Registered no: 04187081

Truphone Limited
Group and Company Annual Report and Financial Statements
For the year ended 31 December 2017

TUESDAY
A7GPAAAB
A13 16/10/2018 #43
COMPANIES HOUSE

Truphone Limited

Contents

Truphone Limited

Directors and Advisers

Directors

R Steffens
A De Cort
J P A Fletcher
M E Holmberg
G E S Robinson
Y Valler

Company Secretary

I Jones

Registered Office

25 Canada Square
Canary Wharf
London
E14 5LQ
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading, Berkshire RG1 3JH
United Kingdom

Strategic report for the year ended 31 December 2017

The Directors present their strategic report on the Group for the year ended 31 December 2017.

Business review

Business description
Truphone (the "Group") is the world's first truly global mobile network that operates without country borders. Truphone has created a unique global mobile infrastructure, which works with patented technology embedded in its SIM cards, that allows mobile phones to operate as local phones in an area of eight countries called the Truphone Zone, and roam in over 200 other countries globally. During the year, the Group continued to invest in enhancing and innovating its network and systems. The Group's customers include FTSE 100 and Fortune 500 companies, including many of the Tier 1 global investment banks. Truphone customers in the UK, USA, Australia, Netherlands, Germany, Hong Kong, Poland and Spain enjoy a globally consistent and seamless experience with superior call quality. The Group's Truphone World plans can be enjoyed in a total of 116 countries or territories (up from 66 in 2016), covering most international travel routes and the vast majority of global GDP. The plans include international data roaming and calls in and between those countries as part of the standard bundle. All our customers can have multiple numbers and additional local numbers in any of our core countries.

During 2017 the Group substantially enhanced its ability to serve the emerging internet of things or 'IoT' market with next generation SIM technology. The acquisition of Cellnetrix Group included source code software which, together with existing platform technologies, enabled Truphone to secure accreditation from the GSM Association ("GSMA") for remote SIM provisioning. At the point of accreditation Truphone became one of only 6 companies in the world to secure this accreditation which supports provision of secure electronic SIMs directly into devices or chipset modules. In 2018, the company has entered into customer agreements using this technology which is considered a key component for IoT customer enablement.

Sales and Marketing
The sales teams continue to expand our customer base with companies for whom the relevance of the Truphone proposition is strong. We continue to attract a number of internationally renowned businesses, which has meant expanding our footprint with well-known international banks, enterprises business and other organisations such as charities. The Group has continued to invest in the customer proposition, product and marketing activities throughout 2017 and 2018 with a focus on widening our reach by developing our digital presence and improving the relevant content we offer prospects and customers.

During late 2017, the Group launched an updated set of mobile plans for customers. The new plans address changes in customer needs and competition delivering substantially lower headline prices and an increase in countries (and territories) included within our world bundle from 66 to 116.

Strategic report
for the year ended 31 December 2017 (continued)

Business review (continued)

Infrastructure and Product Development
The design of the network infrastructure and systems, initially deployed in 2012 and 2013, with continuing enhancements, will allow the Group to rapidly roll out its value proposition in additional territories at low cost, offering compelling global shared voice and data bundles. In addition to being an integrated multinational network, we monitor performance in real time and provide proactive fault resolution around the world. We also test service stability by simulating real-world usage in the lab, something that no other operator can do at this level.

The Group has aggressively pursued a strategy of upgrading 4G services and network availability wherever possible and by early 2018 had delivered 4G services in seven of its eight Truphone operating countries, together with a further 41 roaming destinations. We consider our engineering capabilities in this domain to be global market leading.

The network architecture enables Truphone to offer competitive market leading multi-country solutions, for a range of B2B, B2C and IoT/ M2M products. This unique characteristic has allowed Truphone to collaborate with one of the world's largest OEM providers, to enable the connectivity of some of its devices across 54 countries using programmable SIM technology developed in-house by Truphone. In 2018, this capability has been extended through our certified remote SIM provisioning capability referred to earlier in this report.

Truphone Mobile Recording ("TMR"), a proprietary product, benefits from regulatory changes implemented in January 2018. TMR provides seamless recording across substantially all of our service footprint, helping enable Truphone clients to comply with the UK Financial Conduct Authority, European MiFiD II and US Dodd-Frank mobile recording regulations without affecting user productivity or call quality. During the year we signed a number of new TMR customers in the financial services sector including a first customer sale in the Netherlands.

Employees
The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly through quarterly All Hands meetings and annual employee surveys, so that their views can be taken into account when making decisions that are likely to affect their interests.

General Data Protection Regulation
The General Data Protection Regulation 2016/679 came into force on the 25th of May 2018. It is a regulation in European Union law relating to data protection and privacy for all individuals within the European Union and the European Economic Area. The regulation also addresses the export of personal data outside the EU and EEA areas. In advance of this date, the Group undertook a comprehensive review, using 3rd party consultants, of data management and processing and made the necessary improvements and modifications to ensure that personal information relating to European Union data subjects is managed by the Group in accordance with the new legislation. This includes effective processes to meet data subject requests, continued awareness of data protection and information security issues for staff, ongoing internal audits, and reporting any non-compliance to the appropriate authorities in each of the European Union countries in which the Group operates as prescribed by the legislation.

Strategic report for the year ended 31 December 2017 (continued)

Results and dividends

The Group reduced its loss for the financial year to £31,391k (2016: £56,781k) through customer and revenue growth and ongoing rationalisation of operating costs. In 2017, total turnover increased by 24% to £38,754k. All eight countries in the Truphone Zone continue to successfully attract high value customers away from the incumbent network operators via the company's direct sales teams and through selected third party channels.

These results reflect a combination of:
- returns from historic investment in network, service and sales capabilities;
- securing 4G services in 7 MVNO countries and a further 41 roaming destinations;
- improved airtime rates from partners enabling competitive pricing;
- a 2017 restructuring exercise which reduced Truphone's UK presence, moving certain functions to different international locations offering cost effective access to key capabilities and talent; and
- a new rate plan delivering the Truphone service in 50 additional 'in-bundle' countries.

In September 2017, the Group successfully completed a rights issue of ordinary shares with a nominal value of 0.0001p raising £254,812k (after costs). A total of 162.6m new shares were issued at a price of £1.57 valuing the company at £370,000k. The issue was underwritten by the principal investors and proceeds were used to repay short term debt which had risen to £239,260k immediately prior to the issue and to meet future working capital needs as the business continues progress to a future break-even point. The company is now entirely debt free. Please refer to page 15 for the balance sheet position.

The Directors do not recommend payment of a dividend (2016: £nil).

Key performance indicators

The Directors monitor the performance of the Group with reference to clear targets and performance indicators. The Key Performance Indicators ("KPIs") which Truphone focuses on are investment in and development of the infrastructure, the launch and operationalisation of new countries, TruSIM turnover, Group losses before tax and market presence.

The Group focuses on the following financial and operational targets:

Key performance indicators

	2017	2016
Total Group turnover (£000)	**38,754**	31,341
Group loss before tax (£000)	**31,717**	56,895
Infrastructure Investment (£000)	**3,400**	4,378
Number of operational countries	**8**	8

Strategic report
for the year ended 31 December 2017 (continued)

Principal risks and uncertainties

There are a number of potential business and operational risks and uncertainties that the Group is exposed to, although these are not considered to be any more severe than for other comparable cellular and telecommunications companies adopting similar strategies. There is a formal risk assessment review adopted by the Group and the Executive Directors report to the Board on the likelihood of such risks occurring, any impact on the business and mitigating actions that have been taken.

The key risks and the mitigation strategies are as follows:

Business risks	**Mitigation strategy**
Loss of customers and declining markets	Continued enhancement of the TruSIM proposition to address additional market segments, expansion into new regions and competitive pricing. Voice recording solutions for the UK, US, Hong Kong, Netherlands & Australia financial services sector, which will provide additional turnover streams and opportunities for the business globally.
Operational risks	
Failure to hire and retain key employees	Location of the business in the proximity of the required talent pool. Regular staff communication and market tested reward and incentive packages.
Loss of intellectual property assets	Physical and logical security to the business systems and contractual protection of intellectual property.
Disaster recovery and business continuity plans	A business continuity plan is in place including physically separated disaster recovery infrastructure.
Cyber threat / data protection	Network monitoring and protective systems including multi-tiered firewalls, intrusion prevention systems and controls and processes which ensure ongoing GDPR compliance.

Financial risk management

The Group's operations expose it to limited financial risks that include price risk, credit risk, liquidity risk and foreign exchange risk.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board are implemented by the Group's finance department.

Price risk

The Group undertakes detailed pricing analysis for all customer opportunities and authorises contracts be reference to a scheme of delegation which assesses opportunities on both a financial contract value and business risk basis.

Strategic report
for the year ended 31 December 2017 (continued)

Financial risk management (continued)

Credit risk

The Group's customer base is comprised of individuals as well as larger organisations and management has implemented appropriate credit policies prior to contracting with these clients.

Liquidity risk

The Group closely monitors its working capital requirements. A continued fund-raising program along with proactive receivables management enables the Group to operate with sufficient working capital. See page 9 for further details on going concern.

Foreign exchange risk

As a result of operating in foreign markets the Group's results could be affected by changes in foreign currency exchange rates. The Group has international sales and operations in ten countries and transacts in a number of local currencies. Foreign exchange translation gains and losses are included in the operating result.

The Group enjoys natural hedging from operating in the main global currency markets including the US, EU and UK. As such it has currently decided to take no active measures to mitigate foreign exchange risk, however, it will continue to monitor whether this is appropriate as the scale of the Group's operations grow and taking into account any natural hedge opportunities.

On behalf of the Board

Ralph Steffens
Chief Executive Officer

12 October 2018

Directors' report for the year ended 31 December 2017

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2017.

Directors

The statutory Directors during the year under review and up to the date of the signing of the financial statements, unless otherwise stated, were:

R Steffens
A De Cort
J P A Fletcher
M E Holmberg (appointed 23 March 2018)
J Mahoney (resigned 6 June 2017)
E W Plattfaut (resigned 19 January 2018)
G E S Robinson
P Tatyanin (appointed 12 July 2017) (resigned 23 March 2018)
Y Valler (appointed 1 September 2017)

Directors' qualifying third party indemnity

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year under review and remains in place today. The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Post balance sheet events

Included within accruals, set out at note 17 'Creditors: amounts falling due in one year', is an amount of £9,387k (2016: £10,278k) which relates to a 3 year minimum spend agreement that the Group entered into with one of its key suppliers in 2013. In August 2018, the Group reached an agreement with this supplier which results in the associated obligation being removed in its entirety together with the release of any claims that may have arisen to that point.

Under an agreement dated 27 September 2018, the Group reached agreement with its principal shareholders, Vollin Holdings Ltd and Minden Worldwide Ltd to underwrite an issue of ordinary shares which is open to all holders of the Group's ordinary shares (0.001p ordinary). The terms of the underwriting include an irrevocable commitment to purchase a total of 15,286,625 £0.00001 ordinary shares at a price of £1.57 per share, raising total shareholder capital of up to £24,000k. The shares will be fully paid up on issue on the following basis:

- £5,000k was received on 11 October 2018;
- £13,000k is payable on an instalment basis as follows:
    - £5,000k is payable no later than 31 January 2019
    - £4,000k is payable no later than 30 April 2019; and
    - £4,000k is payable no later than 31 July 2019; and
- £6,000k is payable in full in the event that either cash or net current assets fall below a specified level before 31 December 2019. The thresholds are net current assets (<£2,000k) or cash balance (<£3,000k) which are assessed each month end between 31 October 2018 and 31 December 2019.

Directors' report for the year ended 31 December 2017 (continued)

Outlook

The Group agreed a revised plan for 2018 with its shareholders in December 2017 which reflected sales growth in all geographical markets supported by renegotiated airtime agreements with better input prices and substantially improved access to 4G radio access services across the globe. Following a number of positive developments in our IOT business line, a revised plan was agreed in September 2018 covering the period to December 2019.

Traditional MVNO Services (covering Enterprises and Truphone Mobile Recording)
During 2018, the business expected to see continued growth in its mobile recording product driven by regulatory changes impacting large financial services customers globally and in summer 2018, the Group signed its potentially largest ever contract with another leading Tier 1 investment bank for mobile recording services. Two other significant mobile recording contracts with large investment banks were also signed in late 2017.

Sales of TruSIM mobile telephony services to enterprises during 2017 and in the first half of 2018 was mixed reflecting intense market competition and timing of / access to 4G availability in key markets. The new rate plan introduced during Q4 of 2017 which benefits from improved airtime rates secured from partners plus new 4G availability in UK and Netherlands has been successful in securing renewal of many important customers on long term contracts however, this has been offset by a higher than expected level of customer churn (mainly attributable to time taken moving network hosts (for 4G) in UK and Netherlands).

Strong price competition has made new customer acquisition challenging over the same period however, investments in lead generation and a focus on segmentation, targeting potential customers aligned to Truphone differentiation, has improved the quality and size of the (sales) pipeline. Converting leads from a larger, better quality pipeline plus the financial impact of on-boarding new TMR contracts referred to above means we expect the business to deliver revenue growth for recorded and non-recorded TruSIM mobile services in the second half of 2018 and in 2019.

Internet of Things or 'IoT' Services
In March 2018, the Group launched Truphone Io3, which combines all the essential services needed by IoT market participants; global connectivity, SIM technology (including Cellnetrix Group capabilities acquired in 2017) and management platforms. Being able to purchase these three services from a single supplier removes the complexity and inefficiency around IoT that many of our potential partners complain about. Our strategy is to beat the current incumbents by simplifying the way devices get connected and by creating new, efficient and compelling commercial models.

These services are targeted at Devices Makers, SIM Vendors, Chipset Makers and Mobile Operators, all of whom highly value our technology. In summer 2018, we entered into a multiyear agreement with one of the largest device makers in the world for eSIM enabled connectivity for their tablet device and we will also provide airtime packages on their tablet and phone devices, both eSIM enabled.

We have also entered into an agreement with a leading global chipset designer who will incorporate our eSIM into their portfolio creating the potential for royalty income on downstream sales of connected chipsets which could be present in any device requiring mobile connectivity. These and other opportunities with SIM vendors and mobile operators offer significant new revenue growth opportunities supported by Truphone proprietary technology. We expect IoT revenues to grow to around 10% of Group revenues during 2019.

Conclusion
Summarising, the external commercial environment in which the Group operates is expected to remain competitive in 2018 and beyond. The Directors are confident that the business is well positioned for the future in both traditional MVNO and IoT markets due to the Group's unique and sustainable differentiation.

Directors' report
for the year ended 31 December 2017 (continued)

Employees

See Strategic report for Employee involvement and Equal opportunities and disabilities policies.

Going concern

At year end the Group has net assets and net current assets, however, for the year ended 31 December 2017, the Group made a loss for the financial year of £31,391k (2016: loss of £56,781k). The Group's cash outflow from operating activities was £24,812k (2016: outflow of £41,522k).

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the following:

- During 2017, the Group raised £254,812k (after costs) of which £239,260k was used to repay short term indebtedness and the balance of £15,552k was used for ongoing working capital purposes. At 31 December 2017, the Group had a cash balance of £14,373k. The Group continues to operate without debt as at the date of this report;
- in August 2018, the Group reached agreement with a key supplier which eliminated a 3 year spend commitment of £9,387k (included within the accruals balance at 31 December 2017) together with the release of any claims that may have arisen to that point;
- the Group's post year end actual performance and board approved forecast for the period to 31 December 2019 is fully funded including substantial contingency following the successful underwriting (based on an agreement signed on 27 September 2018) of an issue of ordinary shares which will raise up to £24,000k. Of the £24,000k, £5,000k was received on 11 October 2018, £13,000k is irrevocably committed and a further £6,000k is receivable in full in the event that either cash or net current assets fall below a specified level at each month end from 31 October 2018 to 31 December 2019; and finally
- the existing shareholders have also indicated a willingness to provide further funding, on an uncommitted basis on terms consistent with the existing underwriting, to meet other requirements for example, accelerated expansion or new investment projects.

The Directors will continue to closely monitor and plan business priorities to optimise cash utilisation and to sustain operational continuity. Given all of the above, the Directors therefore consider it appropriate to prepare financial statements for the year ended 31 December 2017 on a going concern basis.

Dividends

Refer to strategic report for results and dividends.

Financial risk management

Refer to strategic report for financial risk management.

Directors' report
for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the Board

Ralph Steffens
Chief Executive Officer
12 October 2018

Independent auditors' report to the members of Truphone Limited

Report on the audit of the financial statements

Opinion

In our opinion, Truphone Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group and Company Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2017; the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially

Independent auditors' report to the members of Truphone Limited (continued)

misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Truphone Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Gareth Murfitt

Gareth Murfitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
12 October 2018

Consolidated profit and loss account for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	**38,754**	31,341
Cost of sales		**(17,780)**	(22,691)
Gross profit		**20,974**	8,650
Administrative expenses		**(52,579)**	(64,125)
Other operating income		**675**	1,496
Operating loss	5	**(30,930)**	(53,979)
Restructuring costs		**(720)**	(2,855)
Loss before interest and taxation		**(31,650)**	(56,834)
Interest receivable and similar income	6	**1**	13
Interest payable and similar expenses	7	**(68)**	(74)
Loss before taxation		**(31,717)**	(56,895)
Tax on loss	10	**326**	114
Loss for the financial year		**(31,391)**	(56,781)

There is no material difference between the loss before taxation and the loss for the years stated above, and their historical cost equivalents.

All amounts relate to continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December 2017

	2017 £000	2016 £000
Loss for the financial year	**(31,391)**	(56,781)
Other comprehensive gain / (loss)		
Exchange gains / (losses) on translation of foreign operations	**3,011**	(7,682)
Total other comprehensive gain / (loss), net of tax	**3,011**	(7,682)
Total comprehensive loss for the year	**(28,380)**	(64,463)

Consolidated and company balance sheets as at 31 December 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**£000**	£000	**£000**	£000
Fixed assets					
Intangible assets	11	**6,323**	6,991	**5,551**	6,868
Tangible assets	12	**2,035**	6,734	**1,741**	6,392
Investments	13	**-**	-	**747**	-
		8,358	13,725	**8,039**	13,260
Current assets					
Stocks	14	**87**	66	**80**	63
Debtors: amounts falling due within one year	15	**9,769**	9,969	**8,392**	6,650
Debtors: amounts falling due after more than one year	16	**1,253**	123	**725**	123
Cash at bank and in hand		**14,373**	3,414	**12,116**	2,112
		25,482	13,572	**21,313**	8,948
Creditors: amounts falling due within one year	17	**(25,364)**	(245,182)	**(13,360)**	(229,509)
Net current assets / (liabilities)		**118**	(231,610)	**7,953**	(220,561)
Total assets less current liabilities		**8,476**	(217,885)	**15,992**	(207,301)
Provisions for liabilities	19	**(2,499)**	(2,752)	**(524)**	(1,976)
Net assets / (liabilities)		**5,977**	(220,637)	**15,468**	(209,277)
Capital and reserves					
Called up share capital	20	**2**	1	**2**	1
Share premium account	20	**483,718**	228,907	**483,718**	228,907
Profit and loss account		**(477,743)**	(449,545)	**(468,252)**	(438,185)
Total shareholders' funds / (deficit)		**5,977**	(220,637)	**15,468**	(209,277)

The Company's profit and loss account shows a loss for its financial year of £29,924k (2016: loss of £64,543k).

The financial statements on pages 14 to 46 were approved by the board of Directors on 9 October 2018 and were signed on its behalf by:

Ralph Steffens
Chief Executive Officer
12 October 2018

Group Registered No: 04187081

Consolidated statement of changes in equity for the year ended 31 December 2017

Group	Note	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds / (deficit) £000
As at 1 January 2016		**1**	**228,907**	**(386,341)**	**(157,433)**
Loss for the financial year		-	-	(56,781)	(56,781)
Exchange losses on translation of foreign operations		-	-	(7,682)	(7,682)
Total comprehensive loss for the year		-	-	(64,463)	(64,463)
Share based payment services provided	23	-	-	1,259	1,259
As at 31 December 2016		**1**	**228,907**	**(449,545)**	**(220,637)**
Loss for the financial year		**-**	**-**	**(31,391)**	**(31,391)**
Exchange gains on translation of foreign operations		**-**	**-**	**3,011**	**3,011**
Total comprehensive loss for the year		**-**	**-**	**(28,380)**	**(28,380)**
Share based payment services provided	23	**-**	**-**	**182**	**182**
Net Proceeds from share issue	20	**1**	**254,811**	**-**	**254,812**
As at 31 December 2017		**2**	**483,718**	**(477,743)**	**5,977**

Company statement of changes in equity for the year ended 31 December 2017

Company	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds / (deficit) £000
As at 1 January 2016	**1**	**228,907**	**(374,202)**	**(145,294)**
Loss for the financial year	-	-	(64,543)	(64,543)
Total comprehensive loss for the year	-	-	(64,543)	(64,543)
Share based payment services provided	-	-	560	560
As at 31 December 2016	**1**	**228,907**	**(438,185)**	**(209,277)**
Loss for the financial year	-	-	**(29,924)**	**(29,924)**
Total comprehensive loss for the year	-	-	**(29,924)**	**(29,924)**
Share based payment services provided	-	-	**(143)**	**(143)**
Net proceeds from share issue	1	**254,811**	-	**254,812**
As at 31 December 2017	**2**	**483,718**	**(468,252)**	**15,468**

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Net cash outflow from operating activities	26	**(24,940)**	(41,636)
Net taxation received		**128**	114
Net cash used in operating activities		**(24,812)**	(41,522)
Cash flow from investing activities			
Interest received		**1**	13
Purchase of subsidiary (net of cash acquired)		**(418)**	-
Purchase of intangibles		**(2,714)**	(3,154)
Purchase of tangible fixed assets		**(888)**	(769)
Proceeds from disposals of intangible assets		**326**	-
Net cash used in investing activities		**(3,693)**	(3,910)
Cash flow from financing activities			
Interest paid		**(68)**	(74)
Proceeds from shareholders' loans		**24,000**	44,150
Repayment of shareholders' loans		**(239,260)**	-
Net proceeds from issue of ordinary share capital		**254,812**	-
Net cash generated from financing activities		**39,484**	44,076
Increase / (decrease) in cash and cash equivalents		**10,979**	(1,356)
Cash and cash equivalents at 1 January		**3,414**	4,739
Effect of foreign exchange rate changes		**(20)**	31
Cash and cash equivalents at 31 December		**14,373**	3,414

	2017 £000	2016 £000
Cash and cash equivalents consist of:		
Cash at bank and in hand	**14,373**	3,414
Cash and cash equivalents	**14,373**	3,414

Notes to the financial statements for year the ended 31 December 2017

1 Statement of compliance

The Group and Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

2 Accounting policies

Truphone Limited is a private company limited by shares and is incorporated in England. The Registered Office is 25 Canada Square, Canary Wharf, London E14 5LQ.

These financial statements of the Group and Company are prepared, on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the UK. The principal accounting policies, which have been applied consistently unless otherwise stated, are set out below.

Basis of preparation and change in accounting policy

The financial statements of Truphone Limited were approved for issue by the Board of Directors on October 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional and presentation currency of the Group and rounded to the nearest £'000.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

At year end the Group has net assets and net current assets, however, for the year ended 31 December 2017, the Group made a loss for the financial year of £31,391k (2016: loss of £56,781k). The Group's cash outflow from operating activities was £24,812k (2016: outflow of £41,522k).

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the following:

- During 2017, the Group raised £254,812k (after costs) of which £239,260k was used to repay short term indebtedness and the balance of £15,552k was used for ongoing working capital purposes. At 31 December 2017, the Group had a cash balance of £14,373k. The Group *continues to operate without debt as at the date of this report;*
- in August 2018, the Group reached agreement with a key supplier which eliminated a 3 year spend commitment of £9,387k (included within the accruals balance at 31 December 2017) together with the release of any claims that may have arisen to that point;
- the Group's post year end actual performance and board approved forecast for the period to 31 December 2019 is fully funded including substantial contingency following the successful underwriting (based on an agreement signed on 27 September 2018) of an issue of ordinary shares which will raise up to £24,000k. Of the £24,000k, £5,000k was received on 11 October 2018, £13,000k *is irrevocably committed and* a further £6,000k *is receivable in full in the event* that either cash or net current assets fall below a specified level at each month end from 31 October 2018 to 31 December 2019; and finally
- the existing shareholders have also indicated a willingness to provide further funding, on an uncommitted basis on terms consistent with the existing underwriting, to meet other requirements for example, accelerated expansion or new investment projects.

The Directors will continue to closely monitor and plan business priorities to optimise cash utilisation and to sustain operational continuity. Given all of the above, the Directors therefore consider it appropriate to prepare financial statements for the year ended 31 December 2017 on a going concern basis.

Consolidation

The Group financial statements consolidate the financial statements of the Group and its subsidiary undertakings made up to 31 December 2017. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct ownership of voting rights. Intra-Group sales and profits are eliminated fully on consolidation.

The financial statements of the Group and its subsidiaries included in the consolidated financial statements are prepared using uniform accounting policies.

Company profit and loss account

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's profit and loss account shows a loss for its financial year of £29,924k (2016: loss of £64,543k).

Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Truphone Limited, the parent entity, can take exemptions in its standalone financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Subsidiary Audit Exemption

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 31 December 2017 have been taken by Software Cellular Network Limited, registered number 05736968 and TruRecord Limited, registered number 08063060. As required by Section 479C of the Companies Act 2006, Truphone Limited guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

Foreign currency

Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional and presentation currency is pound sterling.

Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs.

Monetary assets and liabilities of the Group companies are translated into sterling at the rates of exchange ruling at the balance sheet date. The trading results of overseas subsidiaries are translated at the average rate ruling during the year, with the adjustment between average rates and the rates ruling at the balance sheet date being taken to reserves. The difference arising on the restatement of the opening net investment, to overseas subsidiary, are dealt with as adjustments to other reserves.

All other exchange differences are dealt with in the profit and loss account.

Turnover

Turnover comprises amounts generated from mobile telecommunication services including voice, SMS and data transactions, excluding value added tax and other sales related taxation. Turnover from subscription fees is recognised evenly throughout the periods to which they relate. Turnover from the sale of handsets and related accessories is recognised at the point of dispatch. Sales of prepaid minutes are deferred until the customer uses the prepaid value to pay for relevant calls.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Share-based payment

The Group operates approved and unapproved equity-settled, share-based compensation plans. Certain employees of the Group are awarded shares and/or options over shares in the Group. The fair value of the employee services received in exchange for these grants of shares and/or options is recognised as an expense, with a corresponding increase in reserves.

The total amount to be expensed over the vesting period of the options is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to reserves.

Employer's National Insurance on share options

Under unapproved share option schemes, the Group is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The Group becomes unconditionally liable to pay the National Insurance upon exercise of the options. The Group therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the balance sheet date and the option exercise prices. A full provision is made upon grant of the option as there is no underlying performance period. The amount of the National Insurance actually payable will depend on the number of employees who remain with the Group and exercise their options, the market price of the shares at the time of exercise and the prevailing National Insurance rates at the time.

Research and development

Research and product development costs are generally expensed through the profit and loss account as incurred unless the costs involved are deemed to meet the criteria for capitalisation. These costs are required to be expensed until projects under development reach technological feasibility and financial viability. Technological feasibility is determined after a working model of the software has been completed. Financial viability is determined when the future turnover exceeds the costs incurred. The Group's research and product development costs related to software development during the year prior to technological feasibility are expensed. Capitalisation of development costs begins upon the establishment of technological feasibility, limited to the net realisable value of the software product, and ceases when the software product is available for general release to customers. Capitalised development costs are amortised after general release over a three year period and are stated at cost less accumulated amortisation at the balance sheet date.

Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Intangible fixed assets

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the accounting standard FRS 102 section 19.22 'Business Combinations and Goodwill', goodwill arising on acquisitions has been capitalised and is being amortised over a three year period, being the period expected to benefit. The Group evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount if events exist to indicate a potential impairment.

When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Development costs

Capitalisation of development costs begins upon the establishment of technological feasibility, limited to the net realisable value of the software product, and ceases when the software product is available for general release to customers. Capitalised developments costs are amortised after general release over a three year period and are stated at cost less accumulated amortisation in the balance sheet.

Telecoms licences

Telecoms licences are capitalised at cost and amortised on a straight line basis over their licence term.

Tangible fixed assets

The cost of tangible fixed assets comprises the purchase price and any incidental expenses of acquisition. Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment and fixtures and fittings	3 years
Leasehold improvements	Period of lease

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Impairment on non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the profit and loss.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Fixed asset investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost is the purchase cost of stock on a FIFO basis with any obsolete stock written off during the year. Net realisable value is based on estimated selling price less any further costs to sell.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Provisions for liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Pension costs

Pension contributions in respect of defined contribution pension schemes are charged to the profit and loss account as incurred. The assets of the pension plans are held separately from the Group in independently administered funds.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets and liabilities

Basic financial assets and liabilities, including trade and other receivables and payables, cash and bank balances and loans are initially recognised at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest method. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Loans and borrowing

Bank and other borrowings are initially stated as the 'net proceeds', being the principal loan element, net of issue and finance costs. Issue costs together with finance costs are allocated to the profit and loss account over the term of the facility at the effective rate of interest. Accrued finance charges and issue costs are included in the carrying value of those borrowings.

3 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Judgements

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Estimates

Goodwill and intangible assets

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed and any legal, regulatory or contractual provisions that can limit useful life assumptions that market participants would consider in respect of similar businesses.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

Notes to the financial statements for the year ended 31 December 2017 (continued)

4 Turnover

The turnover of the Group has been wholly derived from its principal activity. The principal activity of the Group and its subsidiaries in the year under review was that of cellular and telecommunication services. Turnover is analysed as follows:

Geographical analysis by destination

	2017	2016
	£000	£000
Europe	**28,837**	22,894
North America	**6,588**	4,969
Asia Pacific	**3,329**	3,478
Total	**38,754**	31,341

Area of activity

	2017	2016
	£000	£000
Sales of goods	**346**	748
Rendering of services	**38,408**	30,593
Total	**38,754**	31,341

5 Operating loss

The Group's operating loss is stated after charging / (crediting):

	2017	2016
	£000	£000
Amortisation – owned assets (note 11)	**4,088**	8,103
Depreciation – owned assets (note 12)	**5,563**	4,130
Profit on disposal of fixed assets	**297**	-
Operating lease charges – land and buildings	**4,636**	5,365
Research and development expenditure	**333**	645
Onerous contract charges	**-**	4,271
Fees payable to the auditors for the audit of the consolidated Group entities' annual financial statements	**89**	87
Fees payable to the Company's auditors and their associates for other services:		
Audit of the Company's subsidiaries	**6**	6
Tax compliance	**26**	16
Loss / (gain) on translation of foreign currency	**2,087**	(6,169)

Notes to the financial statements for the year ended 31 December 2017 (continued)

6 Interest receivable and similar income

	2017	2016
	£000	£000
Interest receivable on bank account	1	13

7 Interest payable and similar expenses

	2017	2016
	£000	£000
Interest payable on overdrafts and bank charges	68	74

8 Employees

Staff costs, including amounts capitalised (note 11) were:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Wages and salaries	20,657	28,615	9,954	16,133
Social security costs	2,987	3,541	1,188	1,896
Charge / (credit) associated with share based payments (see note 23)	182	1,259	(143)	560
Other pension costs (see note 21)	758	1,116	628	852
	24,584	34,531	11,627	19,441

The average monthly number of staff employed (including Directors) under contracts of service during the year is as follows:

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
Sales	33	66	6	11
Operations	292	330	78	135
Administration	72	87	34	48
	397	483	118	194

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Directors' emoluments

	2017 £000	2016 £000
Aggregate emoluments	**717**	1,918
Company contributions to defined contribution pension schemes	**43**	45
	760	1,963

At 31 December 2017 there was one Director to whom retirement benefits under a defined contribution scheme were accruing (2016: one). During the year, there were nil (2016: nil) Directors who purchased Ordinary shares of the Group.

Highest paid director:

	2017 £000	2016 £000
Aggregate emoluments	**717**	1,114
Company contributions to defined contribution pension schemes	**43**	29
	760	1,143

The highest paid director did not exercise share options in 2017 (2016: no shares exercised).

10 Tax on loss

	2017 £000	2016 £000
Current tax		
Adjustments in respect of prior periods	**(151)**	(248)
	(151)	(248)
Foreign tax		
Corporation taxes	**(175)**	134
Total tax credit	**(326)**	(114)

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2017 (2016: £nil).

Notes to the financial statements for the year ended 31 December 2017 (continued)

10 Tax on loss (continued)

The income tax credit for the year differs (2016: differs) from the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below.

	2017 £000	2016 £000
Loss before taxation	**(31,717)**	(56,895)
Loss before taxation multiplied by the average rate of tax in the UK of 19.25% (2016: 20%)	**(6,106)**	(11,379)
Effects of:		
Expenses not deductible for tax purposes	**3**	4
Accelerated capital allowances and other timing differences	**1,419**	2,307
Current tax losses for which no deferred tax asset was recognised	**4,684**	9,068
Adjustments in respect of prior periods	**(151)**	(248)
Adjustment in respect of foreign taxes	**(175)**	134
Total tax credit for year	**(326)**	(114)

Deferred taxation

The Group has an unrecognised deferred tax asset of £68,066k (2016: £62,262k) and includes additional deductions associated with research and development tax credits.

The Directors consider that it is unlikely there will be sufficient taxable profits in the immediate future such as to realise the deferred tax asset, and therefore the asset has not been recognised in these financial statements (2016: £nil).

Factors that may affect future tax charges

The Budget 2016 announced that the UK tax rate will reduce to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The rate reduction to 17% was substantively enacted on 6 September 2016. The deferred tax assets and liabilities of UK companies within the Group have therefore been calculated at 17%.

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Intangible assets

Group

	Telecom licences	Goodwill	Development costs	Total
	£000	£000	£000	£000
Cost				
At 1 January 2017	387	6,284	40,136	46,807
Additions	-	-	2,776	2,776
Acquisitions	-	657	-	657
Disposals	(63)	-	-	(63)
Foreign exchange adjustment	(32)	-	1	(31)
At 31 December 2017	**292**	**6,941**	**42,913**	**50,146**
Accumulated amortisation				
At 1 January 2017	290	6,284	33,242	39,816
Amortisation for the year	44	-	4,044	4,088
Disposals	(53)	-	-	(53)
Foreign exchange adjustment	(30)	-	2	(28)
At 31 December 2017	**251**	**6,284**	**37,288**	**43,823**
Net book amount				
At 31 December 2017	**41**	**657**	**5,625**	**6,323**
At 31 December 2016	97	-	6,894	6,991

Company

	Goodwill	Development costs	Total
	£000	£000	£000
Cost			
At 1 January 2017	3,710	39,907	43,617
Additions	-	2,714	2,714
At 31 December 2017	**3,710**	**42,621**	**46,331**
Accumulated amortisation			
At 1 January 2017	3,710	33,039	36,749
Amortisation for the year	-	4,031	4,031
At 31 December 2017	**3,710**	**37,070**	**40,780**
Net book amount			
At 31 December 2017	**-**	**5,551**	**5,551**
At 31 December 2016	-	6,868	6,868

Notes to the financial statements for the year ended 31 December 2017 (continued)

12 Tangible assets

Group

	Computer equipment and fixtures and fittings £000	Leasehold improvements £000	Total £000
Cost			
At 1 January 2017	24,336	3,553	27,889
Additions	624	273	897
Disposals	(595)	(2,202)	(2,797)
Foreign exchange adjustment	(136)	(25)	(161)
At 31 December 2017	**24,229**	**1,599**	**25,828**
Accumulated depreciation			
At 1 January 2017	20,259	896	21,155
Charge for the year	2,846	2,717	5,563
Disposals	(577)	(2,202)	(2,779)
Foreign exchange adjustment	(128)	(18)	(146)
At 31 December 2017	**22,400**	**1,393**	**23,793**
Net book amount			
At 31 December 2017	**1,829**	**206**	**2,035**
At 31 December 2016	4,077	2,657	6,734

Notes to the financial statements for the year ended 31 December 2017 (continued)

12 Tangible assets (continued)

Company

	Computer equipment and fixtures and fittings	Leasehold improvements	Total
	£000	**£000**	**£000**
Cost			
At 1 January 2017	20,908	3,185	24,093
Additions	512	110	622
Disposals	(159)	(2,190)	(2,349)
At 31 December 2017	**21,261**	**1,105**	**22,366**
Accumulated depreciation			
At 1 January 2017	17,053	648	17,701
Charge for the year	2,694	2,579	5,273
Disposals	(159)	(2,190)	(2,349)
At 31 December 2017	**19,588**	**1,037**	**20,625**
Net book amount			
At 31 December 2017	**1,673**	**68**	**1,741**
At 31 December 2016	3,855	2,537	6,392

Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Investments

Company

Shares in subsidiary undertakings	**£000**
Cost	
At 1 January 2017	3,893
Additions	747
At 31 December 2017	**4,640**
Provision	
At 1 January 2017	3,893
At 31 December 2017	**3,893**
Net book amount	
At 31 December 2017	**747**
At 31 December 2016	-

The £747k of additions is made up predominantly of investing activities in the Cellnetrix group of companies (note 22).

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Subsidiary undertakings:

Company Name	Registered Address	Principal Activity	Percentage Interest
Software Cellular Network Ltd	London[1]	Provision of services	100%
SIM4TRAVEL LIMITED	London[1]	Dormant	100%
Truphone, Inc.	The Corporation Trust Company Corporation Trust Center 1209 Orange Street, Wilmington Delaware, DE 19801, US	Provision of services	100%
Truphone Poland Sp Z.o.o	Ul. Emilii Plater 53, 00-113 Warsaw, Poland	Provision of services	100%
SCNL Truphone S.A	Taguspark, Avenida Professor Doutor Cavaco Silva Edif.2740 120 Qualidade B-B2-3a, Oeiras Portugal	Provision of services	100%
Truphone GmbH	Lenz and Staehlin Brandschenkestrasse 24 8027, Zurich, Switzerland	Provision of services	100%
Smart Call LLC*	6801 Engle Road, Suite L&M, Middleburg Heights, Ohio OH 44130, US	Provision of services	100%
Startel Communications Co Pty Ltd	Melbourne[2]	Provision of services	100%
Brizpark Pty Ltd	Melbourne[2]	Dormant	100%
Truphone Pty Ltd	Melbourne[2]	Provision of services	100%

Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Investments (continued)

Company Name	Registered Address	Principal Activity	Percentage Interest
Startel Communications Asia Corp**	Level 22, Orient Square Building Ortigas Jr Drive, Ortigas, Pasig City Philippines	Provision of services	40%
Truphone (Hong Kong) Ltd*	20th Floor, Alexandra House 16-20 Chater Road Central Hong Kong, Hong Kong	Provision of services	100%
Truphone Pte Ltd	Singapore[3]	Dormant	100%
SCN Truphone S.L.	Avenida de Europa 24 Edificio Torona B, Planta baja D Alcobendas,28108, Madrid, Spain	Provision of services	100%
Tru Pte Ltd*	Singapore[3]	Dormant	100%
iSmart Mobile LLC*	6801 Engle Road, Suite L&M Middleburg Heights, Ohio OH 44130, US	Provision of services	100%
Truworld Pte Ltd*	Singapore[3]	Dormant	100%
Truphone B.V.	Rembrandtlaan 1A, Bilthoven 3723BG, Netherlands	Provision of services	100%
Truphone GmbH	An der Herrenmuhle 7-9, 61440 Oberursel, Germany	Provision of services	100%
TruRecord Ltd	London[1]	Provision of services	100%
Truphone Solutions Private Limited	1203 One Indiabulls Centre, Tower 2, Floor 12B, 841 Senapati Bapat Marg, Elphinstone Road, Mumbai, 400013, India	Dormant	49%
Cellnetrix GmbH***	Holstenkamp 54, 22525 Hamburg, Germany	Provision of services	60%
Cellnetrix Technology LLC	313A Yablonevaya Lane, City of Zelenograd, 124482 Moscow Russia	Provision of services	100%

* Not a direct holding of the Company.
** Not a direct holding of the Company, however the Company has 100% control.
*** The Company has 100% control.
1 25 Canada Square, Canary Wharf, London, E14 5LQ, UK
2 Mertons Corporate Services Pty Ltd, Level 7, 330 Collins Street, Melbourne, Victoria, VIC 3000, Australia
3 Tricor Evatthouse Corporate Services, 80 Robinson Road #02-00, 068898, Singapore

All subsidiaries listed above have a 31 December year end. The class of shares held for all investments is ordinary shares.

Notes to the financial statements for the year ended 31 December 2017 (continued)

14 Stocks

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Cellular stock	**87**	66	**80**	63

The stocks expensed during the year were £810k (2016: £1,822k).

15 Debtors: amounts falling due within one year

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Trade debtors	**4,979**	5,394	**1,770**	1,800
Amounts owed by Group undertakings	**-**	-	**4,863**	2,327
Other debtors	**368**	1,998	**42**	1,022
Other taxation and social security	**613**	-	**-**	-
Prepayments and accrued income	**3,809**	2,577	**1,717**	1,501
	9,769	9,969	**8,392**	6,650

Trade debtors are stated after provisions for impairment of £2,229k (2016: £2,544k).

Amounts owed by the Group undertakings are unsecured and have no fixed date of repayment, as at 31 December 2017 £1,075k (2016: £930k) was interest free, the remainder attracts interest at a rate between 2% and 6%.

16 Debtors: amounts falling due after more than one year

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Other debtors	**1,253**	123	**725**	123

Notes to the financial statements
for the year ended 31 December 2017 (continued)

17 Creditors: amounts falling due within one year

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Other borrowings	**-**	215,260	**-**	215,260
Trade creditors	**1,820**	1,904	**1,070**	1,576
Amounts owed to Group undertakings	**-**	-	**5,402**	3,059
Taxation and social security	**1,815**	1,158	**490**	519
Other creditors	**322**	147	**212**	25
Accruals and deferred income	**21,407**	26,713	**6,186**	9,070
	25,364	245,182	**13,360**	229,509

Other borrowings related to a loan facility received from the majority shareholders which was not interest bearing and was secured by a fixed and floating charge over the Group's assets and intellectual property. In September 2017 the company undertook a capital re-organisation which resulted in the liability being extinguished (see note 20).

Amounts owed to Group undertakings are unsecured and interest free, and have no fixed date of repayment.

Included within accruals is an amount of £9,387k (2016: 10,278k), which relates to a 3 year minimum spend agreement that the Group entered into with one of its key suppliers in 2013. In August 2018, the Group reached an agreement with this supplier which results in the associated obligation being removed in its entirety together with the release of any claims that may have arisen to that point. This is considered a non-adjusting post balance sheet event and therefore will be recognised in the year ending 31 December 2018 financial statements.

18 Financial instruments by category

The Group and Company's financial assets and liabilities measured at amortised cost comprise trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings. Due to their nature and / or short-term maturity, the fair values of financial assets and liabilities measured at amortised cost are estimated to approximate their carrying values.

Notes to the financial statements for the year ended 31 December 2017 (continued)

19 Provisions for liabilities

Group

	Restructuring £000	Other £000	Total £000
At 1 January 2017	1,083	1,669	2,752
Utilised in the year	(495)	(569)	(1,064)
Unused amounts reversed to the profit and loss account	(588)	(304)	(892)
Charged to the profit and loss account	-	1,586	1,586
Capitalised in cost of assets	-	117	117
At 31 December 2017	**-**	**2,499**	**2,499**

Company

	Restructuring £000	Other £000	Total £000
At 1 January 2017	1,083	893	1,976
Utilised in the year	(495)	(569)	(1,064)
Unused amounts reversed to the profit and loss account	(588)	(304)	(892)
Charged to the profit and loss account	-	387	387
Capitalised in cost of assets	-	117	117
At 31 December 2017	**-**	**524**	**524**

Other

Supplier contracts

This represents the expected cost, as at the balance sheet date, of the Group fulfilling its obligations under the 'take or pay' supplier arrangements the Group has entered into.

Asset Retirement Obligations

The Group is required to restore property under operating leases. The asset retirement obligation provision is based on the best estimate of the amount required to settle the obligation.

These provisions are not discounted as the time value of money is not material.

Notes to the financial statements for the year ended 31 December 2017 (continued)

20 Called up share capital

Group and Company

	2017	2016
	£000	£000
Allotted, called up and fully paid		
246,041,809 Ordinary shares of £0.00001 each (2016: 83,455,820 Ordinary shares of £0.00001 each)	**2**	1
760 B Ordinary shares of £0.00001 each (2016: 760 B Ordinary shares of £0.00001 each)	**-**	-
14,397 D Ordinary shares of £0.00001 each (2016: 14,397 D Ordinary shares of £0.00001 each)	**-**	-
	2	1

During September 2017, the company undertook a capital re-organisation, whereby it issued 162,585,989 new ordinary shares to its lenders, at an issue price of £1.57 per share. The proceeds were used to extinguish the Company's outstanding debt of £239,260k, and provide £15,552k of additional working capital.

The D shares rank pari passu with the Ordinary shares except that the holders of the D Ordinary Shares are not entitled to receive notice of, to attend, to speak or to vote at any general meeting of the Group nor to receive or vote on, or otherwise contribute an eligible member for the purposes of a proposed written resolution of the Group.

The B shares are discussed in Note 23.

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs

21 Pension commitments

The Group operates a defined contribution pension scheme. The charge for the year represents contributions payable by the Group to the fund and amounted to £758k (2016: £1,116k) paid into defined contribution pension schemes. There is an accrual at the year-end of £6k (2016: £1k).

Notes to the financial statements for the year ended 31 December 2017 (continued)

22 Acquisition

On 20 December 2017 the Group acquired control of the Cellnetrix group of companies, consisting of Cellnetrix GmbH and Cellnetrix Technology LLC, which provide secure SIM OS solutions The net assets acquired are set out below:

	Book and Fair Value 2017 £000
Fixed assets	
Intangible assets	62
Tangible assets	10
	72
Current assets	
Stocks	2
Debtors: *amounts falling due within one year*	143
Cash at bank and in hand	137
	282
Creditors: amounts falling due within one year	264
Net current assets	18
Net assets	90
Goodwill	657
Consideration	747
Consideration satisfied by:	
Cash	747
	747

Under the accounting standard FRS 102 section 19.22 'Business Combinations and Goodwill', goodwill arising on acquisitions has been capitalised and is being amortised over a three year period, being the period expected to benefit.

From the date of acquisition to 31 December 2017, the Cellnetrix group contributed £nil to turnover and £nil of operating loss.

Notes to the financial statements for the year ended 31 December 2017 (continued)

23 Share-based payments

Share options – Scheme 1 Approved

At 31 December 2017 the Group's employees were members of stock–based compensation plans operated by the Group. The original options granted vested immediately at a subscription price equal to the nominal value. The subsequent options were granted at the fair market value at the date of granting with a vesting period between 15 months and 3 years. All of these arrangements are settled in equity. The contractual life of all options is 10 years.

A reconciliation of option movements over the year ended 31 December 2017 is shown below:

	2017 Number	**2017** Weighted average exercise price	2016 Number	2016 Weighted average exercise price
Outstanding at start of year	**48,600**	**£8.67**	54,886	£8.49
Granted	**-**	**-**	-	-
Forfeited	**(4,900)**	**£8.97**	(3,800)	£8.75
Exercised	**-**	**-**	-	-
Expired	**(300)**	**£8.69**	(2,486)	£4.39
Outstanding at end of year	**43,400**	**£8.64**	48,600	£8.67
Exercisable at end of year	**43,400**	**£8.64**	48,600	£8.67

No share options were granted or exercised in the year. For options outstanding at the end of the year within the scope of Section 26 of FRS 102 'Share-based Payment', the range of exercise prices and weighted average remaining contractual life are as follows:

Actual exercise price	**2017** Number of shares	**2017** Weighted average remaining contractual life	2016 Number of shares	2016 Weighted average remaining contractual life
£8.69	**-**	**-**	1,550	0.4
£8.64	**43,400**	**2.2**	46,850	3.3
£16.50	**-**	**-**	200	4.0

The total charge for the year relating to employee share based payment plans was £nil (2016: £nil).

Options were valued using the Black-Scholes option-pricing model. The model is internationally recognised as being appropriate to value employee share schemes similar to the schemes entered into by the Group. No performance conditions were included in the fair value calculations.

Notes to the financial statements for the year ended 31 December 2017 (continued)

23 Share-based payments (continued)

Share options – Scheme 2 Unapproved

At 31 December 2017, certain Group employees were part of a share-option scheme operated by the Group. Options were granted at the fair market value at the date of granting, with a vesting period between 12 months and 3 years. All of these arrangements are settled in equity. The contractual life of all options is 10 years.

A reconciliation of option movements over the year ended 31 December 2017 is shown below:

	2017		2016	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**3,126,666**	**£2.00**	4,380,000	£2.00
Granted	**-**	**-**	-	-
Forfeited	**(1,449,999)**	**£2.00**	(1,253,334)	£2.00
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at end of year	**1,676,667**	**£2.00**	3,126,666	£2.00
Exercisable at end of year	**671,667**	**£2.00**	1,441,667	£2.00

No share options were granted or exercised in the year. For options outstanding at the end of the year within the scope of Section 26 of FRS 102 'Share-based Payment', the range of exercise prices and weighted average remaining contractual life are as follows:

	2017		2016	
Actual exercise price	**Number of shares**	**Weighted average remaining contractual life**	Number of shares	Weighted average remaining contractual life
£2.00	**1,676,667**	**6.6**	3,126,666	7.4

The total charge for the year relating to employee share based payment plans was £182k (2016: £1,259k), all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £182k (2016: £1,259k).

23 Share-based payments (continued)

The Group has not provided for any social security contributions as a joint election has been made between the Group and the employees to transfer the liability for the secondary social security contributions to the employees.

Employee Benefit Trust

On 16 January 2013, the Group established an Employee Benefit Trust share option scheme for the benefit of its employees. For this purpose, it transferred a sum of £100 to the established Trust and also granted the Trust with an option to acquire 1,500,000 shares for no payment.

A reconciliation of option movements over the year ended 31 December 2017 is shown below:

	2017		2016	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**1,500,000**	**£2.00**	1,500,000	£2.00
Granted	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at end of year	**1,500,000**	**£2.00**	1,500,000	£2.00
Exercisable at end of year	**-**	**-**	-	-

The total charge for the year relating to the Employee Benefit Trust was £nil (2016: £nil). The Group has provided for social security contributions at a rate of 13.8%. After social security contributions, the total charge was £nil (2016: £nil).

The options were valued using the Black-Scholes option pricing model. Dividends were not incorporated into the model, as none are expected to be paid over the vesting period.

B Shares

At 31 December 2013, the Group had issued 760 B Ordinary shares to certain employees and directors. The shares were granted at the fair market value at the date of granting.

The B Ordinary shares entitle participants to an amount equal to 0.01% of the equity value less the amount invested into the Group on an exit event subject to a hurdle condition being an equity value of greater than £150,000k. The invested amount means £20,000k plus any capital invested, by way of equity, into the Group after 1 March 2012.

The shares were valued using the Black–Scholes option pricing model. Dividends were not incorporated into the model as none are expected to be paid over the vesting period. The fair value per B share at the date of granting was £20,235. The total charge for the year relating to the B Ordinary shares was £nil (2016: £nil).

Holders of B Ordinary shares are also not entitled to receive notice of, to attend, to speak or to vote at any general meeting of the Group nor to receive or vote on, or otherwise contribute an eligible member for the purposes of a proposed written resolution of the Group.

Notes to the financial statements for the year ended 31 December 2017 (continued)

24 Commitments

The Group has entered into a number of 'take-or-pay' agreements with key suppliers. The remaining commitment under these agreements as at 31 December 2017 amounted to £29,031k (2016: £11,536k).

25 Financial commitments

At 31 December 2017 the Group had future minimum lease payments due under non-cancellable operating leases expiring as follows:

	2017 Land and buildings £000	**2017 Plant and Equipment £000**	2016 Land and buildings £000	2016 Plant and Equipment £000
Within one year	**3,410**	**-**	4,858	-
Within two to five years	**4,458**	**-**	6,848	-
In more than five years	**-**	**-**	2,514	-
	7,868	**-**	14,220	-

Operating lease agreements where the Group is lessor:

The Group previously sub-let office space to third parties.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2017 Land and buildings £000	**2017 Plant and Equipment £000**	2016 Land and buildings £000	2016 Plant and Equipment £000
Within one year	**-**	**-**	373	-
Within two to five years	**-**	**-**	-	-
In more than five years	**-**	**-**	-	-
	-	**-**	373	-

Notes to the financial statements for the year ended 31 December 2017 (continued)

26 Notes to the consolidated statement of cash flows

a) Reconciliation of loss for the financial year to net cash outflow from operating activities

	2017 £000	2016 £000
Loss for the financial year:	**(31,391)**	(56,781)
Adjustments for:		
Tax on loss on ordinary activities	**(326)**	(114)
Net interest expense	**67**	62
Depreciation charges	**5,563**	4,130
Amortisation charges	**4,088**	8,103
Profit on disposal of intangible assets	**(297)**	-
Share based payment expense	**182**	1,259
Unrealised currency translation losses / (gains)	**3,049**	(7,809)
(Increase) / decrease in debtors	**(589)**	1,323
(Increase) / decrease in stocks	**(19)**	367
(Decrease) / increase in creditors	**(5,267)**	7,824
Net cash outflow from operating activities	**(24,940)**	(41,636)

Major non-cash transactions

During the year the share based payment charge accrual was £182k (2016: £1,259k).

27 Related party transactions

During the year the Group received additional loan funding from existing shareholders amounting to £24,000k (2016: £44,150k). In September 2017 the company undertook a capital re-organisation which resulted in the liability being extinguished (see note 20).

The Group had no loan amounts at the balance sheet date owing to Directors (2016: £nil).

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. See note 9 for disclosure of the directors' remuneration and key management compensation.

Parent company

Other than the transactions disclosed above and in note 17, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

Notes to the financial statements for the year ended 31 December 2017 (continued)

28 Post balance sheet events

Included within accruals, set out at note 17 'Creditors: amounts falling due in one year', is an amount of £9,387k (2016: £10,278k) which relates to a 3 year minimum spend agreement that the Group entered into with one of its key suppliers in 2013. In August 2018, the Group reached an agreement with this supplier which results in the associated obligation being removed in its entirety together with the release of any claims that may have arisen to that point.

Under an agreement dated 27 September 2018, the Group reached agreement with its principal shareholders, Vollin Holdings Ltd and Minden Worldwide Ltd to underwrite an issue of ordinary shares which is open to all holders of the Group's ordinary shares (0.001p ordinary). The terms of the underwriting include an irrevocable commitment to purchase a total of 15,286,625 £0.00001 ordinary shares at a price of £1.57 per share, raising total shareholder capital of up to £24,000k. The shares will be fully paid up on issue on the following basis:

- £5,000k was received on 11 October 2018;
- £13,000k is payable on an instalment basis as follows:
  - £5,000k is payable no later than 31 January 2019
  - £4,000k is payable no later than 30 April 2019; and
  - £4,000k is payable no later than 31 July 2019; and
- £6,000k is conditional, payable in the event that either cash or net current assets fall below a specified level before 31 December 2019. The thresholds are net current assets (<£2,000k) or cash balance (<£3,000k) which are assessed at each month end between 31 October 2018 and 31 December 2019.

In 2018, the Group has incorporated the following entities:

Company Name	Country of Incorporation	Incorporation Date	Percentage Interest
Truphone (Ireland) Limited	Ireland	31.01.2018	100%
Truphone France S.A.R.L	France	19.02.2018	100%
Truphone S.r.l.	Italy	08.03.2018	100%
Truphone, Mobilne Tekelomunikacije d.o.o.	Slovenia	08.08.2018	100%

29 Ultimate controlling party

Vollin Holdings Limited is the controlling party of the Group. The Group's immediate parent company, Whiteclif Enterprises Limited is the largest group to consolidate the financial statements of the Group.

Redrock Limited, a company incorporated in the British Virgin Islands, is the Group's ultimate parent company.