For immediate release 29 November 2016

Eckoh plc

("Eckoh" or the "Group")

Unaudited interim results for the six months ended 30 September 2016

Strong revenue growth and significant US progress

Eckoh plc (AIM: ECK), the global provider of secure payment products and customer contact solutions, is pleased to announce its unaudited results for the six months to 30 September 2016 showing a period of significant revenue growth.

Financial Highlights:

- Revenue increased by 57% to £13.5m (H1 FY16: £8.6m)
  - US operations increased from £31,000 to £4.0m and now represent 30% of Group revenues
  - Group recurring revenue 76% (H1 FY16: 78%) UK recurring revenue 85%, US 57%
- Gross profit increased 25% to £8.8m (H1 FY16: £7.1m)
- As expected, adjusted* operating profit reduced to £1.2m (H1 FY16: £1.5m) due to a £0.6m loss made by a discontinued division of acquired subsidiary, Product Support Solutions Inc. ("PSS"), and transition to a recurring revenue model in the US
- Adjusted* EBITDA of £2.0m (H1 FY16: £2.0m)
- Loss from operating activities of £0.2m (H1 FY16: £0.1m profit)

Operational Highlights:

- Completed the acquisition of Klick2Contact EU Limited ("K2C") in July 2016 to strengthen Eckoh's Omni-channel service offering
- Three-year US contact centre support services contract worth $5m signed in June
- UK business continues to build:
  - UK client base increased to 74 clients (FY16: 66)
  - UK contract wins include deals in France, Holland and Spain
  - All significant UK clients renewed

Current Trading:

- Significant US progress:
  - Secure Payments total contract value of $3.6m won to date this year ($1.5m in FY16) with an average contract value of $0.6m

    - Five of six US secure payments contracts won this year to date use new recurring revenue model
- Whitbread PLC contract for Premier Inn, the largest to be renewed this financial year, extended for three years
- Eckoh and Worldpay partnered to deliver the world's first Apple Pay payment via a telephone voice call
- On track to deliver FY17 expectations, with contracts won in the first half feeding through strongly into second half of financial year

*excludes expenses relating to share option schemes, non-recurring items and expenses relating to acquisitions

Nik Philpot, Chief Executive Officer, commented today:

"The significant revenue growth we have seen in the first half of the year, especially from the US operation, supports our belief that the US business will surpass the UK in the foreseeable future. In addition, the acquisitions of PSS and K2C have strengthened our market proposition considerably and are supporting further progress in both our Secure Payments and Contact Centre businesses internationally.

"Taking into account the contracts we have already won so far this year, the excellent near-term sales pipeline and the closure of the loss-making division of PSS, we are anticipating a strong second half. Looking beyond this year, with the rapid growth we are seeing in the US and the improvement we will see there in recurring revenues, the prospects for Eckoh remain as exciting as ever."

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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, 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. The 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

The first six months of the financial year have seen significant revenue growth across the Group and in the US in particular. This has been a result of a combination of organic growth and the impact of the acquisitions of PSS in November 2015 and K2C in July 2016. The US operation now accounts for 30% of Group revenues and the expectation is that the US operation will in time become larger than the existing UK business.

As indicated in our Trading Update on 2 September 2016, profit in the current year has been constrained by the £0.6m loss in the non-core Professional Services division within PSS and the transition in the US to a recurring revenue model. However, despite this setback we believe that the underlying business is in excellent health and we have been pleased with the contracts secured this year and the continuing strength of the new business pipeline, which will support progress in the second half and beyond. The Professional Services division has now been closed and going forward the growing proportion of Software as a Service ("SaaS") style contracts in the US will provide greater revenue visibility, longer-term client relationships and higher overall gross margins, in line with our UK business. We anticipate therefore that full year results will be in line with market expectations and believe the future prospects for the Group remain excellent.

Operational Review

UK Division

In the UK, revenue has increased by 11% to £9.5m (H1 FY16: £8.6m). Gross margins in the UK have remained high at 81% (H1 FY16: 82%) and pleasingly recurring revenue has increased to 85% from 78% in the same period last year.

In our full year results we highlighted that we were looking for acquisition opportunities that would bring complementary technologies to the Eckoh portfolio, so we were pleased to announce the acquisition of K2C in July. K2C brings significant expertise in customer contact services that are complementary to those provided by Eckoh. The K2C suite of live help and customer engagement services consists of Web Chat, Instant Call-Back, Knowledge Base, Social Media Monitoring and Engagement, Full Workflow and Email Management, all of which are offered in real time. K2C's solutions are cloud-based like Eckoh's, enabling a fast, secure and simple implementation process.

K2C has an established and international client base and a number of sales relationships with Business Process Outsourcers ("BPO"). It has been successful in securing new contracts with First Group, through its relationship with Capita, River Island and Sainsbury's through The Contact Company and BMW through Arvato. A number of existing Eckoh customers have already shown a keen interest in purchasing services from K2C and we also expect to be able to leverage K2C's BPO relationships for sales across the whole Eckoh service portfolio. The activity from the K2C subsidiary has been included from 1 August 2016 and contributed £145,000 of revenue in the reported period.

The increased attention on new sales channel opportunities that has arisen from the acquisition of K2C has led to the creation of a new Strategic Account sales team, which will manage the relationship with the key partners and look to extend the service offering to our largest customers. In this period 25% of UK revenues came through partner channels and the Group continues to extend this network, for example the new partner and client, allpay, is a leading UK payments specialist to the public sector, processing over £5.0bn per annum. Eckoh has entered into a three-year agreement to deliver a hosted CallGuard solution to allpay and it will in turn be reselling this service to its own customers, notably housing associations. allpay has already secured its first indirect customer with a number of others in the pipeline.

One of the key partnerships in recent years has been that of Capita, which has brought us over £15.0m in contracted revenue since the partnership began in 2013 and which accounted for 11% of H1 revenues. The O2 contract through Capita, our largest to date worth £11m over ten years, is now fully live and the implementation has been extremely successful. We have recently added some mobile-based services which are incremental to the core contract. We have also entered into a partnership with an international contact centre operator and have recently signed a five-year contract with it for an existing client who was previously contracted through another partner. This contract is on enhanced terms and is expected to be worth more than £1.5m over the term.

The UK operation has once again won a number of new contracts during the period. As well as UK-based contracts we have also won secure payments agreements with clients in France, Holland and Spain. The number of UK clients which generate more than £25,000 per annum has increased to 74 in total during the period, eight more than in FY16. The average value of these clients on an annualised basis is £244,000. In addition, all significant clients were renewed during the period including a three-year renewal with Whitbread PLC for Premier Inn, which is the largest contract to come up for renewal this financial year. We have also gone live with Target, a provider of software services to the financial services sector, which is our first hosted client for the patented tokenisation payments solution. This was implemented in only six weeks and illustrates how easily Eckoh's solution can be implemented with no disruption to existing infrastructure or processes, despite it providing complete protection for clients by removing sensitive card data from their entire environment.

US Division

Eckoh Inc. and the PSS business have now been fully integrated and are operating as a single entity. The management team is led by Dan Arntz, who joined in May 2016 after four years as the Senior Vice President of Sales at West Corporation ("West"). Dan is supported by an experienced US team but also by the senior management group in the UK who are spending an increasing amount of time developing the US opportunity.

This is the first financial year to include a full year of contribution from the PSS subsidiary and, combined with strong organic growth in Secure Payments activity, this has driven a shift in the Group's revenue profile with 30.5% of revenues now coming from outside the UK and primarily in the US. In the first six months of the previous financial year, only £31,000 came from our US subsidiary compared to £4.0m in the current year; £0.5m of revenue has come from Secure Payment revenues with the remainder coming from PSS. Recurring revenue has risen to 57% and as the proportion of revenue from Secure Payments increases, this will continue to rise.

Our sales pipeline is at record levels and we have seen the sales momentum accelerating in our Secure Payments offering. Since the beginning of the year six Secure Payments contracts have been won, representing $3.6m of contracted revenue, with an average contract value of $0.6m. This compares to nine contracts in the whole of the last financial year with total contracted revenue of $1.55m and an average value of $173,000. Of the $3.6m value won so far this year, only $0.2m of revenue is included in the first half results.

In line with the recurring revenue model in the UK business, we have been transitioning our US payments clients to contracting on a SaaS style pricing model that sees the cost of the service being provided evenly across the term of the contract, as opposed to a large upfront cost with a small annual support and maintenance fee. Five of the six contracts won this year have been on this basis and of these two are hosted agreements, the first hosted deals we have won since entering the US market in 2014. These will be delivered through the West hosted platform and are expected to go live in the spring of 2017. Through our partnership with West, we have also won our largest US payments contract to date, a three-year deal with a global provider of insurance services in the Fortune 500. This is an implementation of our market-leading tokenisation payments solution, which is proving to be our leading payments product and for which we already have a patent granted in the UK. Lastly we have won a three-year contract with a financial services company, which represents our first success in cross-selling secure payments into a customer of PSS.

The majority of the revenues seen in the US in the first half of the year has come through Customer Contact Services, which have traditionally been provided by the acquired PSS business. The two key revenue streams are for Contact Centre Support and Product sales. The Support division provides third party support for infrastructure such as Avaya, Cisco, Genesys and Aspect within large Contact Centre operations. In June we were successful in securing our largest ever contract win for support, signing a three-year contract with a major US telecommunications company. The contract, which commenced in July, will see the customer pay a monthly fee for the support provided and will be worth a minimum of $3.0m over the term but is expected to be worth more than $5.0m. This contract is being delivered by the existing employee base with minimal additional overhead added.

The Product division sells and implements contact centre technology solutions owned by both Eckoh and third parties. Most notably in the period, a three-year agreement was secured with one of the largest US telecommunications providers to provide the browser-based agent desktop, Coral, to over 3,000 contact centre agents in a new facility. We are seeing a number of significant size pipeline opportunities for this solution that enables agents to handle calls in a more efficient manner.

The acquired PSS business traditionally also had a third revenue stream through its Professional Services division, performing one-off professional services tasks for client projects on a fixed price basis. As announced in September, this division saw significant cost overruns particularly on a large and complex project, which resulted in losses of approximately £0.6m in H1. The decision was taken to close the division and this closure is now substantially complete with all projects and activity within the division expected to have concluded before the end of the calendar year.

Innovation

Following the success of our CallGuard and tokenisation products, we continue to look to innovate and remain at the forefront of the development of new payment technologies. In October we partnered with Worldpay to process the world's first Apple Pay payment over a telephone voice call. Eckoh is continuing to develop our Apple Pay functionality with the intention of releasing it in the near future as part of our overall contact centre secure payments capability, alongside other alternative payment methods. We will continue to explore other innovation opportunities to ensure that we remain a market leader for both secure payment and customer engagement technologies.

Board Changes

Following the decision by Clive Ansell to step down from his role as Non-Executive Director at the Group's Annual General Meeting in September, we were delighted to appoint Peter Simmonds to the Board in July 2016 as Non-Executive Director. Peter brings with him over 35 years of experience at senior management and board level, principally in the areas of software, banking, insurance, finance and outsourcing, including eight years as Chief Executive Officer of dotDigital Group plc. Subsequently, Guy Millward joined the Board as a Non-Executive Director with effect from 1 October 2016, representing a further strengthening of the Board in line with our stated intentions. Guy is currently Chief Financial Officer of Imagination Technologies Group plc, a leading multimedia, communications and processor technology company and has in-depth expertise in finance across both publicly listed and privately held technology companies.

In July, Adam Moloney, current Group Finance Director, also indicated his intention to step down from the Company after 13 years in order to pursue new opportunities. As announced on 3 November, Chrissie Herbert has now been appointed as Chief Financial Officer. Chrissie joins Eckoh from her current role as UK and Ireland Finance Director at PayPoint plc, the FTSE 250 retail technology and multi-channel payment solutions business. A further announcement will be made in due course regarding her start date, with Adam continuing to act as Group Finance Director in the meantime.

Current Trading and Outlook

Eckoh has always operated a model where the second half of the financial year is significantly more profitable than the first, driven by seasonal factors with higher second half volumes in travel, retail and logistics.

In the UK, we continue to have a substantial sales pipeline as well as developing the new partner relationships and integrating the K2C activity. We continue to expect the UK operation to grow but it is in the US where the exciting opportunity for exceptional growth exists, as the market for contact centre operations is more than seven times larger than the UK and competition for secure payments is very limited. We are therefore confident that our US business will grow significantly in the foreseeable future.

Having completed three acquisitions in the past three and a half years, the coming months will be focused on extracting value from these businesses, consolidating our market proposition and aggressively driving sales execution in both the UK and US markets. We anticipate full year results will be in line with market expectations, underpinned by a strong second half, and in view of the increasing structural demand drivers for our products and excellent pipeline, combined with our recurring revenue model, we believe that the future prospects for the Group remain excellent.

Financial Review

Revenue

Revenue for the period was 57% higher than the prior financial year at £13.5m (H1 FY16: £8.6m). The majority of the increase came from increased activity in the US.

	H1 FY17 (UK) £000	**H1 FY17 (US) £000**	**H1 FY17 Total £000**	H1 FY16 (UK) £000	H1 FY16 (US) £000	H1 FY16 Total £000
Revenue	**9,459**	**4,001**	**13,460**	8,554	31	8,585
Gross Profit	**7,700**	**1,132**	**8,832**	7,055	25	7,080
Gross margin	**81%**	**28%**	**66%**	82%	81%	82%

Margins within the traditional PSS activity have typically been lower than those seen in the Eckoh business due to the service nature of its offering. The first half of the year saw particularly low margins due to the short-term losses from the Professional Services business. We will see margins increase in the US as Secure Payments represent an increasing percentage of the whole and the impact of closing the Professional Services division takes effect.

Profitability Measures

Profitability in the period was impacted by the previously disclosed significant cost overruns in the Professional Services division of the newly acquired PSS business. These cost overruns resulted in a loss of £0.6m being made in that division in the first half of the financial year. This division has now been closed and losses in the second half of the financial year are expected to be no more than £0.1m. Despite the impact of this issue, adjusted EBITDA for the period fell by only 4% to £2.0m (H1 FY16: £2.0m).

	Six months ended 30 Sept 2016 £'000	Six months ended 30 Sept 2015 £'000	Year ended 31 March 2016 £'000
Profit / (loss) before tax	**(170)**	**74**	**2,406**
Amortisation of intangible assets	**1,254**	850	2,008
Depreciation	**562**	366	799
Transactions relating to acquisitions	**243**	369	(500)
Expenses relating to share option schemes	**2**	343	585
Interest receivable	**(5)**	(6)	(11)
Finance expense	**70**	36	77
Adjusted EBITDA	**1,956**	**2,032**	**5,364**

Statement of financial position

The Company increased its loan by £1.75m to £6.5m to assist the financing of the acquisition of K2C in the period. Some significant payables were settled in the early part of the financial year which has seen payables reduce from £10.7m to £8.0m. This payable reduction and the acquisition of K2C have been the primary reasons that cash has fallen from £6.6m on 31 March 2016 to £4.4m on 30 September 2016.

Consolidated statement of comprehensive income

for the six months ended 30 September 2016

	Six months ended 30 September 2016 £'000 (unaudited)	Six months ended 30 September 2015 £'000 (unaudited)	Year ended 31 March 2016 £'000 (audited)
Continuing operations			
Revenue	**13,460**	8,585	22,450
Cost of sales	**(4,628)**	(1,505)	(5,607)
Gross profit	**8,832**	7,080	16,843
Administrative expenses	**(7,655)**	(5,604)	(12,702)
Adjusted Operating Profit	**1,177**	1,476	4,141
Amortisation of acquired intangible assets	**(1,037)**	(660)	(1,584)
Expenses relating to share option schemes	**(2)**	(343)	(585)
Transactions relating to acquisitions	**(243)**	(369)	500
(Loss) / profit from operating activities	**(105)**	104	2,472
Interest payable	**(70)**	(36)	(77)
Interest receivable	**5**	6	11
(Loss) / profit before taxation	**(170)**	74	2,406
Taxation	**(94)**	(135)	(468)
Total comprehensive (loss) / income for the period	**(264)**	(61)	1,938

(Loss) / Profit per share expressed in pence			
Basic	**(0.11)**	(0.03)	0.86
Diluted	**(0.10)**	(0.02)	0.77

Consolidated statement of financial position

as at 30 September 2016

	30 September 2016 £'000 (unaudited)	30 September 2015 £'000 (unaudited)	31 March 2016 £'000 (audited)
Assets			
Non-current assets			
Intangible assets	**11,296**	4,347	9,262
Tangible assets	**5,122**	5,203	5,376
Deferred tax asset	**4,516**	5,137	4,774
	20,934	14,687	19,412
Current assets			
Inventories	**999**	245	748
Trade and other receivables	**9,809**	6,497	9,127
Cash and cash equivalents	**4,447**	3,677	6,617
	15,255	10,419	16,492
Total assets	**36,189**	25,106	35,904
Liabilities			
Current liabilities			
Trade and other payables	**(7,959)**	(4,530)	(10,676)
Other interest-bearing loans and borrowings	**(1,300)**	(636)	(1,000)
	(9,259)	(5,166)	(11,676)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(5,200)**	(1,787)	(3,750)
Contingent consideration	**(912)**	-	-
Deferred tax liability	**(1,599)**	(730)	(1,633)
	(7,711)	(2,517)	(5,383)
Net assets	**19,219**	17,423	18,845
Shareholders' equity			
Share capital	**603**	558	600
ESOP Reserve	**(7)**	(135)	(17)
Capital redemption reserve	**198**	198	198
Share premium	**3,010**	2,589	2,612
Merger reserve	**2,353**	1,081	2,353
Currency reserve	**337**	47	157
Retained earnings	**12,725**	13,085	12,942
Total shareholders' equity	**19,219**	17,423	18,845

Consolidated interim statement of changes in equity
as at 30 September 2016
(unaudited)

	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 2015	558	(135)	198	2,561	1,081	12,581	56	16,900
Total comprehensive expense for the period	-	-	-	-	-	(61)	-	(61)
Shares issued under the share option schemes	-	-	-	28	-	-	-	28
Retranslation	-	-	-	-	-	-	(9)	(9)
Share based payment charge	-	-	-	-	-	101	-	101
Deferred tax on share options	-	-	-	-	-	464	-	464
Balance as at 30 September 2015	558	(135)	198	2,589	1,081	13,085	47	17,423
Balance as at 1 October 2015	558	(135)	198	2,589	1,081	13,085	47	17,423
Total comprehensive income for the period	-	-	-	-	-	1,999	-	1,999
Shares issued on acquisition of PSS Inc.	7	-	-	-	1,272	-	-	1,279
Shares transacted through Employee Benefit Trust	-	118	-	29	-	(116)	-	31
Dividends paid in the year	-	-	-	-	-	(826)	-	(826)
Shares issued under the share option schemes	35	-	-	(6)	-	-	-	29
Retranslation	-	-	-	-	-	-	110	110
Share based payment charge	-	-	-	-	-	(1,179)	-	(1,179)
Deferred tax on share options	-	-	-	-	-	(21)	-	(21)
Balance at 31 March 2016	600	(17)	198	2,612	2,353	12,942	157	18,845
Balance at 1 April 2016	600	(17)	198	2,612	2,353	12,942	157	18,845
Total comprehensive income for the period	-	-	-	-	-	(264)	-	(264)
Shares issued on acquisition of Klick2Contact (EU) Limited	2	-	-	344	-	-	-	346
Shares issued under the share option schemes	1	-	-	49	-	-	-	50
Shares transacted through Employee Benefit Trust	-	10	-	5	-	(8)	-	7
Retranslation	-	-	-	-	-	-	180	180
Share based payment charge	-	-	-	-	-	55	-	55
Balance at 30 September 2016	**603**	**(7)**	**198**	**3,010**	**2,353**	**12,725**	**337**	**19,219**

Consolidated statement of cash flows
for the six months ended 30 September 2016

	Six months ended 30 September 2016 £'000 (unaudited)	Six months ended 30 September 2015 £'000 (unaudited)	Year ended 31 March 2016 £'000 (audited)
Cash flows from operating activities			
(Loss) / Profit after taxation	**(264)**	(61)	1,938
Interest income	**(5)**	(6)	(11)
Interest payable	**70**	36	77
Taxation	**94**	135	468
Increase in deferred tax asset		-	-
Depreciation of property, plant and equipment	**562**	366	799
Amortisation of intangible assets	**1,254**	850	2,008
Share based payments	**55**	101	(1,078)
Exchange differences	**180**	(9)	79
Operating profit before changes in working capital and provisions	**1,946**	1,412	4,280
(Increase) / Decrease in inventories	**(251)**	(21)	49
(Increase) / Decrease in trade and other receivables	**(495)**	552	(218)
(Decrease)/Increase in trade and other payables	**(2,780)**	(1,689)	1,116
Cash (utilised) / generated from operations	**(1,580)**	254	5,227
Taxation	**(15)**	-	(53)
Net cash (utilised) / generated from continuing operating activities	**(1,595)**	254	5,174
Cash flows from investing activities			
Purchase of property, plant and equipment	**(286)**	(378)	(927)
Purchase of intangible fixed assets	**(107)**	(298)	(537)
Interest paid	**(70)**	(36)	(77)
Interest received	**5**	6	11
Acquisition of subsidiary, net of cash acquired	**(1,920)**	-	(2,717)
Net cash utilised in continuing investing activities	**(2,378)**	(706)	(4,247)
Cash flows from financing activities			
Dividends paid	**-**	-	(826)
Proceeds from new loan	**2,000**	-	5,000
Repayment of borrowings	**(250)**	(318)	(2,991)
Issue of shares	**51**	28	57
Shares acquired by Employee Benefit Trust	**2**	-	31
Net cash generated / (utilised) in continuing investing activities	**1,803**	(290)	1,271
(Decrease) / Increase in cash and cash equivalents	**(2,170)**	(742)	2,198
Cash and cash equivalents at the start of the period	**6,617**	4,419	4,419
Cash and cash equivalents at the end of the period	**4,447**	3,677	6,617

1. Acquisition of Klick2Contact EU Limited

On 20 July 2016, the Company acquired the entire issued share capital of Klick2Contact EU Limited ("K2C"), a provider of live web help and Omni-channel customer engagement services. The initial consideration comprised £2.2m of cash primarily funded by increasing the bank loan facility and £0.3m payable in ordinary shares of Eckoh plc. This has resulted in an increase in share capital and share premium of £0.3m during the period.

The Company incurred acquisition related costs of £199,000 relating to external legal fees, due diligence and valuation fees, which have been included in Administrative expenses in the Group's Consolidated Statement of Comprehensive Income.

£000's	Fair value on acquisition
Intangible assets	1,156
Tangible assets	22
Trade debtors	180
Prepayments and accrued income	7
Deferred tax asset	69
Deferred revenue	(11)
Trade creditors	(31)
Taxation & Social Security	(3)
Accruals & other creditors	(18)
Cash and cash equivalents	288
Deferred tax liability	(214)
Net assets acquired	**1,445**
Goodwill	2,025
Consideration paid	**3,470**
Satisfied by	
Cash	2,212
Shares	346
Cash – contingent consideration	456
Shares – contingent consideration	456
Total purchase consideration	**3,470**
Net cash outflow on acquisition	
Cash consideration paid	2,212
Cash acquired	(288)
Cash outflow on acquisition	**1,924**

On acquisition of K2C, all assets were fair valued and appropriate intangible assets recognised following the principles of IFRS 3. Management identified three intangible assets:

i. **Customer relationships**
K2C has relationships with customers that can be divided into two categories (i) Sales through reseller organisations which distribute to third party businesses; and (ii) Direct sales to business customers. These customer arrangements give rise to the requirement under IFRS 3 to recognise K2C's customer relationships as intangible assets. The fair value for this was £710,000.

ii. **Software**
K2C owns a suite of software products which form an 'Omni-channel' product offering, allowing companies to engage with their customers through a variety of channels. With the exception of the social media product (where K2C acts as a reseller), the IP to all software is held by the Company. The fair value of this was £372,000.

iii. **Brand**

The Company goes to market under the ‘Klick2Contact’ brand and we have therefore recognised a brand asset.The fair value of this was £74,000.

The acquired business contributed to revenues of £145k and net profit of £42k to the Group for the period 1 August to 30 September 2016.