20 February 2013

NETCALL PLC
("Netcall", the "Company", or the "Group")

Interim results for the six months ended 31 December 2012

Netcall plc (AIM: NET), a leading customer engagement software provider, today announces its unaudited interim results for the six months ended 31 December 2012.

Financial Highlights

- Revenue increased 12% to £8.16m (H1 FY12: £7.31m)
- Adjusted EBITDA(1) increased by 34% to £2.19m (H1 FY12: £1.63m)
- Adjusted earnings per share(2) increased 39% to 1.32p (H1 FY12: 0.95p)
- Revenue of a recurring nature(3) of £5.3m corresponding to 65% of total revenue
- Cash generated from operations increased 32% to £2.42m (H1 FY12: £1.83m) before acquisition and reorganisation payments
- Profit before tax increased 46% to £1.34m (H1 FY12: £0.92m)
- Basic earnings per share increased 44% to 0.92p (H1 FY12: 0.64p)
- Debt-free balance sheet with net cash funds of £8.18m

1) *profit before interest, taxation, depreciation, amortisation, acquisition and reorganisation expenses and share-based charges*
2) *earnings per share before amortisation of acquired intangible assets, acquisition and reorganisation expenses, share-based charges, adjusted to a standard rate of corporation tax*
3) *revenue from support and maintenance and hosted service contracts*

Operational Highlights

- Successful earnings enhancing acquisition of Serengeti, augmenting the product portfolio and increasing cross-selling opportunities
- Significant growth in new orders across all key markets; the NHS, Public Sector and Contact Centres, resulting in higher organic revenue growth
- Launch of new platform
- Continuing efficiency focus, delivering improved margins

Henrik Bang, CEO of Netcall, commented,

"Trading was comfortably in line with expectations during the first six months of the financial year. Netcall enjoys a growing pipeline, a high proportion of recurring revenues and an expanding product portfolio as a result of introducing new solutions and the acquisition of Serengeti. In addition our financial strength provides us with the ability to continue investing in growth. Therefore, whilst the Board is mindful of the prevailing economic climate it remains confident in achieving a successful outcome for the year."

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About Netcall plc
Netcall's software product suite provides compelling business process solutions for end-to-end customer engagement, incorporating intelligent contact handling, workforce optimisation, business process management and enterprise content management. Our target markets comprise organisations of all sizes, including many blue-chip companies with global contact centre operations. The Netcall software platform helps organisations meet the growing demands of their customers and prospects whilst improving internal efficiencies, thereby increasing profitability and customer satisfaction.

Netcall's customer base contains over 700 organisations in both the private and public sectors. These include over 65% of the NHS Acute Health Trusts, major telecoms operators such as BT and Cable & Wireless and leading organisations including Interflora, Lloyds TSB, Interserve, Orange, Prudential, British Sugar, and Thames Water.

Introduction

Netcall continued to expand its customer base, broaden its solution set, and successfully completed its third acquisition in the first six months of the year. We made good progress against our strategic goals and achieved revenue growth in the period of 12% and adjusted earnings per share growth of 39%. Order inflows remained strong and double digit sales growth was maintained through new customer wins and sales to existing customers.

The Group underpins its profitability from the two thirds of its revenues that it considers to be recurring in nature, resulting in strong cash generation of £2.4m from trading during the period. The Group remains debt free with a net cash position of £8.2m at 31 December 2012.

Netcall's software solutions deliver cost savings with a rapid return on investment and customer experience improvement, to both private and public organisations. The Board believes a continuing focus on 'spend to save' solutions provides good growth opportunities and will therefore continue to invest in expanding its market presence and organisational capabilities.

Expansion of our suite of multi-channel interaction, business automation and work force management solutions continued in the period. Most recently, we launched a major upgrade of our platform which includes an embedded version our Eden BPM suite together with tighter product integration and an updated technology stack.

The earnings enhancing acquisition in September 2012 of Serengeti Systems Ltd ("Serengeti") which provides Enterprise Content Management ("ECM") software to the UK public sector, was an important part of the Company's growth strategy, expanding its customer base and product portfolio while increasing the opportunity to drive further cross-selling across the Group's 700 strong customer base.

Financial Review

Group revenue for the year increased 12% to £8.16m (H1 FY12: £7.31m) comprising 6% organic growth and an initial three month contribution from Serengeti Systems.

Revenue which is considered to be recurring in nature, derived from support, maintenance, hosting and managed service contracts, was 65% (H1 FY12: 68%) of total Group revenue and continues to exceed the Group's fixed operating costs.

The gross profit margin improved from 87% to 90% reflecting the benefit of continuing cost saving programmes.

Administrative expenses, before depreciation, amortisation, acquisition and reorganisation costs and share-based charges, increased to £5.12m (H1 FY12: £4.72m) as a result of the acquisition of Serengeti, higher incentive pay and a 1% increase in the fixed cost base.

Consequently, the Group recorded a 34% increase in adjusted EBITDA to £2.19m (H1 FY12: £1.63m), 30% organically, a margin of 27% of revenue (H1 FY12: 22%).

This adjusted EBITDA, after taking into account amortisation of acquired intangible assets of £0.49m, share-based payment charges of £0.13m, and £0.15m acquisition costs relating to Serengeti, resulted in profit before tax of £1.34m for the period (H1 FY12: £0.92m).

The Group tax charge was £0.23m (H1 FY12: £0.14m) and effective rate of tax of 17% (H1 FY12: 15%). The effective rate of tax was driven by the utilisation of previously unrecognised tax losses from prior years.

Adjusted earnings per share increased 39% to 1.32p (H1 FY12: 0.95p). Reported earnings per share increased 44% to 0.92p (H1 FY12: 0.64p).

Cash flow remains strong with cash generated from operations before acquisition and reorganisation payments increasing by 32% to £2.42m (H1 FY12: £1.83m), representing 111% of adjusted EBITDA (H1 FY12: 112%).

Spending on research and development, including capitalised software development, increased by 14% to £0.73m (H1 FY12: £0.64m) due to higher investment in product development. As a result, capitalised software development expenditure was 62% higher at £0.21m (H1 FY12: £0.13m).

Total capital expenditure was £0.23m (H1 FY12: £0.29m); the balance after capitalised development, being £0.02m (H1 FY12: £0.16m).

The Company purchased 0.89 million of its own shares during the period for £0.25m; as a result it now holds 1.87 million ordinary shares in treasury.

The Company used £1.69m of cash during the period in acquiring Serengeti, comprising £2.13m in initial consideration and completion account adjustment, offset by £0.44m cash acquired within the business. In addition to the initial cash already paid, a provision for a maximum contingent consideration of £0.9m has been made. The estimated payments will be assessed once completion accounts are finalised.

As a result of these factors, cash decreased to £8.18m at 31 December 2012 (30 June 2012: £8.43m). The Group continues to maintain a debt-free balance sheet.

On 11 January 2013, post period end, the Company paid a dividend to shareholders in respect of the year ended 30 June 2012 of 0.5 pence per share totalling £0.61m, an increase of 25% over the previous financial year.

Business Review

Netcall's objective is to provide software solutions which reduce costs while improving organisations' service levels to customers, patients or citizens.

Netcall offers a platform with a broad set of innovative packaged solutions for end-to-end customer engagement, incorporating intelligent contact handling, workforce optimisation, business process management and enterprise content management. The Group's solutions can be bought either individually or as a suite, on-premise or in the Cloud. This modular approach gives customers an affordable entry point to the platform from which they can both upgrade and expand, protecting their future investments and potentially reducing their number of suppliers. This enables Netcall to introduce new products and resell into the existing customer base.

Examples of solutions include:

- Netcall's Cloud solutions, used by organisations such as Louis Vuitton and Autoglass, are now being extended to provide mobile services built into iPhone and Android apps, expanding the number of channels offered, increasing flexibility and meeting customer demand.

- Netcall's ECM solution allows customers such as the Scottish Environment Protection Agency to utilise our web services to interface with all Scottish Local Government Planning Authorities for statutory consultations.

- The Forestry Commission uses our CRM and Web self-service solutions to allow citizens to apply for licenses online and process the application end-to-end through to the felling of trees.

The Company's strategy, which remains unchanged, is to broaden its product portfolio, grow its customer footprint, combine organic growth with targeted acquisitions and remain focused on operational cost management.

Customer wins

Netcall has continued to grow its customer base in the period, securing a higher level of orders from new customers compared to the first half of last year. New customer wins during the period included contracts with a number of private sector organisations, such as Domestic & General and Spire Healthcare, as well as more Local Authorities, Housing Associations and NHS Trusts.

Cross and up-sales across the customer base also continue to progress well, such as the sale of an Eden solution to The Warranty Group, an existing workforce management customer.

Product Development

The focus of product development is on expanding the Group's capabilities, as customers increasingly look to Netcall to provide them with a full range of end-to-end customer engagement solutions. Netcall recently launched a major upgrade of its software platform, named Liberty, which, as referenced at the time of our final results, embeds a version of the Eden suite. This provides business process management and work-flow as new standard platform capabilities and also gives access to a number of new licensed solutions. In addition, Liberty incorporates an upgraded technology stack and further product integration. This development, in the Board's view, offers both new and existing customers compelling reason to invest in, or upgrade their platforms, thereby creating incremental revenue opportunity for the Group.

In the year ahead, the Group's product roadmap priorities include replicating Liberty functionality to its current Cloud offering, making it easier for customers to benefit from the solution portfolio while providing the opportunity to grow its recurring revenue base. In addition, the Group will focus on enhancing its mobility and multi-channel capabilities, enabling customers to offer multiple communication channels, including mobile devices, voice, email, web, social media and SMS, thereby unifying the experience for their customers. A further priority will be integrating enterprise content management and case management solutions from the acquisition of Serengeti Systems with the Liberty platform.

Acquisitions

Acquisitions remain an important component of Netcall's growth strategy and the Board continues to evaluate opportunities for further consolidation in the marketplace.

Outlook

Trading was comfortably in line with expectations during the first six months of the financial year. Netcall enjoys a growing pipeline, a high proportion of recurring revenues and an expanding product portfolio as a result of introducing new solutions and the acquisition of Serengeti. In addition, Netcall's financial strength provides the Company with the ability to continue investing in growth. Therefore, whilst the Board is mindful of the prevailing economic climate, it remains confident in achieving a successful outcome for the year.

Unaudited consolidated income statement for the six months to 31 December 2012

£'000	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Revenue	**8,160**	**7,309**	**14,589**
Cost of sales	(855)	(959)	(1,718)
Gross profit	**7,305**	**6,350**	**12,871**
Administrative expenses	(6,011)	(5,474)	(10,883)
Other gains/(losses) - net	1	14	4
Adjusted EBITDA	**2,186**	**1,634**	**3,468**
Acquisition costs	(146)	-	-
Share-based payments	(132)	(158)	(303)
Depreciation	(48)	(56)	(106)
Amortisation of acquired intangible assets	(491)	(481)	(949)
Amortisation of other intangible assets	(74)	(59)	(118)
Operating profit	**1,295**	**890**	**1,992**
Finance income	49	33	70
Finance costs	(4)	(3)	(9)
Finance income – net	45	30	61
Profit before tax	**1,340**	**920**	**2,053**
Tax	(227)	(135)	(243)
Profit for the period	**1,113**	**785**	**1,810**
Earnings per share – pence			
Basic	0.92	0.64	1.49
Diluted	0.87	0.63	1.43

All activities of the Group in the current and prior periods are classed as continuing. All of the profit for the period is attributable to the shareholders of Netcall plc.

Statement of comprehensive income for the six months to 31 December 2012

£'000	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Profit for the period	1,113	785	1,810
Total comprehensive income for the period	**1,113**	**785**	**1,810**

Unaudited consolidated balance sheet at 31 December 2012

£'000	31 December 2012	31 December 2011	30 June 2012
Assets			
Non-current assets			
Property, plant and equipment	236	253	237
Intangible assets	13,123	10,719	10,380
Deferred income tax asset	764	862	817
Total non-current assets	**14,123**	**11,834**	**11,434**
Current assets			
Inventories	167	326	244
Trade and other receivables	4,334	3,274	4,161
Cash and cash equivalents	8,179	7,178	8,431
Total current assets	**12,680**	**10,778**	**12,836**
Total assets	**26,803**	**22,612**	**24,270**
Equity and liabilities			
Equity attributable to the owners of the parent			
Share capital	6,117	6,112	6,112
Share premium	3,015	3,010	3,010
Merger reserve	2,509	2,509	2,509
Capital reserve	188	188	188
Treasury shares	(419)	(167)	(167)
Employee share schemes reserve	739	481	612
Profit and loss account	3,718	2,169	3,208
Total equity	**15,867**	**14,302**	**15,472**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	891	897	819
Other payables	45	-	-
Provisions	552	30	44
Total non-current liabilities	**1,488**	**927**	**863**
Current liabilities			
Trade and other payables	4,009	3,061	2,310
Current income tax liabilities	347	308	370
Deferred income	4,692	3,891	5,255
Provisions	400	123	-
Total current liabilities	**9,448**	**7,383**	**7,935**
Total liabilities	**10,936**	**8,310**	**8,798**
Total equity and liabilities	**26,803**	**22,612**	**24,270**

Unaudited consolidated statement of changes in equity at 31 December 2012

£'000	Share capital	Share premium	Merger reserve	Capital redemption reserve	Treasury shares	Employee share schemes	Profit and loss account	Total equity
Balance at 1 July 2011	**6,112**	**3,010**	**2,509**	**188**	**-**	**331**	**1,861**	**14,011**
Employee share option scheme:								
- value of employee services	-	-	-	-	-	158	-	158
- cancellation of options	-	-	-	-	-	(8)	8	-
Purchase of treasury shares	-	-	-	-	(167)	-	-	(167)
Dividends to equity holders of the company	-	-	-	-	-	-	(485)	(485)
Transactions with owners	**-**	**-**	**-**	**-**	**(167)**	**150**	**(477)**	**(494)**
Profit and total comprehensive income for the period	-	-	-	-	-	-	785	785
Balance at 31 December 2011	**6,112**	**3,010**	**2,509**	**188**	**(167)**	**481**	**2,169**	**14,302**
Balance at 1 January 2012	**6,112**	**3,010**	**2,509**	**188**	**(167)**	**481**	**2,169**	**14,302**
Employee share option scheme:								
- value of employee services	-	-	-	-	-	145	-	145
- cancellation of options	-	-	-	-	-	(14)	14	-
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**131**	**14**	**145**
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,025	1,025
Balance at 30 June 2012	**6,112**	**3,010**	**2,509**	**188**	**(167)**	**612**	**3,208**	**15,472**
Balance at 1 July 2012	**6,112**	**3,010**	**2,509**	**188**	**(167)**	**612**	**3,208**	**15,472**
Employee share option scheme:								
- proceeds from share issue	5	5	-	-	-	-	-	10
- value of employee services	-	-	-	-	-	131	-	131
- reclassification following exercise of share options	-	-	-	-	-	(4)	4	-
Purchase of treasury shares	-	-	-	-	(252)	-	-	(252)
Dividends to equity holders of the company	-	-	-	-	-	-	(607)	(607)
Transactions with owners	**5**	**5**	**-**	**-**	**(252)**	**127**	**(603)**	**(718)**
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,113	1,113
Balance at 31 December 2012	**6,117**	**3,015**	**2,509**	**188**	**(419)**	**739**	**3,718**	**15,867**

Unaudited consolidated cash flow statement for the six months to 31 December 2012

£'000	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Cash flows from operating activities			
Profit before income tax	1,340	920	2,053
Adjustments for:			
Depreciation	48	56	106
Amortisation	565	540	1,067
Share-based payments	132	158	303
Net finance income	(45)	(30)	(61)
Changes in working capital (excluding the effects of acquisitions)			
Inventories	77	(83)	(1)
Trade and other receivables	572	675	(212)
Trade and other payables	(460)	(520)	469
Cash generated from operations	**2,229**	**1,716**	**3,724**
Analysed as:			
Cash generated from operations before acquisition and reorganisation payments	2,416	1,832	3,897
Acquisition costs paid	(146)	-	-
Reorganisation costs paid	(41)	(116)	(173)
Interest paid	(4)	(3)	(9)
Income tax paid	(370)	-	(79)
Net cash generated from operating activities	**1,855**	**1,713**	**3,636**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	(1,686)	-	-
Purchases of property, plant and equipment	(21)	(148)	(181)
Development expenditure	(206)	(131)	(308)
Purchases of other intangible assets	(1)	(7)	(19)
Interest received	49	33	70
Net cash used in investing activities	**(1,865)**	**(253)**	**(438)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	10	-	-
Purchase of treasury shares	(252)	(167)	(167)
Dividends paid to Company shareholders	-	-	(485)
Net cash used in financing activities	**(242)**	**(167)**	**(652)**
Net (decrease)/ increase in cash and cash equivalents	**(252)**	**1,293**	**2,546**
Cash and cash equivalents at beginning of period	8,431	5,885	5,885
Cash and cash equivalents at end of period	**8,179**	**7,178**	**8,431**

Notes to the financial information for the six months ended 31 December 2012

1. General information

Netcall plc (AIM: "NET", "Netcall", or the "Company") is a leading provider of customer engagement software. It is a public limited company which is quoted on AIM (a market of the London Stock Exchange). The Company's registered address is 3rd Floor, Hamilton House, 111 Marlowes, Hemel Hempstead, HP1 1BB and the Company's registered number is 1812912.

2. Basis of preparation

The Group interim results consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The principal trading subsidiary of Netcall is Netcall Telecom Ltd.

These consolidated interim financial statements (the 'results') have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (February 2013). This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The balance sheet at 30 June 2012 has been derived from the full Group accounts published in the Annual Report and Accounts 2012, which has been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

The results have been prepared in accordance with the accounting policies set out in the Group's 30 June 2012 statutory accounts, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union ("EU"). No changes to accounting policies are expected for the year ending 30 June 2013.

The results for the six months ended 31 December 2012 were approved by the Board on 19 February 2013. A copy of these interim results will be available on the Company's web site www.netcall.com from 28 February 2013.

The principal risks and uncertainties faced by the Group have not changed from those set out on pages 7 and 8 of the annual report for the year ended 30 June 2012.

3. Segmental analysis

Management consider that there is one operating business segment being the design, development, sale and support of software products and services, which is consistent with the information reviewed by the Board of Directors when making strategic decisions. Resources are reviewed on the basis of the whole of the business performance.

The key segmental measure is adjusted EBITDA which is profit before interest, tax, depreciation, amortisation, acquisition and reorganisation expenses and share-based payments, which is set out on the consolidated income statement.

4. Acquisition and reorganisation costs

£'000s	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Acquisition costs[1]			
Included in trade and other payables at beginning of period	-	-	-
Charged in period relating to Serengeti Systems Ltd	(146)	-	-
Paid	(146)	-	-
Included in trade and other payables at end of period	-	-	-
Reorganisation costs			
Included in trade and other payables and provisions at beginning of period	124	297	297
Charged in period	-	-	-
Paid	(41)	(116)	(173)
Included in trade and other payables and provisions at end of period	83	181	124

[1] Acquisition costs are principally professional advisor fees.

5. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding those held in treasury:

	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Net earnings attributable to ordinary shareholders (£'000s)	1,113	785	1,810
Weighted average number of ordinary shares in issue (000s)	121,228	121,985	121,630
Basic earnings per share (pence)	**0.92**	**0.64**	**1.49**

The diluted earnings per share has been calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Weighted average number of ordinary shares in issue (000s)	121,228	121,985	121,630
Adjustments for share options (000s)	7,200	1,653	5,268
Weighted average number of potential ordinary shares in issue (000s)	128,428	123,638	126,898
Diluted earnings per share (pence)	**0.87**	**0.63**	**1.43**

Adjusted basic and diluted earnings per share has been calculated to exclude the effect of acquisition and reorganisation costs, share-based payment charges, amortisation of acquired intangible assets and utilisation of historic tax losses. The Board believes this gives a better view of ongoing maintainable earnings. The table below sets out a reconciliation of the earnings used for the calculation of earnings per share to that used in the calculation of adjusted earnings per share:

£'000s	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Profit used for calculation of basic and diluted EPS	**1,113**	**785**	**1,810**
Acquisition costs	146	-	-
Reorganisation costs	-	-	-
Share-based payments	132	158	303
Amortisation of acquired intangible assets	491	481	949
Tax adjustment	(279)	(266)	(575)
Profit used for calculation of adjusted basic and diluted EPS	**1,603**	**1,158**	**2,487**

Pence	Six months to 31 December 2012	Six months to 31 December 2011	12 months to 30 June 2012
Adjusted basic earnings per share	**1.32**	**0.95**	**2.04**
Adjusted diluted earnings per share	**1.25**	**0.94**	**1.96**

6. Dividends

A dividend in respect of the year ended 30 June 2012 of 0.5 pence per share amounting to a total dividend of £607,000 was approved at the Annual General Meeting held on 18 November 2012. This dividend was paid on 11 January 2013.

No dividends were paid in 2011. A dividend in respect of the year ended 30 June 2011 of 0.4 pence per share amounting to a total dividend of £485,000 was paid on 4 January 2012.

7. Acquisition of Serengeti

On 25 September 2012, the Company acquired the entire issued share capital of Serengeti Systems Ltd ("Serengeti"), a UK-based provider of Enterprise Content Management ("ECM") software. The consideration for the acquisition was £3.03m comprising £2.13m cash and up to £0.9m contingent consideration.

Analysis of assets and liabilities acquired:

£'000s	Book value	Provisional fair value adjustments	Fair value on acquisition
Intangible assets	343	349	692
Property, plant and equipment	26	-	26
Trade and other receivables - gross	758	-	758
Trade and other receivables – provisions	(19)	-	(19)
Cash and cash equivalents	444	-	444
Trade and other payables	(1,115)	-	(1,115)
Deferred tax liability	(86)	(80)	(166)
Net assets acquired	**351**	**269**	**620**
Goodwill			2,410
Consideration paid			**3,030**
Satisfied by			
Cash – initial consideration			2,000
Cash – completion account adjustment			130
Contingent consideration - cash			900
Total purchase consideration			**3,030**
Net cash flow on acquisition			
Cash consideration paid			2,130
Cash acquired			(444)
Cash flow on acquisition			**1,686**

The goodwill of £2.44m arising from the acquisition is attributable to the expected synergistic benefits expected from combining operations of Serengeti and Netcall including the expanded human capital that the skilled workforce of Serengeti provides.

On acquisition of Serengeti, all assets were fair valued and appropriate intangible assets recognised following the principles of IFRS3. A deferred tax liability related to these intangible assets was also recognised. Management identified three material intangible assets:

i. Customer relationships: acquired with Serengeti was valued using the excess earnings method. The value of this intangible asset at acquisition is £0.34m. Management believe that these customer relationships have a minimum useful economic life of six years;

ii. Software: acquired with Serengeti remains at its carrying value. The value of this intangible asset at acquisition is £0.34m (principally previously capitalised development expenditure). Management believe that this software has a minimum economic life of four years; and,

iii. Brand: the Serengeti brand was valued using the relief from royalty method. The value of this intangible asset at acquisition is £10,000. Management believe that this brand value has a minimum economic life of 18 months.

A £0.08m credit to deferred tax has been made to record the liability arising on these intangible assets.

The contingent consideration is based on an earn-out arrangement of up to £0.90m which will be payable in a mixture of cash and shares dependent upon the achievement of certain targets in the period to 2013 by the acquired Serengeti business. Any new shares allotted as consideration will be priced on the average mid-market price preceding issue. The completion account adjustment and the contingent consideration reflect the monies paid on completion and the maximum earn out under the sale and purchase agreement. The estimated payments will be assessed once completion accounts are finalised.

The acquired business contributed revenues of £0.38m and net profit of £0.04m (after related amortisation charges and tax credits) to the Group for the period 25 September 2012 to 31 December 2012.