

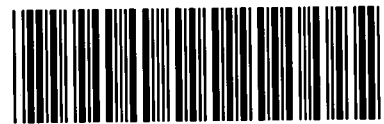
Company Registration No. 09634021

IMImobile South Africa 1 Limited

Annual Report and Financial Statements

For the period ended 31 March 2016

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IMIImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

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IMI Mobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Officers and professional advisers

Directors

Mr Jayesh Patel
Mr Michael Jefferies

Registered Office

Tempus Court
Bellfield Road
High Wycombe
Buckinghamshire
England
HP13 5HA

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Directors' report

The Company was incorporated on 11 June 2015. The directors present their annual report and the audited financial statements for the 294 days ended 31 March 2016.

This report has been prepared taking advantage of the small companies' exemption in accordance with s414B 'Strategic report: small companies exemption' of the Companies Act 2006.

Results

On 16 September 2015 the immediate parent undertaking, IMImobile African Holdings Limited, received a loan from the ultimate parent undertaking, IMImobile PLC and subsequently issued a loan to the Company. This loan was used to acquire 80% of Lenco International Limited. The loans between IMImobile PLC, IMImobile African Holdings Limited and the Company are denominated in South African Rand but the acquisition of Lenco International Limited was settled in US Dollars. This resulted in a payment being made by IMImobile PLC which translates to an amount in excess of the loan agreement. As there is no intention to adjust the loan amount for the exchange rate difference arising from the timing of the loan agreement and the acquisition payment, the portion of the payment made by IMImobile PLC in excess of the loan agreement has been treated as a capital contribution.

The Company's results for the period are set out in the income statement on page 6 showing a loss for the financial period after tax of ZAR 3,304,821. At 31 March 2016, the Company has net current liabilities of ZAR 58,486,505. The directors do not recommend a dividend for the period.

The Company acts as a holding company so depends on support from the Group. The ultimate parent undertaking, IMImobile PLC, has confirmed that it will provide financial support to the Company to enable it to both meet its liabilities as they fall due and to carry on business without a significant curtailment of operations. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

The principal activity of the Company was that of a holding company.

Principal risks and uncertainties

The market for continuing new business remains attractive and the Group is well positioned to take advantage of the opportunities available to it. IMImobile South Africa 1 Limited is expected to act as a holding company for the foreseeable future.

Directors

The directors who served during the period and to the date of these financial statements were as follows:

Mr Jayesh Patel – appointed 11 June 2015

Mr Michael Jefferies – appointed 11 June 2015

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101). 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 Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

IMI Mobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Directors' report (continued)

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

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent Auditor

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

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



M Jefferies
CFO

4 May 2017

IMIImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Independent auditor's report to the members of IMIImobile South Africa 1 Limited

We have audited the financial statements of IMIImobile South Africa 1 Limited (the "Company") for the period ended 31 March 2016 which comprise of the statement of comprehensive income, statement of changes in equity, the balance sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

IMIImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Independent auditor's report to the members of IMIImobile South Africa 1 Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



David Griffin FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

4 May 2017

IMI Mobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Statement of comprehensive income

For the period ended 31 March 2016

	Notes	2016 ZAR
Administrative expenses		(2,346)
Operating loss	3	<u>(2,346)</u>
Finance expense	6	<u>(3,302,944)</u>
Loss before tax		(3,305,290)
Tax	7	<u>469</u>
Loss after tax for the period and total comprehensive expense		<u><u>(3,304,821)</u></u>

The results stated above are all derived from continuing operations.

IMI Mobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Statement of Changes in Equity

For the period ended 31 March 2016

	Notes	Called-up Share Capital ZAR	Retained Earnings ZAR	Total Equity ZAR
On incorporation		19	-	19
Total comprehensive expense for the period		-	(3,304,821)	(3,304,821)
Amounts owed to group undertakings forgiven in the period		-	4,798,818	4,798,818
Proceeds from shares issued	11	18,297	-	18,297
Balance at 31 March 2016		<u>18,316</u>	<u>1,493,997</u>	<u>1,512,313</u>

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Balance sheet

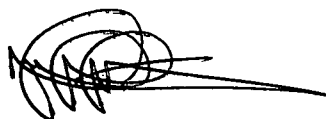
As at 31 March 2016

	Notes	2016 ZAR
Non-current assets		
Investments in subsidiaries	8	59,998,818
		<u>59,998,818</u>
Current assets		
Trade and other receivables	9	469
		<u>469</u>
Current liabilities		
Trade and other payables	10	(58,486,974)
		<u>(58,486,974)</u>
Net current liabilities		<u>(58,486,974)</u>
Net assets		<u>1,512,313</u>
Equity		
Called-up share capital	11	18,316
Retained earnings		<u>1,493,997</u>
Total equity		<u>1,512,313</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of IMImobile South Africa 1 Limited, registered number 09634021 were approved by the Board of Directors and authorised for issue on 4 May 2017.

Signed on behalf of the Board of Directors



M Jefferies
CFO

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Notes to the financial statements

1. Accounting policies

The Company is a limited company incorporated in England & Wales in accordance with the Companies Act 2006. These financial statements are presented in South African Rand ("ZAR") because that is the currency of the primary activities of the Company.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 since it is included in the group accounts of IMImobile PLC. The group accounts of IMImobile PLC are available for public use and can be obtained as set out in note 12.

Basis of accounting/statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 (Financial reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure framework' as issued by the Financial Reporting Council.

These financial statements for the 294 days ended 31 March 2016 are the first the Company has prepared in accordance with FRS 101.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted:

IFRS 3 'Business Combinations' paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67;

IFRS 7 'Financial Instruments: Disclosures';

IFRS 13 'Fair Value Measurement' paragraphs 91 to 99;

IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 38 to 40, 76, 79(d) and 134 to 136;

IAS 7 'Statement of Cash Flows';

IAS 24 'Related Party Disclosures' paragraphs 17 and 18A; and

IAS 36 'Impairment of Assets' paragraphs 130(f)(ii), 130(f)(iii), 134(d) to (f) and 135(c) to (e).

The Company has also taken advantage of the exemption from the requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of the Group where those party to the transaction are wholly owned by a member of the Group.

The financial statements have been prepared under the historical cost convention and under the going concern assumption.

The principal accounting policies applied in preparation of the Company Financial Statements are set out below.

Going concern

The Company has net current liabilities of ZAR 58,486,505 and made a loss in the period of ZAR 3,304,821.

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In coming to this conclusion, the directors have considered the fact that the parent company, IMImobile PLC, has confirmed that it will support the Company to meet its obligations as and when they fall due for the foreseeable future.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign currencies

The Company financial statements are presented in South African Rand (“the presentational currency” and “the functional currency”).

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Company’s balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future of cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Notes to the financial statements (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments in subsidiaries

Judgement is required in determining the provision for impairment in investments in subsidiaries, which involves the use of significant estimates and assumptions, including expectations about future cash flows, discount rates and the lives of assets following purchase.

The accounting policies in relation to these items are disclosed in note 1.

3. Operating loss

2016
ZAR

Operating loss is stated after charging:

(Gain) on foreign exchange transactions (149)

Audit fees for the current period have been borne by a fellow subsidiary undertaking of IMImobile PLC, and it is impractical to allocate a portion to the Company.

Fees paid to the Company's auditors, Deloitte LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated group financial statements of the parent undertaking, IMImobile PLC, disclose the non-audit fees on a consolidated basis.

4. Directors' remuneration

The directors of the Company are remunerated through a fellow subsidiary undertaking of IMImobile PLC. It is not practicable to allocate directors remuneration between services to the group and this company.

5. Employee benefits

There were no employees or staff costs borne by the Company in the current period.

6. Finance expense

2016
ZAR

Interest expense on amounts owed to group undertakings 3,302,944

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Notes to the financial statements (continued)

7. Tax

	2016 ZAR
UK corporation tax	
Current tax (credit)	(469)
Tax (credit) on loss on ordinary activities	(469)

Corporation tax is calculated at 20% of the estimated taxable profit for the period.

The tax charge for the period can be reconciled to the loss in the income statement as follows:

	2016 ZAR
Loss before tax	(3,305,290)
Tax at the UK corporation tax rate of 20%	(661,058)
Group relief surrendered	660,589
Total tax charged in the income statement	(469)

The Finance Act 2015 reduced the UK standard rate of corporation tax from 21% to 20% from 1 April 2015 and 20% to 18% from 1 April 2016. All UK deferred tax assets and liabilities have been recognised at 18% (2015: 20%). A further reduction in the corporation tax rate to 17%, rather than 18%, from 1 April 2020 was announced in the 2016 Budget. However, this further rate change was not substantively enacted at the balance sheet date, so its effect is not reflected in these financial statements.

8. Investments in subsidiaries

	Investments ZAR
Cost	
At 11 June 2015	-
Additions	59,998,818
At 31 March 2016	59,998,818
Provision for impairment	
At 11 June 2015	-
At 31 March 2016	-
Net book value	
At 31 March 2016	59,998,818
At 11 June 2015	-

Subsidiary undertakings	Country of incorporation	Principal activity during the period	Class and percentage of shares held
Lenco International Limited	British Virgin Islands	Holding company	Ordinary 80%

On 16 September 2015 the Company received a loan from IMImobile African Holdings Limited, the immediate parent undertaking, and acquired 80% of Lenco International Limited.

IMImobile South Africa 1 Limited

Annual Report and financial statements for the period ended 31 March 2016

Notes to the financial statements (continued)

9. Trade and other receivables

	2016 ZAR
Tax receivable	469

10. Trade and other payables

	2016 ZAR
Amounts owed to group undertakings	58,486,974

Amounts owed to group undertakings accrue interest at a rate of 10% per annum and are repayable within 5 years of the loan agreement.

11. Called-up share capital

	2016 Number	2016 ZAR
Allotted, called up and fully paid irredeemable ordinary shares of GBP 0.01 each:		
At 11 June 2015 *	100	19
Issued during the period	74,900	15,753
At 31 March 2016	75,000	15,772
Allotted, called up and fully paid redeemable A shares of GBP 0.01 each:		
At 11 June 2015	-	-
Issued during the period	12,100	2,544
At 31 March 2016	12,100	2,544
Total share capital	87,100	18,316

* 1 ordinary share of GBP 1 was subdivided into 100 ordinary shares of GBP 0.01 each on 9 September 2015.

Each share entitles the holder to one vote and all shares are ranked equally. The consideration received is shown above and is fully paid up at the balance sheet date.

A shares are redeemable by the shareholder after 5 years provided the Company and IMImobile South Africa 2 Limited, a fellow subsidiary of IMImobile African Holdings Limited, have fully repaid the loans issued by IMImobile African Holdings Limited in the period.

12. Immediate and ultimate parent undertaking

In the opinion of the directors, the company's immediate parent undertaking is IMImobile African Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is IMImobile PLC, a company incorporated in the United Kingdom, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. The consolidated financial statements of the group may be obtained by request from IMImobile PLC, Tempus Court, Bellfield Road, High Wycombe, HP13 5HA.