daily internet

annual report & accounts 2015

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directors, secretary and advisers

directors, secretary & advisers

Board of Directors

John Michael Edelson
Non-Executive Chairman

Christopher Neil Evans
Chief Executive Officer

Julie Joyce
Finance Director

Abby Hardoon
Non-Executive Director

Robert Khalastchy
Non-Executive Director

Company Secretary

Clive Maudsley FCA

Registered Office

First Floor, Nelson House
Park Road, Timperley
Cheshire WA14 5BZ

Company Number

06172239

Company Website

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Liverpool L2 3YL

Nominated Adviser and Joint Broker

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London EC4N 7TW

Joint Broker

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Cheyne House
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London EC2V 6AX

Registrar

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The Pavilions
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Bristol BS13 8AE

Lawyers

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3 St Mary's Parsonage
Manchester M3 2RD

Independent Auditor

BDO LLP
3 Hardman Street
Manchester M3 3AT

Principal Bankers

Barclays Bank plc
One Churchill Place
London E14 5HP

highlights

highlights

Financial

- Revenue growth of 66.9% to £3,891k (2014: £2,331k)
- Maiden adjusted EBITDA* profit of £411k (2014: loss £45k)
- Loss before tax reduced 79.6% to £138k (2014: loss £676k)
- Loss after tax reduced 87.6% to £84k (2014: loss £676k)

Operational

- Extension of UK fibre network footprint bringing more of the datacentres we use "on-net", future proofing margin
- Acquisition of Evohosting Ltd for £548k. Net of cash £395k
- Acquisition of Q4Ex Ltd for an initial consideration of £520k and maximum consideration of up to £1,976k
- Restructuring of Group for operational efficiencies and to maximise future revenue potential
- Cloud platforms installed in two New York datacentres establishing a foundation in the US market

Revenue Growth
Of
66.9%
to £3,891k

Adj EBITDA Profit
Maiden
411k
from loss £45k

GP Margin
Increased
62.2%
from 55.2%

Loss Before Tax
Reduced
79.6%
to £138k

	2015 £,000	2014 £,000
Revenue	£3,891	£2,331
Gross Profit	£2,422	£1,286
Adjusted EBITDA*	£411	£(45)
Adjusted EBITA**	£148	£(211)
Loss Before Tax	£(138)	£(676)

*Adjusted EBITDA, which is referred to throughout the document, is earnings before interest, taxation, depreciation, amortisation, acquisition costs and fair value adjustments and share based payments

**Adjusted EBITA is earnings before interest, taxation, amortisation, acquisition costs and fair value adjustments

strategic report

strategic report
chairman's statement

I am delighted to report a year of significant progress together with a number of positive changes within the Group.

We have had a strong year of growth with revenue increasing by 66.9%. As a result I am able to report our maiden adjusted EBITDA profit of £411,000 whilst also reducing our statutory bottom line losses to £84,000, down 87.7% on last year's loss of £676,000.

The increase in revenues largely came from the Managed Hosting division where revenues grew 174% in addition to the 23.2% increase in the SME Hosting division.

We also completed two acquisitions during the year, acquiring Evohosting, whose tightly knit team effortlessly integrated with their Daily counterparts and Q4Ex based in Liverpool. The combination of Netplan's highly qualified staff and the very experienced Q4Ex team was of enormous and immediate benefit to both parties.

We are currently working to integrate the Group further and to make best use of the excellent and highly qualified resource our team possess.

Our new CEO Chris Evans has instigated and overseen this change and has made an immediate impact through his energy, work ethic and ideas. I extend my thanks to all our dedicated staff who have worked tirelessly to help put us into, what we believe, is an increasingly strong position to capitalise on future revenue opportunities.

Michael Edelson
Chairman
19 June 2015

strategic report

chief executive officer's report

Introduction

I am pleased to provide my first report since taking on the role of Chief Executive from December 2014, having formerly been a Non-Executive member of the Board.

I became Chief Executive following the acquisition by the Group of Q4Ex Ltd, a cloud company which I had founded with two other partners. At this time and following a period of transition, Abby Hardoon the former CEO and founder of the Group moved to a Non-Executive role to allow for an evolvement in direction and to allow Abby to reduce his time commitment to the business.

The change in direction is one of concentrating our efforts on the Managed Hosting segment and a re-aligning of our cost base in support of this.

I am pleased to report a year of significant improvement in both operational and financial performance. Our revenues increased 66.9% to £3,891k from £2,331k a year earlier and we have today reported our maiden adjusted EBITDA profit of £411k versus an EBITDA loss of £45k a year earlier. As a result of this performance our statutory loss after taxation reduced from £676k in 2014 to £84k a reduction of 87.7%.

Operational Review

Daily Internet Plc was founded as a provider of SME hosting solutions to the mass market. Our SME Hosting segment has performed well in the year increasing revenues by 23.2% to £2,039k from £1,655k a year earlier. This was largely due to the contribution of the Evohosting acquisition. Underlying revenue remained at levels consistent with last year although as a result of the continuing re-organisation profitability was vastly improved.

The Group entered the Managed Hosting market in late October 2013 through the acquisition of Netplan Internet Solutions Limited. For the financial period under review, our Managed Hosting segment delivered revenues of £1,852k, up from a contribution of £676k for part of the year.

The Managed Hosting segment is the main focus of the Group as we see the largest current and future potential revenue opportunities arising in this area. Managed Hosting includes a range of Cloud offerings including design, implementation, control and managing environments and solutions for our customers.

The market is currently seeing a number of trends develop, all of which indicate that the shift to Cloud delivered solutions will remain key future focus points for our customers.

One particular trend we are seeing is an increasing adoption of the Public Cloud. There is a developing level of acceptance and sufficient confidence in Public Cloud that we have been able to add into the product mix when proposing a new solution to a customer, particularly concerning business continuity. Previously we would replicate a Private Cloud across two Datacentres, but are increasingly replicating data to a Netplan designed continuity solution with Amazon Web Services (AWS). The "pay as you use" elements of Public Cloud are bringing into reach solutions that were previously cost prohibitive for some customers. This is helping us bring a greater breadth and depth of service, increasing revenues but all the time protecting or growing our overall gross margin.

The vast and growing array of methods of delivering a solution are making decisions more complex for IT departments, who do not have the market knowledge, skills and infrastructure and so seek the expert advice of a partner such as Netplan. It is certainly the case that our larger customers are placing an increasing amount of business with us due to the increasing complexities in the overall solution. We believe this will help maintain our low levels of client churn in this segment moving forward.

One key attraction of some customers to Netplan is our PCI DSS (Payment Card Industry Data Security Standards) capabilities and offerings. PCI DSS applies to all entities involved in payment card processing—including merchants, processors, financial institutions and service providers, as well as all other entities that store, process or transmit cardholder data and/or sensitive authentication data.

Netplan is a certified PCI DSS Level 1 Service provider and has a dedicated PCI team. This has assisted in attracting business from payment processing business to insurance companies who wish to outsource their PCI environment and elements of their compliancy process.

Acquisitions

During the year we acquired Evohosting Ltd and Q4Ex Ltd. Both acquisitions have performed better than expected and have now been fully integrated into the Group. We continue to evaluate acquisition opportunities that must fit our stringent acquisition criteria.

Evohosting added CPanel specific hosting capacity to our SME Hosting segment. CPanel are the market leaders in SME shared hosting control panels. Evohosting continues to grow under our ownership.

Q4Ex, a Cloud hosting provider, brought key specialist personnel to the Group in the form of a strong management team and access to a vertical market which complimented Netplan. It now trades under the Netplan umbrella and is making substantial progress as the ‘Merchant and Distribution’ division of Netplan. This division was identified as being a vertical market, “ripe for change”, especially given the bulk of potential clients still utilise Windows Server 2003. Microsoft are withdrawing support and updates as the product reaches the end of life span on 14 July 2015.

Current Trading and Outlook

Trading post the financial year end has been in line with management and market expectations.

Our pipeline of opportunities continues to grow and we are well placed to take advantage of the continued move to the cloud. We will continue to invest over the next 12 months in our network infrastructure, automated systems and internal processes and drive further operational efficiencies with the integration of staff and systems across our business units and offices.

I look forward to the year ahead with confidence.

Chris Evans
Chief Executive Officer
19 June 2015

strategic report

finance director's report

All of the Group's activities relate to delivering Cloud based products, services and overall solutions. The Group is segmented into SME Hosting and Managed Hosting.

The SME Hosting Division includes the Daily, Namehog and Evohosting Brands and offer Domain Registration, Email Provision and Web Hosting solutions to the mass market.

The Managed Hosting division includes the Netplan and Q4Ex brands and offers all forms of Cloud hosting, including private cloud on its various flavours of Private Cloud offering and via the Public Cloud via Amazon AWS and Microsoft Azure. The Managed Hosting division also includes PCI DSS consultancy and compliance services.

The revenue split of the divisions is shown below:

Revenue by operating segment	2015 £'000	2015 %	2014 £'000	2014 %
SME Hosting	£2,039	52%	£1,655	71%
Managed Hosting	£1,852	48%	£676	29%
Total	**£3,891**	**100%**	**£2,331**	**100%**

It is the Group's intention to grow the SME Hosting division by leveraging on the automated systems that have been developed and continue to be developed since the business started in 2007. All acquisitions will be fully integrated to reduce overhead costs, increase supplier discounts and enable cross sell and up-sell opportunities.

The focus of the Managed Hosting division is to continue to expand on its Cloud capabilities and solutions, widen its sales and marketing channels by investment in its sales force, and by customer facing marketing.

Principal Risks and Uncertainties

In line with the nature, size and complexity of the business the senior management team work very closely to identify and evaluate areas of risk whilst developing and monitoring action plans to deal with any potential threats. All outcomes are reported to the Board and support is given as necessary to ensure actions are carried out.

Identifiable areas of risk include:

- Dependency on key suppliers – the Group is dependent on certain key suppliers for the continued operation of its business, the most significant of which are the supply of third party software and datacentre services. If any of these suppliers fail in the provision of their services it may have an adverse effect on the Group's ability to provide services to its customers. However, the Group continually assess suppliers for both price competitiveness and technical innovation and are confident that alternative providers could be found.
- Customer retention – the Group provides an essential service to its customers. Any diminution in service levels could impact customer retention levels. However, the Group constantly monitors service levels and the low level of customer attrition is evidence of the Group's ability to provide the level of service required.

- Network – the datacentres we utilise are linked by fibre that we lease. Should the network fail there would be an adverse impact on the service provided to our customers. The Group has designed its network to have no single point of failure, it connects with transit providers at different geographical locations.
- Employees – the Group is a service organisation and as such, is dependent on the skills, knowledge and commitment of its staff. The performance of the Group is dependent on retaining its staff. We mitigate this risk by offering competitive reward packages.
- Search engine optimisation – a significant amount of the Group's sales revenues are generated from customers using internet search engines (specifically in the SME Hosting segment). Should the Group's search engine optimisation performance deteriorate, this could have an adverse impact on Group revenue. The Group continually monitors the position of its websites with respect to these search engines. The Group has experienced staff that work with specialist agencies to maintain or enhance the position of if websites for inclusion in search results.
- Acquisitions – the Group has stated that its strategy is to continue to make acquisitions to strengthen its growth. The risk is that we may not be able to find suitable acquisition targets. We mitigate this risk by employing and retaining high quality individuals whose focus is solely to find suitable targets.

Key Performance Indicator Review

Revenue Growth	2015	2014
Revenue	£3,891k	£2,331k
Gross	66.9%	49.7%

Revenue from continuing operations grew by 66.9% over the year compared to a growth of 49.7% in the previous year. The SME Hosting segment grew revenues by 23.2% (2014: 6.5%) and the Managed Hosting segment which was established in 2014 grew revenues by 174.0%.

The adjusted EBITDA margin has improved from an EBITDA loss of £169k in 2013 reduced to a loss of just £45k in 2014 to an adjusted EBITDA profit of £411k in 2015.

Performance Review

Group revenue for the year grew by 66.9% and reached £3,891k for the year to 31 March 2015.

The majority of our revenue growth came from the Managed Hosting division which incorporated the Netplan acquisition from 18 November 2013 and the Q4Ex acquisition on 08 December 2014. Q4Ex contributed £113k from the acquisition date. The SME Hosting division contributed 23.2 % growth with revenues increasing from £1,655k to £2,039k. The acquisition of Evohosting on 20 August 2014 contributing £250k of revenues since acquisition.

We continue to have good visibility of future revenues as many of our customers continue to pay in advance for their services and larger customers have multi-year contracts. As at 31 March 2015 there is £755k of deferred revenue which will be released to profit in future periods.

Gross profit for the year was £2,422k (2014: £1,286k) representing a gross margin of 62.2% (2014: 55.2%). The improvement in Gross profit being attributable to the Managed Hosting segment which drives much higher margins than the domain driven SME Hosting division.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the year to 31 March 2015 is reported in the financial statements at £464k (2014: loss of £333k). Included within this figure are acquisition and integration costs, share based payment costs and fair value adjustments. The adjusted EBITDA is £411k (2014: loss of £45k) a maiden adjusted EBITDA profit. The directors consider that an adjusted EBITDA figure is a more appropriate measure of the underlying performance of the business.

The managed hosting division has contributed £567k of adjusted EBITDA to the Group for the year. The SME hosting division generated an adjusted EBITDA of £278k for the year.

	6 months to September 14 £'000	**6 months to March 15 £'000**	**2015 £'000**	**2014 £'000**
SME Hosting	112	166	278	(62)
Managed Hosting	321	246	567	301
Group Overheads	(177)	(257)	(434)	(283)
Adjusted EBITDA	**256**	**155**	**411**	**(45)**

Balance Sheet

Net cash inflow from operating activities during the year amounted to £386k (2014: £71k). Cash at bank at 31 March 2015 was £426k (2014: £999k).

Payables falling due within one year are reported at £1,854k (2014: £2,264). This figure includes an amount of £755k (2014: £421k) for deferred revenue which will be released to profit in future years and an amount of £0.1m representing the carrying value on convertible loan notes which are due to be repaid in Jan 2016.

The Directors are confident there is sufficient working capital within the Group, however should accretive acquisitions' become available the Group would seek to raise finance either through debt, equity or a mixture.

Payables falling due after one year are reported at £1,678k (2014: £509k). This figure includes an amount of £1,225k which represents the contingent consideration payable on the Q4Ex acquisition, which is the fair value of the amounts payable in shares.

Our People

Our people are very highly valued and the Directors place considerable emphasis on employees sharing in the success of the Group. This is achieved through the participation in share option schemes. Due to the nature and size of the business, employees are constantly encouraged to communicate with the Group's senior management to discuss business issues and potential improvements.

It is the policy of the Group that there should be no unfair discrimination in recruiting and promoting staff, including applicants who are disabled. The Directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to develop an awareness of the issues affecting the Group.

Divisional split average to 31 March	2015	2014
Board of Directors	5	5
SME Hosting	19	14
Managed Hosting	10	10
Total	**34**	**29**

Gender diversity as at 31 March 2014	Men		Women	
	Number	**%**	**Number**	**%**
Board of Directors	4	80%	1	20%
Senior Managers	3	75%	1	25%
Employees	22	88%	3	12%
Total	**29**	**85%**	**5**	**15%**

Environment and Society

In the wake of the Global warming debate and rising energy costs the Group aim to reduce their Carbon footprint in the following ways:-

- By virtualisation - Reducing the number of physical machines we use in our datacentres by virtualising machines wherever possible thus increasing efficiency and reducing energy consumption
- By choosing the correct hardware – we always purchase the most up to date technologies that are designed to reduce the energy requirements

This Strategic Report was approved and signed by order of the board.

Julie Joyce FCCA
Finance Director
19 June 2015

board of directors' profile

board of directors' profile

John Michael Edelson
Non-Executive Chairman

Mr Edelson brings a wealth of experience as a Board Director to Daily Internet plc. He has been a Founding Director or Chairman of a number of companies admitted to the AIM market, including Prestbury Group plc, Knutsford Group plc, Mercury Recycling Group plc (now Ironveld plc) and ASOS PLC. He was a non-executive Chairman of Bramhall plc, subsequently renamed Magic Moments Internet plc and then Host Europe plc, which acquired Magic Moments Design Limited in September 1999, a company of which Abby Hardoon was one of the founding members. He has also been on the Board of Manchester United Football Club since 1982. Mr. Edelson's current directorships include being the non-executive chairman of Fastnet Oil and Gas plc, a company admitted to trading on AIM.

Christopher Evans
Chief Executive

Mr Evans, studied Software Engineering at Liverpool John Moores University before founding Switch Media Ltd, a web hosting provider. Switch Media was listed in the Deloitte Fast 50 for two years running in 2007 and 2008 before being acquired by iomart Group PLC in April 2011. Following the acquisition by Iomart, he was a Director of Iomart's Easyspace division involved in integrating divisional acquisitions and delivering the financial budget ahead of plan. He was a founder of Q4Ex Ltd (a company acquired by Daily).

Julie Joyce
Finance Director

Mrs. Joyce is a Fellow of the Chartered Association of Certified Accountants. She was employed as Finance Manager at WebFusion Internet Solutions Limited, an internet hosting company which was bought by Magic Moments Internet plc in May 2000. She became Group Financial Controller for Host Europe plc and its Group companies following its acquisition of WebFusion Internet Solutions Limited and continued in this role for the SME hosting division of PIPEX Communications plc after the sale to PIPEX in April 2004. She also has extensive auditing and private practice experience, having spent ten years in this sector prior to her move into commerce and industry.

Abby Hardoon
Non-Executive Director

Mr Hardoon, the founding shareholder of Daily Internet plc is a Business Administration graduate from George Washington University. He was a founder of NETDesign Limited and Magic Moments Internet plc. Following the admission of Magic Moments to trading on AIM in September 1999 he served as Chief Executive Officer. Under Mr Hardoon's leadership, that company acquired two other Hosting companies, WebFusion Internet Solutions Limited and One2One GmbH (now Host Europe GmbH). Mr Hardoon successfully grew the combined business organically into profitability until it was sold in April 2004 to PIPEX Communications plc for over £31 million. Mr Hardoon retired as Chief Executive and moved to a Non-Executive role in December 2014.

Robert Khalastchy
Non-Executive Director

Mr Khalastchy is a graduate from the University of Sussex where he received a Bachelor's degree in Electronic Engineering. For the past 20 years he has been involved in commercial property management working with high net worth overseas clients, assisting in the management of their total UK portfolio and various planning applications, as well as the day to day management of the portfolio. In 2001 he set up RK Management Limited, a commercial property management company handling a portfolio in excess of £35 million. In 2011 he set up Sterling Property Management, a residential block property management company which manages several prestigious blocks in Central and West London.

directors' report

directors' report

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2015.

Principal Activities

The principal activities of the business are the provision of Cloud hosting services and are more particularly explained in the strategic report.

Business Review and Future Developments

A review of the Group's operations and performance during the financial year, setting out the position at the year-end, significant changes in the year and providing an indication of the outlook for the future is contained in the Strategic report on page 7 to 14.

Group Reorganisation

On 31 December 2014 the trade, assets and liabilities of Q4Ex Limited were transferred to Netplan Internet Solutions Ltd.

On 28 February 2015 the trade, assets and liabilities of Namehog Limited and Evohosting Limited were transferred to Daily Internet Services Limited.

Following these transfers Q4Ex Limited, Namehog Limited and Evohosting Limited became dormant companies. Daily Internet Plc has given a parental company guarantee in respect of audit exemption of these subsidiaries in the form prescribed by section 479C of the Companies Act 2006.

Results and Dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 33. The Directors do not propose the payment of a Dividend for the year ended 31 March 2015.

Financial Instruments

The Group uses various financial instruments. These include bank loans, other loans, finance leases, cash and various items (such as trade receivables and trade payables) that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through available cash balances.

Interest Rate Risk

The Group finances its operations through a mixture of loan notes, finance leases and ordinary shares. The interest rate on the loan notes and finance leases are fixed.

Credit Risk

The Group's principal financial assets are cash, and trade and other receivables. These balances are actively monitored to avoid significant concentrations of credit risk however the total of the cash balances and trade and other receivables represents the maximum exposure to credit risk.

In order to manage credit risk, the agreement with the customer states preferred collection by direct debit and limits are set for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit control team on a regular basis in conjunction with debt ageing and collection history. For hosting services, the Group predominantly invoices in advance and the agreement with the customer states preferred collection by direct debit, therefore the financial risk in respect of these debtors is limited.

Directors

The Directors of the Company who held office during the year are as follows:

- **Michael Edelson** *Chairman*
- **Christopher Evans** *Chief Executive*
- **Julie Joyce** *Finance Director*
- **Robert Khalastchy** *Non-Executive Director*
- **Abby Hardoon** *Non-Executive Director*

The interests of current Directors in shares and options are detailed in the Directors' Remuneration Report on page 23.

Significant Shareholdings

As of 27 May 2015 the Company has been notified of the following significant shareholdings:

Name	Number of shares	Percentage holding
Livingbridge EP LLP	93,495,489	19.49%
Hargreave Hale Limited (discretionary clients)	65,696,970	13.69%
Herald Investment Management Limited	41,958,642	8.75%
Abby Hardoon	31,298,027	6.52%
Michael Edelson	27,584,000	5.75%
Morton A L R ESQ	20,151,515	4.20%
Christopher Evans	19,625,367	4.09%
Stuart Gibson	17,393,617	3.63%

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern

The Directors have reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they adopt the going concern basis for preparing the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 14 August 2015 at 10.00am at Walker House, Exchange Flags, Liverpool L2 3YL. The full wording of the resolutions to be tabled at the forthcoming Annual General Meeting is set out in the notice of the meeting on page 79.

Auditors

A resolution to re-appoint BDO LLP as auditors of the company will be put to the Annual General Meeting.

By order of the Board

Clive Maudsley FCA
Company Secretary
19 June 2015

directors' remuneration report

directors' remuneration report

Introduction

Whilst the Group is not obliged to comply with the Directors' Remuneration Report Regulations 2007, the Directors have agreed to adopt the ethos of those regulations and to disclose information relating to the current Directors. The report is not subject to audit and a resolution to approve it will be proposed at the Company's Annual General Meeting.

Remuneration Policy

The Group has a policy to attract, motivate and reward individuals of the highest calibre who are committed to growing the value of the business and to maximising returns to shareholders.

The policy is as relevant to Executive Directors as it is to employees, as we aim to reward Executive Directors and senior employees aligned to the performance of the Group.

The remuneration structure for all employees considers remuneration rates of competitors to ensure continuity and commitment.

Directors' Service Contracts

Copies of Directors' service contracts will be available for inspection at the Annual General Meeting.

Pension Arrangements

The Group does not operate a final salary pension scheme. Executive Directors who are entitled to receive pension contributions may nominate a defined contribution scheme into which the Company makes payments on their behalf.

Directors' Remuneration

A summary of the total remuneration paid to current Directors is set out below:

	2015			2014		
Director	**Salary £000**	**Benefits in kind £000**	**Total £000**	**Salary £000**	**Benefits in kind £000**	**Total £000**
Michael Edelson	18	-	18	30	-	30
Christopher Evans	39	-	39	-	-	-
Julie Joyce	66	2	68	59	2	61
Abby Hardoon	69	5	74	62	4	66
Robert Khalastchy	10	-	10	9	-	9

There were no pension contributions within the year.

Directors' Interests in Ordinary Shares of Daily Internet plc

The Directors in office at the end of the year had interests in the ordinary share capital of the company as shown below:

Director	Number of Ordinary Shares	Percentage Interest
Abby Hardoon	31,298,027	6.52%
Michael Edelson	27,584,000	5.75%
Christopher Evans	19,625,367	4.09%
Robert Khalastchy	253,846	0.05%
Julie Joyce	150,000	0.03%

Directors' Interests in Share Options

The Directors had interests in options over ordinary shares of the Company at the end of the year as shown below:

Director	Total Options Over Ordinary Shares	Grant Date	Expiry Date
Michael Edelson	-	-	-
Abby Hardoon	900,000	19/12/2012	18/12/2022
Julie Joyce	1,000,000	19/12/2012	18/12/2022
Robert Khalastchy	300,000	19/12/2012	18/12/2022
Christopher Evans	-	-	-

Directors' Warrants

The Directors held the following warrants over the ordinary shares of the Company at the end of the year as follows:

Director	Exercise Price	No. of Warrants	Grant Date	Expiry Date
Michael Edelson	5p	100,000	09/01/12	08/01/22

Mr Edelson's warrants are exercisable at any time before 8 January 2022, provided that the Company may require the exercise of these warrants if its shares are traded at a price in excess of 8p per share for a period of 60 business days and an aggregate value of bargains exceeding £60,000 occurs over that period.

corporate governance report

corporate governance report

Introduction

The Directors recognise the importance of, and are committed to, high standards of corporate governance. Although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, and therefore the Directors do not claim compliance with the code, the Directors intend to apply the principles as they consider appropriate to a public company of the size of Daily Internet Plc quoted on AIM, taking into account the recommendations contained in the QCA Guidelines.

Board of Directors

The Board comprises five Directors, two Executives and three Non-Executives, and reflects a blend of different experience and backgrounds. The roles of Chairman (which is a non-executive position) and Chief Executive have been split by the Board and there is a clear division of responsibility between the two. The Board considers Michael Edelson, Abby Hardoon and Robert Khalastchy to be independent in character and judgement notwithstanding their shareholding and/or share options in the Group. The Board, through the Chairman and the Non-Executive Directors as well as the Executive Directors, maintains regular contact with its advisers and seeks to ensure that the Board develops an understanding of the views of the major shareholders about the Company. The Board meets regularly throughout the year and is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is delegated to the Executive Directors who are charged with consulting the Board on all significant matters. Consequently, decisions are made promptly following consultation amongst the Directors concerned where necessary and appropriate. All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice at the Company's expense, as and when required. The Chairman is available to meet with institutional shareholders to discuss any issues and concerns regarding the Group's governance. The participation of the private and institutional investors at the AGM is welcomed by the Board.

Internal Controls

The Directors acknowledge their responsibility for the Company's and the Group's systems of internal controls, which are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Overall control is achieved by a regular detailed reporting system covering both technical progress of a project and the state of the Group's financial affairs. Any system of internal controls can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that risk of failure to achieve business objectives is eliminated. The Directors consider that the system of internal controls operated effectively throughout the financial year and up to the date the financial statements were signed. Based on the size and complexity of the Group, the Board of Directors do not consider that there is a need for any internal audit function.

Committees

Audit Committee

The Company has established an Audit Committee that comprises of Michael Edelson and Robert Khalastchy. Michael Edelson is the Chairman of this Committee. The Audit Committee meets at least twice a year and is responsible for reviewing the integrity of the financial statements of the Group, the Group's compliance with legal and regulatory requirements, and the adequacy and effectiveness of the Group's internal financial controls and risk management processes including the extent to which internal audit review is required. It reviews the external auditors' performance and independence and makes recommendations to the Board on the appointment of the auditors.

Remuneration Committee

The Company has established a Remuneration Committee that comprises Michael Edelson and Robert Khalastchy. Michael Edelson is the Chairman. The Committee meets at least twice a year and is responsible for determining and reviewing with the Board the policy for the remuneration of the Executive Directors and such other members of the executive management it is designated to consider. Within the terms of the agreed policy, it determines the total individual remuneration of the Executive Directors. The Remuneration Committee also approves the design of, and determines targets for, any performance related pay schemes, reviews the design of any share incentive plans, determines the awards to the Executive Directors and determines the policy for, and scope, of pension arrangements for each Executive Director.

Rule 21 of The AIM Rules

The Board will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will also take all reasonable steps to ensure compliance with that rule by the Group's applicable employees. The Company has adopted a code on dealing in securities of the Company and will take all reasonable steps to ensure compliance by the Directors and relevant employees in due course.

Human Resources

The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake. The Group has a range of polices which are aimed at retaining and providing incentives for key staff. Objectives are set for departments and employees that are derived from the Group's business objectives. The Group has a clear and well-understood organisational structure and each employee knows his or her line of accountability.

statement of directors' responsibilities

statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Report of the Director's and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Clive Maudsley
Company Secretary
19 June 2015

independent auditor's report to the members of daily internet plc

independent auditor's report to the members of daily internet plc

We have audited the financial statements of Daily Internet PLC for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2015 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Donald Bancroft (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
Manchester
United Kingdom
19 June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

consolidated statement of comprehensive income

consolidated statement of comprehensive income

for the year ended 31 march 2015

	Notes	2015 Group £,000	2014 Group £,000
Revenue	4	**3,891**	2,331
Cost of sales	-	**(1,469)**	(1,045)
Gross profit	-	**2,422**	1,286
Adjusted administrative expenses	-	**2,011**	1,331
Depreciation	-	**263**	166
Amortisation of acquired intangibles	-	**276**	82
Acquisition costs	-	**148**	276
Fair value adjustment	-	**(83)**	(21)
Share based payments	-	**(118)**	33
Administrative expenses	5	**(2,497)**	(1,867)
Loss from operations	-	**(75)**	(581)
Investment income	-	**-**	-
Finance costs	6	**(63)**	(95)
Loss before taxation	-	**(138)**	(676)
Taxation	12	**54**	-
Total comprehensive loss attributable to the equity holders of the company	-	**(84)**	(676)
Basic and fully diluted loss per share	11	**0.0002**	0.0030

The Group's results are derived from continuing operations.

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

consolidated statement of financial position

consolidated statement of financial position

as at 31 march 2015

	Notes	2015 Group £,000	2014 Group £,000
Assets			
Non-current assets			
Goodwill	13	**4,454**	2,576
Intangible assets	13	**1,594**	1,465
Property, plant and equipment	14	**592**	482
	-	**6,640**	4,523
Current assets			
Trade and other receivables	16	**594**	344
Cash and cash equivalents	-	**426**	999
	-	**1,020**	1,343
Total Assets	-	**7,666**	5,866
Equity and Liabilities			
Equity attributable to the equity shareholders of the parent			
Called up share capital	20	**2,399**	2,038
Share premium reserve	-	**7,061**	6,185
Other reserve	-	**88**	206
Retained losses	-	**(5,420)**	(5,336)
	-	**4,128**	3,093
Non-current liabilities			
Obligations under finance leases	19	**126**	100
Contingent consideration due on acquisitions	18	**1,225**	-
Convertible loan notes	18	**-**	101
Deferred taxation	12	**327**	308
	-	**1,678**	509
Current liabilities			
Trade and other payables	17	**1,468**	1,021
Contingent consideration due on acquisitions	17	**-**	933

	Notes	2015 Group £,000	2014 Group £,000
Convertible loan notes	18	**103**	163
Other loans	19	**175**	-
Obligations under finance leases	19	**108**	147
	-	**1,854**	2,264
Total Equity and Liabilities	-	**7,660**	5,866

The financial statements on pages 33 to 36 were approved by the Board and authorised for issue on 19 June 2015.

Chris Evans
Director

Julie Joyce
Director

company statement of financial position

company statement of financial position

as at 31 march 2015

	Notes	2015 Company £,000	2014 Company £,000
Assets			
Non-current assets			
Investments	15	**6,576**	5,147
Property, plant and equipment	14	**3**	-
	-	**6,579**	5,147
Current assets			
Trade and other receivables	16	**9**	7
Amounts due from subsidiary undertakings	16	**87**	554
Cash and cash equivalents	-	**2**	471
	-	**98**	1,032
Total Assets	-	**6,677**	6,179
Equity and Liabilities			
Equity attributable to the equity shareholders of the parent			
Called up share capital	20	**2,399**	2,038
Share premium reserve	-	**7,061**	6,185
Other reserve	-	**88**	206
Retained losses	-	**(5,061)**	(4,642)
	-	**4,487**	3,787
Non-current liabilities			
Amounts due from subsidiary undertakings	-	**817**	1,102
Contingent consideration due on acquisitions	17	**1,225**	-
Convertible loan notes	18	**-**	101
	-	**2,042**	1,203
Current liabilities			
Trade and other payables	17	**45**	93
Convertible loan notes	18	**103**	163
Contingent consideration due on acquisitions	17	**-**	933
	-	**148**	1189
Total Equity and Liabilities	-	**6,677**	6,179

The financial statement on page 38 was approved by the Board and authorised for issue on 19 June 2015.

Chris Evans
Director

Julie Joyce
Director

consolidated statement of changes in equity

consolidated statement of changes in equity

for the year ended 31 march 2015

	Attributable to equity holders of the parent				
	Share Capital £,000	**Share Premium Account £,000**	**Other Reserve £,000**	**Accumulated Losses £,000**	**Total £,000**
At 1 April 2014	**595**	**3,438**	**173**	**(4,660)**	**(454)**
Loss and total comprehensive income for the period	-	-	-	(676)	(676)
Issue of share capital	1,443	2,944	-	-	4,387
Expenses of share issue	-	(197)	-	-	(197)
Movement in share option reserve	-	-	33	-	33
At 31 March 2014	**2,038**	**6,185**	**206**	**(5,336)**	**3,093**
Loss and total comprehensive income for the period	-	-	-	(84)	(84)
Issue of share capital	361	903	-	-	1,264
Expenses of share issue	-	(27)	-	-	(27)
Movement in share option reserve	-	-	(118)	-	(118)
At 31 March 2015	**2,399**	**7,061**	**88**	**(5,420)**	**4,128**

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share Premium Reserve	Amount subscribed for share capital in excess of nominal values.
Other Reserve	Amount reserved for share based payments to be released over the life of the instruments and the equity element of convertible loans
Retained losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

company statement of changes in equity

company statement of changes in equity

for the year ended 31 march 2015

	Attributable to equity holders of the Company				
	Share Capital £,000	Share Premium Reserve £,000	Other Reserve £,000	Retained Losses £,000	Total £,000
At 1 April 2013	**595**	**3,438**	**173**	**(4,157)**	**49**
Loss for the period	-	-	-	(485)	(485)
Issue of share capital	1,443	2,944	-	-	4,387
Movement in share option reserve	-	-	33	-	33
Expenses of share issue	-	(197)	-	-	(197)
At 31 March 2014	**2,038**	**6,185**	**206**	**(4,642)**	**3,787**
Loss for the period	-	-	-	(419)	(419)
Issue of share capital	361	903	-	-	1,264
Movement in share option reserve	-	-	(118)	-	(118)
Expenses of share issue	-	(27)	-	-	(27)
At 31 March 2015	**2,399**	**7,061**	**88**	**(5,061)**	**4,487**

consolidated statement of cash flows

consolidated statement of cash flows

for the year ended 31 march 2015

	Notes	2015 Group £,000	2014 Group £,000
Cash flows used in operating activities			
Loss after tax	-	**(84)**	(676)
Adjustments for:			
Depreciation and other amortisation	13 / 14	**539**	248
Fair Value adjustment on contingent consideration	3	**(83)**	(21)
Finance costs	-	**63**	95
Acquisition costs	10	**84**	276
Share based payments	-	**(118)**	33
Taxation	-	**(54)**	-
Operating cash flows before movement in working capital	-	**347**	(45)
Decrease / (Increase) in trade and other receivables	-	**(201)**	160
(Decrease) / Increase in trade and other payables	-	**240**	(44)
Net cash used in operating activities	-	**386**	71
Cash flows from investing activities			
Payments to acquire property, plant & equipment	-	**(191)**	(38)
Acquisition costs	10	**(75)**	(233)
Final payment on acquisition	-	**(550)**	-
Payment for acquisitions net of cash received	-	**(330)**	(2,640)
Net cash used in investing activities	-	**(1,146)**	(2,911)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	**408**	3,428
Drawdown of loan facility	-	**175**	200
Repayment of loan notes	18	**(170)**	-
Loan note interest paid	-	**(24)**	(26)
Interest element of finance lease payments	-	**(32)**	(38)
Capital repayment of finance leases	-	**(170)**	(98)
Net cash from financing activities	-	**187**	3,466
Net increase in cash and cash equivalents		**(573)**	626
Cash and cash equivalents at the beginning of the year		**999**	373
Cash and cash equivalents at the end of the year		**426**	999

company statement of cash flows

company statement of cash flows

for the year ended 31 march 2015

	Notes	2015 Company £,000	2014 Company £,000
Cash flows used in operating activities			
Loss after tax	23	(419)	(485)
Adjustments for:			
Share based payments	-	(99)	-
Finance costs	-	32	58
Fair Value adjustment on contingent consideration	3	(83)	(21)
Acquisition costs	10	84	276
Operating cash flows before movement in working capital	-	(485)	(172)
(Increase) / Decrease in trade and other receivables	-	(2)	1
(Decrease) / Increase in trade and other payables	-	(42)	71
Net cash used in operating activities	-	(529)	(100)
Cash flows from investing activities			
Payments to Subsidiary Company	-	-	(147)
Payments to acquire property, plant and equipment	-	(3)	-
Acquisition and costs	10	(75)	(233)
Final payment on acquisitions	-	(550)	-
Payment for shares in subsidiaries	-	(548)	(2,928)
Net cash used in investing activities		(1,176)	(3,308)
Cash flows from financing activities			
Net proceeds from issue ordinary share capital		408	3,428
Received from subsidiary company	-	1,022	-
Repayment of convertible loan	18	(170)	-
Drawdown of loan facility	-	-	200
Loan note interest paid	-	(24)	(26)
Net cash from financing activities		1,236	3,602
Net increase in cash and cash equivalents		(469)	194
Cash and cash equivalents at the beginning of the year		471	277
Cash and cash equivalents at the end of the year		2	471

notes to the consolidated financial statements

notes to the consolidated financial statements

for the year ended 31 march 2015

1. Accounting Policies

Statement of Compliance

These Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as endorsed by the European Union ("endorsed IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under endorsed IFRS.

Basis of Preparation

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial liabilities which have been valued in accordance with IAS 39.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the Financial Statements and their effect are disclosed in note 2.

Going Concern

The Directors have prepared the Financial Statements on a going concern basis which assumes that the Group and the company will continue to meet liabilities as they fall due.

The directors have reviewed forecasts prepared for the period ending 30 September 2016 and considered the projected trading forecasts and resultant cash flows together with confirmed loan facilities and other sources of finance.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group can continue to operate within the current facilities available to it.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Adoption of New and Revised Standards

The following standard was effective in the year and was relevant to the Group:

New standard or interpretation	EU endorsement date	Mandatory effective date (periods beginning)
IAS 27 Separate Financial Statements	Endorsed	01/01/14
IFRS 10 Consolidated Financial Statements	Endorsed	01/01/14
IFRS 12 Disclosure of Interests in Other Entities	Endorsed	01/01/14

The directors consider that the adoption of the above standard only has an impact on the disclosures in the financial statements.

The Directors anticipate that the adoption of the following Standard in future periods may have an impact on the results and net assets of the Group, however, it is too early to quantify this.

New standard or interpretation	EU endorsement date	Mandatory effective date (periods beginning)
IFRS 15 Revenue from Contracts with Customers	To be confirmed	01/01/18

The Directors anticipate that the adoption of the following Standards and Interpretations in future periods will only have a material impact on the presentation in the financial statements of the Group.

New standard or interpretation	EU endorsement date	Mandatory effective date (periods beginning)
IFRS 9 Financial Instruments	To be confirmed	01/01/18
Annual Improvements to IFRSs	To be confirmed	01/01/14

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue represents the fair value of amounts received or receivable for goods and services provided net of trade discounts and VAT. Revenue from the sale of domain name registrations is recognised when the domain name is registered or renewed. Revenue from value added services is recognised as these services are delivered. Revenue from hosting services is recognised over the life of each contract.

Basis of Consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Business Combinations

All business combinations are accounted for by applying the purchase method. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting the conditions at that date. The results of subsidiaries acquired in the period are included in the income statement from the date on which control is obtained.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.
In determining the fair value of consideration, the fair value of equity issued is the market value of equity at the date of completion, and the fair value of contingent consideration is based on the expected future cashflows based on whether the directors believe performance conditions will be met and thus the extent to which the further consideration will be payable. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of Non-Financial Assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest Group of assets in which the asset belongs for which there are separable identifiable cash flows that are largely independent of the cash flows from the other assets or Groups of assets). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment charges are included in administrative expenses in the consolidated income statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated statement of comprehensive income.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial Assets

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Trade receivables are minimal as the Group operates a cash on delivery model for recurring subscriptions. Trade receivables are stated at their nominal value and an impairment provision will be recognised if there is evidence that the amount is irrecoverable and will be shown in administrative expenses in the Consolidated Statement of Comprehensive Income. Cash and cash equivalents includes cash in hand, deposits held at call with banks.

Share Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which it was acquired. The Group's accounting policy for each category is as follows:

- Fair Value Through Profit or Loss – This category comprises only contingent consideration. They are carried in the statement of financial position at fair values which changes in fair value recognised in the consolidated income statement.

- Other Financial Liabilities – Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Fair Value Measurement Hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value to reflect the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

a. Quoted prices in active markets for identical assets or liabilities (Level 1)
b. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c. Inputs from the asset or liability that are not based on observable market data (Level 3)

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Convertible Debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Other reserve" within shareholders' equity, net of income tax effects.

Share Based Payments

The fair value of employee options granted is charged to the consolidated statement of comprehensive income with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received. The fair value of the options granted is measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted.

Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in payables net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Property Plant and Equipment

Items of property, plant and equipment are stated at cost less depreciation. Depreciation is provided at annual rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and Equipment	20% – 33.3% reducing balance

Investment in Subsidiaries

Fixed asset investments in the Parent Company are shown at cost less provision for impairment.

Research and Development

Research expenditure is written off to the consolidated statement of comprehensive income in the year in which the expenditure occurs. Development expenditure is treated in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects, there is an intention to complete and sell the product and the costs can be easily measurable. In this situation, the expenditure is capitalised and amortised. The amoritisation expense is included in administrative expenses in the Consolidated Statement of Comprehensive Income over the years during which the Group is to benefit.

Intangible Assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual / legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their estimated useful economic lives and the methods used to determine the cost of intangibles acquired in business combinations are as follows:

Intangible Asset	Customer relationships
Estimated UEL	5-7 years
Valuation Method	Estimated discounted cash flow

Deferred Taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

2. Significant Accounting Estimates and Judgements

The preparation of this financial information requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the period end date and the amounts reported for revenues and expenses during each period. However the nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below.

Impairment of Goodwill and Other Intangibles

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future profitability and cash flows to support the carrying value of goodwill. An impairment review has been performed at the reporting date and no impairment has been identified. More details including carrying values are included in note 13.

Impairment of Other Assets

The Group reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount.

Valuation of Intangibles Acquired in Business Combinations

Determining the fair value of customer relationships acquired in business combinations requires estimation of the value of the cash flows related to those relationships and a suitable discount rate in order to calculate the present value. More details including carrying values are included in note 13.

Valuation of Contingent Consideration

When valuing the contingent consideration still payable on acquisitions, the Group considers various factors including the performance of the acquired entity since acquisition together with its expected performance to the end of the earn-out period. Following the adoption of IFRS 3 (revised) – Business Combinations, contingent consideration is recognised at, and carried thereafter at, fair value. All changes in fair value (other than measurement period adjustments) are reflected in the income statement.

Useful Economic Lives of Intangible Assets

Intangible assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in changes in the carrying values and hence amounts charged to the income statement in particular periods which could be significant.

3. Financial Instruments – Risk Management

The Group's financial instruments comprise cash and liquid resources, convertible bonds and various items such as trade receivables and trade payables that arise directly from its operations.

There have been no substantive changes in the Group's objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The Group's objective is to ensure adequate funding for continued growth and expansion.

All of the Group's financial instruments are carried at amortised cost. There is no material difference between the carrying and fair value of its financial instruments, in the current or prior year, due to the instruments bearing interest at floating rates or being of short term nature.

A summary of financial instruments held by category is shown below:

	Group		Company	
Financial assets	**2015 £'000**	**2014 £'000**	**2015 £'000**	**2014 £'000**
Loans and receivables				
Cash and cash equivalents	426	999	2	471
Trade and other receivables	425	202	-	-
Total financial assets	**851**	**1,201**	**2**	**471**

	Group		Company	
Financial liabilities	**2015 £'000**	**2014 £'000**	**2015 £'000**	**2014 £'000**
At amortised cost				
Trade and other payables	544	440	45	48
Loans and other borrowings	278	264	103	264
At fair value	822	704	148	312
Contingent consideration	1,225	933	1,225	933
Total financial liabilities	**2,047**	**1,637**	**1,373**	**1,245**

Per the fair value hierarchy classifications under IFRS 7 Financial Instruments the contingent consideration due on acquisitions shown above are considered to be level 3 financial liabilities as there are no observable inputs for valuation.

	Group £'000	Company £'000
Contingent consideration At 1 April 2013	-	-
At acquisition	954	954
Fair value adjustment through Income Statement	(21)	(21)
At 31 March 2014	933	933
Settled during the year	(850)	(850)
Fair value adjustment through Income Statement	(83)	(83)
At acquisition	1,225	1,225
At 31 March 2015	**1,225**	**1,225**

The fair value adjustment relates to the contingent consideration payable on the Netplan acquisition in the prior year which was settled in the current year. The Group and Company activities expose it to a number of risks such as interest rate risk, liquidity risk and credit risk. The Group's overall risk management programme seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to prepare periodic working capital forecasts, allowing an assessment of the cash requirements of the Group and Company, to manage liquidity risk. Cash resources are managed in accordance with planned expenditure forecasts and the directors have regard to the maintenance of sufficient cash resources to fund the Group and Company's immediate operating requirements and capital expenditure.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group At 31st March 2015	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	544	-	-	-	-
Contingent consideration	-	-	1,225	-	-
Loans and borrowings	175	103	-	-	-
Total	**719**	**103**	**1,225**	**-**	**-**

Group **At 31st March 2014**	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Trade and other payables	440	-	-	-	-
Contingent consideration	-	993	-	-	-
Loans and borrowings	-	163	101	-	-
Total	**440**	**1,096**	**101**	**-**	**-**

Company **At 31st March 2015**	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Trade and other payables	45	-	-	-	-
Contingent consideration	-	-	1,225	-	-
Loans and borrowings	-	103	-	-	-
Total	**45**	**103**	**1,225**	**-**	**-**

Company **At 31st March 2014**	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Trade and other payables	48	-	-	-	-
Contingent consideration	-	933	-	-	-
Loans and borrowings	-	163	101	-	-
Total	**48**	**1,096**	**101**	**-**	**-**

A 4% decrease in the discount rate used to calculate the contingent consideration would have increased the fair value of the contingent consideration by £41k.

Interest Rate Risk

The Group seeks to minimise exposure to interest rate risk by borrowing at fixed interest rates.

Credit Risk

The Group's exposure to credit risk is limited as the majority of services provided within the SME hosting segment are under terms whereby payment is due on delivery or in advance of services provided. The managed hosting division gives 30 day terms and historically has had no requirement for doubtful debts. For cash and cash equivalents, the Group only uses recognised banks with high credit ratings.

Capital Disclosures

The Group monitors “adjusted capital” which comprises all components of equity (i.e. share capital, share premium, non-controlling interest, retained earnings, and revaluation reserve).

The Group’s objective when maintaining capital are:

- to safeguard the entity’s ability to continue as a going concern, so that it can provide returns for shareholders in future periods and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

4. Segmental Analysis

The chief operating decision maker for the Group is the Board of Directors. The Group reports in two segments:

- SME Hosting – this segment provides a range of VPS, shared hosting, email and domain registration services to individuals and SME’s. Namehog Limited which was acquired in January 2014 and Evohosting Limited which was acquired during the year are included in this segment.
- Managed Hosting – this segment provides all forms of Cloud hosting to larger customers. This segment was created on the acquisition of Netplan in November 2013. Q4Ex which provides Cloud and professional services was acquired during the year has been included in this segment since acquisition.

Information regarding the operation of the reportable segments is included below. The performance of each operating segment is based on revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) before any allocation of Group overheads, share based payments, fair value adjustments or acquisition costs, as the Board believe this is the best measure for performance. The Groups EBITDA has been calculated after deducting Group overheads which include the cost of the Board, Group marketing, legal and professional fees, share based payments, fair value adjustments and acquisition costs.

Assets and liabilities are not reviewed on a segmental basis. All segments are continuing operations. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Transactions between segments are accounted for using an arms length commercial basis.

Revenue by operating segment	**2015 £’000**	**2015 %**	**2014 £’000**	**2014 %**
SME Hosting	£2,039	52%	£1,655	71%
Managed Hosting	£1,852	48%	£676	29%
Total	**£3,891**	**100%**	**£2,331**	**100%**

No individual customer accounts for more than 10% of the groups revenue.

The Group operates out of the UK and sells services to the following geographical locations.

	2015 £'000	2015 %	2014 £'000	2014 %
UK	3,066	79%	2,038	87%
Rest of World	825	21%	293	13%
Total	**3,891**	**100%**	**2,331**	**100%**

	2015			2014		
	EBITDA before acquisition costs and share based payments £000	Depreciation and amortisation £000	Profit (loss) before tax £000	EBITDA before acquisition costs and share based payments £000	Depreciation and amortisation £000	Profit (loss) before tax £000
SME Hosting	278	(150)	128	(63)	(113)	(176)
Managed Hosting	567	(389)	178	301	(135)	166
	-	-	306	-	-	(10)
Group overheads	-	-	(434)	-	-	(283)
Acquisition costs	-	-	(148)	-	-	(276)
Share based payments	-	-	118	-	-	(33)
Fair value adjustment	-	-	83	-	-	21
Group interest	-	-	(63)	-	-	(95)
Total	**845**	**(539)**	**(138)**	**238**	**(248)**	**(676)**

5. Expenses

		2015 £000	2014 £000
Auditor's remuneration			
Group	Audit	31	26
	Taxation - compliance	2	2
	Corporate finance	6	42
	Other advisory	3	3
Company	Audit	4	4
Depreciation of tangible fixed assets			
Owned		156	71
Held under finance leases		107	95
Amortisation of Intangible assets		276	82
Share based payments		(118)	33
Staff costs		1,191	882
Rentals payable under operating leases		61	38
Marketing costs		156	159
Acquisition and integration costs		148	276
Other administrative costs		474	154
Total administrative expenses		**2,497**	**1,867**

6. Finance Expense

	2015 £,000	2014 £,000
Interest payable on finance leases	32	38
Interest payable on loan notes	31	26
Other Interest payable	-	31
Total	**63**	**95**

7. Staff Numbers and Costs

The average number of full time persons employed by the Group, including executive Directors during the year was:

	2015	2014
Research and Development	3	4
Technical Support	16	8
Sales and Marketing	2	5
Executive and Administration	7	7
Total	**28**	**24**

The aggregate payroll costs including executive Directors but excluding integration salary costs (per note 8) and non-executive service fees were as follows:

	2015 £,000	2014 £,000
Wages and salaries	1,072	792
Social security costs	107	81
Benefits in kind	12	9
Share based payment expense	(20)	33
Total	**1,171**	**915**

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 19.

	2015 £,000	2014 £,000
Fees and salaries	202	160
Benefits in kind	7	6
Total	**209**	**166**

The emoluments of the highest paid director Mr Abby Hardoon were £68,000 (2014: £66,000).

The Group does not operate a defined benefits pension scheme and executive Directors who are entitled to receive pension contributions may nominate a defined contribution scheme into which the Company makes pension contributions. No pension contributions have been made in 2015 or 2014.

The fees relating to non-executive Directors are in some cases payable to third parties in connection with the provision of their services.

8. Acquisition Costs

	2015 £,000	2014 £,000
Professional fees	84	248
Non – recurring integration costs	64	28
Total	**148**	**176**

9. Share Based Payments and Warrants

The Company has granted a number of EMI options. The Directors have the discretion to grant options to subscribe for ordinary shares up to a maximum of 10 per cent of the Company's issued share capital. Options can be granted to any employee of the Group. There is no performance criteria associated with the options. The weighted average exercise price is 1.97p per share.

Rights to options over ordinary shares of the Company are summarised as follows:

			No. of Ordinary Shares			
Grant date	**Exercise period**	**Exercise price**	**At 31 March 2014**	**Granted**	**Waived**	**At 31 March 2015**
24/08/07	31/07/07 to 30/07/17	0.7p	89,286	-	-	89,286
19/12/12	19/12/12 to 18/12/22	2p	4,025,000	-	-	4,025,000
12/12/13	12/12/13 to 11/12/23	1.5p	1,900,000	-	(1,075,000)	825,000
02/03/15	02/03/15 to 01/03/25	1.57p	-	300,000	-	300,000
Total	**-**	**-**	**6,014,286**	**300,000**	**(1,075,000)**	**5,239,286**

The options have been valued, using the Black Scholes method, using the following assumptions:

Number of instruments granted	89,26	4,025,000	825,000	300,000
Grant date	23/03/09	19/12/12	12/12/13	12/02/15
Expiry date	30/07/17	18/12/22	11/12/23	11/02/25
Contract term (years)	8.2	10	10	10
Exercise price	0.7p	2p	1.5p	1.57p
Share price at granting	5p	2.5p	2.125p	1.55p
Annual risk free rate (%)	5%	0.5%	0.5%	0.5%
Annual expected dividend yield (%)	0%	0%	0%	0%
Volatility (%)	50%	40%	90%	40%
Fair value per grant instrument	0.46p	1.36p	1.86p	0.8p

The inputs to the share valuation model utilised at the grant of option is shown in the tables above. Management has determined volatility using their knowledge of the business.

At 31 March 2015 there were 5,600,000 outstanding warrants to subscribe for the ordinary share capital of the Company as follows:

		No. of Warrants and Exercise price	
Grant date	**Exercise period**	**5p**	**Total**
09/01/12	08/01/22	5,600,000	5,600,000

The fair value of the convertible loan warrants has been calculated at 0.009p based on the following assumptions – share price at granting 1.25p, annual risk free rate 0.5%, and volatility 20%. No provision has been made for the convertible loan note warrants in shared based payments.

10. Acquisitions

Evohosting Limited

The Group acquired 100% of the share capital of Evohosting Limited on 20 August 2014.

Evohosting provides Domain registration and shared hosting services to individuals and SME's.

During the current period the Group incurred £50,000 of costs in relation to this acquisition. These costs are included in administrative expenses in the Groups consolidated statement of comprehensive income for the year ended 31 March 2015.

The amount of identifiable net assets assumed at the acquisition date in shown below:

Recognised amounts of net assets acquired and liabilities assumed	Note	Provisional Fair Values £,000
Cash and cash equivalents	-	182
Trade and other receivables	-	11
Property, plant and equipment	-	12
Intangible assets	-	367
Trade and other payables	-	(131)
Current income tax liability	-	(6)
Deferred tax liability	-	(73)
Identifiable net assets	-	362
Goodwill	13	181
Total consideration		**543**
Satisfied by:		
Cash consideration – paid on acquisition	3	543

The fair value of acquired customer relationships intangible asset has been estimated using a discounted cashflow method, based on the estimated level of profit to be generated from them. A post tax discount rate of 19% was used in the valuation. Customer relationships are being amortised over an estimated useful life of 5 years.

Since the acquisition date, Evohosting Limited has contributed £250,000 to Group revenues and £80,000 to Group profit.

Q4Ex Limited

The Group acquired 100% of the share capital of Q4Ex Limited ("Q4Ex") on 10 December 2014. Q4Ex provides managed hosting and application support services.

During the current period the Group incurred £25,000 of costs in relation to this acquisition. These costs are included in administrative expenses in the Groups consolidated statement of comprehensive income for the year ended 31 March 2015.

The amount of identifiable net assets assumed at the acquisition date in shown below:

Recognised amounts of net assets acquired and liabilities assumed	**Note**	**Provisional Fair Values £,000**
Cash and cash equivalents	-	37
Intangible assets	-	-
Trade and other receivables	-	38
Property, plant and equipment	-	48
Trade and other payables	-	(43)
Deferred tax liability	-	-
Identifiable net assets	-	80
Goodwill	13	1,655
		1,745
Satisfied by:		
Consideration - New Ordinary shares issued at 1.7p per share	-	520
Contingent consideration	-	1,225
Total consideration	**-**	**1,745**

Since the date of acquisition, Q4Ex Ltd has contributed £112,000 to Group revenues and £31,000 to Group profits.

The acquisition of Q4Ex Ltd included a contingent consideration consisting three potential hurdle payments (of up to £520,000, £520,000 and £416,000) payable in new Ordinary shares at 1.7p. The contingent consideration is based on the level of earnings before interest, tax, depreciation and amoritisation EBITDA) achieved in a 12 month rolling period less an amount for central re-charges. The earnout period is to 08 December 2017.

The fair value of deferred consideration has been estimated using the discounted cashflow method based on the timing of the payment of the consideration. A post tax discount rate of 19% was used.

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Had both acquisitions taken place on 1 April 2014, the Group's revenue would have been £4.3m and the Group's profit would have been £0.15m.

11. Loss Per Share

	2015	2014
Loss for the financial year attributable to shareholders	£84,000	£676,000
Weighted number of equity shares in issue	456,047,673	217,600,479
Basic/diluted loss per share	£0.0002	£0.0030

Since the conversion of potential ordinary shares to ordinary shares would decrease the net loss per share, they are not dilutive. Accordingly diluted loss per share is the same as basic loss per share.

12. Taxation

	2015 £,000	2014 £,000
Current tax charge	-	16
Deferred tax		
Timing differences	(54)	(16)
Total tax charge	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(138)	(676)
Loss on ordinary activities before taxation multiplied by the Standard rate of UK corporation tax of 21% (2014:23%)	(29)	(155)
Effects of:		
Tax losses	29	139
Movement in deferred tax	(54)	16
Total tax charge	**(54)**	**-**

The Group recognised deferred tax assets and liabilities as follows:

	2015 £,000	2014 £,000
Deferred tax on customer relationships	(327)	(308)
Capital allowances timing differences	-	-
Deferred tax (liability)/asset	**(327)**	**(308)**

The Directors have not provided for the potential deferred tax asset arising from carried forward tax losses due to the uncertainty of future taxable profits. The tax losses available were approximately £4,692,000 at 31 March 2015 (2014: £4,638,000). The deferred tax asset on these tax losses at 20% (2014: 20%) of £971,000 (2014: £928,000) has not been recognised due to the uncertainty of the timing of the recovery.

The movement in the deferred tax account during the year was:

	Capital allowances timing differences £,000	Customer relationships £,000	Total £,000
Balance at 1 April 2014	**-**	**(308)**	**(308)**
Acquired on acquisition of subsidiary	-	(73)	(73)
Credited to statement of comprehensive income	-	54	54
Balance at 31 March 2015	**-**	**(327)**	**(327)**

13. Intangible Assets

Group	Website Cost £,000	Development Cost £,000	Software Cost £,000	Customer Relationships £,000	Positive Goodwill £,000	Total £,000
At 1 April 2013	166	232	-	-	392	790
Additions	-	-	-	1,547	2,184	3,731
Disposals	-	-	-	-	-	-
At 31 March 2014	**166**	**232**	**-**	**1,547**	**2,576**	**4,521**
At 1 April 2014	166	232	-	1,547	2,576	4,521
Additions	31	-	3	-	-	34
Acquired from acquisition	-	-	4	367	1,878	2,249
Disposals	-	-	-	-	-	-
At 31 March 2015	**197**	**232**	**7**	**1,914**	**4,454**	**6,804**
Accumulated amortisation and impairment						
At 1 April 2013	166	223	-	-	-	389
On disposals	-	-	-	-	-	-
Charge for the year	-	-	-	82	-	82
At 31 March 2014	**166**	**232**	**-**	**82**	**-**	**480**
At 1 April 2014	166	232	-	82	-	480
On disposals	-	-	-	-	-	-
Charge for the year	3	-	1	272	-	276
At 31 March 2015	**169**	**232**	**1**	**354**	**-**	**756**
Net book value						
At 1 April 2013	**-**	**-**	**-**	**-**	**392**	**392**
At 31 March 2014	**-**	**-**	**-**	**1,465**	**2,576**	**4,041**
At 31 March 2015	**28**	**-**	**6**	**1,560**	**4,545**	**6,048**

The Company held no Intangible assets at 31 March 2015 or 31 March 2014.

All amortisation and impairment charges are included in the depreciation, amortisation and impairment of non-financial assets classification, which is disclosed as administrative expenses in the statement of comprehensive income.

During the year, goodwill was reviewed for impairment in accordance with IAS 36 “Impairment of Assets”. No impairment charges arose as a result of this review.

The recoverable amount is determined based on discounted cash flow basis and is allocated to individual cash generating units. The calculation uses pre-tax cash flow projections based on financial budgets approved by the Board covering a twelve month period. Cash flows beyond the twelve month period are extrapolated using the estimated growth rates stated below. The growth rates and margins used to estimate future performance are based on past performance and the experience of growth rates.

The carrying value of each CGU is as follows:

	2015 £'000	**2014 £'000**
SME Hosting	598	405
Managed Hosting	5,298	3,899
Total	**5,896**	**4,304**

The assumptions used for the impairment reviews are as follows:

	SME Hosting	**Managed Hosting**
Discount rate	19%	19%
Growth rate year 2 to year 5	2%	10%
Terminal growth rate	2%	5%
Forecast period for which cashflows are estimated	1 year	1 year

The Group had no contractual liability for development costs at 31st March 2015. As a result of the impairment testing carried out on the basis of these estimates and assumptions, no impairment provisions are required.

14. Property Plant and Equipment

Group	Furniture and equipment £,000	Total £,000
At 1 April 2013	**655**	**655**
Acquisition of subsidiary	280	280
Additions	38	38
At 31 March 2014	**973**	**973**
At 1 April 2014	973	973
Additions	316	316
Disposals	(5)	(5)
Acquisition of subsidiary	57	57
At 31 March 2015	**1,341**	**1,341**
Accumulated depreciation		
At 1 April 2013	325	325
Charge for the year	166	166
At 31 March 2014	**491**	**491**
At 1 April 2014	491	491
On disposal	(5)	(5)
Charge for the year	263	263
At 31 March 2015	**749**	**749**
Charge for the year		
At 1 April 2013	**330**	**330**
At 31 March 2014	**482**	**482**
At 31 March 2015	**592**	**592**

Included in the net book value of £592,000 (2014: £482,000) for furniture and equipment are assets held under finance leases with a NBV of £269,000 (2014: £268,000).

The depreciation for the year on these assets was £107,000 (2014: £95,000).

The Company held property, plant or equipment at a NBV and Cost of £3,000 at 31 March 2015 but held no property, plant or machinery at 31 March 2014.

15. Investments

Company	2015 £'000	2014 £'000
Investment in Subsidiaries At 1 April 2014	5,147	1,264
Additions	2,293	3,883
Impairment	(865)	-
Cost 31 March 2015	**6,576**	**5,147**

The Company's subsidiary undertakings all of which are wholly owned and included in the consolidated accounts are:

Undertaking	Registration	Principal activity
Daily Internet Services Limited	England	Web hosting and domain name registration
Netplan Internet Solutions Limited	England	Managed hosting
Netplan LLC (subsidiary of Netplan Internet Solutions Ltd)	USA	Managed hosting
NameHOG Limited	England	Web hosting and domain name registration
Q4Ex Limited	England	Cloud hosting and consultancy

The recoverable amounts have been determined from discounted cash flow calculations based on cash flow projections from approved budgets covering a one year period to 31 March 2016. The major assumptions can be found in note 13.

Namehog Limited (Company Number 03963376), Evohosting Limited (Company Number 05814619) and Q4Ex Limited (Company Number 08802455) are taking advantage of the exemption from audit under section 479a of the Companies Act 2006 following the guarantee provided by Daily Internet plc under section 479C of the companies Act 2006.

16. Trade and Other Receivables

Amounts due within one year	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Trade debtors	425	-	202	-
Other debtors	3	-	-	-
Amounts owed by subsidiary undertakings	-	87	-	554
Prepayments and accrued income	166	9	142	7
Total Debtors	**594**	**96**	**344**	**561**

The Group is not exposed to any significant credit risk from trade receivables. The ageing below shows that all debts are less than three months old and no impairment is required.

Total unimpaired trade receivables which are past due	2014 £'000	2014 £'000
Up to 3 months	-	-
Over 3 months but less than 6 months	-	-
Over 6 months but less than 1 year	-	-
Total	**-**	**-**

17. Trade and Other Payables

Amounts falling due within one year	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Trade payables	357	24	217	18
Corporation tax	34	-	124	-
Other payables	49	-	37	-
Accruals	104	21	62	30
Total financial liabilities, excluding loans and borrowings measured at amortised cost	544	45	440	48
Other taxes and social security costs	168	-	161	45
Deferred Income	756	-	420	-
Total	**1,468**	**45**	**1,021**	**93**

Contingent consideration due on acquisitions	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Q4Ex Ltd	1,225	1,225	-	-
Netplan Internet Solutions Limited	-	-	933	933

The fair value of contingent consideration was based on the present value of cash flows and the market value of the shares to be issued as per note 10.

To the extent trade payables and other payables are not carried at fair value in the consolidated balance sheet, book value approximates to fair value at 31 March 2015 and 31 March 2014.

Maturity group of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost is shown in note 3.

18. Loans and Borrowings

The book value and fair value of loans and borrowings are as follows:

Non-Current	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Convertible loan	-	-	101	101
Convertible loan	-	-	-	-
Netplan Internet Solutions Limited	126	-	100	-
Total	**126**	**-**	**201**	**101**

Current	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Convertible loan	103	103	163	163
Convertible loan	175	-	-	-
Netplan Internet Solutions Limited	108	-	147	-
Total	**386**	**103**	**310**	**163**

Convertible Loan Note

During the year thirty four "2005 Loan Notes" £5,000 convertible loan notes were redeemed and 22 "2016 Loan Notes" remain due in January 2016.

The 2016 Loan Notes offer a rate of interest of 9 per cent and are convertible at a conversion price of 3p per share. The Company is able to redeem a minimum of £1,000 nominal value of each New Loan Note as cash flow allows by repaying the redeemed nominal value plus six months pro rata interest, subject to the relevant holders being entitled to convert such loan notes into ordinary shares in the capital of the Company at their election at 3p per share.

In the previous financial year a warrant was also issued entitling the holder to subscribe for 100,000 ordinary shares at a price of 5p per share, exercisable at any time before 8 January 2022, provided that the Company may require the exercise of these warrants if its shares are traded at a price in excess of 8p per share for a period of 60 business days and an aggregate value of bargains exceeding £60,000 occurs over that period. The value of the convertible loan notes recognised in the balance sheet is calculated as follows:

	2014 £'000	2014 £'000
Face value	105	275
Costs of issue	(11)	(11)
Net proceeds	94	264
Equity component	(13)	(13)
Unwinding of liability	22	13
Liability component at 31st March	**103**	**264**

19. Leases

Group Finance Leases

Future lease payments are due as follows:

	Minimum Lease Payments 2014 £,000	Interest 2014 £,000	Present Value 2014 £,000
Not later than one year	172	25	147
Later than one year and not later than 5 years	105	5	100
Later than 5 years	-	-	-
Total	**277**	**30**	**247**

	Minimum Lease Payments 2015 £,000	Interest 2015 £,000	Present Value 2015 £,000
Not later than one year	125	17	108
Later than one year and not later than 5 years	133	7	126
Later than 5 years	-	-	-
Total	**258**	**24**	**234**

The Company has no finance leases.

Group Operating Leases

The total future value of minimum lease payments is due as follows:

	Leasehold Property 2015 £'000	Other 2015 £'000	Leasehold Property 2014 £'000	Other 2014 £'000
Within one year	78	-	51	-
Within two to five years	168	-	89	-
After five years	58	-	191	-
Total	**304**	**-**	**331**	**-**

The Company has no operating leases.

20. Share Capital

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Allotted, called up and fully paid	-	-	-	-
At start of year 407,672,080 Ordinary shares of 0.5p each	2,038	2,038	595	595
Issued during the year 72,119,021 Ordinary shares of 0.5p	361	361	1,443	1,443
At end of year 479,791,101 Ordinary shares of 0.5p	**2,399**	**2,399**	**2,038**	**2,038**

During the year the Company issued 72,119,021 ordinary shares of 0.5p each. Of this total 21,750,000 ordinary shares were issued at 2.0p per share for cash, the proceeds of which were used to fund the acquisitions of Evohosting.

A further 19,326,241 ordinary shares were issued at 1.88p per share in settlement to the Netplan shareholders, 454,545 at 1.88p were issued to a consultant and 30,588,235 ordinary shares were issued at 1.7p for the acquisition of Q4Ex.

Under the terms of the EMI and unapproved share options a further 43,040,000 ordinary shares could be issued with a nominal value of £215,200.

21. Contingent Liabilities

There are no contingent liabilities at the year-end.

22. Related Party Transactions

Details of Directors' remuneration are given in the Directors' Remuneration Report. Other related party transactions are as follows:

		Transaction value		Balance Due to Related Party	
Related party relationship	**Type of Transaction**	**2014 £'000**	**2015 £'000**	**2014 £'000**	**2015 £'000**
Directors	Use of personal credit cards to pay online suppliers and rent of office building	771	412	30	34
Companies in which directors or their immediate family have a significant / controlling interest	Provision of management service	36	17	7	9

23. Loss for the Financial Year

As permitted by section 408 Companies Act 2006, the holding Company's profit and loss has not been included in the financial statements. The loss for the financial year is made up as follows:

	2015 £'000	2014 £'000
Holding company's loss for the year	**419**	**485**

notice of annual general meeting

notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Daily Internet plc will be held on 14 August 2015 at 10.00am at Daily Internet Plc, Walker House, Exchange Flags, Liverpool L2 3YL for the purpose of considering and, if thought fit, passing the resolutions set out below, of which Resolutions 1 to 4 will be proposed as ordinary resolutions and Resolution 5 will be proposed as a special resolution.

In addition, it should be noted that the value of the Company's net assets is now less than half of its called-up share capital. In these circumstances the Directors are required under section 656 of the Companies Act 2006 to consider at a General Meeting of the Company whether any, and if so what, steps should be taken to deal with the situation. In light of the Group's trend of continued improvement and management expectations of future performance, the Directors do not consider it necessary to have any specific resolutions proposed at the Annual General Meeting but the situation will be considered at the end of the Annual General Meeting.

Ordinary Business

To consider and, if thought fit, pass the following resolutions:

1. **TO** receive, consider and adopt the Annual Report and Financial Statements for the year ended 31 March 2015, together with the Directors' and Auditors' Reports contained therein.

2. **TO** reappoint Robert Khalastchy as a director who retires by rotation.

3. **TO** reappoint BDO LLP Chartered Accountants as auditors of the Company and authorise the Directors to fix their remuneration.

4. **THAT** the Directors be generally and unconditionally authorised to allot equity securities (as defined in section 560(1) of the Companies Act 2006 ("the Act")):

   a. up to an aggregate nominal amount of £800,000 in connection with an offer by way of a rights issue:

      i. to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

      ii. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   b. in any other case, up to an aggregate nominal amount of £1,600,000 (such amount to be reduced by the nominal amount of any equity securities allotted under resolution 4(a) above in excess of £800,000),provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months from the date this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

For the purposes of the resolution: 'Relevant Securities' means:

i. shares in the Company other than shares allotted pursuant to: an employee share scheme (as defined by section 1166 of the CA 2006); a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; and

ii. any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the CA 2006). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Special business

As special business, to consider and, if thought fit, pass the following resolution:

5. **THAT**, subject to the passing of resolution 4, the Directors be given the general power to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   a. the allotment of ordinary shares of £0.005 (0.5 pence) each ("Ordinary Shares") pursuant to options granted to directors, employees and consultants to the Company up to an aggregate nominal value of £26,196.43;

   b. the allotment of Ordinary Shares pursuant to the convertible loan note instrument dated 4 January 2013 up to an aggregate nominal value of £28,000 (including interest).

   c. the allotment of Ordinary Shares pursuant to warrants granted pursuant to a warrant instrument dated 9 January 2012 up to an aggregate nominal value of £28,000;

   d. the allotment of equity securities in connection with an offer by way of a rights issue:

      i. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

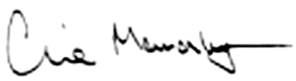
      ii. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

e. the allotment (otherwise than pursuant to resolutions 5(a) to (d) above) of equity securities up to an aggregate nominal amount of £360,000

The power granted by this resolution will expire 15 months from the date this resolution is passed or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By order of the board



Clive Maudsley
Company Secretary
19 June 2015

Registered Office
First Floor, Nelson House
Park Road, Timperley
Cheshire WA14 5BZ

Notes

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies who need not be a member of the Company to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

2. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney, must reach the Company's Registered Office, First Floor, Nelson House, Park Road, Timperley, Cheshire. WA14 5BZ not less than 48 hours before the time of the meeting or of any adjournment of the meeting.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), holders of ordinary shares must be entered on the relevant register of securities by 10.00am on 12 August 2015. Changes to entries on the relevant register of securities after 10.00am on 12 August 2015 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. Copies of the service contracts and letters of appointment of each of the Directors of the Company together with the Register of Directors' Interests will be available for inspection at the registered office of the company during usual business hours on any weekday (Saturday and public holidays excluded) and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

5. The Directors have no present intention of exercising either the allotment authority under resolution 4 or the disapplication of pre-emption rights authority under resolution 5 other than as required pursuant to the authorities set out in paragraphs (a) to (e) of resolution 5.

6. The Annual Report and Financial statements can be downloaded from the investor section of our website at the following location http://investor.daily.co.uk/regulatory-announcements/

daily internet

Daily Internet Plc
Walker House
Exchange Flags
Liverpool L2 3YL

investor.daily.co.uk