% increase in gross profit to £2.4m (2014: £1.69m)
- Adjusted EBITDA¹ losses reduced to £0.2m (2014: £0.74m), in line with management expectations
- Cash at period end £3m (2014: £0.31m)

¹. Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortization, exceptional items and share based payments.

Operational Highlights

- Continued sales momentum with 49 deals in the period, including 31 new clients, bringing total clients to 110 (2014: 87)
 - New marquee clients signed include: *Bonmarché*, *Brown Thomas*, *ESPA* and *World Duty Free* in the UK; *La Perla* and *Screwfix* in Europe; *Ben Sherman*, *Vix Swimwear* and *TUMI* in North America.
- North American sales operation continuing to deliver with eight new clients in the period, bringing the total number of clients in this region to 17
- Delivered 63 new site implementations, bringing total live sites to 154 (2014: 110)
- Continued investment in the Freestyle Merchandising platform ('the Platform') with five upgrades delivered during the year
- Low client churn (<10% of the 2014 Exit rate)
- Significant growth in the number of existing client upgrades including renewal upgrades and additional sites (2015: 18 vs 2014: 3), with incremental revenue from existing customers greater than that lost through churn.

Fundraise

- Successful issue of new shares completed and approved by shareholders on 30 November 2015, raising £3.3 million (before expenses)

We are very pleased with the strong progress in 2015 – the management team is clearly delivering to plan and we are confident in the outlook for 2016 and beyond.

Dan Wagner

Co-Founder and Chairman

ATTRAQT Group PLC

Chairman's Statement

We are delighted with the continued progress we have made in our first full year as an AIM listed company, delivering further sales momentum and signing 49 new deals in the period, growing our client base to 110 clients with 154 live sites. We have also succeeded in growing recurring monthly revenue by 38% and increasing the average deal value by 31%. This has enabled us to deliver a solid set of results for the year, with top line growth of 40% to £2.91m. More importantly, with our year-end annualised billings (exit rate) up 29% at £3.05m; our visibility over future revenues is also ahead of the same period last year.

ATTRAQT is also pleased with the further progress made in the careful and deliberate rollout of its North American operations, adding eight new clients in the period, including marquee brand TUMI, bringing the total number of clients in this region to 17.

The trends we continue to see across the Platform are very exciting. ATTRAQT continues to demonstrate its ability to deliver value for retailers, with a number of key renewal upgrades achieved in the period, where clients increased fee levels and added further sites to the Platform.

The recent successes of Black Friday and Cyber Monday provide further evidence of the Platform's ability to improve online conversion rates, average order values and customer retention. During this peak period, the average conversion rate for our clients rose to 5.4%, a 9% increase over last year. The Platform served 4.6m unique users in a single day on Black Friday, an increase of 64% on last year. Furthermore, Cyber Monday saw increased levels of activity across the platform, serving 4.1m unique users in a single day and average order values of £62.78, 22% higher than that of Black Friday.

On 30 November 2015, we completed a successful fundraising of £3.3 million (before expenses) by way of a placing of new shares. We were delighted by the response from investors, seeing strong support from both our existing shareholders and new investors. The additional funds will enable us to accelerate our growth in UK, Europe and North America and also allows us to further improve our productive capacity and further invest in our unique Freestyle Merchandising technology platform.

2016 looks to be a very exciting year for ATTRAQT and the Board looks to the future with confidence.

Dan Wagner

Chairman

8 March 2016

Strategic report

ATTRAQT Group PLC

(“the Company”) and its subsidiaries (together “the Group”)

Innovative provider of visual merchandising, site search and product recommendation technology

ATTRAQT provides a SaaS-based visual merchandising platform to online retailers called *Freestyle Merchandising*. The platform acts as a plugin for a retailer’s eCommerce site and provides tools to enable retailers to merchandise effectively. In particular it enables retailers to control how their products are merchandised through their eCommerce sites including site search, product recommendations, category pages, product detail pages, check-out basket, email, order tracking and in-store devices.

Merchandising can be implemented using business rules, dynamically using behavioural data, and manually or any combination of these.

Freestyle Merchandising uses the Balance Factor technology developed by ATTRAQT, which applies a weighting to metrics such as popularity, price, colour, stock availability and trend etc. to determine the blend and sequencing in which products are displayed.

Implementation of Freestyle Merchandising by a retailer provides 5 core benefits:

- a commercial gain from increased conversion rates and higher average order values
- 3 technologies in 1: site search, visual merchandising and product recommendations
- complete control over how their products are merchandised online
- removes the reliance on internal IT to make visual merchandising changes on the eCommerce site
- productivity gain from their visual merchandising team.

ATTRAQT has 110 retail clients (December 2015) covering the whole spectrum of retail from large-scale enterprises such as Screwfix, Tesco Clothing and TK Maxx to mid-sized businesses such as Boohoo.com, Ellis Brigham, Emma Bridgewater, Heals, Laura Ashley and Superdry, as well as smaller boutique retailers such as Joseph, Lulu Guinness, Myla and Wolf & Badger.

The Group continues to invest in maintaining its platform at the leading edge of visual merchandising and released five platform upgrades during 2015 focusing on performance upgrades, enhancements to personalisation technology, improvements to manual merchandising and additional reporting functionalities.

ATTRAQT has an exciting development roadmap for 2016, including improvements to the platform to streamline production, a full reporting and recommendations upgrade and further improvements to personalisation.

Strategic report (cont.)

Visual Merchandising the ATTRAQT way

ATTRAQT Freestyle Merchandising allows retailers to optimise product positioning and tailor content to different markets, to target and convert global customers.

ATTRAQT's advanced online Search and Visual Merchandising solutions make it easy to apply traditional creative visual merchandising techniques found in a bricks and mortar environment to the online world. The unique flexibility of ATTRAQT allows merchandisers the freedom to fully control the product mix and sequencing of products to produce optimum sales results, just as they would in store.

ATTRAQT understands how critical it is to get the right products in front of the right people, at the right time. Trends and buying patterns change – retailers need to adapt just as quickly. With ATTRAQT's drag and drop collections, Balance Factor control, powerful site-search, and personalised product recommendations, this couldn't be simpler, ensuring that retailers are always in-sync with their customers' needs and are able to manage the growing demands of their business.

How ATTRAQT works

Visual merchandising

- Intelligent Visual Merchandising - using the drag and drop collections, retailers can effortlessly curate the product offering to their audience.
- ATTRAQT's Balance Factor technology enables a merchandiser to fully automate dynamic product-sequencing based on frequently changing metrics including stock, price, margin, newness, style, colour and more.
- International localisation – country-specific merchandising and content enables a retailer to tailor their product offering considering factors such as season, climate and differing cultural tastes.

Site search

- ATTRAQT optimises their site-search using Balance Factor technology to manipulate the sequencing of results pages. Search driven merchandising can be created using an array of metrics including: newest in, best-selling, highest stock and many more.
- Spell correction using several combined algorithms to predict both misspelling and mistyping in relation to their tailored product database. It results in fewer zero search results, and far fewer losses of potential buyers.

Product recommendations

- Personalised product recommendations that improve conversion rates and average order values. Using a full range of behavioural algorithms, manual collections and Balance Factor control, retailers can ensure that they're offering the right customers the right products, and lead them to convert.

Strategic report (cont.)

ATTRAQT's competitive strategy

Freestyle Merchandising is a visual merchandising platform that acts as a plugin for a retailer's existing eCommerce platform and takes over three core elements of the retailer's site (**category pages, site search and product recommendations**) to provide merchandising tools that enable retailers to merchandise their products more effectively through those elements of the site.

The Group's competitive strategy includes:

1. Providing 3 technologies in one platform

ATTRAQT provides 3 visual merchandising technologies (category pages, site search and product recommendations) in one platform. Being able to merchandise through all three main elements of a retailer's site from a single visual merchandising platform is both a significant benefit to our clients and a significant competitive advantage as it is easier to evict incumbent single component suppliers from a retailer and much harder to replace Freestyle Merchandising by a competitor.

2. Balance Factor technology

Freestyle Merchandising's Balance Factor technology enables retailers to create and implement sophisticated visual merchandising on their sites. It uses a simple slider system to create merchandising rules from the site metrics that are important to a retailer. The system applies a weighting to the selected metrics to determine the sequencing of products. Balance Factor can be applied to category pages, site search, product recommendations and email. Balance Factor is patent pending.

3. New platform developments

The Group continues to develop the capabilities of Freestyle Merchandising, keeping the Company ahead of the competition and increasing the value it delivers to its customers, making its position within a retailer more secure.

4. World class customer service

ATTRAQT aims to provide world class customer service and continues to invest in this as a means to inoculate our clients against the competition.

Strategic report (cont.)

Our growth strategy

Built into the Group's DNA is the concept of developing innovative technology and turning it into easy to use products. ATTRAQT has used this approach to develop the market for its product **Freestyle Merchandising** and has successfully gained 110 clients to date. The recent round of fundraising completed in December 2015 has enabled us to reinforce our growth strategy consisting of:

1) Expand the Sales teams and invest in marketing

Following on from the success that the Group has had in signing new clients in North America such as TUMI and Revolve Clothing, it will accelerate the investment in its North American operation during 2016 by hiring additional sales and telemarketing staff. We anticipate seeing the effect of this investment starting to appear on our P&L revenue line by Q4 of this year.

In addition, to bring forward the overall effect of the new investment the company will further invest in its current UK sales operation as a parallel activity to make the UK sales team immediately more effective. This should have the effect of bring forward some additional revenue whilst the North American sales operation gets up to speed. The investment in the UK team will take the form of additional telemarketing resource and the appointment of additional members of the UK sales team.

To support the expansion of the UK and North American sales teams, the Company will increase its expenditure on marketing. In particular, in an attempt to generate sales leads earlier in the year, the company will invest in marketing activity by attending 6 tradeshows during H1 2016 together with email marketing campaigns in March and June.

2) Expand Productive Capacity

The Group will continue to expand its productive capacity in order to keep pace with the accelerating rate of signing new clients. This investment will take the form of hiring additional project management staff, account managers and production developers in both the UK and US teams - with the intention that the North American operation should be able to sign, deliver and support clients locally independent of the UK operation.

3) Develop Partnerships

The Group has a number of existing strategic partnerships in the UK (including Magento, Dotmailer and Monetate), which it is seeking to extend into the equivalent position in North America to help penetrate the market and accelerate its sales growth.

4) Extend our Technology Platform

The Group will continue its on-going investment in the ATTRAQT Freestyle Merchandising platform by adding new features and creating new products to produce new revenue streams.

5) Identify New Markets

The Company will also continue to identify new markets and innovative ways to repurpose our technology.

Strategic report (cont.)

Some of our clients

ATTRAQT is the trusted online merchandising partner for many retailers, both large and small. Here are just a few of the companies that we work with;

“Rollout was really quick and the whole transition was very easy. Our team members love the dashboard interface because it’s so simple to use. Freestyle Merchandising™ allows them to do more and deliver greater flexibility with the categories they’re responsible for. We all see it as a hugely positive addition to our eCommerce toolset.”

Gordon Newman, Life Style Sports

“We have worked with ATTRAQT for a number of years and we rely on their technology to ensure that we have full control over the way in which our trends and products are presented to our customers. Their technology has had a really positive impact on our sales.”

Visual Merchandiser, Boohoo

Strategic report (cont.)

The Group uses key performance indicators (KPIs) to measure progress in the business. These indicators provide visibility of both our financial and strategic performance.

Key performance indicators

Financial

Revenue growth

Year	Sales	Growth
2012	£1,250,000	6%
2013	£1,581,000	26%
2014	£2,086,000	32%
2015	£2,911,000	40%

Gross profit

Year	Gross profit	Growth
2012	£983,000	<1%
2013	£1,287,000	31%
2014	£1,687,000	31%
2015	£2,431,000	44%

Exit rate (year-end annualised billing)

Year	Sales	Growth
2012	£1,295,000	27%
2013	£1,670,000	29%
2014	£2,365,000	42%
2015	£3,051,000	29%

Strategic

New clients signed

Year	Clients
2012	21
2013	31
2014	36
2015	31

Total live sites

Year	Live sites
2012	38
2013	76
2014	110
2015	154

Strategic report (cont.)

Risks & mitigation

Principal risks and uncertainties

Competitive risk

The growth in eCommerce has resulted in a significant increase in software companies seeking to supply online retailers with enabling technology. The Directors are not aware of any directly comparable competitor offering all three elements of the Group's platform in a SaaS package. The Directors believe having all three elements makes it easier for the Group to both reduce incumbent competitors' new prospects and to defend its existing client-base from external competitors and consider that its competitors would face significant barriers in attempting to replicate the company's technology.

Loss of key clients

The loss of key clients is always a potential threat. However, the company seeks to mitigate this risk in several ways: a) clients sign for a minimum of 12-months or longer with automatic annual renewals; b) the company invests in extensive client support and training to ensure users are able to use the platform effectively and c) the company also invests in account management and professional services to ensure that clients renew their commercial arrangements with the company.

Platform outage

As a provider of a SaaS service, the Group relies on its hosting partners to provide an uninterrupted service. The Group mitigates this risk by using fault-tolerant load-balanced Cloud services. In 2016, the Group will extend this architecture to a multi-site, multi data centre provider to provide as much resilience as possible.

Recruitment and retention

As with any fast growing software business, the Group's growth strategy is predicated on hiring people who will be effective in realising its growth ambitions.

This means further sales and marketing hires as well as the technical people that expand capacity (in terms of getting sites live) are crucial to drive the Group's revenue base. The Directors believe that, over the last three years, the Group has refined its go-to-market strategy and can train new recruits quickly. They also regularly review the market rates of salaries and benefits to ensure staff have appropriate compensation and reward packages.

Retail sector exposure

Due to the nature of the technology the Group offers, the Group's customers are predominantly in the retail sector.

A widespread downturn in the economy could put pressure on capital expenditure budgets for software spending if overall retail volumes dropped, which could result in early termination of customer contracts and deter new customers from using the Group's services.

The Group seeks to mitigate such risks by: a) signing clients on 12 month contracts and b) continually considering new market opportunities.

Strategic report (cont.)

Technological risk

The Group operates in an industry where competitive advantage is heavily dependent on technology. It is possible that technological development may reduce the importance of the Group's function in the market. To remain competitive, the Group continues to enhance and improve the responsiveness, functionality, accessibility and other features of its software, services and technologies.

Intellectual property

The Group's intellectual property rights are important assets. The Group relies on a combination of copyright, registered and unregistered trademarks, registered domain names, database rights and the law protecting confidential information to define and protect its rights to brands, technologies and databases that are critical to its ability to compete in the online comparison market.

The Group discloses proprietary knowledge, information and technology to third parties under licensing or other agreements. There is always a possibility that such a party may misappropriate or challenge the Group's right to such knowledge, information and technology.

To the extent that the Group's brands, technologies and databases are not protected by intellectual property rights, third parties, including competitors, may be able to commercialise or otherwise use the Group's brand, technologies and/or databases without compensating the Group.

The Group also seeks to maintain certain intellectual property as trade secrets. The security of its trade secrets could be compromised by contractors or outside parties, or intentionally or accidentally by its employees, which would cause the Group to lose part of its competitive advantage.

Any misappropriation of the Group's intellectual property could have a materially adverse effect on the Group's business, financial condition or operating results.

Furthermore, the Group may need to take legal action to enforce its intellectual property or to protect trade secrets. Defending such claims may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Group's rights.

Mark Johnson

Director

8 March 2016

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CEO's Statement

Introduction

We are very pleased with the strong operational and financial progress achieved by ATTRAQT during 2015. We have grown our customer base significantly, adding important marquee names to our client register and further building the volume of recurring revenue, which has also driven an improvement in gross margin. Our productive capacity has also improved and we now have 154 live sites, with a strong pipeline in place for 2016. Success in sales and production has contributed to the growth in revenue, which we expect to see continue in 2016.

We have continued to invest in and upgrade the Platform during the year and have an exciting development programme for 2016. In addition, we have continued to develop a number of important technology partnerships including with YUDU Media, signing the first joint client in the period, to extend the functionality of the Platform and to expand the use of our technology into new market segments.

Business model

The Group's business model is based on a recurring monthly service fee plus a one-off set-up fee and additional follow-on project fees. Clients sign up for a minimum of 12 months, with some larger clients signing up for a longer period of 2-3 years.

The current sales model is based on direct sales via a dedicated sales team. Due to the importance of the functionality provided by the Platform to our clients, client loyalty is strong with churn rates below 10% of revenue per annum, with most clients automatically renewing at the end of the contractual term.

Growth strategy

The Group's objective is to become the visual merchandising platform of choice for online retailers in Europe and North America and in a more global capacity in the long term.

Our recent fundraising, as announced on 12 and 30 November 2015, has enabled us to continue to build on our business plan, which is founded on five key elements:

- 1) Invest in sales and marketing to grow client base and volume of recurring revenue;
- 2) Expand the company's productive capacity to keep pace with accelerating sales;
- 3) Develop strategic partnerships – both sales and technology – to accelerate sales growth and extend our product offering;
- 4) Extend the capabilities of the platform through continued investment in research and development, adding new features and creating new products to initiate new revenue streams; and
- 5) Identify new markets and innovative ways to repurpose our technology.

Review of Sales & Operations

The Group has grown the client-base in the year, adding 31 new clients in the UK and North America (2014: 36), worth £0.95m in recurring revenue on an annualised basis. These include marquee names such as *Ben Sherman* in Canada; *Bonmarché*, *Brown Thomas*, *ESPA*, *Present Finder*, *Pretty Little Thing*, *World Duty Free* and *Buck and Hickman* in the UK and *Bizou*, *Echo Design*, and *TUMI* in the US. Further additions include *La Perla* and *Screwfix* in Europe, bringing the Group's total number of clients to 110 by the end of December 2015 (2014: 87).

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The average value of new client contracts signed in 2015 has increased by 24% to £31k per annum reflecting the return on investment we can demonstrate for our products, the growing maturity of the sales team and the sales process as well as the increasing size of our typical customer.

The ongoing investment in our productive capacity has enabled us to deliver 63 new client sites during the year, nearly double the previous year's total (2014: 35), bringing the total number of live sites to 154 by year end. The Group also started 11 new site builds before the end of 2015, which are scheduled for delivery during 2016.

In 2015, we delivered a significant number of client renewal upgrades with 18 clients increasing their monthly fee increments and/or site upgrades (2014: 3). These upgrades, from clients such as Laura Ashley, TK Maxx and White Stuff, are worth an annualised £0.44m. We have also continued to undertake project work for our clients such as Responsive Web Design ('RWD') projects and search auto-complete projects.

Interesting client implementations during the year included the following:

- **Brown Thomas** and **John Greed** both added marketing content, in addition to the usual product displays, to their category page merchandising. This allowed them to promote particular products or promotions on the page. The products appear to mould themselves around the content, making the pages look far more sophisticated.
- **The Tate – Print Finder:** Prints are one of the best sellers for The Tate. The company built a print finder function on their site which uses ATTRAQT filters to return the correct products to fit the users selected criteria. The solution enabled them to implement a 'wizard', allowing their customer to choose specific filters to get them to the prints they liked quickly, therefore improving customer experience and conversion rates.
- **Wilko, The Tate, Bonmarché** and **Ben Sherman** have added product recommendations to their homepages to reduce the number of clicks it takes customers to view products. This strategy utilises the real estate on the home page, which can often be overlooked by many customers, giving the retailer an opportunity to showcase the brand and products that get the highest conversion or to promote new products/sale products.

North American Expansion progressing

ATTRAQT has continued to focus on its North American expansion plans following the relocation of the North American HQ to Chicago in November 2014. During 2015, the Company successfully added 8 new clients in North America; *Ben Sherman, Bikini Village, Bizou, Echo Design, La Vie en Rose, Souris Mini, TUMI, and Vix Swimwear* bringing the total number of clients in this region to 17.

With the aid of proceeds from the fundraise ATTRAQT intends to bolster the North American team in 2016, adding additional sales people, account managers, project managers and client services people. ATTRAQT has recently hired a senior account manager which will enable the transfer of account management from the UK team to North America, freeing up additional capacity in the UK.

Platform enhancements and Product development

During 2015, ATTRAQT deployed five upgrades to the Platform, focused on performance improvements, enhancements to personalisation technology, improvements to manual merchandising and additional reporting functionalities; further increasing its competitive strength.

These new core platform releases included the new Hypercaching performance technology developed by the company which speeds up both search and category pages by getting the product information from a cache layer rather than having to retrieve it directly from the database or search index. Other code releases included "Smart collections" which allow clients to automatically add and remove products from manually created collections. In addition to this, ATTRAQT has made the first batch of changes to upgrade the platform infrastructure to improve platform resiliency and disaster recovery.

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Functionality within the ATTRAQT Control Panel was also added to make merchandising simpler for clients with very large product sets and/or lots of international sites. ATTRAQT also released a new feature that will allow data from any third party provider to be used as input into ATTRAQT merchandising strategies without the need to integrate clients of 3rd parties.

ATTRAQT also continues to invest in and develop ATTRAQTMail™, which allows retailers to merchandise to customers through their current email marketing systems.

Strategic Partnerships

In August 2015, ATTRAQT announced its first technology partnership with mobile digital catalogue app developer YUDU Media to develop 'Live Catalog', a joint service offering using ATTRAQT's visual merchandising platform and YUDU's digital catalogue technology. 'Live Catalog' enables retailers to add real-time visual merchandising techniques, such as personalised promotions and special offers, and other rapidly-changing content to their digital catalogues. In November 2015, the Company announced it had signed Screwfix Germany as the first joint client of 'Live Catalog'.

The Board believes partnerships present a valuable opportunity for ATTRAQT to engage with its clients on additional features, with the potential to create new revenue streams.

Supportive Market Developments

Online retail continues to be a very competitive and dynamic industry where retailers are continuously challenged to respond to a clear, and growing, interaction between online and offline retailing. The Board believes the Platform is well positioned to help retailers respond to this challenge, ensuring consistency of merchandising across channels and countries.

The growth of ecommerce and investment in mobile continued during the year as retailers worked to enhance their capabilities in RWD, web app and mobile apps to capitalise on the trend for increasing use of mobile and tablet devices. According to reports by IMRG, visits to ecommerce sites via smartphone and tablet devices accounted for 45% of all ecommerce traffic in the UK (IMRG, Feb 2015). UK Consumers are estimated to spend £53.6bn a year by 2024 using their smartphones and tablets, highlighting the importance for retailers to invest in their mobile strategy. ATTRAQT is well positioned to benefit from this trend as the Platform is device and platform agnostic, enabling it to support retailers regardless of their channels to market.

Retailers continue to move away from the automated 'black-box' method of providing product recommendations towards a more nuanced approach that allows the retailer interaction with the recommendations being made, in particular to extend their visual merchandising strategies into those recommendations. This is a trend that plays to the core strength of the Platform and has continued throughout 2015. Internationalisation also remained a focus in 2015, with clients including Superdry and TUMI rolling out 21 and 18 international sites respectively.

We will continue to monitor market trends and enhance the Platform to ensure it meets customers' needs.

Financial Review

Total revenue increased by 40% to £2.91m (2014: £2.09m), exceeding Group expectations of £2.8m, as new customers were added and more existing customers commissioned additional sites. The recurring monthly revenue rose 38% from £1.92m to £2.65m, now representing 91% of total Group revenue, up 1% from 90% in 2014. The Exit Rate (year-end annualised billing) for 2015 was up 29% to £3.1m.

The Group recorded losses before tax and at the EBITDA level, both of which were in line with management expectations. Losses before tax were reduced to £0.73m (2014: £1.53m) and adjusted EBITDA losses for the year were significantly reduced by 73% to £0.2m (2014: £0.74m); on a monthly basis reaching a position of EBITDA breakeven in late FY 2015. In FY 2016, the investment of the proceeds of the fundraising in expanding sales, marketing and production (detailed further in the section below) are expected to lead to EBITDA losses increasing in the short-term, reflecting investment in the Group's operational expansion; however the rate of growth is expected to accelerate as a result, with a return to EBITDA profitability in the mid-term.

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ATTRAQT continues to invest in technical enhancements to the existing product offerings and in new products. Some of this cost is capitalised and some is absorbed as part of the operating costs of the business.

Funding

Since its admission to AIM, ATTRAQT has continued to deliver strong operational and financial progress, signing important new clients across regions and continuing to invest in organic growth by developing performance improvements and new features. In order to continue to deliver on the exciting potential of the Group and its target markets, ATTRAQT successfully raised approximately £3.3 million (before expenses) by way of a placing. This will enable the Group to develop its sales teams in the UK and in North America, with additional investment required to expand the required production capacity to support its potential growth prospects and increase the functionality of the core platform.

As part of the fundraising, ATTRAQT also welcomed Nick Habgood, Managing Partner of Azini Capital Partners LLP, to its Board as Non-executive Director as of 30 November 2015.

Outlook

We are very pleased with the strong progress we have made in 2015. We are continuing to gain traction with leading retailers both in the UK, Europe and North America, and with a strong financial platform, we look forward to 2016 with confidence.

- There is real momentum in the sales process and production pipeline and with our year-end annualised billings up 29% we see this continuing into 2016.
- The Platform continues to perform well, with further enhancements delivered in 2015 and an exciting development roadmap for 2016, including improvements to the Platform to streamline production, a full reporting and recommendations upgrade and further improvements to personalisation.
- We have further invested in our productive capacity, driving efficiencies and working closely with our clients to drive improvements, increasing client reliance and usage of the Platform.
- We have maintained our high margin and low revenue churn.
- The successful fundraising has provided us with the financial means to accelerate our growth in the UK, Europe and North America, by investing further in sales, account management, production and core platform development.

With a strong pipeline of new business opportunities, our much increased exit rates and an increasingly sophisticated merchandising platform, we are confident in the ongoing success of ATTRAQT and in the outlook for 2016 and beyond.

André Brown

Chief Executive Officer

8 March 2016

Board of directors

Dan Wagner

Co-Founder and Chairman

Dan is a veteran British internet entrepreneur and businessman who founded M.A.I.D. plc (Market Analysis Information Database) in 1984 – a pioneer in on-line information services. M.A.I.D. was listed on the London Stock Exchange in 1994 and on NASDAQ the following year and went on to become the world leader in online information capturing 26% of the world market before being sold in early 2000 to Thomson Reuters.

In 1998, Dan founded Venda Limited – a pioneer in ‘cloud based’ or ‘On Demand’ eCommerce - which became the European market leader before being sold in June 2014 to NetSuite Inc. (a US based, NYSE listed, Cloud Software market leader).

In 2003, Dan set up ATTRAQT with André Brown to improve search and merchandising in web based platforms and services.

André Brown

Co-Founder and Chief Executive Officer

André, the Co-Founder and Chief Executive Officer of ATTRAQT, has over 25 years' experience in developing innovative technologies. He has been instrumental in the development of the Group and has helped to grow its customer base from zero to a list of well-known names in the retail arena.

Previous positions include Group Mergers & Acquisitions Director for Nettec plc, Strategic Alliances Director for MAID plc, Chief Executive Officer of the eCommerce division of Dialog plc and one of the leaders of the team that originally brought Adobe Acrobat to the UK marketplace.

André holds a BSc. in Economics from the London School of Economics and qualifications in Corporate Finance and Marketing Innovative Technologies from the London Business School and Harvard Business School, respectively.

Mark Johnson

Chief Financial Officer

Mark joined ATTRAQT in August 2015. He has been Finance Director of several entrepreneurial and high-growth businesses, and has over 20+ years of commercially driven experience. Before joining ATTRAQT, Mark was Commercial Director at Celador Entertainment, the internationally renowned media firm, where he oversaw all the finance, legal and back-office functions including all M&A.

Mark has an honours degree in Accountancy and Financial Analysis from the University of Newcastle-upon-Tyne and has been CIMA qualified since 1995.

ATTRAQT Group PLC

Ivor Dunbar

Independent Non-Executive Director and Deputy Chairman

Ivor is the Chairman of Project Trust. He lives in London and is a Non- Executive Director of Bluefield Harrier Ltd., a solar power company.

Educated at Inverness Royal Academy and University College of Wales in Aberystwyth, Ivor has spent most of his professional career as an investment banker with Barclays de Zoete Wedd and until recently with Deutsche Bank.

Ivor is a capital markets specialist and at Deutsche he was Head of Global Capital Markets, Co-Head of Investment Banking and a member of the Executive Committee of Deutsche's Corporate and Investment Banking Division. Ivor is a Patron of the National Trust for Scotland and his interests include fishing, shooting and racing classic cars.

Nicholas Habgood

Non-Executive Director

Nick is the Founder and Managing Partner of Azini Capital Partners LLP, a London based private equity firm that specialise in providing liquidity for historical investors and shareholders and investing in growth stage private and smaller public technology companies. Nick has substantial board level experience helping technology companies execute on growth opportunities. Please see www.azini.com for more details.

Prior to founding Azini Capital Nick worked for LMS Capital, the venture capital division of London Merchant Securities plc. He has also held senior operational positions in Mondex International (part of MasterCard International) where he founded and was CEO of the MULTOS business, Mars Electronics International (a part of the Mars Group) and Twiflex Limited (part of GKN and Tomkins). Nick has a Masters Degree in Mechanical Engineering (M.Eng) from the University of Bristol.

Ed Ewing

Independent Non-Executive Director

In a career spanning three decades, Ed has worked extensively as a seniorexecutive in the technology, media and telecommunications sectors in management, sales and product/service development roles. Previous international roles have included working for Apple in Europe, Strategic Planning and Programme Director for Scoot.com plc and managing operations inNorthern Europe for Quark Inc. He was responsible for establishing the digital division for global publisher Boat International Media, including successfully launching boatinternational.com and establishing it as one of the leading online market places for pre-owned superyachts.

Along with advising a number of clients on strategy and business development Ed has a portfolio of successful companies based in north Norfolk, where he now lives, and most recently he was instrumental in raising over £750,000 in funding from the Heritage Lottery Fund and English Heritage to help secure the future of one of the UK's ancient monuments.

Robert Fenner

Non-Executive Director

Robert is a partner in the international law firm Taylor Wessing LLP and has been a solicitor for 24 years. He is a corporate lawyer specialising in advising companies on all aspects of corporate law including listings and mergers and acquisitions.

Corporate Governance report

The Board has reviewed the requirements of the UK Corporate Governance Code and although it is not statutorily mandatory to comply with the code the Group continues to work to implement it to the extent that it considers it appropriate to a company of its size and nature. The remuneration and audit committees were established following the Company's admission to AIM on 19 August 2014.

1. The Board of Directors

The details of the Group's board, together with the audit and remuneration committees, are set out on pages 18 to 19 and 22 to 23.

The board meets quarterly and is responsible for the overall management of the Group's long term strategy and objectives and monitoring of performance. It oversees operations and ensures the maintenance of sound internal controls and risk management systems. Certain matters are specifically reserved for the approval of the board, including approval of significant capital expenditure, material business contracts and corporate transactions.

To enable the board to discharge its duties all directors receive appropriate and timely information. The CEO has regular dialogue with all the directors and provides written updates to them at least twice a month.

At the end of the year the board consisted of two executive directors, a non-executive chairman and four independent non-executive directors.

2. Directors' remuneration

As set out on pages 24 the remuneration of the executive directors is determined by the remuneration committee. The remuneration of the non-executive directors is determined by the chairman and the executive directors. The directors recognise the importance of performance related incentives and executive directors are paid bonuses as deemed appropriate by the remuneration committee.

3. Relations with shareholders

The Group recognises the value of communications with its shareholders. As well as the statutorily required news releases via the Stock Exchange, the Group issues updates on matters that it considers of interest to shareholders and the wider investing public. It responds quickly to enquiries and requests from shareholders subject to the limitations of providing price sensitive information.

All shareholders receive at least 21 days' notice of the annual general meeting at which all of the directors and the chairman are normally available to answer from shareholders attending the meeting.

4. Accountability and audit

a) Financial reporting

The chief executive's statement contains detailed reviews of the performance and financial position of the Group. The Group uses this and the directors' report on pages 25 to 27 to present and explain the Group's financial position and performance. The directors' responsibility for the financial statements is described on page 26.

b) Internal control

The board confirms that it has established the procedures necessary to implement the guidance set out in the Financial Reporting Council's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting". The identification, evaluation and management of risk has been considered by the board. It is intended that this will continue to be kept under constant review and will be considered at each board meeting. The board continues to take steps to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management and board attention.

The directors acknowledge their responsibilities for the Group's system of internal control. Such a system can provide reasonable but not absolute assurance against material misstatement or loss. The board has considered the major business risks and the control environment. Important control procedures, in addition to the day to day supervision of the business, include comparison of monthly management accounts to the budget.

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c) Audit committee and auditors

The audit committee comprises Ivor Dunbar (chairman) and Ed Ewing, both non-executive directors. The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of an executive director, if required. The audit committee may examine any matters relating to the financial affairs of the Group and the Group's audit. This includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment of auditors and their fees and other such related functions as the board may require.

Audit committee report

Audit committee: composition and terms of reference

The audit committee is chaired by Ivor Dunbar and its other member is Ed Ewing. The board has considered the independence of these directors and although Mr. Dunbar has a holding of 1.9% of the Company it considers him, and Mr. Ewing (who has a holding of 0.18% of the Company), to be independent non-executive directors. It meets as required and specifically to review the Interim Report and Annual Report and to consider the stability and effectiveness of the internal control processes. The audit committee reviews the findings of the external auditor and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually. The audit committee is able to meet separately with the external auditor without any executive director present to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. As well as providing audit related services the auditors also provide taxation advice. Fees in respect of audit and tax service are disclosed in Note 6 of the Notes to the Group Financial Statements. Fees for non-audit services paid to the auditors are not deemed to be of such significance as to impair their independence and therefore the audit committee considers that the objectivity and independence of the auditors is safeguarded.

Internal control

The board is responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure of the achievement of business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The audit committee monitors and reviews the effectiveness of the system of internal control and reports to the board when appropriate with recommendations.

The main features of the system of internal control are:

- A control environment exists through the close management of the business by the executive directors. The group has a defined organisation structure with delineated approval limits. Controls are implemented and monitored by the executive directors.
- The board has a schedule of matters expressly reserved for its consideration and this schedule includes acquisitions and disposals, major capital projects, treasury and risk management policies and approval of budgets.
- The Group uses a detailed budgeting and forecasting process. Budgets are prepared annually by the executive directors and submitted to the board for approval. Forecasts, including cash flow projections, are updated at least quarterly to reflect changes in the business and are monitored by the board. Actual results are monitored against the budget on a monthly basis, with variances highlighted to the board.
- Financial risks are identified and evaluated for any major transactions for consideration by the board and senior management.
- Standard financial control procedures are operated throughout the Group to ensure that the assets of the Group are safeguarded and that proper accounting records are maintained.

Remuneration committee report

Remuneration committee: composition and terms of reference

The remuneration committee is chaired by Ed Ewing and its other member is Ivor Dunbar, both of whom are independent non-executive directors. The Company's chairman may attend committee meetings as an observer. The remuneration committee is expected to meet not less than once a year and at such other times as required.

It has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, chairman, and the executive directors, the company secretary, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee also has responsibility for determining (within the terms of the Company's policy and in consultation with the chairman of the Board and/or the chief executive officer) the total individual remuneration package for each executive director, the company secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards). The remuneration of non-executive directors is a matter for the chairman and executive directors of the Board. No director or manager is allowed to partake in any discussions as to their own remuneration. In addition, the remuneration committee has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Policy on Executive Directors' remuneration

Executive remuneration packages are designed to attract and retain executives with the qualities and skills needed to run the group. The Remuneration Committee recommends to the Board remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to AIM companies and data on companies of similar size and in similar industries.

There are three main elements of the remuneration package for Executive Directors and staff:

i. **Basic salaries and benefits in kind**

Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind comprising death in service and private medical insurance are available to all staff and Executive Directors.

ii. **Share options**

The Group operates a share option scheme for the Executive Directors and other employees to motivate those individuals through equity participation. Exercise of share options under the scheme is subject to specified exercise periods and compliance with the AIM Rules.

The scheme is overseen by the remuneration committee which recommends to the Board all grants of share options based on the Remuneration Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate.

iii. **Bonus Scheme**

The Group has a discretionary bonus scheme for staff and Executive Directors.

Service contracts

The executive directors are employed under service contracts requiring six months' notice by either party. Non-executive directors and the chairman receive payments under appointment letters which are terminable by two months' notice by either party. The service contracts of the non-executive directors are made available for inspection at the AGM.

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Policy on Non-Executive Directors' remuneration

One non-executive director receives a fee for his services as a director, which is approved by the board, mindful of the time commitment and responsibilities of the role and of current market rates for comparable organisations and appointments. All non-executive directors and the chairman are reimbursed for travelling and other incidental expenses incurred on Group business.

The emoluments of the Directors were as follows:		(Audited)			Year ended 31 December 2014		
		Year ended 31 December 2015					
	Salary & Directors' fees	Benefits in kind	Share Based Payments	Total	Total		
	£	£	£	£	£		
Executive directors							
André Brown (i)	291,500	3,657	-	295,157	219,592		
David Stirling (ii)	35,417	5,282	74,426	115,125	80,828		
Mark Johnson (iii)	23,974	-	-	23,974	-		
Non-executive directors							
Dan Wagner	-	-	-	-	-		
Ivor Dunbar	-	-	-	-	-		
Ed Ewing	20,000	-	-	20,000	7,359		
Robert Fenner	-	-	-	-	-		
Nick Habgood (iv)	-	-	-	-	-		
Totals	370,891	8,939	74,426	454,256	307,779		

- (i) Includes a discretionary bonus of £50,000 (2014: £nil) regarding the IPO in 2014 and the placing of new shares in 2015, these will not reoccur and the sum has been treated as an exceptional administrative expense.
- (ii) Resigned 25 September 2015
- (iii) Appointed to the board 25 September 2015
- (iv) Appointed to the board 30 November 2015

The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Group business.

Relative importance of spend on pay

The following shows the Group's relative expenditure on employee pay compared to all other distributions:

	2015		2014	
	£'000		£'000	
Employee remuneration costs	2,033	100%	1,696	100%
Dividends paid on ordinary shares	-	0%	-	0%
	<u>2,033</u>		<u>1,696</u>	

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Directors' Report

The directors present their report with the financial statements of the Group and the Company for the year ended 31 December 2015.

Results

The Group made a loss after tax in 2015 of £652,000 (2014 - £1,414,000) on turnover of £2,911,000 (2014 - £2,086,000) representing a loss of £0.03p per share (2014: £0.08). The net cash used in operating activities was £319,000 (2014 - £1,058,000).

Dividends

The board do not propose the payment of a dividend for the year.

Directors

The directors shown below either held office during the reporting period or to the date of this report:

- Dan Wagner
- André Brown
- David Stirling (resigned 25 September 2015)
- Ivor Dunbar
- Edward Ewing
- Robert Fenner
- Mark Johnson (appointed 25 September 2015)
- Nick Habgood (appointed 30 November 2015)

Qualifying third party indemnity provisions

The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

The Group purchases directors and officers insurance against their cost in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings.

Financial instruments

Details of the Group's risk management objectives and policies together with its exposure to financial risk are set out in Note 3 to the financial statements.

Going concern

The directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements. The forecast contains assumptions about the performance of the business. These assumptions are the directors' best estimate of the future development of the business, including consideration of cash reserves required to support working capital and its growth plans. These plans include sales expansion in the UK and the USA. Growth rate assumptions for the UK have been based on the historic actual growth of the group since 2011. The directors remain confident of the group's ability to continue to tap into to the American market and fuel further growth in the group's activities.

The cash flow forecast prepared shows the group will have sufficient headroom against available facilities based on the revenue growth assumptions.

On the basis of this forecast the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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Events after the reporting period

There are no events after the date of this report or the date the financial statements were approved by the board of directors which impact on the figures presented.

Listing

The Group's ordinary shares have been traded on the London Alternative Investment Market (AIM) since 19 August 2014. N+1 Singer are the Group's nominated advisors and brokers. The closing mid-market share price at 31 December 2015 was 62p.

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

Key future developments

The Group plans to continue its development of both the UK and North American markets building on its success in signing new clients in 2015.

It will also continue the research and development of new products and product enhancements using its internal expertise and jointly with technology partners. The selection of developments to be undertaken is based on feedback from existing and prospective clients and prioritised according to the return they can be expected to generate.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Mark Johnson
Director

Date: 8 March 2016

ATTRAQT Group PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATTRAQT GROUP PLC

We have audited the financial statements of Attraqt Group Plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of financial position, the company statement of changes in equity and the related notes. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Andrew Viner (*senior statutory auditor*)
For and on behalf of **BDO LLP**, statutory auditor
London
United Kingdom
Date: 8 March 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ATTRAQT Group PLC

Consolidated statement of comprehensive income For the year to 31 December 2015

	Note	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Revenue	4	2,911	2,086
Cost of sales		<u>(480)</u>	<u>(399)</u>
Gross profit		2,431	1,687
Administrative expenses		(3,045)	(2,736)
Exceptional administrative expense	5	(118)	(484)
Total administrative expenses		<u>(3,163)</u>	<u>(3,220)</u>
Loss from operations	6	<u>(732)</u>	<u>(1,533)</u>
Loss before tax		(732)	(1,533)
Tax credit	8	<u>80</u>	<u>119</u>
Loss for the year		<u>(652)</u>	<u>(1,414)</u>
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(6)</u>	<u>(26)</u>
Total other comprehensive income		<u>(6)</u>	<u>(26)</u>
Total comprehensive loss for the year attributable to shareholders of the parent		<u>(658)</u>	<u>(1,440)</u>
Loss per share attributable to the ordinary equity holders of the company			
Basic and diluted EPS	9	(3.1p)	(8p)

The notes on pages 34 to 50 form part of these financial statements.

ATTRAQT Group PLC

Consolidated statement of financial position As at 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	27	50
Intangible assets	11	170	120
		<hr/>	<hr/>
		197	170
Current assets			
Trade and other receivables	13	473	310
Corporation tax receivable	13	61	119
Cash and cash equivalents	3	2,996	307
		<hr/>	<hr/>
		3,530	736
Total assets			
		3,727	906
Liabilities			
Current liabilities			
Trade and other payables	14	700	540
		<hr/>	<hr/>
Total liabilities			
		700	540
NET ASSETS			
		<hr/>	<hr/>
		3,027	366
Issued capital and reserves attributable to owners of the parent			
Share capital	16	269	206
Share premium		4,253	1,252
Merger reserve		1,457	1,457
Share based payment reserve		477	222
Foreign exchange reserve		(32)	(26)
Retained earnings		(3,397)	(2,745)
		<hr/>	<hr/>
TOTAL EQUITY			
		<hr/>	<hr/>
		3,027	366

The financial statements were authorised for issue by the Board of Directors on 8 March 2016 and were signed on its behalf by:

Mark Johnson
Director

Company Number 8904529

The notes on pages 34 to 50 form part of these financial statements.

ATTRAQT Group PLC

Consolidated statement of cash flows for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Loss for the year		(652)	(1,414)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	10	28	35
Amortisation of intangible fixed assets	11	139	131
Income tax credit	8	(80)	-
Share based payment expense	17	255	162
Foreign exchange loss		(6)	(40)
		(316)	(1,126)
(Increase) in trade and other receivables		(163)	(96)
Increase/(decrease) in trade and other payables		160	164
		(319)	(1,058)
Cash used in operations			
Income taxes received		138	-
		(181)	(1,058)
Net cash flows from operating activities			
Investing activities			
Purchases of property, plant and equipment	10	(5)	(15)
Development of intangibles	11	(189)	(131)
		(194)	(146)
Net cash used in investing activities			
Financing activities			
Issue of ordinary shares, net of issue costs		3,064	1,295
Repayment of debt		-	(45)
		2,870	1,104
Net cash from investing and financing activities			
Net increase in cash and cash equivalents		2,689	46
Cash and cash equivalents at beginning of year		307	261
		2,996	307
Cash and cash equivalents at end of year	3	2,996	307

The notes on pages 34 to 50 form part of these financial statements.

ATTRAQT Group PLC

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital	Share premium	Other reserve	Merger reserve	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 January 2014	177	-	45	1,457	60	-	(1,331)	408
Loss for the year	-	-	-	-	-	-	(1,414)	(1,414)
Translation of foreign entity	-	-	-	-	-	(26)	-	(26)
Total comprehensive income for the year	-	-	-	-	-	(26)	(1,414)	(1,440)
Share based payment charge	-	-	-	-	162	-	-	162
Issue of share capital	29	1,252	(45)	-	-	-	-	1,236
31 December 2014	206	1,252	-	1,457	222	(26)	(2,745)	366
Loss for the year	-	-	-	-	-	-	(652)	(652)
Translation of foreign entity	-	-	-	-	-	(6)	-	(6)
Total comprehensive income for the year	-	-	-	-	-	(6)	(652)	(658)
Share based payment charge	-	-	-	-	255	-	-	255
Issue of share capital	63	3,222	-	-	-	-	-	3,285
Issue costs	-	(221)	-	-	-	-	-	(221)
31 December 2015	269	4,253	-	1,457	477	(32)	(3,397)	3,027

Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Merger reserve	The merger reserve results from the application of merger accounting on the merger of ATTRAQT Inc. and ATTRAQT Limited.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.
Foreign exchange reserve	The difference arising on the translation of the assets and liabilities of the overseas subsidiary company into the functional currency of the Group.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 34 to 50 form part of these financial statements.

ATTRAQT Group PLC

Notes to the consolidated financial statements for the year ended 31 December 2015

1. Accounting policies

General information

The principal activity of ATTRAQT Group PLC (“the Company”) and its subsidiaries (together “the Group”) is the development and provision of eCommerce site search, merchandising and product recommendation technology.

The principal trading subsidiaries are ATTRAQT Limited and ATTRAQT Inc.

The Company is a public limited company which is quoted on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is 14 Gray’s Inn Road, London, WC1X 8HN.

The registered number of the company is 8904529.

Basis of preparation

The consolidated financial statements are for the year ended 31 December 2015. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2015 and 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 and are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

A business combination is a “common control combination” if the combining entities are ultimately controlled by the same party (including the same individual shareholder or a group of shareholders acting together in accordance with a contractual arrangement) both before and after the combination and the common control is not transitory.

For the purposes of the consolidated financial information, the initial creation of the ATTRAQT Group PLC group has been treated as a business combination involving entities under common control. Business combinations involving entities under common control fall outside the scope of IFRS 3: Business Combinations. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, management have considered the pronouncements of other standard-setting bodies in developing an accounting policy for common control combinations. The group adopted the prevailing accounting treatment defined under UK Generally Accepted Accounting Practice at the time of the transaction as permitted under IFRS.

Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements of the ongoing operation of the group and are satisfied that sufficient cash together with bank and other facilities is available to meet its working capital requirements for at least 12 months from the date of signing these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis as disclosed in page 25 of the Directors Report.

Changes in accounting policies

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective, and have not been adopted early by the Group.

ATTRAQT Group PLC

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Revenue

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Where work is completed at the year-end but not invoiced, the ATTRAQT Group accrues for this income.

The Group derives the majority of its revenue from the provision of eCommerce services to online retailers which includes site search, merchandising and product recommendation technology. These are recurring revenues that are recognised on a monthly basis.

Revenue from services provided by the ATTRAQT Group is recognised when the ATTRAQT Group has performed its obligations and in exchange obtained the right to consideration which can be reliably measured and it is probable economic benefits will flow to the entity.

If amounts have been invoiced in advance for services, these amounts are deferred until the service has been provided to the client at which point the income is recognised. Within the ATTRAQT Group income is recognised across two streams:

- Recurring revenues – a monthly subscription fee is earned from customers to the software as a service platform. Operation of the service is provided for a fixed term.
- One-off fees – work is undertaken for existing clients to expand or upgrade the service they receive and this is billed for separately. Revenue is recognised on stage of completion on this work. Stage of completion is calculated based on estimated hours to complete the work versus the number of hours already done.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into Sterling Pounds at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisitions of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

ATTRAQT Group PLC

Financial assets

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 Group will be unable to collect all of the amounts due under the 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. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Their carrying value approximates fair value at both reporting dates.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts.

Financial liabilities

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Leases

Where the risks and rewards of ownership of an asset are transferred to the group as lessee, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the income statement as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

ATTRAQT Group PLC

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement unless the tax relates to an item taken directly to equity in which case the tax is also taken directly to equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Company; or
- different Company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Segmental reporting

For the purpose of IFRS 8, the chief operating decision maker takes the form of the Board of Directors. The Directors' opinion is that the business of the group is to provide cloud based E-commerce solutions. Based on this, there is considered to be one reportable segment. The internal and external reporting is on a consolidated basis with transactions between group companies eliminated on consolidation. Therefore, the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and statement of cash flows.

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Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over three years. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Property plant and equipment is depreciated over its estimated useful economic life taking into account their residual values. The estimated useful economic life of these assets is:

Plant and machinery	-	4 years
Fixtures and fittings	-	4 years

Share based payments

The Group has issued share options to certain employees, in return for which the Group receives services from those employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Company's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

2. Significant accounting judgements and estimates

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share based payments

Share options are recognised as an expense based on their fair value at date of grant. The fair value of the options is estimated through the use of a valuation model – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period. Some of the inputs used to calculate the fair value are not market observable and are based on estimates derived from available data, such as employee exercise behaviour and employee turnover.

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Capitalisation of development costs

It is a requirement under IFRS that development costs that meet the criteria prescribed in the standard are capitalised. The assessment of each project requires that a judgement is made as to the commercial viability and the ability of the company to bring the product to market.

3. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below.

Financial liabilities

A summary of financial liabilities is shown below. All financial liabilities held by the Group at 31 December 2015 are classified as held at amortised cost.

Financial assets	2015	2014
	£'000	£'000
Current		
Trade receivables	369	250
Other receivables	14	17
	<hr/>	<hr/>
	383	267
	<hr/>	<hr/>
Cash and cash equivalents	2,996	307
	<hr/>	<hr/>

All financial assets held by the Group at 31 December 2015 are classified as loans and receivables and there is no difference between the carrying amount and the fair value.

At 31 December 2015 the three largest customers owed a total of £97,200. The directors do not consider that there is any reason to provide against any part of this balance.

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Financial liabilities

	2015 £'000	2014 £'000
Trade payables	83	214
Other payables	338	88
	421	302

All financial liabilities held by the Group at 31 December 2015 are classified as held at amortised cost.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's Chief Executive Officer. The Board receives quarterly reports from the Company Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables are provided in note 13.

Cash at bank

A significant amount of cash is held with the following institutions:

	Balance at 31 December 2015 £'000	Balance at 31 December 2014 £'000
Barclays Bank Plc	2,987	298
Citibank	9	9

On 8 January 2015 the Group obtained an overdraft facility with Barclays Bank for up to £50,000. This is available for immediate drawdown. It is secured over the assets of ATTRAQT Limited.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than the functional currency. The Group's policy is, where possible, to allow entities to settle liabilities denominated in their functional currency (primarily Sterling Pounds) with the cash generated from their own operations in that currency.

In order to monitor the continuing effectiveness of this policy, the CEO reviews a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

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Liquidity risk

Liquidity risk arises from the Group's management of working capital. The Group manages the risk that it will encounter difficulty in meeting its financial obligations as they fall due by forecasting its short term cash position on a regular basis.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 30 days.

The Board receives rolling 12-month cash flow projections on a quarterly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

In the management of liquidity risk, the group monitors and tries to maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2014					
Trade and other payables	291	11	-	-	-
Total	291	11	-	-	-
	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2015					
Trade and other payables	421	-	-	-	-
Total	421	-	-	-	-

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4. Revenue

Revenue arises from the rendering of services	2015 £'000	2014 £'000
Recurring revenues	2,652	1,922
One-off fees	259	164
Total rendering	2,911	2,086

There are three customers contributing 14%, 11% and 10% respectively to Group revenues. The Directors are not concerned about the continuance of these relationships.

Geographical split of revenue	2015 £'000	2014 £'000
UK	2,785	2,064
North America	126	22
Total revenue	2,911	2,086

The Group reports geographical revenue on the basis of the revenue of the relevant statutory billing entity.

5. Exceptional administrative expenses

Exceptional expenses of £118,000 in 2015 relates to: (i) £61,000 of costs incurred in respect of the secondary purchase of 5,000,000 shares in December 2015 done in conjunction with the December 2015 placing of 6,316,346 new shares on AIM, and (ii) £57,000 of costs related to the non-recurring award of a bonus to Andre Brown regarding the IPO in 2014 and the placing in December 2015. (2014 – £484,000 in connection with the Company's IPO and admission to AIM)

6. Loss from operations

Loss from operations is taken after taking account of the following items:

	2015 £'000	2014 £'000
Employee benefits (see note 7)	2,033	1,696
Depreciation of property, plant and equipment	28	35
Amortisation of intangible assets	139	131
Operating lease expense	22	8
Audit and non-audit services:		
Fees payable to the company's auditors for the audit of the Group annual accounts:		
- Company annual accounts	16	9
- Group annual accounts	27	25
Fees payable to the company's auditor and its associates for other services:		
For tax services	8	4
Corporate finance advisory	-	60
Research and Development costs expensed	139	336

ATTRAQT Group PLC

7. Employee benefit expenses

	2015	2014
	£'000	£'000
Staff costs (including directors) comprise:		
Wages and salaries	1,837	1,551
Social security contributions and similar taxes	196	145
	<u>2,033</u>	<u>1,696</u>

The charge related to share based payments in 2015 was £255,000 (2014 - £162,000)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which comprises only the directors of the company.

	2015	2014
	£'000	£'000
Salary, Director fees, bonus and benefits in kind	380	297
Share based payments (i)	74	10
	<u>454</u>	<u>307</u>

(i) Relates to David Stirling who resigned as a director on 25 September 2015.

The Employer's National Insurance contributions expensed in the period relevant to the Key management personnel compensation was £52,000 (2014: £41,000).

The remuneration of the highest paid director is shown in the report of the Remuneration Committee.

Staff Numbers

The average monthly number of employees, including Directors and individuals employed by the Group are as follows:

	2015	2014
Sales	9	8
Technical	15	14
Management (including directors)	6	4
Administration	1	1
	<u>31</u>	<u>27</u>

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8. Income tax credit

	2015 £'000	2014 £'000
Current tax credit		
Current tax on loss for the year	(61)	(119)
Adjustment to tax in respect of previous periods	(19)	-
	<hr/>	<hr/>
Total tax credit	<u>(80)</u>	<u>(119)</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2015 £'000	2014 £'000
Loss for the year	(732)	(1,533)
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 20.3% (2014 - 21.5%)	(148)	(330)
Expenses not deductible for tax purposes	17	147
Depreciation for period (less than)/in excess of capital allowances	(7)	2
Unrelieved tax losses arising in the period	86	28
Additional deduction for R&D expenditure	(85)	(104)
Adjustment to tax in respect of previous periods	(19)	-
Surrender of tax losses for R&D tax credit refund	66	83
Other deductions arising in the period	10	55
	<hr/>	<hr/>
Total tax credit	<u>(80)</u>	<u>(119)</u>

9. Loss per share

	2015 £'000	2014 £'000
<i>Numerator</i>		
Loss for the year and loss used in basic and diluted EPS	(652)	(1,414)
	<hr/>	<hr/>
<i>Denominator</i>		
Weighted average number of shares used in basic and diluted EPS	21,127,841	18,819,772
Loss per share – basic and diluted	(3.1p)	(8p)
	<hr/>	<hr/>

At the year end the Group had 1,341,680 exercisable share options (2014: nil), however in accordance with IAS 33 where there is a loss for the year, there is no dilutive effect of options and therefore there is no difference between the basic and diluted loss per share.

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10. Property, plant and equipment

	2015			2014		
	Plant & machinery	Fixtures & fittings	Total	Plant & machinery	Fixtures & fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	189	2	191	174	2	176
Additions	5	-	5	15	-	15
Balance at 31 December	<u>194</u>	<u>2</u>	<u>196</u>	<u>189</u>	<u>2</u>	<u>191</u>
Accumulated depreciation and impairments						
Balance at 1 January	139	2	141	105	1	106
Depreciation charge for the year	28	-	28	34	1	35
Balance at 31 December	<u>167</u>	<u>2</u>	<u>169</u>	<u>139</u>	<u>2</u>	<u>141</u>
Net book value						
At 31 December	27	-	27	50	-	50
At 31 December prior year	50	-	50	69	1	70

11. Intangible assets

	2015	2014
	Software	Software
Cost	£'000	£'000
Balance at 1 January	785	654
Additions	189	131
Balance at 31 December	<u>974</u>	<u>785</u>
Accumulated amortisation		
Balance at 1 January	665	534
Amortisation charge for the year	139	131
Balance at 31 December	<u>804</u>	<u>665</u>
Net book value		
At 31 December	170	120
At 31 December prior year	120	120

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12. Investments in subsidiaries

The subsidiaries of ATTRAQT Group PLC, all of which have been included in these consolidated financial statements, are as follows:

Name of subsidiary	Shareholding	Country of incorporation and principle place of business
ATTRAQT Limited	100%	UK
ATTRAQT Inc. (held through ATTRAQT Limited)	100%	USA

Investments in subsidiaries, associates and joint ventures are held in the Statement of Financial Position of the Company at historic cost less any allowance for impairment.

13. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	392	253
Less: allowance account for bad and doubtful debts	(23)	(3)
	<hr/>	<hr/>
Prepayments and accrued income	369	250
Corporation tax recoverable	90	43
Other receivables	61	119
	<hr/>	<hr/>
Total trade and other receivables	534	429

Invoices for services rendered are due immediately on the rendering of the invoice, however the majority of customers settle debts within 45 days of the date of the invoice.

As at 31 December 2015 trade receivables of £384,000 (2014: £240,000) were technically past due of which £23,000 were provided against (2014: £10,000). They relate to the customers with no history of default. Payment of the overdue receivables is expected in due course. The ageing analysis of these overdue receivables is as follows:

	2015 £'000	2014 £'000
Up to 3 months	351	228
3 to 6 months	33	6
6 to 12 months	-	6
Over 12 months	-	-
	<hr/>	<hr/>
	384	240

As at 31 December 2015 trade receivables of £23,000 (2014: £3,000) were considered bad or doubtful. If fully impaired the amount of the debt would be written off from the allowance account.

Movements on the allowance account for bad and doubtful debts:

	2015 £'000	2014 £'000
At 1 January 2015	3	14
Released during the year	(3)	(34)
Provided during the year	23	23
	<hr/>	<hr/>
At 31 December 2015	23	3

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The movement on the provision for impaired receivables has been included in administrative expenses in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

14. Trade and other payables

	2015	2014
	£'000	£'000
Trade payables	83	214
Accrued expenses	338	88
Deferred income	125	99
Other payables - tax and social security payable	154	139
	700	540
Total trade and other payables	700	540

15. Deferred tax

No deferred tax assets have been recognised due to uncertainties over their ultimate recoverability.

16. Share capital

Allocated, called up and fully paid

	2015	2015	2014	2014
	Number	£'000	Number	£'000
<i>Ordinary shares of £0.01 each</i>				
At 1 January	20,625,994	206	17,759,600	177
Shares issued for cash during the year	6,316,346	63	2,500,000	25
Shares issued on conversion of loan	-	-	266,394	3
Shares issued for non-cash during the year	-	-	100,000	1
	26,942,340	269	20,625,994	206
At 31 December	26,942,340	269	20,625,994	206

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17. Share based payment

The company operates an EMI share option scheme for employees. The options are valid for 10 years from the date of grant. After satisfaction of any performance condition included in the award the options will become exercisable on the earlier of any of the following events:

- The third anniversary of the Date of Grant;
- On a change of Control of the Company as defined in the Plan rules;
- On a Sale or Disposal of the Company as defined in the Plan rules; or
- Following the exercise of discretion by the Board.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2015 WAEP		2014 WAEP	
	Number	Price (pence)	Number	Price (pence)
Outstanding at the beginning of the year	1,341,680	31.59	986,500	31.59
Granted during the year	1,360,889	50.00	355,180	31.59
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the year end	2,702,569	40.86	1,341,680	31.59
Exercisable at the year end	1,341,680	31.59	-	-

The options outstanding at the year-end are set out below:

Date of grant	Expiry date	Exercise Price (p)	2015		2014	
			Share options	Remaining life	Share options	Remaining life
24 July 2013	24 July 2023	31.59	986,500	8	986,500	9
29 May 2014	29 May 2024	31.59	177,590	9	177,590	10
19 August 2014	19 August 2024	31.59	177,590	9	177,590	10
25 September 2015	25 September 2025	50.00	1,360,889	10		

The company uses a Black Scholes model to estimate the cost of share options.

The following information is relevant in the determination of the fair value of options granted during the year. The assumptions inherent in the use of this model are as follows:

- The option life is the estimated average period over which the options will be exercised.
- There are no vesting conditions remaining which apply to the share options other than that they vest at the earlier of 3 years' continued service with the Group.
- No variables change during the life of the option (e.g. dividend yield remains zero).
- Volatility has been calculated over the 5 year period prior to the grant date by reference to the daily share price of comparable listed companies.
- Expectations of staff retention over the vesting period have been calculated by reference to the three year period prior to the grant date.

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The following options were granted during the year:

	2015	2014	
Date	25 September 2015	29 May 2014	19 August 2014
No.	1,360,889	177,590	177,590
Fair Value per Share (p)	42.0	40.0	47.8
Share Price on Grant Date (p)	63.5	42.0	50.0
Exercise Price (p)	50.0	31.59	31.59
Vesting Period	3 Years	3 Years	3 Years
Staff Retention Factor	90%	100%	100%
5 Year Volatility	100%	220%	220%
Risk Free Rate	0.583%	0.488%	0.488%
Total Fair Value (£)	514,783	71,036	84,888

The total expense recognised during the year by the Group, for all schemes, was £255,000 (2014: £162,000) of which £209,000 was recognised in respect of the shares that vested in the year and are Exercisable at year end (2014: £nil).

The weighted average remaining life of the options outstanding at the end of the year was 8.8 years (2014: 8.8 years).

No options were exercised during the period.

18. Leases

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

Other operating leases:

	2015 £'000	2014 £'000
Not later than one year	19	13
Later than one year and not later than five years	5	19
Later than five years	-	-
	24	32

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19. Related party transactions

Trading transactions

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Sales of goods		Purchase of goods	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Powa Technologies Limited	129	105	169	136
Bright Station Ventures Management Limited	-	-	-	13

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Powa Technologies Limited	12	-	17	16
Bright Station Ventures Management Limited	-	-	2	17

None of the amounts above are secured against any assets of the Group.

During the year Mr D M Wagner was a director of Powa Technologies Limited and Bright Station Ventures Management Limited.

Sales of services to related parties were made at the Group's usual list prices.

Details of the directors' emoluments, together with other related information, are set out in the Report of the Remuneration Committee. Other related party transactions are as follows:

	Type of transaction	Transaction amount		Balance owed	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Mr D H Weinberger	Loan repayment	-	-	8	-
Brightstation Ventures Ltd	Loan repayment	-	-	8	-

In 2014 loans outstanding to both Mr Weinberger and Brightstation Ventures Ltd were repaid.

The Company has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2015 regarding related party transactions.

20. Events after the balance sheet date

There are no material events to report after the balance sheet date.

21. Capital commitments

At 31 December 2015 the Group had no capital commitments (2014: £nil).

ATTRAQT Group PLC - Company

Report and financial statements for the period ended 31 December 2015

Company statement of financial position for the period ended 31 December 2015

	Note	At 31 December 2015 £'000	Restated At 31 December 2014 £'000
Non-current assets			
Investments	3	638	383
Current assets			
Other receivables	4	3,813	1,020
Total assets		4,451	1,403
Current liabilities			
Trade and other payables	5	15	68
Total liabilities		15	68
Net assets		4,436	1,335
Issued capital and reserves attributable to owners of the parent			
Share capital	6	269	206
Share premium		4,253	1,252
Share based payments reserve		477	222
Retained earnings		(563)	(345)
Total equity		4,436	1,335

The accompanying accounting policies and notes form an integral part of these financial statements.

Mark Johnson
Director
Date: 8 March 2016

ATTRAQT Group PLC - Company

**Company statement of changes in equity
for the period ended 31 December 2015**

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Restated Retained earnings £'000	Restated Total equity £'000
On incorporation	-	-	-	-	-
Loss for the year	-	-	-	(345)	(345)
Total comprehensive Income for the year	-	-	-	(345)	(345)
Share based payment reserve	-	-	222	-	222
Issue of share capital	206	1,252	-	-	1,458
31 December 2014	206	1,252	222	(345)	1,335
Loss for the year				(218)	(218)
Total comprehensive Income for the year	-	-	-	(218)	(218)
Share based payment reserve	-	-	255	-	255
Issue of share capital	63	3,001	-	-	3,064
31 December 2015	269	4,253	477	(563)	4,436

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The accompanying accounting policies and notes form an integral part of these financial statements

ATTRAQT Group PLC - Company

1. Accounting policies

The Company has applied the Group accounting policies consistently during the period.

Basis of preparation

The financial statements are for the period ended 31 December 2015. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2015 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Expense recognition

Expenditure is reported on an accruals basis. Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin

Financial Assets

Loans and receivables

The Company's loans and receivables comprise trade and other receivables in the statement of financial position. Their carrying value approximates fair value at both reporting dates.

Financial liabilities

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Restatement

The presentation of the share option charge of £222,000 has been restated to reflect the fact these options relate to employees of a subsidiary company and therefore the charge has been recognised as a capital contribution.

2. Company income statement

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's result after taxation for the financial year was a loss of £218,000 (2014 Restated: £345,000).

3. Investments

	At 31 December 2015 £'000	Restated At 31 December 2014 £'000
As at 1 January	383	-
Additions	255	383
Investments at 31 December	<u>638</u>	<u>383</u>

The subsidiaries of ATTRAQT Group PLC are as follows:

Name of subsidiary	Shareholding	Country of incorporation and principle place of business
ATTRAQT Limited	100%	UK
ATTRAQT Inc. (held through ATTRAQT Limited)	100%	USA

ATTRAQT Group PLC - Company

Investments in subsidiaries, associates and joint ventures are held in the Statement of Financial Position of the Company at historic cost less any allowance for impairment.

4. Other receivables

	2015 £'000	2014 £'000
Amounts owed by group undertakings	3,768	965
Prepayments	32	23
VAT	13	32
	<hr/>	<hr/>
Total trade and other receivables	3,813	1,020

The fair values of other receivables are not materially different to their carrying values.

5. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	15	67
Other payables	-	1
	<hr/>	<hr/>
Total trade and other payables	15	68

All financial liabilities held by the Company at 31 December 2015 are classified as held at amortised cost.

6. Share capital

	Issued and fully paid		Issued and fully paid	
	2015 Number	2015 £'000	2014 Number	2014 £'000
<i>Ordinary shares of £0.01 each</i>				
At 1 January (2014: On incorporation)	20,625,994	206	1	-
Share swap 100 for 1	-	-	17,759,599	177
Other issues for cash during the year	6,316,346	63	2,766,394	28
Other issues for non-cash during the year	-	-	100,000	1
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	26,942,340	269	20,625,994	206

On 14 May 2014 the Company entered into a share for share swap with ATTRAQT Limited at a rate of 100 new shares for every 1 share in ATTRAQT Limited. As a result the number of shares increased by 17,759,599 or £177,596.

The shares of the Company were listed on the Alternative Investment Market on 19 August 2014. On that date:

- 2,500,000 new shares were issued for cash at a price of 50 pence each;
- 100,000 shares were issued for non-cash consideration in lieu of fees;
- The provider of a loan of £45,000 exercised his right to convert this into shares. The Company issued 226,394 shares in exchange for the loan in accordance with the terms of the loan agreement entered into in December 2009.

ATTRAQT Group PLC - Company

On 2 December 2015 6,316,346 new shares were issued for cash at a price of 52 pence each.

7. Share based payments

For details of the share based payments please refer to the Group note 17.

8. Financial instruments

<i>Categories of financial instrument</i>	2015 £'000	2014 £'000
Current		
Other receivables	<u>3,768</u>	<u>965</u>
	<u>3,768</u>	<u>965</u>
Cash and cash equivalents - loans and receivables	<u>-</u>	<u>-</u>
Total loans and receivables	<u>3,768</u>	<u>965</u>
Trade and other payables	<u>15</u>	<u>68</u>
	<u>15</u>	<u>68</u>

9. Cash balances

ATTRAQT Group PLC does not hold bank accounts in its name. The Company's cash flow movements have been disclosed as part of the group financial statements on page 32.

ATTRAQT Group PLC - Company

Company information

Country of incorporation

United Kingdom

Legal form

Public limited company

Directors

Dan Wagner

André Brown

David Stirling (resigned 25 September 2015)

Ivor Dunbar

Edward Ewing

Robert Fenner

Mark Johnson (appointed 25 September 2015)

Nick Habgood (appointed 30 November 2015)

Secretary and registered office

M Johnson

14 Gray's Inn Road

London

WC1X 8HN

Company number

8904529

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

Barclays Bank Plc, Barclays Business Centre, 27 Soho Square, London, W1D 3QR

Lawyers

Taylor Wessing LLP, 5 New Street Square, London, EC4A 3TW