



iomart

Consolidated Half Yearly Results 2015  
6 months ended 30 September 2015

# Highlights

iomart (AIM:IOM), the cloud computing company, is pleased to report its consolidated half yearly results for the period ended 30 September 2015.

## FINANCIAL HIGHLIGHTS

- Revenue growth of 16% to £36.4m (H1 2015: £31.5m)
  - Hosting organic growth of 10% (H1 2015: 8%)
- Adjusted EBITDA<sup>1</sup> growth of 11% to £15.5m (H1 2015: £14.0m)
- Adjusted profit before tax<sup>2</sup> growth of 8% to £8.7m (H1 2015: £8.0m)
- Adjusted diluted earnings per share<sup>3</sup> from operations increased by 11% to 6.75p (H1 2015: 6.09p)

## OPERATIONAL HIGHLIGHTS

- Acquisition of SystemsUp for an expected maximum consideration of £10m
- Acquisition of United Hosting after the period end for a maximum consideration of £11m
- Significantly increased capability in Hybrid and Public Cloud
- Investment in senior resources to provide platform for future growth



*"This has been another good trading period for the Group, driven by both organic and acquisitive growth."*

*"The cloud market landscape that we occupy continues to evolve and with that, the long term recurring revenue opportunities for iomart. We are well established as a major player in providing the flexible cloud solutions that businesses require, whether that be the private cloud, public or hybrid cloud spheres, and we are investing in expanding our teams of highly skilled staff to help our customers navigate and deploy a wider choice of solutions. We believe we are well positioned in the market and remain confident in the Group's growth prospects."*

Angus MacSween, CEO

## Statutory Equivalents

*The above highlights are based on adjusted results. A full reconciliation between adjusted and statutory results is contained within this statement. The statutory equivalents of the above results are as follows:*

- Profit before tax growth of 3% to £5.7m (H1 2015: £5.5m)
- Basic earnings per share from operations increased by 8% to 4.57p (H1 2015: 4.25p)

1 Throughout this statement adjusted EBITDA is earnings before interest, tax, depreciation and amortisation (EBITDA) before share based payment charges and acquisition costs. Throughout this statement acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

2 Throughout this statement adjusted profit before tax is profit before tax, amortisation charges on acquired intangible assets, share based payment charges, mark to market adjustments in respect of interest rate swaps, acquisition costs and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the period.

3 Throughout this statement adjusted earnings per share is earnings per share before amortisation charges on acquired intangible assets, share based payment charges, mark to market adjustments in respect of interest rate swaps, acquisition costs and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the period including the taxation effect of these.

Revenue Growth

16%

to £36.4M

EBITDA Growth

11%

to £15.5M

PBT Growth

8%

to £8.7M

EPS Increased

11%

to 6.75p

Acquisition  
of  
SystemsUp

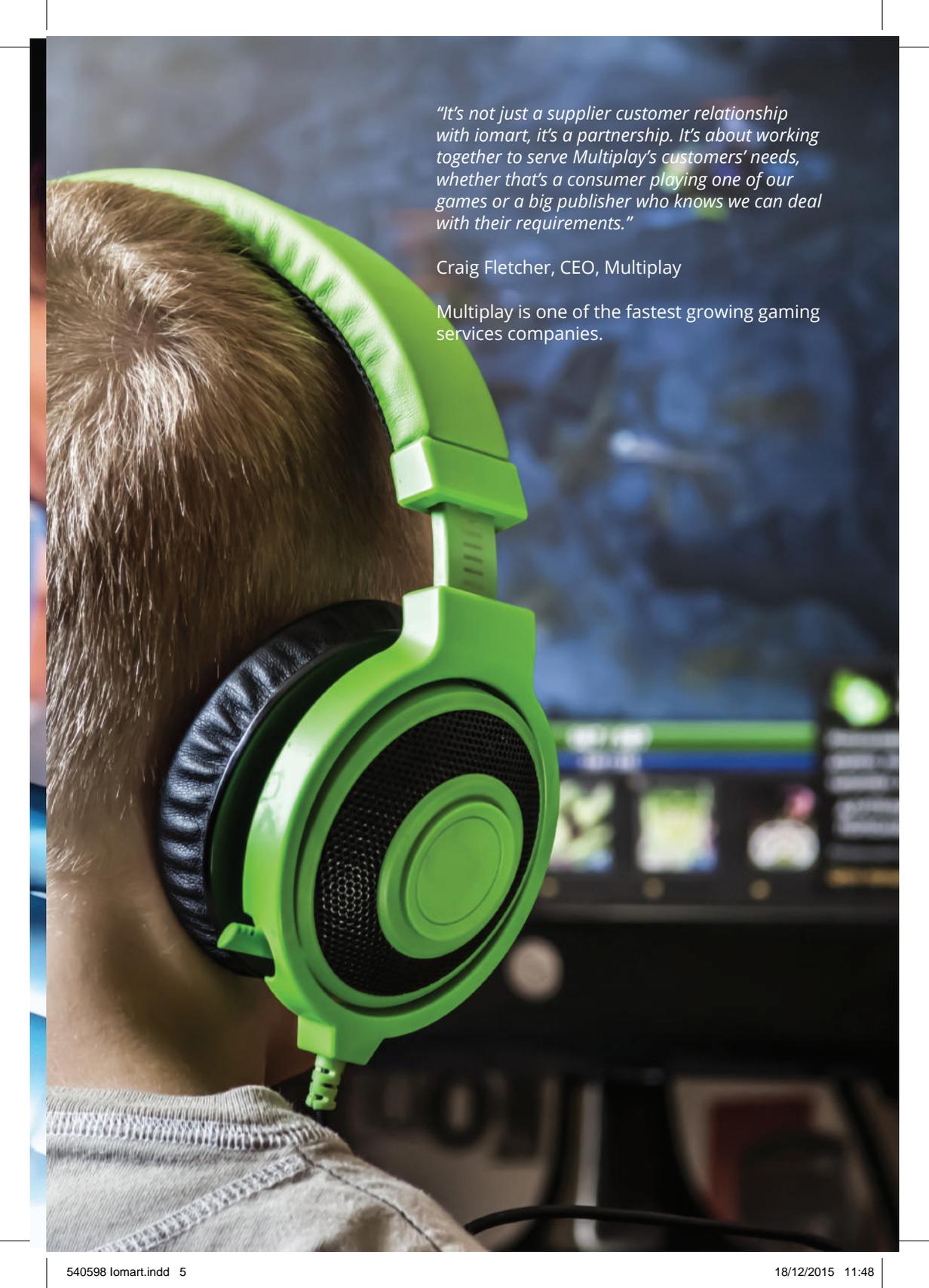
Acquisition  
of  
United Hosting



*"We are a specialist in providing procurement services not hosting and we had got to the point where it didn't make sense to keep diverting resources to maintain and backup a server anymore. The migration services provided by iomart took care of everything we needed to get started with Office365."*

Caroline Briggs, Managing Director, Amici Procurement

iomart has provided the support and expertise to move Bio Tech procurement company Amici Procurement to Office 365.



*"It's not just a supplier customer relationship with iomart, it's a partnership. It's about working together to serve Multiplay's customers' needs, whether that's a consumer playing one of our games or a big publisher who knows we can deal with their requirements."*

Craig Fletcher, CEO, Multiplay

Multiplay is one of the fastest growing gaming services companies.



Chief Executive's Statement

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## Introduction

We have again enjoyed a very good trading period with Group revenue having grown by 16% to £36.4m (H1 2015: £31.5m). Our adjusted EBITDA has grown by 11% to £15.5m (H1 2015: 14.0m).

## Market

The cloud market landscape that we occupy continues to change, develop and grow and the opportunity for iomart increases within that ever changing environment.

### *Public versus Private cloud – or a hybrid approach?*

The traditional way of moving to the cloud, being a private or hybrid approach, is here for the foreseeable future and the long term recurring revenue opportunity for iomart remains compelling. We are well established as a major player in providing the flexible cloud solutions that businesses require, whether that be the private cloud, public or hybrid cloud spheres.

A recent report from The 451 Group showed that whilst Enterprise workloads are going to the cloud, it is not quite happening as people would imagine. There is a perception that nobody can match the efficiencies of the hyperscale cloud providers and that all workloads will gravitate to the public cloud execution model. However, there is clear evidence that this is a premature conclusion. When asked, just 19% of enterprises cited the intention to move any of their workload to the public cloud in the next two years, and indeed citing that 58% of workload will remain on premise with the balance met by a mix of hosted private and hybrid cloud. Over the next few years, private cloud will continue to grow as well as enterprises increasingly adopting hybrid cloud. Hybrid offers enterprises the best of both worlds – the cost optimisation, agility, flexibility, scalability and elasticity benefits of public cloud in conjunction with the control, compliance, security and reliability of private cloud.

We are also seeing a trend of 'repatriation' from public cloud back to private, again confirming that there is no single right answer. The fact is that most applications and workloads are just not ready or suitable to be lifted and shifted directly to cloud. It is a journey that requires thorough planning, preparation and project management.

There is a large market opportunity in preparing and managing enterprises for transformation to cloud, starting with an on premise reorganisation and virtualisation programme followed by some private cloud on premise and in hosted environments and moving through a hybrid model and perhaps on to public cloud.

### *Opportunity to support the Public cloud vendors*

Both AWS and Microsoft have announced infrastructure rollouts in the UK over the coming years which we view as an opportunity. It is becoming clear that the public cloud vendors will require an ecosystem of businesses orbiting them to provide services and support. The public cloud has introduced another level of complexity to the choices that businesses have in their future IT buying decisions and we believe with that increase in choice and complexity comes opportunity. As underlying infrastructure becomes more mature and efficient the future success of cloud companies will be addressed further towards the application layer and not on the hardware. For example, EMC see themselves as a software company now, not a hardware provider.

Our challenge is to navigate through these early days of the further evolution of cloud adoption to ensure we have the skills and resources necessary to be successful in that space. The addition of SystemsUp to the Group during the period has enhanced our ability to provide solutions involving public cloud.

***Investing in our operations to address this growing market opportunity***

iomart is investing more in expanding the teams of highly skilled staff with the accreditations required to help our customers access and deploy a wider choice of solutions. We have grown substantially over the last 3 or 4 years with essentially the same management resource now as we had when we set out on our current strategy. It is time to inject more management bandwidth across the company and that investment is currently underway. This will have the impact of modestly increasing our overheads which will stand us in good stead for accelerating our future growth.

**Operational Review****Cloud Hosting**

The cloud hosting operation continues to perform well, delivering an overall revenue growth rate of 21% with an encouraging 10% organic growth rate.

Having had a period of slightly higher customer churn in our complex hosting operation last year we are pleased to report an improvement in this period which has contributed to our growth as we continue to develop trusted adviser status with our existing customer base.

With the acquisition of our professional services business SystemsUp we are being exposed to larger opportunities which again is driving us to invest in better quality people both in sales and technology to help us deliver increased revenue growth. Additionally, we are now seeing opportunities with our existing customer base across the Group to engage in discussions at an earlier level and provide advice on cloud strategy.

We are investing more in our key vendor relationships as well and we are now seen as a very credible conduit to market. We have deepened our relationships with Microsoft, Dell, EMC, AWS and VMware over the period.

We have also widened our credentials in the public sector and this should bear fruit in the coming months, particularly alongside the consultancy and cloud transformation work being uncovered by SystemsUp.

Our revenues have grown to £31.5m (H1 2015: £26.1m) as a result of our acquisitive and organic growth and we continue to expect cloud hosting to be the driver of growth going forward.

**Easyspace**

The Easyspace segment has performed as expected but without the predicted growth of Office 365 into the base which underlines again that the shift to cloud is going to take longer than many predicted.

Easyspace provides a range of products to the small and micro business activity including an ever wider range of domain names, shared hosting, emails and dedicated servers.

As expected our revenues have reduced to £4.9m (H1 2015: £5.5m) partly due to the cyclical nature of the operation and the impact of Office 365.

**M&A Activity**

During the period we have made what we consider to be a very important acquisition as we position ourselves to continue to address the evolving and complex Hybrid Cloud market opportunity. On 5 June 2015 the Company acquired the entire share capital of SystemsUp on a no debt, no cash, normalised working capital basis. At completion an initial payment of £9m in cash was made and in addition an amount of £0.5m in cash was paid as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. In August a further sum of £0.3m in cash was made in settlement of the amount due in respect of the no debt no cash, normalised working capital adjustment. A further sum is contingent on a measure of revenue for the year to 31 March 2016 which is expected to be paid in either May or June 2016. The potential contingent consideration payable in cash has been estimated to be £1.0m. This acquisition brings substantial Public Cloud and public sector expertise into the Group and we are pleased with the level of integration achieved to date.

In addition on 30 November we acquired the entire share capital of United Communications Limited (which trades as "United Hosting") on a no debt, no cash, normalised working capital basis. United Hosting offers a similar product range to iomart, including managed, dedicated and shared hosting services and domains to approximately 6,500 customers, the majority of which are small businesses. The initial payment to acquire United Hosting was £7.5m in cash and in addition an amount of £2.0m in cash was paid as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. Two further contingent sums are due based on the profitability of the operation through to April 2016 and then April 2017. The maximum consideration has been fixed at £11.0m. United Hosting enjoys good profit margins partly through the outsourcing of some of its support function overseas.

We remain committed to continuing to complement our organic growth through further acquisitions and our increased bank facility we put in place during the period will help to finance this activity.

## Financial Performance

### Revenue

Overall revenues from our operations grew 16% to £36.4m (H1 2015: £31.5m).

Our Hosting segment grew revenues by 21% to £31.5m (H1 2015: £26.1m). The increase has been reasonably evenly split between acquisitions and organic growth. Organic growth in the period was 10% added to which were contributions for the full six month period from the acquisition of ServerSpace in December 2014 and from SystemsUp since June 2015.

The Easyspace segment revenues at £4.9m (H1 2015: £5.5m) showed a 9.5% reduction, most of which was expected and is partly due to the cyclical nature of the business. We did expect to have generated more new sales from our activity with Microsoft and Office 365 and whilst we still believe this is a good opportunity it is not producing revenue as quickly as predicted. The division remains a valuable profit and cash generator for the Group, with a strong customer base benefiting from below market average customer churn.

### Gross Margin

The gross profit in the period, which is calculated by deducting from revenue variable cost of sales such as domain costs, power and sales commission and the relatively fixed costs of operating our datacentres, increased by 15% to £24.7m (H1 2015: £21.4m). This substantial increase in gross profit was a direct result of the contribution from the additional revenue generated over the period, including the impact of acquisitions. In percentage terms the gross margin was maintained at 67.7% (H1 2015: 67.9%) with a modest adverse variance from the sales mix in Hosting being offset by the fixed nature of some of our cost of sales and the favourable impact of acquisitions.

### Adjusted EBITDA

The Group's adjusted EBITDA grew by 11% to £15.5m (H1 2015: £14.0m) reflecting a significantly improved performance. In percentage terms the adjusted EBITDA margin reduced to 42.6% (H1 2015: 44.5%) with the reduction arising in the Hosting segment.

Hosting improved its adjusted EBITDA by 14% to £15.0m (H1 2015: £13.2m). The continued improvement in adjusted EBITDA is largely due to the additional gross margin contribution arising from our organic sales growth and the contribution from the acquisitions of ServerSpace and SystemsUp. In percentage terms the margin reduced to 47.8% (H1 2015: 50.7%). Around half of the margin reduction came from the impact of the acquisitions both of which modestly adversely affected the percentage adjusted EBITDA margin and in addition sales mix, additional headcount, including senior headcount, and marketing expenditure also had individually minor adverse percentage margin impacts.

The adjusted EBITDA of Easyspace fell to £2.22m (H1 2015: £2.43m) as a direct result of lower revenues whilst its percentage margin was slightly higher at 44.9% (H1 2015: 44.6%) as we continue to control costs in this area.

Group overheads, which are not allocated to segments, include the cost of the Board, all the running costs of the headquarters in Glasgow, and Group led functions such as human resources, marketing, finance and design. Group overheads of £1.7m have increased modestly in the period (H1 2015: £1.6m).

### Adjusted profit before tax

Depreciation charges of £5.6m (H1 2015: £4.9m) have increased substantially as we continue to invest in our datacentre estate, purchase equipment to provide services to our new and existing customers, as a consequence of depreciation charges in the operations we acquired in previous periods and the cloud infrastructure and backup assets we acquired in the USA in a previous period. The charge for the amortisation of intangible assets, excluding amortisation of intangible assets resulting from acquisitions ("amortisation of acquired intangible assets") has increased to £0.6m (H1 2015: £0.5m) as a result of charges for backup software licenses and the additional development activity within the enlarged Group.

Net finance costs, excluding the mark to market adjustment on interest swaps on the Company's loans and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the current period, were £0.6m (H1 2015: £0.7m).

After deducting the charges for depreciation, amortisation, excluding the amortisation of acquired intangible assets, and finance costs, excluding the accelerated write off of arrangement fees and the mark to market adjustment on interest rate swaps, from adjusted EBITDA the adjusted profits for the period before tax increased by 8% to £8.7m (H1 2015: £8.0m).

The adjusted profit before tax margin for the period was 23.8% (H1 2015: 25.5%). The reduction in percentage margin is largely due to the reduction in the adjusted EBITDA margin over the period of 1.9%. The acquisition of SystemsUp had a favourable impact on the adjusted profit before tax percentage margin as there is almost no depreciation charges in that operation. ServerSpace had no impact on the adjusted profit before tax percentage margin.

### Profit before tax

The measure of adjusted profit before tax is a non-statutory measure which is commonly used to analyse the performance of companies where M&A activity forms a significant part of their activities.

A reconciliation of adjusted profit before tax to reported profit before tax is shown below:

	6 months to 30/09/2015	6 months to 30/09/2014	Year to 31/03/2015
<b>Reconciliation of adjusted profit before tax to profit before tax</b>			
Adjusted profit before tax	8,677	8,033	16,613
Share based payments	(338)	(365)	(809)
Amortisation of acquired intangible assets	(2,417)	(2,068)	(4,368)
Acquisition costs	(129)	(67)	(526)
Accelerated write off of arrangement fees on restructuring of facility	(177)	-	-
Mark to market adjustment on interest rate swaps	67	(30)	(125)
<b>Profit before tax</b>	<b>5,683</b>	<b>5,503</b>	<b>10,785</b>

The adjusting items are: share based payment charges in the period which decreased slightly to £0.3m (H1 2015: £0.4m) as a result of the charges for share options issued in previous years coming to an end; costs of £0.1m (H1 2015: £0.1m) as a result of acquisitions; charges for the amortisation of acquired intangible assets of £2.4m (H1 2015: £2.1m) which have increased substantially as a result of the full period effect of acquisitions made in previous periods and the acquisition made in the current period; finance charges of £0.2m (H1 2015: £nil) due to the accelerated release of arrangement fees on the bank borrowing facility which was restructured during the period and a finance cost credit of £0.07m (H1 2015: £0.03m charge) in respect of mark to market adjustments relating to interest rate swaps on the Company's loans.

During the period we restructured our bank borrowing facility. This restructuring comprised of an increase in the level of the facility from £35m to £60m, together with an arrangement fee of £250,000 on the increased size of the facility and a reduction in margin on the facility from 2% to 1.7%. In addition the length of the original facility was extended through to June 2019. This constituted an extinguishing of the previous facility and in accordance with IAS 39 the remaining arrangement fee on the previous facility has been written off in full during the period.

After deducting the charges for share based payments, the amortisation of acquired intangible assets, acquisition costs, the mark to market adjustment on interest rate swaps and the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the period from the adjusted profit before tax, the reported profit before tax increased by 3% to £5.7m (H1 2015: £5.5m).

In percentage terms the profit before tax margin was 15.6% (H1 2015: 17.5%) with the reduction due to the same reasons as the adjusted profit before tax margin together with the adverse impact of the accelerated write off of arrangement fees on the bank borrowing facility which was restructured during the period.

### Profit for the period from total operations

There is a tax charge in the period of £0.8m (H1 2015: £1.0m), which comprises a current taxation charge of £1.7m (H1 2015: £1.4m), and a deferred taxation credit of £0.9m (H1 2015: £0.4m). The tax charge for the period has been reduced by the favourable impact on deferred tax of the increase in the Company's share price which in turn has increased the tax deduction that would be available when the outstanding share options are exercised. This results in a profit for the period from total operations of £4.9m (H1 2015: £4.5m) an increase of 7%.

### Earnings per share

Adjusted diluted earnings per share, which is based on profit for the period attributed to ordinary shareholders before share based payment charges, amortisation of acquired intangible assets, the accelerated write off of arrangement fees on the restructuring of the bank facility in the period, the mark to market adjustment on interest rate swaps and acquisition costs and the tax effect of these items, was 6.75p (H1 2015: 6.09p) an increase of 11%.

The measure of adjusted earnings per share as described above is a non-statutory measure which is commonly used to analyse the performance of companies where M&A activity forms a significant part of their activities.

Basic earnings per share from continuing operations was 4.57p (H1 2015: 4.25p) an increase of 8%.

The calculation of both adjusted diluted earnings per share and basic earnings per share is included at note 3.

#### Cash flow

The Group generated cash from operations in the period of £13.6m (H1 2015: £13.5m), which is 88% of our adjusted EBITDA (H1 2015: 96%). Expenditure on taxation in the period was £1.8m (H1 2015: £1.3m) resulting in net cash flow from operating activities in the period of £11.8m (H1 2015: £12.2m).

Expenditure on investing activities of £16.3m (H1 2015: £8.3m) was incurred in the period. £6.6m (H1 2015: £6.5m), net of related finance lease drawdown and trade creditors, was incurred on the acquisition of property, plant and equipment principally to provide services to our customers. We made purchases of intangible assets of £0.4m (H1 2015: £0.1m) in the period. In respect of M&A activity £nil (H1 2015: £1.3m) was paid out for contingent consideration due on acquisitions made in previous periods and £8.7m (H1 2015: £nil) was incurred on the acquisition of SystemsUp in the period as described above net of cash acquired of £1.1m. We also incurred £0.6m (H1 2015: £0.5m) in respect of the capitalisation of development costs during the period.

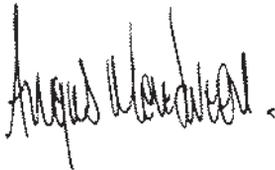
There was net cash generated from financing activities of £4.0m (H1 2015: £8.1m cash spent). From our bank facility we drew down £9.0m (H1 2015: £13.5m) to fund the acquisition of SystemsUp and in the previous period we repaid the outstanding amount of £13.5m on our term loan facility in full and in addition we made other repayments in the period of £1.0m (2015: £5.0m, £1.5m against our term loan facility and £3.5m against our revolving credit facility) resulting in total bank loan repayments in the period of £1.0m (H1 2015: £18.5m). We repaid £0.6m (H1 2015: £0.6m) of finance leases and incurred £0.8m (H1 2015: £0.7m) of finance charges. We also made a dividend payment of £2.7m (H1 2015: £1.9m). As a result cash and cash equivalent balances at the end of the period were £7.9m (H1 2015: £8.8m).

#### Net Cash/Debt

The net debt position of the Group at the end of the period was £23.2m (H1 2015: £18.9m). This represents a multiple of less than one times our annual adjusted EBITDA which we believe is a comfortable level of debt to carry.

#### Current trading and outlook

The cloud market landscape that we occupy continues to evolve and with that, the long term recurring revenue opportunities for iomart. We are well established as a major player in providing the flexible cloud solutions that businesses require, whether that be the private cloud, public or hybrid cloud spheres, and we are investing in expanding our teams of highly skilled staff to help our customers navigate and deploy a wider choice of solutions. We believe we are well positioned in the market and remain confident in the Group's growth prospects.



Angus MacSween  
CEO  
1 December 2015



*"We deliver business critical solutions to important markets and having the weight of a respected PLC like iomart which has an impressive array of accreditations is an important part of the package we offer when we tender for new work."*

Ken Willcox, Head of Cloud Services, Bridgeall

Bridgeall creates the software that administers the water and wastewater retail market in Scotland.

	Unaudited 6 months to 30/09/2015 £'000	Unaudited 6 months to 30/09/2014 £'000	Audited Year to 31/03/2015 £'000
Revenue	36,431	31,527	65,797
Cost of sales	(11,755)	(10,108)	(21,477)
<b>Gross profit</b>	<b>24,676</b>	<b>21,419</b>	<b>44,320</b>
Administrative expenses	(18,217)	(15,250)	(32,121)
<b>Operating profit</b>	<b>6,459</b>	<b>6,169</b>	<b>12,199</b>
<b>Analysed as:</b>			
Earnings before interest, tax, depreciation, amortisation, acquisition costs and share based payments	15,520	14,026	29,053
Share based payments	(338)	(365)	(809)
Acquisition costs	4 (129)	(67)	(526)
Depreciation	(5,570)	(4,872)	(10,142)
Amortisation – acquired intangible assets	(2,417)	(2,068)	(4,368)
Amortisation – other intangible assets	(607)	(485)	(1,009)
Finance income	10	21	45
Finance costs	5 (786)	(687)	(1,459)
<b>Profit before taxation</b>	<b>5,683</b>	<b>5,503</b>	<b>10,785</b>
Taxation	6 (803)	(964)	(1,890)
<b>Profit for the period from total operations</b>	<b>4,880</b>	<b>4,539</b>	<b>8,895</b>
<b>Other comprehensive income</b>			
Currency translation differences	1	(11)	(49)
<b>Other comprehensive income/(expense) for the period</b>	<b>1</b>	<b>(11)</b>	<b>(49)</b>
<b>Total comprehensive income for the period</b>	<b>4,881</b>	<b>4,528</b>	<b>8,846</b>
<b>Attributable to equity holders of the parent</b>	<b>4,881</b>	<b>4,528</b>	<b>8,846</b>
<b>Basic and diluted earnings per share</b>			
<i>Total operations</i>			
Basic earnings per share	3 4.57 p	4.25 p	8.34 p
Diluted earnings per share	3 4.52 p	4.22 p	8.24 p

		Unaudited 30/09/2015 £'000	Unaudited 30/09/2014 £'000	Audited 31/03/2015 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets – goodwill	7	55,050	44,879	47,342
Intangible assets – other	7	19,366	18,272	19,041
Lease deposit		2,416	2,416	2,416
Property, plant and equipment	8	34,831	34,191	34,846
		<b>111,663</b>	<b>99,758</b>	<b>103,645</b>
<b>Current assets</b>				
Cash and cash equivalents		7,938	8,829	8,347
Trade and other receivables		13,123	8,260	11,389
		<b>21,061</b>	<b>17,089</b>	<b>19,736</b>
<b>Total assets</b>		<b>132,724</b>	<b>116,847</b>	<b>123,381</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current borrowings		(1,029)	(1,618)	(1,346)
Trade and other payables		(593)	-	(703)
Provisions for other liabilities and charges		(2,330)	(1,592)	(2,440)
Deferred tax liability		(1,521)	(2,029)	(2,087)
		<b>(5,473)</b>	<b>(5,239)</b>	<b>(6,576)</b>
<b>Current liabilities</b>				
Contingent consideration due on acquisitions	9	(2,655)	-	(1,650)
Trade and other payables		(17,445)	(15,651)	(18,680)
Current income tax liabilities		(1,645)	(1,975)	(1,401)
Current borrowings		(30,078)	(26,075)	(22,395)
		<b>(51,823)</b>	<b>(43,701)</b>	<b>(44,126)</b>
<b>Total liabilities</b>		<b>(57,296)</b>	<b>(48,940)</b>	<b>(50,702)</b>
<b>Net assets</b>		<b>75,428</b>	<b>67,907</b>	<b>72,679</b>
<b>EQUITY</b>				
Share capital		1,078	1,078	1,078
Own shares		(514)	(549)	(538)
Capital redemption reserve		1,200	1,200	1,200
Share premium		21,067	21,067	21,067
Merger reserve		4,983	4,983	4,983
Foreign currency translation reserve		(46)	(9)	(47)
Retained earnings		47,660	40,137	44,936
<b>Total equity</b>		<b>75,428</b>	<b>67,907</b>	<b>72,679</b>

	Unaudited 6 months to 30/09/2015 £'000	Unaudited 6 months to 30/09/2014 £'000	Audited Year to 31/03/2015 £'000
<b>Profit before tax</b>	<b>5,683</b>	<b>5,503</b>	<b>10,785</b>
Finance costs – net	776	666	1,414
Depreciation	5,570	4,872	10,142
Amortisation	3,024	2,553	5,377
Share based payments	338	365	809
Movement in trade receivables	(1,111)	(420)	(3,277)
Movement in trade payables	(634)	(7)	1,956
<b>Cash flow from operations</b>	<b>13,646</b>	<b>13,532</b>	<b>27,206</b>
Taxation paid	(1,826)	(1,288)	(3,212)
<b>Net cash flow from operating activities</b>	<b>11,820</b>	<b>12,244</b>	<b>23,994</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(6,643)	(6,538)	(10,683)
Capitalisation of development costs	(577)	(480)	(1,041)
Purchase of intangible assets	(406)	(55)	(367)
Payment for acquisition of subsidiary undertakings net of cash acquired	(8,651)	-	(2,445)
Contingent consideration paid on prior period acquisitions	-	(1,271)	(1,271)
Finance income received	10	21	33
<b>Net cash used in investing activities</b>	<b>(16,267)</b>	<b>(8,323)</b>	<b>(15,774)</b>
<b>Cash flow from financing activities</b>			
Issue of shares	54	13	13
Draw down of bank loans	9,000	13,500	13,500
Repayment of finance leases	(577)	(580)	(1,245)
Repayment of bank loans	(1,000)	(18,500)	(22,000)
Finance costs paid	(771)	(683)	(1,299)
Dividends paid	(2,668)	(1,867)	(1,867)
<b>Net cash generated from/(used in) financing activities</b>	<b>4,038</b>	<b>(8,117)</b>	<b>(12,898)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(409)</b>	<b>(4,196)</b>	<b>(4,678)</b>
Cash and cash equivalents at the beginning of the period	8,347	13,025	13,025
<b>Cash and cash equivalents at the end of the period</b>	<b>7,938</b>	<b>8,829</b>	<b>8,347</b>

Changes in equity	Share capital £'000	Own shares EBT £'000	Own shares Treasury £'000	Foreign currency translation reserve £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2014</b>	1,078	(70)	(486)	2	1,200	21,067	4,983	37,113	64,887
Profit in the period	-	-	-	-	-	-	-	4,539	4,539
Currency translation differences	-	-	-	(11)	-	-	-	-	(11)
<b>Total comprehensive income</b>	-	-	-	(11)	-	-	-	4,539	4,528
Dividends	-	-	-	-	-	-	-	(1,867)	(1,867)
Share based payments	-	-	-	-	-	-	-	365	365
Deferred tax on share based payments	-	-	-	-	-	-	-	(19)	(19)
Issue of own shares for option redemption	-	-	7	-	-	-	-	6	13
<b>Total transactions with owners</b>	-	-	7	-	-	-	-	(1,515)	(1,508)
<b>Balance at 30 September 2014</b>	1,078	(70)	(479)	(9)	1,200	21,067	4,983	40,137	67,907
Profit in the period	-	-	-	-	-	-	-	4,356	4,356
Currency translation differences	-	-	-	(38)	-	-	-	-	(38)
<b>Total comprehensive income</b>	-	-	-	(38)	-	-	-	4,356	4,318
Share based payments	-	-	-	-	-	-	-	444	444
Issue of own shares for option redemption	-	-	11	-	-	-	-	(1)	10
<b>Total transactions with owners</b>	-	-	11	-	-	-	-	443	454
<b>Balance at 31 March 2015</b>	1,078	(70)	(468)	(47)	1,200	21,067	4,983	44,936	72,679
Profit in the period	-	-	-	-	-	-	-	4,880	4,880
Currency translation differences	-	-	-	1	-	-	-	-	1
<b>Total comprehensive income</b>	-	-	-	1	-	-	-	4,880	4,881
Dividends	-	-	-	-	-	-	-	(2,668)	(2,668)
Share based payments	-	-	-	-	-	-	-	338	338
Deferred tax on share based payments	-	-	-	-	-	-	-	144	144
Issue of own shares for option redemption	-	-	24	-	-	-	-	30	54
<b>Total transactions with owners</b>	-	-	24	-	-	-	-	(2,156)	(2,132)
<b>Balance at 30 September 2015</b>	1,078	(70)	(444)	(46)	1,200	21,067	4,983	47,660	75,428

## 1. Accounting policies

The financial information for the year ended 31 March 2015 set out in this half yearly report does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The figures for the year ended 31 March 2015 have been extracted from the Group financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included an independent auditor's report, which was unqualified and did not contain a statement under section 493 of the Companies Act 2006.

The half yearly financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 March 2016. This will include the adoption of an accounting policy relating to consulting services revenue which is a new revenue stream arising from the acquisition of SystemsUp. Consulting services are generally provided on a "time and materials" basis and therefore revenue is recognised as services are rendered. The Group financial statements for the year ended 31 March 2015 were prepared under International Financial Reporting Standards as adopted by the European Union. These half yearly financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 31 March 2015. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

## 2. Operating segments

### Revenue by Operating Segment

	6 months to 30/09/2015			6 months to 30/09/2014			Year to 31/03/2015		
	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000
Easyspace	4,936	-	4,936	5,455	-	5,455	10,782	-	10,782
Hosting	31,495	481	31,976	26,072	476	26,548	55,015	950	55,965
	<b>36,431</b>	<b>481</b>	<b>36,912</b>	<b>31,527</b>	<b>476</b>	<b>32,003</b>	<b>65,797</b>	<b>950</b>	<b>66,747</b>

### Geographical Information

In presenting the consolidated information on a geographical basis, revenue is based on the geographical location of customers. The United Kingdom is the place of domicile of the parent company, iomart Group plc. No individual country other than the United Kingdom contributes a material amount of revenue therefore revenue from outside the United Kingdom has been shown as from Rest of the World.

### Analysis of Revenue by Destination

	6 months to 30/09/2015 £'000	6 months to 30/09/2014 £'000	Year to 31/03/2015 £'000
United Kingdom	30,072	26,029	54,253
Rest of the World	6,359	5,498	11,544
<b>Revenue from operations</b>	<b>36,431</b>	<b>31,527</b>	<b>65,797</b>

2. Operating segments (continued)  
Profit by Operating Segment

	6 months to 30/09/2015		6 months to 30/09/2014		Year to 31/03/2015	
	EBITDA before share based payments & acquisition costs	Share based payments, acquisition costs, depreciation & amortisation	Operating profit/ (loss)	EBITDA before share based payments & acquisition costs	Share based payments, acquisition costs, depreciation & amortisation	Operating profit/ (loss)
	£'000	£'000	£'000	£'000	£'000	£'000
Easyspace	2,215	(198)	2,017	2,432	4,905	4,489
Hosting	15,041	(8,396)	6,645	13,208	27,481	12,378
Group overheads	(1,736)	-	(1,736)	(1,614)	(3,333)	(3,333)
Share based payments	-	(338)	(338)	-	-	(526)
Acquisition costs	-	(129)	(129)	-	-	(809)
Group interest and tax	15,520	(9,061)	6,459	14,026	29,053	12,199
<b>Profit for the period</b>	<b>15,520</b>	<b>(9,061)</b>	<b>4,880</b>	<b>14,026</b>	<b>29,053</b>	<b>(3,304)</b>
						<b>8,895</b>

Group overheads, share based payments, acquisition costs, interest and tax are not allocated to segments.

### 3. Earnings per share

The calculations of earnings per share are based on the following results and numbers:

	6 months to 30/09/2015	6 months to 30/09/2014	Year to 31/03/2015
<b>Total Operations</b>			
	£'000	£'000	£'000
Profit for the financial period and basic earnings attributed to ordinary shareholders	4,880	4,539	8,895
	No	No	No
Weighted average number of ordinary shares:	000	000	000
Called up, allotted and fully paid at start of period	107,803	107,803	107,803
Own shares held in Treasury	(932)	(973)	(971)
Shares held by Employee Benefit Trust	(141)	(141)	(141)
Weighted average number of ordinary shares – basic	106,730	106,689	106,691
Dilutive impact of share options	1,245	980	1,236
Weighted average number of ordinary shares – diluted	107,975	107,669	107,927
Basic earnings per share	4.57 p	4.25 p	8.34 p
Diluted earnings per share	4.52 p	4.22 p	8.24 p

	6 months to 30/09/2015	6 months to 30/09/2014	Year to 31/03/2015
<b>Adjusted earnings per share</b>			
	£'000	£'000	£'000
Profit for the financial period and basic earnings attributed to ordinary shareholders	4,880	4,539	8,895
- Amortisation of acquired intangible assets	2,417	2,068	4,368
- Acquisition costs	129	67	526
- Share based payments	338	365	809
- Mark to market interest adjustment	(67)	30	125
- Accelerated finance cost due to refinancing	177	-	-
- Tax impact of adjusted items	(590)	(511)	(1,093)
Adjusted profit for the financial period and adjusted basic earnings attributed to ordinary shareholders	7,284	6,558	13,630
Adjusted basic earnings per share	6.82 p	6.15 p	12.77 p
Adjusted diluted earnings per share	6.75 p	6.09 p	12.63 p

**4. Acquisition costs**

	6 months to 30/09/2015 £'000	6 months to 30/09/2014 £'000	Year to 31/03/2015 £'000
Professional fees	113	67	150
Non-recurring integration costs	16	-	376
<b>Total acquisition costs for the period</b>	<b>129</b>	<b>67</b>	<b>526</b>

During the period costs of £113,000 (H1 2015: £67,000) were incurred in respect of professional fees on acquisitions. In addition to these professional fees, one-off costs of £16,000 (H1 2015: £nil) directly related to the integration of acquisitions into the Group were also incurred.

**5. Finance costs**

	6 months to 30/09/2015 £'000	6 months to 30/09/2014 £'000	Year to 31/03/2015 £'000
Bank loans	(505)	(467)	(965)
Finance leases	(135)	(116)	(318)
Other interest charges	(36)	(74)	(51)
Mark to market adjustment on interest rate swaps	67	(30)	(125)
Accelerated write off of arrangement fees on restructuring of facility	(177)	-	-
<b>Finance costs for the period</b>	<b>(786)</b>	<b>(687)</b>	<b>(1,459)</b>

**6. Taxation**

	6 months to 30/09/2015 £'000	6 months to 30/09/2014 £'000	Year to 31/03/2015 £'000
Tax charge for the period	(1,720)	(1,395)	(2,782)
Adjustment relating to prior periods	(12)	-	36
Total current taxation	(1,732)	(1,395)	(2,746)
Origination and reversal of temporary differences	933	431	871
Effect of different statutory tax rates of overseas jurisdictions	(4)	-	14
Effect of changes in tax rates	-	-	(29)
Total deferred taxation credit	929	431	856
<b>Taxation charge for the period</b>	<b>(803)</b>	<b>(964)</b>	<b>(1,890)</b>

The Group has unused tax losses of £0.5m (H1 2015: £2.1m) available for offset against future profits. A deferred tax asset has been recognised in respect of all £0.5m (H1 2015: £2.1m) of these tax losses as they are expected to be used up by taxable profits by the end of the period covered by future projections.

## 7. Intangible assets

	Goodwill	Development costs	Customer relationships	Software	Beneficial contracts	Domain names & IP addresses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost:</b>							
At 1 April 2014	44,879	2,668	22,979	1,657	86	280	72,549
Additions in the period	-	-	598	237	-	-	835
Currency translation differences	-	-	18	5	-	-	23
Development costs capitalised	-	480	-	-	-	-	480
<b>At 30 September 2014</b>	<b>44,879</b>	<b>3,148</b>	<b>23,595</b>	<b>1,899</b>	<b>86</b>	<b>280</b>	<b>73,887</b>
Additions in the period	2,463	-	-	198	-	-	2,661
Currency translation differences	-	-	58	17	-	-	75
Acquired on acquisition of subsidiary	-	-	2,778	-	-	-	2,778
Development costs capitalised	-	561	-	-	-	-	561
<b>At 31 March 2015</b>	<b>47,342</b>	<b>3,709</b>	<b>26,431</b>	<b>2,114</b>	<b>86</b>	<b>280</b>	<b>79,962</b>
Additions in the period	7,708	-	-	264	-	-	7,972
Currency translation differences	-	-	(12)	(2)	-	-	(14)
Acquired on acquisition of subsidiary	-	-	2,516	-	-	-	2,516
Development costs capitalised	-	577	-	-	-	-	577
<b>At 30 September 2015</b>	<b>55,050</b>	<b>4,286</b>	<b>28,935</b>	<b>2,376</b>	<b>86</b>	<b>280</b>	<b>91,013</b>
<b>Accumulated amortisation:</b>							
At 1 April 2014	-	(1,869)	(5,564)	(675)	(12)	(62)	(8,182)
Currency translation differences	-	-	(1)	-	-	-	(1)
Charge for the period	-	(300)	(2,065)	(158)	(3)	(27)	(2,553)
<b>At 30 September 2014</b>	<b>-</b>	<b>(2,169)</b>	<b>(7,630)</b>	<b>(833)</b>	<b>(15)</b>	<b>(89)</b>	<b>(10,736)</b>
Currency translation differences	-	-	(19)	-	-	-	(19)
Charge for the period	-	(327)	(2,296)	(170)	(4)	(27)	(2,824)
<b>At 31 March 2015</b>	<b>-</b>	<b>(2,496)</b>	<b>(9,945)</b>	<b>(1,003)</b>	<b>(19)</b>	<b>(116)</b>	<b>(13,579)</b>
Currency translation differences	-	-	5	1	-	-	6
Charge for the period	-	(384)	(2,413)	(195)	(4)	(28)	(3,024)
<b>At 30 September 2015</b>	<b>-</b>	<b>(2,880)</b>	<b>(12,353)</b>	<b>(1,197)</b>	<b>(23)</b>	<b>(144)</b>	<b>(16,597)</b>
<b>Carrying amount:</b>							
<b>At 30 September 2015</b>	<b>55,050</b>	<b>1,406</b>	<b>16,582</b>	<b>1,179</b>	<b>63</b>	<b>136</b>	<b>74,416</b>
<b>At 31 March 2015</b>	<b>47,342</b>	<b>1,213</b>	<b>16,486</b>	<b>1,111</b>	<b>67</b>	<b>164</b>	<b>66,383</b>
<b>At 30 September 2014</b>	<b>44,879</b>	<b>979</b>	<b>15,965</b>	<b>1,066</b>	<b>71</b>	<b>191</b>	<b>63,151</b>

## 8. Property, plant and equipment

	Freehold property £'000	Leasehold improve- ments £'000	Datacentre equipment £'000	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost:</b>							
At 1 April 2014	2,062	6,732	16,845	28,067	1,559	48	55,313
Additions in the period	-	700	246	5,230	333	-	6,509
Disposals in the period	-	-	-	(36)	-	-	(36)
Currency translation differences	-	-	-	21	-	-	21
<b>At 30 September 2014</b>	<b>2,062</b>	<b>7,432</b>	<b>17,091</b>	<b>33,282</b>	<b>1,892</b>	<b>48</b>	<b>61,807</b>
Additions in the period	-	430	255	4,475	249	-	5,409
Acquisition of subsidiary	-	16	-	434	3	-	453
Disposals in the period	-	-	-	(286)	-	-	(286)
Reclassification	-	(1,021)	1,021	-	-	-	-
Currency translation differences	-	-	-	73	-	-	73
<b>At 31 March 2015</b>	<b>2,062</b>	<b>6,857</b>	<b>18,367</b>	<b>37,978</b>	<b>2,144</b>	<b>48</b>	<b>67,456</b>
Additions in the period	-	227	444	4,773	98	-	5,542
Acquisition of subsidiary	-	-	-	9	-	20	29
Disposals in the period	-	-	-	(15)	-	-	(15)
Currency translation differences	-	-	-	(18)	-	-	(18)
<b>At 30 September 2015</b>	<b>2,062</b>	<b>7,084</b>	<b>18,811</b>	<b>42,727</b>	<b>2,242</b>	<b>68</b>	<b>72,994</b>
<b>Accumulated depreciation:</b>							
At 1 April 2014	(116)	(1,418)	(4,784)	(15,583)	(843)	(36)	(22,780)
Charge for the period	(25)	(279)	(613)	(3,838)	(114)	(3)	(4,872)
Disposals in the period	-	-	-	36	-	-	36
<b>At 30 September 2014</b>	<b>(141)</b>	<b>(1,697)</b>	<b>(5,397)</b>	<b>(19,385)</b>	<b>(957)</b>	<b>(39)</b>	<b>(27,616)</b>
Charge for the period	(9)	(161)	(856)	(4,087)	(155)	(2)	(5,270)
Disposals in the period	-	-	-	286	-	-	286
Currency translation differences	-	-	-	(10)	-	-	(10)
<b>At 31 March 2015</b>	<b>(150)</b>	<b>(1,858)</b>	<b>(6,253)</b>	<b>(23,196)</b>	<b>(1,112)</b>	<b>(41)</b>	<b>(32,610)</b>
Charge for the period	(20)	(256)	(769)	(4,379)	(139)	(7)	(5,570)
Disposals in the period	-	-	-	15	-	-	15
Currency translation differences	-	-	-	2	-	-	2
<b>At 30 September 2015</b>	<b>(170)</b>	<b>(2,114)</b>	<b>(7,022)</b>	<b>(27,558)</b>	<b>(1,251)</b>	<b>(48)</b>	<b>(38,163)</b>
<b>Carrying amount:</b>							
<b>At 30 September 2015</b>	<b>1,892</b>	<b>4,970</b>	<b>11,789</b>	<b>15,169</b>	<b>991</b>	<b>20</b>	<b>34,831</b>
At 31 March 2015	1,912	4,999	12,114	14,782	1,032	7	34,846
At 30 September 2014	1,921	5,735	11,694	13,897	935	9	34,191

## 9. Contingent consideration due on acquisitions

	30/09/2015 £'000	30/09/2014 £'000	31/03/2015 £'000
Contingent consideration due on acquisitions			
- ServerSpace Limited	(1,650)	-	(1,650)
-Systems Up Limited	(1,005)	-	-
<b>Total contingent consideration due on acquisitions</b>	<b>(2,655)</b>	<b>-</b>	<b>(1,650)</b>

## 10. Analysis of change in net cash/(debt)

	Cash and cash equivalents £'000	Bank loans £'000	Finance leases and hire purchase £'000	Total £'000
At 1 April 2014	13,025	(30,026)	(2,818)	(19,819)
Repayment of bank loans	-	18,500	-	18,500
New bank loans	-	(13,500)	-	(13,500)
Impact of effective interest rate	-	101	-	101
Inception of finance leases	-	-	(530)	(530)
Cash flow	(4,196)	-	580	(3,616)
<b>At 30 September 2014</b>	<b>8,829</b>	<b>(24,925)</b>	<b>(2,768)</b>	<b>(18,864)</b>
Repayment of bank loans	-	3,500	-	3,500
Inception of finance leases	-	-	(110)	(110)
Impact of effective interest rate	-	(32)	-	(32)
Acquired on acquisition of subsidiary	155	-	(36)	119
Currency translation difference	-	-	(35)	(35)
Cash flow	(637)	-	665	28
<b>At 31 March 2015</b>	<b>8,347</b>	<b>(21,457)</b>	<b>(2,284)</b>	<b>(15,394)</b>
Repayment of bank loans	-	1,000	-	1,000
New bank loans	-	(9,000)	-	(9,000)
Impact of effective interest rate	-	46	-	46
Cash flow	(409)	-	587	178
<b>At 30 September 2015</b>	<b>7,938</b>	<b>(29,411)</b>	<b>(1,697)</b>	<b>(23,170)</b>

## 11. Acquisitions

### Systems Up Limited

The Group acquired 100% of the issued share capital of Systems Up Limited ("SystemsUp") on 5 June 2015.

SystemsUp is a London consultancy specialising in the delivery of IT transformation using Public Cloud. It boasts a range of expertise in the design and delivery of public cloud solutions and is a G-Cloud partner to Google, an authorised Government Partner to Amazon Web Services and a Microsoft Gold Partner. With the acquisition of SystemsUp, the Group has broadened its ability to engage at a strategic level and act as a trusted adviser on cloud strategy to organisations wanting to create the right blend of cloud services, both public and private, to fit their requirements. The acquisition is in line with the Group's strategy to grow its hosting operations both organically and by acquisition.

During the current period the Group incurred £113,000 of third party acquisition related costs in respect of this acquisition. These expenses are included in administrative expenses in the Group's consolidated statement of comprehensive income for the period ended 30 September 2015.

The following table summarises the consideration to acquire SystemsUp and the amounts of identified assets acquired and liabilities assumed at the acquisition date and are provisional:

	£'000
<b>Recognised amounts of net assets acquired and liabilities assumed (provisional):</b>	
Cash and cash equivalents	1,184
Trade and other receivables	645
Property, plant and equipment	29
Intangible assets	2,516
Trade and other payables	(400)
Current income tax liabilities	(339)
Deferred tax liability	(503)
Identifiable net assets	3,132
Goodwill	7,708
<b>Total consideration</b>	<b>10,840</b>
<b>Satisfied by:</b>	
Cash – paid on acquisition	9,500
Contingent consideration - payable	1,005
Deferred consideration - paid	335
<b>Total consideration to be transferred</b>	<b>10,840</b>

The acquisition of SystemsUp includes contingent consideration arrangements that are due in respect of revenues, on an adjusted basis, for the year to 31 March 2016. We estimate that the amount of contingent consideration that will be paid will be £1,005,000 and that payment will be made within 12 months of this reporting date. At the point of the acquisition a payment was made of £9,500,000 in cash, including an amount of £500,000 as an interim payment towards the settlement in respect of the additional debt assumed, cash acquired and normalised working capital position of SystemsUp at completion. A further £335,000 was paid in August 2015 to the vendors in respect of the final amount due for the additional debt assumed, cash acquired and normalised working capital position of SystemsUp at completion.

SystemsUp earned revenue of £1,511,000 and generated profits before tax of £527,000 in the period since acquisition.

### ServerSpace Limited

The fair values of acquired assets and liabilities, including goodwill, previously disclosed as provisional for ServerSpace Limited have been finalised in the current period with no changes to the fair values disclosed in the Annual Report and Accounts 2015.

## 12. Post balance sheet events

On 30 November 2015, the Group acquired the entire issued share capital of United Communications Limited on a no cash no debt, normalised working capital basis.

At completion, an initial payment of £7.5m in cash was made and in addition an amount of £2.0m in cash was paid as an interim settlement of the expected amount due in respect of the no debt, no cash, normalised working capital adjustment. The initial payment was funded by a draw down from the Group's revolving credit facility. A further two sums are contingent on the profitability of the business in the years ending April 2016 and April 2017. The maximum purchase price is £11.0m, excluding any sums due in respect of the no debt no cash, normalised working capital adjustment.

## 13. Availability of half yearly reports

Half yearly reports will be sent to all shareholders on 13 January 2016. Copies of the half yearly report will be available for collection from the offices of Peel Hunt LLP, 120 London Wall, London, EC2Y 5ET, for a period of one month from the date of despatch and in accordance with Rules 20 and 26 of the AIM Rules, available from the Company's website at [www.iomart.com](http://www.iomart.com).

## INDEPENDENT REVIEW REPORT TO IOMART GROUP PLC

### Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 September 2015 which comprises the consolidated interim statement of comprehensive income, the consolidated interim statement of financial position, the consolidated interim statement of cash flows, the consolidated interim statement of changes in equity and the related notes 1 to 13 set out on pages 11 to 23. We have read the other information contained in the half yearly financial report which comprises only the interim results announcement and the chief executive's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

### Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

### Our Responsibility

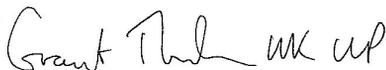
Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.



GRANT THORNTON UK LLP  
AUDITOR  
GLASGOW

1 December 2015



*"We get a fantastic service from iomart. We have a very good relationship and the support we get is second to none."*

Mike Harris, Group IT Manager, International Greetings.

International Greetings is one of the world's leading designers, manufacturers and distributors of greetings, stationary and published products. It holds the Royal Warrant to supply Tom Smith crackers to the British Royal family.



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