Be Heard Group Plc

("Be Heard", the "Company" or the "Group")

Full Year Results for the period ended 31st December 2016

Be Heard Group Plc (AIM: BHRD), the digital marketing services group, is pleased to announce its Full Year Results for the twelve months ended 31st December 2016.

Headline Financial Results for the period

	£'000	
Billings	28,854	
Net Revenue	9,490	
Trading EBITDA (i)	2,396	at a margin to net revenue of 25%
Operating Profit (adjusted ii)	810	
Loss per share (diluted)	£(0.01)	

(i) represents Operating Profit (adjusted) prior to central group costs.

(ii) adjusted to exclude depreciation, amortisation & impairment of intangibles, acquisition & listing costs and share based payments.

Operational Highlights

- Acquisition of second partner company MMT (May) and third partner company Kameleon (December) to expand the Group's service offering into user experience, design and build (MMT) and content marketing (Kameleon)
- Strong underlying net revenue growth of c.16% based on full year performance of the three partners in the Group at 31 December 2016
- At agenda21
  - New MD and FD appointed, freeing Co-founders to focus on strategy and business development
  - Major client wins include SEO business for Vodafone and lead digital agency for Domestic & General
  - Industry recognition in The Drum's Digital Census Report 2016, ranking second 2nd overall among media agencies

- At MMT
  - Industry recognition at the 2016 RAR Digital Awards and in the 2016 Econsultancy Top 100 Digital Agencies Report
  - New management structure including appointment of COO to free Co-founders as at agenda21
  - Major client wins include Vodafone, BGL Group, Centaur Media and Euromoney

- Post period end:
  - Acquired fourth partner company Freemavens – funded via a cash placing of £2.1m
  - First Group pitch involving all four Partner companies for an international opportunity
  - Robin Price appointed COO in addition to existing role as CFO

Outlook

- Early months of the year have seen the business trading well and in line with management expectations
- Particularly strong Q1 growth at MMT as group cross referrals start to impact
- Increasing number of opportunities for partner companies to work together – this will continue to be a primary focus in 2017 as we move to co-locate our operations
- We continue to explore a strong and growing pipeline of acquisition opportunities, in line with our strategy

Peter Scott, Executive Chairman said:

"In our first full year of trading we made our second and third acquisitions, identified our fourth, which we acquired just post year end, made clear progress in building links across the group and helping our partners develop, and strengthened both the Executive team and the Board.

The numbers at this stage show our growing scale but do not represent the size of our ambition; nevertheless I am delighted with the foundations we now have in place and what we have achieved this year.

We are already seeing the first instances of our partners working together to offer better services to clients by solving complex problems in the connected world. We'll continue to connect our businesses under the banner of experience, innovation and excellence and we are confident that great things will happen."

For further information, please contact:

Be Heard Group plc	+44 20 3828 6269
Peter Scott, Executive Chairman	
Robin Price, Chief Financial Officer & Chief Operating Officer	
Numis	+44 20 7260 1000
Nick Westlake / Kevin Cruickshank (Nominated Adviser)	
James Black (Corporate Broker)	
Dowgate	+44 20 390 37715
James Serjeant	
Bell Pottinger (Financial PR)	+44 20 3772 2578
Elly Williamson	
Molly Stewart	

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

(A DIFFERENT KIND OF) CHAIRMAN'S STATEMENT

The Chairman's Statement - three words that have introduced annual reports for over a century but which sound a little stiff for the digital era when the leader of the free world engages his nation in bursts of 140 characters or less...

So let me brush aside convention and talk to you about what's been happening in our business and our market place over the last twelve months just as if we were all sitting down and sharing a coffee together.

We live in exciting times. Almost daily we hear of new wonder technology, new algorithms, new ways of working and communicating that challenge the old order – with much of it driven by that infuriating little object in your pocket, hand, or bag, or lying quietly on your desk, or recharging in the socket – that 'ever so smart' phone that lets you communicate, search, investigate, buy, sell, invest, verify – do almost anything from almost anywhere at any time.

Ten years ago mobile phones were just that: mobile phones – and mostly called Nokia.

Facebook had been open to all for less than a year.

The morning chorus was bird song rather than tweets.

Taxis were taxis or mini cabs not Ubers.

BnB had no Air.

And Google still looked as though it had competitors in with a chance of surviving.

How our world has changed and how that change seems to be accelerating by the day.

Today we think about AI, virtual assistants, voice search, chatbots, virtual and augmented reality, the internet of things, home automation, drones, robotics and cybersecurity as much as we think about our traditional IRL (In Real Life) ways of doing things.

So as older consumers learn to adapt and younger consumers enthusiastically encourage disruption we have to find new, quicker, smarter, more engaging, and more measurable ways of talking to consumers about our clients' brands and services.

Be Heard began with a simple premise.

We, like everybody, could see that the world of marketing communications was fast moving to all things digital (remember online advertising expenditure overtook TV in the U.K. way back in 2009).

We could see that the marketing services sector was polarising between the behemoths and the younger, agile independents who sensed the danger of being marginalised – despite their extraordinary skills sets – in a disaggregated, fragmented but increasingly global market place.

So we thought that there was an irrefutable logic in bringing together a group of these smarter, independent agencies.

It all made sense to us because the digital world is connected, and because we could see value in connecting digital services that followed the customer journey from beginning to end, from social through search, through creative and content to website or app, all the way through to purchase.

Today we have four partners in the group covering many of these digital skill sets. They all understand, like and trust what their fellow partners do and are starting to work together to deliver smarter, more efficient and more measurable solutions for our clients.

The journey has just begun: Be Heard is still in its infancy. agenda 21 is the only partner agency who have been with us for the full year. MMT joined in May, Kameleon in December and Freemavens in February this year.

But they have all responded well to the changes that we have encouraged as they move from founder ownership to a group culture.

They have embraced the Be Heard story with gusto and seen the benefits of collaborating and connecting with other partners.

We have seen and felt new spurts of energy and enthusiasm as we build out the Be Heard story and capabilities.

And we have all embraced Be Heard by becoming substantial shareholders in the group. As I pen this your board and our partners speak for 23% of the equity in the group. In short we have invested heavily in our future and are fully aligned with the interests of our outside shareholders.

The response from some of our partners' clients to news of each new partner that has joined our group shows that they too are excited by what Be Heard might mean for them. It would simplify the challenges they face to know that professionals they trust to provide ingenious services will now have more scope to connect with similarly energized experts in their respective fields.

While the numbers alone can't convey all of the ways in which we have advanced our model to create long-term shareholder value, we're proud to now have group net revenue of £9.5m and annualized group net revenue of £15.1m based on the performance of all four partners throughout calendar year 2016.

So we are quietly satisfied with our first full year but hungry for more.

Very hungry.

In the year ahead we expect to further expand our offering, explore opportunities in the US and Europe, add new skill sets to our group, move everybody to one shared office – where knowledge and experiences will flow freely across the digital landscape – centralise common functions where it makes sense, maximise investment in our analytics and insight and much, much more.

Oh and by the way we expect to have some fun doing it all.

The sort of fun you can only have when you like and trust your partners, enjoy their company, and sleep well in the knowledge that we are helping clients solve complex problems and issues just that little bit better than the competition.

FINANCIAL & OPERATIONAL REVIEW

Partner companies

The results for the year comprise the trading of the Partner companies as follows:

agenda21 (acquired November 2015)	12 months
MMT Digital (acquired May 2016)	8 months
Kameleon (acquired December 2016)	3 weeks

Freemavens was acquired in February 2017 and therefore is not included within the results for the period.

Comparative figures for the period to 31st December 2015 reflect just five weeks of trading of agenda21, the one partner company then owned by the Group. As such, a year-on-year comparison of the statutory numbers is largely irrelevant.

Headline results

Group billings for the year were £28.85m (2015: £2.35m).
Group net revenue for the year was £9.5m (2015: £0.5m).
Operating profit before acquisition and non-cash items was £0.8m (2015: £(0.4)m).

Acquisition and non-cash items of £4.4m (2015: £0.7m) comprised:

Depreciation	£0.07m (2015: £0.002m)
Amortisation and impairment of intangibles	£2.86m (2015: £0.13m)
Acquisition & listing costs	£1.0m (2015: £0.6m)
Share based payments	£0.5m (2015: £0.04m)

resulting in an operating loss of £3.6m (2015: £(1.1)m).

Full year underlying net revenue was £13.6m and trading EBITDA was £3.6m, showing strong underlying growth on 2015 of c.16% at net revenue level.

These underlying numbers illustrate the good performance of the Group during 2016, in line with management expectations, and an excellent platform for further growth in 2017.

Key performance indicators

Key performance indicators used within the Group are:

Trading EBITDA
This is determined prior to the charging of Group central costs to Operating profit before acquisition costs and non-cash items. With Group central costs of £1.6m (2015: £0.5m) Trading EBITDA for the year was £2.4m (2015: £0.1m).

Trading EBITDA margin
This is measured against Net Revenue and on a group basis gives a margin for the year of 25% (2015: 20%) that the Board considers to be in line with industry standards.

Net Revenue growth
Average net revenue growth within subsidiary companies in comparison to prior years, a large proportion of which were pre-acquisition by the Group, was 16% in 2016.

Net Revenue per employee

The range of net revenues per employee across the Group in 2016 was £0.081m to £0.107m.

Taxation

Due to reliefs available to the Group there is no charge to corporation tax for the year (2015: £nil).

Earnings per share

Earnings per share for the year was £(0.01) (2015: £(0.01)).

Dividends

The Board is not proposing to pay a dividend for 2016 (2015: £nil).

Cash flow

Net cash outflow from operating activities was £1.5m (2015: £0.6m) and net funds raised by the issue of shares on AIM were £7.65m (2015: £8.53m).

Net cash outflows on acquisition related payments (inclusive of working capital and loan note payments) totaled £14.6m (2015: £2.1m).

Liquidity & financial position

The Group had cash balances of £2.8m at 31 December 2016 (2015: £8.3m).

The Group has an undrawn overdraft facility of up to £1.5m with Barclays Bank Plc within one of the Partner companies as at 31 December 2016 and is currently in discussions to put in place a revolving credit facility on a Group basis, in order to better meet the needs of the Group as it continues to grow.

Acquisitions

On 9th May 2016 MMT Limited ('MMT Digital'), a design, build and user experience ("UX") agency was acquired by the Group for an initial consideration of £5.1m and potential earn out payments based on their results to December 2019 that could raise this to a maximum of £20.5m. The first earn out payment would not be before March 2018. The transaction was funded by the placement of shares in the market to the value of £8.1m at 3.25p per share. All payments to the vendors are to be made as 65% cash, 35% in Be Heard Group Plc shares.

On 7th December 2016 Kameleon Worldwide Limited, a content marketing agency, was acquired by the Group for an initial consideration of £4.05m and potential earn out payments based on their results to December 2019 that could raise this to a maximum of £10m. The transaction was funded out of Group cash reserves. All payments to the vendors are to be made as no less than 35% in Be Heard Group Plc shares, the balance in cash.

On 9th February 2017 the Group acquired a 75% stake in Freemavens Limited, a marketing analytics and innovation consultancy specializing in the use of big data, for an initial consideration of £1.7m. The management of Freemavens between them hold 9.3m shares in Be Heard Group Plc and retain the remaining 25% holding in Freemavens that is subject to put & call options, not to be exercised before 1st January 2021, that are subject to a maximum value of £6m. The transaction was funded by the placement of shares in the market to the value of £2.1m at 3.6p per share. Freemavens was acquired after 31st December 2016 and therefore is not included in the results for the year.

Operational developments

As Partner companies join the Group we review team structures to look for development opportunities to facilitate growth. This has resulted in new Managing and Finance Directors being appointed at agenda21, and the internal promotion of a Chief Operating Officer at MMT Digital, all of which have served to free the senior management to concentrate on business development.

Business development practices and opportunities are being shared and coordinated across the Group and in the ten months since we became two, three months since we became three and one month since we became four we have 4 clients for whom more than one Partner company is working. Most recently we had our first pitch involving all four Partner companies in an international pitch in Europe. By combining resources our partners can work seamlessly across broader briefs to deliver faster and more effective solutions to clients. As the group grows we believe more and more opportunities will present themselves where we can as a group add significant value to our clients.

It is our intention to co-locate our London based businesses at some stage during 2017. The current lease arrangements of all Partner companies are conducive to this and we believe the benefits of proximity will be significant in developing client opportunities, new products and services, as well as being immensely beneficial to staff training & learning.

We have commenced the process of reviewing HR practices across Partner companies with a view to establishing best practice and looking for a common platform on which to share and develop our talent strategy.

Current trading and outlook

The uncertainty immediately following Britain's EU referendum result that caused some clients to postpone projects at MMT appears to have been short lived. The early months of the year have seen our business trading at or above budget and we are hopeful that this trend will continue as the year progresses. In this context we are seeing an increasing number of opportunities for our partner companies to work together to solve complex problems for the groups' clients: this will continue to be a primary focus for the group in the year ahead.

Robin Price
Chief Financial Officer & Chief Operating Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 £**	Period 17 September 2014 to 31 December 2015 £
Billings		**28,854,646**	2,346,631
Cost of sales		**(19,364,258)**	(1,832,151)
NET REVENUE		**9,490,388**	514,480
Administrative expenses		**(13,127,461)**	(1,656,329)
OPERATING LOSS		**(3,637,073)**	(1,141,849)
Operating profit/(loss) before acquisition and non-cash items		**809,943**	(354,240)
Depreciation		**(67,179)**	(1,578)
Amortisation		**(2,035,694)**	(128,141)
Impairment of intangibles		**(823,842)**	-
Acquisition/listing costs		**(1,012,285)**	(618,047)
Share based payments		**(508,016)**	(39,843)
OPERATING LOSS		**(3,637,073)**	(1,141,849)
Finance income		**6,360**	12,993
Finance costs		**(29,875)**	(10,034)
LOSS BEFORE TAXATION		**(3,660,588)**	(1,138,890)
Tax credit/(expense)		**761,781**	(26,561)
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(2,898,807)**	(1,165,451)
EARNINGS PER SHARE			
Basic	3	**(0.01)**	(0.01)
Diluted	3	**(0.01)**	(0.01)

All of the above losses after taxation arise from continuing operations.

There was no other comprehensive income for the year. Total comprehensive expense for the year ended 31 December 2016 is £2,898,807 (2015: £1,165,451)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share Capital £	**Share Premium Reserve £**	**Retained Earnings £**	**Total £**
Total comprehensive expense for the period ended 31 December 2015	–	–	(1,165,451)	(1,165,451)
Issue of new shares	3,329,308	6,770,318	–	10,099,626
Issue costs deducted from equity	–	(406,513)	–	(406,513)
Share based payment expense	–	–	39,483	39,843
Balance at 1 January 2016	3,329,308	6,363,805	(1,125,608)	8,567,505
Total comprehensive expense for the year ended 31 December 2016	–	–	(2,898,807)	(2,898,807)
Issue of new shares	3,815,455	8,640,283	–	12,455,738
Issue costs deducted from equity	–	(439,116)	–	(439,116)
Share based payment expense	–	–	508,016	508,016
Balance at 31 December 2016	**7,144,763**	**14,564,972**	**(3,516,399)**	**18,193,336**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	**£**	**2016 £**	£	2015 £
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment			**92,867**		20,887
Intangible assets	4		**40,271,738**		15,506,319
TOTAL NON-CURRENT ASSETS			**40,364,605**		15,527,206
CURRENT ASSETS					
Trade and other receivables		**7,723,157**		**3,827,060**	
Corporation tax		**82,253**		–	

Cash and cash equivalents	**2,811,610**		**8,264,801**	
TOTAL CURRENT ASSETS		**10,617,020**		12,091,861
TOTAL ASSETS		**50,981,625**		27,619,067
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	**(11,069,203)**		**(10,244,080)**	
Loan notes	**(175,055)**		**(849,965)**	
Corporation tax liabilities	**–**		**(92,529)**	
TOTAL CURRENT LIABILITIES	**(11,244,258)**		**(11,186,574)**	
NON CURRENT LIABILITIES				
Other payables	**(307,463)**		**–**	
Loan notes	**–**		**(175,055)**	
Deferred tax liability	**(987,621)**		**(748,541)**	
Provision for liabilities	**(20,248,947)**		**(6,941,392)**	
TOTAL NON-CURRENT LIABILITIES	**(21,544,031)**		**(7,864,988)**	
TOTAL LIABILITIES		**(32,788,289)**		(19,051,562)
TOTAL NET ASSETS		**18,193,336**		8,567,505
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital		**7,144,763**		3,329,308
Share premium reserve		**14,564,972**		6,363,805
Retained earnings		**(3,516,399)**		(1,125,608)
TOTAL EQUITY		**18,193,336**		8,567,505

The financial statements were approved by the Board of Directors and authorized for issue on 28 March 2017 and were signed on its behalf by:

Peter Scott	Robin Price
Director	Director
29 March 2017	

Company registration number 09223440

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016.

	2016		**Period to 31 December 2015**	
	£	**£**	£	£
OPERATING ACTIVITIES				
Loss before taxation		**(3,660,588)**		(1,138,890)
Adjustments for:				
Depreciation	**67,179**		1,578	
Amortisation	**2,035,694**		128,141	
Impairment of intangibles	**823,842**		–	
Share based payment expense	**508,016**		39,843	
Finance income	**(6,360)**		(12,993)	
Finance costs	**29,875**		10,034	
		3,458,246		166,603
Loss from operations before changes in working capital and provisions		**(202,342)**		(972,287)
Increase in trade and other receivables	**(993,524)**		(1,057,444)	
(Decrease)/increase in trade and other payables	**(366,485)**		1,429,843	
		(1,360,009)		372,399
Cash consumed by operations		**(1,562,351)**		(599,888)
Net tax received		**12,150**		–
Cash flow from operating activities		**(1,550,201)**		(599,888)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(97,608)**		(447)	
Consideration paid on acquisition of subsidiaries	**(9,840,861)**		(2,139,688)	

Deferred consideration paid	**(3,931,297)**		–	
Payment to buy out shareholders	**(849,965)**		–	
Cash with subsidiaries over which control has been obtained	**3,162,672**		2,468,366	
Finance income	**6,360**		12,993	
Expenditure on development costs	–		(7,488)	
Cash flow from investing activities		**(11,550,699)**		333,736
		(13,100,900)		(266,152)

	2016		2015	
	£	**£**	£	£
FINANCING ACTIVITIES				
Issue of Ordinary Shares	**8,116,700**		8,947,500	
Share issue expenses	**(439,116)**		(406,513)	
Finance costs	**(29,875)**		(10,034)	
Cash flow from financing activities		**7,647,709**		8,530,953
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,453,191)**		8,264,801
Cash and cash equivalents at 1st January 2016		**8,264,801**		–
Cash and cash equivalents at 31 December 2016		**2,811,610**		8,264,801
Cash and cash equivalents comprise:				
Cash available on demand		**2,811,610**		8,264,801

There were no significant non-cash transactions

NOTES TO THE FINANCIAL STATEMENTS
For the year to 31st December 2016

1. The financial information for the year to 31st December 2016 does not constitute statutory accounts as defined in section 435 (1) and (2) of the Companies Act 2006. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matter to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under these condensed financial statements do not contain sufficient information to comply with IFRS.

2. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS
The financial information in this preliminary announcement had been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the preliminary announcement are those the Group will apply in its financial statements for the year to 31st December 2016.

3. EARNINGS PER SHARE

	2016	2015
	£	£
The earnings per share is based on the following:		
Earnings	**(2,898,807)**	(1,165,451)
Weighted average number of shares	**553,597,753**	136,416,579
Diluted number of shares	**778,222,256**	396,676,795
Earnings per share	**(0.01)**	(0.01)
Diluted earnings per share	**(0.01)**	(0.01)

Earnings per Ordinary Share has been calculated using the weighted average number of shares in issue during the year. The weighted average number of equity shares in issue was 553,597,753 (2015:136,416,579).

The diluted earnings per share is the same as the earnings per share due to the consolidated group loss.

4. INTANGIBLE ASSETS

	Development Costs £	Goodwill on Consolidation £	Other Intangible assets £	Total £
Cost				
At 31 December 2015	499,489	11,407,442	4,102,387	16,009,318
Acquisition of subsidiary	–	26,198,675	4,493,372	30,692,047
Adjustments	–	(67,092)	–	(67,092)
31 December 2016	**499,489**	**37,539,025**	**8,595,759**	**46,634,273**
Amortisation				
At 31 December 2015	389,044	–	113,955	502,999
Charge for the year	85,488	–	1,950,206	2,035,694
Impairment	–	–	823,842	823,842
Remeasurement	–	3,000,000	–	3,000,000
31 December 2016	**474,532**	**3,000,000**	**2,888,003**	**6,362,535**
Net Book Value				
At 31 December 2016	**24,957**	**34,539,025**	**5,707,756**	**40,271,738**
At 31 December 2015	110,445	11,407,442	3,988,432	15,506,319

The cost of other intangible assets comprises the estimated net present value of £6,439,072 of customer relationships and £2,156,687 of brand value at the date of acquisition.

The development costs relate to Amplify, a data analytics tool developed in-house by agenda21 Digital Limited.

Amortisation of £2,035,694 and impairment of £823,842 are included in administrative expenses.

The Group tests intangible assets annually for impairment or more frequently if there are indications of impairment. A discounted cashflow analysis is computed to compare the discounted future cashflows to the net carrying value of goodwill and other intangible assets for each operating segment as appropriate.

5. GOODWILL AND IMPAIRMENT

Details of the carrying amount of goodwill allocated to cash generating units (CGUs) is as follows:

	Goodwill carrying amount	
	2016 **£**	2015 £
Details of the carrying amount of goodwill allocated to cash generating units (CGUs) is as follows:		
agenda21 Digital Limited	**11,340,350**	11,407,442
MMT Limited	**15,071,914**	–
Kameleon Worldwide Limited	**8,126,761**	–
	34,539,025	11,407,442

The value of goodwill relating to CGUs that have been held for less than a year is assessed according to the expectations of amounts likely to be paid in total for the CGU, and in addition any revisions to the fair value of assets acquired.

MMT Limited was reviewed according to reasonable estimates of its projected growth rates, and it was assessed that the amount of consideration payable will be less than originally provided for. Accordingly, a £3m revision has been made to goodwill and contingent consideration.

Kameleon Worldwide Limited was bought on 6 December 2016, and a review by management found no reason to impair the goodwill arising on its acquisition.

The value of CGU's held for more than a year is assessed according to the projected performance of the business. This is done by using appropriate short term forecasts, and reasonable growth rates and discount factors to determine the net present value of the investment.

The recoverable amount of agenda21 Digital Limited has been determined from a review of the current and anticipated performance of this unit. In preparing the projection, a discount rate of 8 % has been used based on the weighted average cost of capital and a future growth rate of 6% has been assumed beyond the first three years, for which the projection is based on the budget produced by agenda21. The future growth rate has then been applied until the tenth year. It has been assumed investment in capital equipment will equate to depreciation over this year. The discount rate was based on the company's cost of capital as estimated by management.

The recoverable amount exceeds the carrying amount by £3,141,000. If any one of the following changes were made to the above key assumptions, the carrying amount would still exceed the recoverable amount.

Discount rate:	Increase from 8% to 10%
Growth rate:	Reduction from 6% to 4%

6. SEGMENT INFORMATION

The Group's primary reporting format for segment information is business segments which reflect the management reporting structure in the Group.

	Be Heard Group £'000	Design, Build & UX £'000	Media Planning and Buying £'000	Content Management £'000	Intersegment adjustments £'000	Total £'000
Revenue						
External	–	3,670	24,871	314	–	28,855
Intercompany	204	–	38	17	(259)	–
	204	3,670	24,909	331	(259)	28,855
Profit/(loss) before tax	(2,883)	540	1,438	104	(2,860)	(3,661)
Tax expense/(recovery)	–	(236)	2	–	(527)	(761)
Balance sheet						
Assets	47,080	4,472	13,496	1,606	(15,673)	50,981
Liabilities	(28,838)	(215)	(5,935)	(721)	2,921	(32,788)
Net assets/(liabilities)	18,242	4,257	7,561	885	(12,752)	18,193
Other						
Capital expenditure						
– Tangible fixed assets	31	33	34	–	–	98
– Intangible fixed assets	–	–	–	–	30,692	30,692
Depreciation, amortisation and other non-cash expenses	(6)	(38)	(23)	–	(5,860)	(5,927)
Interest paid	–	–	(29)	(1)	–	(30)

Three clients of agenda21 Digital Limited each provided more than 10% of the turnover of the group. Their combined turnover was £13,821,298. These clients are included within Media Planning and Buying.

	External revenue by location of customer	
	2016 £	2015 £
United Kingdom	**23,772,051**	1,258,424
Rest of Europe	**4,671,438**	1,071,754
Asia	**236,093**	16,453
USA	**175,064**	–
	28,854,646	2,346,631

All the above relate to continuing operations.

7. ACQUSITION OF SUBSIDIARY

MMT Limited:

On 10 May 2016 the Group acquired 100% of the Ordinary Shares in MMT Limited for a maximum consideration of £23,635,159 subject to certain benchmarks being achieved in the four financial years following completion, these benchmarks being related to profit and growth. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition. MMT Limited is a digital design and build agency.

MMT Limited was reviewed according to reasonable estimates of its projected growth rates, and it was assessed that the amount of consideration payable will be less than originally provided for. Accordingly, a £3m revision has been made to goodwill and contingent consideration.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

	Book value £	Fair value adjustment £	Fair value to Group £
Intangible fixed assets	–	2,529,837	2,529,837
Tangible fixed assets	33,830	–	33,830
Receivables	1,633,881	134,449	1,768,330
Cash and cash equivalents	2,735,214	–	2,735,214
Payables	(1,064,904)	(4,226)	(1,069,130)
Deferred tax	(4,764)	(430,072)	(434,836)
Net assets on acquisition	3,333,257	2,229,988	5,563,245
Goodwill on acquisition			18,071,914
Total consideration			23,635,159

Discharged by:	£
Cash paid	7,735,773
54,774,425 shares in Be Heard Group plc at 3p	1,643,233
28,705,684 shares in Be Heard Group plc at 3.325p	954,464
Deferred consideration	614,926
Contingent consideration	12,686,764
	23,635,159

The intangible fixed assets are in relation to brand and customer relationships.

The revenue and profit included in the Consolidated Statement of Comprehensive Income since the acquisition of MMT Limited on 10 May 2016 was £3,669,888 and £776,553 respectively.

If MMT had been acquired on 1 January 2016, the revenue that would have been included in the Consolidated Statement of Comprehensive Income would have been £5,665,673 and the profit would have been £1,523,480.

Acquisition costs of approximately £718,000 were written off as overheads in the period.

Kameleon Worldwide Limited

On 6 December 2016 the Group acquired 100% of the Ordinary Shares in Kameleon Worldwide Limited for a maximum consideration of £10,531,716 subject to certain benchmarks being achieved in the three financial years following completion, these benchmarks being related to profit and growth. This investment will be included in the Group's balance sheet at its fair value at the date of acquisition. Kameleon Worldwide Limited is a digital marketing company.

The provisional completion accounts show a breakdown of the assets and liabilities of the acquired companies to be as follows:

	Book value £	Fair value adjustment £	Fair value to Group £
Intangible fixed assets		1,963,535	1,963,535
Tangible fixed assets	7,111		7,111
Receivables	1,221,312		1,221,312
Cash and cash equivalents	427,458		427,458
Payables	(875,587)		(875,587)
Deferred tax	643	(333,801)	(333,158)
Net assets on acquisition	780,937	1,629,734	2,410,671
Goodwill on acquisition			8,126,761
Total consideration			10,537,432

Discharged by:	
Cash paid	2,105,088

33,585,456 shares in Be Heard Group plc at 3.375p	1,133,509
Deferred consideration	1,347,082
Contingent consideration	5,951,753
	10,537,432

The intangible fixed assets are in relation to brand and customer relationships.

The revenue included in the Consolidated Statement of Comprehensive Income arising from Kameleon Worldwide Limited was £330,609. The profit included in the Consolidated Statement of Comprehensive Income arising from Kameleon Worldwide Limited was £103,890.

If Kameleon had been acquired on 1 January 2016, the revenue that would have been included in the Consolidated Statement of Comprehensive Income would have been £3,909,465, and the profit £542,294.

Acquisition costs of approximately £196,000 were written off as overheads in the year.

The deferred and contingent consideration will be paid in a combination of cash and shares.

The Annual Report will be sent to shareholders shortly and made available to the public at the registered office of the Company at 10 Norwich Street, London EC4A 1BD and will also be available to download on the Company's website www.beheardgroup.com.