

Regulatory Story

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1Spatial Plc - SPA Final Results
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1Spatial plc (AIM: SPA)

("1Spatial", the "Group" or the "Company")

Final results for the year ended 31 January 2015

- Significantly increased Adjusted* EBITDA and deliverance on stated strategy -

The Board of directors of 1Spatial (the "Board"), the global spatial software and solutions company which manages the world's largest spatial data is pleased to announce the Company and consolidated group's (the "Group") audited final results for the year ended 31 January 2015.

Highlights**Financial highlights**

- Record revenues from operations with an increase of 13% to £19.6m (2014: £17.3m), reflecting the inclusion of twelve months' revenue from the Star-Apic acquisition (rebranded 1Spatial France and Belgium - 7.5 months in prior year)
- Improvement in gross profit margin from 48% to 55%
- Significant increase in Adjusted* EBITDA on prior year up 182% to £3.1m (2014: £1.1m)
- 35% reduction in Loss after Tax to £1.5m (2014: loss of £2.3m)
- £0.4m cash inflow from operations (2014: outflow of £2.3m)
- £7.8m net cash position and robust period-end balance sheet (2014: £10.8m net cash)
- Sustained strong secured order book of £7m (2014: £7m) which includes new wins as previous orders are delivered. Order book of a greater number of customers than in the prior year also with a higher gross margin.
- Healthy growing pipeline of opportunities at high gross margin levels enhanced by strategic Esri relationship
- Acquisition of 49% of Sitemap Ltd. for £0.5m on 30 January 2015

**Adjusted for strategic, integration, other one-off items and share based payment charge*

Operational highlights

- Announcement of strategically important relationship with Esri, the Geographic Information Systems (GIS) market leader. The Esri agreement enhances 1Spatial's addressable market and its global reach whilst quickening its route to market
- Key contract wins secured from new and existing customers in strategic growth sectors including the UK Ministry of Defence, Camwater (Cameroon), City of Caen Water Department (France), Intercommunale des Eaux du Centre du Brabant Walloon (Belgium) and United Utilities plc (UK)
- Consistently strong maintenance renewal levels (approximately 95% renewal rate)
- Improved performance in operating subsidiaries as a result of strict commercial discipline and performance improvement initiatives. These included:
 - Restructuring of Belgian operation, expected to yield annualised cost savings of approximately £0.7m
 - Relocation of offices in France and Belgium, with Belgium freehold property placed on the market with anticipated realisation of c.£1m
 - Relocation of Ireland office from Cork to Dublin to be nearer to key customers and achieve cost savings of approximately £0.2m
- Further delivery on US Census contract providing core infrastructure spatial technology enabling the Census team to lay the foundations for the 2020 decennial census
- Development of the US business with increased investment in sales and marketing; building relationships with US Census Bureau and other key government organisations. This has been further strengthened with the investment post year of 1Spatial's US Distributor LSI Inc.
- Significant global hires to support and strengthen the Group:
 - Regional manager appointed for 1Spatial France, Belgium and other French speaking markets
 - Additional sales people hired to service emerging markets
 - Regional manager appointed for Australia and Asia-Pacific
 - New industry-aligned sales structure at Cambridge HQ, convening sectors including: utilities, national mapping and land registration, telecommunications, defence and smart cities
 - Business Development Manager appointed to focus on the Netherlands
- Star-Apic acquisition rebranded as 1Spatial France and Belgium and global, multi-language marketing assets all completed
- Awards received from strategic partners:
 - Oracle Global Spatial and Graph Excellence 2014
 - SAFE Software Partner of Excellence.

Post Period-End Highlights

- Acquisition of 47 per cent of US distributor Laser Scan Inc. (LSI) in February for £1.5m. This will allow 1Spatial to boost its presence in this important market by complementing LSI's existing capabilities. There is an option agreement in place to acquire the remaining 53 per cent of this company in 2016 and 2017
- Addition of Azini Capital Partners to Company's shareholder register through acquisition of existing and issue of new ordinary shares, raising £1.92 million and further strengthening the balance sheet

Commenting on the results CEO, Marcus Hanke, said:

"We are pleased with the advancements achieved during the financial year. As part of the stated strategy, we have continued the development of our technology and consolidated our brands. The Company has enjoyed client success both with new and existing clients in strategic growth sectors. On the back of this success, we are able to report an increased overall Adjusted EBITDA and positive cash inflow from operations, backed by a strong balance sheet and a secured order book.

As well as continued investment in innovation, the proposition has been bolstered with strategic acquisitions and this has improved the market offering for the Company. Key strategic partnerships such as Esri will help the Company gain market share as well as increase the addressable market. Going forward, investment will be made as we progress through this crucial development phase, but believe it will secure scalable future growth and ultimately value for the Group.

The Company continues to build on the solid foundations and looks forward to the future with confidence."

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About 1Spatial

1Spatial manages the world's largest spatial big data and works with users and creators of the largest geospatial databases, helping them collect, store, manage and interpret location-specific information.

1Spatial's clients include national mapping and cadastral agencies, utility and telecommunications companies, and government departments including emergency services, defence and census bureaus.

A leader in the field, 1Spatial has over forty years' experience and a record of continual innovation and development. Today, with an ever increasing reliance on spatial and location-critical data, demand for our expertise has never been greater.

1Spatial operates globally, and has a portfolio of customers both in the Commercial and Government sector, with headquarters in Cambridge, UK and offices in France, Belgium, Ireland and Australia. To find out more, visit www.1spatial.com

Chairman's Statement

I am pleased to present the results for 1Spatial plc for the year ended 31 January 2015.

The Group reports record revenue of £19.6m and an Adjusted* EBITDA of £3.1m. These results represent a 13 per cent growth in revenues and a significant 182 per cent increase in Adjusted* EBITDA. The Group enters the next financial year with an order backlog of £7m and a healthy pipeline of sales opportunities enhanced by the Esri relationship. It also has a strong balance sheet and cash position. 1Spatial plc is well placed to meet its primary objective of generating value for its shareholders.

I write this report as interim Chairman, following the retirement of Steve Berry on 3 February 2015. The Board and I would like to thank Steve for his contribution as Chairman of 1Spatial over the last 10 years and we wish him well in his future endeavours. I am delighted to have assumed this position whilst the Company takes its time to identify the right person to take over the role as Non-Executive Chairman.

**Adjusted for strategic, integration, other one-off items and share based payment charge*

Corporate transactions

In 2013, the Company raised £17.1m to support its growth strategy. At the same time, the business in France and Belgium was acquired and the Company invested in strengthening its coverage across other target geographies, industry sectors and product domains.

Continuing this strategy, on 30 January 2015, 1Spatial acquired 49 per cent of Sitemap Ltd. for £0.5m. Sitemap is currently at incubator stage and is targeting a market launch in the coming financial year. The acquisition is expected to bring additional strength to 1Spatial through its complementary intellectual property and will leverage 'Open Data' opportunities. Sitemap uses 1Spatial tools to provide data and data-services to customers, which has potential across many sectors. During the current incubation stage, we are carrying out further research and market-testing to identify the industry sector for launch that will yield maximum opportunity.

Just after the year-end, on 3 February 2015, the company acquired 47 per cent of Laser Scan Inc. (LSI) for a cash consideration of US\$2.25m (£1.5m). LSI is the sole distributor for 1Spatial products and solutions across the Americas and the two companies have worked closely together on strategic accounts including the United States Census Bureau and the Brazilian Army. LSI's personnel already have expert knowledge of 1Spatial's solutions and this transaction will secure 1Spatial's American base, bringing additional opportunities and enabling secure growth across this significant market.

Under the terms of the sale and purchase agreement, 1Spatial has an option to acquire the remaining 53 per cent of LSI in two tranches (on 1 February 2016 and 1 February 2017) for the total sum of US\$2.55m, payable in cash or by the issue of new ordinary shares in 1Spatial. If this option is not exercised, the seller has the right to buy back the holding for US\$1.125m, being 50 per cent of the original consideration.

A number of other opportunities were identified during the year which would help 1Spatial satisfy its strategic ambition, a selection of which remains under review.

Strategy and performance

During this year, we have continued to develop and build upon our corporate strategy, determined in 2013. We have established new structures to support future growth, seized opportunities where they aligned with our strategy and reviewed areas that were not performing as expected. Where necessary, we have made changes to adapt to market or other external forces.

Progress has been made in all four strategy areas: product and service offerings, geographic coverage, organisational structure and brand.

Product and service offerings

At the heart of 1Spatial's strategy is the opportunity to capitalise on the Company's intellectual property - built up over forty years' of expertise and innovation - through a platform and suite of off-the-shelf software products.

1Spatial's Unique Selling Point (USP) is its approach to spatial big data; its quality, aggregation and enrichment. Our scalable software enables these processes to be automated, providing customers with efficiency savings and consistently high quality spatial data that they can sell onto their clients or use in their own internal processes.

1SMS (1Spatial Management Suite), our core product offering, gained significant traction through the year (having launched in the previous financial year). We intend to build on this success by developing additional, industry-specific applications for the suite.

The products and service-offerings gained as part of the Star-Apic acquisition are being integrated into, or consolidated within, the Company's current range. Many of these products are industry-specific and will form part of the development road-map leading to a suite of industry-aligned applications.

The nature of 1Spatial's expertise means that our solutions are often found at the heart of complex installations, working alongside and inter-operating with the technology of other vendors. The ability to work ever more seamlessly with other technologies is increasingly important and further developing this capability at a product level will be an important focus for us in the coming financial year. It is our intention to provide software solutions that are 'open' and which will work well with key vendors in the field. We see this as a critical area of development to enable further growth and the recent co-announcement with Esri is an important first step along this path.

In line with the above, strategic partnerships remain an important part of 1Spatial's strategy and during the period, we received international recognition for our solutions from two key partners. 1Spatial received awards for Oracle Global Spatial and Graph Excellence 2014, and SAFE Software Partner of Excellence.

The excellence of 1Spatial's personnel is widely recognised across the industry. As the market for geospatial solutions develops, we see two areas of opportunity develop. At one end of the scale, the largest geospatial implementations are becoming more complex, requiring higher levels of professional services (consulting, training and support) to deliver an effective solution. At the other end of the scale, new opportunities are emerging within organisations that have little or no in-house geospatial skills. In both scenarios, projects require greater involvement from professional services to deliver a solution and we see increased demand placed on our professional services teams. While success at scale will be delivered by the re-usable IP contained within 1Spatial's off-the-shelf software products, we believe that investing in our highly-regarded professional services organisation will deliver software scale more quickly. 1Spatial already has expert teams helping to define and shape data strategy for customers in important sectors like defence and utilities. In the coming year, we will increase investment in 1Spatial's professional services.

Allied to this, the Company will continue to provide excellent support and customer care to our existing customers to nurture those important, and often long-standing, relationships and of course to protect ongoing support and maintenance revenue streams.

Geographical coverage

The Group's headquarters are in Cambridge, UK; our offices in France and Belgium cover French-speaking markets, especially in Africa. We also have an Asia-Pacific office in Sydney, Australia and an office in Ireland. We are supported by a global network of partners including those in USA, Malaysia and Brazil.

1Spatial's geographic reach continues to increase through acquisition, opening new offices and forging new partnerships. Our investment in LSI, discussed above, will strengthen 1Spatial's presence in the Americas and enable us to drive more opportunities there. Already, we have seen increased interest in our offering and have been approached by a number of technology vendors with regards to potential partnerships.

The Company continues to see growth opportunities in the Middle-East and Africa and deals like the recently announced partnership with Dita Conseil in Cameroon will help us develop those opportunities. We continue to work with potential partners across the region, however, the complexity of these markets and the political situation makes this a long-term project.

Europe is where many of our key customers are based and, as such, it remains an important market for us. We continue to develop the market, leveraging our operations in France and Belgium, where both regional offices were relocated during the year to be nearer current and potential customers. We appointed a new country manager to be responsible for the two countries and hired additional sales people to cover Belgium and important North African markets (French-speaking and managed from our France office). During the year, we also appointed a business development manager to look after the Netherlands where, together with the UK, we have also seen significant interest in our services.

Organisational structure

Our organisational structures continued to develop throughout the year and we have put in place a new sales structure aligned to specific industry sectors (which will support and be supported by the development of industry-specific applications). Key sectors for 1Spatial include utilities, national mapping and land registration agencies, telecommunications and defence.

As discussed above, 1Spatial's professional services team is seen as a leader in spatial consultancy services and works with leading organisations and government bodies around the globe. Demand for geospatial data has never been greater. Data accuracy and the ability to manage multiple data-sets are essential to effective and informed decision-making. As a result, we are seeing increased demand for our services and will expand this team in the coming year.

Our development team is now centred in our Cambridge headquarters where our product development roadmap is determined and we continue to draw on regional development expertise in other territories. As well as industry-specific solutions and greater openness in design, the team is working on innovation areas such as indoor location and making use of 'Open Data' for example with its development of Sitemap.

Building the brand and creating demand

We continue to drive brand awareness within key industry sectors, countries and across initiatives such as the successful Smart Cities campaign (which continues into the coming year). Marketing will continue to be an important area of investment in the coming year, as we build the brand across target industries and geographies. The US will be a particular focus in the coming year following our investment in LSI.

Successful campaigns and participation in industry-focused global events has resulted in a pipeline of potential new customers and partners that the sales team will engage in the coming year. These targeted activities, improving our brand reach and establishing local sales structures are laying a solid foundation for development in the years to come and a healthy pipeline for the coming financial year.

During the period, we have seen a number of new contracts with new customers, as well as extensions from existing customers; such as one of our national mapping agency customers which awarded an extension worth £0.9m under its existing contract.

Our existing customers clearly value 1Spatial's software, consultancy and technical expertise. Many of them are moving towards new spatial big data solutions, driven by regulatory or other changes across their industries, and 1Spatial is seen as a trusted advisor. For example in utilities, increased regulatory changes and governance is a key driver for the implementation of 1SMS products as it can potentially eradicate costly industry fines.

In 2014, the Company was awarded a significant contract with the UK Ministry of Defence working with intelligence group No.1 AIDU, the aeronautical information and documentation unit). We also signed agreements with other government bodies including Land and Property Services Northern Ireland and the Rural Payments Agency.

We also enjoyed a number of wins within the important growth sector of Utilities. These include projects with Camwater (Cameroon), the city of Caen Water Department (France), Intercommunale des Eaux du Centre du Brabant Wallon (Belgium) and United Utilities plc (UK). These wins help to demonstrate our strength and industry knowledge in this sector, helping us to grow our business in the sector still further in the coming year.

Storage Fusion and Avisen

Our Storage Fusion and Avisen divisions continue to focus on their core competencies in each relevant market. Both companies enjoy long-term relationships with key customers such as Unisys and Unilever and continue to innovate with their product offerings. Storage Fusion provides unique software that analyses data storage across multi-vendor resources. Avisen provides management consulting and profitability improvement services.

Board and people

In January 2015, I took on the role as interim non-executive Chairman following the retirement of Steve Berry. The Board is still continuing its search for the right person as a replacement for Steve Berry but in the meantime, myself and Marcus Yeoman are still in a position to give 1Spatial the support it requires.

During the year, we continued to evolve our organisational structure making new appointments including the appointment of a country manager responsible for France, Belgium and French-speaking Africa, and a business development manager responsible for the Netherlands.

1Spatial's success - the business relationships it has built and the reputation it enjoys within the field of spatial big data - is entirely due to its management team and employees across the world. 1Spatial people are approachable, smart, innovative and agile. As we look forward to future growth, I would like to take this opportunity to thank them all for their continuing hard work and dedication.

Conclusion

During the period, we have consolidated our brand, continued to develop and deliver our world class technology, increased our market and global reach and cemented strategic relationships with key partners. We have also delivered Adjusted EBITDA profits which, at £3.1m, were ahead of expectations and show significant growth over the previous period. We continue to have a strong balance sheet and a significant secured order book alongside a healthy pipeline of opportunities enhanced by our relationship with Esri.

Subsequent to the year end, on 8 May 2015, the Company welcomed the addition of Azini Capital Partners to 1Spatial's shareholder register through acquisition of existing and issue of new ordinary shares, raising £1.92 million and further strengthening the Company's balance sheet.

Post period end, we also carried out work on potential acquisitions which resulted in our investments in Sitemap Ltd. and LSI, improving our market offering. Innovation remains important to us, with internal development and new intellectual property, such as that owned by Sitemap, will continue to strengthen our business. At the same time, we continue to evaluate potential future strategic acquisitions which would add value or new capabilities to the Group.

We have solid foundations in place and clear objectives across the business. Our product offering is more defined and our investment in LSI will help us develop the important US market. Strategic partnerships, like the one with Esri, along with our move towards increased software interoperability and openness, will help us gain market share and growth in all markets.

We were delighted to see 1Spatial plc recognised by the London Stock Exchange as one of the "1,000 Companies to Inspire Britain" for the second year running; a reflection of our continuing focus on delivering shareholder value through innovative and expert solutions.

Outlook

The year ending 31 January 2016 will be one of consolidation and targeted investment. We will continue to support our existing customers and develop the business along the lines discussed above; continuing to develop innovative, off-the-shelf software supported by our professional services, supporting strategically important industry sectors and exploiting opportunity across geographic markets.

However, it is vital for growth and future shareholder value that we make further investment in our spatial software so that it can be seamlessly integrated with other vendor platforms. Our work with the Esri platform is underway and we expect to have a commercial version available for sale at the Esri UK event on 19 May 2015. As a result of this investment, there will continue to be significant research and development costs during the coming financial year. Some revenue generating resource will be used during this development phase which will have an impact on revenue growth in the short term, however it is the opinion of the Board that this is a necessary investment to secure future scalable growth and value for the group.

The Group is looking forward to working with its new associate, LSI during the year and increasing its presence in the US market and developing a platform for growth.

The Board is encouraged by the progress made during the start of the current financial year and looks forward to the future with confidence.

David Richards
Interim Chairman
18 May 2015

Strategic report

Objectives

Our prime objective is to generate value for our shareholders. 1Spatial has a heritage through which it has evolved substantial capabilities that are unique in the marketplace. The Board sees that the greatest opportunity to deliver value comes through leveraging the company's intellectual property, its expertise, reputation and experience in a market that demands increasingly sophisticated management of geospatial data.

1Spatial provides the software solutions and services that manage the world's largest spatial Big Data. We work with users and creators of the largest geospatial databases on earth, helping them collect, store, manage and interpret location-specific information.

A leader in our field, we have over 40 years' experience and a record of continual innovation and development. The company enjoys deep, long-standing relationships with major customers around the world and, as a consequence, we enjoy an unparalleled reputation in the field.

Strategy and business model

Historically, the Company's expertise has been delivered for relatively few, very large, clients - the custodians of the largest and most critical geospatial databases on earth. This was achieved through bespoke projects leveraging resource-constrained professional services built on a fragmented code-base of software.

In the last couple of years, however, we have been following a new strategy and business model designed to better capitalise upon our IP assets. We began this journey in the year ended January 2013 and, two years later, we can see that the decision was sound. Effectively, we have inverted our historic business model from one grounded in ad hoc, bespoke and constrained consulting services drawing on a fragmented code-base to one where a robust and repeatable software model enables added-value professional services. We continue to refine and evolve the strategy, but this basic approach remains at the core.

We now have a business model that is repeatable and affordably scalable. Core functionality and re-usable IP can be re-sold as packaged product and our valuable, highly-skilled people can be better deployed at the cutting edge; delivering innovation for our customers.

Valuable, reusable IP developed on bespoke projects can be captured and fed into the development cycle for future iterations of our packaged software.

Demand for, and the use of, geospatial data continues to grow across the globe. The decreasing cost and increasing prevalence of sensor hardware (from the much-heralded "Internet of Things" to the global use of smartphones) produces a wealth of location-specific data that organisations need to handle. 1Spatial has the tools and expertise to manage that data.

Forecasts for the growth in demand for spatial big data solutions abound. A recent report by Research and Markets estimated that the global market for GIS systems in the Utilities sector alone will grow by a CAGR of 9.27 per cent between 2013 and 2018. The market for Smart Cities technology (reliant on geospatial data and a focus area for 1Spatial) is forecast to grow by 22.5 per cent CAGR between 2014 and 2019, to a total value of \$1.1 trillion. Analysts IDC forecast that the total market for Big Data Technology and Services will grow by 26.4 per cent CAGR to be worth \$41.5 billion in 2018.

1Spatial's strategy is to help more clients do more with their geospatial big data; effectively helping them to make their world smarter.

During the year, we identified two areas specific areas where we will refine our strategy to capitalise on opportunity and ensure continued growth.

Professional services

As geospatial big data requirements become more complex, we see much increased demand for our professional services. Sometimes existing customers are entering ever more complex areas and sometimes new customers are taking their first steps into working with geospatial data and have limited skills available in-house. In either case, there is opportunity and demand for the industry-recognised expertise of professional services teams in consulting, training and support. As we move into 2015, we will increase our investment in this area, hiring more customer-facing staff to meet the market demand.

Openness

A second aspect of the evolution of geospatial big data is that our technology is increasingly deployed within multi-vendor systems and required to work with other platforms. 1Spatial already enjoys strong partnerships with other leading players in the geospatial marketplace, as indicated by various partnership awards received during the year. Moving forward, "openness" - the ability to work and interoperate seamlessly with partner and competitor systems - will be a key demand. We have already announced an important partnership with Esri, one of the leading players in GIS systems, and our development team is working hard to release a new solution at the Esri UK event in May 2015. Further work will continue to ensure that 1Spatial software is recognised not only as leading in its own right, but easily integrated within other solutions, opening greater opportunities for growth in the

future.

1SMS (the 1Spatial Management Suite), is our core software solution and it continues to gain traction in the market. The products gained as part of the Star-Apic acquisition have now been integrated into, or consolidated within, our product range and we continue to develop industry-specific applications that will work alongside 1SMS.

We are confident that our strategy affords the best opportunity to realise the greatest value from 1Spatial's IP assets, and we were delighted to be recognised by the London Stock Exchange, for the second year running, as one of "1,000 Companies to Inspire Britain", research that seeks out the "UK's most exciting and dynamic small and medium-sized enterprises".

Markets

We see enormous opportunity to grow our core, geospatial business along three dimensions:

- Geographic markets;
- Industry sectors;
- New scenarios.

Geographic markets

United States

1Spatial already has several important customers in the US, including the US Census Bureau and US Army, and this will be an important target market for us in the coming year. Our investment in LSI, as noted in the Chairman's Statement above, will secure our base in the Americas and provide a path to opportunities in important US sectors including Government (Homeland Security, Defence and others) and Utilities.

Mary Brauer-Cox is the President of LSI. She and her team are well-respected and well-connected in the US market and we look forward to working with them more closely to grow our business and levels of customer service to the highest levels. We plan to focus initially on the current LSI customer-base, providing them with the combined knowledge and expertise of the two companies. We will also invest in providing sales and marketing support for significant new customer acquisition and to grow our market share.

France and Belgium

During the first half of 2014, the French and Belgium businesses (acquired as Star-Apic) were re-branded as 1Spatial.

The businesses have been re-organised for greater efficiency and to be more aligned to their customers. Central functions, such as development, finance and marketing, now report through the Cambridge headquarters and there have been a number of redundancies. This incurred a significant, one-off cost of £1.1m, but should yield annual savings of £0.7m.

The businesses have been relocated with the French office moving to a business district in Paris, and the Belgian office similarly moving to a more customer-centric location that will provide a better working environment for employees. The freehold Belgian property has been placed on the market and the Board is hopeful that a sale will be completed during the year to January 2016. It is expected that the property will realise at least the current net book amount of £1m.

We have appointed a country manager for France, Belgium and French-speaking Africa. The individual has extensive industry and regional knowledge, and is responsible for sales growth and major projects in the region. We have also hired additional sales people to cover Belgium and the key North African markets of Tunisia, Algeria and Morocco.

Australia

Our new country manager has been in place in Australia since the start of this financial year and has made a positive contribution to the group. We have plans in place to grow the business in the Australian market and across the Asia Pacific region.

The Middle-East and Africa

Geographic data has always been an enabler of economic development with history's most famous explorers were creating maps of the world, opening trade routes and fuelling the great economies of their day. The same is true today. As economies develop, they require increasingly accurate geospatial data: to locate natural resources, to record and enable the property rights for individuals and to plan new infrastructure. Demand comes from government and from the private sector: utilities, telecommunications and transport companies.

Often, developing countries are starting with little more than a room full of outdated maps and dusty records. 1Spatial's core constituency has been in National Mapping and Land Registry (cadastral) agencies. We already have a number of important customers in emerging markets in Africa and see a tremendous growth in interest from other regions.

The French-speaking markets of Africa are served by our office in France, where the staff have the local market knowledge (and language skills) to drive further demand in these markets. We also have a major government customer in the Middle-East and are recruiting a partner with local market knowledge to service the Middle-East market.

Some countries in sub-Saharan Africa show huge potential and during the year we announced a new partnership with Dita Conseil in Cameroon to help access those markets. We also signed a deal with Camwater (Cameroon Water Utilities Corporation), the national water utility of Cameroon.

Industry sectors

1Spatial's traditional core market has been with national mapping and cadastral (land registry) agencies. 1Spatial's tools run the largest geospatial database in the world; that of Ordnance Survey GB. Ordnance Survey Ireland is also a major customer. We continue to innovate in this market and enjoy deep, long-standing relationships with many agencies around the world and see increasing demand from developing economies for our skills in this sector. As well as developing this sector further, we will increasingly develop other industry markets, supported by a range of industry-specific applications that will be developed to work with 1SMS.

Utilities

1Spatial already enjoys success in the utilities sector with major customers such as United Utilities plc, Lyonnaise des Eaux and Sonede (the national water utility of Tunisia). During the year, we extended this through deals with water companies in France, Belgium and Cameroon. The utilities sector around the world is facing major change as it deals with innovations such as smart grids, smart meters and distributed generation. Regulators are also increasing the reporting requirements on utility companies. All of these issues have geospatial data at their heart and we see enormous potential in the sector as companies get to grips with managing a more complex network, at a greater degree of granularity.

Defence departments and emergency services

These sectors make critical, life-and-death decisions based on the accuracy of the topological data at their finger-tips. The sector's needs range in scale from accurately assessing territorial waters and national airspace down to the ability to direct police and ambulance services along the correct country track towards an incident. 1Spatial has important international customers including police forces in the UK and the armies of US, Brazil and Saudi Arabia.

Transport and telecommunications

The accurate location of both linear assets (roads, railways, telephone lines etc.) and small "point" assets (such as mobile phone masts, drainage outlets and signals) is critical to many industries. The same experience, skills and IP that 1Spatial has used for mapping agencies and utility companies can be redeployed to transport and telecommunications companies. The decreasing cost of hardware also means that it becomes cost-effective for such companies to track moving assets such as railway engines and delivery trucks. These have become important target markets for 1Spatial; sectors where we can deploy our IP with limited incremental cost to realise enormous value for customers.

New scenarios

The third dimension along which we can develop the 1Spatial business is in applying our existing technology to new use-case scenarios. Just as the lower cost of hardware enables the tracking of moving assets, so the emergence of the "Internet of Things" (connecting hitherto non-digital objects such as refrigerators or valves on a pipeline to the internet using Wi-Fi or cloud technology) will create new demand and opportunities for 1Spatial's protected IP.

Indoor location management

This is one scenario in which 1Spatial is currently investing research funds. Traditionally, the use of geospatial data has been conceived as an outdoor activity. However, the same concepts and skills can be taken indoors and applied to the tracking of assets within a building. Beyond simply recording the precise location of assets, this technology can be used in scenarios such as manufacturing or hospital work-flows to improve process management and resource allocation.

Smart Cities

The Smart Cities concept has geospatial data at its core. Smart Cities use data and technology to create urban environments that are more efficient and which better serve their residents. Such initiatives overlap several sectors, bringing together public transport and journey planning, smart utilities, buildings and property management etc. Location data is vital to these projects and we are working closely with city administrations in several countries.

Sitemap Ltd.

Our investment in Sitemap will bring 1Spatial the opportunity to generate revenue from data services, as well as from helping others to manage their data. This is an exciting complement to 1Spatial's existing capabilities and we look forward to commercialising this as soon as possible.

Storage Fusion

Our investment in Storage Fusion's SRA software continues and it is currently undergoing a full 'refresh'. The business continues to focus on its speciality of helping organisations manage complex, multi-vendor data storage environments.

Avisen

Avisen continues to work on a long-term project with Unilever and to serve a number of other key clients such as Tesco Direct. We are looking at working with partners to increase exposure to new customers and projects.

Operational and financial review

Overall financial highlights

The financial highlights are set out below:

Performance	31 January 2015	31 January 2014	Inc/(Dec) £m	Inc/(Dec) %
	£m	£m		
Revenues	19.6	17.3	2.3	13%
Adjusted* EBITDA	3.1	1.1	2.0	182%
Loss after tax	(1.5)	(2.3)	0.8	(35)%
Cash inflow/(outflow) from operations	0.4	(2.3)	2.7	117%
Year end position	31 January 2015	31 January 2014		
	£m	£m		
Net asset balance	21.0	22.1		
Net cash balance	7.8	10.7		

* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See Note 3 to the Accounts for further information.

The Group has delivered a solid set of results with a 13 per cent. increase in revenues and a significant, 182 per cent. increase in Adjusted* EBITDA. The main reason for the increase is the inclusion of a full year of results from 1Spatial France and Belgium (previously Star-Apic) compared to 7.5 months in the prior year. There has also been improvement in organic revenue growth and gross margin.

The overall loss after tax for the year (and the prior year) is mainly the result of exceptional costs, amortisation charges and share based payment charges.

The business generated a small operating cash inflow, mainly as a result of the increased EBITDA. However, certain exceptional costs, such as redundancy costs in France and Belgium which were accrued at 31 January 2015, will be paid out during the first half of 2016.

The net asset and net cash positions of the group remain strong. The most significant cash-flows in the period not attributable to operating cash flows were the investment in product development of £2.4m and the investment in Sitemap of £0.5m.

Performance by business type

An overview of each of the business types is set out below:

	Adjusted*		Adjusted*	
	Revenue	Revenue	EBITDA	EBITDA
	2015	2014	2015	2014
	£m	£m	£m	£m
Geospatial	17.9	15.4	5.1	3.0
Other businesses	1.7	1.9	0.5	0.3
Central costs	-	-	(2.5)	(2.2)
	19.6	17.3	3.1	1.1

* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See Note 3 to the Accounts for further information.

Geospatial businesses: 1Spatial and Star-Apic (rebranded as 1Spatial France and Belgium from 1 February 2014)

The main focus of management during the year has been on the geospatial businesses; 1Spatial UK, Ireland, Australia, France and Belgium. A summary of their results is set out below:

2015	2014	Variance	Variance
£m	£m	£m	%

Revenue	17.9	15.4	2.5	16%
Gross margin	9.9	7.4	2.5	34%
Gross margin %	55%	48%		
Overheads	(4.8)	(4.5)	(0.3)	7%
Adjusted* EBITDA	5.1	3.0	2.1	70%

* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge.

Total revenue has increased by 16 per cent. This is mainly due to the inclusion of a full year's results from France and Belgium, compared to 7.5 months in the previous year.

Management is still confident in the growth prospects of the Group but was disappointed that the growth in this financial year was not as high as previously expected. Management anticipates that this growth will still be realised, albeit in a later financial period. Some of the key reasons for the growth in this financial year not being as high as anticipated are as follows:

- Foreign Exchange - Revenues from France, Belgium, Australia and Ireland have been adversely affected by the strong GBP foreign exchange rate relative to the Euro and Australian Dollar
- Resource to work through the backlog of work and recognise revenue, which has been slower than expected. During the last few months of the year we were particularly resource constrained in the UK, where we not only had a heavy workload but also needed to execute on development work on the multi-vendor systems and platforms. It was a difficult balancing act that needed to be managed carefully to also sustain customer satisfaction. During the last part of 2015 and during Q1 of the 2016 financial year, we have been actively recruiting and believe we are now in a better position to execute on both the backlog of revenues and the development work that needs to be carried out.
- Significantly less 'throughput' revenues - in the prior years, there have been revenues which have not contributed significant margin to the group e.g. certain digitisation revenues and certain third party revenues. These revenues are ancillary to the group and there has been a drop in these in during 2015 and has been a focus of the commercial team to review these revenue streams and exit where appropriate.

Comparing the two periods on a constant currency basis and adjusting prior year results to include a twelve month contribution from France and Belgium (on a pro-rata basis), there is revenue growth of approximately five per cent.

Whilst revenue growth has been lower than expected, gross margin and Adjusted EBITDA have exceeded expectations. This is the result of strong commercial discipline within the business and managing the cost-base.

Key objectives for the management and commercial teams during the year have been to:

- Maintain 1Spatial's strong recurring support and maintenance revenues
- Review revenue streams that have low gross margins and exit contracts where appropriate
- Improve project management on existing long-term contracts
- Implement strict processes and procedures on Bid / No Bid decisions for new contracts and on the pricing of new contracts to ensure good gross margins are achieved
- Drive revenue mix towards more profitable licence sales.

Particular improvement has been seen in the UK business and we aim to replicate this success in France and Belgium during 2015/16. As noted in the Strategic Report, the French and Belgian businesses were reorganised during the year to January 2015 and several roles within the Belgian business were made redundant. The redundancies, announced in January 2015, incurred a significant one-off cost of c. £1.1m which has been included in exceptional items. There should be an annual cost reduction of approximately £0.7m going forwards without a direct impact on the France and Belgian revenues.

Following significant investment in R&D (see below) and the finalisation of commercial agreements, we anticipate revenue growth in 2015/16 from a new revenue stream generated through partnerships with third parties such as Esri. Developing this stream will be an important focus for the next financial year.

Our current revenue streams are generated from Licence Fees, Services, and Support and Maintenance in the following proportions:

	2015	2014
	%	%
Licences	20%	19%
Services	40%	46%
Support and maintenance	40%	34%

Recurring Support and Maintenance revenue has increased as a proportion because of the inclusion of a full year of results for France and Belgium.

We continue to enjoy a significant secured order book, currently at c.£7m. This has been sustained through the year as projects delivered have been replaced in the order book by new contracts wins and we start the new financial year with a healthy pipeline of sales opportunities.

During the year, we won a number of significant contracts each worth in excess of £0.5m. These included a contract with the UK Ministry of Defence (working with intelligence group No.1 AIDU, the Aeronautical Information and Documentation Unit), a project with one of our existing National Mapping Agency customers worth £0.9m, and a contract with a major UK utility company worth £0.6m. There have also been a large number of smaller contract wins, each worth less than £0.1m. These contract wins exclude our support and maintenance renewals, which are currently running at a 95 per cent renewal rate.

Other businesses

The Company's other business avenues comprise Avisen and Storage Fusion. Both businesses contributed positive Adjusted EBITDA in the year.

Avisen's main focus during the period was the continuing roll out of Unilever's 'Cost to Serve' project, which has been progressing well. We have an order backlog in respect of this project until December 2015. Support and maintenance revenues are building as each country goes live, thus providing future annuity revenues.

Storage Fusion continues to offer its SRA software and has a number of important contracts that renew on an annual basis. We continue to invest in the SRA software and it is currently undergoing a complete 'refresh'.

Central costs

Excluding share option charge, strategic, integration and other one-off items, head office costs were £2.5m in the year; an increase of £0.3m. This is due to continued investment in central marketing, HR and IT costs. With the central infrastructure now in place, we do not expect head office costs to increase significantly as the group gets larger. We have a head office structure and management team in place to execute on the Group's strategy.

Overall result for the year

	2015	2014
	£m	£m
Adjusted* EBITDA	3.1	1.1
Depreciation	(0.3)	(0.3)
Amortisation and impairment of intangible assets	(1.2)	(0.6)
Share based payment charge	(0.7)	(0.6)
Strategic, integration and other one off items	(2.3)	(1.8)

Operating loss	(1.4)	(2.2)
Net finance income/(cost)	(0.1)	(0.1)
Loss before tax	(1.5)	(2.3)
Tax	-	-
Loss for the year	(1.5)	(2.3)

* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See Note 3 to the Accounts for further information.

The loss in the year of £1.5m is an improvement (reduced loss) of £0.8m (35%) from the prior year. This is largely the result of the improved Adjusted EBITDA.

Amortisation and impairment of intangibles

Overall amortisation of intangible assets has increased on the prior year by £0.6m. This is mainly the result of a full year of Star-Apic amortisation of £0.3m and increased amortisation of development costs of £0.3m. The increase in relation to development costs is as a result of a number of products being launched into the market place and being sold (primarily the 1SMS Management Suite).

Share based payment charge

The share option charge represents the 'non-cash' charge under IFRS 2 attributable to issuing share options this financial year. This is part of the company's strategy to attract, motivate and retain talent within the business.

Strategic, integration and other one off items

These costs reflect the Group's acquisition-related activities.

	2015	2014
	£m	£m
Costs associated with Corporate Transactions and other Strategic costs	0.5	0.8
Integration costs associated with France and Belgium business	0.4	0.5
Training and other costs associated with the implementation of the new ERP system	0.1	0.3
Restructuring and redundancy costs of non-Star-Apic business	0.1	0.1
Restructuring and redundancy costs of Belgium business	1.1	-
Other	0.1	0.1
Total	2.3	1.8

The most significant difference between this year and the previous year is the cost of restructuring and redundancies in Belgium, amounting to £1.1m. Further analysis of the costs is set out in Note 3.

The majority of the restructuring work with France and Belgium has now been finalised and therefore management believe that the level of exceptional items should be significantly less during the next financial year unless the group enters into another transaction. The US transaction may lead to some exceptional costs but this is a less complex business to integrate compared to the French and Belgium business so the costs are unlikely to be significant.

Tax

The tax credit for the group is £5k (2014: credit of £10k). Refer to note 4 for further analysis.

Statement of Financial Position

The Group has a strong balance sheet at 31 January 2015 with net assets of £21.0m (2014: £22.1m).

Non-current assets

Intangible assets and goodwill

Intangible assets and goodwill increased by £0.7m as a result of additions of £2.4m (mainly development costs) offset by amortisation of £1.2m and foreign exchange adjustments of £0.5m.

Property plant and equipment

This decreased by £1.1m mainly as a result of the Freehold property in Belgium being classified as Held for Sale and consequently as a current asset (£1.0m).

Interests in associate

This increased by £0.5m as a result of the Sitemap acquisition.

Current assets

Trade and other receivables were £7.5m, an increase of £0.6m on the prior year. The main reason for this increase is due to debtors in France and Belgium; in particular, accrued income in Belgium from large contracts where invoicing and payment milestones are scheduled after work has been performed. Management is constantly reviewing this accrued income balance to ensure recoverability and has no concerns over this balance at present. The contracts are with Quasi government entities and this gives additional comfort to management over recoverability.

Current liabilities

Trade and other payables has decreased by £0.6m, which is a combination of an increase of Trade and other payables and accruals, of £0.2m, and a decrease in deferred income, of £0.8m. The decrease in deferred income is mainly as a result of timing of billing on support and maintenance contracts and other large contracts where more customers are requesting monthly/quarterly invoicing rather than annual invoicing.

Cash flow

The year-end cash and cash equivalents position of was £8.2m (2014: £11.2m). Subsequent to the year end a placing of £1.9m (gross proceeds) enhanced the Group's cash position and supports its growth strategy.

Cash generated from operations in the year was £0.4m, driven by an improved Adjusted EBITDA on the prior year. Certain cash outflows took place in the year which were not anticipated. These were the £0.5m cash outflow to acquire Sitemap and additional working capital outflows of approximately £1m. The Company also invested in £2.4m in product development during the year. The investment in accrued income should start to reverse towards the end of the 2016 financial year as the billing milestones are met and we can invoice for large proportions of the contracts.

The overall net decrease in cash in the year was £2.8m (2014: £8m increase due to placing). At the end of the year there was a net cash position of £7.8m as a result of netting off the small French/Belgium loans (2014: £10.7m).

1Spatial plc

Consolidated statement of comprehensive income
Year ended 31 January 2015

	Note	2015 £'000	2014 £'000
Revenue		19,598	17,266
Cost of sales		(8,804)	(9,063)
Gross profit		10,794	8,203
Administrative expenses		(12,260)	(10,428)
		(1,466)	(2,225)
Adjusted* EBITDA		3,052	1,067
Less: depreciation		(267)	(277)
Adjusted* EBITA		2,785	790
Less: amortisation and impairment of intangible assets		(1,183)	(627)
Less: share based payment charge		(723)	(601)
Less: strategic, integration and other one off items	3	(2,345)	(1,787)
Operating loss		(1,466)	(2,225)
Finance income		30	44
Finance costs		(86)	(73)
Net finance cost		(56)	(29)
Loss before tax		(1,522)	(2,254)
Income tax credit	4	5	10
Loss for the year		(1,517)	(2,244)
Loss for the year attributable to:			
Equity shareholders of the Parent		(1,517)	(2,227)
Non-controlling interest		-	(17)
		(1,517)	(2,244)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences arising on translation of net assets of foreign operations		(316)	22
Other comprehensive income for the year, net of tax		(316)	22
Total comprehensive loss for the year		(1,833)	(2,222)
Total comprehensive loss attributable to:			
Equity shareholders of the Parent		(1,833)	(2,205)
Non-controlling interest		-	(17)
		(1,833)	(2,222)

Loss per ordinary share expressed in

pence per ordinary share:

Basic	10	(0.23)	(0.41)
Diluted	10	(0.23)	(0.41)

*Adjusted for share option charge and strategic, integration and other one off items (note 3)

1Spatial plc

Consolidated statement of financial position
As at 31 January 2015

Registered number: 5429800

	Notes	2015 £'000	2014 Restated * £'000
Assets			
Non-current assets			
Intangible assets including goodwill	5	14,729	14,019
Property, plant and equipment		552	1,712
Interests in associates	6	500	-
Total non-current assets		15,781	15,731
Current assets			
Inventories		-	15
Trade and other receivables		7,453	6,861
Current income tax receivable		134	42
Cash and cash equivalents	7	8,250	11,165
Assets classified as held for sale	8	994	-
Total current assets		16,831	18,083
Total assets		32,612	33,814
Liabilities			
Current liabilities			
Trade and other payables		(8,301)	(8,894)
Current income tax liabilities		(22)	(52)
Borrowings		(242)	(52)
Provisions		(1,151)	(666)
Total current liabilities		(9,716)	(9,664)
Non-current liabilities			
Borrowings		(191)	(268)
Deferred tax		(1,697)	(1,764)
Total non-current liabilities		(1,888)	(2,032)
Total liabilities		(11,604)	(11,696)
Net assets		21,008	22,118
Share capital and reserves			
Share capital	9	15,572	15,572
Share premium account	9	20,608	20,608
Own shares held		(306)	(306)
Equity-settled employee benefits reserve		1,711	988

Merger reserve	13,900	13,900
Reverse acquisition reserve	(11,584)	(11,584)
Currency translation reserve	(292)	24
Accumulated losses	(18,601)	(17,084)
Total equity attributable to shareholders of the parent	21,008	22,118

Refer to note 5

1Spatial plc
Consolidated statement of changes in equity
Year ended 31 January 2015

£'000	Share Capital	Share Premium Account	Own Shares Held	Equity-settled Employee Benefits Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity Attributable to the Equity Shareholders of the Parent	Non-controlling interest	Total Equity
Balance at 1 February 2014	15,572	20,608	(306)	988	13,900	(11,584)	24	(17,084)	22,118	-	22,118
Comprehensive income											
Loss for the year	-	-	-	-	-	-	-	(1,517)	(1,517)	-	(1,517)
Other comprehensive income											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(316)	-	(316)	-	(316)
Total other comprehensive income	-	-	-	-	-	-	(316)	-	(316)	-	(316)
Total comprehensive loss	-	-	-	-	-	-	(316)	(1,517)	(1,833)	-	(1,833)
Transactions with owners											
Recognition of share based payments	-	-	-	723	-	-	-	-	723	-	723
	-	-	-	723	-	-	-	-	723	-	723
Balance at 31 January 2015	15,572	20,608	(306)	1,711	13,900	(11,584)	(292)	(18,601)	21,008	-	21,008

£'000	Share Capital	Share Premium Account	Own Shares Held	Equity-settled Employee Benefits Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity Attributable to the equity shareholders of the parent	Non-controlling interest	Total Equity
Balance at 1 February 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824	-	6,824
Comprehensive income											
Loss for the year	-	-	-	-	-	-	-	(2,227)	(2,227)	(17)	(2,244)
Other comprehensive income											
Exchange differences on translating foreign operations	-	-	-	-	-	-	22	-	22	-	22
Total other comprehensive income	-	-	-	-	-	-	22	-	22	-	22
Total comprehensive loss	-	-	-	-	-	-	22	(2,227)	(2,205)	(17)	(2,222)
Transactions with owners											
Shares issued in the year (note 9)	3,000	15,000	-	-	-	-	-	-	18,000	-	18,000
Share issue costs	-	(895)	-	-	-	-	-	-	(895)	-	(895)
Recognition of share based payments	-	-	-	601	-	-	-	-	601	-	601
	3,000	14,105	-	601	-	-	-	-	17,706	-	17,706
Transactions with non-controlling interest											
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	385	385
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(207)	(207)	(368)	(575)
	-	-	-	-	-	-	-	(207)	(207)	17	(190)
Balance at 31 January 2014	15,572	20,608	(306)	988	13,900	(11,584)	24	(17,084)	22,118	-	22,118

1Spatial plc
Consolidated statement of cash flows
Year ended 31 January 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations	(a)	379	(2,289)
Interest received		30	44
Interest paid		(86)	(73)
Tax (paid)/received		(21)	68
Net cash generated from/(used in) operating activities		302	(2,250)
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		-	(3,875)
Acquisition of investment in associate	6	(500)	-
Purchase of property, plant and equipment		(258)	(566)
Expenditure on product development capitalised		(2,363)	(1,726)
Proceeds from sale of property, plant and equipment		37	-
Net cash used in investing activities		(3,084)	(6,167)
Cash flows from financing activities			
Increase in borrowings		38	178
Repayment of borrowings		(47)	(285)
Net proceeds of share issue		-	17,105

Acquisition of non-controlling interest	-	(575)
Net cash (used in)/generated from financing activities	(9)	16,423
Net (decrease)/increase in cash and cash equivalents	(2,791)	8,006
Cash and cash equivalents at start of year	11,165	3,216
Effects of foreign exchange on cash and cash equivalents	(124)	(57)
Cash and cash equivalents at end of year	(b) 8,250	11,165

Notes to the consolidated statement of cash flows

(a) Cash generated from/(used in) from operations

	2015	2014
	£'000	£'000
Loss before tax	(1,522)	(2,254)
Adjustments for:		
Depreciation charge	267	277
Amortisation	1,183	627
Share based payment charge	723	601
Net foreign exchange movement	-	233
Loss on disposal of property, plant and equipment	-	94
Decrease/(increase) in inventories	15	(1)
(Increase) in trade and other receivables	(1,020)	(1,188)
Increase/(decrease) in trade and other payables	192	(707)
Increase/(decrease) in provisions	485	-
Finance (income)/cost - net	56	29
Cash generated from/(used in) operations	379	(2,289)

(b) Reconciliation of net cash flow to movement in net funds

	2015	2014
	£'000	£'000
(Decrease)/increase in cash in the year	(2,791)	8,006
Net cash inflow in respect of new borrowings	(38)	-
Net cash outflow in respect of borrowings paid	47	107
Changes resulting from cash flows	(2,782)	8,113
Loans acquired with subsidiary	-	(423)
Effect of foreign exchange	(82)	(12)
Change in net funds	(2,864)	7,678
Net funds at beginning of year *	10,681	3,167
Net funds at end of year	7,817	10,845
Analysis of net funds		
Cash and cash equivalents classified as:		
- Current assets	8,250	11,165
Bank and other loans	(433)	(320)
Net funds at end of year	7,817	10,845

* Net funds at the beginning of the 2015 year include £164,000 which was previously classified within other payables in 2014. The comparative information has not been restated.

Notes to the financial statements

For the year ended 31 January 2015

1. Basis of preparation

The financial information included in this preliminary announcement does not comprise accounts within the meaning of Section 434 of the Companies Act 2006, but has been extracted from the statutory financial statements for the year ended 31 January 2015.

The preliminary results for the year ended 31 January 2015 have been prepared in accordance with the accounting policies set out in its annual report for the period ended 31 January 2014. These accounts have been audited and the audit report is unqualified and does not contain a statement under section 498 of the Companies Act 2006.

These policies have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("IFRSs as adopted by the EU"), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated results have been prepared under the historical cost convention, as modified for any financial assets which are stated at fair value through profit or loss. The results have been prepared in Sterling as this represents the functional currency of the Group and figures have been rounded to the nearest thousand.

2. Segmental information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into the following operating divisions - Central costs, Geospatial (1Spatial Group including France and Belgium) and Other (Avisen and Storage Fusion). These divisions are the basis on which the Group reports its segmental information. Where applicable, the reportable operating segments derive their revenue primarily from the sale of consultancy and software. The Central costs mainly represents costs associated with 1Spatial plc including costs of the board of Directors and other costs which are not specific to any of the other segments. Examples of cost include the group accounting function and marketing. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees.

The Board assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis excludes the effects of strategic, integration and other one off items from the operating segments.

As reported in the 2014 annual report, Star-Apic was re-branded as a 1Spatial company (1Spatial France and Belgium) from 1 February 2014. Given the re-branding, the results of Star-Apic from 1 February 2014, have been reported to the Board, as part of the 1Spatial business.

The segment information provided to the Board for the reportable segments for the year ended 31 January 2015 is as follows:

	Central	Geospatial	Other	Total
	costs			
	£'000	£'000	£'000	£'000
31 January 2015				

Revenue	-	17,934	1,664	19,598
Total revenue from third parties	-	17,934	1,664	19,598
Cost of sales	-	(8,000)	(804)	(8,804)
Gross profit	-	9,934	860	10,794
Total administrative expenses	(3,818)	(7,758)	(684)	(12,260)
Adjusted EBITDA	(2,506)	5,106	452	3,052
Less: depreciation	(26)	(234)	(7)	(267)
Adjusted EBITA	(2,532)	4,872	445	2,785
Less: amortisation and impairment of intangible assets	-	(1,084)	(99)	(1,183)
Less: share based payment charge	(604)	(129)	10	(723)
Less: strategic, integration and other one-off items	(682)	(1,482)	(181)	(2,345)
Total operating (loss)/profit	(3,818)	2,176	176	(1,466)
Finance income	25	5	-	30
Finance cost	(2)	(81)	(3)	(86)
Net finance income/(cost)	23	(76)	(3)	(56)
(Loss)/profit before tax	(3,795)	2,100	173	(1,522)
Tax	-	(38)	43	5
(Loss)/profit for the year	(3,795)	2,062	216	(1,517)
Results attributable to non-controlling interests	-	-	-	-
(Loss)/profit attributable to equity holders of the parent	(3,795)	2,062	216	(1,517)

31 January 2015	Central costs £'000	Geospatial £'000	Other £'000	Total £'000
Segment assets	4,288	25,740	2,584	32,612
Segment liabilities	(1,129)	(9,183)	(1,292)	(11,604)
Segment net assets	3,159	16,557	1,292	21,008

All assets are allocated to reportable segments with the exception of investments in associates, which are allocated to the Geospatial segment.

3. Strategic, integration and other one off items

In accordance with the Group's policy for strategic, integration and other one off items, the following charges were included in this category for the year:

	2015 £'000	2014 £'000
Costs associated with Corporate transactions and other Strategic costs	514	834
Integration costs associated with France and Belgium business	402	484
Training and other costs associated with the implementation of the new ERP system	78	251
Restructuring and redundancy costs of non-Star-Apic business	88	126
Restructuring and redundancy costs of Belgium business	1,135	-
Other	128	92
Total	2,345	1,787

A high proportion of the cost associated with Corporate transactions and other strategic costs relates to the acquisition of Sitemap Ltd on 30 January and 1Spatial's US distributor LSI on 3 February 2015 (post year-end). The costs are mainly in relation to due diligence and legal fees. In addition, and in line with our stated strategy, the company assessed other potential acquisitions during the year and used various advisers to assist with this process and the overall strategic direction of the company.

During the year, we largely completed the integration of the France and Belgium businesses (formerly) Star-Apic into the 1Spatial business. The costs above are those specifically attributable to this and include: Redundancy costs (mainly in Belgium), staff bonuses in relation to integration cost savings, certain IT costs, rebranding costs, costs of aligning development, sales and marketing strategies, and certain staff costs directly attributable to the integration. In addition, the cost of developing 1Spatial's new global and multi-lingual website is included here.

To support our growth strategy, we have implemented a new ERP system. This went live in August 2013 in the UK, Ireland and Australia and certain modules went live in France and Belgium during 2014. Further implementation work on this is due to continue during 2015 as the finance modules are brought on-line.

4. Income tax charge/(credit)

	2015 £'000	2014 £'000
Current tax		
UK corporation tax on income for year	22	-
Foreign tax	42	107
Adjustments in respect of prior years	(102)	(7)
Total current tax	(38)	100
Deferred tax		
Origination and reversal in temporary differences	33	(14)
Change in rates of taxation	-	(96)
Total deferred tax	33	(110)
Total tax credit	(5)	(10)

Factors affecting the tax charge/(credit) for the year:

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

2015	2014
------	------

	£'000	£'000
Loss on ordinary activities before tax	(1,522)	(2,254)
	(1,522)	(2,254)
Loss on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 21.33% (2014: 23.17%)	(325)	(522)
Effect of:		
Expenses not deductible for tax purposes	112	199
Foreign tax	(16)	66
Capital allowances in deficit/(excess) of depreciation	6	(2)
Overseas tax rates higher/(lower) than UK tax rates	37	(59)
Tax losses not recognised	617	535
Benefit of losses brought forward utilised not previously recognised	27	(152)
Research and development relief	(43)	-
Other timing differences	(320)	99
Adjustments in respect of prior years	(102)	(7)
Adjustments to deferred tax in respect of earlier periods	12	(16)
Impact of change in tax rate	(10)	(151)
Total tax credit for year	(5)	(10)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's losses for this financial year are taxed at an effective rate of 21.33%. Legislation to reduce the main rate of corporation tax from 21% by a further 1% to 20% from 1 April 2015 was included in the Finance Act 2013 and substantively enacted on 17 July 2013 and so the relevant deferred tax balances have been re-measured at 20% for the current year end.

5. Intangible assets including goodwill

	Goodwill (Restated ^{*)} £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Website costs £'000	Intellectual property £'000	Total £'000
Cost								
At 1 February 2014	13,467	232	2,493	4,129	3,383	30	12	23,746
Additions	-	-	-	13	2,344	-	6	2,363
Disposals	-	-	-	-	-	-	-	-
Effect of foreign exchange	(199)	-	(136)	(89)	(92)	-	-	(516)
At 31 January 2015	13,268	232	2,357	4,053	5,635	30	18	25,593
Accumulated impairment and amortisation								
At 1 February 2014	6,355	50	347	1,556	1,389	30	-	9,727
Amortisation	-	23	232	428	500	-	-	1,183
Effect of foreign exchange	-	-	(12)	(26)	(8)	-	-	(46)
At 31 January 2015	6,355	73	567	1,958	1,881	30	-	10,864
Net book amount at 31 January 2015	6,913	159	1,790	2,095	3,754	-	18	14,729

* During the course of the integration of Star-Apic (1Spatial France and Belgium), additional provisions on certain long term contracts were identified as being required at acquisition. As these were identified within 12 months of the acquisition, they have been reflected as fair value adjustments at acquisition in accordance with IFRS 3, "Business combinations". The adjustment has been to increase goodwill and provisions by £574,000.

6. Interests in associates

The investment in the associate is stated at cost less provision for any impairment.

Cost	£'000
At 1 February 2014	-
Additions	500
At 31 January 2015	500

Details of the associate at 31 January 2015, which was acquired on 30 January 2015, are as follows:

Name Voting	Principal Activity	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of power held %
Sitemap Limited	Location based Software	United Kingdom	49%	49%

The Group's share of the assets including goodwill of the associate is £500,000 (2014: £nil).

As noted in the Chairman's statement, Sitemap Limited is currently in R&D/incubator stage and will be going to market during the next financial year. Sitemap Limited will add a new dimension, although complementary, to the group and will have data provision at the core of its offering, along with leveraging the tools created by 1Spatial.

7. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	8,196	11,106

Financial assets - restricted access account	54	59
	8,250	11,165

The fair value of the Group's cash and cash equivalents is the same as its book value stated above.

8. Assets classified as held for sale

In January 2015, the board resolved to dispose of the freehold building it owns in Belgium (part of the Geospatial segment). The building, which has been listed with a real estate agent, is expected to be sold within 12 months. This has been classified as an asset held for sale and presented separately in the balance sheet. The proceeds of disposal are expected to exceed the book value of the related assets and accordingly no impairment loss has been recognised on classification of this building as held for sale.

The major classes of assets comprising the asset classified as held for sale are as follows:

	Year ended 31 January 2015
	£'000
Property, plant and equipment	994
Total assets classified as held for sale	994

9. Share capital, share premium account and own shares held

	2015 Number	2014 Number
Allotted, called up and fully paid		
Ordinary shares of 1p each	650,415,354	650,415,354
Deferred shares of 4p each	226,699,878	226,699,878
	Ordinary shares of 1p each	Deferred shares of 4p each
At 1 February 2014 and 31 January 2015	650,415,354	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the company, and to receive notice of, attend and vote at every general meeting of the company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro-rata to the amount credited as paid up on such shares (excluding any premium).

Deferred Shares

The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The Deferred Shares will also be incapable of transfer (other than to the Company). In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares will have no economic value. No application will be made for the Deferred Shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

10. (Loss)/Earnings per ordinary share

Basic loss per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015 £'000	2014 Restated £'000
Loss attributable to equity holders	(1,517)	(2,227)
Adjustments:		
Loss for the year attributable to non-controlling interest	-	(17)
Income tax credit	(5)	(10)
Net finance cost	56	29
Depreciation	267	277
Amortisation and impairment of intangible assets	1,183	627
Share based payment charge	723	601
Integration, strategic and one off costs	2,345	1,787
Adjusted EBITA	3,052	1,067
	2015 Pence	2014 Restated Pence
Basic (loss) per share	(0.23)	(0.41)
Diluted (loss) per share	(0.23)	(0.41)
Adjusted basic earnings per share	0.47	0.20
Adjusted diluted earnings per share	0.45	0.19

The prior year information has been restated so that depreciation is included in the adjustments to the loss attributable to equity holders, so that the adjusted basic and diluted earnings per share are based on Adjusted EBITDA.

	2015 Number 000's	2014 Number 000's
Basic weighted average number of ordinary shares	650,415	541,922
Impact of share options and warrants	22,970	29,128
Diluted weighted average number of ordinary shares	673,385	571,050

11. Availability of Annual Report and Financial Statements

Copies of the Company's full Annual Report and Financial Statements are expected to be posted to shareholders in due course and, once posted, will also be made available to download from the Company's website at www.1spatial.com.

The Annual Report and Financial Statements will also be made available for inspection at the Company's registered office during normal business hours on any weekday. 1Spatial plc is registered in England and Wales with registered number 5429800. The registered office is at Pannell House, Park Street, Guildford GU1 4HN.

12. Annual General Meeting

The Company's next Annual General Meeting ("AGM") will be held on [] and a formal Notice of AGM and proxy form have today been posted to those shareholders who have elected to receive hard copy shareholder communications from the Company and can also be downloaded from the Company's website at www.1spatial.com.

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