DataWind UK Plc

Report and financial statements

Year Ended

31 March 2014

Company Number 06195124

DataWind UK Plc

Reports and financial statements
for the year ended 31 March 2014

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Directors

Raja Singh Tuli
Suneet Singh Tuli
Lakhbir Singh Tuli
Viscount Bearsted
John Brockhouse

Secretary and registered office

Donald Gunn, 214 Acton Lane, London, NW10 7NH

Company number

06195124

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

DataWind UK Plc

Chairman's statement
for the year ended 31 March 2014

Overview

The period to March 2014 continued the trend from last period with revenues rising to £14.0m from £4.8m (for 15 months). We continued to make losses albeit at a reduced rate falling to £2.7m from £3.9m.

We have been unable to exploit the potential demand due to limited financial resources. We have been able to utilize monies from Tablet Investments Ltd, albeit at some expense which has allowed a steady increase in revenue, but to move on to the next level will need a step increase in financing, which is now in process.

The majority of Sales continue to be India, where we have expanded our channels of distribution. In the previous period we were primarily selling direct to the end-user using Call Centres and Cash On Delivery for collection. We now have expanded into ecommerce and TV home-shopping partners and are starting with retail distribution. We have launched into Mexico and to a more limited extent into UK/US/Canada.

We now have six tablets in our product range including one 9" model, priced from $63 to $116 (in USD), as well as three smartphones all with 5" screens including a 3G model priced from $56 to $108. We plan to launch a very low priced tablet later this year.

This will be the last Chairman's statement from Datawind UK plc. Since the end of the year we completed a reverse takeover of a Canadian publicly listed company called Datawind Inc. and concurrently completed a successful financing in Canada with the aid of our lead underwriter, Canaccord Genuity Corp. The offering has raised a gross C$30 million, which will enable us to more fully realize our potential. We must thank everyone involved in making this offer a success.

on behalf

Viscount Bearsted
Co-Chairman

Date
16 JULY 2014

DataWind UK Plc

Strategic Report
for the year ended 31 March 2014

DataWind UK Plc (the group) has created an *Internet Delivery Platform* that achieves a reduction in bandwidth (load) usage and client device costs while maintaining a familiar user experience. Based on a patent portfolio of 16 US patents granted, DataWind's technology accelerates the delivery of web-content across wireless networks, and reduces data consumption.

Our Company's Mission

We are a leader in low-cost Internet connectivity for emerging markets. Our mission is to bring the Internet, which has the ability to create tremendous social and economic benefits, to billions of unconnected people in the developing world. Our Internet Delivery Platform offers a low cost Internet connectivity solution by bundling an affordable tablet device with an inexpensive one-year pre-paid, Internet browsing 2G service plan. Our operations span four countries, including Canada, the United States, the United Kingdom and India. These operations are segmented into three business functions, including Research & Development, Sales & Marketing and Finance.

Our Internet Delivery Platform

Our Internet Delivery Platform represents a significant step forward in low-cost Internet connectivity. By utilizing our cloud computing technology, we are able to substantially reduce the amount of data required to access webpages. The architecture of the Internet Delivery Platform consists of (i) a browser located on the user's hardware and (ii) a third-party owned and operated cloud-based server which processes Internet requests from users. The information is compressed on the cloud server before being uploaded to the user's tablet device. This architecture also protects our intellectual property as the majority of our software runs on the cloud-based server and the system can only work with both the client and server components operating in tandem.

The Internet Delivery Platform's acceleration and data reduction are accomplished through the use of algorithms resident on our application servers. These application servers operate as a gateway between the primary Internet-based content server and the user. Our architecture moves webpage processing from the device to the cloud servers with high- speed Internet connections. These servers build an image in their internal memory of the page of interest. They then compress the image, prioritizing the section of the image being viewed on the user's device. Our technology does not compress audio and video. The resulting selection and compression can reduce the amount of data being transmitted over the cellular network, with a corresponding increase in speed and reduction in cost and cellular data transmission.

Without this technology, it would be time consuming and costly to access the Internet using second generation ("2G") mobile-cellular infrastructure due to the relatively slow download speeds available on these networks combined with the growing size of webpages. Additionally, in the developing world, the cost of data usage is high relative to average income levels. However, given the reduction in data usage using our Internet Delivery Platform, the user may utilize the 2G mobile-cellular infrastructure to achieve a Basic Internet Browsing experience.

The technology shifts a significant amount of the processing power that would otherwise be executed by the tablet or smartphone device to the cloud server. The receiving device only has to decompress the transmitted image, which requires less computing power than a normal web rendering. The device can then operate with a lower specification including a less expensive processer, lower cost memory and longer battery life. As a result, the devices can display webpages with a significantly reduced hardware capability requirement resulting in a lower production cost.

Our Internet connectivity solution is a combination of our data compression technology, the ability to create low-cost devices and our ability to resell data pursuant to a data distribution agreement with BSNL, a leading Indian telecom company. There is no capacity limitation under the agreement with BSNL. These factors allow us to offer what management believes is the world's lowest cost Internet connectivity solution available today.

The Industry

Industry Overview

We operate as a provider of Internet connectivity to emerging markets. Our current focus is India and we generate the vast majority of our revenues through the sales of Internet-enabled smartphones and tablet computer devices, which also serve as mobile-cellular phones. Our products utilize the existing mobile-cellular infrastructure which is largely 2G and does not conventionally allow for broadband Internet access. In the future, we plan to offer online advertising opportunities.

Social and Economic Impacts of the Internet

The Internet impacts nearly every aspect of modern society. It provides people access to enormous amounts of information, including practical and important applications and topics such as current events, weather, healthcare, politics and education.

The Internet serves as a powerful economic stimulator, particularly through consumption and job creation. Today, businesses and individuals are able to source and purchase goods and services from around the globe using the Internet. Businesses can hire workers on a global basis, thereby expanding international employment opportunities. This allows companies to hire the most suitable employees and capitalize on different costs of products and labour.

According to a McKinsey Global Institute report titled The great transformer: The impact of the Internet on economic growth and prosperity published in October 2011, the Internet accounted for 10% of GDP growth in advanced economies and 7% of GDP growth in large emerging economies over the previous 15 years. The report also states that there is a clear connection between the maturity of the Internet ecosystem and rising living standards. The study found that an increase in Internet maturity similar to the one experienced in advanced countries over the previous 15 years correlates with an increase in real per capita GDP of US$500 on average during this period. According to the report, this shows both the magnitude of the positive impact the Internet delivers to all levels of society and the speed at which it is delivered. The Internet's effect on increased living standards is particularly relevant for developing economies, where the potential exists to leap forward and drive Internet-related growth.

Global Internet Connectivity

Despite the positive social and economic impact of Internet connectivity, only a small percentage of individuals in emerging markets have Internet access. According to the World Bank, approximately 33% of the world population used the Internet in 2011. There is especially low connectivity in Asia, Africa and South America as Internet connectivity is often constrained by limited availability of Internet infrastructure, high cost of access, lack of awareness and low digital literacy. Based on 2012 Internet penetration rates from International Telecommunication Union and 2012 population stats from the United States Census Bureau, there are seven countries with 100 million people or more without Internet access. This includes India, China, Indonesia, Pakistan, Bangladesh, Nigeria, and Brazil, in which 1.1 billion (12.6% penetration), 775 million (42.3% penetration), 210 million (15.4% penetration), 171 million (10.0% penetration), 151 million (6.3% penetration), 113 million (32.9% penetration), and 100 million (49.9% penetration) people, respectively, without Internet access.

In many developing countries, fixed broadband infrastructure is limited and Internet connection costs are expensive in relation to average personal income levels. Frequently, fixed broadband infrastructure is limited to the largest cities and does not reach rural populations. According to the Alliance for Affordable Internet's report titled The Affordability Report 2013, in developed countries the average cost of broadband Internet is one to two percent of monthly per capita income. Meanwhile, in developing and emerging countries, an entry-level broadband subscription costs over 27% of average earnings, which can be as much as some people allocate to basic food needs and much more than they can spend on healthcare and education combined.

Global Mobile-Cellular Infrastructure and Connectivity

The global wireless industry is robust. There is significant access to cellular networks both in the developed and developing world. According to the World Bank, over 90% of the global population is currently covered by cellular networks and that number is growing. In addition, according to the International Telecommunication Union, there were approximately 6.7 billion mobile-cellular subscriptions in 2013, compared to approximately 2.2 billion subscriptions in 2005.

Despite broad global access to mobile-cellular networks, a large portion of the population in many developing countries have access only to older 2G infrastructure, as opposed to modern third generation ("3G") and fourth generation ("4G") infrastructure. The 2G infrastructure primarily supports voice communications and is capable only of relatively slow data transfer rates when compared to 3G and 4G mobile-cellular infrastructure or fixed broadband infrastructure. Meanwhile, as Internet access in the developed world matures, the average size of a webpage grows rapidly. According to HTTP Archive, the average webpage was approximately 1,700 kilobytes in March 2014 from approximately 700 kilobytes in December 2010. Many regions of the world lack mobile-cellular infrastructure capable of accessing this kind of Internet data at high enough speeds.

Around the world, mobile cellular network operators are rolling out next generation 3G and 4G networks to support enhanced download speeds. However, the build out of these networks takes a significant amount of time, with only 64% of the world's population expected to be covered by a 4G-LTE network by the end of 2020, with particularly low coverage in Africa and the Middle East, according to GSMA Intelligence.

As a result, 40% of mobile connections in the developing world are expected to still be running on 2G networks by 2020, compared to less than 10% in the developed world. In Southern Asia this figure is even higher, with nearly 70% of mobile connections expected to still be running on 2G networks by 2020, according to GSMA Intelligence.

According to a GSMA Intelligence report titled The Mobile Economy India 2013 dated October 2013, approximately 65% of mobile connections in India are expected to be running on 2G networks in 2017, compared to approximately 88% in 2013.

Tablet Industry Overview

Tablets are ultra-mobile computers which typically utilize the same operating systems as smartphones. These devices often provide consumers access to the Internet through 3G/4G mobile-cellular data plans or a Wi-Fi connection. According to a Gartner press release dated March 3, 2014, worldwide tablet shipments in 2013 totaled over 195 million units, which represents a growth rate of over 68% year-over-year. A further Gartner press release dated March 27, 2014 stated that the number of global tablet shipments is expected to grow to nearly 350 million units by 2015, representing a further 79% growth over 2013.

On a global scale, the tablet market is dominated by a few large firms. According to a Gartner press release dated March 3, 2014, as of the end of 2013, Apple and Samsung held a greater than 55% market share in the global tablet market by units shipped, with ASUS, Amazon, and Lenovo representing other large players. Mainstream tablet computers from the aforementioned manufacturers typically range in prices from US$99 to US$299 for their lowest cost models, with high-end devices priced as high as $929, as of the date of this prospectus. While consumers in the developed world have shown an appetite for tablet devices at these price points and higher, consumers in the developing world are often unable to afford tablet devices from these manufacturers.

Based on prices of tablet devices on Flipkart.com, India's top online shopping destination (according to Alexa.com), Indian-market tablet computers from Samsung and Apple typically range in prices from INR 10,099 to INR 17,499 for their lowest cost models, with high-end devices priced as high as INR 62,990. However, DataWind primarily competes with Micromax and other low-cost tablet manufacturers. Based on prices of tablet devices on Flipkart.com as at the date of this prospectus, DataWind's 7Cx tablet represents India's lowest cost tablet device.

Internet Advertising Overview

In 2013, global Internet advertising expenditures topped US$101 billion, growing by over 14% year-over-year, according to an S&P Capital IQ report titled Industry Surveys: Publishing & Advertising published in December 2013. Such rapid growth is expected to continue into the foreseeable future, with estimated 2014 Internet advertising expenditures of nearly $116 billion, representing a further 14% growth over 2013.

In emerging markets, access to Internet and online media is not as widely available and the use of Internet advertising is not as prevalent as in developed markets. Despite this, there has been a sharp increase in spending on Internet advertising in emerging markets, including in India (DataWind's first launched market) where online advertising has increased by over 10 times between 2005 and 2013, according to a GroupM press release dated February 12, 2014. Therefore, India presents a great opportunity for growth for companies wishing to access its large population.

Business Model

Our Business

We currently generate revenues from two sources, consisting of (i) the sale of tablet and smartphone devices, and (ii) the sale of Internet services. We intend to generate revenues through the sale of online advertising in the near future.

We recognize revenues on the sale of devices as follows: (i) for COD sales, we recognize revenues at the time the device is picked up by the third party distribution company and take a reserve for expected returns; (ii) for retail sales, we recognize revenues at the time the retailer receives delivery and has been invoiced by DataWind. We recognize revenues for the sale of Internet Services over the pre-paid period (typically 12-months) for which customers have access to our Internet Services.

Sale of Devices

We currently offer six models of our tablet device, the UbiSlate, and three models of our smartphone device, the PocketSurfer. All devices run on an Android operating system and are capable of accessing the Internet using 2G mobile-cellular technology and/or Wi-Fi. Additionally, a number of devices offer advanced features such as Wi-Fi, 3G connectivity, dual-core processor, and front and/or rear cameras. Our devices are not locked to any mobile-cellular network operator and our Internet Delivery Platform works with any Internet connection. These devices are relatively affordable, with Indian retail pricing ranging from INR3,499 to INR6,999, including tax and shipping. Based on the noon exchange rate implied by rates published by the Bank of Canada on June 26, 2014, this price range equates to approximately $58 to $116. Additionally, we intend to launch an even lower cost UbiSlate device in 2014.

Our devices have received significant interest from media and consumers worldwide for their capabilities at an affordable price point. From our product launch in 2012 to December 31, 2013, we have generated approximately £15.8 million in revenue from device sales with an average revenue per unit sold of approximately £40 ($24.8 million in revenue with an average revenue per unit sold of approximately $63, based on daily average noon exchange rates applied to the nine months ended December 31, 2013 and the 15 months ended March 31, 2013, as derived from information published by the Bank of Canada). Demand for our devices has greatly outweighed our ability to finance growth in working capital. We have received Sales Leads for over four million units since our launch. In the quarter ended December 31, 2013, the average revenue per unit sold was approximately £49 ($79 based on daily average noon exchange rates applied to the three months ended December 31, 2013, as derived from information published by the Bank of Canada), with an average gross margin of 18.7%.

While tablet sales generate revenues and positive gross margins, we view our tablet devices primarily as a means to generate a captive user base for our Internet services and advertising platforms. We expect these activities to generate recurring revenue and incremental financial growth in the future.

Sale of Internet Services

In early 2014, we launched a low-cost 2G Internet service plan in India and offered our new tablet and smartphone devices that, for an additional charge, come with bundled, one-year Internet browsing in regions covered by our data distribution partner's networks. We also intend to roll out pre-paid, non-bundled services to our existing Indian user base in the fiscal year ending March 31, 2015 and to expand our Internet connectivity solution to other markets. Our Internet connectivity services run using our Internet Delivery Platform, which provides a unique value proposition to consumers: broad accessibility, enhanced speed and simplicity and affordability.

Broad Accessibility

Our Internet Delivery Platform delivers Internet services over 2G mobile-cellular networks, which cover over 90% of the world population (according to World Bank in 2011). Therefore, we are able to offer Internet connectivity solutions for remote and rural regions in emerging countries. This is particularly important in developing countries because in some geographies, neither fixed broadband infrastructure nor recent generation (3G or 4G) wireless infrastructure exist. We have a data distribution agreement in place with a large mobile cellular operator in India, which provides us with access to a significant portion of the Indian population. We plan to expand our reach through data distribution agreements with additional carriers in fiscal year 2015.

Enhanced Speed

The key feature of our Internet Delivery Platform is the ability to compress the data content in webpages, thereby reducing the amount of data being transmitted over the cellular network for Basic Internet Browsing. The practical result of this data compression is faster loading times for webpages. In a recent study completed internally by our software engineers, our devices were able to download typical desktop versions of webpages over a 2G network in 6-8 seconds (approximately 7 seconds on average) using DataWind's browser, which accesses our Internet Delivery Platform. In comparison, the same device took 104-180 seconds (approximately 135 seconds on average) to download the same webpages over the same 2G network using the Android operating system's built-in browser, which does not access our Internet Delivery Platform. In this study, the use of our Internet Delivery Platform reduced data usage and increased download speeds by approximately 20 times on average.

Simplicity and Affordability

We believe that we offer a simple and affordable Internet connectivity solution to consumers in the developing world. Our devices are bundled with ready-to-use, wireless Internet browsing. Furthermore, our solution uses pre-paid services that are the norm in the mobile-cellular industry in most developing countries, such as India. The solution we offer is simple for users and avoids the problems of educating consumers about their data usage.

Every DataWind device is capable of accessing the Internet using 2G, 3G, and/or WiFi. In regions where 3G and WiFi infrastructure is available, our Internet Delivery Platform can be used over those networks at enhanced speeds and continues to offer a significantly affordability advantage, as it reduces mobile cellular data usage for Basic Internet Browsing by 20 times on average.

With webpages growing in size and wireless operators charging for data by the megabyte, the cost of alternative forms of mobile Internet access may be unaffordable for many consumers in the developing world. Our Internet Delivery Platform is designed to compress data, thereby reducing data consumption. This reduction in consumption lowers the cost of Internet access to DataWind as a data distributor, a savings which is ultimately passed to the consumer. Wireless operators also benefit from our technology because reduced consumption increases the number of customers they can serve on their existing networks without additional infrastructure expenditure.

Since we recently launched our Internet services, sales of Internet services are not reflected in our historical financial results. However, we view the sale of Internet services as a key pillar of our business model going forward.

Sale of Advertising

All online activity through our Internet services using our browser is directed through cloud servers which are owned and maintained by a third-party cloud hosting company. This allows us to provide targeted advertising to our user base, which can be displayed directly within our Internet browser. Such advertising can include a sponsored- homepage, search-based advertising, GPS powered location-based advertisements, tool-bar advertising, e-mail side-bar advertising, banner-advertisements on home pages and boot-up/boot-down advertising. We can tailor advertising to a desired type of user, location, and/or demographic.

The principal risks and uncertainties that face the company include:

Limited operating history

DataWind must, among other things, successfully implement its sales and marketing strategy; respond to competitive developments; attract, retain and motivate qualified personnel and commercialise its products in a highly competitive environment. DataWind is a relatively new business and there is no guarantee that it will be successful on the scale necessary to make DataWind a commercially viable business. To that end, the Company has undertaken a serious examination of its human capital needs and started to recruit key experienced staff in critical roles.

No guarantee of product development

The wireless data communications industry is an emerging industry that is characterised by rapid technological change, evolving industry standards and frequent new product introductions. Accordingly, DataWind's future success depends upon its ability to enhance its current products and develop and introduce new products which offer enhanced performance and functionality at competitive prices. Fortunately we operate in the tail of the high tech space and not at the forefront. Our hardware technology uses commoditized parts and we can spot trends several years before we are impacted. From a software perspective, we routinely monitor the marketplace for potential I/P infringement. Our continual software development helps to maintain a time barrier to entry.

Inability to protect intellectual property

Our commercial success and value depends to a significant degree upon our ability to develop new or improved technologies and products, and to successfully obtain patent or other proprietary or statutory protection, in India, the United States and China and other countries in which we carry on (or intend to carry on) business, for both these new or improved technologies and products and our current technologies and patents. However, we may not be able to develop technology that is patentable, patents may not be issued in connection with the pending applications (as applied for, or at all) and claims allowed may not be sufficient to provide us with exclusive protection for our technology. Furthermore, any patents issued to us could be challenged, invalidated or circumvented by others, and may not provide proprietary protection or a competitive advantage to us. For this reason we keep most of the companies I/P on its servers rather than on the devices circulated to the public.

Reliance on manufacturers

DataWind's manufacturing activity depends on obtaining adequate supplies of functional product on a timely basis. DataWind purchases several key components and licenses certain software used in the manufacture and operation of its products from a variety of sources. Moreover, DataWind depends on, but has limited control over, the quality and reliability of the products supplied to it. If DataWind cannot supply products due to a lack of components, or is unable to redesign products with other components in a timely manner, its business will be significantly harmed. A manufacturer could discontinue or restrict supplying product or licensing software to DataWind with or without penalty. If this happens then DataWind's business could be harmed by the resulting product manufacturing and delivery delays. In addition, if a component supplier fails to meet DataWind's supplier requirements, such as product quality standards, and as a consequence some of DataWind's products are unacceptable, DataWind's sales and operating results could be adversely affected. Datawind has mitigated this risk by using only commoditized parts available from multiple suppliers. Further, the tablet manufacturing industry is ubiquitous with hundreds of suppliers. We are currently using 4 suppliers concurrently to mitigate supplier risk.

Competitive industry

DataWind is engaged in an industry that is highly competitive and rapidly evolving. No technology has been exclusively or commercially adopted as the industry standard for wireless data communication. Accordingly, both the nature of the competition and the scope of the business opportunities afforded by the market in which DataWind competes is currently uncertain. DataWind's competitors, including many new market entrants, may implement new technologies before DataWind does. In addition, DataWind's competitors may deliver new products and solutions earlier, or provide more attractively priced, enhanced or better quality products and solutions than DataWind does. It is important for Datawind to grow as quickly as possible to help mitigate this risk.

Working capital

DataWind will require additional sources of capital over the next few years. No assurances can be given that DataWind will be successful in obtaining the working capital that it requires to continue its business operations. As detailed under "Future Developments" Datawind has reorganized and raised Cdn$30 million gross to significantly improve its rate of growth.

Fluctuations in foreign currencies

DataWind is exposed to foreign exchange risk as a result of transactions in currencies other than DataWind's functional and reporting currency of the British pound. A substantial majority of DataWind's purchases of manufactured units are denominated in US dollars and Indian Rupees. A portion of revenue and capital expenditures will be incurred in other currencies, primarily US dollars and Indian Rupees possibly Euros. If the British pound depreciates relative to the US dollar, DataWind's costs will increase. As a result, exchange rate fluctuations may materially affect DataWind's operating results in future periods. Datawind has organized to hedge its foreign currency risk on future large orders. In the meantime, the company will not stockpile inventory thus minimizing the time lag between production and sale.

Key performance indicators

The directors consider the following to be key performance indicators by which progress in the development of the business may be assessed:

- The level of current sales, including accessing new markets
  Revenue for the fiscal year ended March 31, 2014 was £14.0m, nearly tripling from £4.8m in fiscal 2013.

- The margin generated on these sales
  Gross margin for the fiscal year ended March 31, 2014 was 10.6%, down slightly from 11.0% in fiscal 2013.

- Operating expenditures
  Operating expenditures remain in line with expectations at £4.0m for the fiscal year ended March 31, 2014, compared to £4.4m in fiscal 2013.

Future Direction

Our Strategy

Stage 1: Tablet Sales in India
We completed our first stage of growth, the sale of tablets in India, when we launched our tablet devices in 2012. Our business has grown substantially since launch, which has allowed us to build out a base of operations in India including call centre, distribution and accounting operations, as well as relationships with a mobile-cellular operator and relationships with distributors, shipping companies and contract manufacturers. Furthermore, our device user base is continually growing and we have received Sales Leads for over four million units since launch. We expect to utilize our existing base of DataWind device users to support our second stage of growth.

Stage 2: Sale of Internet Services, Advertising, and Other Content in India
Our second stage of growth is to deliver Internet services, advertising and other content to new customers and our large existing user base. In December 2013, we executed an agreement with one of India's largest mobile-cellular operators to purchase mobile-cellular data usage at wholesale rates and began to offer a bundled, one-year Internet browsing plan in regions of India covered by our data distribution partner's networks. Pursuant to this agreement, we are able to offer mobile-cellular 2G-based Internet services.

With Internet services now in place, we have begun soliciting advertisements from a number of Indian institutions and companies. Once our user base has reached sufficient scale, we may launch a virtual store for e-books, music and applications by entering into a partnership arrangement with one or more third party providers.

Stage 3: International Expansion
We ultimately intend to distribute our products and services in developing countries around the world and are currently evaluating expansion opportunities in Asia, Africa and Latin America.

Although the selection of the specific countries has not yet been finalized, potential target markets include (i) in Latin America: Mexico and Brazil, (ii) in Africa: Nigeria and Kenya, and (iii) in Asia: Indonesia and Thailand. We will seek to enter countries where we believe our products and services hold the largest potential, and where we can most expediently enter into relationships with mobile cellular network operators.

Achieving these goals requires adequate capitalization. Subsequent to year end, the Company completed a reverse takeover of a Canadian listed company, Datawind Inc and a concurrent Cdn$30 million financing.

We intend to use the net proceeds from the Offering as follows: (i) approximately Cdn$10,000,000 in incremental working capital dedicated to supporting increased manufacturing volume with our contract manufacturers; (ii) approximately Cdn$5,000,000 to introduce broader retail sales channels, offer retail credit terms and launch infomercials; (iii) approximately Cdn$3,300,000 for expansion into new geographical locations including markets such as Asia, Africa, and/or Latin America in the next 24 months; (iv) approximately Cdn$3,700,000 to build out our management team and retain additional key personnel; (v) approximately Cdn$1,312,000 to satisfy unpaid salaries and similar fees, fees due to consultants and advisors and all outstanding related party loans and accrued interest; and (vi) the remaining proceeds to fund other working capital and for general corporate purposes.

By order of the Board

Suneet Tuli
Director

Date
16 JULY 2014

The directors present their report and the audited financial statements of the company for the year ended 31 March 2014.

Result and dividends

Turnover was £13,992,000 for the year (2013 - £4,807,000).

The consolidated profit and loss account is set out on page 15 and shows the loss for the year.

The directors do not recommend the payment of a dividend for the year (period ended 31 March 2013 - £Nil).

Financial instruments

On 17 May 2013 the group received a £68,000 unsecured short term loan.

On 27 August 2013 the group received a £303,000 unsecured short term loan. This was repaid on 4 December 2013.

In July 2013, the Group issued 9,932,121 ordinary shares for consideration of £1,489,818.

In October 2013, the Group issued 1,016,667 ordinary shares for consideration of £152,500.

The group has entered into a financing arrangement with a related party, Tablet Investments Limited, to provide short term finance to allow the Group to finance stock purchase. Each cycle is expected to last 8 weeks. At the year end, a balance of £2,686,000 was due to the related party.

The Group has other financial instruments which are summarized in note 3 to these financial statements.

Research and development

The group's capitalised development costs relate to the technology allowing data compression and significant data transmission speeds for mobile internet devices.

The group acquired capitalised development costs of approximately £2.0m with the acquisition of DataWind Net Access Corporation. The group continued to capitalise research and development up to September 2007 when the PocketSurfer2 was released and where the initial technology was developed and in use. The capitalised development costs were subsequently amortised over 5 years and are now fully written down.

The group additionally expenses development costs related to software upgrades and general improvements to the PocketSurfer unit and development of Ubisurfer unit.

Policy and practice on payment of creditors

The group does not have a specific policy on creditors but provides payment to suppliers on agreed terms on a supplier by supplier basis. Trade creditor days were 78 days in 2014 (2013 - 70 days).

Subsequent event (Reorganization)

Subsequent to year end the company completed a reverse takeover of a Canadian listed company, Datawind Inc., and concurrently completed a CDN$30M gross financing. Shares of Datawind UK Plc rolled into Datawind Inc. on a one for one basis and then underwent a 10:1 consolidation.

Directors

The directors who held office during the year are given below:

Raja Singh Tuli
Suneet Singh Tuli
Lakhbir Singh Tuli
Viscount Bearsted
Jon Brockhouse

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Suneet Tuli
Director

Date
16 JULY 2014

TO THE MEMBERS OF DATAWIND UK PLC

We have audited the financial statements of DataWind UK Plc for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of financial position, the consolidated cash flow statements and the related notes. The financial reporting framework that has been applied in the preparation of the group and parent financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;

- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

BDO LLP

David Eagle (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 16 July 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	15 month period ended 31 March 2013 £'000
Revenue	4	**13,992**	4,807
Cost of sales		**(12,500)**	(4,276)
Gross profit		**1,492**	531
Research and development		**(752)**	(920)
Administration cost		**(3,216)**	(3,435)
Loss from operations	5	**(2,476)**	(3,824)
Finance expense	8	**(209)**	(32)
Interest Income		**1**	-
Loss before tax		**(2,684)**	(3,856)
Tax expense	9	**-**	-
Loss for the financial period		**(2,684)**	(3,856)
Other comprehensive loss			
Exchange loss arising on translation of foreign operations		**(89)**	(19)
Total comprehensive loss		**(2,773)**	(3,875)
Loss for the financial period attributable to:			
- Owners of the parent		**(2,684)**	(3,856)
- Non-controlling interest		**-**	-
Total comprehensive loss attributable to:			
- Owners of the parent		**(2,773)**	(3,875)
- Non-controlling interest		**-**	-

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Consolidated statement of changes in equity
for the year ended 31 March 2014

	Share capital £'000	Share premium £'000	Share warrants reserve £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	123	12,358	73	1,104	(178)	(12,246)	1,234
Equity shares issued	20	1,896	-	-	-	-	1,916
Other comprehensive income	-	-	-	-	(19)	-	(19)
Loss for the year	-	-	-	-	-	(3,856)	(3,856)
Share based payments	-	-	-	-	-	348	348
Balance at 31 March 2013	143	14,254	73	1,104	(197)	(15,754)	(377)
Balance at 1 April 2013	143	14,254	73	1,104	(197)	(15,754)	(377)
Equity shares issued	11	1,505	-	-	-	-	1,516
Other comprehensive loss	-	-	-	-	(89)	-	(89)
Loss for the financial period	-	-	-	-	-	(2,684)	(2,684)
Share based payments	-	-	-	-	-	172	172
Balance at 31 March 2014	**154**	**15,759**	**73**	**1,104**	**(286)**	**(18,266)**	**(1,462)**

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Company statement of changes in equity
for the year ended 31 March 2014

	Share capital £'000	Share premium £'000	Share warrants reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	123	12,358	73	1,104	(457)	13,201
Equity shares issued	20	1,896	-	-	-	1,916
Loss for the year	-	-	-	-	(375)	(375)
Share based payments	-	-	-	-	348	348
Balance at 31 March 2013	143	14,254	73	1,104	(484)	15,090
Balance at 1 April 2013	143	14,254	73	1,104	(484)	15,090
Equity shares Issued	11	1,505	-	-		1,516
Loss for the financial period	-	-	-	-	(177)	(177)
Share based payments	-	-	-	-	172	172
Balance at 31 March 2014	**154**	**15,759**	**73**	**1,104**	**(489)**	**16,601**

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Consolidated statement of financial position
at 31 March 2014

Company registration number 06195124	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**73**	90
Intangible assets	11	**-**	-
		73	90
Current assets			
Inventories	13	**860**	425
Trade and other receivables	14	**1,966**	1,583
Cash and cash equivalents	3	**406**	1,256
Total current assets		**3,232**	3,264
Total assets		**3,305**	3,354
Liabilities			
Current liabilities			
Trade and other payables	15	**(4,699)**	(2,411)
Loans and borrowings	16	**(68)**	(1,320)
Total liabilities		**(4,767)**	(3,731)
Net liabilities		**(1,462)**	(377)
Capital and reserves			
Share capital	18	**154**	143
Share premium reserve	19	**15,759**	14,254
Warrants reserve	20	**73**	73
Merger reserve	21	**1,104**	1,104
Foreign exchange reserves	22	**(286)**	(197)
Retained earnings		**(18,266)**	(15,754)
Total equity		**(1,462)**	(377)

The financial statements were approved by the board of directors and authorised for issue on 16 July 2014

Raja Tuli
Director

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Company statement of financial position
at 31 March 2014

Company registration number 0619512	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Investments in subsidiaries	12	**1,254**	1,254
		1,254	1,254
Current assets			
Trade and other receivables	14	**15,372**	13,864
Cash and cash equivalents		**-**	81
Total current assets		**15,372**	13,945
Total assets		**16,626**	15,199
Liabilities			
Current liabilities			
Trade and other payables	15	**(25)**	(109)
Loans and borrowings		**-**	-
Total liabilities		**(25)**	(109)
Net assets		**16,601**	15,090
Capital and reserves			
Called up share capital	18	**154**	143
Share premium account	19	**15,759**	14,254
Merger reserve	21	**1,104**	1,104
Warrants reserve	20	**73**	73
Profit and loss account		**(489)**	(484)
Total equity		**16,601**	15,090

The financial statements were approved by the board of directors and authorised for issue on 16 July 2014

Raja Tuli
Director

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Consolidated statement of cash flows
for the year ended 31 March 2014

	Note	Group 2014 £'000	Group 2013 £'000
Cash flows from operating activities			
Loss after tax		**(2,684)**	(3,856)
Adjustments for:			
- Depreciation of property, plant and equipment	10	**26**	11
- Amortisation of intangible fixed assets	11	**-**	466
- Finance income	8	**(1)**	(34)
- Finance expense	8	**209**	66
- Share-based payment charge	24	**172**	348
		(2,278)	(2,999)
Increase in trade and other receivables		**(574)**	(1,229)
Increase in inventories		**(506)**	(119)
Increase in trade and other payables		**2,440**	746
Net cash flows from operating activities		**(918)**	(3,601)
Investing activities			
Purchases of property, plant and equipment		**(21)**	(88)
Interest received		**1**	34
Acquisition of subsidiary, net of cash acquired	25	**-**	467
Net cash from investing activities		**(20)**	413
Financing activities			
Issue of ordinary shares, net of issue costs		**1,516**	1,766
Proceeds from borrowings	16	**371**	2,112
Repayment of borrowings	16	**(1,593)**	(642)
Interest paid		**(117)**	(37)
Net cash from financing activities		**177**	3,199
Net increase in cash and cash equivalents		**(761)**	11
Cash and cash equivalents at beginning of year		**1,256**	1,283
Exchange losses on cash and cash equivalents		**(89)**	(38)
Cash and cash equivalents at end of year	3	**406**	1,256

The notes on pages 22 to 47 form part of these financial statements.

DataWind UK Plc

Company statement of cash flows
for the year ended 31 March 2014

	Note	Group 2014 £'000	Group 2013 £'000
Cash flows from operating activities			
Loss after tax		**(177)**	(375)
Adjustments for:			
- Finance expense		**-**	12
- Share-based payment charge	24	**172**	348
		(5)	(15)
Increase in trade and other receivables		**(1,508)**	(2,806)
Increase in trade and other payables		**(84)**	(101)
Net cash flows from operating activities		**(1,597)**	(2,922)
Investing activities			
Acquisition of subsidiary		-	(2)
Net cash from investing activities		**-**	(2)
Financing activities			
Issue of ordinary shares, net of issue costs		**1,516**	1,766
Proceeds from borrowings	16	**-**	170
Repayment of borrowings	16	**-**	(50)
Interest paid		**-**	(12)
Net cash from financing activities		**1,516**	1,874
Net increase/(decrease) in cash and cash equivalents		**(81)**	(1,050)
Cash and cash equivalents at beginning of year		**81**	1,131
Cash and cash equivalents at end of year	3	**-**	81

The notes on pages 22 to 47 form part of these financial statements.

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going concern

The financial statements have been prepared on a going concern basis.

The Group made a loss for the year ended 31 March 2014 of £2,684,000 (15 month period to 31 March 2013 loss of £3,856,000) and had net liabilities of £1,462,000 at that date.

Subsequent to the March 31, 2014 year-end, DataWind UK Plc completed a reverse takeover of the Canadian entity, DataWind Inc., and concurrently the new Group completed a $30M CDN IPO financing transaction. In addition, the Group is in the process of winding down the special purpose working capital instrument ("Tablet Investments") used to finance inventory purchases. To help increase working capital prior to the IPO, a financing of £490,000 Special Warrants was completed in April 2014.

DataWind Inc has confirmed that it will continue to provide support to the Group and as such the Directors believe it is appropriate to continue to prepare the financial statements on the going concern basis.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 April 2013.

The following new standards, interpretations and amendments, applied for the first time from 1 April 2013, have had an effect on the financial statements

Annual Improvements to IFRSs (2009-2011 Cycle)
Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'
Amendments to IAS 19 'Employee Benefits '
IFRS 13 'Fair Value Measurement'

There has been no impact on the results, cash flows, financial position of the Group or their presentation as a result of the adoption of these standards.

1 Accounting policies *(continued)*

b) New standards, interpretations and amendments not yet applied

At the date of approval of these financial statements, the following relevant standards and interpretations were issued but not yet mandatory (and in some cases had not yet been adopted by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

IFRS 9 'Financial Instruments'
IFRS 10 'Consolidated Financial Statements'
IFRS 11 'Joint Arrangements'
IFRS 12 'Disclosure of interests in other entities'
Annual Improvements to IFRSs (2010-2012 Cycle)
Annual Improvements to IFRSs (2011-2013 Cycle)
Amendments to IAS 27 'Separate Financial Statements'
Amendments to IAS 28 'Investments in Associates and Joint Ventures'
Amendments to IAS 32 'Offsetting financial assets and financial liabilities'
Amendments to IFRS 7 'Disclosures – offsetting financial assets and financial liabilities'
Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities
Amendments to IFRS 10, 11 and 12 on transition guidance
Narrow-scope amendments to IAS 36 'Impairment of Assets'
Narrow-scope amendments to IAS 39 'Financial Instruments: Recognition and Measurement'
IFRIC 21 'Levies'

The Directors do not anticipate that the adoption of the standards and amendments will have a material impact on the Group's financial statements in the period of initial application.

The following principal accounting policies have been applied.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. All goodwill has been written down to £nil in previous periods.

1 Accounting policies *(continued)*

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Depreciation is provided on all other items of office and computer equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Office and computer equipment - 33% per annum straight line

Financial assets and financial liabilities

Financial assets

The Group classifies its financial assets into one category only as discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets held to maturity and fair value through profit and loss.

The Group accounting policy used is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g.trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

The parent company receivables comprise of intercompany balances.

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

1 Accounting policies *(continued)*

Financial liabilities

The Group classifies its financial liabilities one category only.

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Revenue

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met as follows:

- At the time the device is picked up by the third party distribution company for cash on delivery sales

- At the time when the retailer receives delivery for retail sales.

Where a buyer has a right of return, the company replaces the unit or gives a credit to the customer when it is received. Any faulty units are returned to the manufacturer for repair and return. Where there are known returns after the year end, a provision for the lost revenue is allowed in the current year. Any credits from the manufacturer are recognised on the date credits are received.

Revenue received in respect of the connection and data fees is deferred and recognised over the initial subscription period.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1 Accounting policies *(continued)*

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

Development cost asset had finite useful life of 5 years starting from 2007.

Amortisation of the asset is included with the administration expenses in the consolidated statement of comprehensive income.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is shown within administration cost in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

1 Accounting policies *(continued)*

Foreign currency (continued)

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

1 Accounting policies *(continued)*

Deferred taxation (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Non-recognition of deferred tax assets

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

In assessing the probability that taxable profits will be available, the following are considered:

- Whether the Group has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised before they expire;
- Whether it is probable that the Group will have taxable profits before the unused tax losses expire;
- Whether the unused tax losses result from identifiable causes which are unlikely to recur; and
- Whether tax planning opportunities are available to the Group that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilised.

2 Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Warranty claims

The Group generally offers one-year and three year warranties on most of its products. The Group has not provided any future warranty claims as any claims will be reverted back to the manufacturer.

Inventory

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The Group has provided against all old stock of devices and components which do not relate to the new Tablet devices. The total provision amounts to £155,247 in the period (2013: £648,000).

Non-recognition of deferred tax asset

Deferred tax on carry forward losses can only be recognised where it is probable that taxable profits will be available in future to utilise these losses. From historical data and future UK sales forecasting it is not probable that future profits will be available within the UK to utilise these losses in the foreseeable future.

3 Financial instruments - Risk management

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Finance Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

The Group and Company are exposed through its operations to the following financial risks:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with reasonable rating are accepted.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

Financial assets	**Carrying value 2014 £'000**	**Maximum exposure 2014 £'000**	**Carrying value 2013 £'000**	**Maximum exposure 2013 £'000**
Cash and cash equivalents	**406**	**406**	1,256	1,256
Trade and other receivables	**1,966**	**1,966**	1,583	1,583
Total financial assets	**2,372**	**2,372**	2,839	2,839

Cash in bank

All the cash is held in high rated banks -Barclays Bank plc and Bank of Montreal and HDFC.

3 Financial instruments - Risk management *(continued)*

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

Net foreign currency financial assets/(liabilities)

	United Kingdom		Canada		India		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	**71**	376	**-**	-	**-**	-	**71**	376
US Dollar	**58**	53	**231**	685	**-**	-	**289**	738
Euro	**12**	11	**-**	-	**-**	-	**12**	11
Canadian Dollar	**-**	-	**-**	1	**-**	-	**-**	1
Rupees	**-**	-	**-**	-	**34**	130	**34**	130
Total net exposure	**141**	440	**231**	686	**34**	130	**406**	1,256

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its borrowings.

The Board receives rolling 12 month cash flow projections on a monthly basis.

3 Financial instruments - Risk management *(continued)*

The following table sets out the contractual maturities of financial liabilities

At 31 March 2014	Up to 3 months £'000	3 and 6 months £'000	6 and 12 months £'000
Trade and other payables	4,679	20	-
Loans and borrowings	68	-	-
Total	4,747	20	-

At 31 March 2013	Up to 3 months £'000	3 and 6 months £'000	6 and 12 months £'000
Trade and other payables	2,338	76	-
Loans and borrowings	1,320	-	-
Total	3,658	76	-

Capital

The Group considers its capital to comprise its Ordinary share capital, share premium and accumulated retained earnings. Changes to equity during the year are detailed in the Group Statement of Changes in Equity on page 16.

The Group's objective when managing capital is to ensure that funds are raised in an appropriate, cost-effective manner. The Group's primary concern is to maintain its ability to continue as a going concern in order to provide returns for shareholders and stakeholders in the Company.

Financial assets

	2014 £'000	2013 £'000
Cash and cash equivalents	406	1,256
Trade and other receivables	1,966	1,583
Total financial assets	2,372	2,839

Financial liabilities at amortised cost

	2014 £'000	2013 £'000
Trade and other payables	4,699	2,411
Loans and borrowing	68	1,320
Total financial liabilities	4,767	3,731

3 Financial instruments - Risk management *(continued)*

Financial instrument risks

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

4 Revenue

Revenue per geographical location is as follows:

	2014 £'000	2013 £'000
UK	**80**	49
India	**11,694**	4,015
Other	**2,218**	743
Sale of goods	**13,992**	**4,807**

5 Expenses by nature

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment	**26**	11
Amortisation of goodwill	**-**	67
Research and development costs (current year expenditure)	**752**	920
Research and development cost (amortisation of capitalized asset)	**-**	399
Foreign exchange losses	**9**	38
Operating lease expense - Property	**89**	110
Auditors remuneration - Consolidated audit	**64**	51
Auditors remuneration - Subsidiary company audit	**9**	8
Auditors remuneration - Taxation services	**4**	4

6 Staff costs

Staff costs (including directors) comprise:	2014 £'000	2013 £'000
Wages and salaries	**1,260**	1,142
Share based payment expenses (see note 24)	**172**	348
Social security contribution and similar taxes	**76**	56
	1,508	1,546

The average number of employees (including directors) during the year was 196 (2013 - 137).

Key management personnel compensation

Key management personnel compensation are those persons having authority and responsibility for planning, direction and controlling the activities of the Group, including the directors of the company.

	2014 £'000	2013 £'000
Wages and salaries	**546**	693
Amounts paid to third parties	**25**	23
Share based payment expense	**172**	348
	743	1,064

Directors' compensation

	2014 £'000	2013 £'000
Wages and salaries	**434**	674
Amounts paid to third parties	**25**	23
	459	697

The total amount payable to the highest paid director in respect of emoluments was £240,000 (2013 - £240,000).

7 Segment Information

The Group operates three regional business units: India, UK, and Canada; with the Indian segment accounting for the largest proportion of the Group's business, generating 84% (2013: 84%) of its external revenues.

The Group's reportable segments are aligned as operating segments consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced at cost and applied consistently throughout the current and prior period, if any.

A geographical breakdown of sales is given in note 4.

2014

	India £'000	United Kingdom £'000	Other £'000	Total £'000
Revenue				
Total revenue	11,694	1,981	317	13,992
Inter-segmental revenues	-	-	-	-
Total revenue from external customers	11,984	1,981	317	13,992
Depreciation	(26)	-	-	(26)
Segment profit/(loss)	(58)	(1,609)	(637)	(2,304)
Share-based payments				(172)
Finance expense				(209)
Finance income				1
Group loss before tax				(2,684)

7 Segment Information *(continued)*

2013

	India £'000	United Kingdom £'000	Other £'000	Total £'000
Revenue				
Total revenue	3,869	904	382	5,155
Inter-segmental revenues	-	(111)	(237)	(348)
Total revenue from external customers	3,869	793	145	4,807
Depreciation	(9)	(2)	-	(11)
Segment profit/(loss)	20	(2,535)	(894)	(3,409)
Impairment of goodwill				(67)
Share-based payments				(348)
Finance expense				(32)
Finance income				-
Group loss before tax				(3,856)

2014

	India £'000	United Kingdom £'000	Other £'000	Total £'000
Additions to non-current assets	**21**	**-**	**-**	**21**
Reportable segment assets	**2,621**	**447**	**1,491**	**4,559**
Investment in subsidiaries				**(1,254)**
Total group assets				**3,305**
Reportable segment liabilities	**3,028**	**1,005**	**734**	**4,767**

7 Segment Information *(continued)*

2013

	India £'000	United Kingdom £'000	Other £'000	Total £'000
Non-current assets acquired through business combination	10	-	-	10
Additions to non-current assets	88	-	-	88
Reportable segment assets	1,747	1,345	1,516	4,608
Investment in subsidiaries				(1,254)
Total group assets				3,354
Reportable segment liabilities	927	932	1,872	3,731

8 Finance income and expense

	2014 £'000	2013 £'000
Interest received in bank deposits	**(1)**	(34)
Interest expense on financial liabilities measured at amortised cost	**209**	66
Net finance expense	**208**	32

9 Taxation

Group	**2014 £'000**	**2013 £'000**
Current tax charge	-	-
Deferred tax charge	-	-
Total tax charge for the year	-	-
Loss on ordinary activities before taxation	**2,684**	3,856
Loss on ordinary activities multiplied by the standard rate of tax in the UK of 23 % (2013 - 23%)	**(617)**	(887)
Unutilised tax losses carried forward	**(617)**	(887)

There is no income tax effect on the exchange gain arising on translation of foreign operations within other comprehensive income.

10 Property, plant and equipment

	Computer equipment £'000
Cost	
At 1 January 2012	11
Additions	88
Acquired through business combination	10
Foreign exchange rate movements	3
At 31 March 2013	112
At 1 April 2013	112
Additions	21
Acquired through business combination	-
Foreign exchange rate movements	(17)
At 31 March 2014	**116**

10 Property, plant and equipment *(continued)*

	Computer equipment £'000
Depreciation	
At 1 January 2012	9
Charge for the year	11
Depreciation on assets acquired through business combination	1
Foreign exchange rate movement	1
At 31 March 2014	22
At 1 April 2013	22
Charge for the year	26
Depreciation on assets acquired through business combination	-
Foreign exchange rate movement	(5)
At 31 March 2014	**43**
Net book value	
At 31 March 2014	**73**
At 31 March 2013	90

11 Intangible assets

	Goodwill cost £'000	Development cost £'000	Total £'000
Cost			
At 1 January 2012	-	2,723	2,723
Additions	67	-	67
Foreign exchange rate movements	-	21	21
At 31 March 2013	67	2,744	2,811
At 1 April 2013	67	2,744	2,811
Additions	-	-	-
Foreign exchange rate movements	-	(447)	(447)
At 31 March 2014	**67**	**2,297**	**2,364**

11 Intangible assets *(continued)*

	Goodwill cost £'000	Development cost £'000	Total £'000
Amortisation			
At 1 January 2012	-	2,308	2,308
Charge for the year	67	399	466
Foreign exchange rate movements	-	37	37
At 31 March 2013	67	2,744	2,811
1 April 2013	67	2,744	2,811
Charge for the year	-	-	-
Foreign exchange rate movements	-	(447)	(447)
At 31 March 2014	**67**	**2,297**	**2,364**
Net book value			
At 31 March 2014	**-**	**-**	**-**
At 31 March 2013	-	-	-

12 Subsidiaries

Company and Group undertakings	**£'000**
Cost or valuation	
At 31 March 2013 and 2014	**1,254**

The subsidiaries of Datawind UK Plc at 31 March 2014, all of which have been included in these consolidated financial statements, are as follows

Name	**Country of incorporation**	**Proportion of ownership**
DataWind Limited	United Kingdom	100%
DataWind Net Access Corporation	Canada	100%
DataWind Innovation Pvt LTD	India	99.94%

Post year end the company purchased an additional 499 shares in DataWind Innovations, bringing the total ownership to 99.99%.

13 Inventories

	2014 £'000	2013 £'000
Finished goods	**860**	425

14 Trade and other receivables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Trade receivables	**1,844**	1,113	-	-
Provision against trade receivables	-	-	-	-
Trade receivables - net	**1,844**	1,113		-
Amount owed by Group undertakings	-	-	**15,372**	13,864
Receivables/payables from related parties	-	401	-	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	**1,844**	1,514	**15,372**	13,864
Prepayments	**122**	69	-	-
Total trade and other receivables	**1,966**	1,583	**15,372**	13,864
Current portion	**1,966**	1,583	-	-

As at 31 March 2014 receivables of £78,000 (2013 - £1,564,000) were past due.

15 Trade and other payables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Trade payables	**4,362**	1,549	**25**	66
Other payables	**20**	36	-	10
Accruals	**209**	135	-	33
Total financial liabilities, excluding loans and borrowings classified as financial liability measured at amortized cost	**4,591**	1,720	**25**	109
Other payables - tax and social security payments	**19**	193	-	-
Deferred income	**89**	498	-	-
Loan	**68**	1,320	-	-
Total trade and other payables	**4,767**	3,731	**25**	109

15 Trade and other payables *(continued)*

Maturity analysis of the financial liabilities, excluding loans and borrowing, classified as financial liabilities measured at amortized cost, is as follows (the amounts shown are undiscounted and represent the contractual cash-flows):

	2014 £'000	**2013 £'000**
Up to 3 months	**4,679**	2,335
3 to 6 months	**20**	76
6 to 12 months	**-**	-
	4,699	2,411

16 Loans and borrowings

There are no any undrawn and committed facilities available to the company.

	Book value 2014 £'000	**Fair value 2014 £'000**	**Book value 2013 £'000**	**Fair value 2013 £'000**
Short-term loans (see note 23)	**68**	**68**	1,320	1,320

Principle terms and debt repayment schedule of the Group's loans and borrowings are as follows as at 31 March 2014:

	Currency	**Nominal rate %**	**Year of Maturity**
Short-term loans	CDN	30	2014

The currency profile of the Group's loan and borrowings is as follows:

Short-term loans	**2014 £'000**	**2013 £'000**
CDN (2013: USD)	**113**	1,320

17 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2013 - 23%).

The Group and Company has not recognised any deferred tax asset on the basis that is it uncertain as to when sufficient profits will be generated to utilize them.

There are no unremitted foreign earnings, as none of the foreign subsidiary have made any profits.

18 Share capital

Company - authorised	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 1p each	**300,000,000**	**300**	300,000,000	300

Company – issued and fully paid	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 1p each	**143,368,557**	**143**	123,166,575	123
Debt conversion rights exercised	-	-	1,700,000	2
Share issue for cash during the year	**10,948,788**	**11**	18,501,982	18
Total	**154,317,345**	**154**	143,368,557	143

During the year, the parent company issued an additional 10,948,788 ordinary shares of nominal value £11,000 for consideration of £1,690,000.

19 Share premium

	2014 Number	2014 £'000	2013 Number	2013 £'000
Balance at 1 April	**143,368,557**	**14,254**	123,166,575	12,358
Debt conversion rights exercised	-	-	1,700,000	168
Other issue for cash during the year	**10,948,788**	**1,632**	18,501,982	1,958
Costs incurred in private placements	-	**(127)**	-	(240)
Total	**154,317,345**	**15,759**	143,368,557	14,254

20 Warrant reserve

	2014 £'000	2013 £'000
At 31 March	**73**	**73**

21 Merger reserve

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
50,314,980 shares issued in a share for share exchange to acquire DataWind Net Access Corporation	**1,104**	**1,104**	1,104	1,104

In preparing the financial statements, the company has utilised the merger relief provisions available under the Companies Act 2006 in respect of the shares issued to acquire DataWind Net Access Corporation.

22 Reserves

Classification	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Merger Reserve	Shares have been issued at a premium to their nominal value on acquisition of another company
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

23 Related party transactions

During the year the Group entered into the following related party transactions:

Datawind Research Inc

External transactions with Datawind Research Inc, a company which is 100% owned by a director, are done in the normal course of business and relate to the purchase of product development services.

	Sale of goods £'000	Purchase of R&D services £'000	Amounts owed by related party £'000	Amount owed to related party £'000
31 March 2013	-	920	401	-
31 March 2014	**-**	**893**	**-**	**-**

7181426 Canada Inc

External transactions with 7181426 Canada Inc, a company under common ownership, are done in the normal course of business and relate to the management services provided to the Group by Raja and Suneet Tuli.

Costs incurred in the year were £nil (2013 - £316,000). At 31 March 2014 £148,000 (2013 - £148,000) was owed to the related party.

23 Related party transactions *(continued)*

Raja S. Tuli Software Inc

External transactions with Raja S. Tuli Software Inc, a company under common ownership, are done in the normal course of business and relate to software development services.

Costs incurred in the year were £433,596 (2012 - £176,000). At 31 March 2014 £83,523 (2013 - £52,000) was owed to the related party.

Lakhbir S Tuli

During the year the Group incurred costs totaling £nil (2013 - £140,000) for consultancy services provided by Lakhbir S Tuli. At 31 March 2014 £135,000 (2013 - £135,000) was owed to the related party. As at January 1, 2014, Lakhbir S Tuli became an employee of the Group.

John Brockhouse

During the year the Group received 2 loans from John Brockhouse, a director, for the financing of stock purchases. The first loan of £303,000 incurred interest expense of £21,000 and was repaid before the year end. A second loan of £68,000 was outstanding at the year end with accrued interest of £19,000. No other previous loans remain outstanding.

Sagun Tuli

During the year the Group repaid a loan of £662,000 from Sagun Tuli, the daughter of Lakhbir S Tuli a director, for the financing of stock purchases. At the year end the loan had accrued interest of £117,000 and remains unpaid post year-end.

Viscount Bearsted

During the year the Group incurred costs totaling £15,000 (2013 - £15,000) for consultancy services provided by Viscount Bearsted, a director. At 31 March 2014 £24,000 (31 March 2013: £9,000) was owed to the related party.

Tablet Investment Limited

During the year, the Group purchased stock from Tablet Investment Limited, a company in which a director is a shareholder and director, totaling £2,465,000 (2013 - £221,000). At 31 March 2014 £2,686,000 (2013 - £221,000) was owed to the related party.

During the year the Company entered into the following intercompany transactions:

DataWind Limited

Intercompany transactions with DataWind Limited, a 100% fully owned subsidiary, relate to operating loans provided by DataWind UK Plc totaling £1,500,000 in the 2014 fiscal period (31 March 2013- £2,700,000). At 31 March 2014 £14,500,000 (31 March 2013 - £13,000,000) was owed to DataWind UK Plc. No interest is charged on the intercompany loan.

23 Related party transactions *(continued)*

DataWind Net Access Corporation

Intercompany transactions with DataWind Net Access Corporation, a 100% fully owned subsidiary, relating to operating loans provided by DataWind UK Plc totaling £nil in the 2014 fiscal period (31 March 2013 - £20,000). At 31 March 2014 £854,000 (31 March 2013- £854,000) was owed to DataWind UK Plc. No interest is charged on the intercompany loan.

Details of Directors remunerations' are given in note 7.

24 Share based payments

The company's share option scheme (the "scheme") was approved on 14 July 2008. Under the scheme the remuneration committee recommend the granting of options over shares in the company to employees of the group subject to achieving various performance targets to the board of directors. Options are granted with a fixed exercise price and have a contractual life of 10 years. Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations.

A reconciliation of option movements over the year to 31 March 2014 is shown below:

	Number 2014	Weighted average exercise price 2014	Number 2013	Weighted average exercise price 2013
Outstanding at start of period	**52,849,943**	£0.18	29,065,736	£0.14
Restatement	-	-	3,408,363	£0.14
Granted in the period	-	-	20,600,844	£0.22
Lapsed during the period	-	-	(225,000)	£0.02
Outstanding at end of year	**52,849,943**	£0.18	52,849,943	£0.18
Exercisable at end of year	32,542,126	£0.15	32,542,126	£0.15

The fair value per option granted and the assumptions used in the calculation are as follows:

	2014	2013
Share price at grant date	n/a	£0.15
Weighted average exercise price	n/a	£0.21
Weighted average vesting period (years)	n/a	1.5
Expected volatility	n/a	38%
Risk free rate	n/a	1.8%
Weighted average fair value per option	n/a	£0.04

24 Share based payments *(continued)*

The expected volatility is based upon publicly available volatility measures of comparable companies. The risk free rate of return is the yield on 1.8% based on US treasury government bonds of a term consistent with the option life.

The total charge for the year relating to employee share based payment plans was £172,000 (2013 - £348,000) all of which related to equity settled share-based payment transaction.

25 Acquisition during the prior period

Datawind UK Plc acquired 99.94% holding in Datawind Innovations Private Limited. (formerly Unique Mobinet Surfers Private Limited) on 29 February 2012, a company whose principal activity was providing call centre support for customers. The principal reason for this acquisition was to build on relationships established by Datawind Innovation Private Limited with key Indian customers and to distribute the Group's product into India.

Fair value of consideration paid	**£'000**
Cash	2
Total fair value of consideration paid	2
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	469
Property, plant and equipment	9
Inventories	-
Trade and other receivables	23
Trade and other payables	(157)
Customer deposits	(405)
Borrowings	(4)
Total identifiable net liabilities	(65)
Parents proportionate of total net liabilities (99.94% of £16,000)	(65)
Non-controlling interest (0.06% of £16,000)	(-)
Goodwill	**67**

The goodwill recognized is not deductible for tax purposes. There has been no fair value adjustments to the carrying value of identifiable asset acquired and liabilities assumed in determining the amount of goodwill on the acquisition.

The goodwill carrying value of £67,000 was been fully amortised in the previous period.

Following the acquisition an intercompany loan of £98,000 was capitalized into the investment value in DataWind UK Plc.

26 Losses of the holding company

Of the losses in the year, a loss of £177,000 (2013 - £375,000) is dealt with in the accounts of DataWind UK Plc. The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the company alone.

27 Operating lease commitments

At 31 March 2014 the group had lease agreements in respect of properties for which the payments extend over a number of years (Company - £Nil).

	2014 £'000	2013 £'000
Total payment to end of lease under non-cancellable operating leases expiring:		
No later than one year	**24**	22
Later than one year and not later than 5 years	**17**	12

28 Ultimate controlling party

As at 31 March 2014, there is not deemed to be a single controlling party.

29 Notes supporting statement of cash flows

	2014 £'000	2013 £'000
Cash available on demands	**406**	1,256
Significant non-cash transactions are as follows:		
Debt converted into equity	-	170
	-	170

30 Contingent liabilities

During the period the Group received an Application for an Order of Payment from a supplier for a dispute over an agreement between DataWind Limited and the supplier. DataWind Limited has filed an objection against this claim and the directors are of the opinion that DataWind Limited will settle this claim with no cost to the Group. Accordingly no provision for any liability from such claim has been made in the statements.

31 Post balance sheet events

Subsequent to the March 31, 2014 year-end, Datawind UK Plc completed a reverse takeover of the Canadian entity, Datawind Inc., and concurrently the Group completed a $30M CDN IPO financing transaction and retired all related party liabilities. In addition, the Group is in the process of winding down the special purpose working capital instrument ("Tablet Investments") used to finance inventory purchases. To help increase working capital prior to the IPO, a financing of £490,000 Special Warrants was completed in April 2014. These Warrants have been exchanged for common shares of the new Datawind Inc. in connection with the Pre-IPO Reorganization.