

Registered No: 00927588, England

Macro 4 Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2016



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Officers and Professional Advisers

Board of directors	C S Hong C H Hong
Company Secretary	C S Hong
Domicile	England and Wales
Country of incorporation	England and Wales
Registered number	00927588, England
Legal form	Limited company
Registered office	The Orangery Turners Hill Road Worth Crawley West Sussex RH10 4SS
Auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH
Bankers	Lloyds Bank plc London, United Kingdom

Strategic Report

The directors present their Strategic Report of the Company and its subsidiaries ('the Group') for the year ended 31 December 2016.

Principal activity

The principal activity of the Group during the year was the development, production, marketing and implementation of computer software for the mainframe, midrange and open systems sectors of the computer market.

Business review

Net assets have increased by 24% from last year to £117,196,000 (2015 £94,440,000). The movements are set out in the Consolidated Statement of Changes in Shareholders' Equity.

Revenue for the year ended 31 December 2016, from continuing operations, amounted to £18,078,000 (2015 £18,312,000).

The profit for the year after taxation, from continuing operations, amounted to £13,079,000 (2015 £12,220,000). No dividends were paid in the year (2015 no dividends paid). The directors have not recommended a future dividend at the year end.

During the year the Group capitalised £2,817,000 (2015 £2,897,000) on internal research and development indicating its continued commitment to maintaining and improving the functionality, quality and competitive position of its software solutions.

Freehold land and buildings at 31 December 2016 had a net book value of £3,470,000 (2015 £3,583,000). In the opinion of the directors, the market value of freehold land and buildings is in excess of net book value.

During the year, the Group opened a branch of Macro 4 Limited in New Zealand. In addition, during the year, the Company became party to a license agreement for various rights in a software product which, when fully developed and marketed, is expected to generate a material level of income for the Company for the foreseeable future.

Future developments

The directors are expecting the Group to maintain its present level of activity for the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group include the current state of the world's financial markets, regulatory issues affecting the Group and/or its customers, customers' financial stability and ability to pay, M&A activity within the customer base and within the technology sector, competition, levels of operational spending versus revenue, other economic and market conditions, volatile exchange rates, continued service of senior managers, hiring and retention of qualified personnel, product errors or defects, lawsuits and intellectual property claims.

Financial risk management is set out in note 21.

Financial key performance indicators

Performance is monitored through three key indicators. These are set out in the table below:

Key performance indicator	2016 £000	2015 £000	Definition, method of calculation and analysis
Revenue	18,078	18,312	Total revenue, including recurring and new business revenue
EBITa	15,458	16,053	Operating profit before amortisation. Cost control still being maintained.
Cash and cash equivalents	1,627	13,885	The total amount of cash held by the Group decreased slightly since the previous year. Also, there was no debt held by the Group.

Strategic report continued

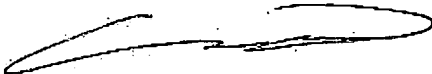
Financial key performance indicators continued

The total amount of trade creditors falling due within one year at 31 December 2016 of the Company represents 29 days' worth (31 December 2015 19 days' worth) as a proportion of the total amount invoiced by suppliers during the year ended on that date.

The directors are committed to promoting the health, safety and welfare of their staff at the Company's premises. The directors are also mindful of environmental issues and have sought to minimise the impact of the Company's activities on the environment.

The directors consider the performance of the Group as satisfactory and in line with expected performance.

The Strategic Report has been approved by the Board on 29 September 2017 and signed on its behalf by:



C S Hong
Director

Report of the Directors

The directors present their annual report and the audited financial statements of the Group, and Company for the year ended 31 December 2016.

Directors

The following directors served on the Board during the year:

Executive Directors

C S Hong	Director and Company Secretary
C H Hong	Director

Strategic report

In accordance with Section 414C (11) of the Companies Act 2006, the following information has been included in the Company's strategic report which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report:

- The financial risk management objectives and policies of the Company and exposure of the Company to risk in relation to the use of financial instruments;
- The results for the year and any dividends recommended by the directors; and
- Future developments of the Company.

Following the result of the United Kingdom's referendum in June 2016, it is too early to say what will be the wider implications of the decision to leave the European Union ('Brexit') and how this might affect the Group's customer activity. The Brexit vote will create some uncertainty for a period of time, but it is currently anticipated that there will not be a material effect on the Group from the changing regulatory environment.

Research and development

The Group has continued its commitment to research and development and places a high priority on maintaining and improving the functionality, quality and competitive position of its software solutions.

Going concern

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

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Employees

The Company is committed to continuing to be a diverse and inclusive place to work and its employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate the very best employees regardless of colour, nationality, sex, marital status, sexual orientation, age, religion, disability or any other characteristic protected by law. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Wherever possible the employment of employees who become disabled will be continued and appropriate training and career development will be offered.

Environmental

It is important to the Company's employees, its customers and its suppliers that it acts in an environmentally responsible manner and it has endeavoured to manage the effect that it has on the environment and to support sustainability.

Overseas Branches

The Company has overseas branches in Finland, Australia, UAE, New Zealand and India. The results of these branches are included in the Company's financial results.

Report of the Directors continued

Community

The Company encourages its employees to engage beneficially with their local community in all areas where it operates. Support and assistance is offered to staff who wish to raise funds and awareness of charities, and allow them to use available facilities to maximise the contributions they achieve.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 elected to prepare 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and the apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

So far as each person serving as a director of the Company at the date this report is approved is aware, there is no relevant audit information of which the Company's auditors are unaware and each director hereby confirms that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the Directors continued

Independent auditor and statement of provision of information to the Independent auditor

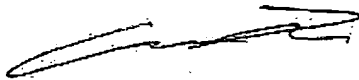
Blick Rothenberg Audit LLP were appointed as auditor during the year and will be reappointed as auditor during the forthcoming year.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Report of the Directors has been approved by the Board on 29 September 2017 and signed on its behalf by:



C S Hong
Director

Independent Auditor's Report to the Members of Macro 4 Limited

We have audited the financial statements of Macro 4 Limited for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 26 and A to O. 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 regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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, based on the work undertaken in the course of the audit:

- The information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and,
- The strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the members of Macro 4 Limited continued

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Blick Rothenberg Audit LLP

Andrew Sanford (Senior statutory auditor)
for and on behalf of
Blick Rothenberg Audit LLP
Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH
29 September 2017

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Revenue			
License rentals		1,281	1,097
Maintenance		9,611	10,770
Recurring revenue		10,892	11,867
License sales		2,035	1,386
Agents' royalties		466	325
Professional services and other revenue		470	528
Royalties		4,215	4,206
New business revenue		7,186	6,445
Total revenue	3	18,078	18,312
Operating expenses before amortisation	4	(7,938)	(6,068)
Amortisation of intangible assets	4	(2,482)	(2,434)
Total operating expenses		(10,420)	(8,502)
Other operating income – management recharges	8	5,318	3,809
Operating profit		12,976	13,619
Finance income	9	3,437	2,163
Finance costs	10	(35)	(14)
Profit before taxation		16,378	15,768
Tax expenses	11	(3,299)	(3,548)
Profit for the year from continuing operations		13,079	12,220
Other comprehensive income – foreign exchange adjustment		9,677	300
Total comprehensive income		22,756	12,520

Unless stated all the above figures related to continuing operations.

Consolidated Statement of Financial Position
as at 31 December 2016

Registered No. 00927588, England

	Note	2016 £000	2015 £000
Assets			
Non-current assets			
Property, plant and equipment	12	3,710	3,865
Intangible assets and goodwill	13	33,262	19,409
Deferred tax assets	17	245	188
Trade and other receivables	14	26	74
Total non-current assets		37,243	23,536
Current assets			
Trade and other receivables	14	88,740	84,812
Cash and cash equivalents	18	1,627	13,885
Total current assets		90,367	78,697
Total assets		127,610	102,233
Liabilities			
Non-current liabilities			
Deferred income	16	(95)	(274)
Deferred tax liabilities	17	(1,651)	(1,530)
Total non-current liabilities		(1,656)	(1,804)
Current liabilities			
Trade and other payables	15	(2,704)	(1,545)
Deferred income	16	(3,365)	(3,866)
Current tax liabilities		(2,689)	(578)
Total current liabilities		(8,758)	(5,989)
Total liabilities		(10,414)	(7,793)
Net assets		117,196	94,440
Equity			
Called up share capital	19	1,139	1,139
Share premium account		2,501	2,501
Merger reserve		6,948	6,948
Capital redemption reserve		176	176
Translation reserve	20	10,781	1,114
Retained earnings		95,641	82,562
Total equity		117,196	94,440

The financial statements on pages 9 to 30 were approved by the Board on 29 September 2017 and were signed on its behalf by:


C S Hong
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2016

	Share capital £000	Translation reserve £000	Retained earnings £000	Merger reserve £000	Share premium £000	Capital redemption reserve £000	Total equity £000
Balance at 31 December 2014	1,139	814	70,342	6,948	2,501	176	81,920
Profit for the year	-	-	12,220	-	-	-	12,220
Foreign exchange adjustment	-	300	-	-	-	-	300
Total comprehensive income for the year	-	300	12,220	-	-	-	12,520
Balance at 31 December 2015	1,139	1,114	82,562	6,948	2,501	176	94,440
Profit for the year	-	-	13,079	-	-	-	13,079
Foreign exchange adjustment	-	9,677	-	-	-	-	9,677
Total comprehensive income for the year	-	9,677	13,079	-	-	-	22,756
Balance at 31 December 2016	1,139	10,791	95,641	6,948	2,501	176	117,196

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit after taxation		13,079	12,220
Adjustments for:			
Depreciation of property, plant and equipment	4	206	210
Amortisation of purchased software	13	-	8
Amortisation of product development	13	2,482	2,426
Credit for research and development	7	(462)	(413)
Foreign exchange adjustment		7,104	(166)
Finance income	9	(3,437)	(2,163)
Finance costs	10	35	14
Taxation expenses	11	3,299	3,548
Cash generated from operations before changes in working capital		22,306	15,684
Decrease in trade and other receivables		64	2,785
Increase in intercompany receivables		(19,840)	(10,661)
Decrease in deferred income		(712)	(276)
Increase/(decrease) in trade and other payables		406	(1,168)
Cash generated from operating activities		2,224	5,251
Taxes paid		(740)	(3,419)
Net cash generated from operating activities		1,484	1,832
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(39)	(92)
Purchase of intangible fixed assets	13	(12,993)	-
Capitalised product development costs	13	(2,817)	(2,897)
Interest received		23	563
Net cash used in investing activities		(15,826)	(2,426)
Cash flows from financing activities			
Interest paid		-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(14,342)	(594)
Cash and cash equivalents at the beginning of year		13,885	14,218
Effect of exchange rate fluctuations in cash held		2,084	261
Cash and cash equivalents at end of year	18	1,627	13,885

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

General information

Macro 4 Limited (the 'Company') is a company incorporated in England and Wales. The financial statements are presented in Pounds Sterling, rounded to the nearest thousand. The functional currency of the Company is Pounds Sterling.

The immediate and ultimate parent undertaking of Macro 4 Limited is UNICOM Systems, Inc., a company incorporated in the USA. Financial statements for the UNICOM group are prepared but are not available to the public.

The Macro 4 Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). There are no associates or joint ventures to be consolidated.

The Group's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU-IFRS'). The Company has also elected to prepare its financial statements in accordance with IFRS; these are presented on pages 31 to 41.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2016 that have a material impact on the group.

The IASB and IFRIC have issued new standards and interpretations with an effective date after the date of these financial statements. The Company does not anticipate that the adoption of those standards and interpretations that are effective for financial periods ending after 31 December 2016 will have a material effect on its financial statements on initial adoption; the Company is evaluating the effect of those standards and interpretations that are effective subsequently. The standards and interpretations to be adopted include:

IFRS 15: Revenue from Contracts with Customers – Effective for financial years beginning on or after 1 January 2018

IFRS 16: Leases – Effective for financial years beginning on or after 1 January 2019

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Note 21, presents a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will continue to be able to operate without any requirement for Group or external borrowing. In their consideration of going concern, the directors have reviewed the latest available forecasts for the business for a period of twelve months from the date of the approval of these financial statements.

On the basis of the above, the directors have a reasonable expectation that the Company and the Group have 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

1 Basis of preparation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the year ended 31 December 2016.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary, are charged to the post acquisition Statement of Comprehensive Income.

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Accounting estimates and judgements are discussed in note 25.

2 Significant accounting policies

The Group's accounting policies have been applied consistently to all periods presented in these consolidated financial statements. A summary of the policies is as follows:

Revenue recognition

Revenue represents amounts receivable from customers (net of VAT and sales taxes), and royalties accrued under license agreements due from overseas agents and other group undertakings.

The Group approach to revenue recognition complies with International Financial Reporting Standards. Macro 4 recognises revenue where all of the following conditions have been satisfied:

- i) persuasive evidence of an arrangement exists;
- ii) physical delivery has occurred or services have been rendered;
- iii) the price to the customer is fixed or determinable; and
- iv) collectability is reasonably assured and there are no material conditions or contingencies attaching to the receipt of monies due.

Rental income is taken to revenue evenly over the life of the related rental agreement. Revenue from software license sales is recognised based on the contractual terms agreed with the customer, and physical delivery and acceptance of the amounts due by the customer, without conditions or contingencies.

Revenue resulting from license sales with extended payment terms is recognised in full at the commencement of the contract and discounted to present value using the interest rate which approximates to the Group's cost of funds.

Maintenance revenues associated with license sales are deferred and recognised rateably over the period in which the services are provided in accordance with the terms of the contract.

Royalty income accrued under license agreements is stated at the fair value of the consideration receivable.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

2 Significant accounting policies continued

Interest income

Interest income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. The depreciation used by the Group in order to write off the cost of the assets over their useful economic lives is at the following annual rates:

Freehold buildings	-	2% straight line basis
Freehold building refurbishment	-	10% straight line basis
Computer installation and equipment	-	20% straight line basis
Office fixtures, fittings and equipment	-	10% straight line basis

No depreciation is provided on freehold land.

Purchased software

Purchased software is stated at cost less accumulated amortisation. The principal annual rate used by the Group in order to write off the cost over the asset's useful economic life is 14.3% (straight line basis).

Software License Rights

Purchased software is stated at cost less accumulated amortisation. The principal annual rate used by the Group in order to write off the cost over the asset's useful economic life is 10% (straight line basis). Amortisation is charged from the date the asset is brought into life.

Research and development

Research expenditure is recognised as an expense as incurred. Expenditure on product development (relating to programming and testing of new or enhanced products) is capitalised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and the Group's intention to complete the project. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the other expenditure is expensed as incurred.

The expenditure capitalised includes staff and related costs. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised product development expenditure is stated at cost less accumulated amortisation and impairment losses. Capitalised product development expenditure is amortised over its estimated useful economic life of three years from the date the product reaches the general availability stage.

Goodwill

Goodwill is the difference between the cost of acquisition and the fair value of net identifiable assets acquired.

All business combinations are accounted for using the purchase method. Goodwill has been recognised in acquisitions of subsidiaries and is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. Cumulative goodwill to 1 July 2004 is held at amortised historical cost at that date under IFRS1 'Transitional Arrangements'.

Impairment

The carrying value of the Group's property, plant and equipment and intangibles is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

Investments

Investments are stated at cost less any provision for diminution in value.

Pension costs

Pension costs in respect of defined contribution schemes for the employees of certain companies in the Group are funded by contributions from the Group companies and are charged against the profits of the year in which they become payable.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

2 Significant accounting policies continued

Tax expenses

Corporation tax on the profit or loss for the periods presented comprises current and deferred tax. Corporation tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets or liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Foreign currencies

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to Sterling at the foreign exchange rate ruling at that date. The foreign exchange differences on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at foreign exchange rates ruling at the dates the fair value was determined.

ii) Foreign operations

The assets and liabilities of foreign operations are translated to Sterling at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated to Sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the translation reserve.

iii) Group companies

The results and financial position of Macro 4 Inc., which are in US dollars, are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement 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
- (c) all resulting exchange differences are recognised in other comprehensive income.

Assets leased to the Group

Payments in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

3 Geographical analysis of revenue

	2016		2016		2015		2015	
	Destination		Origin		Destination		Origin	
	£000	%	£000	%	£000	%	£000	%
United States of America	6,402	35.4	4,970	27.5	7,165	39.2	5,940	32.4
United Kingdom	5,708	31.6	13,108	72.5	5,280	28.8	12,372	67.6
Europe ex UK, Germany and France	2,329	12.9	-	-	1,907	10.4	-	-
Germany	1,847	10.2	-	-	2,101	11.5	-	-
France	996	5.5	-	-	1,177	6.4	-	-
Rest of World	796	4.4	-	-	682	3.7	-	-
	18,078	100.0	18,078	100.0	18,312	100.0	18,312	100.0

4 Operating expenses

	2016 £000	2015 £000
Staff costs		
Sales, marketing and professional services:		
Sales related commissions	145	61
Fixed staff costs	1,273	1,090
Total sales, marketing and professional services	1,418	1,151
Development	2,799	2,041
Support	1,734	1,235
General and administration	1,494	1,407
Total staff costs	7,445	5,834
Depreciation of tangible assets	206	210
Auditors' remuneration for audit	94	93
Operating lease rentals:		
Hire of plant and machinery	137	86
Other operating leases	218	128
Foreign exchange profit	(2,320)	(2,612)
Direct third party costs	298	321
Other operating charges	1,860	2,008
Operating expenses before amortisation	7,938	6,068
Amortisation of intangible assets	2,482	2,434
Total operating expenses	10,420	8,502

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

5 Auditor's fees

Within operating expenses are the fees paid to the auditor which are categorised as follows:

	2016 £000	2015 £000
Auditor's remuneration for the Company	49	92
Taxation compliance services	7	27
Total fees paid to the auditor	56	119

6 Employees

	2016 £000	2015 £000
Staff costs for the year comprise:		
Wages and salaries	5,770	4,481
Social security costs	707	712
Other pension costs	968	641
Total staff costs (see note 4)	7,445	5,834

The directors' received no remuneration during the year (2015 nil). The directors are considered to be the key management personnel as they are responsible for planning, directing and controlling the operations of the entity.

The average monthly number of full-time equivalent persons employed by the Group (including directors) during the year was 130 (2015 124), with 136 being employed at 31 December 2016 (31 December 2015 129). By function the headcount comprised the following:

	2016 Average Number	2015 Average Number
Sales	3	3
Professional services	9	9
Marketing	4	4
Support	21	18
Research and development	72	69
Information systems	10	10
Administration	11	11
	130	124

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

7 Research and development

	2016	2015
	£000	£000
Expenses incurred including staff, computer and associated costs	3,888	4,021
Tax credit for research and development	(462)	(413)
Product development costs capitalised in the year	(2,817)	(2,897)
Amortisation of product development costs	2,482	2,426
Amortisation of purchased software	-	8
	3,091	3,145

8 Other operating income

	2016	2015
	£000	£000
Income from management recharges	4,856	3,396
Income from research and development tax credits	462	413
	5,318	3,809

9 Finance income

	2016	2015
	£000	£000
Interest receivable from cash deposited	6	9
Interest receivable from loans to related parties	3,431	2,154
	3,437	2,163

10 Finance costs

	2016	2015
	£000	£000
Interest payable from loans to related parties	32	14
Interest payable to other parties	3	-
	35	14

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

11 Tax expenses

	2016 £000	2015 £000
United Kingdom corporation tax at 20% (2015 20.25%)		
Current taxation charge on income for the year	3,283	3,054
Over provision in respect of prior years	(23)	(10)
Less: Double taxation relief	(50)	(44)
	3,210	3,000
Overseas taxation		
Current taxation charge on income for the year	84	39
	84	39
Total current taxation charge	3,294	3,039
Deferred taxation		
Current year - United Kingdom, origination and reversal of temporary differences	(25)	113
- United Kingdom, change in tax rates	-	(71)
- Overseas	63	480
	38	522
Over provision in respect of prior years	(33)	(13)
Total deferred taxation	5	509
Taxation charge on profit on ordinary activities	3,299	3,548

Tax reconciliation

	2016 £000	2015 £000
Profit before taxation	16,378	15,768
United Kingdom corporation tax charge at 20% (2015 20.25%)	3,276	3,193
Rate adjustment relating to deferred taxation	-	(71)
Rate adjustments relating to overseas profits	62	51
Unrelieved overseas taxation	-	387
Sundry disallowed expenses	17	11
Adjustment in respect of prior years	(56)	(23)
Total taxation charge	3,299	3,548

The Government intends to enact reductions in the main tax rate down to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020. As these tax rates were not substantively enacted at the Balance Sheet date, the relevant rate reductions are not yet reflected in these financial statements in accordance with IAS 10, as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 17% would further reduce our UK deferred tax liability recognised at 31 December 2016 from £1,506,000 to £1,280,000. The actual impact will be dependent on our deferred tax position at that time.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

12 Property, plant and equipment

	Freehold land and buildings £000	Computer installation and equipment £000	Office fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2015	7,874	4,525	1,362	13,761
Foreign exchange adjustment	-	82	54	136
Additions	-	70	22	92
Disposals	-	(580)	(108)	(688)
At 31 December 2015	7,874	4,097	1,330	13,301
At 1 January 2016	7,874	4,097	1,330	13,301
Foreign exchange adjustment	-	291	173	464
Additions	-	35	4	39
At 31 December 2016	7,874	4,423	1,507	13,804
Accumulated depreciation				
At 1 January 2015	4,178	4,259	1,338	9,775
Foreign exchange adjustment	-	87	52	139
Charge for the year	113	76	21	210
Disposals	-	(580)	(108)	(688)
At 31 December 2015	4,291	3,842	1,303	9,436
At 1 January 2016	4,291	3,842	1,303	9,436
Foreign exchange adjustment	-	280	172	452
Charge for the year	113	84	9	206
At 31 December 2016	4,404	4,206	1,484	10,094
Net book value				
At 31 December 2016	3,470	217	23	3,710
At 31 December 2015	3,583	255	27	3,865

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

13 Intangible assets and goodwill

	Goodwill on purchase of subsidiary undertakings £000	Purchased software £000	Software License Rights £000	Product development £000	Total £000
Cost					
At 1 January 2015	26,005	7,529	-	35,828	69,362
Foreign exchange adjustment	380	-	-	-	380
Additions internally developed	-	-	-	2,897	2,897
At 31 December 2015	26,385	7,529	-	38,725	72,639
At 1 January 2016	26,385	7,529	-	38,725	72,639
Foreign exchange adjustment	1,222	-	-	-	1,222
Additions	-	-	12,993	-	12,993
Additions internally developed	-	-	-	2,817	2,817
Disposals	-	(7,529)	-	(13,212)	(20,741)
At 31 December 2016	27,607	-	12,993	28,330	68,930
Accumulated amortisation					
At 1 January 2015	13,920	7,521	-	29,134	50,575
Foreign exchange adjustment	221	-	-	-	221
Charge for the year	-	8	-	2,426	2,434
At 31 December 2015	14,141	7,529	-	31,560	53,230
At 1 January 2016	14,141	7,529	-	31,560	53,230
Foreign exchange adjustment	697	-	-	-	697
Charge for the year	-	-	-	2,482	2,482
Disposals	-	(7,529)	-	(13,212)	(20,741)
At 31 December 2016	14,838	-	-	20,830	35,668
Net book value					
At 31 December 2016	12,769	-	12,993	7,500	33,262
At 31 December 2015	12,244	-	-	7,165	19,409

All intangible assets relate to the UK except for the goodwill relating to the purchase of Insync Software, Inc., which is held in the USA, and has a net book value of £3,361,000 (2015 £2,836,000).

During the year, the Company become party to a license agreement for various software license rights in a software product which, when fully developed and marketed, is expected to generate a material level of income for the Company for the foreseeable future. The software license rights will be amortized once the product is generally available for customers.

The businesses relating to the goodwill on the purchase of Viewpoint Systems Ltd and Insync Software, Inc. are considered by management to be cash-generating units ('CGU'). The recoverable amount of each CGU is based on value in use calculations. Those calculations use cash flow projections based on actual operating results and a ten year business plan. This growth rate is consistent with the long-term average growth rate for the industry. A pre-tax discount rate of 12% has been used in discounting the projected cash flows. The key assumptions and the approach to determining their value are as follows:

Assumption	How determined
Revenue price growth	Assumes related revenue plan with 10% initial growth rate per annum and current maintenance revenue cancellation rates, reducing to 2.5% after 4 years
Operating cost growth	Assumes average inflationary increases of 3% per annum on current cost structure where appropriate with additional costs based on increased sales

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

14 Analysis of trade and other receivables

	2016	2015
	£000	£000
Non-current assets		
Prepayments	26	74
	26	74
Current assets		
Trade receivables	1,767	1,754
Amounts owed by Group undertakings	86,544	62,606
Prepayments	362	446
Other receivables	67	6
	88,740	64,812
Total receivables	88,766	64,886

15 Analysis of trade and other payables

	2016	2015
	£000	£000
Current liabilities		
Accruals	940	371
Other taxation and social security	506	540
Amounts due to Group undertakings	1,092	432
Trade and other payables	166	202
	2,704	1,545

16 Deferred income

	2016	2015
	£000	£000
Amounts falling due within one year	3,365	3,866
Amounts falling due after more than one year	95	274
	3,460	4,140

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

17 Deferred tax assets and liabilities

	Assets		Liabilities		Net asset/(liability)	
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Deferred tax assets and liabilities						
Property, plant and equipment	-	-	(61)	(97)	(61)	(97)
Product development	-	-	(1,500)	(1,433)	(1,500)	(1,433)
Deferred income	140	172	-	-	140	172
Other timing differences	105	16	-	-	105	16
Tax assets/(liabilities)	245	188	(1,561)	(1,530)	(1,316)	(1,342)

	Balance at 1 January 2016 £000	Foreign exchange adjustment £000	Recognised income £000	Balance at 31 December 2016 £000
Movement during the year				
Property, plant and equipment	(97)	-	36	(61)
Product development	(1,433)	-	(67)	(1,500)
Deferred income	172	31	(63)	140
Other timing differences	16	-	89	105
	(1,342)	31	(5)	(1,316)

	Balance at 1 January 2015 £000	Foreign exchange adjustment £000	Recognised income £000	Balance at 31 December 2015 £000
Movement during the year				
Property, plant and equipment	(86)	-	(11)	(97)
Product development	(1,406)	-	(27)	(1,433)
Deferred income	615	37	(480)	172
Other timing differences	6	1	9	16
	(871)	38	(509)	(1,342)

No provision is made for taxation liabilities which would arise on the distribution of profits retained by subsidiaries at 31 December 2016 because there is currently no intention that such profits will be remitted.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

18 Cash and cash equivalents

	2016	2015
	£000	£000
Bank balances	1,627	13,885
	1,627	13,885

19 Share capital

	2016	2015
	£	£
Authorised		
30,000,000 ordinary shares of 5 pence each	1,500,000	1,500,000
Allotted, called up and fully paid		
22,787,548 ordinary shares of 5 pence each (31 December 2015 22,787,548)	1,139,377	1,139,377

20 Translation reserve

	2016	2015
	£000	£000
At beginning of the year	1,114	814
Arising in year	9,677	300
	10,791	1,114

The translation reserve comprises all foreign exchange adjustments arising from the translation of the financial statements of foreign operations and subsidiaries.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

21 Financial instruments

Exposure to liquidity, credit, interest rate and currency risks arise in the normal course of the Group's business.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets. To ensure that the Group has sufficient funds available on a timely basis in the form of cash and liquid assets to meet its liquidity requirements, the Group manages its operations from available working capital.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group does not require collateral in respect of financial assets.

The Group seeks to maximise its interest return on surplus funds by placing cash on short-term deposits at fixed rates of interest with banks and financial institutions on the Group's approved list. The fixed rate cash and short-term deposits are placed with banks for a maximum of six months seeking to maximise the return with the best available rates. Floating rate cash and short-term deposits can earn interest based on the relevant national banks' commercial interest rates. The Group does not make speculative investments.

At the Statement of Financial Position date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position, principally trade receivables. The provision for impairment is calculated based on the Group's policy based on age of the financial asset at each year end.

The ageing of trade receivables at the year end was as follows:

	2016 Gross £000	2016 Impairment £000	2015 Gross £000	2015 Impairment £000
Not past due	1,275	(13)	1,474	(15)
Past due 30 - 60 days	116	(1)	235	(2)
Past due 61 - 90 days	313	(4)	23	-
Past due 91 - 120 days	20	-	-	-
Past due 121 - 150 days	23	-	99	(82)
Past due 181 days and above	309	(271)	199	(177)
	2,056	(289)	2,030	(276)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 £000	2015 £000
Opening provision	(276)	(203)
Movement in year	(13)	(73)
Closing provision	(289)	(276)

Interest rate risk

The Group has loans receivable from other UNICOM Group companies. These loans attract interest at a fixed margin above US Libor. The Company's interest receivable on these balances is therefore exposed to interest rate fluctuation in the Libor rate. As these loans with parties who are within the wider UNICOM Group, no hedging for these transactions has been undertaken.

It is estimated that a general decrease in the US Libor rate to zero would have decreased the Group's profit before taxation for the year ended 31 December 2016 by approximately £1,087,000 (2015 £252,000 decrease).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

21 Financial instruments continued

Foreign currency risk

As an international group, Macro 4 faces the impact of movements in foreign exchange, as 68% (2015 61%) of its revenues arise overseas. The Group is exposed to foreign currency risk on sales, purchases and cash balances that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily US Dollars, Euro and Swiss Francs.

In order to manage its currency risks, when appropriate, the Group enters forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year. At 31 December 2016 the Group did not have any outstanding forward exchange contracts (2015 nil).

The Company, with a functional currency of Sterling, had net foreign currency monetary assets and liabilities at 31 December 2016 comprising US dollar assets of £61,641,164 (2015 £94,286,361), other European currency assets of £4,857,063 (2015 £9,775,306) and other worldwide currency assets of £1,318,016 (2015 £731,790). The net assets and liabilities for all the other Group undertakings at 31 December 2016 were reported in their local currencies.

Foreign exchange adjustments on retranslation of these assets and liabilities are taken to the Statement of Comprehensive Income of the Company.

It is estimated that a general increase of one percentage point in the value of Sterling against other currencies would have decreased the Group's profit before taxation for the year ended 31 December 2016 by approximately £259,000 (2015 £165,000 decrease).

Fair values

There is no significant difference between the carrying amounts shown in the Statement of Financial Position and the fair values of the Group and Company's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value.

Capital management

The Group maintains a strong capital base so as to maintain employee, customer, market and creditor confidence in the business. The Board monitors the retained cash and reserves.

22 Operating leases

At 31 December the Group had outstanding commitments under non-cancellable operating leases which fall as follows:

	2016 Properties £000	2016 Other £000	2015 Properties £000	2015 Other £000
Less than one year	165	126	67	130
Between two and five years	297	-	89	126
Total commitment under operating leases	462	126	156	256

The Group leases a number of office premises under operating leases. The leases typically run for a period of up to five years with an option to renew the lease after that date.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

23 Pension schemes

The Group contributes to a number of pension schemes for the benefit of its employees which are of the defined contribution type.

The Group's contributions to these schemes, generally at the rate of 8% of base salary, are placed with insurance companies/financial institutions and are, therefore, separate from the assets of the Group. Employee contributions are voluntary.

The total pension cost for the Group was £968,000 (2015 £641,000), of which £258,000 (2015 £196,000) related to overseas schemes.

24 Related party transactions

The immediate controlling party is UNICOM Systems, Inc., a company incorporated in the USA. The financial statements of UNICOM Systems, Inc. are not publicly available. The ultimate controlling party is C S Hong and C H Hong.

The Group has a related party relationship with its directors, its parent company and its subsidiaries. A number of key management, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. All related party balances are non-secured, and due for repayment in less than one year.

Related companies

A summary of the inter-company Statement of Comprehensive Income and closing Statement of Financial Position is set out in the tables below:

Statement of Comprehensive Income

	2016	2015
	£000	£000
UNICOM Systems, Inc.	7,288	4,858
DETEC Software GmbH	92	58
IET Solutions LLC	(5)	(17)
IET Solutions GmbH	204	219
US Robotics Corporation	317	367
Firetide, Inc.	(52)	(37)
SASU Macro 4 (France)	941	1,141
Macro 4 Srl	247	44
Macro 4 AG	533	449
Macro 4 GmbH	1,796	1,949
Macro 4 (Benelux) NV/SA	363	418
Unicom Global Iberia SAU	356	266
	12,080	9,715

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

24 Related party transaction continued

Statement of Financial Position

	Royalties/ inter-company loans	Other receivables	Other payables	Total receivable/ (payable)
At 31 December 2016	£000	£000	£000	£000
UNICOM Systems, Inc.	75,710	10,292	-	86,002
DETEC Software GmbH	-	12	-	12
iET Solutions LLC	-	31	(409)	(378)
iET Solutions GmbH	-	50	-	50
Firetide, Inc.	-	9	(544)	(535)
US Robotics Corporation	-	43	-	43
SASU Macro 4 (France)	(222)	14	(139)	(347)
Macro 4 Srl	91	-	-	91
Macro 4 AG	610	-	(1,190)	(580)
Macro 4 GmbH	1,195	-	-	1,195
Macro 4 (Benelux) NV/SA	110	5	(212)	(97)
Unicom Global Iberia SAU	(7)	3	-	(4)
	77,487	10,459	(2,494)	85,452

	Royalties/ inter-company loans	Other receivables	Other payables	Total receivable/ (payable)
At 31 December 2015	£000	£000	£000	£000
UNICOM Systems, Inc.	56,159	4,696	-	60,855
DETEC Software GmbH	-	56	-	56
iET Solutions LLC	-	14	(386)	(372)
iET Solutions GmbH	-	167	-	167
Firetide, Inc.	-	-	(46)	(46)
US Robotics Corporation	-	32	-	32
SASU Macro 4 (France)	62	3	-	65
Macro 4 Srl	24	-	-	24
Macro 4 AG	40	-	-	40
Macro 4 GmbH	1,163	-	-	1,163
Macro 4 (Benelux) NV/SA	141	1	-	142
Unicom Global Iberia SAU	48	-	-	48
	57,637	4,969	(432)	62,174

25 Accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made various estimates, assumptions and judgements with those likely to contain the greatest degree of uncertainty being summarised below:

Impairment

The Group assesses at each reporting date whether there is any indication that its significant intangible assets may be impaired. In undertaking such an impairment review, estimates are required in determining an asset's recoverable amount. These estimates include the asset's future cash flows and the appropriate discount rate to reflect the time value of money.

Deferred tax assets

Management also makes estimates of future expected profits in respect of Group undertakings making tax losses where a deferred tax asset is deemed to be appropriate.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2016

25 Accounting estimates and judgements continued

Fair values

IFRS requires many assets, liabilities, revenue and expenses to be recognised at fair value. By their nature, fair values are estimates and subject to interpretation.

26 Contingent liability

Certain Company bank accounts have been listed as property that may be pledged as collateral pursuant to a credit agreement entered into by its parent company. The maximum amount, therefore, that may potentially be pledged at 31 December 2016 amounted to £1,552,000 (2015 £11,838,000).

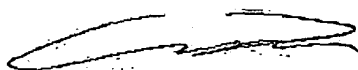
Parent Company Financial Statements

Parent Company Statement of Financial Position

as at 31 December 2016

	Note	2016 £000	2015 £000
Assets			
Non-current assets			
Property, plant and equipment	D	3,710	3,865
Intangible assets and goodwill	C	26,573	13,245
Investments	E	168	168
Deferred tax assets	I	105	16
Trade and other receivables	F	54,640	47,239
Total non-current assets		85,196	64,533
Current assets			
Trade and other receivables	F	22,932	17,261
Cash and cash equivalents		1,596	12,321
Total current assets		24,528	29,582
Total assets		109,724	94,115
Liabilities			
Non-current liabilities			
Deferred income	H	(95)	(274)
Deferred tax liabilities	I	(1,561)	(1,530)
Total non-current liabilities		(1,656)	(1,804)
Current liabilities			
Trade and other payables	G	(2,708)	(1,558)
Current tax liabilities		(2,671)	(563)
Deferred income	H	(3,218)	(3,695)
Total current liabilities		(8,595)	(5,816)
Total liabilities		(10,251)	(7,620)
Net assets		99,473	86,495
Equity			
Called up share capital	J	1,139	1,139
Share premium account		2,501	2,501
Capital redemption reserve		176	176
Translation reserve		(29)	(10)
Retained earnings		95,686	82,689
Total equity		99,473	86,495

The financial statements on pages 31 to 41 were approved by the Board on 29 September 2017 and were signed on its behalf by:


C S Hong
Director

Parent Company Statement of Changes in Shareholders' Equity
for the year ended 31 December 2016

	Share capital £000	Translation reserve £000	Retained earnings £000	Share premium £000	Capital redemption reserve £000	Total equity £000
Balance at 31 December 2014	1,139	2	70,195	2,501	176	74,013
Profit for the year	-	-	12,494	-	-	12,494
Foreign exchange adjustment	-	(12)	-	-	-	(12)
Total comprehensive income for the year	-	(12)	12,494	-	-	12,482
Balance at 31 December 2015	1,139	(10)	82,689	2,501	176	86,495
Profit for the year	-	-	12,997	-	-	12,997
Foreign exchange adjustment	-	(19)	-	-	-	(19)
Total comprehensive income for the year	-	(19)	12,997	-	-	12,978
Balance at 31 December 2016	1,139	(29)	95,686	2,501	176	99,473

Parent Company Statement of Cash Flows
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit after taxation		12,997	12,494
Adjustments for:			
Depreciation of property, plant and equipment	D	206	198
Amortisation of purchased software	C	-	8
Amortisation of product development	C	2,482	2,426
Credit for research and development		(462)	(413)
Foreign exchange adjustment		(1,815)	(233)
Finance income		(3,354)	(2,135)
Finance cost		35	14
Tax expenses		3,201	3,073
Cash generated from operations before changes in working capital		13,290	15,432
Decrease/(increase) in trade and other receivables		102	(9,902)
Increase in intercompany receivables		(9,151)	(3,139)
Decrease in deferred income		(658)	(272)
Increase/(decrease) in trade and other payables		407	(66)
Cash generated from operating activities		3,990	2,053
Taxes paid		(683)	(3,387)
Net cash generated from operating activities		3,307	(1,334)
Cash flows from investing activities			
Purchase of property, plant and equipment	D	(39)	(92)
Purchase of intangible fixed assets	C	(12,993)	-
Capitalised product development costs	C	(2,817)	(2,897)
Interest received		23	3,082
Net cash used in investing activities		(15,826)	93
Cash flows from financing activities			
Interest paid		-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(12,519)	(1,241)
Cash and cash equivalents at the beginning of year		12,321	13,340
Effect of exchange rate fluctuations on opening cash balance		1,794	222
Cash and cash equivalents at end of year		1,596	12,321

Notes to the Parent Company Financial Statements

for the year ended 31 December 2016

Macro 4 Limited (the 'Parent Company' or 'Company') is a company incorporated in England and Wales. The financial statements are presented in Pounds Sterling, rounded to the nearest thousand.

The Parent Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') ('adopted IFRSs').

A Basis of preparation

The Parent Company financial statements report the results of the Company for the financial year ended 31 December 2016 and present information about the Parent Company as a separate entity and not about its Group.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Accounting estimates and judgements are discussed in note 25 of the Notes to the Consolidated Financial Statements. No Statement of Comprehensive Income has been presented for the Company as permitted by Section 408 of the Companies Act 2006.

B Significant accounting policies

The Parent Company's accounting policies have been applied consistently throughout the year and are the same as the Group's accounting policies. A summary of the Group's more significant policies is set out in note 2 of the Notes to the Consolidated Financial Statements.

C Intangible assets and goodwill

	Goodwill on purchase of subsidiary undertakings £000	Purchased software £000	Software License Rights £000	Product development £000	Total £000
Cost					
At 1 January 2015	12,845	7,529	-	35,828	56,202
Additions internally developed	-	-	-	2,897	2,897
At 31 December 2015	12,845	7,529	-	38,725	59,099
At 1 January 2016	12,845	7,529	-	38,725	59,099
Additions	-	-	12,993	-	12,993
Additions internally developed	-	-	-	2,817	2,817
Disposals	-	(7,529)	-	(13,208)	(20,737)
At 31 December 2016	12,845	-	12,993	28,334	54,172
Accumulated amortisation					
At 1 January 2015	6,765	7,521	-	29,134	43,420
Charge for the year	-	8	-	2,426	2,434
At 31 December 2015	6,765	7,529	-	31,560	45,854
At 1 January 2016	6,765	7,529	-	31,560	45,854
Charge for the year	-	-	-	2,482	2,482
Disposals	-	(7,529)	-	(13,208)	(20,737)
At 31 December 2016	6,765	-	-	20,834	27,599
Net book value					
At 31 December 2016	6,080	-	12,993	7,500	26,573
At 31 December 2015	6,080	-	-	7,165	13,245

The key assumptions and the approach in determining the value of the Goodwill and Software License Rights are set out in note 13 of the Notes to the Consolidated Financial Statements.

Notes to the Parent Company Financial Statements
for the year ended 31 December 2016

D Property, plant and equipment

	Freehold land and buildings £000	Computer installation and equipment £000	Office fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2015	7,874	3,119	492	11,485
Foreign exchange adjustment	-	(4)	-	(4)
Additions	-	70	22	92
Disposals	-	(580)	(108)	(688)
At 31 December 2015	7,874	2,605	406	10,885
At 1 January 2016	7,874	2,605	406	10,885
Foreign exchange adjustment	-	16	2	18
Additions	-	35	4	39
At 31 December 2016	7,874	2,656	412	10,942
Accumulated depreciation				
At 1 January 2015	4,178	2,853	479	7,510
Charge for the year	113	76	9	198
Disposals	-	(580)	(108)	(688)
At 31 December 2015	4,291	2,349	380	7,020
At 1 January 2016	4,291	2,349	380	7,020
Foreign exchange adjustment	-	6	-	6
Charge for the year	113	84	9	206
At 31 December 2016	4,404	2,439	389	7,232
Net book value				
At 31 December 2016	3,470	217	23	3,710
At 31 December 2015	3,583	256	26	3,865

E Investments

	2016 £000	2015 £000
At beginning and end of the year	168	168

Fixed asset investments represent the shares held in Group undertakings.

At 31 December 2016 the Parent Company owned the whole of the issued ordinary share capital and voting rights of the following subsidiary undertakings:

	Status	Country of incorporation and principal country of operation
Macro 4, Inc.	Trading	United States of America
Macro 4 Open Systems Limited (Registered No: 1429101, England)	Dormant	United Kingdom
Viewpoint Systems Limited (Registered No: 2469965, England)	Dormant	United Kingdom
Image System Integrator Limited (Registered No: 2290949, England)	Dormant	United Kingdom

The principal business activity of its trading subsidiary is the marketing and sale of systems software solutions for mainframe and open systems platform environments. The registered office of the Company's trading subsidiary is UNICOM Plaza Suite 310, 15535 San Fernando Mission Blvd., Mission Hills, CA 91345, United States. The dormant subsidiaries have the same registered office as the Company.

The dormant companies are exempt from the requirements of Section 479A of the Companies Act 2006.

Notes to the Parent Company Financial Statements
for the year ended 31 December 2016

F Analysis of trade and other receivables

	2016 £000	2015 £000
Non-current assets		
Amounts owed by Group undertakings	54,614	47,196
Prepayments	26	43
	54,640	47,239
Current assets		
Trade receivables	1,688	1,754
Amounts owed by Group undertakings	20,852	15,061
Prepayments	362	446
Other receivables	30	
	22,932	17,261
Total receivables	77,572	64,500

G Analysis of trade and other payables

	2016 £000	2015 £000
Current liabilities		
Accruals	941	376
Other taxation and social security	494	533
Amounts due from Group undertakings	1,107	447
Trade and other payables	166	202
	2,708	1,558

H Deferred income

	2016 £000	2015 £000
Amounts falling due within one year	3,216	3,695
Amounts falling due after more than one year	95	274
	3,311	3,969

Notes to the Parent Company Financial Statements
for the year ended 31 December 2016

I Deferred tax assets and liabilities

	Assets		Liabilities		Net asset/(liability)	
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Deferred tax assets and liabilities						
Property, plant and equipment	-	-	(61)	(97)	(61)	(97)
Product development	-	-	(1,500)	(1,433)	(1,500)	(1,433)
Other timing differences	105	16	-	-	105	16
Tax assets/(liabilities)	105	16	(1,561)	(1,530)	(1,456)	(1,514)
		Balance at 1 January 2016 £000		Recognised income £000		Balance at 31 December 2016 £000
Movement during the year						
Property, plant and equipment		(97)		36		(61)
Product development		(1,433)		(67)		(1,500)
Other timing differences		16		89		105
		(1,514)		58		(1,456)
		Balance at 1 January 2015 £000		Recognised income £000		Balance at 31 December 2015 £000
Movement during the year						
Property, plant and equipment		(86)		(11)		(97)
Product development		(1,406)		(27)		(1,433)
Other timing differences		6		10		16
		(1,486)		(28)		(1,514)

Notes to the Parent Company Financial Statements
for the year ended 31 December 2016

J Called up share capital

See note 19 of the Notes to the Consolidated Financial Statements.

K Financial instruments

Exposure to liquidity, credit, interest rate and currency risks arise in the normal course of the Company's business.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets. To ensure that the Company has sufficient funds available on a timely basis in the form of cash and liquid assets to meet its liquidity requirements, the Company manages its operations from available working capital.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not require collateral in respect of financial assets.

The Company seeks to maximise its interest return on surplus funds by placing cash on short-term deposits at fixed rates of interest with banks and financial institutions on the Company's approved list. The fixed rate cash and short-term deposits are placed with banks for a maximum of six months seeking to maximise the return with the best available rates. Floating rate cash and short-term deposits can earn interest based on the relevant national banks' commercial interest rates. The Company does not make speculative investments.

At the Statement of Financial Position date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position, principally trade receivables. The provision for impairment is calculated based on the Company's policy based on age of the financial asset at each year end:

The ageing of trade receivables at the year end was as follows:

	2016	2016	2015	2015
	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	1,196	(12)	1,473	(15)
Past due 30 – 60 days	116	(1)	235	(2)
Past due 61 – 90 days	313	(3)	23	-
Past due 91 – 120 days	20	-	-	-
Past due 121 – 150 days	23	-	99	(82)
Past due 181 days and above	191	(155)	175	(152)
	1,859	(171)	2,005	(251)

Notes to the Parent Company Financial Statements

for the year ended 31 December 2016

K Financial instruments continued

Credit risk continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016	2015
	£000	£000
Opening provision	(251)	(180)
Movement in year	80	(71)
Closing provision	(171)	(251)

Interest rate risk

The Company has loans receivable from other UNICOM Group companies. These loans attract interest at a fixed margin above US Libor. The Company's interest receivable on these balances is therefore exposed to interest rate fluctuation in the Libor rate. As these loans with parties who are within the wider UNICOM Group, no hedging for these transactions has been undertaken.

It is estimated that a general decrease in the US Libor rate to zero would have decreased the Company's profit before taxation for the year ended 31 December 2016 by approximately £1,059,000 (2015 £163,000 decrease).

Foreign currency risk

As an international company, Macro 4 faces the impact of movements in foreign exchange. The Company is exposed to foreign currency risk on sales, purchases and cash balances that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily US Dollars, Euro and Swiss Francs.

In order to manage its currency risks, when appropriate, the Company enters forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year. At 31 December 2016 the Company did not have any outstanding forward exchange contracts (2015 nil).

Fair values

There is no significant difference between the carrying amounts shown in the Statement of Financial Position and the fair values of the Company's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value.

Capital management

The Company maintains a strong capital base so as to maintain employee, customer, market and creditor confidence in the business. The Board monitors the retained cash and reserves.

L Operating leases

At 31 December, the Parent Company had outstanding commitments under non-cancellable operating leases which fall as follows:

	2016	2016	2015	2015
	Properties	Other	Properties	Other
	£000	£000	£000	£000
Less than one year	165	126	67	130
Between two and five years	297	-	89	126
Total commitment under operating leases	462	126	156	256

The Parent Company leases office premises under operating leases. The leases typically run for a period of up to five years with an option to renew the lease after that date.

Notes to the Parent Company Financial Statements

for the year ended 31 December 2016

M Pension schemes

The Parent Company contributes to a number of pension schemes for the benefit of its employees, which are of the defined contribution type.

The Parent Company's contributions to these schemes, generally at the rate of 8% of base salary, are placed with insurance companies/financial institutions and are, therefore, separate from the assets of the Parent Company. Employee contributions are voluntary.

The total pension cost for the Parent Company was £968,000 (2015 £641,000), of which £258,000 (2015 £196,000) related to overseas schemes.

N Related party transactions

See note 24 of the Notes to the Consolidated Financial Statements.

The Parent Company has a related party relationship with its subsidiaries, its parent company and its fellow group undertakings. A number of key management, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. All related party balances are non-secured, and due for repayment in less than one year.

A summary of the inter-company Statement of Comprehensive Income and closing Statement of Financial Position is set out in the tables below:

Statement of Comprehensive Income

	2016	2015
	£000	£000
UNICOM Systems, Inc.	5,005	3,159
DETEC Software GmbH	92	58
iET Solutions LLC	(5)	(17)
iET Solutions GmbH	204	219
US Robotics Corporation	317	367
Firetide, Inc	(52)	(37)
Macro 4, Inc.	7,424	7,153
SASU Macro 4 (France)	941	1,141
Macro 4 Srl	247	44
Macro 4 AG	533	449
Macro 4 GmbH	1,796	1,949
Macro 4 (Benelux) NV/SA	363	418
Unicom Global Iberia SAU	356	266
	17,221	15,169

Notes to the Parent Company Financial Statements
for the year ended 31 December 2016

N Related party transaction continued

Statement of Financial Position

	Royalties/ inter-company loans	Other receivables	Other payables	Total receivable/ (payable)
At 31 December 2016	£000	£000	£000	£000
UNICOM Systems, Inc.	9,947	10,292	-	20,239
DETEC Software GmbH	-	12	-	12
iET Solutions LLC	-	31	(409)	(378)
iET Solutions GmbH	-	50	-	50
US Robotics Corporation	-	43	-	43
Firetide, Inc	-	9	(544)	(535)
Macro 4, Inc.	54,620	66	-	54,686
SASU Macro 4 (France)	(222)	14	(139)	(347)
Macro 4 Srl	91	-	-	91
Macro 4 AG	610	-	(1,190)	(580)
Macro 4 GmbH	1,195	-	-	1,195
Macro 4 (Benelux) NV/SA	110	5	(212)	(97)
Unicom Global Iberia SAU	(7)	2	-	(5)
Other – dormant companies	-	-	(15)	(15)
	66,344	10,524	(2,509)	74,359

	Royalties/ inter-company loans	Other receivables	Other payables	Total receivable/ (payable)
At 31 December 2015	£000	£000	£000	£000
UNICOM Systems, Inc.	8,549	4,696	-	13,245
DETEC Software GmbH	-	56	-	56
iET Solutions LLC	-	14	(386)	(372)
iET Solutions GmbH	-	167	-	167
US Robotics Corporation	-	32	-	32
Firetide, Inc	-	-	(46)	(46)
Macro 4, Inc.	47,199	62	-	47,261
SASU Macro 4 (France)	62	3	-	65
Macro 4 Srl	24	-	-	24
Macro 4 AG	40	-	-	40
Macro 4 GmbH	1,163	-	-	1,163
Macro 4 (Benelux) NV/SA	141	1	-	142
Unicom Global Iberia SAU	48	-	-	48
Other – dormant companies	-	-	(15)	(15)
	57,226	5,031	(447)	61,810

O Contingent liability

Certain Company bank accounts have been listed as property that may be pledged as collateral pursuant to a credit agreement entered into by its parent company. The maximum amount, therefore, that may potentially be pledged at 31 December 2016 amounted to £1,552,000 (2015 £11,838,000).