13 June 2018

Eckoh plc

("Eckoh" or the "Group")

Full year results for the year ended 31 March 2018

Results in line with expectations, with continued growth and strong US payments momentum

Eckoh plc (AIM: ECK), the global provider of secure payment products and customer contact solutions, is pleased to announce its final results for the year to 31 March 2018.

£m unless otherwise stated	FY18	FY17	*change*
Revenue	30.0	29.1	*3%*
Recurring Revenue %[1]	*76%*	*76%*	-
US revenue mix %	*37%*	*33%*	*+400 bps*
Gross profit	22.9	20.3	*13%*
Adjusted EBITDA[2]	6.5	5.8	*13%*
Adjusted operating profit[3]	5.3	4.3	*22%*
Adjusted operating profit margin	*17.7%*	*14.8%*	*290 bps*
Profit before taxation	2.4	1.6	*61%*
Diluted Earnings per share	1.03p	0.56p	*84%*
Proposed Full Year Dividend per share	0.55p	0.48p	*15%*
Net Cash	3.6	0.2	*n.m.*

Strategic highlights:

- Full year results in line with market expectations
- Growth in revenues, margin and profit
- US revenues up 16%, or 32% at organic local currency, representing 37% of Group revenues
- Excellent progress in US Secure Payments with revenues up 179% to $6.7m (FY17: $2.4m)
  - 12 payment contracts won worth $9.3m (FY17: nine contracts worth $8.3m)
  - Unrecognised payments revenue of $9.7m (FY17 $6.5m); encouraging pipeline for 2018
  - Two new 20-year patents awarded, underpinning all US payments revenue
- Year of transition in the UK
  - Restructured UK sales function and focus on larger strategic accounts bearing fruit
  - More than twice the number of contracts won in H2 compared to H1
  - Strong order book offering renewed momentum

Financial highlights:

- Revenues up 3% to £30.0m, or 7.6% at organic constant currency[4]
- Gross profit increased 13% to £22.9m (FY17: £20.3m)
- Adjusted operating profit[3] up to £5.3m (FY17: £4.3m)
- Profit before taxation £2.4m (FY: £1.6m)
- Balance sheet significantly strengthened with net cash of £3.6m (FY17 £0.2m)
- Increased proposed final dividend of 0.55p per share (FY17: 0.48p)

1. *Recurring revenue is defined as on-going revenue on a transactional basis, rather than revenue derived from the set-up and delivery of a new service or the delivery of hardware.*
2. *Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation, amortisation, finance income, finance expense, legal fees and settlement costs, and expenses relating to share option schemes and acquisitions.*
3. *Adjusted operating profit is the profit before adjustments for finance income, finance expense, legal fees and settlement costs, and expenses relating to share option schemes and acquisitions.*
4. *Organic constant currency (using last year exchange rates), excludes the closed Professional Services division and the acquired K2C division*

Current Trading:

- Two three-year UK contracts worth a combined £1.3m won in the insurance sector since period end
- Four-year US payment contract win worth $1.1m with large healthcare company since period end
- Significant increase in interest in Omni-channel offering and Chatbot technology

Nik Philpot, Chief Executive Officer, said:
"Eckoh is at the forefront of contact centre security and innovative customer engagement – two highly complementary propositions that drive long-term benefit for our customers. This is reflected in our performance, with growth in revenues, profit and margin. Our momentum in US Payments is particularly pleasing, where we are the market leader in contact centre security.

"In US Payments, given the size of the market opportunity, the quality of our patented products and the limited competition, we expect to see strong US growth over the coming years. After a year of transition, the UK operation has made good progress and is expected to return to growth this year. With the Group continuing to scale recurring revenues, and with our strong pipeline the Board remains confident in Eckoh's long-term prospects and continued growth in the year ahead."

For more information, please contact:

Eckoh plc
Nik Philpot, Chief Executive Officer — Tel: 01442 458 300
Chrissie Herbert, Chief Financial Officer
www.eckoh.com

FTI Consulting LLP — Tel: 020 3727 1000
Ed Bridges / Jamie Ricketts / Emma Hall / Darius Alexander
eckoh@fticonsulting.com

N+1 Singer (Nomad & Joint Broker)
Shaun Dobson, Lauren Kettle — Tel: 020 7496 3000
www.n1singer.com

Berenberg (Joint Broker)
Ben Wright, Chris Bowman, Mark Whitmore — Tel: 020 3207 7800
www.berenberg.de/en

About Eckoh plc
Eckoh is a global provider of secure payment products and customer contact solutions, supporting an international client base from its offices in the UK and US.

Our secure payments products help our customers take payments securely from their clients through multiple channels. Our products, which include the patented CallGuard, can be hosted in the Cloud or deployed on the client's site and remove sensitive personal and payment data from contact centres and IT environments. Our products offer merchants a simple and effective way to reduce the risk of fraud, secure sensitive data and become compliant with the Payment Card Industry Data Security Standards ("PCI DSS") and wider data security regulations. Eckoh has been a PCI DSS Level One Accredited Service Provider since 2010, processing over £1bn in card payments annually.

Eckoh's customer contact solutions enable enquiries and transactions to be performed on whatever device the customer chooses, allowing organisations to increase efficiency, lower operational costs and provide a true Omni-channel experience. We also assist organisations in transforming the way that they engage with their customers by providing support and transition services as they implement our innovative customer contact solutions.

Our large portfolio of clients come from a broad range of vertical markets and includes government departments, telecoms providers, retailers, utility providers and financial services organisations.

Introduction

I am pleased to report a year of growth for Eckoh, and a particularly strong performance in the United States as we scale our Secure Payments proposition.

Our momentum in US Payments is pleasing, where we are the market leader in contact centre security. Another strong year of US Secure Payments contract wins was further strengthened by many of our largest Secure Payments deployments successfully going live, which gives us positive case studies and customer references that we can leverage for further new customer growth. In US Payments, given the size of the market opportunity, the quality of our patented products and the limited competition, we expect to see strong US growth over the coming years.

As outlined at the half year, trading in the UK has been more challenging, but the changes we have made halfway through the year to the sales team and further organisational changes at the beginning of this year have resulted in a marked improvement and renewed activity both direct and via channel partners. Second half sales performance and contract wins were significantly improved on the first half and the pipeline is strong. Whilst the Group did not secure any new contracts through the Capita channel during the year, for the first time since our partnership started five years ago, current activity levels give us cause for optimism that this year will see a more normal picture and improved performance. As a result, in overall terms we would anticipate that the UK operation will have a stronger year than last.

Highly complementary and attractive proposition

Eckoh's go-to-market proposition encompasses two highly complementary areas: secure payments products and customer contact solutions. We continue to see good demand in both areas, as customers recognise the value of our combined offering. With the recent arrival of the General Data Protection Regulation ("GDPR"), we anticipate further demand for our proposition, as businesses are required to increase their commitment to best-in-class data protection and focus on greater levels of compliance with security regulation.

Our proposition comprises two key parts:

- The Group's patented Secure Payment products remove sensitive personal and payment data from IT environments and contact centres. This helps organisations to reduce the risk of fraud; secure sensitive data; comply with the Payment Card Industry Data Security Standards ("PCI DSS") and wider security regulations such as GDPR. Our Secure Payments products are generally straightforward to deploy; enjoy extremely high renewal rates and provide an excellent platform from which to cross-sell other Eckoh solutions to our customer base.

- The Group's Customer Contact solutions help organisations transform the way they engage with their customers by enabling enquiries and transactions to be performed on whatever device the customer chooses, through whatever form of communication. Eckoh's proposition includes interactive voice, web, email, SMS, mobile, web chat, chatbots and social media, enabling our clients to increase efficiency, lower operational costs and provide a true Omni-channel experience.

Contracts for both propositions are typically multi-year in length and have a high proportion of recurring charges, usually underpinned by minimum commitments. Eckoh's two key markets are the UK and US, although the Group also sells its secure payment products in other international markets. In the UK, almost all solutions are delivered from Eckoh's hosted managed service platform, whilst in the US customers are currently more predicated to deploy our solutions on site.

In the UK the Group sells its full portfolio of services and over the course of the last 15 years has built a client base of 90[1] customers, many of which have been with the Group for more than a decade. Of these 90 clients, 45% take a combination of both our Payment services and Customer Contact solutions.

In the US, a territory that Eckoh entered only four years ago, the Group's focus is on products where we have the greatest differentiation and the least competition – such as secure payments, contact centre infrastructure support and our browser-based agent desktop tool, Coral. It is anticipated that we will be taking some of the Omni-channel offering, notably web chat incorporating secure payments, into the US market this year.

1. *Clients who each generate more than £25,000 of revenue per annum.*

A significant and largely untapped market opportunity

Our target market both in the UK and US is any sizeable enterprise or organisation that either transacts or engages with its customers at scale and at volume. This activity will usually be supported either by an in-house or outsourced contact centre provider. The greater the volume of transactions or customer engagement activity that organisation has, the more attractive they are to Eckoh, and the larger the contact centre operation supporting the organisation is likely to be.

The contact centre industry in the UK and US is so large that, in each case, it represents around 4% of the entire workforce, and the industry continues to grow. According to ContactBabel, at the end of 2017 there were 6,200 contact centres in the UK with 770,000 agent seats employing nearly 1.3 million staff. We typically target organisations that utilise contact centres with more than 50 agent seats and this represents over 2,500 in number and over 500,000 agent seats. With 90 clients each generating more than £25k of annual revenue, we cover just over 3% of our addressable UK market.

The US market is five times larger than the UK with over 40,000 contact centres and over 3.6 million agent seats, employing 6 million staff. There are 14,000 US contact centres with more than 50 seats, representing 2.9 million agent seats in total. With a base of 46[1] clients in the US today (FY17: 41) we cover less than 1% of our addressable US market.

With regulation tightening and the financial impact of data breaches and fraud growing, organisations around the world are increasingly looking for ways to secure themselves and we see that trend only continuing. Information security budgets and remit is broadening, and this can only benefit Eckoh with our payments proposition enabling companies to effectively remove the risk of data breach from some of the most challenging parts of their businesses. With so little of our target market currently addressed, and with very limited competition to our offering, this represents a huge opportunity for Eckoh in the coming years.

But mining this potentially huge opportunity requires a disciplined approach. As a result, we are focusing our sales and R&D resources on segments where clients prioritise the volume or value of payment transactions, the sensitivity of the data handled or the level of engagement with the customer. Our priority sectors include companies in the insurance, retail and distribution, financial services, transport and travel, healthcare and utilities industries.

A clear growth strategy

Our strategic objectives reflect our aim to become the global leader in our areas of expertise, and in particular, Secure Payments in the US.

Our objectives include:

- Expanding our US footprint and the size of our team to capitalise on the fast-growing market for secure payment opportunities
- Broadening channel partnerships in both UK and US markets
- Continuing to extract value from the businesses acquired in recent years
- Continuing to invest in R&D to underpin next generation product development; protect and enhance our proprietary technologies; and maintaining our market leading position
- Maximising client value through cross-selling
- Continuing to evaluate acquisition opportunities that can support our growth strategy, where timely and accretive, but on an opportunistic basis

Operational Review

US Division (37% of Group revenue, 57% recurring revenue[2])

This was a strong performance from the US Division. Revenue from US operations increased by 14% to £11.1m (FY17: £9.7m) and now represents 37% of Group revenues. Included in the results for last year was the closed Professional Services activity (FY17: $1.6m). Excluding the closed Professional Services activity, US division grew by 32% year on year.

1. *Clients who each generate more than $35,000 of revenue per annum.*
2. *Recurring revenue is defined as on-going monthly revenue, rather than revenue derived from the set-up and delivery of a new service or the delivery of hardware.*

In the US, the Group focuses on three activities where we have the greatest differentiation and the least competition: Secure Payments; Support (of contact centre infrastructure); and Product (notably Coral, an Omni-channel contact centre agent desktop product).

- **Secure Payments** revenue more than doubled (179% increase) to $6.7m (FY17: $2.4m), representing 46% of the US division's revenue compared to 20% for the same period last year.

- **Support** revenue accounted for 39% of revenue in the period at $5.8m and decreased by 3% year on year (FY17: $6.0m).

- **Coral product** had revenue of $1.7m in the period and decreased by 26% year on year (FY17: $2.2m) and other product revenues in the period were $0.5m (FY17: $0.3m).

The US division continues to strengthen its base of contracted revenues and enters the new financial year with a monthly run rate of revenue from existing customers at the period end of $1.0m (FY17: $0.7m). Recurring revenues for the year in the US were improved to 57% (FY17: 54%) and this is anticipated to grow further in the coming year as the focus remains on securing long term 'Opex' contracts and the proportion of revenue from secure payments increases.

Excellent progress has been made in Secure Payments with new contract numbers and total contract value increasing once again. We have moved our contracts almost entirely to the 'SaaS style' (which we refer to as 'Opex' pricing) as our preferred model, and in the period all but one of the new contract wins were of this nature. With this model, typically 15%-35% of the contract value is recognised over the implementation period, which can be between six to eight months for our patented, on-site tokenisation solution, CallGuard, which is selected by most of our US clients. The balance of the revenue is recognised equally each month over the remainder of the contract once the solution is operational, which is generally three years.

The Opex method of pricing provides the Group with greater visibility on future revenues and higher levels of recurring revenue in line with the UK financial model. This is compared to the 'Capex pricing', where customers would pay 65%-70% of the contract up front for the implementation of their service followed by a three-year annual support and maintenance contract representing the remaining 30%-35%.

Over the last two years the change in contracting strategy for payment clients has been extremely successful as shown in the table below;

	Contract wins	Total Contract Value	Average Contract Value	Capex Pricing	Opex Pricing
FY15	5	$0.3m	$53K	5	Nil
FY16	9	$1.6m	$173K	8	1
FY17	9	$8.3m	$918K	2	7
FY18	12	$9.3m	$776k	1	11

During the year, twelve contracts were secured with a total contract value of $9.3m (FY17: $8.3m). We have stated that we expect average contract values for direct sales to generally be in the range of $700k-$750k. Our average contract value this year was slightly above the level we typically expect and was, as expected, lower than last year's average, which was distorted by a large contract worth $3.7m. The total of unrecognised payments revenue, our Secure Payments Order Book, as at 31 March 2018 is $9.7m (FY17: $6.5m), which will largely be recognised over the next three years.

We have successfully gone live during the period with many of our larger implementations and this has provided us with excellent customer references in many of our key sectors. This is helping us achieve a high win rate in competitive sales processes and as an illustration since the period end we have won a four-year contract worth $1.1m with a very large healthcare company through such a process. We currently have more live US secure payments customers than any of our narrow universe of competitors, and these customers are typically large household names. A particularly significant new contract this year was with a well-known US retailer who had previously suffered a very large data breach relating to card data. To be chosen by such a customer who is acutely aware of the importance of managing data securely, supports our belief that we are the established market leader.

Our payment products have been developed and evolved over many years and in February 2018 we secured two further US patents, which means that all our US payments revenue is now under-pinned by at least one patent (see the Innovation section for more detail).

This year we expect to increase our pipeline and sales from our US partner channel, and to support this strategy we have employed a Head of Channel Sales. We have added a small number of new partners so far this calendar year, but we are focused on only adding partners that we believe will be able to deliver a sustainable volume and scale of opportunities in our target market. It is not our intention to pursue partners who may deliver high numbers of small deals. Given the scale of the opportunity in the US, the Group is focused on the largest value opportunities due to the disproportionate level of effort and cost required for low value customers.

In Support, where we provide expert third party support for Contact Centre infrastructure from vendors such as Avaya, Cisco, Genesys and Aspect guidance, revenue declined by 3%. This was mainly due to one of our largest customers reducing the overall level of support they required in the second half of the year. The average length of a specific support engagement is three years, but many of our customers take multiple support contracts so the overall relationship can last for much longer and given the nature of the service we provide it is very common for us to contract with historic customers after a break of some years. We continue to pursue new Support opportunities and see this activity as an important part of our US strategy as we seek to leverage the team who work in Support across our other sales channels. Our customers in this area are typically large enterprises and as such can often be excellent prospects for both our Secure Payments and Coral product, as seen from the lucrative contracts the Group has won through cross selling.

The third of our sales activities is our browser-based agent desktop tool Coral, which increases efficiency and reduces Average Handling Time (“AHT”) by bringing all agent communications into a single screen. It also enables organisations, particularly those which have grown by acquisition, to standardise their Contact Centre facilities, as Coral can be implemented in environments that operate on entirely different underlying technology. In the year, revenues declined by 26%, reflecting no additional licence sales for the Coral product but as stated previously, the exact timing of licence orders is unpredictable. However, one of our largest US customers has approved Coral as its standard agent desktop, so the expectation is that there will be significant future licence orders, although the timing is uncertain. Eckoh has been the exclusive reseller for Coral since the product was launched some years ago and in the period the contract has been renewed for a six-year period, with the exclusive arrangement in place until at least 2021.

UK Division (63% of Group revenue, 86% recurring revenue[1])

In the UK, revenue decreased by 2% to £18.8m (FY17: £19.4m). Recurring revenue was 86% in the year (FY17: 87%), with the small reduction reflecting the improvement in new business in the second half of the year and the implementation fees recognised. The UK business had an exit monthly recurring revenue run rate of £1.4m, in line with last year. Gross margins in the UK have improved to 85% (FY17: 83%).

The UK operation had a somewhat disappointing performance compared to recent years, with a weak sales performance in the first half of the year and lower than expected new activity from our channel partners, notably Capita.

To improve our focus and performance, we have taken swift and decisive action to restructure our UK sales team. This led to a much-improved second half performance with nine new contracts won. These contracts came from important sectors including healthcare, insurance, retail, telecoms and payments. One of the payment contract wins was with a subsidiary of one of our new US customers, pointing to a growing trend of companies looking to standardise their secure payments with the same supplier on an international basis. Since period end the improved performance has continued with contract wins including two three-year deals in the insurance sector worth a total of £1.3m.

We now have 90 (FY17: 87) UK clients who each generate more than £25k revenue per annum, more than twice the level we had four years ago (FY14: 43). The largest contract renewal this year was with Tenpin, for a further three years to December 2020, to provide both Secure Payments and Customer Contact Services.

Of these UK clients, those who only take Secure Payment services represented 28% (FY17: 23%), whilst those only taking Customer Contact solutions accounted for 27% (FY17: 33%). This means the largest segment at 45% (FY17: 44%) take a combined solution of both Payment and Customer Contact and the average contract value of these clients is £521k, significantly higher than the overall average client contract

1 Recurring revenue is defined as on-going monthly revenue, rather than revenue derived from the set-up and delivery of a new service or the delivery of hardware.

value of £205k per annum and higher than contracts for just one of our services. Cross selling to existing clients in this way is a key part of the Eckoh strategy, not only to drive incremental revenue but to continue the trend of extremely high levels of client retention and to increase the lifetime value of the customer.

Partnerships remain an important channel to market for us and our largest partners are Capita, BT and Teleperformance. In the period 32% of revenue came through partners. Capita has been a key partner over the last five years and this was the first year since our partnership began not to result in a new contract. We had started working on a new opportunity with Capita in the latter part of the year that ultimately did not come to fruition, but we are hopeful following their successful restructuring earlier this year that the relationship will once again begin delivering sizeable contracts. We have renewed our partnership agreement with our long-standing partner BT for a further three years and our relationship with Teleperformance, which to date has predominantly been for our Omni-channel solutions, has strengthened and we now have two of their customers who have contracted for our full product suite, one of which is Her Majesty's Passport Office. We also have strategic relationships with specialists like allpay, who provide payment services to housing associations, and during the year we have supplied, through allpay, secure payment services to eight more of their associations.

With GDPR having come into force in May 2018 organisations face the prospect of very significant fines for non-compliance and need to take even greater steps to secure their customer's personal data. Eckoh is well placed to assist in that regard with our solutions which ensure that personal data including card data is handled compliantly and removed or de-scoped from our clients' IT environment.

Innovation

In February, the US Patent and Trademark Office granted us two further 20-year patents for our industry-leading contact centre security solution, CallGuard.

In 2015, Eckoh was awarded a US patent for part of its CallGuard offering but these new awards will ensure that all current Eckoh US payments revenue and future contracts will be protected by at least one Eckoh patent. With $18m of US payments contracts won in the last two years, and the US market growing rapidly, this protection of Eckoh's intellectual property is strategically vital in ensuring we continue to lead this key market.

The first new CallGuard patent was for Eckoh's tokenisation process that automatically replaces real card payment data or other personal data such as Social Security numbers with valueless 'placeholders' thereby encrypting and protecting customer's sensitive data. These placeholders can flow safely through a contact centre's telephony and data networks, reducing the risk of hacking and ensuring agents are not exposed to customers' sensitive data. The second patent was for transformational technology that uses both voice biometrics to authenticate a caller, and a phone 'footprint' to authenticate the caller's mobile device. This dual authentication mechanism will provide a more secure way for merchants to verify that the caller is the genuine cardholder and reduce the risk of fraud.

In the UK the development team are working on integrating the Omni-channel technology that was obtained through the acquisition of Kick2Contact ("K2C") in July 2016 into the core Eckoh platform. With a two-year earn out in place on the K2C acquisition it has not been feasible to commit significant technical resources from the K2C team until now. Once complete this will allow us to deliver a fully integrated customer engagement solution, branded as the Eckoh Experience Portal ('EXP'), with information about activity made through any channel shared in real-time across our platform. We will also be able to provide conversational interfaces in both the voice and web channels utilising a common knowledge base and leveraging artificial intelligence where required. We see this use of new Chatbot technology working in tandem with our long-established speech recognition services as a key driver of new business over the coming years.

Board Changes

In May 2017 we were pleased to welcome Chrissie Herbert to the Board as Chief Financial Officer, and in June 2017 Christopher Humphrey as a Non-Executive Director. Christopher was appointed as Chairman at the AGM in September 2017. In December 2017, we were pleased to appoint David Coghlan as a Non-Executive Director; David brings with him extensive experience with technology companies in the business-to-business field. In December 2017 Peter Simmonds retired from the Board.

Current Trading and Outlook

The new financial year has started in line with expectations, with the Group continuing to scale US operations, and seeing early benefits from an improved UK sales performance, continuing the momentum from the second half of the 2018 financial year. We have strong sales pipelines in both markets with excellent revenue visibility from recurring revenue. This, allied with high client retention rates, give the Board confidence that the long-term prospects for Eckoh remain extremely positive.

Financial Review

Revenue

Revenue for the year increased by 3.2% to £30.0m (FY17: £29.1m) and adjusted operating profit for the year was 21.9% higher at £5.3m (FY17: £4.3m). At constant exchange rates, using last years rates and adjusting for the closed Professional Services activity in the prior year and the acquired K2C business, revenue increased by 7.6%. Adjusted operating profit, after adjusting for the loss from the closed Professional Services activity in the prior year, increased year on year by 5.0%. Earnings per share increased by 80% to 1.08 pence per share (FY17: 0.60 pence per share).

Divisional Performance

Revenue in the UK, which represents 63% (FY17: 67%) of total group revenues, decreased by 2.2% to £18.9m (FY17: £19.4m). The US business represented 37% (FY17: 33%) of total group revenues and revenues increased in the period by 14.0% to £11.1m. Revenues in local currency and excluding the closed Professional Services division grew by 32% year on year.

	FY18 (UK) £000	**FY18 (US) £000**	**FY18 Total £000**	FY17 (UK) £000	FY17 (US) £000	FY17 Total £000
Revenue	**18,937**	**11,068**	**30,005**	19,371	9,707	29,078
Gross Profit	**16,101**	**6,784**	**22,885**	16,133	4,194	20,327
Gross Profit %	**85%**	**61%**	**76%**	83%	43%	70%

Gross Profit

The Group's gross profit increased year on year by 12.6% to £22.9m (FY17: £20.3m), with gross profit margin increasing in both the UK and the US division. Margins within the US division have typically been lower than those seen in the Eckoh UK business due to the nature of its offering, however, as anticipated the gross profit margin has increased to 61% (FY17: 43%). As the business mix continues to move to Secure Payments, the growth area of the division, it is anticipated that we will continue to see gross margins increase to the same extent they have increased in the underlying business after the closure of the Professional Services activity. Because of this increased proportion of high margin activity, it is anticipated that reported gross margins for the Group should also increase.

Profitability Measures

Adjusted operating profit increased for the year by 21.9% to £5.3m (FY17: £4.3m) and adjusted EBITDA for the year increased by 13.3% to £6.5m (FY17: £5.8m). In the previous year there were losses of £0.7m incurred for the now closed Professional Services activity. In the year ended 31 March 2018, the deferred consideration in relation to the K2C earn-out has been released. Profit before tax increased from £1.6m to £2.4m, an increase of 50%.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit before tax	**2,435**	1,623
Amortisation of acquired intangible assets	**2,329**	2,186
Legal fees and settlement costs	**595**	-
Transactions relating to acquisitions	**-**	319
Expenses relating to share option schemes	**793**	24
Interest receivable	**(34)**	(43)
Change in contingent consideration	**(975)**	-
Finance charges	**118**	205
Adjusted operating profit	**5,261**	4,314
Amortisation of intangible assets	**325**	433
Depreciation	**914**	1,059
Adjusted EBITDA	**6,500**	5,806

Legal fees and settlement costs
As disclosed in last year's Annual Report and the Interim Statement in November 2017, in the financial year ended 31 March 2017 the Group received a legal claim from a client that had discontinued a project related to the closed Professional Services division. The Group has vigorously defended the claim, however, in the year ended 31 March 2018 we have chosen to settle the claim to bring this matter to a close. The settlement and legal costs were £0.6m. The Group is not aware of any other contractual commitments from the closed Professional Services division.

Statement of financial position
Whilst Eckoh continue to innovate by developing new products and features such as those detailed in the Chief Executive's Review, little of this is capitalised on the balance sheet with only £0.3m (FY17: £0.2m) added in the year to the value of the intangible fixed assets of the Company. Whilst taking a prudent approach to capitalising salary cost reduces reported profit, management believes this approach gives an accurate reflection of the trading performance of the Company.

Change in contingent consideration
For the financial year ended 31 March 2018 finance income includes a credit of £975k relating to the K2C contingent consideration.

Finance charges
For the financial year ended 31 March 2018, the net interest charge was £118k (FY17: £205k). In the full year ended 31 March 2017, included within finance expenses was a charge of £63k relating to the unwinding of the discount on the contingent consideration for the acquisition of K2C. No such charges were incurred for the financial year ended 31 March 2018.

Taxation
For the financial year ended 31 March 2018, there was a tax credit of £225k (FY17: 184k charge). This is principally due to the US tax rate of 21% enacted at the Balance sheet date of 31 March 2018. This resulted in a tax credit for deferred tax of £350k in the period.

Earnings per share
Basic earnings per share was 1.08 pence per share (2017: 0.60 pence per share). Diluted earnings per share was 1.03 pence per share (2017: 0.56 pence per share).

Cashflow and liquidity
Net cash at 31 March 2018 was £3.6m, an improvement of £3.4m from 31 March 2017 of £0.2m. In the period the Company has repaid £1.3m of the loans outstanding to Barclays Bank in accordance with the terms of the loan. During the year, there has been a net cash inflow for trade debtors and trade creditors of £0.4m (FY17: (£3.4m) cash outflow). In addition, a dividend payment of £1.2m was made in November 2017.

Dividends
Post year end the Directors are recommending that a final dividend for the year ended 31 March 2018 of 0.55 pence per ordinary share be paid to the shareholders whose names appear on the register at the close of business on 28 September 2018, with payment on 26 October 2018. The ex-dividend date will be 27 September 2018. This recommendation will be put to the shareholders at the Annual General Meeting. Based on the shares in issue at the year-end, this payment would amount to £1.4m.

Prior Year Restatement
The company has reviewed the way the goodwill and intangible assets and the related deferred tax liability for the acquisition of PSS Inc in the year ended 31 March 2016 has been accounted for. At the point of acquisition on 17 November 2015, the Goodwill and intangible assets of both the US and UK business of PSS were translated into sterling and held in the Company. On further analysis the proportion of the Goodwill and intangible assets relating to the US business of PSS Inc (87% of the business) should have been held in US dollars in accordance with IAS 21. Accordingly balance sheet and statement of change in equity figures in prior years have been restated, further details are included in note 1.

Consolidated statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 March 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Continuing operations					
Revenue	2		**30,005**		29,078
Cost of sales			**(7,120)**		(8,751)
Gross profit	2		**22,885**		20,327
Administrative expenses before expenses relating to share options schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets		**(17,624)**		(16,013)	
Profit from operating activities before expenses relating to share option schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets		**5,261**		4,314	
Amortisation of acquired intangible assets		**(2,329)**		(2,186)	
Transactions relating to acquisitions		**-**		(319)	
Legal fees and settlement costs		**(595)**		-	
Expenses relating to share option schemes		**(793)**		(24)	
Total Administrative expenses	2		**(21,341)**		(18,542)
Profit from operating activities	2		**1,544**		1,785
Finance charges			**(118)**		(205)
Change in contingent consideration			**975**		-
Interest receivable			**34**		43
Profit before taxation			**2,435**		1,623
Taxation credit / (charge)			**225**		(184)
Profit for the year			**2,660**		1,439

	2018 £'000	2017 £'000 (restated – note 1)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	**(907)**	845
Other comprehensive income for the year, net of income tax	**(907)**	845
Total comprehensive income for the year attributable to the equity holders of the parent company	**1,753**	2,284

	Notes	2018	2017
Profit per share (pence)			
Basic earnings per 0.25p share	4	**1.08**	0.60
Diluted earnings per 0.25p share	4	**1.03**	0.56

Consolidated statement of financial position
as at 31 March 2018

	Notes	**2018**	2017	2016
		£'000	£'000 (restated – see note 1)	£'000 (restated – see note 1)
Assets				
Non-current assets				
Intangible assets		**7,959**	10,900	9,547
Tangible assets		**4,703**	5,023	5,376
Deferred tax assets		**3,533**	3,578	4,774
		16,195	19,501	19,697
Current assets				
Inventories		**724**	713	748
Trade and other receivables		**9,835**	11,557	9,127
Cash and cash equivalents		**8,164**	6,083	6,617
		18,723	18,353	16,492
Total assets		**34,918**	37,854	36,189
Liabilities				
Current liabilities				
Trade and other payables		**(7,885)**	(9,155)	(10,676)
Other interest-bearing loans and borrowings		**(1,300)**	(1,300)	(1,000)
		(9,185)	(10,455)	(11,676)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(3,250)**	(4,550)	(3,750)
Contingent consideration		**-**	(975)	-
Deferred tax liabilities		**(674)**	(1,383)	(1,684)
		(3,924)	(6,908)	(5,434)
Net assets		**21,809**	20,491	19,079
Shareholders' equity				
Share capital		**631**	611	600
ESOP Reserve		**(238)**	(83)	(17)
Capital redemption reserve		**198**	198	198
Share premium		**2,640**	2,660	2,612
Merger reserve		**2,697**	2,697	2,353
Currency reserve		**329**	1,236	391
Retained earnings		**15,552**	13,172	12,942
Total shareholders' equity		**21,809**	20,491	19,079

Consolidated statement of changes in equity
For the year ended 31 March 2018

	Share capital	ESOP reserve	Capital redemption reserve	Share premium	Merger reserve	Retained earnings	Currency reserve	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2016 (as previously reported)	600	(17)	198	2,612	2,353	12,942	157	18,845
Restatement (note 1)	-	-	-	-	-	-	234	234
Balance at 1 April 2016 (restated)	**600**	**(17)**	**198**	**2,612**	**2,353**	**12,942**	**391**	**19,079**
Total comprehensive income								
Profit	-	-	-	-	-	1,439	-	1,439
Retranslation (restated)	-	-	-	-	-	-	845	845
Total comprehensive income (restated)	**-**	**-**	**-**	**-**	**-**	**1,439**	**845**	**2,284**
Transactions with owners of the Company								
Contributions and distributions								
Dividends paid in the year	-	-	-	-	-	(1,084)	-	(1,084)
Shares issued on acquisition of Klick2Contact EU Ltd	2	-	-	-	344	-	-	346
Shares transacted through Employee Benefit Trust	-	16	-	5	-	(14)	-	7
Purchase of own shares	-	(82)	-	-	-	-	-	(82)
Shares issued under the share option schemes	9	-	-	43	-	-	-	52
Share based payment charge	-	-	-	-	-	132	-	132
Deferred tax on share options	-	-	-	-	-	(243)	-	(243)
Total contributions and distributions	**11**	**(66)**	**-**	**48**	**344**	**(1,209)**	**-**	**(872)**
Total transactions with owners of the Company	**11**	**(66)**	**-**	**48**	**344**	**(1,209)**	**-**	**(872)**
Balance at 31 March 2017 (restated)	**611**	**(83)**	**198**	**2,660**	**2,697**	**13,172**	**1,236**	**20,491**

Consolidated statement of changes in equity (continued)
For the year ended 31 March 2018

	Share capital £'000	ESOP reserve £'000	Capital redemption reserve £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Currency reserve £'000	Total shareholders' equity £'000
Balance at 1 April 2017 (restated)	611	(83)	198	2,660	2,697	13,172	1,236	20,491
Total comprehensive income								
Profit	-	-	-	-	-	2,660	-	2,660
Retranslation	-	-	-	-	-	-	(907)	(907)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,660**	**(907)**	**1,753**
Transactions with owners of the Company								
Contributions and distributions								
Dividends paid in the year	-	-	-	-	-	(1,209)	-	(1,209)
Shares transacted through Employee Benefit Trust	-	1	-	-	-	(49)	-	(48)
Purchase of own shares	-	(156)	-	-	-	-	-	(156)
Shares issued under the share option schemes	20	-	-	(20)	-	-	-	-
Share based payment charge	-	-	-	-	-	554	-	554
Deferred tax on share options	-	-	-	-	-	424	-	424
Total contributions and distributions	**20**	**(155)**	**-**	**(20)**	**-**	**(280)**	**-**	**(435)**
Total transactions with owners of the Company	**20**	**(155)**	**-**	**(20)**	**-**	**(280)**	**-**	**(435)**
Balance at 31 March 2018	**631**	**(238)**	**198**	**2,640**	**2,697**	**15,552**	**329**	**21,809**

Consolidated statement of cash flows
for the year ended 31 March 2018

	Notes	**2018 £'000**	2017 £'000
Cash flows from operating activities			
Cash generated in operations	4	**5,844**	2,475
Taxation		**(3)**	(263)
Net cash generated in operating activities		**5,841**	2,212
Cash flows from investing activities			
Purchase of property, plant and equipment		**(646)**	(598)
Purchase of intangible fixed assets		**(323)**	(200)
Proceeds from sale of intangible fixed assets		**6**	18
Interest paid		**(118)**	(142)
Interest received		**34**	43
Acquisition of subsidiary, net of cash acquired		**-**	(1,860)
Net cash utilised in investing activities		**(1,047)**	(2,739)
Cash flows from financing activities			
Dividends paid		**(1,209)**	(1,084)
Proceeds from new loan		**-**	6,500
Repayment of borrowings		**(1,300)**	(5,400)
Purchase of own shares		**(156)**	(82)
Issue of shares		**-**	52
Shares acquired/sold by Employee Benefit Trust		**(48)**	7
Net cash generated in financing activities		**(2,713)**	(7)
Increase /(decrease) in cash and cash equivalents		**2,081**	(534)
Cash and cash equivalents at the start of the period		**6,083**	6,617
Cash and cash equivalents at the end of the period		**8,164**	6,083

1. Basis of preparation

The preliminary results of Eckoh plc have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") in issue as adopted by the European Union and effective at 31 March 2018. These statements do not constitute the Company's statutory accounts within the meaning of section 435 of the Companies Act 2006, but have been derived from those accounts.

Statutory accounts for the year ended 31 March 2017 have been delivered to the Registrar of Companies but those for the year ended 31 March 2018 have not yet been delivered.

The auditors have reported on the accounts for the year ended 31 March 2018; their report was not qualified, did not include references to any matters to which the auditors drew attention to by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The preliminary announcement complies with the recognition and measurement criteria of IFRS, and with the accounting policies of the Group which were set out on pages 48 to 55 of the 2017 annual report and accounts. No subsequent material changes have been made to the Group's accounting policies with selected accounting policies included below.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report.

The Directors' review newly issued standards and interpretations in order to assess the impact (if any) on the Financial Statements of the Group in future periods. IFRS *15 Revenue from Contracts with Customers*, will be effective for the year ending 31 March 2019 and its adoption is deemed to be significant for the Group. The review of IFRS15 is ongoing and the Directors are cognisant of industry practice, which is constantly evolving, that could impact the Group in its implementation; however, based on the current position the Directors have undertaken an assessment of the impact of the standard on the Group based on the standard's latest authoritative guidance. The Group will adopt IFRS 15 on 1 April 2018 and anticipates applying the standard on a fully retrospective basis. For the accounting period beginning on 1 April 2018 the standard will be adopted and the prior year comparison will be restated subject to the application of one or more of the practical expedients available in the standard.

IFRS15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. The Group has undertaken a review of all the services and products the Company provides and the main types of commercial arrangements used with each service and product. Both the UK and the US business will be impacted by IFRS 15 and the most significant impact of implementing the standard is for the hosted Customer Contact solutions and Secure Payment solutions, which are in effect a hosted solution. The most significant effects identified are as follows:

- Revenue for implementation fees for our hosted Secure Payments solution and hosted Customer Contact services; and revenue for hardware and implementation fees for our onsite Secure Payments Audio Tokenisation solution, will no longer be recognised at the point of delivery of hardware or implementation fees recognised as the project is being delivered. Under IFRS 15 these revenues will be deferred to later periods. Only once the solution has been delivered to the client will revenue begin to be recognised and then it will be spread evenly over the term of the contract. The costs directly attributable to the delivery of the hardware and the implementation fees will be capitalised as 'costs to fulfil a contract' and released over the contract term, thereby also deferring costs to later periods. The impact of this standard means 15%-35% of total contract value, which would have been recognised in the 3–12 month period after contract signing, will be delayed for a minimum of 3-12 months before any revenue is recognised. Once revenue starts to be recognised it will be spread on average over 3 years, the average length of contracts. The impact is to delay revenue recognition of these specific fees by up to 4 years in total.

- Where contract modifications take place, these are currently recognised as revenue at the point the modification is delivered to the client. Under IFRS 15 consideration will need to be given as to whether these are for services that are distinct from the original contract. Where they are treated as a continuation of the original contract, there may be a cumulative adjustment to revenue at the point the modification was delivered to the client, with a portion of the modification fees being recognised over the remainder of the contract term.

The underlying business model and the market opportunity that Eckoh has is not impacted by IFRS 15 nor is cash generation of the business. In addition, in the US business, the revenue for the Support, Coral and Other Product are not impacted by IFRS 15, nor is the revenue impacted from CallGuard On-Site, the Group's entry level Secure Payment product for PCI compliance.

The Company estimates, the impact of adoption of IFRS 15 for the year ended 31 March 2018 would be to defer £3.7m of revenue and costs of £1.3m in to future periods. The net impact is to reduce retained earnings by £2.4m, increase deferred liabilities by £3.7m and increase deferred assets by £1.3m. The development of these estimates has been performed outside of the Group's underlying financial systems. As a result, on full transition the actual impact may differ from the amounts disclosed once individual transactions have been processed. The Directors will continue to monitor industry practice and experience of implementation and update its assessment of the impact for the Group as appropriate.

Cashflow from operating activities is not impacted nor is the Company's ability to pay dividends.

The Company uses a number of key KPI's to monitor the performance of the business. These will be impacted over the initial 3-4 years following adoption of IFRS 15, as follows:

- Recurring revenue will initially increase by approx. 10 percentage points and over the subsequent 3-4 years following adoption of IFRS 15 will gradually fall back to somewhat higher than current levels due to the anticipated growth of the US secure payments;
- Operating profit margin, which for the year ended 31 March 2018 was 18%, will initially decrease by approx. 12% to 6% and over the subsequent 3-4 years following adoption of IFRS 15, will increase to at least current levels due to the anticipated growth of US secure payments;
- US Secure Pay total contract value will not be impacted; and
- Secure Pay and hosted services Order Book or unrecognised revenue will increase equal to the amount of revenue deferred into future periods.

Prior Year Restatement

The company has reviewed the way the goodwill and intangible assets and the related deferred tax liability for the acquisition of PSS Inc in the year ended 31 March 2016 has been accounted for. At the point of acquisition on 17 November 2015, the Goodwill and intangible assets of both the US and UK business of PSS were translated into sterling and held in the Company. On further analysis the proportion of the Goodwill and intangible assets relating to the US business of PSS Inc (87% of the business) should have been held in US dollars in accordance with IAS 21.

As a result, the value of goodwill and intangible assets has increased since 17 November 2015 due to the fluctuation in the sterling dollar exchange rate. As at 31 March 2016, the value of Goodwill increased by £134k and the value of Intangible assets increased by £151k. In the year ended 31 March 2017, the cumulative value of the Goodwill increased by £482k and the value of the other Intangible assets increased by £427k. The deferred tax liability for the year ended 31 March 2016 was also revalued and resulted in a credit to the deferred tax liability of £51k for the year ended 31 March 2016. In the year ended 31 March 2017, the cumulative value of the deferred tax liability increased by £145k. As a result, the amortisation charged in the years ending 31 March 2016 and 2017 was understated by £10k and £92k respectively and the deferred tax liability release to the tax charge was understated by £3k and £31k. The net difference to profit after tax for the year ended 31 March 2016 and 31 March 2017 was £7k and £61k respectively. The effect of these changes on amortisation and release of the deferred tax credit to the Income Statement for each of the two years ending 31 March 2016 and 2017 is immaterial and the cumulative effect has been included in the income statement for the year ended 31 March 2018. The cumulative amortisation related to prior periods recognised in the year ended 31 March 2018 is £102k (2016: £10k and 2017: £92k) and the cumulative release of the deferred tax is £34k (2016: £3k and 2017: £31k).

	2016 (as previously reported) £'000	**Impact of prior period adjustment £'000**	**2016 (restated) £'000**
Intangible assets - Goodwill	2,613	133	2,746
Intangible assets - other	6,649	152	6,801
Intangible assets	**9,262**	**285**	**9,547**
Deferred tax liability	(1,633)	(51)	(1,684)
Other assets/ liabilities not impacted	11,216	-	11,216
Net assets	**18,845**	**234**	**19,079**
Shareholders' equity			
Currency reserve	157	234	391
Retained earnings	12,942	-	12,942
Other equity entries not impacted	5,746	-	5,746
Total Shareholders' equity	**18,845**	**234**	**19,079**

	2017 (as previously reported) £'000	Impact of prior period adjustment £'000	2017 (restated) £'000
Intangible assets - Goodwill	4,638	482	5,120
Intangible assets - other	5,353	427	5,780
Intangible assets	**9,991**	**909**	**10,900**
Deferred tax liability	(1,238)	(145)	(1,383)
Other assets/ liabilities not impacted	10,974	-	10,974
Net assets	**19,727**	**764**	**20,491**
Shareholders' equity			
Currency reserve	472	764	1,236
Retained earnings	13,172	-	13,172
Other equity entries not impacted	6,083	-	6,083
Total Shareholders' equity	**19,727**	**764**	**20,491**

Other Comprehensive Income	**2017 £'000**
Balance at 1 April (as previously reported)	315
Foreign currency translation differences - foreign operations	
- Goodwill (note 12)	349
- Intangible assets (note 12)	275
- Deferred tax liability (note 10)	(94)
Balance at 31 March (restated)	**845**

2. Segment analysis

The segmentation is based on analysing Eckoh UK including PSS UK, Eckoh US which includes PSS Inc, and K2C.

Information regarding the results of each operating segment is included below. Performance is measured based on segment profit or loss before taxation as included in the internal management reports provided to the Chief Executive Officer.

Current period segment analysis	**Eckoh UK £'000**	**Eckoh US £'000**	**K2C £'000**	**Total 2018 £'000**	Total 2017 £'000
Segment Revenue	**18,016**	**11,068**	**921**	**30,005**	29,078
Gross profit	**15,319**	**6,784**	**782**	**22,885**	20,327
Profit from operating activities before expenses relating to share options schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets	**(10,481)**	**(6,538)**	**(605)**	**(17,624)**	(16,013)
Profit from operating activities before expenses relating to share options schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets	**4,838**	**246**	**177**	**5,261**	4,314
Other expenses[1]	**(2,378)**	**(1,339)**	**-**	**(3,717)**	(2,529)
Operating profit	**2,460**	**(1,093)**	**177**	**1,544**	1,785
Interest received	**1,008**	**-**	**1**	**1,009**	43
Finance charges	**(94)**	**(24)**	**-**	**(118)**	(205)
Profit before taxation	**3,374**	**(1,117)**	**178**	**2,435**	1,623
Taxation credit / (charge)	**20**	**218**	**(13)**	**225**	(184)
Profit after taxation	**3,394**	**(899)**	**165**	**2,660**	1,439
Segment assets					
Trade receivables	**2,801**	**2,175**	**173**	**5,149**	7,076
Deferred tax asset	**3,262**	**240**	**31**	**3,533**	3,578
Segment liabilities					
Trade and other payables	**1,349**	**1,608**	**73**	**3,030**	3,222

Capital expenditure					
Purchase of tangible assets	**590**	**56**	**-**	**646**	598
Purchase of intangible assets	**318**	**5**	**-**	**323**	200
Depreciation and amortisation					
Depreciation	**643**	**262**	**9**	**914**	1,058
Amortisation	**1,890**	**764**	**-**	**2,654**	2,619

1. *Other expenses include expenses relating to share option schemes, acquisition costs, legal fees and settlement costs and, amortisation of acquired intangible assets.*

In 2017/18, there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the company (2016/17: one customer). In 2016/17 revenue from the largest customer, who is a major US telecommunications company, totalled £3,354,000 which represented 11.5% of total revenue for the year.

The key segments reviewed at Board level are the UK, US and K2C operations.

Revenue by geography	**Eckoh UK £'000**	**Eckoh US £'000**	**K2C £'000**	**2018 £'000**	2017 £'000
UK	**17,769**	**-**	**886**	**18,655**	19,147
United States of America	**137**	**10,800**	**3**	**10,940**	9,302
Rest of the World	**110**	**268**	**32**	**410**	629
Total Revenue	**18,016**	**11,068**	**921**	**30,005**	29,078

Prior period segment analysis	**Eckoh UK £'000**	**Eckoh US £'000**	**K2C £'000**	**Total 2017 £'000**
Segment revenue	**18,703**	**9,707**	**668**	**29,078**
Gross profit	**15,531**	**4,194**	**602**	**20,327**
Administrative expenses before expenses relating to share options schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets	**(11,293)**	**(4,310)**	**(410)**	**(16,013)**
Profit from operating activities before expenses relating to share options schemes, acquisition costs, legal fees and settlement costs and amortisation of acquired intangible assets	**4,238**	**(116)**	**192**	**4,314**
Other expenses[1]	**(2,450)**	**(79)**	**-**	**(2,529)**
Operating profit / (loss)	**1,788**	**(195)**	**192**	**1,785**
Interest received	**43**	**-**	**-**	**43**
Finance charges	**(168)**	**(37)**	**-**	**(205)**
Profit / (loss) before taxation	**1,663**	**(232)**	**192**	**1,623**
Taxation	**(140)**	**(19)**	**(25)**	**(184)**
Profit / (loss) after taxation	**1,523**	**(251)**	**167**	**1,439**
Segment assets				
Trade receivables	**4,391**	**2,469**	**216**	**7,076**
Deferred tax asset	**3,519**	**15**	**44**	**3,578**
Segment liabilities				
Trade and other payables	**1,904**	**1,267**	**51**	**3,222**
Capital expenditure				
Purchase of tangible assets	**529**	**56**	**13**	**598**
Purchase of intangible assets	**195**	**5**	**-**	**200**
Depreciation and amortisation				
Depreciation	**883**	**162**	**13**	**1,058**
Amortisation	**2,598**	**21**	**-**	**2,619**

1. Other expenses include expenses relating to share option schemes, acquisition costs, legal fees and settlement costs and, amortisation of acquired intangible assets.

	Eckoh UK £'000	Eckoh US £'000	K2C £'000	2017 £'000
Revenue by geography				
UK	**18,441**	**56**	**650**	**19,147**
United States of America	**8**	**9,294**	**-**	**9,302**
Rest of the World	**254**	**357**	**18**	**629**
Total Revenue	**18,703**	**9,707**	**668**	**29,078**

3. Earnings per share

The basic and diluted earnings per share are calculated on the following profit and number of shares. Earnings for the calculation of earnings per share is the net profit attributable to equity holders of the parent.

	2018 £'000	2017 £'000
Earnings for the purposes of basic and diluted earnings per share	**2,660**	1,439

Denominator	**2018 '000**	2017 '000
Weighted average number of shares in issue in the period	**247,424**	241,550
Shares held by employee ownership plan	**(805)**	(323)
Shares held in Employee Benefit Trust	**-**	(2)
Number of shares used in calculating basic earnings per share	**246,619**	241,225
Dilutive effect of potential shares and share options	**12,384**	15,281
Number of shares used in calculating diluted earnings per share	**259,003**	256,506

Earnings per share	**2018 pence**	2017 pence
Basic earnings per 0.25p share	**1.08**	0.60
Diluted earnings per 0.25p share	**1.03**	0.56

4. Cash flow from operating activities

	2018 £'000	2017 £'000
Profit after taxation	**2,660**	1,439
Interest income	**(34)**	(43)
Finance income	**(975)**	-
Interest payable	**118**	142
Taxation	**(225)**	184
Deferred tax	**-**	-
Depreciation of property, plant and equipment	**914**	1,058
Exchange differences	**(263)**	226
Amortisation of intangible assets	**2,654**	2,619
Share based payments	**554**	132
Operating profit before changes in working capital and provisions	**5,403**	5,757
(Increase)/decrease in inventories	**(11)**	35
Decrease/(increase) in trade and other receivables	**1,722**	(2,243)
Increase in trade and other payables	**(1,270)**	(1,074)
Net cash generated in operating activities	**5,844**	2,475

5. Events after the Statement of Financial Position Date

As at the date of these statements there were no such events to report.