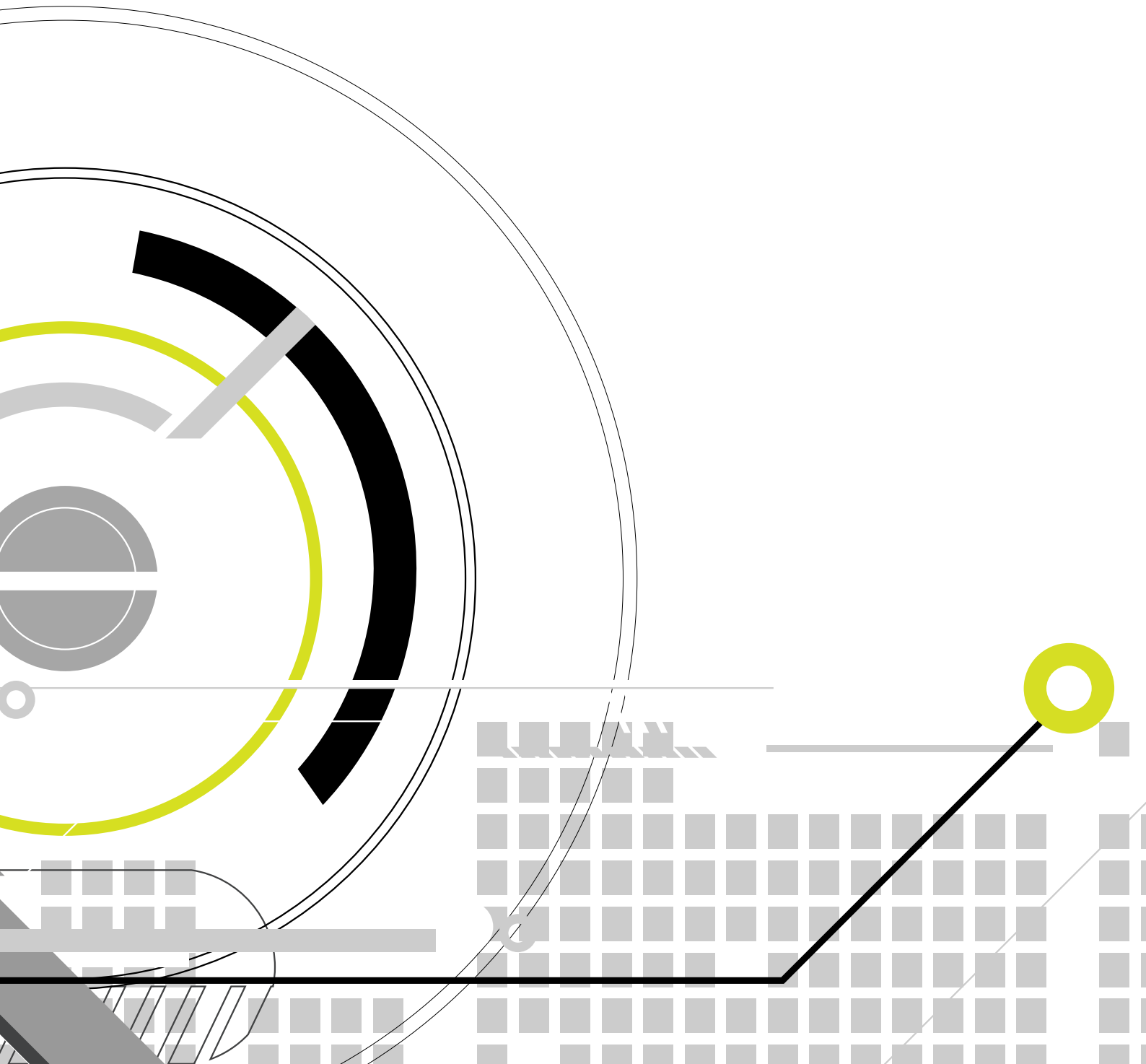


1Spatial plc Annual Report

For the year ended 31 January 2013



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Final Results for the year ended 31 January 2013

Financial highlights

- Revenue from operations increased to £12.1m (2012: £5.2m)
- 1Spatial division achieved revenues of £9.7m and Adjusted* EBITDA of £1.4m (2 months 2012: revenues of £1.5m and Adjusted* EBITDA of £0.3m)
- Avisen division generated revenues of £2.0m and Adjusted* EBITDA of £29k (2012: revenues of £3.3m and Adjusted* EBITDA of £0.3m)
- Storage Fusion division generated revenues of £0.4m and Adjusted* EBITDA of £8k (2012: revenues of £0.4m and Adjusted* EBITDA loss of £13k)
- Overall Adjusted* EBITDA loss of £0.5m (2012: £0.5m)
- Overall loss for the year of £4.4m following impairment of goodwill and intangible assets of £3.5m (2012: loss of £1.4m)
- Cash and cash equivalents** balance at 31 January 2013 of £3.2m (2012: £2.7m)

*Adjusted for strategic, integration and other one-off items

** As defined as cash, cash equivalents and short term investments and other financial assets see note 13

Operational highlights

- Restructuring of the 1Spatial Business to enable execution of new growth strategy
- Rebranding of 1Spatial Business to raise market visibility as a leading global provider of spatial Big Data management
- Focus on product development for National Mapping Agencies (NMA's) within 1Spatial Business
- Product realignment and development to scale product offerings across cloud and on-premise within the 1Spatial Business
- Global Launch of 1Edit, a powerful spatial data editing solution with innovative touch screen and desktop compatible for Data Capture & Edit in the field or office.
- Won a strategically important contract with US Census to provide software and related services
- Won a significant contract with Ordnance Survey Ireland (OSi), the first customer of our new geospatial management suite "1SMS"

Post Period-End Highlights

- On 24 May 2013 1Spatial announced the placing of new Shares, raising approximately £17m of cash for the Group (after commission and expenses) to fund:
 - acquisition of 90% of Star-Apic, a leading European provider of Geographic Information Systems ("GIS") software and solutions;
 - additional working capital for the enlarged Group;
 - a sales and support centre in the Middle East; and
 - product development, marketing and further potential acquisition opportunities.
- Placing Shares admitted to trading on 13 June 2013.
- David Richards appointed as Deputy Non-Executive Chairman
- On 14 May 2013, launched new 1EDIT software at Rotterdam Geo Spatial conference

Commenting on the results CEO, Marcus Hanke, said: *"1Spatial is entering an exciting growth phase following a successful Placing to raise funds for a highly complementary acquisition as well as the future strategic development and expansion of the business."*

It is the Board's view that the Company is well placed to capitalise on opportunities in the spatial Big Data market with a strong team in place and an exceptional product offering. The Company has an impressive

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and growing customer base and a healthy pipeline of opportunities including National Mapping Agencies and blue-chip companies.

The addition of Star-Apic gives increased scale to the business as well as future growth opportunities with management working over the next six months to integrate the two businesses.

The Board is encouraged by the progress made during the start of the current financial year and looks forward to the future with confidence.”

Chairman's Statement

1Spatial is a software and solutions provider to national mapping and charting agencies, utilities companies and defence and government departments globally. Our technologies allow customers to make key business decisions by capturing, managing, processing and analysing spatial data – in a way that traditional technologies do not allow. With over 40 years of continual innovation and development, our products make the huge data they manage scalable, flexible and highly accurate.

The common focus for all companies within the Group going forward is to provide end users of data with both assurance over its quality and insight into its significance. This is part of the 'Big Data' concept. Big Data is a term applied to data sets whose size is beyond the ability of commonly used software tools to capture, manage, and process. Big data has increased the demand for information management specialists and software firms specialising only in data management and analytics; this industry is valued at several billion dollars globally and continues to grow significantly each year.

The year ended 31 January 2013 has been a year of achieving focus and clarity around the strategic direction of the business. This was further supported post year-end by a share placing raising approximately £17m (after expenses) to support the Group's future strategy and growth plans including potential acquisitions, geographic expansion, product development and potential future acquisitions. In particular, it has enabled the group to acquire 90% of Star-Apic for £5.2m (excluding direct costs of acquisition) a leading European provider of Geographic Information Systems ("GIS") software and solutions, specialising in land and infrastructure management. The Directors believe that Star-Apic is an important and highly complementary bolt-on acquisition, significantly enhancing 1Spatial's capability in the rapidly growing spatial Big Data market, and leveraging the opportunity for 1Spatial Products into the Star-Apic customer base.

In addition, post year-end, David Richards, CEO of WANdisco plc, joined the Board as Deputy Non-Executive Chairman, bringing over 15 years' experience in the Software industry to the Group. David's knowledge of the US market which is identified as a key market for growth for the 1Spatial business, is of particular importance. I welcome him to the Board during this exciting period of growth for 1Spatial. I reported in my half year statement that the company made excellent progress during the period, particularly with respect to the 1Spatial division. This success continued in the second half of the year, namely with the award of two strategically important contracts for US Census and Ordnance Survey Ireland (OSi). These contracts demonstrate the pedigree of the spatial Big Data product suite we offer, allowing these organisations to capture, process and query huge amounts of spatial data, which must be highly accurately in near real-time.

For OSi, 1Spatial will provide an 'end to end' National Mapping Solution. OSi will be 1Spatial's flagship first customer for the new 1Spatial Management Suite (1SMS) which will be launched in August 2013.

We are very excited about our next generation products in the 1SMS. Our continued investment in development has enabled us to bring to the market products that provide an innovative approach to the way organisations manage, process and analyse spatial data, and we believe it's a step change from what traditional technologies currently allow. In May we launched 1Edit, a revolutionary, touch screen compatible solution for fast and intuitive data-editing in the field or office, and we have received significant interest in 1Edit from both customers and prospects alike.

Our contract with the US Census further strengthens the long standing engagement we have with Census to provide automated process to bring together geospatial data from various sources. With the large, complex, mission critical and growing spatial data that Census holds we are regarded as a strategic partner to help them progress towards 2015 for the decennial census, at which time the US Census will be updated continuously in near real-time.

The company's long term growth strategy is based on exploiting the opportunities in its scalable intellectual property offerings from both the 1Spatial business and the Star-Apic business. The Directors believe that the acquisition of Star-Apic will provide:

- a utilities solution that can be sold into existing customers and markets as well as into new customers and markets;
- access to new markets, such as France and North Africa;
- additional services and products to the Group's existing customer base. The Elyx software platform is built on the same core technology as 1Spatial's technology and can be integrated into the 1Spatial Management Suite easily and efficiently;
- a map publishing tool (Mercator) to produce digital and paper maps which can be added onto 1SMS;
- additional resource to develop new products aligned to customer needs; and
- opportunities for the 1Spatial product offerings across the Star-Apic customerbase.

And lastly, I would like to thank the management team and all of our employees for their hard work and dedication. This has enabled us to navigate a challenging environment and strongly position 1Spatial for the future.

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Financial position

Group revenue for the year was £12.1m up from £5.2m in 2012 due to the 12 month contribution from the 1Spatial Business that was acquired in November 2011. On a like-for-like basis, revenue growth was down on the prior year by £0.8m mainly as a result of reduced revenues in the Avisen business. In 2012 Avisen made a one-off licence sale in excess of £1.5m that was not repeated in 2013.

All trading businesses, namely 1Spatial, Avisen and Storage Fusion made positive adjusted EBITDA contributions to the Group. Overall, the Group has recorded an adjusted EBITDA loss of £0.5m, substantially due to head office costs of £2.0m. Over time, management has implemented plans to scale the operations in order absorb the fixed overhead costs associated with being a listed entity. With the acquisition of Star-Apic and good prospects for the other businesses, covering these costs will be achievable.

The overall net loss for the year is £4.4m. The main reason for the loss is due to the impairment of the Avisen and Storage Fusion goodwill and intangible assets of £2.6m as well as £0.9m of amortisation of intangible assets and other exceptional items. Whilst the Directors remain optimistic with respect to the long term prospects of the Avisen and Storage Fusion businesses, there remains challenges in the short term based on the current pipeline of opportunities.

We have a strong balance sheet post year end following the placing. After the acquisition of Star-Apic, the cash and cash equivalents balance as at 25 June is £14m.

Strategy and reorganisation

In the last annual report, our long term stated strategy was to continue to grow organically and acquisitively, and to convert this growth into higher profit and improved cash flow for distribution to our shareholders; we have made significant progress in this respect during the year and post year-end. The cash received from the placing and the acquisition of Star-Apic puts the Group in a good position for long term growth and scalability. The Company is now under one common branding of 1Spatial, but with three trading subsidiaries, 1Spatial Business, Avisen UK and Storage Fusion.

1Spatial Division

The 1Spatial division has a strong customer base, working with some of the world's largest National Mapping Agencies (NMAs). These relationships have been built over many years.

1Spatial's strategy is to achieve growth in our current marketplace, leverage our brand and scale the business into new geographical markets. Key to this success will be a major focus on partnerships, so that we can leverage our technology offerings and provide more options for our customers. Two successes during the period that are testament to our strategy are the contract wins with the Irish Mapping agency (OSi) and US Census.

Building on the current strong customer base, the growth strategy for the business will be to continue to focus on the NMA market along with key vertical sectors such as utilities, which is where the Star-Apic acquisition will be a key addition.

Avisen UK

Avisen continues to provide profitability improvement services to its clients, which include Tesco and Unilever.

Storage Fusion

Storage Fusion continues to develop, adding clients and partners to its unique storage resource analytical software and providing insight into these organisations' complex infrastructures. With its Cloud enabled offering it provides a cost effective way to measure data storage usage and consumption, and with the huge growth forecast in the SAAS marketplace the Storage Fusion product is very attractive.

Conclusion and outlook

1Spatial is entering an exciting growth phase following a successful Placing to raise funds for a highly complementary acquisition as well as the future strategic development and expansion of the business.

It is the Board's view that the Company is well placed to capitalise on opportunities in the spatial Big Data market with a strong team in place and an exceptional product offering. The company has an impressive and growing customer base and a healthy pipeline of opportunities including National Mapping Agencies and blue-chip companies.

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The addition of Star-Apic gives increased scale to the business as well as future growth opportunities with management will be working over the next six months to integrate the two businesses.

The Board is encouraged by the progress made during the start of the current financial year and looks forward to the future with confidence.”

S Berry
Chairman
1 July 2013

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Business and Financial Review

Business review

1Spatial plc consists of a group of innovative and market leading software companies trading under individual brands; 1Spatial Business, Avisen and Storage Fusion. A summary of these businesses is set out below:

- 1Spatial Business - Geospatial software development and consultancy business
- Avisen - Management consultancy specialising in profit improvement and exclusive distributor of Acorn Systems' Software in the UK and Ireland.
- Storage Fusion - Independent Software Vendor specialising in storage analytics for the heterogeneous storage estate delivered using Software as a Service ("SaaS") architecture.

What our businesses do and their markets

1Spatial Business

Overview

1Spatial Business is a software development company which provides spatial big data solutions and related services. The majority of the business comprises the sale of its own 1Spatial software products and related services. It is also a reseller of other location based software products.

For more than 40 years, 1Spatial Business has been delivering solutions and services to public and private sector organisations globally who handle large volumes of spatial based business critical data.

1Spatial Business's approach is to help companies make better use of their data (however large or complex) enabling them to leverage the intelligence in location data to make better business decisions. The use of 1Spatial's rules-based technology ensures that quality data is integrated effectively into daily business operations, whilst improving performance, return on investment and problem solving large and national, geographically dispersed problems for its customers.

Some examples of customers who are using 1Spatial technology and what they are saying:

Ordnance Survey of Great Britain

"1Spatial was chosen to provide centralised planning and management of Ordnance Survey's production activities, in addition to managing the large scale-data holdings that are used to generate market-leading products, such as OS Mastermap.

We are delighted to award this contract to 1Spatial as part of our continued relationship. We are proud to be able to support the growing UK technology sector and are pleased to be working with 1Spatial on our core geospatial infrastructure"

– Bob Goodrich, Director of Information Systems, Ordnance Survey

Ordnance Survey Ireland

"Ordnance Survey Ireland has been trialling 1Edit as a tool for maintenance of our PRIME2 product database. PRIME2 is the OSi real-world feature database that ensures Ireland has the accurate and up-to-date spatial datasets supporting improved government service delivery and economic development in Ireland. The facility for users to interact with 1Edit using a portable device touch screen with a stylus or as a desktop with a mouse, and the integration it provides with our existing survey equipment means that our surveyors out in the field and staff who are office based can utilise the same innovative tool for optimal efficiency. This means that we will be able to provide more accurate and up-to-date data to our customers more frequently"

– Lorriane Mc Nerney, Spatial Data and Infrastructure Manager, Ordnance Survey Ireland.

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Some examples of where we have used our technology is as follows:

United Utilities

1Spatial has developed a data improvement methodology, of which United Utilities Head of ICT Business Solutions said recently: "Our focus at United Utilities ("UU") is on providing better service to our customers and one of the ways we're doing this is to give our employees a better view of what's happening right across our asset base. Good data is the foundation of this programme and we're delighted to be using 1Spatial's expertise to help us build a clear picture for UU."

1Spatial's target market and competitors

Market - products

1Spatial is structured to focus on two clear markets, with different business models and significant prospects for growth and increased profitability:

- **Data Providers**
The Data Providers are those organisations that have the data (e.g. the National Mapping Agencies) and require solutions to confirm reliability of that data and a 'user friendly' application to use it. This is targeted at the National topographic mapping and cadastral agencies. Currently 17 of the 39 world's largest national mapping agencies use 1Spatial's technology. The Company will seek to extend its reach into this market via development of its 1Spatial Management Suite (1SMS) which is due to be launched in August 2013 and through investment in our geographical reach and strategic partnering agreements.
- **Big Data Knowledge Management**
These Companies use the information from the Data Providers to provide insight. Big Data is a driver for many organisations today. Making sense of those elements of Big Data that are relevant to managing an organisations business processes and its efficiency is essential in remaining in business. Location is a key element in working out what is relevant. 1Spatial's common language rules engine allows organisations to express relevance in terms like nearness, adjacent, alongside to derive relevant elements of Big Data and harnessed them with their in-house collected data, reducing data costs and increase business efficiency. Typical of such 1Spatial customers are the Utilities as they move to smart metering/smart city business models.

Market - geographies

1Spatial's main markets are the UK and the EU with a global customer base and strategic partnerships, covering the US, France, Germany, Nordics, the Middle East and the Far East. The Company has a wholly owned operating subsidiary in Australia.

Avisen

Overview

Avisen, the Group's management consultancy business, focuses on providing global companies with advice in relation to improving overall company profitability. One of the key tools that Avisen uses during this process is software technology called Acorn Systems. Based on a costing methodology designed by Harvard Professor, Dr Robert Kaplan and Steve Anderson who is on the board of Acorn, Acorn uses transaction level cost allocation to reveal profit improvement opportunities across the enterprises customers, products, segments, vendors, channels and processes. This enables clients to make fact-based, profit-focused decisions which Avisen then help them implement. Although niche, the Avisen brand is uniquely positioned as it has the exclusive UK distribution rights for Acorn Systems' products and global distribution rights outside of the USA, as well as a skilled team of technical and business consultants.

Avisen's target market and competitors

Avisen operates in the enterprise market place where a typical client is a company with revenue in excess of £100m and with a high-volume of transactions where they understand the total cost of running the business but cannot see how each product, customer or channel is driving up that cost. These are sectors such as fast moving consumer goods, distribution, retail, financial services, professional services and pharmaceuticals.

Avisen's competitors are distributors of other profitability management software (SAP, Oracle, Prodocapo, SAAS Institute etc). Our focus is on building recurring revenue from software sales and support contracts. This enables us

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to work with, and provide paid services to the “Big 4” consulting companies and other niche consultancy businesses providing profitability improvement services using Acorn. We market directly to these businesses and to the finance and operational executives of our target clients.

Storage Fusion

Overview

Storage Fusion is the author of Storage Resource Analysis (“SRA”) which provides comprehensive analytics for enterprise storage environments through an affordable SaaS service and without the need for disruptive probes and agents.

SRA cuts through the complexity of heterogeneous storage environments without the necessity for expensive on-premise software, on-going support and maintenance, a time-consuming implementation project, disruptive future upgrades and additional hardware to run the solution. This delivers detailed analytics within a matter of hours.

Storage Fusion empowers companies with the analytics they need to make informed decisions about their storage resources, thereby reducing IT expenditure and improving business operations.

With complete transparency an entire storage environment, Storage Fusion’s SRA solution enables an organisation to undertake the following business critical activities to deliver operational effectiveness:

- Storage reclaim
- Internal charge-back
- Data centre migration / consolidation
- Vendor rationalisation
- Technology swaps / refreshes
- Asset tracking
- Capacity planning
- Depreciation reporting
- Cloud migration
- Virtualization and thin provisioning analysis
- Storage tiering
- Metrics analysis and report trending
- Identification of configuration exceptions

The demand for our SRA product has been clearly demonstrated following the signing of contracts with a worldwide information technology company who will be acting as one of our partners.

Storage Fusion’s target market and competitors

Storage Fusion’s target market is any organisation that needs to report across their storage estate. Typically these are global companies that have multiple data centres, hardware from more than one storage vendor and in excess of 100 terabytes of storage.

SRA is also used as a presales assessment tool by hardware vendors and partners to augment their hardware and professional services revenue.

In March 2012 Gartner’s report, the Magic Quadrant for Storage Resource Management and SAN Management Software, Storage Fusion was noted as a new vendor within the segment.

Strategy and objectives of the business

Our business strategy is to continue to pursue growth, both organically and acquisitively, and to convert this growth into higher profit and cash flow for distribution to our shareholders.

The management team undertook a full strategic review of the business in 2012 and set the following objectives:

- Improve organic growth in the 1Spatial Business by:
 - Growing revenue with existing customers through customer care programmes, increase product offering and migration
 - Targeting new customers within current known sectors of NMAs, utilities and defence
 - Developing a suite of products to sell to existing and new customers.

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- Re-branding and re-defining our corporate messaging.
- Strengthening our strategic partnership channel.
- Improve organic growth in the Avisen business by:
 - Utilising our skilled workforce to deliver on key contracts.
 - Planned campaigns to increase awareness within key target sectors. Using our success with existing customers to demonstrate our abilities.
- Improve organic growth in the Storage Fusion business by:
 - Implementing a marketing strategy to increase product awareness, brand and revenue.
 - Re-defining corporate messages and identifying key sectors to approach.
- Identify key acquisition targets which complement existing businesses.

Principal risks

With respect to our stated strategy:

Improve organic growth in the 1Spatial plc business

The principal market risks are that the current slowdown may continue and that competition may reduce the Group's market share and margins. In order to mitigate these risks, the Group constantly monitors the market through participation in industry groups and monitoring of competitors. This information enables us to make informed decisions about where we should be targeting and aids our discussions with suppliers.

Due to the recent recession and the continuing slow growth cycle in Western economies, companies may require a robust business case before investing in IT products and services. This may have the effect of increasing deal cycles and reducing deal size. However, we believe this will be offset against an increase in demand for consulting services to support the clients through this process.

Identify key acquisition targets which complement the current existing businesses

There is a risk that the Company may not identify suitable acquisitions for merging with the existing business. The Board believes that this risk is low as the Group has a pipeline of opportunities compiled through constantly researching in the market and networking by the Board with its advisors and other industry contacts.

There is a risk that acquisitions identified may not be successful, either because the acquisition itself was not as expected or because of poor integration. In respect of the acquisition itself, the Board undertakes the appropriate due diligence in advance. With respect to the successful integration and operation of the acquired businesses, this risk is mitigated by a very structured approach to the integration process, dedicated teams and careful monitoring of performance post acquisition.

In addition to the above, the Group also faces the following principal risks:

Unfavourable economic conditions

In the case of unfavourable economic conditions the Group would need to assess the ongoing costs of the business and rationalise where appropriate. If these steps were not sufficient to make businesses commercially viable then the Board would have to reconsider the Group's overall strategy.

Key management and consultants may leave the business

In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging free thinking and innovation.

Reliance on key customers

The Group has reliance on certain key customers. The management team maintains good relationships with its customers through continued communication throughout the year. Should a key customer choose not to contract with us again, we may need to re-consider our overall strategy and our cost base.

Reliance on third party software

In the Avisen UK business certain aspects of our software offerings are dependent on third parties and are susceptible to rapid technological change. Any absence or failure of key third-party products could have a material effect on our business.

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To mitigate this risk, we keep under review all key commercial relationships and developments in technology in our marketplace.

Keeping our Storage Fusion software supported and up to date with current technologies

Maintaining the hardware support matrix and features is an essential part of what Storage Fusion does, in order that customers can continue to report across their entire storage environment. Our storage software architects and development team work extensively with our customers and partners to ensure that SRA is kept up-to-date with current technologies and that the product continues to be valuable and useable. This product strategy ensures that SRA's storage analytics is more advanced than anything available in the marketplace today.

If the above maintenance and support of the software was not undertaken, there is a risk that Storage Fusion would not be able to fulfil its customer obligations.

A major technology failure may adversely disrupt operations

1Spatial plc prepares recovery plans for all foreseeable situations so that business operations can continue should a major failure occur. In terms of IT, all files etc. are backed up off site and all staff have access to laptops to continue working should such an incident occur. The Group is approaching completion of moving all IT infrastructure to third party providers. This will reduce the risk and cost of managing the infrastructure and the sole reliance on key individuals in the team

Financial review

Consolidated results for the year

A summary of the trading results of the operations for the year ended 31 January 2013 is set out below. It should be noted that 1Spatial's results for 2012 only included 2 months of trading:

	2013					2012				
	Head office	Avisen	Storage Fusion	1Spatial Group	Total	Head office	Avisen	Storage Fusion	1Spatial Group	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	2 months £'000	£'000
Revenue	-	1,995	397	9,687	12,079	-	3,305	390	1,533	5,228
Gross profit	-	478	397	4,231	5,106	-	710	390	755	1,855
Adjusted* EBITDA	(1,956)	29	8	1,386	(533)	(1,134)	305	(13)	330	(512)
Depreciation	(21)	(11)	(46)	(74)	(152)	(11)	(7)	(13)	(11)	(42)
Amortisation	-	(8)	(519)	(376)	(903)	-	(8)	(431)	(66)	(505)
Impairment of intangible assets Strategic, integration and other one off items	-	(685)	(1,890)	-	(2,575)	-	-	-	-	-
	(166)	(206)	94	(344)	(622)	(516)	10	-	(34)	(540)
Operating (loss)/profit	(2,143)	(881)	(2,353)	592	(4,785)	(1,661)	300	(457)	219	(1,599)
Net finance cost	10	(2)	(1)	(2)	5	12	5	(1)	(10)	6
(Loss)/profit before tax	(2,133)	(883)	(2,354)	590	(4,780)	(1,649)	305	(458)	209	(1,593)
Tax	-	2	266	119	387	-	43	129	1	173
(Loss)/profit for the year	(2,133)	(881)	(2,088)	709	(4,393)	(1,649)	348	(329)	210	(1,420)

*Adjusted for strategic, integration and other one off items

Revenue

Group revenue increased from £5.2m to £12.1m. This is as a result of the inclusion of the 1Spatial Business results for 12 months in the current year but only 2 months in the previous year. On a like-for-like basis revenue growth is down on the prior year by £0.8m which is mainly as a result of reduced revenues in the Avisen business. In 2012 Avisen made a one off licence sale in excess of £1.5m that was not repeated in 2013.

Operating loss

The Group made an operating loss in the year of £4.4m. The main reason for the loss is due to the impairment of the Avisen and Storage Fusion goodwill and intangible assets of £2.6m and £0.9m of amortisation of intangible assets and £0.6m of strategic, integration and other one off items. Whilst the Directors remain optimistic with respect to the

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long term prospects of these businesses, there remains challenges in the short term based on the current pipeline of opportunities. Following the strategic realignment of the business, a number of one-off items were incurred mainly related to integration costs and re-organisation such as redundancy costs.

Adjusted* EBITDA

The overall Adjusted* EBITDA for the year was a loss of £0.5m (2012: loss of £0.5m). Taking the main trading entities in turn;

- 1Spatial made an Adjusted* EBITDA profit of £1.4m. This compared to a £0.3m Adjusted* EBITDA profit in the previous year although this was only for a 2 month period. Management are pleased with the 1Spatial result for the year and more importantly the strategic contracts won in the second half of the financial year which should have a positive impact on the results of future years.
- Avisen achieved an Adjusted* EBITDA profit of £29k. This was a disappointing result however certain overhead costs were removed from this business during the year and after the year end. This should enhance the results going forward.
- There was no significant change in the performance of the Storage Fusion business with a small Adjusted* EBITDA profit of £8k in 2013 compared to a small Adjusted* EBITDA loss of £13k in the prior year. Management was disappointed by the lack of growth and will continue to review and assess the Storage Fusion business during 2014.
- Head office costs were £2.0m in the period compared to £1.1m in the prior year period. This was due to expansion of the board following the acquisition of 1Spatial in 2012 and other related costs.

Amortisation and impairment of intangible assets

Amortisation of intangible assets in the period was £0.9m (2012: £0.5m). This increase is due to a full year of amortisation with respect to 1Spatial. The large impairment in the period was with respect to Avisen of £0.7m and Storage Fusion of £1.9m as discussed above in the operating loss section.

Strategic, integration and other one off items

In accordance with the Group's policy, these costs were significant in the year and therefore they have been analysed separately in note 7. The main components are:

Strategic costs of £14k (2012: £0.3m) – The main proportion of these costs are professional and advisor fees in relation to the 1Spatial Business acquisition. In accordance with IFRS 3 (Revised) such costs are no longer able to be capitalised as part of the cost of acquisition.

Costs of duplication and integration £0.6m (2012: £0.2m) – This cost mainly represents redundancy and compromise costs.

Tax

The tax credit of £0.4m, (2012: £0.2m credit) in the year mainly relates to deferred tax credits on the overall net position on capitalisation and amortisation of intangible assets, combined with tax credits of £0.1m (2012: £0.2m) in relation to research and development tax claims made.

2012 - Discontinued operations

Discontinued operations relate to the Inca Software business which was disposed on 1 April 2011.

Consolidated statement of financial position

The Group's financial position at 31 January 2013 is set out in the Consolidated Statement of Financial Position.

Non-current assets

The most significant component of non-current assets at 31 January 2012 is the intangible asset balance of £6.9m (2012: £9.7m). The main reason for this decrease is the amortisation in the period along with the impairment of the Storage Fusion and Avisen goodwill and intangible asset balances. The Board is comfortable with the carrying amounts of Goodwill and Intangible assets that are being carried forward.

Current assets

The Group has current assets of £6.1m at 31 January 2013 (2012: £8.4m). The decrease in current assets is mainly due to the decrease in trade and other receivables. There are two main reasons for this. Firstly there was a £1.3m deferred consideration debtor in 2012 that was received in 2013. Secondly there was a significantly large Avisen trade receivable balance of £1.6m at the end of 2012 (which was mainly in relation to the large licence sale that year). The equivalent Avisen balance at the end of 2013 was £0.2m.

Liabilities

This overall position has remained relatively unchanged on the prior period with total current liabilities of £5.7m at 31 January 2013 (2012: £6.2m).

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Non current liabilities

The Group's non-current liabilities were £0.7m (2012: £1.1m). These figures relate to deferred tax liabilities mainly arising on intangible assets. The reduction is due to the deferred tax release on the amortisation/impairment charges on the trading businesses in the year. These are 'non-cash' liabilities.

Shareholders' equity

Shareholders' equity is set out in the consolidated statement of changes in equity. The overall decrease in net assets is mainly as a result of the losses for the year. The balance sheet position has been strengthened post year end following the placing on 12 June 2013.

Consolidated statement of cash flows

Overall the Company generated cash in the year of £0.5m (2012: £2.2m) and had cash at the end of the year of £3.2m (2012: 2.7m).

Key points to note are as follows:

Cash flows from operating activities

Operating cash of £0.1m was generated in the year (2012: £3.0m outflow). This is mainly as a result of some positive working capital inflows in 2013 (for example the large Avisen debtor collected during the year – refer to current assets section above) compared to outflows in 2012. The overall trading position of adjusted results plus exceptional cash costs in both years as presented in the income statement are broadly consistent at £1.2m loss in 2013 and £1.1m loss in 2012.

Cash flows from investing activities

The most significant inflow from investing activities was the £1.3m cash inflow on the sale of Inca Software (2012: £5.2m). Cash was invested in property plant and equipment of £0.2m (2012: £0.2m) and in product development and other intangible assets of £0.7m (2012: £0.5m).

Cash flows from financing activities

Borrowings of £51k were repaid in the year leaving a net borrowings figure of £49k at 31 January 2013.

Net funds/(debt)

Overall, £0.5m of cash was generated in the year (2012: £2.2m). At the end of the year the Group has net funds of £3.2m (2012: 2.7m). Since the year end approximately £17m has been received following the share placing which took place on 12 June 2013.

Key Performance Indicators (KPIs)

The Board is focused on a number of financial KPIs that are used to measure performance.

Growth in revenue
Growth in total gross profit
Growth in total Adjusted EBITDA

The Board is going to review these KPIs during 2013 to ascertain whether these are still appropriate in light of the strategy for each business within the group.

The overall KPI's for the group are set out below.

	KPI Met	Total 2013 £'000	Total 2012 £'000	Variance £'000	%
Revenue	Yes	12,079	5,228	6,851	131.04%
Gross profit	Yes	5,106	1,855	3,251	175.26%
Adjusted*EBITDA	No	(533)	(512)	(21)	(4.10)%

As noted above, all of the KPI's have been met except for Adjusted* EBITDA which is at approximately the same level. The main reason for achieving the Revenue and Gross profit increases is due to the inclusion of 1Spatial for a full year in 2013. Taking the results on a segmental basis and taking a time pro-rated like for like figure for the 1Spatial business, the following results are achieved:

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1Spatial	KPI Met	Pro rata 12 months		2 mths		Variance	%
		1Spatial	KPI Met	1Spatial	KPI Met		
		2013	2012	2012	2012		
		£'000	£'000	£'000	£'000		
Revenue	Yes	9,687	9,198	1,533	489	5%	
Gross profit	No**	4,231	4,530	755	(299)	(7)%	
EBITDA	No**	1,386	1,980	330	(594)	(30)%	
Avisen	KPI Met	Avisen	Avisen			Variance	%
		2013	2012				
		£'000	£'000	£'000	£'000		
Revenue	No ***	1,995	3,305		(1,310)	(40)%	
Gross profit	No***	478	710		(232)	(33)%	
EBITDA	No***	29	305		(276)	(90)%	
Storage fusion	KPI Met	Storage Fusion	Storage Fusion			Variance	%
		2013	2012				
		£'000	£'000	£'000	£'000		
Revenue	Yes	397	390		7	2%	
Gross profit	Yes	397	390		7	2%	
EBITDA	Yes	8	(13)		21	N/A	

Notes on KPIs not met

- 1Spatial ** - The December and January results of 1Spatial in 2012 were for a short unrepresentative period of the gross margin and EBITDA when compared to the 2013 year on a time pro-rated basis. This KPI can be assessed more appropriately at the end of 2014.
- Avisen *** - The results of 2012 contained a one-off licence sale of approximately £1.5m which was not repeated on 2013 and therefore had an adverse effect on the KPI.

The Group does not currently have any specific non financial KPI's which are measured on a regular basis.

Group prospects and future developments

The management team remains committed to continuing its stated strategy of:

- Improve organic growth within all of its businesses
- Identify key acquisition targets which complement the current existing businesses

Directors' report

The Directors present their annual report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the independent auditors' report for the year ended 31 January 2013 in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU.

Results and dividends

The results for the Group for the year and the Group and company's financial position at the end of the year are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend (2012: £Nil).

Business review and future developments

The requirements of the business review have been considered within the Chairman's statement on pages 4 to 6 and business and financial reviews on pages 7 to 14.

Principal activities

The principal activity of the Group is the development and sale of IT software along with related consultancy and support. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

1Spatial plc (formerly Avisen plc) is a company incorporated in England and Wales. The registered office of the Company is Pannell House, Park Street, Guildford, Surrey, GU1 4HN.

Details of the business activities during the year can be found in the business and financial review on pages 7 to 14.

Changes in share capital

Details of movement in share capital are set out in note 17 to the financial statements.

Post balance sheet events

Post balance sheet events are shown in note 25 to the financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business and financial review on pages 7 to 14 along with the Company's financial position and its cash flows. In addition, note 3 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and officers' liability insurance in respect of itself and its Directors.

Policy for payment of creditors

The Company's policy, which is also applied to the Group, is to agree terms and conditions for its business transactions with suppliers and endeavour to make payment to these terms, subject to the terms and conditions being met by suppliers. The Company does not follow a specific code or standard of payment practice.

At 31 January 2013 the Company's main suppliers, in respect of continuing activities, had an average of 57 days (2012: 38 days) purchases outstanding in trade payables.

At 31 January 2013 the Group's main suppliers, in respect of continuing activities, had an average of 49 days (2012: 41 days) purchases outstanding in trade payables.

Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements, which cannot objectively be justified. Entry into, and progression within the Group, is solely determined on the basis of work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

Donations

The Group and Company did not make any charitable donations in the year (2012: £nil).

Directors

The Directors who served the Company during the year or have been appointed thereafter, are shown below:

M Hanke
C Milverton
M Sanderson
S Berry (Non-Executive Chairman)
D Richards (Non-Executive Deputy Chairman, Appointed 12 June 2013)
M Yeoman (Non-Executive)
M Battles (Non-Executive, Resigned 21 May 2013)
N Snape (resigned 14 June 2012)

At the forthcoming Annual General Meeting in accordance with the Company's Articles of Association Claire Milverton and Marcus Yeoman will be retiring as directors and, being eligible, offering themselves for re-election as a director of the Company. David Richards has been appointed as a director since the last annual general meeting and is therefore retiring as a director in accordance with the Company's articles of association and, being eligible, offering himself for re-election as a director of the Company.

Substantial interests

The Directors have been notified of the following substantial shareholdings in excess of 3% of the ordinary share capital of the Company as at 13 June 2013:

Name	Number of Shares	Percentage of Issues Shared Capital
Hargreave Hale Ltd	72,272,300	11.11%
J O Hambro Capital Management	43,191,667	6.64%
Liontrust Asset Management	39,278,092	6.04%
Mike Sanderson	37,665,764	5.75%
Legal & General Investment Management	36,160,000	5.56%
Investec Asset Management	31,215,000	4.80%
Marcus Hanke	29,124,641	4.48%
M&G Investments	27,250,000	4.19%
Fidelity Worldwide Investment	27,250,000	4.19%
SFM UK Management LLP	27,250,000	4.19%
Hargreaves Lansdown Asset Management	23,528,092	3.62%
Artemis Fund Managers Ltd	21,666,667	3.33%

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

Directors' responsibilities statement in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company 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 Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to the business and financial review on pages 7 to 14.

Financial instruments

Financial risk management objectives and policies

During the year the Group's principal financial instruments are bank loans, bank overdrafts and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

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The main risks arising from the Group's financial instruments have been cash flow and fair value interest rate risk, credit risk, liquidity risk, price risk and capital risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow and interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to risk for changes in interest rates related primarily to the Group's bank loan and overdraft obligations. Bank loan and overdraft interest is charged on a variable rate basis. The Group's exposure to interest rate risk is limited given the level of debt in place. Should substantial facilities be put in place in the future then the board will consider the impact of such facilities and whether it will be appropriate to hedge the interest rate risk.

Credit risk

The Group trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc board. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

Liquidity risk

The Group's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Group. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast. The Group forecasts are compared to available facilities to ensure that sufficient headroom is anticipated.

Price risk

The main price risk that the Group is exposed to is changes in the price of third party software and maintenance that it uses in the solutions it supplies to customers. When quoting for business the Group always obtains fixed price quotations from suppliers before submitting a price to the customer.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of return of capital and dividends paid to shareholders, issue new shares or sell assets/businesses to reduce debt. The Group monitors capital on the basis of the gearing ratio.

Disclosure of information to auditors

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- each director has 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 Company's auditors are aware of that information.

Independent auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be re-appointed will be proposed at the Annual General Meeting.

Annual general meeting

Notice of the annual general meeting to be held on 13 August 2013 is set out in the circular included with this document.

Signed by order of the board

.....
C Milverton (Director)
1 July 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1SPATIAL PLC

We have audited the Group financial statements of 1Spatial plc for the year ended 31 January 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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.

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.

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 Group'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. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 January 2013 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

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

- 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.

Other matter

We have reported separately on the parent company financial statements of 1Spatial plc for the year ended 31 January 2013.

Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
1 July 2013

1Spatial plc

1Spatial plc Consolidated statement of comprehensive income Year ended 31 January 2013

	Note	2013 £'000	2012 £'000
Revenue	5	12,079	5,228
Cost of sales		(6,973)	(3,373)
Gross profit		5,106	1,855
Other operating income		21	-
Administrative expenses		(9,912)	(3,454)
		(4,785)	(1,599)
Adjusted* EBITDA		(533)	(512)
Less: depreciation		(152)	(42)
Adjusted* EBITA		(685)	(554)
Less: amortisation and impairment of intangible assets		(3,478)	(505)
Less: strategic, integration and other one off items	7	(622)	(540)
Operating loss	6	(4,785)	(1,599)
Finance income	8	14	26
Finance costs	8	(9)	(20)
Net finance income		5	6
Loss before tax		(4,780)	(1,593)
Income tax credit	9	387	173
Loss from continuing operations	5	(4,393)	(1,420)
Discontinued operations			
(Loss) from discontinued operations	5	-	(54)
Gain on disposal of discontinued operations		-	464
Loss for the year	18	(4,393)	(1,010)
Other comprehensive income			
Exchange differences arising on translation of net assets of foreign operations	18	35	6
Other comprehensive income for the year, net of tax		35	6
Total comprehensive loss			
Loss for the year	18	(4,393)	(1,010)
Total comprehensive loss attributable to equity shareholders of the Company		(4,358)	(1,004)
Loss per ordinary share expressed in pence per ordinary share from continuing operations:			
Basic	21	(1.25)	(0.57)
Diluted	21	(1.25)	(0.57)
Loss per ordinary share expressed in pence per ordinary share from operations:			
Basic	21	(1.25)	(0.59)
Diluted	21	(1.25)	(0.59)

*Adjusted for strategic, integration and other one off items (note 7)

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1Spatial plc
Consolidated statement of financial position
As at 31 January 2013

Registered number: 5429800

	Notes	2013 £'000	2012 £'000
Assets			
Non-current assets			
Intangible assets including goodwill	10	6,928	9,735
Property, plant and equipment	11	266	244
Total non-current assets		7,194	9,979
Current assets			
Inventories		14	41
Trade and other receivables	12	2,783	5,551
Current income tax receivable		107	60
Cash and cash equivalents	13	3,216	2,734
Total current assets		6,120	8,386
Total assets		13,314	18,365
Liabilities			
Current liabilities			
Trade and other payables	14	(5,686)	(6,018)
Current income tax liabilities		(7)	(92)
Borrowings	15	(49)	(51)
Total current liabilities		(5,742)	(6,161)
Non-current liabilities			
Borrowings	15	-	(51)
Deferred tax	16	(748)	(1,035)
Total non-current liabilities		(748)	(1,086)
Total liabilities		(6,490)	(7,247)
Net assets		6,824	11,118
Share capital and reserves			
Share capital	17	12,572	12,556
Share premium account	17	6,503	6,455
Own shares held	17	(306)	(306)
Share based payment reserve	18	387	387
Merger reserve	18	13,900	13,900
Reverse acquisition reserve	18	(11,584)	(11,584)
Currency translation reserve	18	2	(33)
Accumulated losses	18	(14,650)	(10,257)
Total equity attributable to shareholders of the parent		6,824	11,118

The financial statements on pages 20 to 56 were approved and authorised for issue by the Board on 1 July 2013 and signed on its behalf by:

.....
C Milverton
Director

1Spatial plc

1Spatial plc Consolidated statement of changes in equity Year ended 31 January 2013

£'000	Share Capital	Share Premium Account	Own Shares Held	Share Based Payments Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity
Balance at 1 February 2012	12,556	6,455	(306)	387	13,900	(11,584)	(33)	(10,257)	11,118
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(4,393)	(4,393)
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	-	-	-	35	-	35
Total other comprehensive income	-	-	-	-	-	-	35	-	35
Total comprehensive income									
Transactions with owners	-	-	-	-	-	-	-	(4,393)	(4,358)
Shares issued in the year (note 17)	16	48	-	-	-	-	-	-	64
	16	48	-	-	-	-	-	-	64
Balance at 31 January 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824
£'000	Share Capital	Share Premium Account	Own Shares Held	Share Based Payments Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity
Balance at 1 February 2011	11,335	6,455	(306)	387	10,006	(11,584)	(39)	(9,247)	7,007
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(1,010)	(1,010)
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	-	-	-	6	-	6
Total other comprehensive income	-	-	-	-	-	-	6	-	6
Total comprehensive income									
Transactions with owners	-	-	-	-	-	-	6	(1,010)	(1,004)
Shares issued in the year (note 17)	1,221	-	-	-	-	-	-	-	1,221
Premium on issuance of shares to acquire subsidiary	-	-	-	-	3,894	-	-	-	3,894
	1,221	-	-	-	3,894	-	-	-	5,115
Balance at 31 January 2012	12,556	6,455	(306)	387	13,900	(11,584)	(33)	(10,257)	11,118

1Spatial plc

1Spatial plc Consolidated statement of cash flows Year ended 31 January 2013

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated/(used) in operations	(a)	127	(3,225)
Interest received		14	26
Interest paid		(9)	(37)
Tax (paid)/received		(34)	232
Net cash generated/(used) in operating activities		98	(3,004)
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		-	661
Cash received on disposal of subsidiary		1,300	5,189
Purchase of property, plant and equipment		(231)	(156)
Expenditure on product development capitalised		(671)	(476)
Proceeds from sale of property, plant and equipment		31	6
Net cash generated from investing activities		429	5,224
Cash flows from financing activities			
Increase in factoring account		-	121
Repayment of borrowings		(51)	(100)
Net cash (used in)/generated from financing activities		(51)	21
Net increase in cash and cash equivalents			
		476	2,241
Cash and cash equivalents at start of year		2,734	493
Effects of foreign exchange on cash and cash equivalents		6	-
Cash and cash equivalents at end of year	(b)	3,216	2,734

Cash flows from discontinued operations can be summarised for each of the main cash flow headings as follows:

	2013 £'000	2012 £'000
Cash flows from operating activities		
Net cash used in operating activities	-	(133)
Cash flows from investing activities		
Net cash generated from investing activities	-	5,189
Cash flows from financing activities		
Net cash generated from investing activities	-	121

1 Spatial plc

Notes to the consolidated statement of cash flows

(a) Cash generated from/(used in) from operations

	2013 £'000	2012 £'000
Continuing operations		
Loss before tax	(4,780)	(1,593)
Adjustments for:		
Depreciation charge	152	42
Amortisation	903	505
Impairment	2,513	-
Expense recognised in respect of shares issued in exchange for consulting services	64	-
Net foreign exchange movement	29	6
Loss on disposal of property, plant and equipment	26	-
Loss on disposal of goodwill	62	-
Decrease/(Increase) in inventories	27	(29)
Decrease/(Increase) in trade and other receivables	1,468	(1,073)
Decrease in trade and other payables	(332)	(961)
Finance (income)/cost – net	(5)	(6)
Cash generated from/ (used in) continuing operations	127	(3,109)
Discontinued operations		
Net loss before tax	-	(54)
Adjustments for:		
Depreciation charge	-	19
Amortisation and impairment	-	68
Increase in trade and other receivables	-	(137)
(Decrease) in trade and other payables	-	(29)
Finance cost – net	-	17
Cash generated from discontinued operations	-	(116)
Cash generated/(used) in operations	127	(3,225)

(b) Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Increase in cash in the year	476	2,241
Net cash outflow from decrease in bank loans	51	100
Net cash outflow/(inflow) in respect of factoring	-	(121)
Changes resulting from cash flows	527	2,220
Loans and finance leases acquired with subsidiary	-	(96)
Factoring account acquired with subsidiary	-	277
Effect of foreign exchange	8	-
Change in net funds	535	2,401
Net funds at beginning of year	2,632	231
Net funds at end of year	3,167	2,632
Analysis of net funds		
Cash and cash equivalents classified as:		
- Current assets	3,216	2,734
Other loans	(49)	(102)
Net funds at end of year	3,167	2,632

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Notes to the financial statements For the year ended 31 January 2013

1 General information

The consolidated financial statements of the Group for the year ended 31 January 2013 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' report, pages 15 to 18.

The Company is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Pannell House, Park Street, Guildford, Surrey, GU1 4HN.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

Basis of preparation

The consolidated financial statements of 1Spatial plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC (International Financial Reporting Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going Concern

The Directors have formed a judgement that, at the time of approving these financial statements there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

Audit Exemption

Subsidiary undertakings Avisen Group Limited, Strategy GPS Limited, Socium Limited and 1Spatial Technologies Limited have claimed audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2013. The group parent company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 January 2013.

Adoption of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2012, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

(i) New standards, amendments and interpretations affecting amounts reported in the financial statements

There have been only minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time for the financial year beginning on or after 1 February 2012 which have been adopted by the Group with no impact on its consolidated results or financial position as they impact certain presentational and disclosure matters.

(ii) New standards, amendments and interpretations adopted with no significant impact upon amounts reported in the financial statements

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The following amendments to existing standards and new interpretations became effective in the current period, but have no significant impact on the Group's financial statements:

- IFRS 1, 'First Time Adoption' exemption for entities ceasing to suffer from severe hyperinflation.
- IFRS 7, 'Financial Instruments: Disclosures' enhanced disclosures for the transfer of assets.

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2012 and not adopted early

- IAS 19, 'Employee benefits', effective on or after 1 January 2013. The impact on the Group will be to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
- IFRS 9, 'Financial instruments', effective on or after 1 January 2015, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch.
- IFRS 10, 'Consolidated financial statements', effective on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance in the determining the control. Amendments for investing entities are effective on or after 1 January 2014.
- IFRS 11 'Joint Arrangement', effective on or after 1 January 2013, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is not permitted.
- IFRS 12, 'Disclosures of interests in other entities', effective on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Amendments for investing entities are effective on or after 1 January 2014.
- IFRS 13, 'Fair value measurement', effective on or after 1 January 2013, aims to improve consistency and reduce complexity by providing a precise definition of fair value, guidance on its application and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 27 (revised 2011) 'Separate financial statements', effective on or after 1 January 2014.
- IAS 28 (revised 2011) 'Associates and joint ventures', effective on or after 1 January 2014.
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities, effective on or after 1 January 2013 and transitional amendments effective on or after 1 January 2015.
- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities, effective on or after 1 January 2014.
- Amendment to IFRS 1, 'First time adoption', on government loans, effective on or after 1 January 2013.
- Annual improvements 2009 - 2011 (effective accounting periods beginning on or after 1 January 2013) - includes changes to: • IFRS 1, 'First time adoption'. • IAS 1, 'Financial statement presentation'. • IAS 16, 'Property plant and equipment'. • IAS 32, 'Financial instruments; Presentation'. • IAS 34, 'Interim financial reporting'.

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Basis of consolidation

The results and net assets of all subsidiary undertakings acquired are included in the statement of comprehensive income and consolidated statement of financial position using the purchase method of accounting from the effective date at which control is obtained by the Group. Subsidiary undertakings cease to be consolidated from the date at which the Group no longer retains control, or from the date that the subsidiary is classified within disposal groups held for sale. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from their activities, and is achieved through direct or indirect ownership of voting rights or by way of contractual agreement. All inter-company balances and transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistent policies across the Group.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Where there is deferred consideration payable in cash, the amount is discounted to its present value. The present value of deferred cash consideration is included within the Group's financial statements as a liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors which makes the Group's strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UK Sterling which is the Group and Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 statement of comprehensive income in the period in which they arise.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within financial income or cost.

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(c) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised as a separate component of equity.

(d) Goodwill and intangibles

Goodwill and intangibles adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is recognised when the risks and rewards of ownership have passed to the customer and is shown net of Value Added Tax, rebates, discounts and after eliminating sales within the Group. Where a sale includes multiple elements, where the fair value of each element can be reliably valued, the elements are separated. Where this is not possible the revenue is spread over the period relating to the element with the longest recognition period.

The fair value of the revenue for each element of the arrangement is then accounted for in accordance with the policies described below.

Software Licence Revenue

Revenue is recognised when the software is delivered and accepted by the customer. Software revenue is recognised depending on licensing terms:

1. For a licence in perpetuity, where there are no further obligations and there is determination that collection of fee is reasonably assured, the revenue is recognised at the time the licence is delivered and
2. For a licence that has a fixed term, where there are further obligations the revenue is recognised over the term of the licence.

Support and Maintenance

Where the support and maintenance is sold for a fixed term and there is a continuing performance obligation, then the revenue is deferred and recognised over the term of the agreement on a straight line basis.

Where fees for support and maintenance are bundled with the license fee, they are unbundled using the Groups objective evidence of the fair value of the elements represented by the Groups customary pricing for each element in separate transactions.

Professional Services

Revenue is recognised as the work is carried out and the Group has the contractual right to receive the consideration.

Software Development Services

Revenue is recognised upon stage of completion of the software project. The percentage of completion of the project is arrived at by a considered objective review as to the work that has been carried out, against that which is yet to be completed, to allow the project to be delivered to the customer. These reviews are carried out throughout the project.

Interest income

Interest income is recognised on an accruals basis.

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Deferred costs and deferred revenues

To the extent that the cost and revenue recognition differs from the contractual billing terms, costs are included in deferred costs or accruals and revenue is included in accrued income or deferred income.

Pre contract costs

Costs which relate directly to a contract and which are incurred once the award of the contract is probable, but prior to its award, are capitalised and written off over the period of the contract to match the expected profit profile.

Strategic, integration and other one off items

The Group has certain strategic, integration and other one off items e.g. acquisition costs, compromise agreements and redundancy payments. Management has disclosed these separately to enable a greater understanding of the underlying profitability/(loss) of the trading business so that the underlying run rate of the businesses can be established and compared on a like for like basis each year.

The policy of the Group is to separately disclose the following:

- Strategic costs e.g. costs of due diligence on acquisitions which cannot be capitalised under IFRS 3 (revised) and costs of other strategic items such as aborted due diligence costs.
- Integration costs, such as duplicated costs, or redundancy and compromise payment costs.
- One off items that will affect the underlying profitability of the business.

Adjusted profit is the profit prior to the charge of strategic, integration and other one off items.

Current and deferred income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS12. This liability is only payable if the intangible asset is sold separately and this is not expected to happen.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantially enacted by the end of the financial year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the financial year, to recover or settle that carrying amount of its assets and liabilities.

Intangible assets

(a) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income and is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGU's") for the purpose of impairment testing. The allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. The types of costs capitalised include employee costs and subcontractor costs directly associated with development activity.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated impairment losses. Internally generated intangibles assets consist of development costs.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

- Brands – 5 to 15 years
- Customer contracts and related relationships – 5 to 10 years
- Software and intellectual property – 3 to 10 years
- Development costs – 3 years

Impairment and amortisation charges are included within the administrative expenses line in the statement of comprehensive income.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Leasehold property improvements	-	straight line over period of lease
Motor vehicles	-	33% per annum – straight line
Fixtures, fittings and equipment	-	20% to 33% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

(a) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short term investments or other financial assets with appropriate disclosure of the related terms."

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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Financial liabilities

The Group classifies its financial liabilities as trade and other payables and borrowings according to the substance of the contractual arrangements entered into.

(a) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

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

(b) Borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

Employee benefits

(a) Pensions

Pension contributions made into personal or company pension schemes, which are defined contribution schemes, are charged to the statement of comprehensive income as incurred, the group has no further payment obligations once the contributions have been paid.

(b) Share based payments

The Group operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance 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 reporting date, the entity 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 statement of comprehensive income, with a corresponding adjustment to equity.

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Leases

Assets held under leases that result in group companies receiving substantially all the risks and rewards of ownership are classified as finance leases and capitalised as property, plant and equipment at the lower of cost and the estimated present value of the underlying lease payments. The interest element of the rental obligation is allocated to the accounting periods to reflect a constant rate of interest on the outstanding obligation. The corresponding finance lease obligation is included within payables. These assets are depreciated over the term of the lease or the estimated useful life of the asset, whichever is shorter.

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Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

3 Financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign currency risk, market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the finance team under policies approved by the board of directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, foreign exchange risk and use of derivative financial instruments and non-derivative financial instruments.

(a) Foreign currency risk

The Group operates internationally and is exposed to limited foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

During the year, the Group had operating subsidiaries in Australia, the Netherlands and Ireland, whose revenues and expenses are respectively denominated in Australian Dollars and Euros.

The Sterling statement of financial position is exposed to potential foreign currency losses on translation of the net assets of these subsidiaries. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

	Net (Liabilities)/Assets	
	At 31 January 2013 CU'000	At 31 January 2012 CU'000
Euros	663	1,905
Australian Dollars	(697)	(240)
US Dollars	192	146
Canadian Dollars	-	(17)
New Zealand Dollars	-	14
Malaysian Ringgits	281	59
South African Rands	-	324
Norwegian Kroner	355	-
Turkish Lira	(17)	-

The following table details the Group's sensitivity to a 10% strengthening of the currency unit (CU) against Sterling. The sensitivity adjusts their translation at the year end.

	Australian Dollar currency impact		Euro currency impact	
	At 31 January 2013 £'000	At 31 January 2012 £'000	At 31 January 2013 £'000	At 31 January 2012 £'000
(Loss)/profit	(8)	(36)	12	7
Net (liabilities)/assets	(51)	(47)	63	33

The Board do not consider it appropriate to borrow in Australian Dollars or Euros in order to hedge against this translation risk as they consider any hedging benefits would be outweighed by the creation of an interest rate risk on the borrowings.

(b) Cash flow and fair value interest rate risk

The Group's exposure to risk for changes in interest rates related primarily to the Group's other borrowings relating to a loan provided by the previous owners of 1Spatial Australia Pty. Interest is charged at a fixed rate of 5% therefore its exposure to interest rate risk is limited given the level of debt in place.

	At 31 January 2013 £'000	At 31 January 2012 £'000
Financial Liabilities		
Fixed rate	49	102
	49	102

There is no interest on trade and other payables at 31 January 2013.

Sensitivity analysis

Any changes in the base rate in the UK will not impact the borrowings.

The Group does not consider the cash flow and fair value interest rate risk to be significant. Should substantial debt be put in place in the future the Board will consider whether it would be appropriate to hedge the cash flow and interest rate risk. However, no such instrument has been taken out in the current or prior year. The Board will continue to keep this position under review.

	At 31 January 2013 £'000	At 31 January 2012 £'000
Financial Assets		
Cash at bank	3,216	2,734

At 31 January 2013, the Group had Sterling cash of £2,446,202 (2012: £1,735,000), Australian cash of AUS\$136,579 (2012: AUS\$172,000), Euro cash of €766,014 (2012: €820,000) and US\$10,411 (2012: \$11,000). Cash is placed upon deposit at the best market rates available should an excess above that required for working capital be held.

Other financial assets comprise trade receivables and other receivables as detailed in note 12.

(c) Credit risk

Credit risk is managed by the trading entities. Credit risk arises from exposures to outstanding customer receivables. Credit checking is used however, if there is no independent rating, management will assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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The table below shows the ageing of customer receivables at the reporting date (shown net of provision of impairment).

	2013	2012
	£'000	£'000
Current	888	1,656
Up to 3 months overdue	441	685
3 to 6 months overdue	1	57
6 to 12 months overdue	-	176
> 12 months overdue	-	9
	1,330	2,583

Refer to note 12 for further details.

(d) Liquidity risk

Liquidity is managed so that sufficient funds are maintained to support the ongoing strategic and trading activities of the Group.

Management monitors rolling forecasts of the Group's expected cash flow. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 January 2013	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Borrowings	49	-	-
Trade and other payables*	3,625	-	-
	3,674	-	-

At 31 January 2012	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Borrowings	51	51	-
Trade and other payables*	4,228	-	-
	4,279	51	-

*Excludes deferred income as not a financial liability as there is no obligation to pay cash.

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and return of capital to shareholders, issue new shares or sell assets/businesses to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net funds/(debt) divided by total capital. Net funds/(debt) is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position sheet plus net debt.

During 2013, the Group's strategy, which was unchanged from 2012, was to maintain the gearing ratio below 50%.

	2013 £'000	2012 £'000
Capital risk management		
Total borrowings	49	102
Less: cash and cash equivalents	(3,216)	(2,734)
Net (funds)/debt	(3,167)	(2,632)
Total equity	6,824	11,118
Total capital	3,657	8,486
Gearing ratio	Not applicable	

There is no gearing at 31 January 2013 or 31 January 2012 as the Company had more cash and cash equivalents than borrowings at this date.

(f) Market risk

The main market risk that the Group is exposed to is changes in the price of third party software support and maintenance that it uses in the solutions it supplies to customers. When quoting for business the Group always obtains fixed price quotations from suppliers before submitting a price to the customer.

4 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The contractual arrangements of sales are often complex with multiple elements e.g. software and maintenance. Management has to make appropriate judgements and estimates in relation to the fair value of each of these elements in accordance with the guidance set out in IAS 18.

Where a project extends over a time period, management make a judgement on the fair value of the work completed in order to be able to recognise revenue in relation to the project in the correct periods. An objective review of each project is undertaken on an individual basis and management's best judgement is used as the basis of completion of the project, thereby defining levels of revenue recognised.

Allocation of fair value – when a bundled service is sold the Group uses critical judgement to unbundle the service and recognise elements of revenue separately as shown in the revenue recognition policy in note 2.

Pre contract costs

Management have to make a judgement over whether the award of a contract is probable or not in order to assess whether pre contract costs are recognised as an asset prior to the award of a contract. Once recognised pre contract costs are released in line with management's best judgement of percentage of completion of the contract.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use. Management have also had to make significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 10 for further details of the impairment charge in the year.

Valuation of intangible assets

Management have to make a number of estimates and judgements when valuing intangible assets. For example, expected growth rates, attrition rates, useful economic lives and royalty rates. These estimates and judgements have

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to be updated when intangibles are reviewed for impairment, which was the case in the current year. Refer to note 10 for further details.

5(a) Segmental information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into four operating divisions – Head Office, Avisen, Storage Fusion and 1Spatial. These divisions are the basis on which the Group reports its segmental information. Where applicable, the reportable operating segments derive their revenue primarily from the sale of consultancy and software. The head office costs represents costs associated with 1Spatial plc including costs of the board of Directors and other costs which are not specific to any of the other segments. Examples of cost include the group accounting function and marketing. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA and adjusted EBITA. This measurement basis excludes the effects of strategic, integration and other one off items from the operating segments.

The segment information provided to the Board for the reportable segments for the year ended 31 January 2013 is as follows:

31 January 2013	Head Office £'000	Avisen £'000	Storage Fusion £000	1Spatial £'000	Total £'000
Continuing operations					
Revenue	-	1,995	397	9,687	12,079
Less intersegment sales	-	-	-	-	-
Total revenue from third parties	-	1,995	397	9,687	12,079
Cost of sales	-	(1,517)	-	(5,456)	(6,973)
Gross profit	-	478	397	4,231	5,106
Other operating income	13	5	-	3	21
Total administrative expenses	(2,156)	(1,364)	(2,750)	(3,642)	(9,912)
Adjusted EBITDA	(1,956)	29	8	1,386	(533)
Less: depreciation	(21)	(11)	(46)	(74)	(152)
Adjusted EBITA	(1,977)	18	(38)	1,312	(685)
Less: amortisation and impairment of intangible assets	-	(693)	(2,409)	(376)	(3,478)
Less: strategic, integration and other one-off items	(166)	(206)	94	(344)	(622)
Total operating (loss)/profit	(2,143)	(881)	(2,353)	592	(4,785)
Finance income	12	-	-	2	14
Finance cost	(2)	(2)	(1)	(4)	(9)
Net finance income/(cost)	10	(2)	(1)	(2)	5
(Loss)/profit before tax	(2,133)	(883)	(2,354)	590	(4,780)
Tax	-	2	266	119	387
(Loss)/profit for the year from continuing operations	(2,133)	(881)	(2,088)	709	(4,393)

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31 January 2013	Head Office £'000	Avisen £'000	Storage Fusion £'000	1Spatial £'000	Total £'000
Segment assets	1,325	1,459	342	10,188	13,314
Segment liabilities	(863)	(528)	(709)	(4,390)	(6,490)
Segment net assets/(liabilities)	462	931	(367)	5,798	6,824

31 January 2012	Head Office £'000	Avisen £'000	Storage Fusion £000	1Spatial £'000	Total £'000
Continuing operations					
Revenue	-	3,305	390	1,533	5,228
Less intersegment sales	-	-	-	-	-
Total revenue from third parties	-	3,305	390	1,533	5,228
Cost of sales	-	(2,595)	-	(778)	(3,373)
Gross profit	-	710	390	755	1,855
Total administrative expenses	(1,661)	(410)	(847)	(536)	(3,454)
Adjusted EBITDA	(1,134)	305	(13)	330	(512)
Less: depreciation	(11)	(7)	(13)	(11)	(42)
Adjusted EBITA	(1,145)	298	(26)	319	(554)
Less: amortisation and impairment of intangible assets	-	(8)	(431)	(66)	(505)
Less: strategic, integration and other one-off items	(516)	10	-	(34)	(540)
Total operating (loss)/profit	(1,661)	300	(457)	219	(1,599)
Finance income	17	8	-	1	26
Finance cost	(5)	(3)	(1)	(11)	(20)
Net finance income/(cost)	12	5	(1)	(10)	6
(Loss)/profit before tax	(1,649)	305	(458)	209	(1,593)
Tax credit	-	43	129	1	173
(Loss)/profit for the year from continuing operations	(1,649)	348	(329)	210	(1,420)

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	Inca £'000	South Africa £'000	Total £'000
31 January 2012			
Discontinued operations			
Revenue	1,145	-	1,145
Less intersegment sales	-	-	-
Total revenue from third parties	1,145	-	1,145
Cost of sales	(722)	-	(722)
Gross profit	423	-	423
Total administrative expenses	(415)	(45)	(460)
Adjusted EBITDA	95	-	95
Less: depreciation	(19)	-	(19)
Adjusted EBITA	76	-	76
Less: amortisation and impairment of intangible assets	(68)	-	(68)
Less: strategic, integration and other one-off items	-	(45)	(45)
Total operating profit/(loss)	8	(45)	(37)
Finance income	-	-	-
Finance cost	(17)	-	(17)
Net finance cost	(17)	-	(17)
Loss before tax	(9)	(45)	(54)
Tax credit	-	-	-
Loss for the year from discontinued operations	(9)	(45)	(54)

	Head Office £'000	Avisen £'000	Storage Fusion £'000	1Spatial £'000	Total £'000
31 January 2012					
Segment assets	2,352	4,208	2,320	9,485	18,365
Segment liabilities	(2,132)	(587)	(343)	(4,185)	(7,247)
Segment net assets/(liabilities)	220	3,621	1,977	5,300	11,118

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board in the year ended 31 January 2013 with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Liabilities are allocated based on the operations of the segment.

The Group's operations are located in the UK, Ireland, Australia and Europe. The following table provides an analysis of the Group's sales by geographical market.

	2013 £'000	2012 £'000
Continuing operations		
United Kingdom	6,651	3,971
Europe	2,310	1,065
Rest of World	3,118	192
	12,079	5,228
Discontinued operations		
United Kingdom	-	1,145
Europe	-	-
Rest of World	-	-
	-	1,145

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The following table represents major customers where revenues earned exceed 10% of the Group's revenue.

	Operating segment	2013 £'000	2012 £'000
Customer 1	Avisen	1,953	2,767

6(a) Operating loss

	Continuing operations 2013 £'000	Continuing operations 2012 £'000	Discontinued operations 2012 £'000	Total 2012 £'000
Continuing operations				
Loss for the year is stated after charging:				
Wages and salaries	6,213	2,346	211	2,557
Social security costs	569	265	24	289
Pension costs	322	121	3	124
Staff costs including executive directors and compromise agreements	7,104	2,732	238	2,970
Depreciation of property, plant and equipment:				
- owned assets	152	42	19	61
Amortisation of intangible assets	903	480	68	548
Impairment of intangible assets	2,513	25	-	25
Net foreign exchange losses/(gains)	139	121	-	121
Operating lease payments	346	150	-	150
Auditors remuneration:				
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	24	24	-	24
Fees payable to the Company's auditor and its associates for other services:				
- The audit of the Company's subsidiaries pursuant to legislation	106	52	-	52
- Other services pursuant to legislation	-	-	-	-

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6(b) Average monthly number of personnel employed (including executive directors)

	Continuing operation 2013	Continuing operation 2012	Discontinued operations 2012	Total 2012
Directors	3	3	-	3
Consultants	11	9	3	12
Sales and marketing	21	4	2	6
Administration	13	4	1	5
Support	6	2	1	3
Software developers	47	14	-	14
	101	36	7	43

6(c) Directors emoluments

Details of individual executive directors' remuneration for the year are as follows:

	2013 £'000	2012 £'000
Total executive directors emoluments	1,024	914

The individual emoluments which correspond to the Directors in the current year are as follows, with the comparative shown for those directors only:

	Emoluments £'000	Compensation for loss of office £'000	Pension contribu- -tions £'000	Total 2013 £'000	Emoluments £'000	Compens- ation for loss of office £'000	Pension contribu- -tions £'000	Total 2012 £'000
M Hanke*	463	-	70	533	412	-	-	412
C Milverton*	194	-	3	197	161	-	48	209
J Hill (note a)	-	-	-	-	242	-	-	242
N Snape (note b)	53	98	49	200	19	-	5	24
M Sanderson*	127	-	12	139	17	-	10	27
	837	98	134	1,069	851	-	63	914

*Current executive director team.

Note a – Resigned on 28 November 2011.

Note b – Resigned on 14 June 2012.

No directors as at 31 January 2013 and 2012 were accruing benefits under a money purchase scheme.

The emoluments of the highest paid director were as follows:

	2013 £'000	2012 £'000
Salaries and other short term benefits	533	412

No director exercised any share options in 2013 or 2012.

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Details of individual non-executive directors' fees for the year are as follows:

	2013 Fees	2012 Fees
	£'000	£'000
M Yeoman	33	88
M Battles	27	38
S Berry	25	4
	85	130

The non-executive directors invoice for their services, which are paid to their personal consultancy businesses.

There are no other personnel that meet the definition of key management personnel under IAS 24, other than the directors.

7 Strategic, integration and other one off items

In accordance with the Group's policy for strategic, integration and other one off items, the following charges were included in this category for the year:

	2013	2012
	£'000	£'000
Continuing operations		
Strategic costs	14	301
Costs of duplication and integration	608	239
Total - continuing operations	622	540
Discontinued operations:		
Strategic costs	-	45
Total – discontinued operations	-	45
Total	622	585

The strategic costs in 2012 relate to the acquisition costs of the 1Spatial Business. The costs of duplication and integration mainly relate to redundancy and compromise costs in relation to staff integration and reorganisation of the 1Spatial Business following the acquisition.

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8 Finance income and costs

	Continuing operations 2013 £'000	Continuing operations 2012 £'000	Discontinued operations 2012 £'000	Total 2012 £'000
Finance income				
Bank interest receivable	14	26	-	26
	14	26	-	26
Finance costs				
Interest expense				
- bank borrowings (including overdrafts)	(3)	(10)	-	(10)
- hire purchase and finance leases	-	(2)	-	(2)
- factoring and bank charges	(6)	(8)	(17)	(25)
	(9)	(20)	(17)	(37)
Net finance income/(cost)	5	6	(17)	(11)

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9 Income tax credit

	2013	2012
	£'000	£'000
Continuing operations		
Current tax	(42)	-
Adjustment in respect of prior years	(58)	(150)
Deferred tax (note 16)	-	-
Reversal in timing differences	(190)	(6)
Change in rates of taxation	(97)	(17)
Current tax charge/(credit)	(387)	(173)
Discontinued operations		
Current tax	-	-
Deferred tax (note 16)	-	-
Total tax charge/(credit)	(387)	(173)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the consolidated entities as follows:

	2013	2012
	£'000	£'000
Loss before tax – continuing operations	(4,780)	(1,593)
(Loss)/profit before tax – discontinued operations	-	410
	(4,780)	(1,183)
Loss before tax multiplied by the average effective rate of tax in the UK of 24.33% (2012: 26.33%)	(1,163)	(311)
Effect of:		
Expenses not deductible for tax purposes	914	1,325
Income not taxable	(3)	(1,433)
Capital allowances in excess of depreciation	14	4
Tax losses not utilised	266	546
Relief for gain on sale	-	(122)
Other timing differences	(260)	(15)
Adjustments to tax charge in respect of previous periods	(58)	(150)
Impact of change in tax rate	(97)	(17)
	(387)	(173)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.33%. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted on 3 July 2012 and so the relevant deferred tax balances have been re-measured at 23% for the current year end.

Further reductions to the main rate were announced in the Autumn Statement 2012 (reducing the rate to 21% from 1 April 2014) and Budget 2013 (reducing the rate to 20% from 1 April 2015). Neither change had been substantively enacted at the reporting date; therefore they are not included in these financial statements.

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10 Intangible assets including goodwill

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Website costs £'000	Total £'000
At 31 January 2013							
Cost							
At 1 February 2012	10,102	232	899	3,149	1,007	30	15,419
Additions	-	-	-	-	671	-	671
Disposals	(62)	-	-	-	-	-	(62)
At 31 January 2013	10,040	232	899	3,149	1,678	30	16,028
Accumulated impairment and amortisation							
At 1 February 2012	4,500	4	21	594	535	30	5,684
Impairment	1,855	-	-	75	583	-	2,513
Amortisation	-	23	129	529	222	-	903
At 31 January 2013	6,355	27	150	1,198	1,340	30	9,100
Net book amount at 31 January 2013	3,685	205	749	1,951	338	-	6,928
At 31 January 2012							
Cost							
At 1 February 2011	12,849	252	1,852	944	595	-	16,492
Additions	100	-	-	34	412	30	576
Acquisition of subsidiary	3,346	232	899	2,171	-	-	6,648
Disposals	(6,193)	(252)	(1,852)	-	-	-	(8,297)
At 31 January 2012	10,102	232	899	3,149	1,007	30	15,419
Accumulated impairment and amortisation							
At 1 February 2011	4,500	53	545	243	438	-	5,779
Impairment	-	-	-	-	-	25	25
Amortisation	-	10	85	351	97	5	548
Disposals	-	(59)	(609)	-	-	-	(668)
At 31 January 2012	4,500	4	21	594	535	30	5,684
Net book amount at 31 January 2012	5,602	228	878	2,555	472	-	9,735
Net book amount at 1 February 2011	8,349	199	1,307	701	157	-	10,713

The net book amount of development costs includes £338,000 (2012: £472,000) internally generated capitalised software development costs that meet the definition of an intangible asset.

The amortisation charge of £903,000 (2012: £548,000) and the impairment charge of £2,513,000 (2011: £25,000) are included in the administrative expenses in the statement of comprehensive income.

Impairment tests for goodwill and intangibles

Goodwill is allocated to the Group's cash-generating units (CGUs) identified. The basis of the allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. A summary of the goodwill allocation is presented below.

	2013				2012			
	Avisen	1Spatial	Storage Fusion	Total	Avisen	1Spatial	Storage Fusion	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill								
Opening NBA	1,024	3,346	1,232	5,602	1,024	3,346	1,232	5,602
Impairment/ Disposal	(685)	-	(1,232)	(1,917)	-	-	-	-
Closing NBA	339	3,346	-	3,685	1,024	3,346	1,232	5,602

Basis for calculation of recoverable amount

The Group has prepared, and formally approved, a two year plan for each CGU. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work and in accordance with IAS 36 'Impairment of Assets'.

The key assumptions used in the value in use calculations were the discount rate applied (17% for Avisen and 1Spatial, 20% for Storage Fusion) and the growth assumptions for each CGU. For Avisen a revenue growth of 3% has been forecast while overheads are forecast to decrease by 88% in the year ended January 2014, no growth thereafter has been forecast. 1Spatial has forecast significant growth in sales and corresponding costs for the year ended 31 January 2013 (42% and 34% respectively) with the year ended January 2015 increase being 10% and 15% respectively. Storage Fusion is forecast to grow revenue by 7% with overheads increasing by 4% for the year ended January 2014 and larger growths of 20% and 10% respectively for the following year. For the year ended January 2016 EBITDA growths have been assumed of 0% (Avisen) and 5% (1Spatial and Storage Fusion), thereafter the EBITDA growth rates have been assumed to be 0% (Avisen) and 2% (1Spatial and Storage Fusion).

The rates used in the above assumptions are consistent with management's knowledge of the industry. Growth in revenues of 42% within the 1Spatial business is anticipated as a result of management's strategy going forward.

The assumptions noted above have been given in terms of revenue and overhead percentage growth. For 2016 and subsequent years, the assumption has been provided in terms of growth on the prior year EBIT margin.

The growth rate for subsequent years of 2% does not exceed the long-term growth rate for the business in which the CGU operates. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The forecasts, are most sensitive to changes in revenue and overhead assumptions. A 5% decrease in revenue in Avisen for 2014 would result in a full impairment of the remaining goodwill and intangibles.

There would have to be a reduction in forecast revenue of 24% in the year ended 31 January 2014 and zero growth on this figure in 2015 for the headroom to be removed on 1Spatial.

As the goodwill and intangibles of Storage Fusion are now fully impaired there is no sensitivity to changes in future assumptions.

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11 Property, plant and equipment

	Leasehold property improvements	Motor vehicles	Fixtures, fittings and equipment	Total
At 31 January 2013	£'000	£'000	£'000	£'000
Cost				
At 1 February 2012	66	70	138	274
Additions	-	67	164	231
Disposals	(8)	(70)	-	(78)
At 31 January 2013	58	67	302	427
Accumulated depreciation and impairment				
At 1 February 2012	4	7	19	30
Charge for year	20	18	114	152
Disposals	(3)	(18)	-	(21)
At 31 January 2013	21	7	133	161
Net book amount at 31 January 2013	37	60	169	266

	Leasehold property improvements	Motor vehicles	Fixtures, fittings and equipment	Total
At 31 January 2012	£'000	£'000	£'000	£'000
Cost				
At 1 February 2011	29	-	303	332
Additions	8	70	78	156
Disposals	-	-	(83)	(83)
Acquisition of subsidiary (note 21)	58	-	60	118
Disposal of subsidiaries	(29)	-	(220)	(249)
At 31 January 2012	66	70	138	274
Accumulated depreciation and impairment				
At 1 February 2011	15	-	150	165
Charge for year	5	7	49	61
Disposals	-	-	(77)	(77)
Disposal of subsidiaries	(16)	-	(103)	(119)
At 31 January 2012	4	7	19	30
Net book amount at 31 January 2012	62	63	119	244
Net book amount at 1 February 2011	14	-	153	167

Depreciation expense of £152,000 (2012: £61,000) has been charged in administrative expenses.

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12 Trade and other receivables

	2013	2012
Current	£'000	£'000
Trade receivables	1,354	2,693
Less: Provision for impairment of trade receivables	(24)	(110)
	1,330	2,583
Other receivables	863	2,294
Prepayments and accrued income	590	674
	2,783	5,551

The fair value of the Group's trade receivables and other receivables is the same as its book value stated above. No interest is charged on overdue receivables.

At 31 January 2013, trade receivables of £1,330,000 (2012: £2,583,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Other receivables include £nil (2012: £1,300,000) due in relation to the disposal of the Inca business which was received in April 2012.

At 31 January 2013, trade receivables of £442,000 (2012: £533,000) were past due but not impaired. The ageing analysis of these customers is set out below. The balances relate to customers where there is no history of default and management believe that the receivables balance will be paid.

	2013	2012
	£'000	£'000
Up to 3 months overdue	441	319
3 to 6 months overdue	1	57
6 to 12 months overdue	-	148
> 12 months overdue	-	9
	442	533

As of 31 January 2013, trade receivables of £24,000 were impaired (2012: £110,000) and provided for. The provision relates to a number of small receivables.

The ageing of these receivables are as follows:

	2013	2012
	£'000	£'000
6 to 12 months overdue	-	110
> 12 months	24	-
	24	110

Movements on the Group provision for impairment of trade and receivables are as follows:

	2013	2012
	£'000	£'000
At 1 February	110	140
Acquisitions	-	103
Movement	(86)	(133)
At 31 January	24	110

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The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income.

The other classes within trade and other receivables do not contain impaired assets and the Group expect to recover these in full. There are no financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable noted above. The Group does not hold any collateral as security.

13 Cash and cash equivalents

	2013	2012
	£'000	£'000
Cash at bank and in hand	3,154	2,734
Financial assets – restricted access account	62	-
	3,216	2,734

The fair value of the Group's cash and cash equivalents is the same as its book value stated above.

14 Trade and other payables

Current

	2013	2012
	£'000	£'000
Trade payables	1,169	1,338
Other taxation and social security	466	578
Deferred consideration	133	134
Other payables	306	454
Accrued liabilities	1,551	2,302
Deferred income	2,061	1,212
	5,686	6,018

The Directors consider that the book value of trade payables, taxation, other payables, accrued liabilities and deferred income approximates to their fair value at the reporting date.

15 Borrowings

	2013	2012
	£'000	£'000
Current		
Other borrowings	49	51
	49	51
Non – current		
Other borrowings	-	51
	-	51
Total borrowings	49	102

	2013	2013
	Other borrowings	Total
	£'000	£'000
The maturity of total borrowings is as follows:		
Within one year	49	49
	49	49

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The maturity of total borrowings is as follows:	2012	2012
	Other borrowings	Total
	£'000	£'000
Within one year	51	51
Between one and two years	51	51
	102	102

Other borrowings

Other borrowings relates to a loan provided by the previous owners of 1Spatial Australia Pty. Interest is charged at a fixed rate of 5%.

The bank overdraft facility available to the Group at 31 January 2013 was £500,000 (2012: £500,000), none of which was drawn at year end.

Fair values

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

Foreign currency

The carrying amounts of the Group's other borrowings in 2013 are denominated in Australian Dollars.

16 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax relates to the same tax authority. The offset amounts are as follows:

	2013	2012
	£'000	£'000
Deferred tax liabilities		
Deferred tax liability to reverse within 12 months	115	220
Deferred tax liability to reverse after more than 12 months	633	815
	748	1,035
Deferred tax liabilities (net)	748	1,035

The movement on the deferred income tax account is as follows:

	2013	2012
	£'000	£'000
Beginning of year	1,035	232
Acquisitions – goodwill adjustment	-	826
Statement of comprehensive income debit/(credit)	(287)	(23)
End of year	748	1,035

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances is as follows:

	Intangible assets
Deferred tax liabilities	£'000
At 1 February 2012	1,035
Credited to statement of comprehensive income	(287)
At 31 January 2013	748

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The movement in deferred tax liabilities during the previous year, without taking into consideration the offsetting of balances is as follows:

	Intangible assets
Deferred tax liabilities	£'000
At 1 February 2011	232
Acquisitions – goodwill adjustment	826
Credited to statement of comprehensive income	(23)
At 31 January 2012	1,035

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise deferred tax assets of £1,334,000 (2012: £1,176,000) in respect to losses amounting to £5,800,000 (2012: £4,702,000) that can be carried forward against future taxable income.

17 Share capital and share premium

	2013	2012
Allotted, called up and fully paid	Number	Number
Ordinary shares of 1p each	350,415,354	348,769,274
Deferred shares of 4p each	226,699,878	226,699,878

	Ordinary shares of 1p each	Deferred shares of 4p each
At 1 February 2012	348,769,274	226,699,878
Issue of shares	1,646,080	-
At 31 January 2013	350,415,354	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the company, and to receive notice of, attend and vote at every general meeting of the company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro-rata to the amount credited as paid up on such shares (excluding any premium).

Deferred Shares

The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The Deferred Shares will also be incapable of transfer (other than to the Company). In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares will have no economic value. No application will be made for the Deferred Shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2011	226,699,878	11,335	6,455	(306)
Sub division	226,699,878	-	-	-
Issue of shares	122,069,396	1,221	-	-
At 1 February 2012	575,469,152	12,556	6,455	(306)
Issue of shares	1,646,080	16	48	-
At 31 January 2013	577,115,232	12,572	6,503	(306)

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As noted above, the Group issued 1,646,080 shares as follows:

Date	Description	Number of shares
3 February 2012	Shares issued to unconnected third parties in lieu of services provided to the company	1,646,080

For details of the Group's share option scheme, refer to note 19.

18 Accumulated losses and other reserves

	Accumulated losses	Share based payment reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve
	£'000	£'000	£'000	£'000	£'000
At 1 February 2012	(10,257)	387	13,900	(11,584)	(33)
Loss for the year	(4,393)	-	-	-	-
Exchange differences arising on translation of net assets of foreign operations	-	-	-	-	35
At 31 January 2013	(14,650)	387	13,900	(11,584)	2

Share based payments reserve

The share based payment reserve arises from the requirement to reflect the fair value of share options in existence at the reporting date. The share based payments reserve includes the fair value adjustment in respect of warrants issued in previous years. For further detail on share options and warrants see note 19 and 20 respectively.

Merger reserve

The merger reserve arises on the difference between the nominal value of shares issued and the premium payable to acquire shares in another company.

Reverse acquisition reserve

The reverse acquisition reserve is created in accordance with IFRS 3 'Business Combinations'. The reverse acquisition reserve arose during the year ended 31 January 2010 due to the elimination of certain costs in respect of the legal parent (1Spatial plc formerly Avisen Plc and Z Group Plc) and the legal subsidiary (Avisen Group Limited). Since the shareholders of Avisen Group Limited became the majority shareholders of the enlarged Group the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's cost is deemed to have been incurred by the legal subsidiary.

Currency translation reserve

The currency translation reserve arises on the translation of foreign entity balances where the functional currency is different from the presentation currency.

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19 Share based payments

The total charge for the year relating to share based payment plans was £Nil (2012: £Nil).

The EMI share option plan and Executive unapproved share option plan was introduced in 2010. Under the schemes the Board of directors of 1Spatial Plc can grant options over the shares of the Company to directors and employees. Options are typically granted at a fixed price equal to the market price of the shares under option at the date of grant, although some options granted around the time of the acquisition were at a discount to the market price. The contractual life of the option was 10 years. Awards under the scheme are reserved for employees who are deemed to be critical to the future success of the Company. The vesting period of the options typically is for one year. Exercise of an option is subject to continuing employment. The differences between the two schemes are relatively minor, the main difference residing in the definition of an eligible employee. Under the EMI scheme an employee must be a full time employee and a UK resident, whereas part time and non resident employees can become members of the unapproved option scheme. Options under both schemes were valued using the Black-Scholes option pricing model.

A reconciliation of options over the year to 31 January 2013 is shown below:

	2013	2012
	Number	Number
	Weighted average exercise price	Weighted average exercise price
Outstanding brought forward	4,017,500	6,250,001
Forfeited during the year	(2,307,500)	(2,232,501)
Outstanding carried forward	1,710,000	4,017,500
Exercisable as at 31 January 2013	1,710,000	4,017,500

The weighted average remaining contractual life of share options outstanding at the end of the year was 7 years (2012: 8 years). The exercise prices of the outstanding options range between 5.5p and 12.5p.

20 Share warrants

No warrants were issued during the year and no charge made.

A reconciliation of warrants over the year to 31 January 2013 is shown below:

	2013	2013
	Number	Weighted average exercise price
Outstanding brought forward and carried forward	2,252,692	5.63p

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21 (Loss)/Earnings per ordinary share

Basic loss per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 January 2013			Year ended 31 January 2012		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Loss attributable to equity holders	(4,393)	-	(4,393)	(1,420)	(54)	(1,474)
Adjustments:						
Amortisation and impairment of intangible assets	3,478	-	3,478	505	68	573
Integration, strategic and one off costs	622	-	622	540	45	585
Adjusted (loss)/profit	(293)	-	(293)	(375)	59	(316)

	Year ended 31 January 2013			Year ended 31 January 2012		
	Continuing Pence	Discontinued Pence	Total Pence	Continuing Pence	Discontinued Pence	Total Pence
Basic (loss) per share	(1.25)	-	(1.25)	(0.57)	(0.02)	(0.59)
Diluted (loss) per share	(1.25)	-	(1.25)	(0.57)	(0.02)	(0.59)
Adjusted basic (loss)/earnings per share	(0.08)	-	(0.08)	(0.15)	0.02	(0.13)
Adjusted diluted (loss)/ earnings per share	(0.08)	-	(0.08)	(0.15)	0.02	(0.13)

	Number 000's	Number 000's
Basic weighted average number of ordinary shares	350,402	248,104
Impact of share options and warrants	-	-
Diluted weighted average number of ordinary shares	350,402	248,104

Where there is a loss per share, the share options are not dilutive and hence the diluted earnings per share is the same as the basic.

22 Commitments

Operating lease commitments

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

	2013 Land & Buildings £'000	2012 Land & Buildings £'000
No later than one year	306	375
Later than one year but no later than five years	984	1,106
Later than 5 years	356	593
	1,646	2,074

The Group leases offices under non-cancellable operating lease agreements which are renewable at the end of the lease period at market rates.

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23 Related-party transactions

(a) Key management compensation

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in note 6c to the financial statements.

(b) Controlling party

There is no one party which controls the Group.

(c) Company and subsidiary

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

(d) Transactions arising from purchases of services

Transactions with related parties of £nil (2012: £225,000) during the year relate to services provided, under normal commercial terms, by a company where one of the 1Spatial plc non executive directors is a member of the board. In addition fees are paid to related parties in respect of the non executive directors services, for which details are disclosed in note 6c to the financial statements. The amounts owed to these related parties at the reporting date are shown below:

	2013 £'000	2012 £'000
Related party 1	2	2
Related party 2	3	3
Related party 3	-	6
	5	11

24 Principal subsidiaries of the Group as at 31 January 2013

Subsidiary undertakings	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business
Avisen Group Limited	Ordinary 100%	-	England & Wales	IT Consultancy
Avisen UK Limited	-	Ordinary 100%	England & Wales	IT Consultancy
Solution Minds Limited	-	Ordinary 100%	England & Wales	Dormant
Avisen BV	-	Ordinary 100%	Netherlands	IT Consultancy
Solution Minds (UK) Limited	-	Ordinary 100%	England & Wales	Dormant
Strategy GPS Limited	Ordinary 100%	-	England & Wales	Holding company
Xploite plc	Ordinary 100%	-	England & Wales	Holding company
Xploite IHC Limited	-	Ordinary 100%	England & Wales	Holding company
FBHG Limited	-	Ordinary 100%	England & Wales	Holding company IT Business Service Assurance Solutions
Storage Fusion Limited	-	Ordinary 100%	England & Wales	
1Spatial Holdings Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>
1Spatial Group Limited	-	Ordinary 100%	England & Wales	
1Spatial Technologies Limited	-	Ordinary 100%	England & Wales	Location based software development and consultancy
Socium Limited	-	Ordinary 100%	England & Wales	
1Spatial Australia Pty Limited	-	Ordinary 100%	Australia	
Aon Spasuil Limited	-	Ordinary 100%	Ireland	

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25 Post Balance Sheet Events

Placing

On 12 June 2013 1Spatial completed the Placing of 300,000,000 new Ordinary Shares at the Placing Price of 6p per share with certain institutional investors, raising approximately £17m of net proceeds for the Company and equating to 46.1 per cent of the enlarged issued share capital. The new Ordinary Shares will rank equally with the existing Ordinary Shares in the Company. Following the admission, the company has 650,415,354 Ordinary Shares of 1p each in issue, with each share carrying the right to one vote

Acquisition

Following the placing, on 14 June 2013, 1Spatial has completed the 90% acquisition of Star-Apic, the leading European provider of Geographic Information Systems ("GIS") software and solutions for approximately £5.2m. It acquired approximately £1.5m of the net assets of the business that includes significant IPR, freehold property and cash.

The results of the Star-Apic group for the year ended 31 December 2012 were revenues of £6.8m, Adjusted* EBITDA of £0.1m and Net profit of £0.1m.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1SPATIAL PLC

We have audited the parent company financial statements of 1Spatial plc for the year ended 31 January 2013 which comprise the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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.

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.

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 parent 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. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2013 and of its cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; 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 year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the Group financial statements of 1Spatial plc for the year ended 31 January 2013.

Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading, 1 July 2013

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1Spatial plc Statement of financial position As at 31 January 2013

Registered number: 5429800

	Note	2013 £'000	2012 £'000
Assets			
Non current-assets			
Goodwill	3	-	-
Other intangible assets	3	7	8
Property, plant and equipment	4	63	63
Investments	5	5,925	11,549
Total non-current assets		5,995	11,620
Current assets			
Trade and other receivables	6	955	1,915
Cash and cash equivalents	7	1,102	544
Total current assets		2,057	2,459
Liabilities			
Current liabilities			
Trade and other payables	8	4,364	11,431
		4,364	11,431
Net assets		3,688	2,648
Shareholders' equity			
Share capital	10	12,572	12,556
Share premium account	10	6,503	6,455
Own shares held	10	(306)	(306)
Share based payments reserve		1,026	1,026
Merger reserve		13,900	13,900
Accumulated losses		(30,007)	(30,983)
Total equity		3,688	2,648

The financial statements on pages 58 to 69 were approved and authorised for issue by the Board on 1 July 2013 and signed on its behalf by

C Milverton
Director

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1Spatial plc Statement of Changes in Equity Year ended 31 January 2013

£'000	Share Capital	Share Premium Account	Own shares held	Share Based Payments Reserve	Merger Reserve	Accumulated losses	Total Equity
Balance at 1 February 2012	12,556	6,455	(306)	1,026	13,900	(30,983)	2,648
Comprehensive income							
Profit for the year	-	-	-	-	-	976	976
Other comprehensive income							
Total comprehensive income	-	-	-	-	-	976	976
Transactions with owners							
Shares issued in the year (note 10)	16	48	-	-	-	-	64
	16	48	-	-	-	-	64
Balance at 31 January 2013	12,572	6,503	(306)	1,026	13,900	(30,007)	3,688

£'000	Share Capital	Share Premium Account	Own shares held	Share Based Payments Reserve	Merger Reserve	Accumulated losses	Total Equity
Balance at 1 February 2011	11,335	6,455	(306)	1,026	10,006	(15,012)	13,504
Comprehensive income							
Loss for the year	-	-	-	-	-	(15,971)	(15,971)
Other comprehensive income							
Total comprehensive income/(expense)	-	-	-	-	-	(15,971)	(15,971)
Transactions with owners							
Shares issued in the year (note 10)	1,221	-	-	-	-	-	1,221
Premium on issuance of shares to acquire subsidiary (note 10)	-	-	-	-	3,894	-	3,894
	1,221	-	-	-	3,894	-	5,115
Balance at 31 January 2012	12,556	6,455	(306)	1,026	13,900	(30,983)	2,648

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1Spatial plc Statement of cash flows Year ended 31 January 2013

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash used in operations	(a)	(713)	(5,303)
Interest received		12	17
Interest paid		-	(5)
Net cash generated from/(used in) operating activities		(701)	(5,291)
Cash flows from investing activities			
Purchase of property, plant and equipment		(72)	(70)
Proceeds from sale of property, plant and equipment		31	-
Disposal of subsidiaries		1,300	6,000
Net cash used in investing activities		1,259	5,930
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		-	(106)
Net cash generated from financing activities		-	(106)
Net decrease in cash and cash equivalents		558	533
Cash and cash equivalents at start of year		544	11
Cash and cash equivalents at end of year		1,102	544

Notes to the statement of cash flows

(a) Cash (used in)/generated from operations

	2013 £'000	2012 £'000	
Continuing operations			
Profit/(Loss) before tax	976	(15,971)	
Adjustments for:			
Dividends received from subsidiaries	(6,499)	-	
Depreciation charge	20	7	
Loss on disposal of property, plant and equipment	21	-	
Expense recognised in respect of shares issued in exchange for consulting services	64	-	
(Increase) in trade and other receivables	(340)	(635)	
(Decrease)/Increase in trade and other payables	(568)	1,037	
Amortisation and impairments	5,625	10,271	
Finance income	(12)	(17)	
Finance costs	-	5	
Cash (used in)/generated from continuing operations		(713)	(5,303)

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Notes to the Company financial statements for the year ended 31 January 2013

1 Summary of significant accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC (International Financial Reporting Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006.

See note 2, Adoption of new and revised International Financial Reporting Standards (IFRSs), in the notes to the consolidated financial statements for further information relating to the preparation of the financial statements.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Statement of Comprehensive Income in these separate financial statements. The profit (2012: loss) attributable to members of the parent company for the year ended 31 January 2013 is £976,000 (2012: £15,971,000).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

Going Concern

The Directors have formed a judgement that, at the time of approving these financial statements there is a reasonable expectation that the Company has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carrying value of investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. Management have used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 5 for further information.

Share-based payments

The Company operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance 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 reporting date, the entity 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 statement of comprehensive income, with a corresponding adjustment to equity.

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Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Interest income

Interest income is recognised on an accruals basis.

Goodwill

Goodwill arising on acquisitions of trade and assets is recognised at the date control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. If, after reassessment, the Company's interest in the fair value of the identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing

For further information in respect of impairment see the Group accounting policies on page 30 and note 10 to the consolidated financial statements.

Intangible assets

Identifiable intangible assets acquired are initially recognised separately from goodwill if the asset's fair value can be measured reliably. For intangible assets that have finite useful lives, amortisation is calculated so as to write off the cost of an asset less its estimated residual value over its useful economic life as follows:

Software – 3 years

Intangible assets are tested annually for impairment and are carried at amortised cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income in the year it arises. See note 10 to the consolidated financial statements for further information.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Motor vehicles	-	33% per annum – straight line
Computer equipment	-	20% to 33% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

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The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Fixed asset investments

Fixed asset investments in group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. An impairment loss is recognised immediately in the profit and loss account.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short term investments or other financial assets with appropriate disclosure of the related terms."

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

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

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax

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

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 statement of comprehensive income in the period in which they arise.

Employee Pensions

The Company operates a stakeholder pension plan for which all employees are eligible. No employees have as yet joined the scheme.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

2 Financial risk management

The Company's financial instruments comprise amounts due to/from subsidiary undertakings, cash and cash equivalents, other receivables and trade and other payables. The Company's approach to the financial risks is discussed in note 3, Financial Instruments, to the consolidated financial statements.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's policy is to manage working capital in order to ensure that liquidity is maintained so as to meet peak funding requirements.

Foreign currency risk

As at 31 January 2013 and 31 January 2012, there was no foreign exchange currency exposure to the Company.

Borrowing facilities

The Company has an overdraft facility of £Nil (2012: £Nil) at the reporting date.

3 Intangible assets

	Goodwill	Software	Total
At 31 January 2013	£'000	£'000	£'000
Cost			
At 1 February 2012 and 31 January 2013	120	23	143
Accumulated impairment and amortisation			
At 1 February 2012	120	15	135
Amortisation	-	1	1
At 31 January 2013	120	16	136
Net book amount			
At 31 January 2013	-	7	7
At 31 January 2012	-	8	8

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	Goodwill £'000	Software £'000	Total £'000
At 31 January 2012			
Cost			
At 1 February 2011 and 31 January 2012	120	23	143
Accumulated impairment and amortisation			
At 1 February 2011	-	8	8
Amortisation	120	7	127
At 31 January 2012	120	15	135
Net book amount			
At 31 January 2012	-	8	8
At 31 January 2011	120	15	135

4 Property, plant and equipment

	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
At 31 January 2013			
Cost			
At 1 February 2012	12	70	82
Additions	5	67	72
Disposals	-	(70)	(70)
At 31 January 2013	17	67	84
Accumulated depreciation			
At 1 February 2012	12	7	19
Charge for year	2	18	20
Disposals	-	(18)	(18)
At 31 January 2013	14	7	21
Net book amount			
At 31 January 2013	3	60	63
At 31 January 2012	-	63	63

	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
At 31 January 2012			
Cost			
At 1 February 2011	12	-	12
Additions	-	70	70
At 31 January 2012	12	70	82
Accumulated depreciation			
At 1 February 2011	12	-	12
Charge for year	-	7	7
At 31 January 2012	12	7	19
Net book amount			
At 31 January 2012	-	63	63
At 31 January 2011	-	-	-

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5 Investments

	Total
At 31 January 2013	£'000
Shares in group undertakings	
Cost	
At 1 February 2012	21,638
At 31 January 2013	21,638
Accumulated amounts provided	
At 1 February 2012	10,089
Impairment in year	5,624
At 31 January 2013	15,713
Net book amount	
At 31 January 2013	5,925
At 31 January 2012	11,549

	Total
At 31 January 2012	£'000
Shares in group undertakings	
Cost	
At 1 February 2011	21,078
Additions	5,115
Disposals	(4,555)
At 31 January 2012	21,638
Accumulated amounts provided	
At 1 February 2011	4,500
Impairment in year	5,589
At 31 January 2012	10,089
Net book amount	
At 31 January 2012	11,549
At 31 January 2011	16,578

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

During the current year the Company has made an additional provision for impairment of its investments to bring their carrying value in line with their value in use calculated. The recoverable amount of the investments held is determined from value in use calculations for each cash generating unit (CGU) covering a two year period. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

Details of the principal subsidiaries are provided in note 24 to the consolidated financial statements.

6 Trade and other receivables

	2013	2012
	£'000	£'000
Current:		
Amounts owed by group undertakings	745	318
Other receivables	168	1,585
Prepayments and accrued income	42	12
	955	1,915

The fair value of trade and other receivables is consistent with their book values. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7 Cash and cash equivalents

	2013	2012
	£'000	£'000
Cash at bank and in hand	1,102	544

8 Trade and other payables

	2013	2012
	£'000	£'000
Current:		
Trade payables	217	256
Amounts owed to group undertakings	3,451	10,276
Taxation and social security	18	13
Other payables	54	7
Accrued liabilities	624	879
	4,364	11,431

The carrying value of trade and other payables is consistent with their book values. It is the Company's policy to settle trade payables within normal credit terms. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9 Share based payments

Disclosures in relation to the share options and warrants in issue are made in notes 19 and 20 to the consolidated financial statements.

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10 Share capital and share premium

Allotted, called up and fully paid	2013	2012
	Number	Number
Ordinary shares of 1p each	350,415,354	348,769,274
Deferred shares of 4p each	226,699,878	226,699,878

	Ordinary shares of 1p each	Deferred shares of 4p each
At 1 February 2012	348,769,274	226,699,878
Issue of shares	1,646,080	-
At 31 January 2013	350,415,354	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the company, and to receive notice of, attend and vote at every general meeting of the company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro-rata to the amount credited as paid up on such shares (excluding any premium).

Deferred Shares

The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The Deferred Shares will also be incapable of transfer (other than to the Company). In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares will have no economic value. No application will be made for the Deferred Shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares	Share premium account	Own shares held
		£'000	£'000	£'000
At 1 February 2012	575,469,152	12,556	6,455	(306)
Issue of shares	1,646,080	16	48	-
At 31 January 2013	577,115,232	12,572	6,503	(306)

As noted above, the Group issued 1,646,080 shares as follows:

Date	Description	Number of shares
3 February	Shares issued to unconnected third parties in lieu of services provided to the company	1,646,080

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11 Related party disclosures

Details of remuneration of the key management personnel is contained in note 6 to the consolidated financial statements.

The following transactions with other group entities, which are related parties, occurred in the year.

	2013	2012
	£'000	£'000
Opening debt due from related parties	(6,116)	(840)
Cash forwarded by the Company to related parties	2,060	3,769
Cash forwarded by the related parties to the Company	(3,315)	(9,293)
Other re-charges from the Company	8,469	369
Other re-charges from the related parties	(563)	(121)
Closing debt due to related parties	535	(6,116)

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Transactions with other related parties during the year relate to services provided by a company where one of the 1Spatial plc non executive directors sits on the board. In addition fees are paid to related parties in respect of the non executive directors services, for which details are disclosed in note 6c to the Group financial statements.

The amounts owed by/(owed to) related parties is shown below:

	2013	2012
	£'000	£'000
Avisen Group Limited	-	(84)
Avisen UK Limited	1,793	2,975
Solution Minds (UK) Limited	-	32
Avisen BV	(30)	-
Strategy GPS Limited (Formerly Inca Holdings Limited)	(702)	(7,200)
Xploite plc	(2,560)	(2,733)
Xploite IHC Limited	(158)	(158)
Storage Fusion Limited	1,452	739
1Spatial Holdings Limited	705	318
1Spatial Australia Pty Limited	40	-
Related party 1	(2)	(2)
Related party 2	(3)	(3)
	535	(6,116)

12 Post Balance Sheet Events

Placing

On 12 June 2013 1Spatial completed the Placing of 300,000,000 new Ordinary Shares at the Placing Price of 6p per share with certain institutional investors, raising approximately £17m of net proceeds for the Company and equating to 46.1 per cent of the enlarged issued share capital. The new Ordinary Shares will rank equally with the existing Ordinary Shares in the Company. Following the admission, the company has 650,415,354 Ordinary Shares of 1p each in issue, with each share carrying the right to one vote

Acquisition

Following the placing, on 14 June 2013, 1Spatial has completed the 90% acquisition of Star-Apic, the leading European provider of Geographic Information Systems ("GIS") software and solutions for approximately £5.2m. It acquired approximately £1.5m of the net assets of the business that includes significant IPR, freehold property and cash.

The results of the Star-Apic group for the year ended 31 December 2012 were revenues of £6.8m, Adjusted* EBITDA of £0.1m and Net profit of £0.1m.

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Company information

Directors

M Hanke	Chief Executive Officer
C Milverton	Chief Financial Officer
S Berry	Non-Executive
M Sanderson	Director of Strategic Development
M Yeoman	Non-Executive
D Richards	Non-Executive Deputy Chairman

Company secretary

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