Press Release **7 June 2016**

Vianet Group plc

("Vianet" or the "Group")

Final Results for the year ended 31 March 2016

Vianet Group plc (AIM: VNET), the leading provider of real time monitoring systems, data management services, and actionable insights for the leisure and vending sectors, is pleased to announce its final results for the year ended 31 March 2016.

Financial highlights (including discontinued operations)

- Revenue for the year up 3.8% to £19.24 million (2015: £18.53 million) of which revenue from continuing operations was £14.3 million (2015: £14.4 million)
- Recurring revenues remain strong at 69% (2015: 71%)
- Operating profit pre-amortisation of intangibles, share option and exceptional costs up 8.2% to £3.44 million (2015: £3.18 million) of which the operating profit from continuing operations is £3.02 million.
- Profit before tax (pre loss on disposal) up 14.2% to £1.95 million (2015: £1.71 million)
- Profit before tax (net of loss on disposal) at £1.57 million (2015: £1.71 million)
- Operational cash generation up 19.2% to £3.42 million (2015: £2.87 million)
- Net cash of £ 2.01 million (2015: £2.09 million net debt)
- Basic earnings per share (pre deferred tax adjustment) at 5.78 pence (2015: 6.33 pence) was impacted by non-operating exceptional items
- Final dividend of 4.00 pence per share proposed giving a full year total of 5.70 pence per share (2015: 5.70 pence per share)
- Fuel Solutions (sold January 2016 for £3.5 million) adjusted* operating profit £0.42 million (2015: £0.03 million)

** Adjusted operating profit pre amortisation of intangibles, share options and exceptional costs*

Divisional highlights

- Leisure delivers resilient adjusted* operating profit of £4.12 million (2015 £4.14 million) despite further fall in the number of installations and Statutory Code uncertainties
- Leisure division signs five year core beer monitoring contract extensions with Star Pubs and Bars, Trust Inns, Punch Taverns, Admiral Taverns
- 455 new beer monitoring installations of which 372 were higher value iDraught™ (2015: 555 and 526 units respectively)
- Vending Solutions adjusted * operating profit of £0.53 million (2015: £0.56 million) after taking account of the c £0.2m cost of new appointments and one-off PCI compliance costs
- Vending Solutions extend footprint with 5,284 new units (2015: 5,072) including a five year contract with Jacobs Douwe Egberts ("JDE")
- Two high calibre appointments to the new roles of Managing Director of Vending Solutions, and Director of Technology & Innovation
- Highest level of Payment Card industry compliance (PCI-DSS level 1) was achieved in September 2015 for Cashless Payment deployment.

** Adjusted operating profit pre amortisation of intangibles, share options and exceptional costs*

Commenting on the final results, James Dickson, Chairman of Vianet Group plc, said:

"I am pleased with our performance across the entire business in the period under review. We saw good progress in each of the three divisions and we are continuing to pursue growth opportunities in our Vending and Leisure divisions.

"The sale of Fuel Solutions in December 2015 puts the Group's balance sheet into net cash position and enables us to focus on and invest further in our core assets. We have continued to experience adverse pressures in our beer flow monitoring operations, but with a noticeable slowing in the rate of UK pub closures combined with strong recurring revenues and further iDraught™ sales, the Leisure division's income has been stable within the period.

"The Board of Vianet looks forward confidently to a positive outcome from the current financial year. In Vending we expect increased sales, partly supported by the new five year contract with Jacobs Douwe Egberts, and Leisure will benefit from long term contract extensions with its core customers alongside increased iDraught sales. The Group believes that strategic insight and actionable data will be the fundamental value driver in years to come, and so continues to develop its Internet of Things capability to provide ever greater value to its customers."

- Ends -

An audio cast of the final results presentation given by Stewart Darling, Chief Executive, and Mark Foster, Chief Financial Officer, was released this morning, Tuesday, 7 June 2015 at 07.00hrs on the Group's website www.vianetplc.com with the link also being distributed by Abchurch Communications

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Chairman's Statement

Introduction

Encouraging progress has been made across the business, and the focus on exploiting growth opportunities in both the Vending and Leisure divisions, together with optimising the sale value of Fuel Solutions, has positioned Vianet well for growth.

The sale of the Group's Fuel Solutions division was completed on 31 January 2016, strengthening the Group's cash position and enabling Vianet to focus on the core businesses of Leisure and Vending Solutions and consolidating its financial resources. Whilst Fuel Solutions influenced growth in the period, it is important to note that trading in both the Leisure and Vending divisions has been robust in H2 and into the new financial year. Vianet's core beer flow monitoring operations are evolving to address external market pressures, with innovative new solutions being developed and introduced to ensure we remain relevant to our core pub industry customers who are themselves adapting to changes in their markets.

Group turnover of £19.24 million (2015: £18.53m) including discontinued operations was 3.8% ahead of last year, whilst operating profit of £3.44 million was up by 8.2%. Group profit before taxation representing profit from continuing operations, less the loss from discontinued operations, amounted to £1.57 million (2015: £1.71 million).

Increased exceptional costs of £0.96 million (2015 £0.60 million) included £0.38 million in respect of the VFS disposal as well as £0.29 million of US litigation costs. As outlined in our interim statement, the Group is defending itself in court in the US against certain claims asserted by third parties, as can sometimes occur from transacting business in the US. Following legal advice, the Board considers these claims to lack merit. The majority of costs have already been incurred and whilst this process will result in further legal costs during the new financial year these are not expected to be material.

Overview

Vianet's UK core beer flow monitoring, including the higher value iDraught™ operation, has strengthened its market position and maintained its contribution to the Group despite further ongoing pub closures. Although there have been no lost contracts, there has been a net loss of c. 630 beer monitoring installations.

This loss of pub sites has held back financial performance over the past few years, but continued investment in Vending division growth, innovation in the Leisure division, and the (now sold) Fuel division moving into good profit have offset this drag and help provide an encouraging outlook for the Group as a whole.

Vending Telemetry is benefitting from the Group's increased investment in people and capability during the year which resulted in strong revenue growth during the second half. Prospects for this business remain excellent, particularly for coffee market solutions including development of supply into machine manufacturers, and cashless payment solutions. A significant five year contract with the multinational coffee company JDE has continued to roll out through the period. The division's operating profits remained broadly level at £0.53 million (2015: £0.56 million) despite c. £0.20 million of additional costs associated with new roles including the recruitment of a high calibre Managing Director, and one off PCI Compliance costs.

Impacted by a deferred tax asset provision and exceptional items, basic earnings per share post-exceptional costs (pre-deferred tax asset movements) for the Group reduced to 5.78 pence from 6.33 pence in 2015.

Against this backdrop, coupled with the continued strength of recurring income and the strong prospects for the Group, the Board is proposing to maintain the final dividend at 4.00 pence which, if approved by shareholders, would give a total dividend for the year of 5.70 pence (2015: 5.70 pence). Subject to approval from shareholders at the Annual General Meeting, to be held on 30 June 2016, the final dividend will be paid on 28 July 2016 to shareholders on the register as at 17 June 2016.

Board and Staff

Following his appointment as Chairman of Booker, and with other commitments including the role of senior Non-Executive Director at Mitchells & Butler, Stewart Gilliland retired from the Board on 31 December 2015. Whilst we are delighted for Stewart, it was sad to lose a trusted advisor who had been with Vianet since early 2006.

At the same time, following the sale of VFS, it was agreed that I should complete the transition from Executive to Non-Executive Chairman with effect from January 2016. This has resulted in a five member board consisting of two executive directors and three NEDs.

I am confident that the Board will function well under the new structure and we will continue to evaluate its composition to ensure that it contains the optimum balance of experience and independence to support our day to day operations and also our growth strategies.

The senior management team has been strengthened with two high calibre appointments reporting directly to Stewart Darling, Group CEO. Matt Lane, in the new role of Managing Director of the Vending Solutions division, has extensive experience in the vending sector having recently held the roles of Head of Beverage Solutions and Head of Vending at Nestle Professional UK. David Mountford, who joined as Director of Technology & Innovation in February 2016, brings a wealth of experience in managing, developing and delivering enterprise IT solutions in the manufacturing sector. David was formerly Vice President Information Systems at CSR plc a global semiconductor manufacturer.

The Group's culture, values and frameworks, whereby everyone at Vianet collectively and individually always 'seeks to do the right thing', have been fundamental in gaining support and strengthening the Group's position and reputation, whether dealing with customers, politicians, suppliers or other stakeholders.

The Group continues to engage in large development projects and change programmes and it is pleasing that our people continue to respond with their usual enthusiasm, demonstrating commitment which continues to build the Group's reputation with customers.

I would again like to thank all staff, senior management, and my Board colleagues, for their continued efforts and commitment in driving the Group forward over the past year.

Outlook

Although Vianet's growth and profitability remains influenced by external factors be they legislative, socio-economic, or corporate activities affecting our customers, the Group continues to make good progress through further focus on strong growth opportunities where there has been good momentum into the new financial year.

- The UK beer flow monitoring business continues to evolve and innovate to deliver relevant solutions in a changing business environment and to sustain its resilient earnings performance from the extension of long term contracts. Whilst the backdrop to trading may remain challenging, the rate of pub closures seems to be diminishing and prospects for increased iDraught™ sales are encouraging.

- Vending Solutions should deliver strong profits growth having made excellent progress in developing significant new sales opportunities with major global customers. Its prospects remain excellent and there is real focus on developing our capability to take advantage of both our leading position in coffee vending and our vending contactless payment solutions where sales momentum will continue to grow.
- The Group's financial resources have been strengthened with the sale of VFS, and underpinned by high levels of recurring income, the Group's cash flow is strong.

The Board remains confident that Vianet's long term strategy is the right one, that the Group is well positioned, within the parameters of its influence, to deliver sustained earnings growth, which in doing so should also expand the future strategic options for Vianet.

James Dickson

Chairman

6th June 2016

Chief Executive Officer's Statement

Introduction and approach

Vianet are the leading provider of real time monitoring systems, data management services, and actionable insights for the leisure and vending sectors. Our mission is to help customers make better decisions through delivering game changing strategic insights and actionable data which give a compelling return on investment to those customers which include most large UK pub companies and multinational gourmet coffee companies such as Jacob Douwe Egbert and Costa Coffee.

This is primarily achieved through developing solutions which are built on an in-depth understanding of the challenges and opportunities faced by our customers in their chosen markets. Through this understanding, we are able to provide data and insight that support better decision making at both operational and strategic levels with the aim of transforming business performance for our customers.

As the Internet of Things market evolves, we recognise that the fundamental value driver from a customer perspective is data and insight, and not our legacy enablement capability such as hardware and connectivity. Being able to provide customers with powerful data and insight, some of which has never been available to them before, is the key to the strategic growth of the business in the coming years.

However, harnessing the immense power of 'big data' is a transformational change for the business as it requires a significant step change in business capability and competence, and a radically different approach to engaging customers.

This has implications for legacy enablement activities that we have historically managed in-house such as technology infrastructure and component development. As we aim to become world class at delivering strategic insight through big data, we cannot also be world class at managing all of the other enablement activities necessary to deliver the overall solution. Therefore, our strategic approach is to build partnerships with leading providers and partners whose core business capability encompasses this activity such as our new contactless payment solution delivered with Elavon and Creditcall.

Whilst the Group has developed a clear and compelling growth strategy, much work has also been done to ensure that the legacy flow monitoring business stays fit for purpose in relation to the changing needs of our customers, the impact of legislative change and the uncertainty that could well be created as customers rethink their business models.

Operating Review

Leisure Solutions

Whilst progress is being made with our own beer monitoring products and services, the implementation of the Statutory Code continues to cast some uncertainty over leased and tenanted pub companies with a corresponding impact on industry confidence.

Pub companies have adapted to this changing landscape through a number of different strategies such as developing managed estates from high performing or strategically located properties, and creating franchised models with increased operating performance potential and greater transparency. Whilst there is emerging clarity around the direction and ambition of individual pub companies, it is clear that this background has caused investment expenditure to be more targeted towards developing these new models. Despite this, our enhanced toolset is being increasingly adopted as part of these changes as pub companies seek to improve retailing capability and overall quality standards.

Whilst the overall rate of pub closure seems to be slowing and reduced from the previous year, (Vianet pub disposals 2016: 1,100 and 2015: 1,400) this resulted in a net loss of approximately 630 standard beer monitoring installations over the financial year with a consequent impact on operating contribution. However, the combination of improved recurring revenues from contract extension negotiations and ad-hoc support activity, combined with 372 iDraught™ sales has resulted in a largely stable income stream for the period under review

The commercial trials of iDraught™ have been successful in terms of the results yielded and operating performance improvement. The challenge for the business is to build growth on the back of this success and we are optimistic for progress this year.

Overall, the Board remains cautiously confident for the prospects for further growth in the higher value iDraught™ products and service but the implementation of the MRO option within the Statutory Code and likely further pubs disposals will continue to dampen this effect.

Vianet Americas Inc.

Vianet Americas has made sales and operating performance progress, albeit at a slower rate than anticipated.

Market analysis clearly indicates that Vianet's iDraught™ solution is substantially ahead of all competitors in the USA, and this advantage, combined with our strategic alliance with Micro Matic USA for nationwide installation, service and sales support, leaves the Board moderately optimistic that we will now see the progress in sales and reduction in trading losses that efforts to date have merited.

Vending Solutions

The Vending Solutions division continued to make very good progress in the period. This progress is attributed to the development of business capability that exploits powerful strategic drivers in the marketplace and securing contracts with major blue chip customers whose businesses are growing as a result of delivering services aligned to these drivers. The successful implementation of this strategy is particularly encouraging when factoring in the impact of vending estate rationalisation which is an inevitable outcome of installing our solution.

Operating profit performance, however, remained broadly flat in the year as a result of enhancing the team's capability including recruiting Matt Lane from Nestle Professional Services to lead the business, and outsourcing cloud based contactless payment processing in order to meet the rigorous demands of PCI accreditation which was achieved in September 2015. This emphasises our strategy of focusing only on those activities which are core to driving value, and outsourcing to partners where they do not. Without these additional costs, operating performance would have been well ahead of last year and we are optimistic for the future growth of this business.

The launch of our new contactless payment solution in September supported by leading industry partners Elavon and CreditCall has given further impetus to providing a solution to the vending market where traditional cash-only payments have long been an inhibitor of consumption, usage and customer experience. The evolution and growth of contactless payment solutions provides a material opportunity to change this dynamic and attract more consumers to vending.

We expect that Vianet's contactless payment solution and significant experience developed in this new and dynamic space could offer exciting growth opportunities in years to come.

Summary and Outlook

Following the review of operations, it is clear to the Board that delivering world class strategic insight and actionable data to customers is where greatest value can be driven. Supporting our customers with data and insight that allows them to make even better and more informed decisions will underpin the growth of the business in the coming years and we will focus our energy and investment to achieve that objective.

This will require new investment in the technologies and competencies essential to developing world class big data capability, as well as continued investment in our people and teams. Developing great people, culture and values has always been at the core of what we do and the simple philosophy for leading the business is that only great people can deliver great strategies, relationships and products.

As a result of continuing uncertainty due to the impact of the implementation of the industry MRO option, Vianet's traditional beer monitoring business will likely remain under some pressure from pub closures and disposals, and reduced investment expenditure. However the Board expects this to be, at least partially, offset by continued growth in iDraught™ installations plus other initiatives.

Vending Solutions continues to enjoy great traction in the marketplace particularly in the quality coffee segment where consumption growth is being driven by rampant consumer demand. With the addition of our new contactless payment solution, and the leadership of Matt Lane with his industry knowledge and relationships, the Vending business is in good health and poised for further growth.

Focusing on delivering even greater value to customers through world class strategic insight and actionable data, together with rigorous cost management of Vianet's legacy business and service provision, should deliver the desired benefits and performance for customers and shareholders alike. In what has continued to be a challenging business environment, the Group has continued to make good underlying progress and built a solid foundation, which positions Vianet well for future profitable growth.

Stewart Darling
Chief Executive Officer
6th June 2016

Financial Review

Overall Group trading results

Group results overall, before amortisation of intangible assets, share based payments, option costs, and exceptional costs, were up 8.2% to a profit of £3.44 million as compared to £3.18 million in the financial year ended 31 March 2015.

The table below shows the performance of the Group (under IFRS) including discontinued operations, pre and post exceptional costs, as follows:

	FY2016 £'000	FY2015 £'000
Revenue	19,241	18,530
Gross Profit	11,155	11,010
	58.0%	59.4%
Operating Profit pre amortisation, share based payments and exceptional costs	**3,436**	**3,176**
Profit before tax post exceptional costs (post VFS disposal)	1,570	1,709
Profit before tax post exceptional costs (pre VFS disposal)	1,952	1,709
Profit before tax pre-exceptional costs	2,531	2,309

Divisional Performance

FY2016	£'000 Leisure	£'000 Vending	£'000 Technology	£'000 Fuel Solutions	£'000 Corporate	£'000 Total
Revenue	12,050	2,179	60	4,952	-	19,241
Gross profit	8,558	1,414	39	1,144	-	11,155
	71%	65%	65%	23%	-	58%
Operating profit/(loss) pre amortisation, share based payments and exceptional costs	**4,120**	**527**	**(256)**	**419**	**(1,374)**	**3,436**

Exceptionals

	FY2016 £'000	FY2015 £'000
VFS disposal	382	-
US legal costs	297	90
Other exceptionals	282	510
Total	**961**	**600**

Underlying trading related exceptional costs in accordance with Group exceptional policy, have reduced year on year by £228k. Current year costs are predominately related to rationalisation of staff base. VFS disposal costs is the net impact of the disposal of the Fuel division on 31 January 2016. US legal costs are commented on in the Chairman's statement.

Group trading result

The financial year under review featured a robust performance in Leisure, underlying growth in Vending post senior leadership investment cost, with a good increase in the Fuel Solutions contribution up to the date of disposal of 31 January 2016, and reduced losses in the US.

The Group continues to seek ongoing cost rationalisation, has maintained margins, has invested for growth, and added key people where needed.

Group turnover of £19.24 million (2015: £18.53m) was 3.8% ahead of last year, whilst operating profit of £3.44 million was up by 8.2%. In particular, the Vending division's operating profits remained constant post the recruitment of the Managing Director and other up-scaling costs at £0.53 million (2015: £0.56 million).

Group profit before taxation amounted to £1.57 million (2015: £1.71 million) and was impacted by increased exceptional costs of £0.96 million (2015 £0.60 million) which included £0.38 million in respect of the VFS disposal. Pre this factor, the Group profit before taxation was up 14.2% at £1.95 million.

Blended recurring revenues for the Group are slightly behind last year at 69% (2015: 71%) due to product mix.

Divisional performance

Leisure

	2016	2015
Turnover	12,050	12,146
Operating profit/(loss) pre amortisation, share based payments and exceptional costs	4,120	4,136
New unit sales – UK pubs	455	555
Net estate – UK pubs	c14,900	c15,500
iDraught™ penetration – UK	22.5%	19.6%

The Leisure division, consisting of the core beer monitoring business (including the US), and gaming machine monitoring. Gross margins remained consistent around 70%. New iDraught™ growth is reflected in the above results (372 units, 2015: 526 units). Performance was satisfactory set against further pub disposals of c 1,100 (2015: c 1,400) which saw a net reduction in estate of c630.

The final part of the Leisure division is Machine Insite brand which contributed a robust £0.20 million (2015: £0.22 million) this year.

Vending

	2016	2015
Turnover	2,179	2,105
Operating profit/(loss) pre amortisation, share based payments and exceptional costs	527	559
New unit sales	5,284	5,702
Net estate	c19,000	c14,200

The division's operating profits remained broadly level at £0.53 million (2015: £0.56 million) despite c. £0.20 million of additional costs associated with new roles including the recruitment of a high calibre Managing Director, and one off PCI Compliance costs.

Vending made progress in the year with additional growth in unit sales as shown above which includes cashless growth of 553 units (2015: 888 units). Growth during the year is reflected in the estate figures. Recurring revenue mix has increased to c. 55% (2015: c. 45%).

Technology

During 2016/2017 the Technology division will transfer to a main stream cost centre servicing the Group (historically this has been absorbed throughout the Divisions).

Fuel Solutions

The discontinued impact of Vianet Fuel Solutions Limited, and at the end of January 2016, was a pre-exceptional profit of £0.42m (2015: £0.03m).

Taxation

The Group has continued to utilise available tax losses during the year resulting in no tax being paid (2015: £nil). The Group will continue to utilise the available tax losses carried forward into FY2016. In the financial year under review, the tax line includes a deferred tax asset provision release of £0.54 million (2015: £0.42 million) recognising the impact of the tax losses available and being utilised.

Earnings per share

Earnings per share has been impacted by the recognition of the deferred tax assets provision referred to above, realising the losses carried by the Group and the unwinding of that provision in FY2014.

The exceptional cost of £382k resulting from the loss on disposal of Vianet Fuel Solutions impacted overall basic earnings per share. Excluding this one-off non-operating exceptional cost the overall basic earnings per share before exceptional costs would have increased to 7.28 pence for FY2016 as compared to 7.00 pence for FY2015.

The underlying earnings per share pre the deferred tax asset provision and exceptional items is 9.32 pence for FY2016 compared to 8.55 pence for FY2015. Fully diluted earnings per share (before exceptional costs), which takes account of all outstanding share options, amounted to 9.27 pence in FY2016 which compares to 8.54 pence in the prior financial year.

Balance sheet and cash flow

The Group balance sheet remains consistently strong.

The Group generated operating cash flow of £3.42 million (2015: £2.87 million) an increase of 19.2%, with positive working capital movement. Despite the effects of a challenging core beer market and continued pub company disposal programmes, coupled with reduced losses in the US, the Leisure business overall had a very healthy operational cash generation of c. £5.1 million.

Excluding the funds generated from the sale of Vianet Fuel Solutions Limited, the cash generated in FY2016 were utilised to invest in the Group's technology through research and development, service borrowings and fund dividends. At the year end, the Group had borrowings of £1.59 million (2015: £2.5 million), and post the VFS disposal, net cash of £ 2.01 million (2015: £2.09 million net debt).

The balance sheet and cash generating capacity of Vianet Limited (post disposal of Vianet Fuel Solutions Limited) provides a solid platform to pursue the significant growth opportunities that will generate shareholder value.

Mark Foster
Chief Financial Officer
6th June 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	Note	Before Exceptional 2016 £000	Exceptional 2016 £000	Total 2016 £000	Total 2015 £000
Continuing operations					
Revenue		14,290	-	14,290	14,358
Cost of sales		(4,279)	-	(4,279)	(4,423)
Gross profit		10,011	-	10,011	9,935
Administration and other operating expenses		(6,994)	(439)	(7,433)	(7,280)
Operating profit pre amortisation and share based payments from continuing operations		3,017	(439)	2,578	2,655
Operating profit pre amortisation and share based payments from discontinued operations		419	(522)	(103)	(79)
Operating profit pre amortisation and share based payments		3,436	(961)	2,475	2,576
Intangible asset amortisation		(661)	-	(661)	(586)
Share based payments		(28)	-	(28)	(37)
Total administration expense		(7,683)	(439)	(8,122)	(7,903)
Operating profit post amortisation and share based payments		2,328	(439)	1,889	2,032

Net finance costs		(44)	-	(44)	(65)
Profit from continuing operations before tax		2,284	(439)	1,845	1,967
Income tax expense	1	(553)	-	(553)	(419)
Profit from continuing operations		1,731	(439)	1,292	1,548
Discontinued operations:					
Revenue		4,951	-	4,951	4,172
Loss on disposal of subsidiary		-	(382)	(382)	-
Other administration expenses		(724)	(140)	(864)	(1,153)
Operating profit pre amortisation and share based payments from discontinued operations		419	(522)	(103)	(79)
Share based payments		(15)	-	(15)	(8)
Intangible asset amortisation		(157)	-	(157)	(171)
Loss from discontinued operations:		247	(522)	(275)	(258)
Profit and other comprehensive income for the year		1,978	(961)	1,017	1,290
Earnings per share					
Continuing Operations					
– Basic	8			4.76p	5.73p
– Diluted	8			4.73p	5.73p
Discontinued Operations					
– Basic	8			(1.02)p	(0.96)p
– Diluted	8			(1.01)p	(0.95)p

Consolidated Balance Sheet

at 31 March 2016

	Note	2016	2015
		£000	£000
Assets			
Non-current assets			
Goodwill		15,503	17,723
Other intangible assets		1,982	2,436
Property, plant and equipment		3,143	3,537
Total non-current assets		20,628	23,696
Current assets			
Inventories		1,810	1,897
Trade and other receivables		3,564	4,187
Tax asset		482	1,024
Cash and cash equivalents		3,605	548
		9,461	7,656
Total assets		30,089	31,352
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables		4,016	3,947
Borrowings		489	1,043
		4,505	4,990
Non-current liabilities			
Borrowings		1,103	1,594
		1,103	1,594
Equity attributable to owners of the parent			
Share capital		2,843	2,831
Share premium account		11,287	11,198
Share based payment reserve		217	209
Own shares		(1,221)	(1,381)

Merger reserve	310	310
Retained profit	11,045	11,601
Total equity	24,481	24,768
Total equity and liabilities	30,089	31,352

Consolidated Statement of Changes in Equity

for the year ended 31 March 2016

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Merger reserve £'000	Retained profit £000	Total £000
At 1 April 2014	2,827	11,182	(1,381)	293	310	11,721	24,952
Dividends	-	-	-	-	-	(1,539)	(1,539)
Issue of shares	4	16	-	-	-	-	20
Share based payments	-	-	-	45	-	-	45
Share option forfeitures	-	-	-	(129)	-	129	-
Transactions with owners	4	16	-	(84)	-	(1,410)	(1,474)
Profit and total comprehensive income for the year	-	-	-	-	-	1,290	1,290
Total comprehensive income less owners transactions	-	-	-	(84)	-	(120)	(184)
At 31 March 2015	2,831	11,198	(1,381)	209	310	11,601	24,768
At 1 April 2015	2,831	11,198	(1,381)	209	310	11,601	24,768
Dividends	-	-	-	-	-	(1,549)	(1,549)
Issue of shares	12	89	-	-	-	-	101
Share based payments	-	-	-	43	-	-	43
Share option forfeitures	-	-	-	(35)	-	35	-
Exercise of options	-	-	160	-	-	(59)	101
Transactions with owners	12	89	160	8	-	(1,573)	(1,304)
Profit and total comprehensive income for the year							

	-	-	-	-	-	1,017	1,017
Total comprehensive income less owners transactions	12	89	160	8	-	(556)	(287)
At 31 March 2016	2,843	11,287	(1,221)	217	310	11,045	24,481

Consolidated Cash Flow Statement
for the year ended 31 March 2016

	Note	2016	2015
		£000	£000
Cash flows from operating activities			
Profit for the year		1,017	1,290
Adjustments for			
Interest payable		44	65
Income tax expense		553	419
Amortisation of intangible assets		818	757
Depreciation		449	492
Payment of deferred consideration		(22)	(20)
(Profit)/Loss on sale of property, plant and equipment		(207)	14
Share based payments		43	45
Operating cash flows before changes in working capital and provisions		2,695	3,062
Change in inventories		(34)	(46)
Change in receivables		(338)	(352)
Change in payables		1,099	205
		727	(193)
Cash generated from operations		3,422	2,869
Income taxes refunded		-	-
Net cash generated from operating activities		3,422	2,869
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		-	21
Proceeds on disposal of subsidiary division		3,400	-
Cash disposed with subsidiary		(90)	-
Purchases of property, plant and equipment		(383)	(363)
Purchases of intangible assets		(855)	(787)
Net cash used in investing activities		2,072	(1,129)
Cash flows from financing activities			
Interest payable		(44)	(65)
Issue of share capital		101	20
Share options exercised		100	-

Repayments of borrowings		(486)	(1,067)
New borrowings		-	1,000
Dividends paid	2	(1,549)	(1,539)
Net cash used in financing activities		(1,878)	(1,651)
Net increase/(decrease) in cash and cash equivalents		3,616	89
Cash and cash equivalents at beginning of period		(11)	(100)
Cash and cash equivalents at end of period		3,605	(11)

Notes to the financial statements

1. Taxation

Analysis of charge in period

	2016	2015
	£000	£000
Current tax expense		
– Amounts in respect of the current year	-	-
– Amounts in respect of prior periods	-	1
	-	1
Deferred tax credit:		
– Amounts in respect of the current year	553	418
Income tax charge	553	419

Reconciliation of effective tax rate

The tax for the 2016 period is higher (2015 was lower) than the standard rate of corporation tax in the UK (2016: 20% and 2015: 21%). The differences are explained below:

	2016	2015
	£000	£000
Profit before taxation		
– Continuing and discontinuing operations	1,570	1,709
Profit before taxation multiplied by rate of corporation tax in the UK of 20% (2015:21%)	314	359
Effects of:		
Other expenses not deductible for tax purposes	(38)	15
Amortisation of intangibles	120	24
Utilisation of losses	-	(228)

Movement on losses	440	426
Adjustments for prior years	-	1
Research and development	(283)	(178)
Total tax charge	553	419

2. Ordinary dividends

	2016	2015
	£000	£000
Final dividend for the year ended 31 March 2015 of 4.0p (year ended 31 March 2014: 4.0p)	1,087	1,081
Interim dividend paid in respect of the year of 1.70p (2015: 1.70p)	462	458
Amounts recognised as distributions to equity holders	1,549	1,539

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2016 of 4.0p per share. If approved by shareholders, it will be paid on 28 July 2016 to shareholders who are on the register of members on 17 June 2016. Total dividend payable 5.70p (2015: 5.70p).

3. Earnings per share

Earnings per share has been impacted by the reversal of a deferred tax asset provision realised in previous years. Even with a higher deferred tax charge, the overall basic earnings per share for the year ended 31 March 2016 before exceptional costs increased to 7.28 pence compared to 7.00 pence at March 2015.

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders (£1,017k) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated on the basis of profit for the year after tax divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised

The table below shows the earnings pre and post the impact of the movement in the deferred tax asset.

	2016			2015		
	Earnings	Basic earnings per share	Diluted earnings per share	Earnings	Basic earnings per share	Diluted earnings per share
	£000			£000		
Pre-tax profit attributable to equity shareholders	1,570	5.78p	5.75p	1,709	6.33p	6.33p
Post-tax profit attributable to equity shareholders	1,017	3.74p	3.72p	1,209	4.78p	4.77p
Post-tax, pre-exceptional profit attributable to equity shareholders	1,978	7.28p	7.24p	1,890	7.00p	6.99p

	2016	2015
	Number	Number
Weighted average number of ordinary shares	27,168,095	26,996,763
Dilutive effect of share options	141,814	36,977
Diluted weighted average number of ordinary shares	27,309,909	27,033,740

4. Exceptional items

	2016	2015
	£000	£000
Disposal of VFS subsidiary	382	-
US litigation	297	90
Corporate restructuring and transitional costs	282	510
	961	600

Corporate restructuring and transitional costs have reduced year on year, the primary background being the transition of people and management to ensure we have the succession and calibre of people on board to deliver the strategic aims and aspirations of the Group.

Disposal of VFS subsidiary relates to all costs incurred in disposing of the subsidiary offset by the proceeds from the sale i.e. loss on sale.

For details behind the US litigation costs, see the Chairman's statement.

5. Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Sections 495(2) or 498(3) of the Companies Act 2006.

The consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet and the consolidated cash flow statement have been extracted from the Group's financial statements for the year ended 31 March 2016, which will be delivered to the Registrar of Companies following the AGM on 30 June 2016, upon which the auditors opinion is unqualified and does not include any statement under section 498(2) or 498(3) of the Companies Act 2006. Those financial statements have not yet been delivered to the Registrar.

The statutory accounts for the year ended 31 March 2015 have been delivered to the registrar, contained an unqualified audit report and did not include a statement under section s498(2) or s498(3) of the Companies Act 2006.

The audited accounts will be posted to all shareholders in due course and will be available on request by contacting the Company Secretary at the Company's Registered Office.

6. Annual General Meeting

The Annual General Meeting will be held on 30 June 2016 at 11.30am, at the offices of Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	Note	Before Exceptional 2016 £000	Exceptional 2016 £000	Total 2016 £000	Total 2015 £000
Continuing and discontinuing operations					
Revenue		19,241	-	19,241	18,530
Cost of sales		(8,086)	-	(8,086)	(7,520)
Gross profit		11,155	-	11,155	11,010
Administration and other operating expenses		(7,719)	(961)	(8,680)	(8,434)
Operating profit pre amortisation and share based payments		3,436	(961)	2,475	2,576
Intangible asset amortisation		(818)	-	(818)	(757)
Share based payments		(43)	-	(43)	(45)
Operating profit post amortisation and share based payments		2,575	(961)	1,614	1,774
Finance costs		(44)	-	(44)	(65)
Profit before taxation		2,531	(961)	1,570	1,709
Income tax expense	1	(553)	-	(553)	(419)

Profit after tax and total comprehensive income for the year attributable to the owners of the parent		1,978	(961)	1,017	1,290
Earnings per share					
– Basic	3	7.28p	(3.54)p	3.74p	4.78p
– Diluted	3	7.24p	(3.52)p	3.72p	4.77p

- Ends -