aeorema
COMMUNICATIONS PLC

Consolidated Directors' Report
& Financial Statements
for the year ending 30th June 2018

Contents

Overview


17/18
570+
hours of footage
filmed, edited
and rendered
Pitch
win
ratio
+40%
JS
Thrive
Dividends
+50%
Revenue
+16%
You're invited
over
50k
attendees
JM
New Hire
NR
New Hire
SB
New Hire


Average revenue growth by top 5 clients
+29%
The best activation in Cannes
LOVE
15 countries
3 continents
over 650m of digital screen

Chairman's Statement

The financial year ended 30 June 2018 was a pivotal period for Aeorema. The two founder shareholders, Peter Litten, Deputy Chairman and Creative Director, and Gary Fitzpatrick, CEO, advised that they wanted to leave to pursue other interests. The Board thanked them for 21 years of commitment to the Company and organised with them the orderly placement of their entire shareholdings equating to 38% of the Company's shares. This placement of shares by the Company's broker in September 2017 introduced an excellent group of new shareholders.

Many of these new shareholders are already investors in a range of AIM micro-caps and the Board is grateful for their support since this placement.

The Board appointed Steve Quah and Andrew Harvey as joint Managing Directors in September 2017. Steve and Andrew have been with the Company for a number of years and have contributed significantly to the growth of the Company. The Board fully endorses their vision for the company.

The results for the financial year ended 30 June 2018 were good considering the challenges and distraction of the management changes. Revenue was £4,820,167, an increase of 16% on 2016/17 (£4,156,592). Profit was £289,650 before exceptional items of £231,357, an increase of 17% on 2016/17 (£248,368). The exceptional items were in relation to the departure of its two founders, Peter Litten and Gary Fitzpatrick, from the board of directors.

The Board is proposing a final dividend of 0.75 pence (2016/17: 0.5 pence per share) to be paid to shareholders on the register on 14 December 2018. The ex-dividend date will be on 13 December 2018. Subject to the proposed dividend being approved by shareholders at the AGM, it will be paid on 11 January 2019. This is in line with the Company's policy of continuing to pay dividends when possible. At the year-end the Group maintained its strong cash position with £1,436,314 in the bank, net of bank overdrafts. The Board is focused on using the cash reserves to invest in new talent capable of driving the business forward organically, as well as exploring new acquisition opportunities which can help the Group increase in scale and drive increased revenues and profits.

During the financial year ended 30 June 2018 the Group successfully staged several large events for blue chip clients in the UK, France, Italy and Germany. These events included annual partner conferences for a top 4 accountancy firm, a top 10 law firm and a global management consulting firm. The Group also staged a leadership event for a global telecoms provider and an event for a global newspaper publisher at the Cannes Lions International Festival of Creativity, a global event for those working in creative, communications, advertising and related fields.

The Group's film production business continued to develop during the year. The Group provided film content for several of the large events mentioned above, as well as, producing films for top 4 accountancy firms, a top 10 law firm, a large multinational technology company and a multinational construction company. The films produced included films for internal training, high level strategy films and branded content. The film production business continues to operate with high gross profit margins and provides opportunities for the Group to showcase its outstanding creativity.

The Board is delighted with the performance of the new management team. The new team have made a number of key appointments including a new creative director and a director of experiential. These appointments are seen as essential to ensure the Group maintains its creative advantage and allow the Group to move into experiential events. Experiential events use experiences to connect brands with consumers. It is a form of event that is rapidly growing in popularity and is an area of business which we believe represents a significant and highly exciting growth opportunity.

Looking forward to the financial year ended 30 June 2019 and beyond the outlook is very positive. The strength of the new team has led to an excellent series of new business gains since the year end with both existing and new clients. These gains include a major new client in the technology sector and a new global brand within the media sector. The Group continues to win new film production projects and the appointment of Julian Staveley as Experiential Director is also proving successful, with the Group recently winning a roadshow event for a global electronics company.

The Board wishes to thank the executive team and all members of staff for their commitment and hard work. The Board also wishes to thank its shareholders for their continued support.

Mike Hale
Chairman

6 November 2018

Joint Managing Directors' Statement

We are delighted to complete our first financial year as Joint Managing Directors with a significant increase in revenue. The focus of the senior team has been to drive growth through strong account management and a greater sales function.

The average growth in revenue from our top five clients this financial year has been 29% and we would like to thank our wonderful, dedicated team for working harder than ever before to retain key accounts and continuing to foster strong relationships with our fantastic clients.

We are also proud to deliver growth in our three main client sectors of Professional Services, Telecommunications and Media & Technology. We have added a significant new client within Professional Services plus two new clients in the Media & Technology sector. Looking ahead to the current financial year we are confident of adding further well-known brands within our core sectors.

Although some of our larger individual projects continue to be repeated every two to three years, we have added some new annual large-scale conferences to our calendar and continue to seek out repeating six figure revenue generating events to support our growth plan. We are especially pleased to report that our pitch win ratio has increased by approximately 40%.

We have invested within the technical support structure of our business, but our biggest investment has been in talent. We were delighted to make Julian Staveley our first significant hire as Experiential Director and in 2018 we have strengthened the team further with our new Creative Director Simon Baird, experienced Project Manager Natalie Richards and Senior Producer Jen Morris.

Simon has worked with some of the biggest brands in the world and he is excited to be joining our talented Cheerful Twentyfirst team and giving our own brand a vital update. We aim to launch our new brand and website in early 2019.

We continue to keep a close eye on overheads, but to match our ambition of organic growth going forwards we are focused on bringing in the best talent to ensure our clients continue to get the best service.

Finally, we would like to thank our amazing team, our ambitious and loyal clients and our investors. We are excited by the opportunities that lie ahead and as we grow the business we are fully focused on delivering world class projects that continue to be game changers for our clients.

Andrew Harvey
Joint Managing Director

Steve Quah
Joint Managing Director

6 November 2018

Strategic Report

The Board presents its Strategic Report on the Group for the year ended 30 June 2018.

Principal activities

Aeorema is a live events agency with film capabilities that specialises in devising and delivering corporate communication solutions.

Business review

In September 2017, Peter Litten and Gary Fitzpatrick, exited the group after 21 years. Despite the change in management and associated costs, the Group experienced a strong year.

The results for the year show revenue was £4,820,167 (2017: £4,156,592), operating profit pre-exceptional items was £289,650 (2017: £248,368) and profit before taxation was £58,685 (2017: £248,887).

The Group had net assets of £1,662,667 at the year-end (2017: £1,657,515) and net current assets of £1,258,215 (2017: £1,258,159).

The demand for live events agencies capable of delivering large corporate events remained high during the year, and the Group was able to use its creative expertise to win new clients, as well as maintain its existing client base. Despite Brexit uncertainty, the outlook for the financial year ended 30 June 2019 and beyond remains positive with several contracts for large events and film productions already won.

During the year the gross profit margin reduced slightly to 37% (2017: 40%) and the gross profit was £1,786,653 (2017: £1,661,105). The decrease in the gross profit margin was as a consequence of increasing costs, due largely to using additional freelancers to cover the higher volume of events and film productions undertaken during the financial year. There were also several projects with deliverables with lower margins which affected the overall profit margin. Management are keen to improve the gross profit margin and are therefore investing in new talent capable of reducing the Group's dependence on freelancers and providing added value.

Key Performance Indicators

Year	2018 £	2017 £	2016 £	2015 £
Revenue	4,820,167	4,156,592	4,583,050	4,934,560
Operating profit pre-exceptional items	289,650	248,368	339,248	382,455
Profit before taxation	58,685	248,887	340,165	383,216

The Group experienced a 16% increase in revenue during the year, this was as a consequence of strong growth in events' revenue, up 18% in comparison with the previous year. The growth in events' revenue resulted from staging several new events for existing and new clients from a variety of different industry sectors during the year.

Strategic Report *Continued*

Profit before taxation decreased by 76% in comparison with the previous year. This fall in profit before taxation was largely as a consequence of the exceptional items, totalling £231,357, associated with the departure of the two founding shareholders, Peter Litten and Gary Fitzpatrick. The group had an operating profit before pre-exceptional items of £289,650, a 17% increase compared with the previous year. The increase in operating profits pre-exceptional items was as a consequence of strong growth in events revenue and a reduction in staff costs due to the departure of Peter Litten and Gary Fitzpatrick during the year.

The Group increased its pitch to win ratio from 60% to 84%, a 40% increase year on year.

Cashflows

Net cash outflow from operating activities was £389,918 compared with a net cash inflow of £672,516 for the year ended 30 June 2017. Total cashflow, representing operating cashflow after taxation, interest, capital expenditure and financing activities, decreased by £460,898 compared with an increase of £469,489 last year. The cash position, net of bank overdrafts, at the end of the year was £1,436,314 compared with £1,897,212 at the end of the prior year. The decrease in cash and cash equivalents at the year-end was largely as a consequence of the exceptional items incurred during the year, a fall in the gross profit margin compared with the previous year and a significant reduction in trade payables due at the year-end compared with 2017.

Employees

Our priority is to attract and retain talented employees and to harness their creativity to drive growth through development and delivery of services that bring value to our customers' business operations.

We continue to focus on ensuring that the performance of staff is measured against clear, business focused objectives and behavioural criteria through continual appraisals.

Reward

The Group benchmarks employee salaries against the market and reviews salaries annually to ensure that we are paying at a level to attract and retain high-quality employees.

Key employees are offered access to a share option scheme, further details of which are provided in note 21 to the financial statements.

Equal Opportunities

We are committed to ensuring equal opportunities for our staff. We have introduced training which covers equal opportunities legislation and best practice. Our policy in respect of employment of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Should employees become disabled during the course of their employment, we will make every effort to make reasonable adjustments to their working environment to enable their continued employment.

Strategic Report *Continued*

Safety, Health and Environment

The commitment and participation of all employees is vital to efficient and effective occupational risk control. In order to meet our responsibility to protect the environment, staff and the business, the Group continues to focus on maintaining a risk aware culture.

We believe the Group maintains a low environmental impact. We therefore continue to work on the potential environmental impacts of energy consumption, waste and travel.

Directors' Policies for Managing Principal Risks

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the business. Risk reviews are undertaken regularly by the respective business areas throughout the year to identify and assess the key risks associated with the achievement of our business objective.

Key risks of a financial nature

The principal risks and uncertainties facing the Group are linked to customer dependency. Though the Group has a very diverse customer base in certain market sectors, key customers can represent a significant amount of revenue (see note 2). Key customer relationships are closely monitored but the loss of a key client could have adverse effect on the Group's performance. Further details of risks, uncertainties and financial instruments are contained in note 24.

Key risks of nonfinancial nature

The Group is operating in a highly competitive global market that is undergoing continual change. The Group's ability to respond to many competitive factors including, but not limited to technological innovations, product quality, customer service and employment of qualified personnel will be key in the achievement of its objectives, but its ultimate success will depend on the purchase spends of its customers and the buoyancy of the market.

On behalf of the Board

S Haffner
Director

6 November 2018

Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2018. The financial statements are for Aeorema Communications plc ("the Company") and its subsidiaries (together, "the Group").

Directors

The following directors have held office since 1 July 2017:
M Hale
S Quah
R Owen
S Haffner

Other changes in directors holding office are as follows:
A Harvey (appointed 23 October 2017)
G Fitzpatrick (resigned 20 September 2017)
P Litten (resigned 20 September 2017)

In accordance with regulation 122 of the Company's Articles of Association, one third of the directors retire by rotation, or if their number is not three, or a multiple of three, the nearest to but not exceeding one third, and, being eligible, offer themselves for re-election.

Dividends

The Board is proposing a dividend of 0.75 pence per share to be paid on 11 January 2019 to shareholders on the register on 14 December 2018. The ex-dividend date for the final dividend will be 13 December 2018.

Financial instruments

Details of financial instruments are given in note 24 to the accounts.

Shareholdings

At 31 October 2018, the directors were aware that the following were the beneficial owners of 3% or more of the Company's issued share capital:

Directors	Number of shares	Percentages held
M Hale	1,725,000	19.1
S Quah	481,010	5.3

Directors' Report *Continued*

Shareholdings *continued*

Other shareholders with more than 3%	Number of shares	Percentages held
J Hicking	1,000,000	11.0
Spreadex Ltd	592,332	6.5
S Perring	474,666	5.2
B Geary	434,667	4.8
Barnard Nominees Ltd	434,666	4.8
B Smith	300,000	3.3

Corporate governance

Although not required to do so, the Company has previously, within the practical confines of being a small company, sought to have regard to the principles of good governance and the UK Corporate Governance Code ("The Code") appended to the Listing Rules of the Financial Conduct Authority. From 28 September 2018 the company has agreed to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code. Compliance will be reviewed and considered annually by the Board.

The Board

The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. The Board currently consists of two executive directors and three non-executive directors. The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

Future Developments

The Board have been actively investing in new talent. During the year the Group hired a new Experiential Director with the aim of increasing its revenue from experiential events. The Group hired a new Creative Director with the aim of strengthening the Group's creative resources, as well as updating the Group's brand. The investment in talent is already proving successful with a series of new business gains, including experiential events, since the year end for both existing and new clients. The Group will continue to invest in new talent where this is considered to provide additional value.

Internal control

The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication and that the assets are safeguarded.

Directors' Report *Continued*

Audit Committee

There is an Audit Committee consisting of the Chairman, and two non-executive directors. The terms of reference of the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the Company's auditors, keeping under review the scope and the results of the audit and its effectiveness.

Remuneration Committee

The Remuneration Committee consists of the Chairman and two non-executive directors, and a meeting will be held no less than once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Company and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company. Richard Owen chairs the Remuneration Committee.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. See note 1 for further information.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Directors' Report *Continued*

Directors' responsibilities *continued*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Aeorema Communications plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

S Haffner
Director

6 November 2018

Independent Auditors' Report

to the Members of Aeorema Communications plc

Opinion

We have audited the financial statements of Aeorema Communications plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated Statement of Comprehensive Income, the group and company Statements of Financial Position, the consolidated and company Statements of Changes in Equity, the group and company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatements (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We have determined that there are no key audit matter to report.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £30,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £1,500, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit scope included all components and was performed to component materiality. Our audit work therefore covered 100% of group revenue, group profit and total group assets and liabilities. It was performed to the materiality levels set out above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13 and 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilites. This description forms part of our auditor's report.

Use of our report

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 auditors' 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.

Colin Roberts FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

6 November 2018

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 £	2017 £
Continuing operations			
Revenue	**2**	**4,820,167**	**4,156,592**
Cost of sales		(3,033,514)	(2,495,487)
Gross profit		**1,786,653**	**1,661,105**
Administrative expenses		(1,497,003)	(1,412,737)
Operating Profit pre-exceptional items	**3**	**289,650**	**248,368**
Exceptional items	**4**	(231,357)	-
Operating Profit post exceptional items		**58,293**	**248,368**
Finance income	**5**	392	519
Profit before taxation		**58,685**	**248,887**
Taxation	**6**	(8,280)	(37,284)
Profit and total comprehensive income for the year attributable to owners of the parent		**50,405**	**211,603**
Profit per ordinary share:			
Total basic earnings per share	**9**	0.55693p	2.33803p
Total diluted earnings per share	**9**	0.53906p	2.26301p

There were no other comprehensive income items.

The notes on pages 24 to 47 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2018

	Notes	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Non-current assets					
Intangible assets	**10**	365,154	365,154	-	-
Property, plant and equipment	**11**	37,044	31,341	-	-
Deferred taxation	**7**	2,254	2,861	-	-
Investments in subsidiaries	**12**	-	-	580,490	580,490
Total non-current assets		**404,452**	**399,356**	**580,490**	**580,490**
Current assets					
Trade and other receivables	**13**	1,106,292	1,007,592	995,874	748,661
Cash and cash equivalents	**14**	1,437,904	1,897,212	-	459,180
Total current assets		**2,544,196**	**2,904,804**	**995,874**	**1,207,841**
Total assets		**2,948,648**	**3,304,160**	**1,576,364**	**1,788,331**
Current liabilities					
Bank loans and overdrafts	**16**	(1,590)	-	(1,590)	-
Trade and other payables	**15**	(1,274,979)	(1,615,603)	(102,647)	(94,173)
Current tax payable		(9,412)	(31,042)	-	-
Total current liabilities		**(1,285,981)**	**(1,646,645)**	**(104,237)**	**(94,173)**
Net assets		**1,662,667**	**1,657,515**	**1,472,127**	**1,694,158**
Equity					
Share capital	**17**	1,131,313	1,131,313	1,131,313	1,131,313
Share premium		7,063	7,063	7,063	7,063
Merger reserve		16,650	16,650	16,650	16,650
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		249,829	244,677	59,289	281,320
Equity attributable to owners of the parent		**1,662,667**	**1,657,515**	**1,472,127**	**1,694,158**

The notes on pages 24 to 47 are an integral part of these financial statements.

The loss for the financial year of the holding company was £176,778 (profit in 2017: £116,142).

The financial statements were approved and authorised by the board of directors on 6 November 2018 and were signed on its behalf by: **A. Harvey**, *Director* **S Haffner,** *Director* Company Registration No. 04314540

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

Group	Share capital £	Share premium £	Merger reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2016	1,131,313	7,063	16,650	257,812	214,084	1,626,922
Comprehensive income for the year, net of tax	-	-	-	-	211,603	211,603
Dividends paid	-	-	-	-	(181,010)	(181,010)
At 30 June 2017	**1,131,313**	**7,063**	**16,650**	**257,812**	**244,677**	**1,657,515**
Comprehensive income for the year, net of tax	-	-	-	-	50,405	50,405
Dividends paid	-	-	-	-	(45,253)	(45,253)
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**257,812**	**249,829**	**1,662,667**

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 24 to 47 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2018

Company	Share capital £	Share premium £	Merger reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2016	1,131,313	7,063	16,650	257,812	346,188	1,759,026
Comprehensive income for the year, net of tax	-	-	-	-	116,142	116,142
Dividends paid	-	-	-	-	(181,010)	(181,010)
At 30 June 2017	**1,131,313**	**7,063**	**16,650**	**257,812**	**281,320**	**1,694,158**
Comprehensive income for the year, net of tax	-	-	-	-	(176,778)	(176,778)
Dividends paid	-	-	-	-	(45,253)	(45,253)
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**257,812**	**59,289**	**1,472,127**

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 24 to 47 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2018

	Notes	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Net cash flow from operating activities	**23**	(389,918)	672,516	(415,534)	(29,846)
Cash flows from investing activities					
Finance income	**5**	392	519	17	113
Purchase of property, plant and equipment	**11**	(26,119)	(22,536)	-	-
Dividends received by the Company		-	-	-	200,000
Cash (used) / generated in investing activities		**(25,727)**	**(22,017)**	**17**	**200,113**
Cash flows from financing activities					
Dividends paid to owners of the Company		(45,253)	(181,010)	(45,253)	(181,010)
Cash used in financing activities		**(45,253)**	**(181,010)**	**(45,253)**	**(181,010)**
Net increase/(decrease) in cash and cash equivalents		**(460,898)**	**469,489**	**(460,770)**	**(10,743)**
Cash and cash equivalents at beginning of year		1,897,212	1,427,723	459,180	469,923
Cash and cash equivalents at end of year		**1,436,314**	**1,897,212**	**(1,590)**	**459,180**

Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of the Statement of Financial Position amounts:

	Notes	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Cash and cash equivalents	**14**	1,437,904	1,897,212	-	459,180
Bank overdraft	**16**	(1,590)	-	(1,590)	-
		1,436,314	**1,897,212**	**(1,590)**	**459,180**

The notes on pages 24 to 47 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1 Accounting policies

Aeorema Communications plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its principal place of business is Moray House, 23/31 Great Titchfield Street, London W1W 7PA. The Company's Ordinary Shares are traded on the AIM Market.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The presentation currency is £ sterling.

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of business contained in the Chairman's Statement. The Group's financial statements show details of its financial position including, in note 24, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial year, other medium term plans and considering the risks outlined in note 24, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Basis of Preparation

The Group's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2017. Their adoption has not had a material impact on the financial statements:

- IAS 7 (Amended) 'Statement of Cash Flows', effective 1 January 2017

Adopted IFRS not yet applied

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2017 and have not been adopted early by the Group:

- IFRS 9 'Financial Instruments', effective 1 January 2018
- IFRS 15 'Revenue for Contracts with Customers', effective 1 January 2018
- IFRS 16 'Leases', effective 1 January 2019

Management have assessed the impact they may have on future reporting periods, and do not consider that the above standards will have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2018. Subsidiaries are all entities (including structured entities) over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are consolidated until the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Revenue

Revenue represents amounts (excluding value added tax) derived from the provision of services to third party customers in the course of the Group's ordinary activities. Revenue is measured at the fair value of consideration received taking into account any trade discounts and volume rebates. Revenue for all business segments is recognised when the Group has earned the right to receive consideration for its services.

Revenue is recognised by reference to the stage of completion of a transaction. The method used to determine the stage of completion is the cost-to-cost method. Under the cost-to-cost method the stage of completion is determined as a percentage of the costs incurred to date compared with estimated total costs of the transaction.

Intangible assets - goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	Straight line over the life of the lease (three years)
Fixtures, fittings and equipment	Straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

The group leases office facilities under operating leases. The lease typically runs for a period of 5 years, with a break cause in year 3. The group is restricted from entering into any sub-lease arrangements.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost less any provision for impairment.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash comprises, for the purpose of the Statement of Cash Flows, cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents normally have a date of maturity of 3 months or less from the acquisition date.

Bank loans and overdrafts comprise amounts due on demand.

Finance income

Finance income consists of interest receivable on funds invested. It is recognised in the Statement of Comprehensive Income as it accrues.

Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

Pension costs

The Group operates a pension scheme for its employees. It also makes contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group for the period.

Financial instruments

The Group does not enter into derivative transactions and does not trade in financial instruments. Financial assets and liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the Statement of Financial Position.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

Share-based awards

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is estimated using option pricing models and is dependent on factors such as the exercise price, expected volatility, option price and risk free interest rate. The fair value is then amortised through the Statement of Comprehensive Income on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 21 to the financial statements.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

Exceptional items

Exceptional items are one off, material items outside the normal course of business which are not related to the Group's trading activities.

Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances.

The company performs an impairment review of goodwill based on a value in use calculation. The calculation is based on a discounted cash flow model and an appropriate discount rate. The review includes an estimation of the annual growth rates and appropriate discount rates (see note 10 for key assumptions). Changes in the estimates which underpin the group's forecasts could have an impact on the value in use.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

2 Revenue and segment information

The Company uses several factors in identifying and analysing reportable segments, including the basis of organisation, such as differences in products and geographical areas. The Board of Directors, being the Chief Operating Decision Makers, have determined that for the year ending 30 June 2018 there is only a single reportable segment.

All revenue represents sales to external customers. Four customers (2017: two) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2018 £	2017 £
Customer one	1,114,846	722,825
Customer two	886,981	715,074
Customer three	617,576	-
Customer four	493,766	392,894
Major customers	**3,113,169**	**1,830,793**

The geographical analysis of revenue from continuing operations by geographical location of customer is as follows:

Geographical market	2018 UK £	2017 UK £	2018 Europe £	2017 Europe £	2018 Rest of the World £	2017 Rest of the World £	2018 Total £	2017 Total £
Revenue	4,774,107	4,089,412	31,531	29,589	14,529	37,591	4,820,167	4,156,592

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

3 Operating Profit

Operating profit is stated after charging or crediting:	**2018 £**	**2017 £**
Cost of sales		
Depreciation of property, plant and equipment	15,327	21,577
Administrative expenses		
Depreciation of property, plant and equipment	5,089	29,877
(Profit)/Loss on foreign exchange differences	6,902	(426)
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	7,500	7,500
Audit of the Company's subsidiaries	21,000	20,000
Staff costs (see note 20)	1,016,153	918,336
Operating leases – land and buildings	91,000	91,000

4 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. During the year, the Group incurred expenditure totalling £231,357 (2017: £nil) in relation to the departure of its two founders, Peter Litten and Gary Fitzpatrick, from the board of directors. This expenditure included final salary payments of £120,000, pension payments of £40,361 and associated costs including legal and professional fees of £70,996.

5 Finance income

Finance income	**2018 £**	**2017 £**
Bank interest received	392	519

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

6 Taxation

	2018 £	2017 £
The tax charge comprises:		
Current tax		
Prior period adjustment	(1,739)	3,028
Current year	9,412	31,042
	7,673	**34,070**
Deferred tax (see note 7)		
Current year	607	3,214
	607	**3,214**
Total tax charge in the statement of comprehensive income	**8,280**	**37,284**
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation from continuing operations	58,685	248,887
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2017: 19.75%)	11,150	49,155
Effects of:		
Non-deductible expenses	(1,131)	8,086
Research and development claim	-	(22,985)
Prior period adjustment	(1,739)	3,028
	(2,870)	**(11,781)**
Total tax charge	**8,280**	**37,284**

The Group has estimated losses of £375,762 (2017: £375,762) available to carry forward against future trading profits. These losses are in Aeorema Communications plc which is not currently making taxable profits as all trading is undertaken by its subsidiary Aeorema Limited, therefore no deferred tax asset has been recognised.

The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset is realised.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

7 Deferred taxation

	2018 £	2017 £
Property, plant and equipment temporary differences	(4,016)	(2,269)
Temporary differences	6,270	5,130
	2,254	**2,861**
At 1 July	2,861	6,075
Transfer to Statement of Comprehensive Income	(607)	(3,214)
At 30 June	**2,254**	**2,861**

The deferred tax asset is expected to be utilised given the continued profitability and future trading prospects.

8 Profit attributable to members of the parent company

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements.

9 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used and dilutive earnings per share computations:

	2018 £	2017 £
Basic earnings per share		
Profit for the year attributable to owners of the Company	50,405	211,603
Basic weighted average number of shares	**9,050,500**	**9,050,500**
Dilutive potential ordinary shares:		
Employee share options	300,000	300,000
Diluted weighted average number of shares	**9,350,500**	**9,350,500**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2016	2,728,292
At 30 June 2017	2,728,292
At 30 June 2018	2,728,292
Impairment and amortisation	
At 1 July 2016	2,363,138
At 30 June 2017	2,363,138
At 30 June 2018	**2,363,138**
Net book value	
At 1 July 2016	365,154
At 30 June 2017	365,154
At 30 June 2018	**365,154**

Goodwill arose for the Group on consolidation of its subsidiary company, Aeorema Limited.

Impairment – Aeorema Limited

Goodwill has been tested for impairment based on its future value in use. The future value has been calculated on a discounted cash flow basis using the 2018-19 budgeted figures as approved by the Board of Directors, extended in perpetuity to calculate the terminal value and discounted at a rate of 10%. It has been assumed that future growth will be between 1.5% and 2%. Using these assumptions, which are based upon past experience, there was no impairment in the year.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

11 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 30 June 2016	54,298	144,070	198,368
Additions	4,238	18,298	22,536
Disposals	-	(67,316)	(67,316)
At 30 June 2017	58,536	95,052	153,588
Additions	-	26,119	26,119
Disposals	-	(2,141)	(2,141)
At 30 June 2018	**58,536**	**119,030**	**177,566**
Depreciation			
At 30 June 2016	23,570	114,539	138,109
Charge for the year	29,877	21,577	51,454
Eliminated on disposal	-	(67,316)	(67,316)
At 30 June 2017	53,447	68,800	122,247
Charge for the year	5,089	15,327	20,416
Eliminated on disposal	-	(2,141)	(2,141)
At 30 June 2018	**58,536**	**81,986**	**140,522**
Net book value			
At 1 July 2016	30,728	29,531	60,259
At 30 June 2017	5,089	26,252	31,341
At 30 June 2018	**-**	**37,044**	**37,044**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

12 Non-current assets - Investments

Company	**Shares in subsidiary £**
Cost	
At 1 July 2016	3,274,703
At 30 June 2017	3,274,703
At 30 June 2018	**3,274,703**
Provision	
At 1 July 2016	2,694,213
At 30 June 2017	2,694,213
At 30 June 2018	**2,694,213**
Net book value	
At 1 July 2016	580,490
At 30 June 2017	580,490
At 30 June 2018	**580,490**

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	**Country of registration or incorporation**	**Shares held**	
		Class	**%**
Aeorema Limited	England and Wales	Ordinary	100
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100

The registered address of Aeorema Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

13 Trade and other receivables

	Group		Company	
	2018 £	**2017 £**	**2018 £**	**2017 £**
Trade receivables	693,725	810,908	-	-
Related party receivables	-	-	981,850	743,037
Other receivables	25,870	19,167	4,718	-
Prepayments and accrued income	386,697	177,517	9,306	5,624
	1,106,292	**1,007,592**	**995,874**	**748,661**

All trade and other receivables are expected to be recovered within 12 months of the end of the reporting period. The fair value of trade and other receivables is the same as the carrying values shown above.

At the year end, trade receivables of £34,324 (2017: £61,560) were past due but not impaired. These relate to a number of customers for whom there is no significant change in credit quality and the amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2018 £	**2017 £**
Less than 90 days overdue	-	61,560
More than 90 days overdue	34,324	-
	34,324	**61,560**

14 Cash at bank and in hand

	Group		Company	
	2018 £	**2017 £**	**2018 £**	**2017 £**
Bank balances	1,437,904	1,897,212	-	459,180
	1,437,904	**1,897,212**	**-**	**459,180**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

15 Trade and other payables

	Group		Company	
	2018 **£**	**2017** **£**	**2018** **£**	**2017** **£**
Trade payables	736,442	1,012,687	13,257	7,380
Related party payables	-	-	67,355	67,355
Taxes and social security costs	220,825	253,373	-	-
Other payables	1,541	7,529	-	-
Accruals and deferred income	316,171	342,014	22,035	19,438
	1,274,979	**1,615,603**	**102,647**	**94,173**

All trade and other payables are expected to be settled within 12 months of the end of the reporting period. The fair value of trade and other payables is the same as the carrying values shown above.

16 Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018 **£**	**2017** **£**	**2018** **£**	**2017** **£**
Amounts falling due within one year or on demand:				
Bank overdrafts	1,590	-	1,590	-
	1,590	**-**	**1,590**	**-**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

17 Share capital

	2018 £	2017 £
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

	Number	Ordinary shares £
At 1 July 2016	9,050,500	1,131,313
At 30 June 2017	9,050,500	1,131,313
At 30 June 2018	**9,050,500**	**1,131,313**

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

See note 21 for details of share options outstanding.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

18 Financial commitments

Total future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

Group	Land and Buildings	
	2018 **£**	**2017** **£**
Not later than one year	91,000	91,000
Later than one year and not later than five years	15,167	106,167
Total	**106,167**	**197,167**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

19 Directors' emoluments

The remuneration of Directors of the Company is set out below.

	Salary, bonus or fees 2018 £	Salary, bonus or fees 2017 £	Pensions 2018 £	Pensions 2017 £	Compen-sation for loss of office 2018 £	Compen-sation for loss of office 2017 £	Total 2018 £	Total 2017 £
P Litten	12,167	60,000	33,590	33,554	70,000	-	115,757	93,554
G Fitzpatrick	8,111	40,000	17,019	7,562	50,000	-	75,130	47,562
M Hale	25,000	10,000	-	-	-	-	25,000	10,000
S Haffner	15,000	15,000	-	-	-	-	15,000	15,000
R Owen	25,000	10,000	-	-	-	-	25,000	10,000
S Quah	100,000	90,000	493	155	-	-	100,493	90,155
A Harvey	80,625	-	665	-	-	-	81,290	-
	265,903	**225,000**	**51,767**	**41,271**	**120,000**	**-**	**437,670**	**266,271**

The share options held by directors who served during the year are summarised below:

Name	Grant date	Number awarded	Exercise price	Earliest exercise date	Expiry date
S Quah	25 April 2013	300,000	16.50p	25 April 2016	24 April 2023

On 23 August 2018 Steve Quah and Andrew Harvey were granted 300,000 share options each at an exercise price of 29p. The options vest on 17 November 2020, and can be exercised in the period from 17 November 2020 until the tenth anniversary of the date of grant, 23 August 2028. As the grant of the share options occurred after the year end no share-based payment charge was recognised in the financial statements for the year ended 30 June 2018.

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 22).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

20 Employee information

The average monthly number of employees (including directors) employed by the Group during the year was:

Number of employees	Group		Company	
	2018 Number	**2017 Number**	**2018 Number**	**2017 Number**
Administration and production	18	20	7	6

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

Employment costs	Group		Company	
	2018 £	**2017 £**	**2018 £**	**2017 £**
Wages and salaries	857,969	788,365	65,000	35,000
Social security costs	101,250	85,708	-	-
Pension costs	56,934	44,263	-	-
	1,016,153	**918,336**	**65,000**	**35,000**

21 Share-based payments

The Group operates an EMI share option scheme for key employees. Options are granted to key employees at an exercise price equal to the market price of the Company's shares at the date of grant. Options are exercisable from the third anniversary of the date of grant and lapse if they remain unexercised at the tenth anniversary or upon cessation of employment. The following option arrangements exist over the Company's shares:

Date of grant	Exercise price	Exercise period		Number of options 2018	Number of options 2017
		From	**To**		
25 April 2013	16.5p	25 April 2016	24 April 2023	300,000	300,000
				300,000	**300,000**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

21 Share-based payments *continued*

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

	Number of options 2018	Weighted average exercise price 2018 £	Number of options 2017	Weighted average exercise price 2017 £
Outstanding at beginning of the year	300,000	0.17	300,000	0.17
Outstanding at end of the year	300,000	0.17	300,000	0.17
Exercisable at the end of the year	300,000	0.17	300,000	0.17

The exercise price of options outstanding at the year-end was £0.165 (2017: £0.165) and their weighted average contractual life was 4.8 years (2017: 5.8 years).

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The estimated fair value of the options is measured using an option pricing model. The inputs into the model are as follows:

Grant date	25 April 2013
Model used	Black-Scholes
Share price at grant date	16.5p
Exercise price	16.5p
Contractual life	10 years
Risk free rate	0.5%
Expected volatility	104%
Expected dividend rate	0%
Fair value option	14.889p

The expected volatility is determined by calculating the historical volatility of the company's share price over the last three years. The risk free rate is the official Bank of England base rate.

The Group recognised the following charges in the Statement of Comprehensive Income in respect of its share-based payment plans:

	2018 £	2017 £
Share-based payment charge	-	-

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

22 Related party transactions

The Group has a related party relationship with its subsidiaries and its key management personnel (including directors). Details of transactions between the Company and its subsidiaries are as follows:

	2018 £	2017 £
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	981,850	743,037
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

The company received dividends during the year of £nil (2017: £200,000) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £15,155 (2017: £10,200) to Aeorema Limited due to being part of a common VAT group.

Aeorema Limited transferred a net amount of expenses to Aeorema Communications plc during the year of £58,050 (2017: £38,700).

Aeorema Limited paid expenses totalling £132,203 (2017: 49,996) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Communications plc made a net transfer of cash of £413,911 to Aeorema Limited (2017: £181,010 from Aeorema Limited to Aeorema Communications plc).

The compensation of key management (including directors) of the Group is as follows:

	2018 £	2017 £
Short-term employee benefits	309,786	251,204
Post-employment benefits	51,767	41,271
Termination benefits	120,000	-
	481,553	**292,475**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

22 Related party transactions *continued*

Harris and Trotter LLP is a firm in which S Haffner is a member. The amounts charged to the Group for professional services is as follows:

Harris and Trotter LLP – charged during the year	**2018 £**	**2017 £**
Aeorema Communications plc	15,000	15,000
Aeorema Limited	25,995	7,850
	40,995	**22,850**

At the year end, the group had an outstanding trade payable balance to Harris and Trotter LLP of £6,174 (2017: £5,640).

23 Cash flows

	Group		**Company**	
	2018 £	**2017 £**	**2018 £**	**2017 £**
Cash flows from operating activities				
Profit before taxation	58,685	248,887	(176,778)	116,141
Depreciation	20,416	51,454	-	-
Dividends received by the Company	-	-	-	(200,000)
Finance income	(392)	(519)	(17)	(113)
	78,709	**299,822**	**(176,795)**	**(83,972)**
Increase / (decrease) in trade and other payables	(340,624)	275,021	8,474	(4,631)
(Increase) / decrease in trade and other receivables	(98,700)	166,745	(247,213)	58,757
Taxation paid	(29,303)	(69,072)	-	-
Cash generated / (used) from operating activities	**(389,918)**	**672,516**	**(415,534)**	**(29,846)**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

24 Financial instruments

Financial instruments recognised in the consolidated statement of financial position

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost.

	Group		Company	
	2018 £	**2017 £**	**2018 £**	**2017 £**
Loans and receivables				
Trade and other receivables	987,811	847,525	981,850	743,037
Cash and cash equivalents	1,437,904	1,897,212	-	459,180
Investments in subsidiaries	-	-	580,490	580,490
Total	**2,425,715**	**2,744,737**	**1,562,340**	**1,782,707**
Other financial liabilities				
Trade and other payables	779,851	1,020,216	82,202	74,735
Accruals	275,893	236,068	22,035	19,440
Total	**1,055,744**	**1,256,284**	**104,237**	**94,175**

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables.

Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2018 was £693,725 (2017: £810,908). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. 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 meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meets its obligations of £1,244,113 (2017: £1,540,698).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2018

24 Financial instruments *continued*

Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group net of bank overdrafts was £1,436,314 (2017: £1,897,212). The Group ensures that its cash deposits earn interest at a reasonable rate.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Group Statement of Changes in Equity. At the year end, total equity was £1,662,667 (2017: £1,657,515).

25 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £56,934 (2017: £44,263). At the end of the reporting period £nil (2017: £nil) of contributions were due in respect of the period.

26 Dividends

On the 9 January 2018 a final dividend of 0.5 pence per share (total dividend £45,253) was paid to holders of fully paid ordinary shares.

In respect of the current year, the directors propose that a final dividend of 0.75 pence per share be paid to shareholders on 11 January 2019. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these consolidated financial statements. The proposed dividends are payable to all shareholders on the Register of Members on 14 December 2018. The total estimated dividend to be paid is £67,879. The payment of this dividend will not have any tax consequences for the Group.

27 Contingent Liability

Company

The company is a member of a group VAT registration with all other companies in the Aeorema Communications group and, under the terms of the registration, is jointly and severally liable for the VAT payable by all members of the group. At 30 June 2018 the company had no potential liability under the terms of the registration.

28 Control

There is no overall controlling party.

Director Profiles

Mike Hale
Non-Executive Chairman

Mike Hale has spent most of his career in the marketing and advertising sectors. His roles have included Chairman and CEO of Young and Rubicam Australia, Chairman and CEO of FCB Australia and Board Director of Saatchi and Saatchi UK. He also established his own eponymous agency which he built into one of Australia's leading independent agencies and which he sold before relocating to London.

He has also been involved with business and strategic planning for major Australian and international companies including British Airways, Unilever, Epson, Toshiba, NRMA and BMW.

His extensive marketing and advertising experience with blue-chip companies, both in the UK and Australia, will be highly beneficial to the Company's plans for growth and expansion.

Stephen Haffner
Non-Executive Director

Steve Haffner has almost 30 years' accounting experience having qualified as a chartered accountant in 1989. He has spent over 25 years at Harris and Trotter LLP, during which time he became Head of the Audit Department. He was appointed as Partner to the firm in 1994. Steve joined Aeorema as Company Secretary in 2014 and as a Director in 2015. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

Richard Owen
Non-Executive Director

Richard is Executive Chairman of AIM listed Ultimate Sports Group (USG) Plc and an Executive Director of its subsidiary Pantheon Leisure Plc. Richard has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Richard holds various other private company directorships.

Steve Quah
Joint Managing Director

Steve Quah is a founder and Joint Managing Director at Cheerful Twentyfirst and oversees the management of all events. With extensive expertise in both theatrical and digital brand experiences, Steve is the driving force behind the company's strong creative service ethos. Steve brings over thirty years of unique insight, innovation and experience to the company and continues to focus the team on delivering game changing events for all clients. With a passion for creating award winning live experiences, Steve has produced over 300 corporate productions and numerous live events for some of the world's largest brands including Vodafone, Google, Oath, Clifford Chance, LG, Disney, AOL, News UK and Microsoft to name but a few.

Andrew Harvey
Joint Managing Director

Andrew Harvey is Joint Managing Director and has twenty years' experience producing events, branded content and interactive projects. Andrew joined Cheerful Twentyfirst in 1999 and helped significantly grow the branded content division winning numerous awards. Andrew has worked at many levels within the company including Account Manager, Head of Moving Image, Senior Event Producer and his most recent role - Director of Operations. Andrew has delivered award winning projects for global brands including HSBC, Nokia, McKinsey & Company, GE Alstom, Oliver Wyman, PubMatic and Babcock. Andrew currently oversees all aspects of the agency's operations.

Notice of Annual General Meeting

Aeorema Communications plc (Incorporated and registered in England and Wales with company number 4314540)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aeorema Communications plc will be held at Gilmoora House, 57/61 Mortimer Street, London W1W 8HS on 6 December 2018 at 11 a.m. for the transaction of the following business:

As Ordinary Business to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30 June 2018.

2. To re-appoint Richard Lawrence Owen as a Director of the Company, who retires in accordance with Article 122 of the Company's Articles of Association.

3. To re-appoint RSM UK Audit LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

4. To declare a final dividend on the ordinary shares of 12.5 pence each in the capital of the Company for the year ended 30 June 2018 of 0.75 pence per ordinary share.

As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 5 will be proposed as an Ordinary Resolution and Resolutions 6 and 7 will be proposed as Special Resolutions:

5. That the directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act (the "Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £1,000,000, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares in the Company and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

6. That, subject to the passing of Resolution 5 set out above, the directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 5 above, as if section 561(1) of the Act did not apply to such allotment provided this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the directors of the Company to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter); and

(ii) the allotment to any person or persons (otherwise than pursuant to sub-paragraph (i) of this Resolution above) of equity securities up to an aggregate nominal amount of £1,000,000,

provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the directors of the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors of the Company shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

7. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) on the AIM Market of the London Stock Exchange plc of ordinary shares of 12.5 pence each in the capital of the Company ("Ordinary Shares") provided that:

(i) the maximum number of Ordinary Shares hereby authorised to be purchased is 905,000 Ordinary Shares;

(ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 1 pence;

(iii) the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share shall be an amount equal to 105 per cent. of the average middle market quotations taken from the AIM Appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

(iv) unless renewed the authority hereby conferred shall expire on the earlier of the Company's Annual General Meeting in 2019 or eighteen months from the passing of this Resolution unless such authority is renewed, varied or revoked prior to such time; and

(v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Notes:

(1) A member entitled to attend and vote at the above-mentioned annual general meeting (the "Meeting") is entitled to appoint a proxy or proxies to exercise any or all of his rights to attend, speak and vote at the Meeting instead of him. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.

(2) A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of holding of the Meeting.

(3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members of the Company on the register 48 hours before the time set for the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

(4) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

By order of the Board

Stephen Haffner
Company Secretary
Registered Office:
64 New Cavendish Street, London W1G 8TB

Dated: 6 November 2018

Company Information

Directors	M Hale S Haffner R Owen S Quah A Harvey	(Non-Executive Chairman) (Non-Executive) (Non-Executive) (Joint-Managing Director) (Joint Managing Director)
Secretary	S Haffner	
Company number	04314540	
Registered office	64 New Cavendish Street London, W1G 8TB	
Financial advisers	Harris & Trotter LLP 64 New Cavendish Street London, W1G 8TB	
Stockbrokers	Allenby Capital Limited 5 St. Helens Place London, EC3A 6AB	
Nominated adviser	Allenby Capital Limited 5 St. Helens Place London, EC3A 6AB	
Auditors	RSM UK Audit LLP 25 Farringdon Street London, EC4A 4AB	
Solicitors	Howard Kennedy LLP No. 1 London Bridge London, SE1 9BG	
Bankers	Barclays Bank plc P O Box 32106 London, NW1 2ZH	
Registrar and transfer office	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent, BR3 4TU