AUDIOVISUAL INTERACTION
MADE EASY

Products

Industry

Clients

2017

ANNUAL REPORT
AND ACCOUNTS

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EXECUTIVE MANAGEMENT

JOSÉ LUIS VÁZQUEZ
CEO

Founder and CEO of Mirada PLC and the Chairman of Spanish Association of Interactive Technology Companies (AEDETI). He holds a degree in Advanced Telecommunications Engineering and an MBA from IESE Business School.

GONZALO BABÍO
CFO

Prior to joining Mirada in 2015 as the CFO, he worked as Finance Director for both The Walt Disney Company (10 years) and Electronic Arts (10 years). He holds an EMBA from IESE Business School, among other titles.

JOSÉ GOZALBO
CTO

José has been CTO of Mirada since its creation. He holds a degree in Computer Science and he has in depth experience in Software Development and Digital TV markets.

NURIA LAHUERTA
HEAD OF HUMAN RESOURCES

In Mirada since 2011, Nuria has been recently appointed Head of Human Resources. She is a double graduate in Human Resources Management and History of Art and a skilled professional.

JAVIER PEÑIN
VP SALES

His previous experience includes working at AUNA during the launch of Spain's first digital cable TV platform. He also worked as Senior Sales Manager in Telefonica and as Global Sales Manager at ADB. BSc in Telecoms Engineering and BMD from IESE.

ANTONIO RODRÍGUEZ
VP BUSINESS DEVELOPMENT

He joined Mirada from Jazztel PLC, where he held the roles of Network Engineering Manager and Telco Platforms and OSS Manager. He holds a BSc in Telecommunications Engineering and an MBA from IE Business School.

ROSZANA DALATI
HEAD OF MARKETING

Roszana joined Mirada as Marketing Manager before forming part of Executive Management in 2017. She holds a degree in International Relations and a Masters in Strategic Management of Sales & Marketing from IE Business School.

ABOUT MIRADA

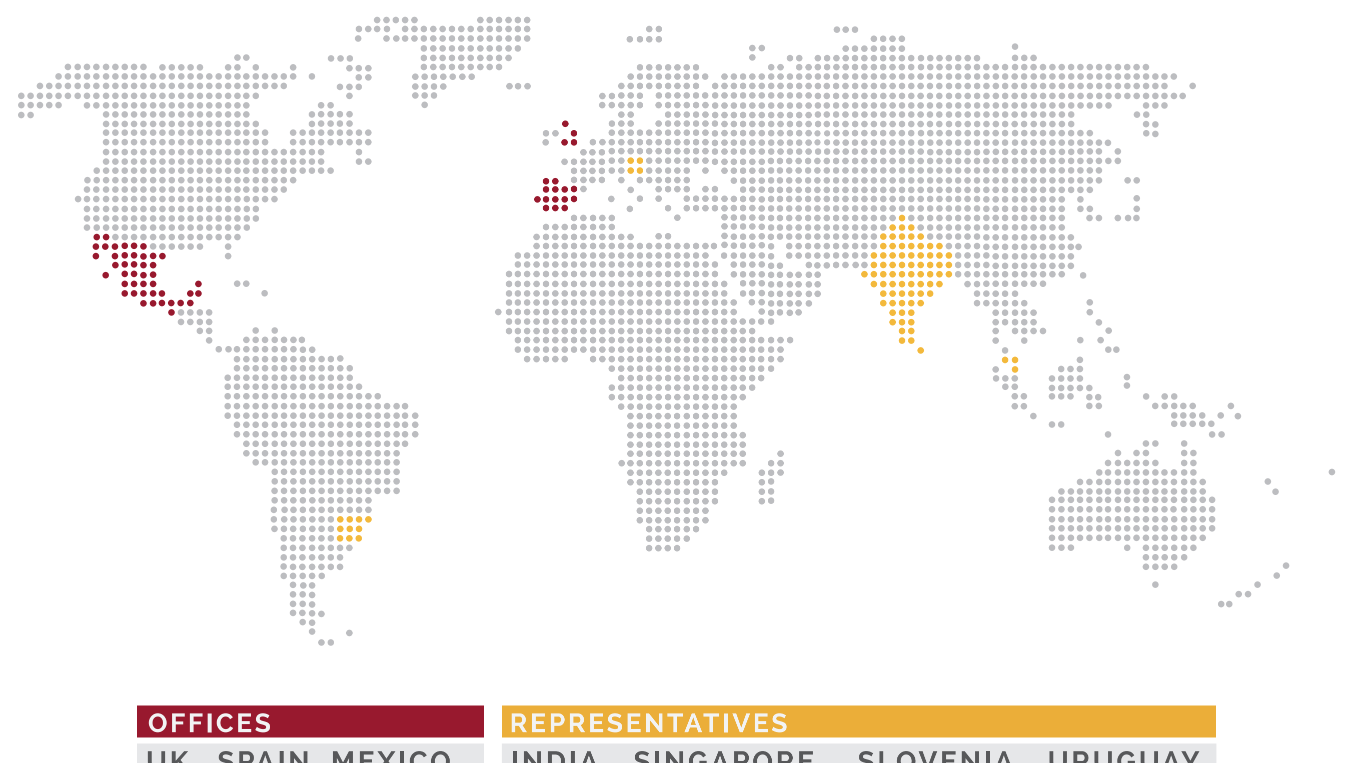
Mirada PLC is an AIM-quoted leading provider of products and services for global Digital TV operators and broadcasters. Founded in 2000 and led by Non-Executive Chairman Javier Casanueva and Group CEO José Luis Vázquez, Mirada's core focus is on the ever-growing demand for "TV Everywhere" for which it offers a range of software products, notably the Iris multiscreen platform, acclaimed by clients for its incomparable flexibility and optimal time to market.

Mirada prides itself on being a
global pioneer in Digital TV technology

Since its establishment seventeen years ago, Mirada's products and solutions have been deployed by some of the biggest names in broadcasting including Telefonica, Sky, Virgin Media, BBC, ITV and Televisa, the largest media company in the Spanish-speaking world. Mirada has also established partnerships with key players in the Digital TV world such as Conax and Ericsson.

The Company prides itself on being a pioneer in Digital TV technology, and following the success of izzi's platform powered by Iris which is currently considered to be the most advanced in the entire region, Mirada's growing pipeline of opportunities is currently the greatest the company has ever seen.

PRESENCE AROUND THE WORLD



OUR PRODUCTS

IRIS END-TO-END SOLUTION

Mirada's seamless multiscreen solution for content consumption

Mirada's Iris software solution provides clients' subscribers with a seamless and easy-to-use platform to discover and consume both traditional broadcast and internet-based content anytime, anywhere. The multiscreen software suite enables content consumption across TVs, tablets, smartphones and laptops, in addition to the provision of essential tools for clients such as audience measurement and content management.

Incomparable flexibility of product and optimal time to market.

IRIS SERVICE DELIVERY PLATFORM (SDP)

Powerful tool for both TV operators and subscribers

This extensive back-end product - the brain of our Iris ecosystem - is an accessible platform providing operators with advanced tools to access configuration settings, statistics, content management and many other essential features to suit their specific marketing needs. Our SDP also provides users with features such as content suggestions and smart search throughout the catalogue.

Providing clients with desirable software management tools to suit their specific marketing needs.

INSPIRE UI

Our state-of-the-art user experience

Inspire is Mirada's exclusive user interface which enables a seamless content consumption experience across all platforms including smartphones, tablets and PCs. Developed with real-user live testing, our team of experts designed our user-centric Inspire UI to be both rich in high-end features and extraordinarily intuitive.

Suitability and satisfaction even with the most demanding users, both on the level of usability and visual attractiveness.

OVER-THE-TOP PLATFORM

Advanced platform to enjoy content anytime, anywhere

Over-the-top (OTT) refers to the ever-growing demand for content delivery on viewers' terms at the time, place and on the device of their choice... and this product does exactly that! Mirada's OTT platform enables viewers to enjoy their favourite content at any time on their preferred device (TVs, smartphones, tablets or laptops) and can work independently to the TV o perator's cable/DTH/IPTV digital TV service.

Providing a future-proof solution independent from traditional broadcasting.

xPLAYER

Managing synchronised interactive content

One of Mirada's flagship products which manages red and green button interactivity on behalf of a channel. xPlayer allows viewers to interact efficiently with on-screen content (red button) in addition to scheduling recordings or reminders (green button).

Managing essential viewer interactivity within multiple TV devices.

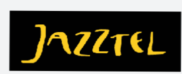
LogIQ

Data intelligence platform

LogIQ is Mirada's new data analytics platform which uses holistic data retrieved from clients' operations to enable them to make better, data-driven decisions. With LogIQ, operators are finally armed with valuable insights about their platform, subscribers and consumption, empowering them to provide the most advanced and appealing offering in an increasingly competitive industry.

Empowering operators to make intelligent, data-driven decisions.

+50 SATISFIED CLIENTS



The technology that powers izzi's multiscreen platform is the most advanced in the entire region. Today, izzi tv is thriving at the forefront of the industry.

GUILLERMO SALCEDO
DIRECTOR OF MARKETING AT IZZI TELECOM, TELEVISA GROUP

Mirada's client since 2014

INVESTOR INSIGHTS

MIRADA IN THE MARKET

Pay TV Market Overview

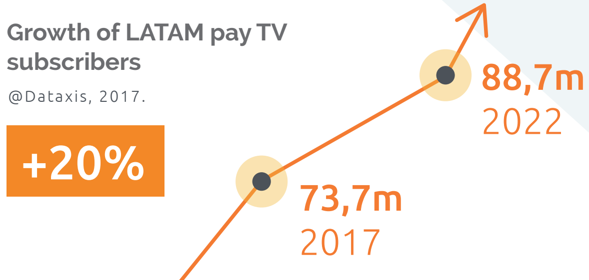
The global pay TV market, one of the fastest growing industries in the world, is on track to reach $254.77bn by 2025 (Grand View Research, 2017). However, the increasing popularity of alternative services and devices which allow viewers to access their favourite content on their terms, it has become a priority for operators and broadcasters worldwide to reconsider their business models in order to remain relevant in this rapidly evolving market. Telcos, for example, are expanding their vision to over-the-top (OTT) services as an alternative or complement to their existing platform, providing an effective user experience across devices to promote valuable content and engage viewers, and exclusive services to differentiate themselves from other industry service providers. Mirada's advanced Iris Ecosystem, composed of powerful front- and back-end products, is perfectly poised to serve such needs on a global scale. Mirada focuses particularly on the prosperous pay TV markets of the developing regions of Latin America, Eastern Europe and Asia Pacific.

LATIN AMERICA

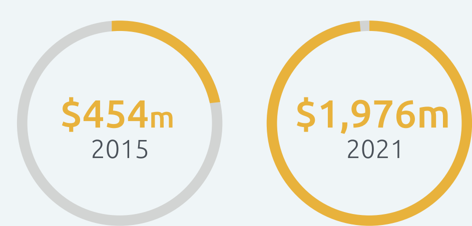
Growth within Latin America's pay TV market remains strong with pay TV subscribers on track to reach 88.7 million in 2022, up from 73.7 million in 2017. However, with 78% of major pay TV players in Latin America now offering TV Everywhere services (Nagra, 2017), operators are having to look elsewhere to strengthen their offering. Data intelligence platforms have become a major area of interest within the industry, with analytics within global pay TV services expected to grow by 105% over the next five years (ABI Research, 2017). Mirada's recently launched data intelligence platform, LogIQ, is the essential tool for operators and broadcasters in the region in need of a wider vision to make better data-driven decisions to remain on the cutting-edge of an increasingly competitive and innovative industry.

Growth of LATAM pay TV subscribers

@Dataxis, 2017.



> The global pay TV market, one of the fastest growing industries in the world, is on track to reach **$254.77bn** by 2025.



Growth of OTT revenues in Eastern Europe

@Digital TV Research, 2016.

EASTERN EUROPE

With the region's pay TV penetration set to reach 80% and the number of pay TV subscribers expected to hit 82.8m by 2020 (IDC, 2017), Eastern Europe's pay TV market is advancing towards maturity. Multiscreen viewing has become commonplace across the region and service providers are now turning to new business models to reinforce their current offering. OTT viewing, for example, which was once seen as a threat by operators in the region, is now considered a vital part of the content mix, with OTT revenues in the region predicted to reach $1,976 million by 2021, up from $454 million in 2015. Mirada's acclaimed OTT platform is perfectly suited to serve all types of operators who are looking to future-proof their pay TV business thanks to its seamless integration with existing DVB/IPTV solutions.

2021 $40bn

2016 $32bn

Growth of pay TV revenues in APAC

@IABM Market Intelligence, 2016.

+25%

ASIA PACIFIC

Asia Pacific is the world's largest pay TV subscriber region, contributing 60% to the global total and with revenues expected to grow a further $8bn to reach $40bn by 2021. Despite such promising growth expectations, certain factors within the region, such as the increasing popularity of OTT services and demand for an improved user experience with personalised content recommendations, means operators need to adapt their offering in order to survive and thrive in the market. Mirada's Iris Ecosystem empowers operators with a powerful and future-proof platform that has the flexibility to continuously add new features and services, with the goal to attract retain customers with the ultimate viewing experience.

MIRADA IN NUMBERS

Facts about our company:

ESTABLISHED BUSINESS	UNRIVALLED EXPERIENCE	EXCEPTIONAL CLIENT LIST	EXTENSIVE PARTNER NETWORK
Founded **17** years ago	**+60** projects developed	**57** clients served globally	**29** trusted partnerships

MARKET LEADING PRODUCT		GLOBAL REACH	
Cutting edge technology	**70%** engineering experts	Operating across Asia, Europe and the Americas	Over **10 000 000** people using our technology

MIRADA'S STRATEGY

Our strategy focuses on four key areas:

Market Strategy

Mirada has identified a number of target geographies where it is fully focused on developing its presence. These markets display promising characteristics such as high annual growth rates in pay TV consumption, growing pay TV penetration and burgeoning middle classes providing rapid growth in consumer spending.

Product Strategy

Our market leading digital TV products have been designed to future-proof the platforms of operators and broadcasters worldwide, while dramatically improving their user experience with cutting-edge services at a competitive time to market. This enables us to fully satisfy our clients' needs for today, while also providing them with a roadmap and vision for the future.

Sales Strategy

We have recently boosted our sales and marketing resources to take full advantage of the augmented interest in our offerings following the successful high-profile deployment of our flagship product with Tier 1 operator izzi Telecom. We offer our products worldwide and we benefit from an increased pipeline of opportunities through a direct relationship with customers, for whom we are a partner for growth.

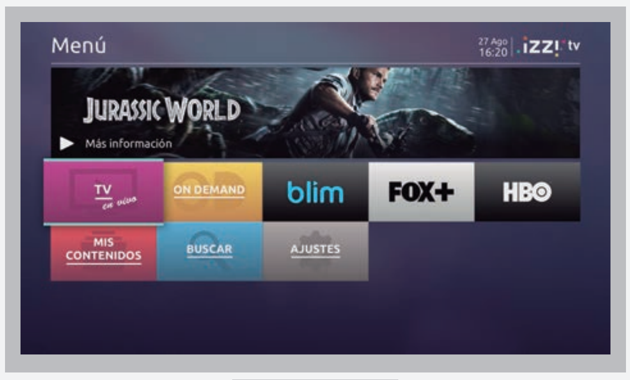
Business Model Strategy

Our business model has been developed to meet our clients' future needs with a strong focus on flexibility. We can provide both "Software as a Service" and hosted services, enabling us to give our clients exactly what they want. We grow as they grow, reinforcing long term bonds, while securing long-term recurring revenue streams.

HIGHLIGHTS OF THE YEAR

Success with izzi

Revenues from new subscriber-based license fees were adversely affected by the slowdown in the Mexican economy due to the uncertainties following the 2016 US elections. However, along with the return of economic confidence to the Mexican market came a notable increase in license volumes from Televisa, with the number of set-top boxes powered by Mirada's technology in excess of 750,000 across Televisa networks as of June 2017. Approximately a quarter of these new households have also installed Mirada's OTT platform.



Promising pipeline

An increased investment in sales and marketing activities paired with Mirada's exceptional Tier 1 reference in Mexico with izzi has resulted in the largest pipeline of opportunities in the Company's history. Since 2016, Mirada has received 17 invitations to bid in upcoming projects, in comparison to 3 back in 2015. Furthermore, this year Mirada has also seen the addition of ALi, a leading innovator and developer of set-top box chipsets, Anevia, a leading OTT and IPTV software vendor, and others to its extensive partner ecosystem. Not only do these new partnerships improve Mirada's ability and flexibility to address clients with different business models and needs, but partnerships also play a valuable part in opening up new opportunities.

New recurring revenue streams

In the pursuit of converting such opportunities into further contract wins, and following in-depth market research and careful consideration of feedback from operators, the Company has developed an additional service deployment model. In addition to the existing CAPEX-based model, the Company now offers an OPEX model with strong SaaS (Software as a Service) elements, thus boosting the potential to provide more diversified revenue streams, a greater proportion of recurring monthly revenues and increased competitiveness within the market. An example of the application of this alternative model is Mirada's recently announced contract win with US-based ATNi.

Launch of analytics product

Mirada recently launched LogIQ, an advanced holistic analytics platform for empowering operators with the insights necessary to make better, data-driven decisions regarding their offering. The platform retrieves and interprets Big Data from a client's platform and creates detailed and visual reports to enable clients to monitor and improve the performance of their platform as well as using it for targeted advertising. With expectations of analytics within pay TV services to grow by 105% in the next five years, Mirada is confident that the launch of the data intelligence platform will be of much interest to existing clients and will also attract operators and broadcasters looking to strengthen their offering.

POST YEAR-END

ATNi Deal

Mirada recently celebrated a post year end contract win with ATN International (ATNi), a NASDAQ-listed company with operations in several US and Caribbean locations. The Company will be replicating the success of the deployment of its Iris multiscreen solution for izzi Telecom in Mexico for four leading Caribbean operators owned by ATNi.

This will be the most extensive deployment of the Iris suite of multiscreen products since its commercial launch across the Mexican territory. Subscribers will be able to consume live, catch-up and on-demand content across advanced hybrid set-top boxes and on their favourite devices, while enjoying many cutting-edge features powered by Mirada's back-end platform, Iris SDP.

Mirada will also play the role of System Integrator to manage the overall execution of the project, coordinating all third parties. Following the deployment, which is expected to be around the end of Mirada's financial year 2018, the Company will manage all operations, services and support and maintenance across ATNi networks. The contract also employs Mirada's new OPEX model, including providing subscriber-based licence fees through a "SaaS" (Software as a Service) model, thereby giving the client greater flexibility in financing the project.

The most extensive deployment of Iris since its commercial launch across the Mexican territory...

This contract is therefore expected to greatly diversify Mirada's revenue streams, leading to a higher proportion of recurring revenues and improving the long term financial stability of the Company.

Mirada currently has an extensive and growing pipeline of opportunities, of which this substantial contract win was a part. This pipeline is the direct result of the first-class reference provided by izzi Telecom, combined with increased investment in sales and marketing activities.

The Company is confident that this deal will create yet another long-term partnership, with the likelihood that ATNi will replicate the solution into other operations they own now and in the future. The deal also provides another strong reference helping to further grow the Company's strong pipeline of opportunities in both new and existing markets.

CEO STATEMENT

JOSÉ LUIS VÁZQUEZ

We are happy to say that our Iris product has exceeded our expectations in quality and stability, and the market reception has been very positive

Overview

I am pleased to present the Group's audited financial results for the year ended 31 March 2017. This was a year in which the Company focused on three areas: the successful deployment and support for the commercial roll-out of our largest customer, izzi Telecom (part of Televisa Group) in Mexico; the reinforcement of our Sales and Marketing activities to harvest opportunities from the key reference that this customer provides Mirada; and the scaling and training of our technical team in anticipation of new contract wins that we foresee from the significant improvement to our pipeline.

Trading review

Our solution is being successfully rolled-out across five izzi Telecom networks in Mexico and, according to their customers' feedback, is the best TV proposition in the region in terms of content and product features. The strength of our solution, combined with a large marketing investment from the Televisa Group, resulted in the solution being deployed across more than 670,000 set-top boxes by the end of March 2017. With a customer base of over four million households in the cable market, and several set-top boxes per subscriber, we believe that we have only started scratching the surface of the potential value for this contract.

Despite this, the deployment was not exempt from issues, which were principally due to the need to ensure the proper stability of the global solution which involved many parties, and the negative effects of the US elections on the Mexican market at the end of 2016. However, the market is now recovering, with a stronger currency and a reinforced appetite for investment.

We are happy to say that our Iris product has exceeded our expectations in quality and stability, and the market reception has been very positive. We have a powerful and reliable multiscreen solution, which has proven to be impressively scalable over a short period of time, with consumers seamlessly purchasing and enjoying video across a plethora of different screens. In spite of being a small company, we have been able to beat much larger competitors and succeed in the delivery of such a complex solution that now successfully serves hundreds of thousands of households and over a million devices in Mexico alone.

Last year we also reached agreements to improve our sales presence in Eastern Europe, India and South-East Asia, establishing local representatives in Slovenia, Delhi and Singapore to cover these regions. These representatives have a success-fee component included in their remuneration and we are currently witnessing the positive results of their activities, with significant potential deals in our pipeline in each of the three key regions mentioned above. We are supporting our enhanced sales force with improved marketing activities that highlight our reference deployments and the key advantages of our superior product. We are also a regular presence at relevant trade shows around the globe, focussing mainly on the NAB Show for the American region, the IBC for Europe and Africa, and the Broadcast Asia Show for the Middle East and Asia. These activities, alongside the reference that izzi Telecom gives us, have substantially improved our pipeline, some of which has now matured into new contract wins, such as the recently announced contract with ATNi for the Caribbean region.

We have a strong technical team who have once again proved their quality and resilience. Furthermore, we have been able to deploy a world-class multiscreen TV product that compares well with our largest competitors in the market, and has been able to sustain the required growth in features and scalability. Our team is able to give continued support to the deployment of multi-million sized corporations, which rely on our capabilities and our future corporate success. This needs to be sustained, whilst we are also supporting our growing sales and pre-sales activities, as we need to be ready to deploy to new customers in an ever-changing world.

We have been able to deploy a world-class multiscreen TV product that compares well with our largest competitors in the market

Customers of different sizes are now relying more and more on cloud-based services, and Mirada is working to be able to cover their needs. They look for flexible business models that align their growth and revenue flows with the investments and operational costs of their relevant suppliers. While this comes with the need to fund deployments, the guaranteed recurrent revenues more than justify us entering "Software as a Service" business models such as the project announced post year-end with ATNi. Set-up fees and other professional service related fees will continue to be a part of these new deals, but the most relevant change comes from sustained revenue flows over several years. This will give greater visibility of return on investment for new contracts of this kind.

We are also now able to provide more competitive global solutions to cost-sensitive customers as the result of agreements with key suppliers in the market. The integration of our solution with new chipset vendors such as ALi Corporation makes it possible for set-top box vendors to offer a very powerful solution with the benefits of reduced investment needs. While our software remains as powerful as ever, reducing the overall customer premises' investment requirement makes our solution even more attractive to the end-user customer.

Our sales cycles tend to last from six to eighteen months, from the start of negotiations to contract signature. Our recent deal with ATNi was one of the faster ones, while others in the pipeline are expected to take longer. Our pipeline started to reflect the impact of the Televisa roll-out at the end of calendar 2016, so we expect for some of the earliest prospects to make their decisions during the coming months.

Our mobile division, which is distinct from our Digital TV division, provides technology solutions to cashless parking providers and is organically growing its revenue at 5% per annum and generating profits of £0.12m (2016: £0.13m). The

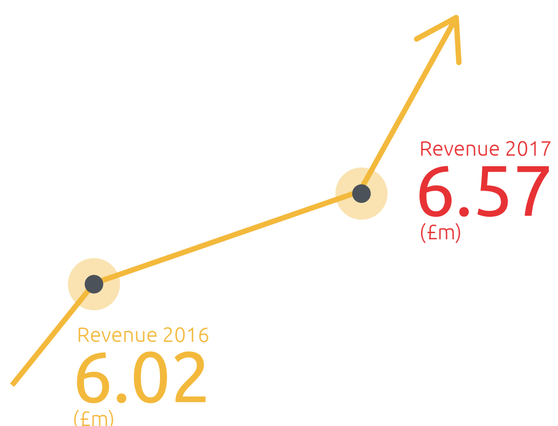
mobile division contributed 8% of total revenue in the current year (2016: 10%).

This promising stage in the life of our Company, now based on a solid base of products and customer references, can only flourish with the joint empowerment of our stakeholders: employees, customers, suppliers, partners and investors. I would like to thank all of them again for their continued efforts and support.

Financial overview

Revenue grew to £6.57 million (2016: £6.02 million), driven primarily by the significant product integration for the Televisa Group. In our mobile division, revenues continued to grow steadily to £0.56 million (2016: £0.54 million). Although gross profit grew to £6.09 million (2016: £5.80 million), there was a noted decrease of 3.6% in gross margin percentage, due to the additional costs associated with an increased number of sales representatives. Adjusted EBITDA for the year decreased to £0.04 million (2016: £1.50 million) resulting from the different revenue mix and investment in our digital TV and broadcast division. Amortisation charges increased to £2.09 million from £1.63 million, due to increased product investment.

The Group posted a net loss for the year of £5.51 million compared to a loss of £0.40 million in the prior year. One of the main reasons for this was a £2.0 million increase in amortisation and increased spending on sales, marketing and operational capabilities, which was required for the achievement and successful execution of new contract wins.



During the financial year, Mirada experienced two major events which have led to the goodwill impairment of £3.0 million (2016: £0.0 million). First, on the back of the Mexican Peso devaluation, post US elections, our major customer Televisa reduced their number of purchase orders in the financial year. This resulted in lower licence revenues and forecast cash inflows.

Second, although the ATNi project should result in material monthly ongoing revenues, the lower upfront receipts associated with the OPEX model (meaning lower set-up fees and subscriber-based licenses provided on a 'SaaS' - software as a service model) has led the Board to seek financing facilities to provide working capital for the Company's various projects over the medium-term, including ATNi and other prospective projects. Discussions regarding additional financing facilities are advanced and further announcements in this regard will be made in due course. Both factors have led to the emphasis of matter related to going concern, as noted in Note 3.

Furthermore, there has been a significant reduction in the market capitalisation of the group, and consequently the company has processed an impairment to its investment, in its Company Balance sheet, which has no impact on the consolidated results of the Group.

Net Debt rose to £4.21 million (2016: £3.48 million) as a result of increased product investment and delays in the full Televisa commercial roll-out. Long term interest-bearing loans and borrowings increased by 30% to £2.30 million (2016: £1.77 million) and short term borrowings decreased to £2.13 million (2016: £2.42 million). Trade receivables decreased from £1.44 million to £0.80 million as invoices related to the Monterrey deployment, which were raised in the 2016 financial year, were collected in the 2017 financial year.

Other intangible assets have increased from £3.89m to £4.75m, mainly due to the increased valuation of the Euro against the Sterling.

The deferred income increase of £1.19m largely relates to cash collections from Televisa received in the current financial period for services to be delivered in fiscal year 2018, due to the negotiation of more favourable payment terms.

Cash at bank decreased to £0.22 million from £0.71 million, with additional invoice discounting facilities of £2.40 million and unused short-term credit lines of £0.77 million available.

Current Trading and Outlook

Mirada participated in a number of projects during the year and is seen as increasingly relevant within the market. As such, we are being invited to bid on a greater proportion of new contracts as they arise, and I am glad to say we currently have our strongest pipeline ever in terms of the number of opportunities that we are participating in. This has resulted in the recently announced contract win with ATNi, and our increasing number of successful reference projects is helping us secure further opportunities. With this extensive and maturing pipeline, we are confident of announcing new relevant contract wins in the near future.

José Luis Vázquez
Chief Executive Officer
29 September 2017

Business model

The Company's main activity is the provision of software for the Digital TV market. Our major customers are Digital TV platforms, mostly Pay TV service providers. We provide the technology needed to facilitate the final user's interaction with the devices they provide, including digital TV decoders (set-top boxes), tablets, smartphones and computers. Our major products are our navigational software proposition, Iris, including our Inspire user interface, and xplayer, our broadcasting synchronisation technology.

Our customers need the services of a User Interface ("UI") provider such as Mirada when creating a new Digital TV service or replacing/upgrading an existing one. The UI provider interacts with the device vendor (in the case of set-top boxes), the encryption technology vendor (Conditional Access ("CA") vendor) for the protection of content, and the customer systems (billing and provisioning systems). For the larger customers, this is usually a capital expenditure model per final subscriber or household, where the set-top box vendor represents the most significant investment, and licence fees are paid to the software providers for the use of CA licences and UI licences.

The Group tends to interact with the customer in the early stages of their decision-making process, and help in the selection of the proper ecosystem. Our expertise is widely recognised in the industry, and we provide a value that goes beyond our actual UI proposition. Revenue from licenses are earned from two specific and separate streams. Our business model is to charge a one-off device related license fee to the Pay TV platform for any new deployment of our products. The second license fee, namely Mirada's contract licence fees, increase as our customers' subscribers increase. Additionally, the customer pays for the set-up fees (adaptation and integration of our technology) and for any additional bespoke developments (on a professional services basis) or product enhancements (on a subscriber or device basis). For small customers, Mirada can also provide a financed model with recurrent monthly subscriber-based revenues in lieu of the device related license fee. A customer using Mirada's technology would also pay annual support and maintenance fees. The Group also provides cashless payment solutions to car park operators through a revenue-share agreement. Revenue from this Mobile segment is earned when services are provided. Managed services such as quality assurance on functionality add ons to platforms are provided to customers.

Strategy

The Group's strategy is to extend its presence in the Digital TV markets, focusing on those markets with higher potential growth rates, for example the Latin American, Eastern Europe and South East Asia market. The aim is to increase the number of customers being charged subscriber-based licence fees, as these revenues command higher margins and, as long as the customer's subscriber base is growing, Mirada will continue to earn licence fees even from projects which were completed several years previously.

Reference deployments (defined as key deployments used as a reference to attract potential customers) are very important in this market, and winning reference contracts has been, and remains an integral part of our strategy. The Group will need to continue investing in research and development in order to provide the required functionalities in our products to satisfy the cutting-edge demands from our customers, while maintaining a fair balance between potential growth and profitability. These include costs incurred towards developing new functionality such as inclusion of an analytics platform in the cloud, Netflix integration, new KAON Set Top Box integration, Conax Cnditional Access integration and others. Our continued investment in Iris is essential in ensuring a proper implementation of this strategy.

The main key performance indicator ("KPI") used by management in assessing the success of this strategy is the growth in Mirada's licence revenues, which will be led by the progress of our recent rollouts and any potential new licence-based contract wins. This license revenue has decreased in the current year from £1.20m to £0.8m as a result of the reduced purchase orders received from major customer Televisa as noted in the CEO report.

Development, performance and position of business

Development, performance and position of business have been discussed in the CEO report, with key items on page 14.

Principal risks and uncertainties

The key business risks affecting the Group are set out below.

Dependence on people

The Group recognises the value of the commitment of its key management personnel and is conscious that it must keep appropriate reward systems, both financial and motivational, in place to minimise this area of risk. Our share option scheme and investment in training are examples of this. There have been no changes in the key executive management team in the last five years, excepting the Finance Director.

Digital TV and Broadcast markets

The sectors in which the Group operates may undergo rapid and unexpected changes. It is possible, therefore, that competitors will develop products that are similar to those of the Group, or its technology may become obsolete or less effective. The Group's success depends upon its ability to enhance its products and technologies and develop and introduce new products and features that meet changing customer requirements and incorporate technological advances on a timely and cost effective basis. As a result, the Group continues to invest significantly in research and development.

Information technology

Data security and business continuity pose inherent risks for the Group. The Group invests in, and keeps under review, formal data security and business continuity policies.

Intellectual property

There are certain markets in which there are instances of disputes regarding intellectual property involving technology companies, including the Digital TV market. While the Group internally generates its products and software and strongly believes that it has not infringed any third party intellectual property, management do recognise that due to the nature of the technology market there will always be a risk of other corporations potentially making claims regarding intellectual property/patent infringements.

Liquidity Risk

Liquidity risk is managed through the assessment of short, medium and long term cashflow forecasts to ensure the adequacy of funding in order to meet the Group's working capital requirements. Cash and cash flow forecasts are regularly reviewed by the Executive Directors and the Group constantly monitors these to ensure, among other scenarios, that the Group meets its liabilities as they fall due. Where a shortfall in funding is identified the Company will look to meet this shortfall through a variety of funding option including but not limited to the issuing of new equity. This area is considered further in the report of the directors and the accounting policies under 'Going concern'.

Approval

This strategic report was approved in behalf of the Board on 29 September 2017 and signed on its behalf.

José Luis Vázquez
Chief Executive Officer
29 September 2017

DIRECTORS' REPORT

Review of business and future developments

Reviews of the business, its results, future direction and key performance indicators are included in the Chief Executive Officer's Report and Strategic Report on pages 14 to 19.

Dividends

No dividend is declared in respect of the year (2016: £nil).

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including capital risk, credit risk, foreign currency exchange risk, interest rate risk and liquidity risk. The management of financial risk is governed by the Group's policies approved by the board of directors, which provide written principles to manage these risks. See note 20 for further details on the Group's financial instruments.

Going concern

These financial statements have been prepared on the going concern basis. The Directors have reviewed the Company and Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development, which are set out in the Annual report, and include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks..

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements. If the forecast is achieved, the Group will be able to operate within its existing facilities. However, the time to close new customers and the value of each customer, which are deemed high volume and low value in nature are factors which constrain the ability to accurately predict revenue performance. Furthermore, investment in winning customers, via marketing expenditure, and servicing and delivering to new customers remains an important function of the forecasts too. As such, there is a risk that the group's working capital may prove insufficient to cover both operating activities and the repayment of its debt facilities. In such circumstances, the group would be obliged to seek additional funding though a placement of shares or source other funding. The directors have had a history of raising financing from similar transactions.

See note 2, to the financial statements, for further information on going concern.

Directors' and officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the directors and officers of the company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or officers of the Group, so far as permitted by law. This policy remained in force throughout the year and remains in place at the date of this report.

Directors

The directors who held office during the year are given below:

Executive directors

Mr José Luis Vázquez — *Chief Executive Officer*
Mr José Gozalbo
Mr Gonzalo Babío

Non-executive directors

Mr Javier Casanueva — *Non- Executive Chairman*
Mr Francis Coles
Mr Matthew Earl

Significant shareholdings

At 31 March 2017 the following shareholders held, directly or indirectly, two per cent or more interests in the issued share capital of the Company:

	Number of ordinary £1 shares	Percentage of issued ordinary share capital
Chase Nominees Ltd	30,782,837	22.14%
Hargreave Hale Nominees Ltd	27,024,159	19.43%
Kaptungs Ltd	10,639,183	7.65%
Nomura Holdings PLC	8,424,316	6.06%
Commerz Nominees Ltd	7,058,668	5.08%
Barclayshare Nominees Ltd	6,904,440	4.97%
Danehill Corporate Ltd	6,000,000	4.31%
Charles Stanley	5,041,280	3.63%
Amati	4,955,681	3.56%

Events since the reporting date

On 29 August 2017 the Company announced a contract win with ATN International, Inc. ("ATNi"), a NASDAQ-listed company, which operates in several US and Caribbean locations under various trade names. Under the contract, Mirada will provide products and services to four different

Caribbean operators owned by ATNi located in the U.S. Virgin Islands, Bermuda, the Cayman Islands and French Guyana. Mirada will deploy its complete suite of Iris multiscreen products, including its over-the-top ("OTT") solution and back-end platform, Iris SDP, across these networks. The commercial launch and subsequent commercial deployment is expected to occur towards the end of Mirada's current financial year.

Auditors

Each of the persons who are directors at the date of approval of this report confirms that:

1. So far as the directors are aware, there is no relevant audit information of which the auditors are unaware; and

2. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

José Luis Vázquez
Chief Executive Officer
29 September 2017

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee decides the remuneration policy that applies to executive directors and senior management. The Remuneration Committee meets as necessary in order to consider and set the annual remuneration for executive directors and senior managers, having regard to personal performance and industry remuneration rates. In determining that policy, it considers a number of factors including:

- the basic salaries and benefits available to executive directors and senior management of comparable companies;
- the need to attract and retain directors and others of an appropriate calibre; and
- the need to ensure all executives' commitment to the success of the Group.

Non-executive directors are appointed on contracts with a three-month notice period and may be awarded fees as determined by the Board.

Executive directors are appointed on contracts with a 12-month notice period.

Directors' Remuneration

The following table summarises the remuneration receivable by the directors for the year ended 31 March 2017.

	Salary & fees £'000	Benefits £'000	Share-based payment £'000	2017 Total £'000	2016 Total £'000
Executive					
José Luis Vázquez	228	2	8	**238**	**219**
Jose Gozalbo	162	8	12	**182**	**146**
Gonzalo Babío (i)	126	6	—	**132**	**86**
Non-executive					
Rafael Martín Sanz (ii)	—	—	—	**—**	**18**
Javier Casanueva	30	—	3	**33**	**33**
Mathew Earl	30	—	—	**30**	**30**
Francis Coles	30	—	2	**32**	**32**
	605	**16**	**25**	**646**	**564**

(i) appointed on 24 November 2015

(ii) resigned on 14 October 2015

The directors participation in the company's share option plan is detailed in Note 23, page 57 and, as confirmed on Note 7, page 43, there were no contributions paid into a pension scheme for any director.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The directors are responsible for preparing the annual report 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 year. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA PLC

We have audited the financial statements of Mirada plc for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements 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 sections 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 2017 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's financial statements have been properly prepared in accordance with IFRS 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the Company and Group's ability to continue as a going concern. As discussed in Note 2, the group's available working capital may prove insufficient to cover both operating activities and the repayment of its debt facilities. In such circumstances, the group would be obliged to seek additional funding. Although they have been successful in raising finance in the past, there is no certainty that they will in the future. These disclosures identify certain factors that indicate the existence of a material uncertainty which may cast significant doubt about the Company and Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit;

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 and the part of the directors' remuneration report to be audited 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.

Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
29 September 2017

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

At 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Revenue	5	6,571	6,019
Cost of sales		(478)	(221)
Gross profit		**6,093**	**5,798**
Depreciation	14	(35)	(19)
Amortisation	13	(2,087)	(1,635)
Share-based payment charge	24	(54)	(54)
Staff costs	7	(3,627)	(2,646)
Goodwill impairment		(3,000)	–
Other administrative expenses		(2,389)	(1,803)
Total administrative expenses		**(11,192)**	**(6,157)**
Operating loss	6	(5,099)	(359)
Finance income	8	3	5
Finance expense	9	(329)	(475)
Loss before taxation		(5,425)	(829)
Taxation	10	(87)	425
Loss for period		**(5,512)**	**(404)**
Currency translation differences		191	303
Total comprehensive loss for the period		**(5,321)**	**(101)**

	Notes	**Year ended 31 March 2017 £'000**	Year ended 31 March 2016 £'000
(Loss) per share			
(Loss) per share for the year			
– basic & diluted	11	(0.040)	(0.003)

The notes on pages 33 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Goodwill	12	3,946	6,946
Other Intangible assets	12	4,753	3,890
Property, plant and equipment	13	113	94
Deferred Tax Assets	10	–	395
Other Receivables	15	508	191
Non-current assets		**9,320**	**11,516**
Trade & other receivables	15	2,575	3,839
Cash and cash equivalents	25	222	714
Current assets		**2,797**	**4,553**
Total assets		**12,117**	**16,069**
Loans and borrowings	17	(2,127)	(2,419)
Trade and other payables	16	(1,113)	(1,279)
Deferred income	16	(1,476)	(291)
Current liabilities		**(4,716)**	**(3,989)**
Net current liabilities/assets		**(1,919)**	**564**
Total assets less current liabilities		**7,401**	**12,080**
Interest bearing loans and borrowings	18	(2,302)	(1,772)
Other non-current liabilities	18	–	(18)
Non-current liabilities		**(2,302)**	**(1,790)**
Total liabilities		**(7,018)**	**(5,779)**
Net assets		**5,099**	**10,290**
Issued share capital and reserves attributable to equity holders of the company			
Share capital	21	1,391	1,391
Share premium		9,859	9,859
Other reserves		3,303	3,033
Accumulated losses		(9,454)	(3,993)
Equity		**5,099**	**10,290**

These financial statements were approved and authorised for issue on 29 September 2017.

Signed on behalf of the Board of Directors

José Luis Vázquez
Chief Executive Officer

The notes on pages 33 to 59 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Intangible assets	12	–	2
Investments	14	4,010	11,437
Non-current assets		**4,010**	**11,439**
Trade and other receivables	15	167	268
Cash and cash equivalents		7	45
Current assets		**174**	**313**
Total assets		**4,184**	**11,752**
Loans and borrowings	17	(315)	(279)
Trade and other payables	16	(3,608)	(529)
Current liabilities		**(3,923)**	**(808)**
Net current liabilities		**(3,749)**	**(495)**
Total assets less current liabilities		**261**	**10,944**
Net assets		**261**	**10,944**
Issued share capital and reserves attributable to equity holders of the company			
Share capital	21	1,391	1,391
Share premium		9,859	9,859
Accumulated losses		(10,989)	(306)
Equity		**261**	**10,944**

As permitted by section 408 of the Companies Act 2006, the Parent company's statement of Comprehensive Income has not been included in these financial statements.The loss for the financial year for the parent company was £10,737,141 (2016 – loss of £742,509)

These financial statements were approved and authorised for issue on 29 September 2017.

Signed on behalf of the Board of Directors

José Luis Vázquez
Chief Executive Officer

The notes on pages 33 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital £'000	Share premium £'000	Foreign exchange reserve £'000	Merger reserves £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2016	**1,391**	**9,859**	**561**	**2,472**	**(3,993)**	**10,290**
Loss and total comprehensive income for the year	—	—	—	—	(5,512)	(5,512)
Movement in foreign exchange	—	—	270	—	(4)	266
Total comprehensive loss for the year	**1,391**	**9,859**	**831**	**2,472**	**(9,509)**	**5,044**
Share based payment	—	—	—	—	54	54
Balance at 31 Mar 2017	**1,391**	**9,859**	**831**	**2,472**	**(9,455)**	**5,098**

	Share capital £'000	Share premium £'000	Foreign exchange reserve £'000	Merger reserves £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2015	**1,141**	**8,748**	**258**	**2,472**	**(3,643)**	**8,976**
Loss and total comprehensive income for the year	—	—	—	—	(404)	(404)
Movement in foreign exchange	—	—	303	—	—	303
Total comprehensive loss for the year	**1,141**	**8,748**	**561**	**2,472**	**(4,047)**	**8,875**
Share based payment	—	—	—	—	54	54
Issue of shares	250	1,250	—	—	—	1,500
Share issue costs	—	(139)	—	—	—	(139)
Balance at 31 March 2016	**1,391**	**9,859**	**561**	**2,472**	**(3,993)**	**10,290**

The notes on pages 33 to 59 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2016	**1,391**	**9,859**	**(306)**	**10,944**
Loss and total comprehensive loss for the year	—	—	(10,737)	(10,737)
Share based payment	—	—	54	54
Balance at 31 March 2017	**1,391**	**9,859**	**(10,989)**	**261**

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2015	**1,141**	**8,748**	**383**	**10,272**
Loss and total comprehensive loss for the year	—	—	(743)	(743)
Share based payment	—	—	54	54
Issue of shares	250	1,250	—	1,500
Share issue costs	—	(139)	—	(139)
Balance at 31 March 2016	**1,391**	**9,859**	**(306)**	**10,944**

The notes on pages 33 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Cash flows from operating activities			
Loss after tax		(5,512)	(404)
Adjustments for:			
Depreciation of property, plant and equipment	13	35	19
Amortisation of intangible assets	12	2,087	1,635
Goodwill impairment charge	12	3,000	—
Share-based payment charge		54	54
Profit on disposal of fixed assets		—	(1)
Finance income		(3)	(5)
Finance expense		329	475
Taxation		87	(425)
Operating cash flows before movements in working capital		**77**	**1,348**
Decrease/(Increase) in trade and other receivables		1,209	(273)
Increase/(Decrease) in trade and other payables		806	(27)
Decrease in provisions		—	(500)
Taxation paid/(received)		23	—
Net cash generated from operating activities		**2,115**	**548**
Cash flows from investing activities			
Interest and similar income received		3	5
Purchases of property, plant and equipment	13	(47)	(73)
Purchases of other intangible assets	12	(2,441)	(2,343)
Net cash used in investing activities		**(2,485)**	**(2,410)**
Cash flows from financing activities			
Interest and similar expenses paid		(329)	(475)
Issue of share capital		—	1,500
Costs of share issue		—	(139)
Loans received		2,210	2,525
Repayment of loans		(1,971)	(962)
Net cash (used in)/generated from financing activities		**(90)**	**2,449**
Net (decrease)/increase in cash and cash equivalents		**(460)**	**587**
Cash and cash equivalents at the beginning of the period	25	714	206
Exchange losses on cash and cash equivalents		(32)	(79)
Cash and cash equivalents at the end of the year	**25**	**222**	**714**

Cash and cash equivalents comprise cash at bank less bank overdraft

The notes on pages 33 to 59 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Loss after tax	(10,737)	(743)
Adjustments for:		
Depreciation of property, plant and equipment	—	—
Amortisation of intangible assets	2	26
Share-based payment charge	54	54
Investment amortisation charge	10,000	—
Finance income	(14)	—
Finance expense	27	(1)
Operating cash flows before movements in working capital	**(668)**	**(664)**
Decrease in trade and other receivables	101	525
Increase in trade and other payables	3,079	78
Decrease in provisions	—	(500)
Net cash (used in)/generated from operating activities	**2,512**	**(561)**
Cash flows from investing activities		
Interests and similar expenses received	14	—
Investment in Mirada Iberia	(2,573)	(846)
Net cash used in investing activities	**(2,559)**	**(846)**
Cash flows from financing activities		
Interests and similar expenses paid	(27)	1
Issue of share capital	—	1,500
Cost of share issue	—	(139)
Loans received	36	85
Net cash from financing activities	**9**	**1,447**
Net (decrease)/increase in cash and cash equivalents	**(38)**	**38**
Cash and cash equivalents at the beginning of the year	45	5
Cash and cash equivalents at the end of the year	**7**	**45**

The notes on pages 33 to 59 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017

1. General information

Mirada plc is a company incorporated in the United Kingdom. The address of the registered office is 68 Lombard Street, London, EC3V 9LJ. The nature of the Group's operations and its principal activities are the provision and support of products and services in the Digital TV and Broadcast markets.

2. Significant accounting policies

Basis of accounting

These Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs.

Going concern

These financial statements have been prepared on the going concern basis. The Directors have reviewed the Company and Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development, which are set out in this Annual report, and include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

As at 31 March 2017, the Group had cash and cash equivalents of £0.2m (2016: £0.7m), net cash generated from operating activities of £2.1m (2016: net cash generated of £0.5m), realised a loss for the year of £5.5m, which included a one-off goodwill impairment of £3m (2016: a loss of £0.4m), net current liabiliites of £1.9m (2016: net current assets of £0.6m) and had net assets of £5.1m (2016: £10.3m).

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements. If the forecast is achieved, the Group will be able to operate within its existing facilities. However the time to close new customers and the value of each customer, which are deemed high volume and low value in nature are factors which constrain the ability to accurately predict revenue performance. Furthermore investment in winning customers, via marketing expenditure, and servicing and delivering to new customers remains an important function of the forecasts too. As such, there is a risk that the group's working capital may prove insufficient to cover both operating activities and the repayment of its debt facilities. In such circumstances, the group would be obliged to seek additional funding though a placement of shares or source other funding. The directors have had a history of raising financing from similar transactions.

The directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company and Group's ability to continue as going concerns. However they believe that taken as a whole, the factors described above enable the Company and Group to continue as a going concern for the foreseeable future. The financial statements do not include the adjustments that would be required if the Company and the Group were unable to continue as a going concern

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2017.

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.

Revenue recognition

Interactive service revenues are divided into 4 types: development fees, the sale of licences managed services and self-billing revenues.

Revenues from development fees (which include set-up fees): these are recognised according to management's estimation of the stage of completion of the project. This is measured by reference to the amount of development time spent on a project compared to the most up to date calculation of the total time estimated to complete the project in full.

2. Significant accounting policies – continued

Sale of license: Revenue from licenses are earned from two specific and separate streams.

1) Where the revenue relates to the sale of a one off licence, the licence element of the sale is recognised as income when the following conditions have been satisfied:

   - The software has been provided to the customer in a form that enables the customer to utilise it;
   - The ongoing obligations of the Group to the customer are minimal; and
   - The amount payable by the customer is determinable and there is a reasonable expectation of payment.

2) Contracts licence fees payable by customers are dependent upon the number of end user subscribers signing up to the customer's digital television service. For this type of contract revenues are recognised by multiplying the individual licence fee by the net increase in the customer's subscriber base.

Managed services – revenue is measured on a straight line basis over the length of the contract. Where agreements involve multiple elements, the entire fee from such arrangements is allocated to each of the individual elements based on each element's fair value. The revenue in respect of each element is recognised in accordance with the above policies.

Self-billing revenues: These are earned through a revenue-share agreement between Mirada and the customer which is presented in the Mobile segment. The Group are informed by the customer of the amount of revenue to invoice and the revenues are recognised in the period these services are provided

Certain revenues earned by the Group are invoiced in advance. As outlined in the revenue recognition policy above, revenues are recognised in the period in which the Group provides the services to the customer, revenues relating to services which have yet to be provided to the customer are deferred.

Business combinations

Acquisitions of businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued or to be issued, by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost and is accounted for according to the policy below.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other intangible assets

Intangible assets acquired as part of a business combination are initially recognised at their fair value and subsequently amortised on a straight line basis over their useful economic lives. Intangible assets that meet the recognition criteria of IAS 38, "Intangible Assets" are carried at cost less amortisation and any impairment losses. Intangible assets comprise of completed technology, acquired software, capitalised development costs and goodwill.

Amortisation of other intangible assets is calculated over the following periods on a straight line basis:

Completed technology	– over a useful life of 4 years
Deferred development costs	– over a useful life of 3 to 4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

The amortisation is charged to administrative expenses in the consolidated income statement. Completed technology relates to software and other technology related intangible assets acquired by the Group from a third party. Deferrred development costs are internally-generated intangible assets arising from work completed by the Group's product development team.

Internally-generated intangible assets – research and development expenditure

Any internally-generated intangible asset arising from the Group's development projects are recognised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If a development project has been abandoned, then any unamortised balance is immediately written off to the income statement. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The amortisation is charged to administrative expenses in the consolidated income statement.

Impairment of non current assets excluding deferred tax assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the impairment of intangible assets line in the consolidated income statement as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Goodwill impairments are not reversed.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on current prices, of each asset evenly over its expected useful life, as follows:

– Office & computer equipment 33.3% per annum

– Short-leasehold improvements 10% per annum

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial period end.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

2. Significant accounting policies – continued

Trade receivables

Trade receivables represent amounts due from customers in the normal course of business. All amounts are initially stated at their fair value and are subsequently carried at amortised cost, less provision for impairment which is calculated on an individual customer basis, where there is objective evidence.

Cash and cash equivalents

Cash and cash equivalents include cash at hand and deposits held at call with banks with original maturities of three months or less.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental external costs directly attributable to the issue of new shares (other than in connection with a business combination) are recorded in equity as a deduction, net of tax, to the share premium reserve.

Bank Borrowings

Interest-bearing bank loans are initially recorded at fair value less direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (including directors). These payments are measured at fair value at the date of grant by use of the Black-Scholes pricing model. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity in the retained earnings.

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

Taxation

The tax expense represents the sum of the current tax and deferred tax charges.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Research and development tax credit

Companies within the group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits). The group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the group and that benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts due in respect of them are not settled by the balance sheet date, reduce current tax payable. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets. They are recognised to the extent that it is expected to be recoverable against future taxable profits.

Retirement benefit costs

The Group operates defined contribution pension schemes. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Foreign exchange

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the result and the financial position of each group company are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

On translation of balances into the functional currency of the entity in which they are held, exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising on translating the opening statement of financial position and the current year income statements are classified as equity and transferred to the Group's foreign exchange reserve. Such translation differences are recognised as income or an expenses in the period in which the operations is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

3. Standards not yet effective to the Group

Standards, interpretations and amendments not yet effective

The following standards have been issued by the IASB and have been adopted by the EU:

IFRS 9- Financial instruments (Applicable from January 2018)

IFRS 15- Revenue from contracts with customers (Applicable from January 2018)

3. Standards not yet effective to the Group – continued

The following standards have been issued by the IASB and have not yet been adopted by the EU:

IFRS 16- Leases

IAS 7 (Amendments)- Statements of Cash flows

IFRS 2- Classification and measurement of share based payments

IAS 12- Recognition of Deferred tax Assets for unrealised losses

The adoption of IFRS 16 is likely to result in an increase in both assets and liabilities in the statement of financial position; an increase in finance expenses; and a decrease in operating loss in the statement of comprehensive income.

IFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risk and reward. Mirada Plc is currently reviewing the revenue in relation to its contracts with customers to determine which, if any, will be impacted by IFRS 15. It is not yet in a position to conclude whether the implementation will have a material impact on its revenues.

The Directors anticipate that the adoption of IFRS 9 in future periods will not have a material impact on the financial statementsof the Group and Company.

The adoption of other amendments and interpretations are likely to not have a material impact on the financial statements of the Group and Company.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill and intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and 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 cash-generating unit. This includes the directors' best estimate on the likelihood of current deals in negotiation not yet concluded. Consequently, the outcome of negotiations may vary materially from management expectation.

See note 12 for details of key assumptions and an assessment of reasonable changes in key assumptions used in the impairment test.

Capitalised development costs

Any internally generated intangible asset arising from the Group's development projects are recognised only once all the conditions set out in the accounting policy Internally Generated Intangible Assets (refer to note 2) are met. The amortisation period of capitalised development costs is determined by reference to the expected flow of revenues from the product based on historical experience. Furthermore, the Group reviews, at the end of each financial year, the capitalised development costs for each product for indications of any loss of value compared to net book value at that time. This review is based on expected future contribution less the total expected costs.

The Group capitalises spend on development new software and the delivery of innovative software. Management exercises judgement in establishing both the technical feasibility of completing an intangible asset which can be sold, and the degree of certainty that a market exists for the asset, or its output, for the generation of future economic benefits. In addition, amortisation rates are based on estimates of the useful economic lives and residual values of the assets involved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

5. Segmental reporting

Reportable segments

The chief operating decision maker for the Group is ultimately the board of directors. For financial and operational management, the board considers the Group to be organised into two operating divisions based upon the varying products and services provided by the Group – Digital TV & Broadcast and Mobile. The products and services provided by each of these divisions are described in the Strategic Report. The segment headed other relates to corporate overheads, assets and liabilities.

Segmental results for the year ended 31 March 2017 are as follows:

	Digital TV & Broadcast £>000	Mobile £>000	Other £>000	Group £>000
Revenue	6,008	563	—	6,571
Segmental profit/(loss) (Adjusted EBITDA, see note 6)	953	124	(1,034)	43
Finance income	—	—	3	3
Finance expense	—	—	(329)	(329)
Depreciation	(33)	(2)	—	(35)
Amortisation	(2,085)	(2)	—	(2,087)
Goodwill amortisation charge	(3,000)	—	—	(3,000)
Share-based payment charge	—	—	(54)	(54)
Irrecoverable sales tax expense	35	—	—	35
Profit/(Loss) before taxation	**(4,130)**	**120**	**(1,414)**	**(5,424)**

£1,034,000 (2016: £898,000) disclosed as "Other" comprises employment, legal, accounting and other central administrative costs from Mirada Plc.

The segmental results for the year ended 31 March 2016, presented on the revised basis, are as follows:

	Digital TV & Broadcast £'000	Mobile £'000	Other £'000	Group £'000
Revenue	5,482	537	—	6,019
Segmental profit/(loss) (Adjusted EBITDA, see note 6)	2,242	154	(898)	1,498
Finance income	—	—	5	5
Finance expense	—	—	(475)	(475)
Depreciation	(19)	—	—	(19)
Amortisation	(1,612)	(23)	—	(1,635)
Profit on sale	1	—	—	1
Share-based payment charge	—	—	(54)	(54)
Irrecoverable sales tax expense	(150)	—	—	(150)
Profit/(Loss) before taxation	**462**	**131**	**(1,422)**	**(829)**

There is no material inter-segment revenue.

The Group has a major customer in the Digital TV and Broadcast segment that generates revenues amounting to 10% or more of total revenue that account for £5.5 million (2016: £4.5 million) of the total Group revenues.

5. Segmental reporting – continued

The segment assets and liabilities at 31 March 2017 are as follows:

	Digital TV £'000	Mobile £'000	Other £'000	Group £'000
Additions to non-current assets	2,488	—	—	2,488
Total assets	7,955	175	3,987	12,117
Total liabilities	(6,433)	(69)	(516)	(7,018)

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment assets and liabilities at 31 March 2016, presented on a revised basis, are as follows:

	Digital TV £'000	Mobile £'000	Other £'000	Group £'000
Additions to non-current assets	2,416	—	—	2,416
Total assets	11,108	139	4,822	16,069
Total liabilities	(5,016)	(79)	(684)	(5,779)

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets 2017 £'000	Liabilities 2017 £'000	Assets 2016 £'000	Liabilities 2016 £'000
Digital TV – Broadcast & Mobile	8,130	6,501	11,247	5,095
Other:				
Intangible assets	3,946	-	3,890	-
Property, plant & equipment	-	-	-	-
Other financial assets & liabilities	42	516	932	684
Total other	**3,987**	**516**	**4,822**	**684**
Total Group assets and liabilities	**12,117**	**7,018**	**16,069**	**5,779**

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill and receivables.

Liabilities allocated to a segment comprise primarily trade payables and other operating liabilities.

Geographical disclosures

	External revenue by location of customer		Total assets by location of assets	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK	620	609	4,342	5,230
Spain	803	540	7,761	10,839
Latin America	5,148	4,870	14	—
	6,571	**6,019**	**12,117**	**16,069**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

5. Segmental reporting – continued

Revenues by Products:

	Digital TV & Broadcast 2017 £'000	Mobile 2017 £'000	Digital TV & Broadcast 2016 £'000	Mobile 2016 £'000
Development	4,292	—	3,639	—
Transactions	—	563	—	537
Licenses	868	—	1,260	—
Managed Services	848	—	583	—
	6,008	**563**	**5,482**	**537**

6. Operating loss

This has been arrived at after charging:

	2017 £'000	2016 £'000
Depreciation of owned assets (note 14)	35	19
Amortisation of intangible assets (note 13)	2,087	1,635
Goodwill impairment charge (note 12)	3,000	—
Operating lease charges	315	265

Analysis of auditors' remuneration is as follows:

	2017 £'000	2016 £'000
Remuneration receivable by the company's auditor or an associate of the company's auditor for the auditing of these accounts	58	43
Audit of the accounts of subsidiaries	10	10

Reconciliation of operating profit for continuing operations to adjusted earnings before interest, taxation, depreciation and amortisation:

	2017 £'000	2016 £'000
Operating (loss)	(5,099)	(359)
Depreciation	35	19
Amortisation	2,087	1,635
Goodwill impairment charge (note 12)	3,000	—
Profit on disposal	—	(1)
Operating profit/(loss) before interest, taxation, depreciation, amortisation, impairment (EBITDA)	23	1,294
Share-based payment charge	54	54
Irrecoverable sales tax (income)/expense	(34)	150
Adjusted EBITDA	**43**	**1,498**

7. Staff costs and employee information

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Staff costs (including directors) comprise:				
Wages and salaries	5,086	4,177	184	197
Social security costs	1,047	765	10	15
Other pension costs	17	13	—	—
Share based payments	54	54	54	54
Staff costs	**6,204**	**5,009**	**248**	**266**

Contained within staff costs are amounts capitalised as intangible assets totalling £2.58m (2016: £2.4m), with £3.6m (2016:£2.6m) charged to administrative expenses.

The Group operates a defined contribution pension scheme for certain employees. No directors are members of this scheme in both the current year and the previous year.

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

	2017 £'000	2016 £'000
By activity		
Office and management	10	8
Platform and development	118	107
Sales and marketing	6	6
	134	**121**

The average number of persons, including executive directors, employed by the Company during the year was 7 (2016: 5) within the office and management team.

Directors and key management personnel remuneration

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 20, the Director of Business Development and the Sales Director.

	2017 £'000	2016 £'000
Salaries and fees	900	758
Social Security costs	39	33
Defined contribution pension cost	—	—
Other benefits	21	16
Share-based payments	46	46
	1,006	**853**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

7. Staff costs and employee information – continued

Director's remuneration

The emoluments received by the directors who served durig the year were as follows:

	2017 £'000	2016 £'000
Executive directors		
Aggregate emoluments	552	451
Non-Executive directors		
Aggregate emoluments	95	113
	647	**564**

The directors' remuneration is disclosed in the Directors' Remuneration Report on page 22.

Emoluments payable to the highest paid director are as follows:

	2017 £'000	2016 £'000
Aggregate emoluments	238	219

There were no Company contributions to the pension scheme or benefits on behalf of the highest paid director.

8. Finance income

	2017 £'000	2016 £'000
Interest received on bank deposits	3	5
	3	**5**

9. Finance expense

	2017 £'000	2016 £'000
Bank interest payable	329	475
	329	**475**

Finance charges include all fees directly incurred to facilitate borrowing. These include professional fees paid to accounting practices, bank arrangement fees and fees to secure required guarantees.

10. Taxation

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of tax of 20% (2016-20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Loss before taxation	**(5,425)**	**(829)**
Loss on ordinary activities multiplied by 20% (2016: 20%)	(1,085)	(166)
Effect of expenses not deductible for tax purposes	—	13
Losses carried forward	1,085	153
Witholding Taxes	110	—
Total current tax	**110**	**—**
Origination and reversal of temporary differences	—	—
Decrease of deferred tax assets	397	191
Total deferred tax	**397**	**191**
Subtotal	507	191
R&D	(456)	(616)
Foreign exchange	36	—
Total tax expense/(credit)	**87**	**(425)**

Deferred Taxation

Deferred tax assets were recognised in prior years in respect of tax losses for Mirada Connect Limited, tax losses for Mirada Iberia S.A. and research and development investment for Mirada Iberia S.A and other temporary differences giving rise to deferred tax assets. Deferred tax assets related to tax losses have been reduced by £397,000 during FY17 in Mirada Iberia S.A.

Foreign exchange differences of £2,000 arising on consolidation of the deferred tax asset are recognised in other comprehensive income.

Reconciliation of deferred tax asset and liabilities:

	2017 Asset £'000	2016 Asset £'000
Balance at 1 April	395	543
Other tax credit	—	—
Reversal of Deferred tax asset	(397)	(191)
Other Temporary Deductible differences	—	—
Forex	2	43
Balance at the end of year	**—**	**395**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

10. Taxation – continued

Deferred taxation amounts not recognised are as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Losses	10,753	9,668	8,034	7,297
Research & Development Tax Credits, useable against future profits	2,199	2,199	-	-
Balance at the end of the year	**12,952**	**11,867**	**8,034**	**7,297**

The gross value of tax losses carried forward at 31 March 2017 equals £58.5 million (2016: £56.0 million).

The deferred tax asset for the company has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the company were to generate taxable income in the future.

11. Earnings per share

	Year ended 31 March 2017 Total	Year ended 31 March 2016 Total
Loss for year	£(5,514,054)	£(404,647)
Weighted average number of shares	139,057,695	122,345,366
Basic loss per share	**£(0.04)**	**£(0.003)**
Diluted loss per share	**£(0.04)**	**£(0.003)**

Adjusted EBITDA per share

	Year ended 31 March 2017 Total	Year ended 31 March 2016 Total
Adjusted EBITDA (refer note 6)	£42,330	£1,497,955
Weighted average number of shares	139,057,695	122,345,366
Basic adjusted EBITDA per share	**—**	**£0.012**
Diluted adjusted EBITDA per share	**—**	**£0.012**

The Company has 4,697,166 (2016: 4,697,166) potentially dilutive ordinary shares arising from share options issued to staff. However, in 2017 and 2016 the loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

12. Intangible assets

	Deferred development costs £'000	Completed Technology £'000	Total Intangible assets £'000	Goodwill £'000
Cost				
At 1 April 2015	7,526	1,032	8,558	29,083
Additions	2,257	86	2,343	—
Foreign exchange	870	18	888	—
At 31 March 2016	10,653	1,136	11,789	29,083
At 1 April 2016	10,653	1,136	11,789	29,083
Additions	2,297	144	2,441	—
Foreign exchange	1,162	24	1,186	—
At 31 March 2017	14,112	1,304	15,416	29,083
Accumulated amortisation and impairment				
At 1 April 2015	4,735	980	5,715	22,137
Provided during the year	1,595	40	1,635	—
Foreign exchange	532	17	549	—
At 31 March 2016	6,862	1,037	7,899	22,137
At 1 April 2016	6,862	1,037	7,899	22,137
Provided during the year	2,016	71	2,087	—
Impairment charge	—	—	—	3,000
Foreign exchange	660	17	677	—
At 31 March 2017	9,537	1,126	10,663	25,137
Net book value				
At 31 March 2017	**4,575**	**178**	**4,753**	**3,946**
At 31 March 2016	**3,791**	**99**	**3,890**	**6,946**
At 31 March 2015	**2,791**	**52**	**2,843**	**6,946**

Company	Deferred development costs £'000
Cost	
At 1 April 2016 and 31 March 2017	139
Depreciation	
At 1 April 2016	137
Provided during the year	2
At 31 March 2017	139
Net book value	
At 31 March 2017	**—**
At 31 March 2016	**2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

12. Intangible assets – continued

The key assumptions for the value in use calculations are those regarding the discount rate applied, and the forecast sales growth in a five year budget period approved by management. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

There are 2 CGUs that have been assessed for impairment, Digital TV – Broadcast and Connect. The sales growth forecasts are based on current contracts and management's estimate of revenues relating to opportunities that are currently being pursued for the two different CGUs. CGUs defined are: "Digital TV – Broadcast" which refers to the provision of software for the Digital TV market. Major customers are Digital TV platforms, mostly Pay TV service providers and the Group provide the technology needed to facilitate the final user's interaction with the devices they provide; and "Connect" refers to Mirada Connect providing cashless payment solutions to car park operators through a revenue-share agreement This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast pre-tax cash flows for both CGUs is 13.3% (2016: 15.1%). A 1% increase/decrease to the discount rate results in a £500k increase and 600k decrease to the impairment processed. A 1% increase/decrease to the average sales growth over the forecast period results in a £100k decrease and a £700k increase to the impairment processed.

During the year, the Group has not achieved their budget mainly due to a different revenue mix and the increased spending on sales, marketing and operational capabilities required for the achievement and successful execution of new contract wins. This has resulted in an impairment (allocated to the Digital TV – Broadcast CGU) to goodwill of £3.0 million (2016: £0.0 million).

	Group 2017 £'000	Group 2016 £'000
Digital TV – Broadcast	3,390	6,390
Connect	556	556
	3,946	**6,946**

13. Property, plant and equipment

	Office and computer equipment £'000	Short-leasehold improvements £'000	Total £'000
Cost			
At 1 April 2015	1,315	49	1,364
Additions	73	—	73
Disposals	(702)	(3)	(705)
Foreign exchange	26	—	26
At 31 March 2016	712	46	758
At 1 April 2016	712	46	758
Additions	47	—	47
Foreign exchange	31	—	31
At 31 March 2017	790	46	836
Amortisation			
At 1 April 2015	1,274	49	1,323
Provided during the year	19	—	19
Disposals	(701)	(3)	(704)
Foreign exchange	26	—	26
At 31 March 2016	618	46	664
At 1 April 2016	618	46	664
Provided during the year	35	—	35
Foreign exchange	24	—	24
At 31 March 2017	677	46	723
Net book value			
At 31 March 2017	**113**	**—**	**113**
At 31 March 2016	**94**	**—**	**94**
At 31 March 2015	**41**	**—**	**41**

The Company has no Property, plant and equipment.

14. Investments

Company	£'000
Cost	
At 1 April 2016	17,739
Additions	2,573
Impairment	(10,000)
At 31 March 2017	10,312
Amounts provided	
At 1 April 2016	6,302
At 31 March 2017	6,302
Net book value	
At 31 March 2017	**4,010**
At 31 March 2016	**11,437**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

14. Investments – continued

The Company increased its participation in Mirada Iberia, SA by £2.57 million for the financial year ended 31 March 2017

As detailed in note 12 the Group has not achieved their budget mainly due to a different revenue mix and the increased amortisation and spending on sales, marketing and operational capabilities required for the achievement and successful execution of new contract wins. The Company has processed an impairment of £10m to their investments in subsidiaries. Management have assessed the recoverable amount of investments in Digital Impact and Mirada Iberia to be less than their carrying amounts. The key assumptions for the value in use calculations are those regarding the discount rate applied, and the forecast sales growth in a five year budget period approved by management. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the investment.

The sales growth forecasts are based on current contracts and management's estimate of revenues relating to opportunities that are currently being pursued. The cash flow forecasts are extrapolated for the balance of 20 years based on an estimated growth rate of 2.5% (2016: 2.5%) for segments Digital TV – Broadcast and Connect. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast pre-tax cash flows is 13.3% (2016: 15.1%).

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	% Voting rights	Country of incorporation	Registered address	Nature of business
Television Group Limited	Ordinary shares	100%	UK	68 Lombard Street London EC3V 9LJ	Dormant
Digital Impact (UK) Limited*	Ordinary shares	100%	UK	68 Lombard Street London EC3V 9LJ	Interactive TV Services
Mirada Connect Ltd	Ordinary shares	100%	UK	68 Lombard Street London EC3V 9LJ	Payment solutions provider
Mirada Iberia, S.A.	Ordinary shares	100%	Spain	Avda.General Fanjul 2B 28044 Madrid	Interactive TV services
Mirada Mexico, S.A.*	Ordinary shares	100%	Mexico	Montes Urales 505-2º 11000 México DF	Interactive TV services

* Held indirectly in Mirada Iberia S.A.

15. Trade & other receivables

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables	800	1,449	—	1
Amounts owed by group undertakings	—	—	133	235
Allowance for bad debts	—	(23)	—	—
Other receivables	1,015	421	4	4
R&D tax credit	218	425	—	—
Prepayments and accrued income	542	1,567	30	28
	2,575	**3,839**	**167**	**268**
Non current other receivables R&D tax credit	508	191	—	—
	508	**191**	**—**	**—**

Additionally, both Mirada Iberia and Digital Impact have prepared the legal documentation to apply for R&D tax credit. The total amount of these tax credits is £0.7m, of which £0.5m will be collected after March 2018.

Trade receivables

Trade receivables net of allowances are held in the following currencies:

	2017 £'000	2016 £'000
Sterling	72	59
US Dollars	385	1,171
Euro	343	196
Total	**800**	**1,426**

The fair values of trade and other receivables are the same as book values as credit risk has been addressed as part of impairment provisioning and, due to the short term nature of the amounts receivable, they are not subject to other ongoing fluctuations in market rates.

Before accepting any new customer, the Group uses a credit approval process to assess the potential customer's credit quality and defines credit limits by customer.

Included in the Group's trade receivable balance are debtors with a carrying amount of £396,000 (2016: £546,000) which are past due at the reporting date and have been collected before 30 June 2017. The average age of these receivables is 107 days (2016: 77 days).

Ageing of past due but not impaired trade receivables:

	2017 £'000	2016 £'000
30-60 days	42	282
60-90 days	89	224
90+ days	265	40
Total	**396**	**546**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

15. Trade & other receivables – continued

Movement in allowance for doubtful debts:

	2017 £'000	2016 £'000
Balance at beginning of year	23	28
Utilised in year	(23)	—
Foreign exchange	—	(5)
Balance at the end of the year	**—**	**23**

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Ageing of impaired receivables:

	2017 £'000	2016 £'000
+120 days	—	23

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. Trade receivables have been collected post year end.

The company has no trade receivables.

16. Trade and other payables

The fair values of trade and other payables are the same as book values as due to the short term nature of the amounts payable, they are not subject to other ongoing fluctuations in market rates.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 63 days (2016: 76 days).

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade payables	470	553	67	67
Amount owed to group undertakings	—	—	3,410	189
Other payables	323	456	49	51
Other taxation and social security taxes	215	—	31	28
Accruals	105	270	—	193
Deferred income	1,476	291	51	—
	2,589	**1,570**	**3,608**	**529**

16. Trade and other payables – continued

Maturity analysis of the group and company financial liabilities, excluding other taxation and social security and deferred income, is as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Up to 3 months	428	845	1,861	500
3 to 6 months	85	148	524	—
6 to 12 months	385	311	1,142	—
	898	**1,304**	**3,527**	**500**

17. Loans and borrowings

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Advances Drawn on invoice discounting facilities	—	822	—	—
Bank loans	2,064	1,354	315	279
Other Loans	63	243	—	—
	2,127	**2,419**	**315**	**279**
The borrowings are repayable as follows:				
Up to 3 months	1,601	1,482	—	—
3 to 6 months	203	251	—	—
6 to 12 months	323	686	315	279
	2,127	**2,419**	**315**	**279**

At 31 March 2017, the Group has £0.77 million in available credit lines not used and £2.40 million in available invoice discounting lines not used.

The above bank loans are denominated in Euros and are unsecured.

Interest-bearing bank loans are initially recorded at fair value less direct issue costs.

Directors estimate the fair value of the Group's borrowing to be consistent with its carrying value. There is no material difference between the value of the gross undiscounted cash flows and carrying amounts in the statement of financial position.

18. Non-current liabilities

	2017 £'000	2016 £'000
Interest bearing loans and borrowings:		
Bank loans	1,059	1,298
Other loans	1,244	474
	2,302	**1,772**
Other non-current payables:		
Other taxation and social security taxes	—	18
	2,302	**1,790**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

18. Non-current liabilities – continued

Other loans relate to loans received by the Group's Spanish operation to assist in funding the continued development of the Group's Digital TV products.

Capital risks have been analysed in the Director's report (page 20)

Net Debt

Net Debt is calculated based on short term loans, long terms loans and cash and cash equivalents:

	2017 £'000	2016 £'000
Loans and borrowings – Current	2,127	2,419
Loans and borrowings – Non Current	2,302	1,772
Cash	(222)	(714)
Net Debt	**4,207**	**3,477**

Borrowings, including interest, are repayable as follows:

	2017 £'000	2016 £'000
Bank loans		
On demand or within one year	1,096	1,437
Between one and two years	535	646
Between two and five years	566	758
	2,197	**2,841**
Other loans		
On demand or within one year	1,080	247
Between one and two years	126	113
Between two and five years	641	364
More than 5 years	486	—
	2,333	**724**
Advances drawn on invoice discounting		
On demand or within one year	—	821
	—	**821**
Total borrowings		
On demand or within one year	2,176	2,505
Between one and two years	661	759
Between two and five years	1,207	1,122
More than 5 years	486	
	4,530	**4,386**

19. Retirement benefit schemes

The Group operates defined contribution pension schemes. The pension charge for the period represents contributions payable by the Group to the schemes and amounted to £16,733 (2016: £11,855).

At 31 March 2017, contributions amounting to £4,135 (2016: £3,555) were payable and included in other payables.

20. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17 and 18, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity and note 21.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	2017 £'000	2016 £'000
Financial assets		
Asset held at cost:		
– Trade and other receivables, excluding prepayments	2,389	3,622
– Cash and cash equivalents	222	714
	2,611	**4,336**
Financial liabilities		
Liabilities at amortised cost:		
- Trade and other payables*	897	1,304
- Loans and borrowings due within one year	2,127	2,419
- Interest bearing loans and borrowings due after one year	2,302	1,772
- Other payables due after one year	—	18
	5,326	**5,513**

* Excluding other taxation, social security and deferred income.

Financial risk management objectives

The Group monitors and manages the risks relating to the financial instruments held. These risks are discussed in further detail below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use forward foreign exchange contracts to hedge exchange rate risk.

Foreign currency risk management

The Group has undertaken certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The majority of cash at bank is held in Sterling and Euro accounts. There are also trade balances in these currencies. The Group is increasing signing more sales contracts in US dollars and is currently investigating ways of reducing the risk on any potential future fluctuations in the US dollar exchange rate. Any foreign exchange gains or losses on trading activities are recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

20. Financial instruments – continued

The company is aware that the UK decision to leave the European Union may affect the intercompany trading between the different subsidiaries. We will adapt our internal policies accordingly if required. In the short term, exchange rates are likely to increase the GBP denominated revenues, as the primary cash inflows for the Group are based in US dollars. Brexit has not been considered to be as a principal risk due to the non-EU focussed customer base.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
US Dollar denominated assets and liabilities	—	—	385	1,197
Euro denominated assets and liabilities	6,375	4,960	2,434	4,059

Entities from United Kingdom have no balance Euro/USD.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 20% increase and decrease in Sterling against the Euro and a 10% increase and decrease in Sterling against the USD. The sensitivity analysis includes Euro and USD denominated monetary items and adjusts their translation at the period end for a 20% change in the Euro/Sterling rate and for a 10% change in the USD/Starling rate at March 31, 2016. Due to the Brexit, the Company has used a 20% change in the Euro/Sterling rate at March 31, 2017. A positive number below indicates an increase in profit and other equity where Sterling strengthens against the relevant currency. For a weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. The sensitivities below are based on the exchange rates at the balance sheet used to convert the asset or liability to sterling.

	Profit and loss impact	
	2017 £'000	2016 £'000
Euro	(985)	225
USD	(438)	100

Interest rate risk management

At 31 March 2017, the Group was exposed to interest rate risk as the interest payable on some of the Group's loans and borrowings are linked to Euribor. The Group's loans and borrowings where interest payable is linked to Euribor include bank loans and development loans totalling £641,732. The remaining bank loans totalling £2,698,679 pay fixed rates of interest.

Neither interest rate swaps contracts nor forward interest rate contracts are used to hedge any risks arising.

If interest rates changed by 1% (100 basis points) the profit and loss impact would not be material to the Group's results.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group faces exposure to credit risk on its trade receivables and cash equivalents. The Group has some exposure to credit risk from credit sales. It is the Group's policy to assess the credit risk of new customers before entering into contracts. Historically, as Mirada's customers are mainly broadcasters and medium/large telecommunication companies, bad debts across the Group have been low.

20. Financial instruments – continued

The risk of financial loss arising from defaults on trade receivables is mitigated by the Group using a credit approval process to assess the potential customers' credit quality and also establishes credit limits by customer. The limits and credit scores attributed to customers is reviewed bi-annually however, the sales ledger is reviewed at least monthly to ensure all receivables are recoverable.

Please refer to note 15 for further details on trade receivables, including analyses of bad debts, ageing and profile by currency.

The Group believes the credit risk on liquid funds, being cash and cash equivalents, to be limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalents balance (being £22,178 at 31 March 2017 and £470,000 at 31 March 2016) in some cases. The table below shows the balance of counterparties at the reporting date in excess of 10% of the overall balance, together with the Standard and Poor's credit rating symbols.

		2017		2016	
Counterparty	Rating	% of overall cash & cash equivalents	Carrying amount £'000	% of overall cash & cash equivalents	Carrying amount £'000
Santander	A-	7.0%	16	—	—
LiberBank	N/A	—	—	7.4%	53
BBVA	BBB+	—	—	65.8%	470
Barclays	A-	27.7%	61	5.9%	42
Bankia	BBB-	6.2%	14	—	—
Bankinter	BBB	47.0%	104	—	—

Liquidity risk management

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 manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As part of this monitoring the Group ensures that the financial liabilities due to be paid can be met by existing cash and cash equivalents, forecasted receipts from customers and borrowing facilities.

Tables showing the maturity profile of the Group's financial liabilities are included in notes 16, 17 and 18.

21. Share capital

A breakdown of the authorised and issued share capital in place as at 31 March 2017 is as follows:

	2017 Number	2017 £'000	2016 Number	2016 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	139,057,695	1,391	139,057,695	1,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2017 – continued

22. Reserves

Share premium

The amount subscribed for share capital in excess of nominal value.

Foreign exchange reserve

This reserve relates to exchange differences arising on the translation of the balance sheet of the Group's foreign operations at the closing rate and the translation of the income statement of those operations at the average rate.

Merger reserve

Under the provisions of s612 of the Companies Act 2006, the premium that arose on the shares issued as consideration in the acquisition of Mirada Iberia S.A, formally known as Fresh Interactive Technologies S.A, has been taken to the merger reserve.

23. Share based payments

Equity settled share option scheme

On 20 December 2013 the Company granted a total of 5,301,238 share options to certain employees and directors through approved and unapproved share option schemes. The exercise price for these options is £0.10. The exercise of these options is not subject to any performance criterion and they vest in three equal instalments on 1 January 2015, 1 February 2015 and 1 March 2016. If the options remain unexercised after a period of ten years from the date of grant the options expire. The options are forfeited if the employee leaves before the options vest. The directors granted options under this scheme are as follows:

	No. of share options
Jose Gozalbo Sidro	938,728
Jose Luis Vazquez	631,464
Javier Casanueva	247,850
Francis Coles	185,888
Rafael Martin Sanz	185,888

In prior periods the Company has granted share options to employees and directors through approved and unapproved share option schemes. The exercise of options for all options granted during the 15 months ended 31 March 2008 is subject to a performance criterion being satisfied. The exercise of options granted prior to 1 January 2007 is not subject to any performance criterion. If the options remain unexercised after a period of ten years from the date of grant the options expire. The options are forfeited if the employee leaves before the options vest.

In accordance with IFRS 2 the Group has elected not to apply IFRS 2 to options granted on or before 7 November 2002 or to options which had vested by 1 January 2006.

23. Share based payments – continued

Details of the share options outstanding during the period for options issued since 22 June 2007 are as follows:

	2017		2016	
	No. of share options	Weighted average exercise price (£)	No. of share options	Weighted average exercise price (£)
Outstanding at the beginning of period	**4,697,166**	**0.10**	**5,602,238**	**0.10**
Granted during period	—	—	—	—
Lapsed during period	—	0.10	(905,072)	0.10
Exercised during period	—	—	—	—
Outstanding at the end of the period	**4,697,166**	**0.10**	**4,697,166**	**0.10**
Exercisable at the end of the period	**4,697,166**	**0.10**	**4,697,166**	**0.10**

The options outstanding at 31 March 2017 and at 31 March 2016 had a range of exercise prices from £0.10 to £1.85.

The options outstanding at 31 March 2017 had a weighted average remaining contractual life of 4.4 years (2016: 5.4 years).

For the year ended 31 March 2017, the Group has recognised a total expense of £54,000 (2016: £54,000) related to equity-settled share-based payment transactions.

The estimated fair values for determining this charge were calculated using the Black-Scholes option pricing model. This produces a fair value for each grant of options made and the fair value is then charged over the vesting period, which is three years.

24. Operating lease arrangements

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Within one year	261	232	25	23
In second to fifth years inclusive	294	331	15	4
	555	**563**	**40**	**27**

Operating lease payments represent rentals payable by the Group for its office properties. Leases of buildings are subject to rent reviews at specified intervals and provide for the leasee to pay all insurance, maintenance and repair costs.

25. Notes supporting cash flow statement

Cash and cash equivalents comprise:

	2017 £'000	2016 £'000
Cash available on demand	222	714
Net cash (decrease)/increase in cash and cash equivalents	(492)	508
Cash and cash equivalents at beginning of year	**714**	**206**
Cash and cash equivalents at end of year	**222**	**714**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2017 – continued

25. Notes supporting cash flow statement – continued

Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

	2017 £'000	2016 £'000
Sterling	61	41
Mexican Peso	8	—
Euro	153	673
Total	**222**	**714**

26. Related party transactions

On 7 January 2016, Matthew Earl, Non-Executive Director of the Company, on the same day transferred 166,667 ordinary shares from a nominee account into a personal SIPP at a price of 5.125p per ordinary share.

As part of the £1.5m placing on 24th November 2016, key management personal participated in the placing and acquired £70,000 of shares on the same terms as other participants.

At the year £zero (2016:£1,068) was payable to José Luis Vázquez, a director of Mirada plc (2016: £1,068).

Company

Details of balances and transactions with related parties:

	Year ended 31 March 2017		Year ended 31 March 2016	
	Balance £'000	Transactions £'000	Balance £'000	Transactions £'000
Mirada Iberia	(3,410)	227	(189)	187
Digital Impact	(80)	14	(34)	16
Mirada Connect	213	—	269	—
Digital Interactive TV Group	—	—	—	(163)

27. Events after the reporting date

On 29 August 2017 the Company announced a contract win with ATN International, Inc. ("ATNi"), a NASDAQ-listed company, which operates in several US and Caribbean locations under various trade names. Under the contract, Mirada will provide products and services to four different Caribbean operators owned by ATNi located in the U.S. Virgin Islands, Bermuda, the Cayman Islands and French Guyana. Mirada will deploy its complete suite of Iris multiscreen products, including its over-the-top ("OTT") solution and back-end platform, Iris SDP, across these networks. The commercial launch and subsequent commercial deployment is expected to occur towards the end of Mirada's current financial year.

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Mr Javier Casanueva	*Non-Executive Chairman*
Mr José Luis Vázquez	*Chief Executive Officer*
Mr Francis Coles	*Non-Executive Director*
Mr Matthew Earl	*Non-Executive Director*
Mr Jose Gozalbo	*Executive Director*
Mr Gonzalo Babío	*Executive Director*

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