



GFINITY

GFINITY plc Annual Report & Financial Statements

30 June 2015

GROWTH AREA

1

Market leading
eSports broadcasts



Gfinity's
partnerships with
the world's leading
games publishers

GROWTH AREA

2

UK's first
gaming arena

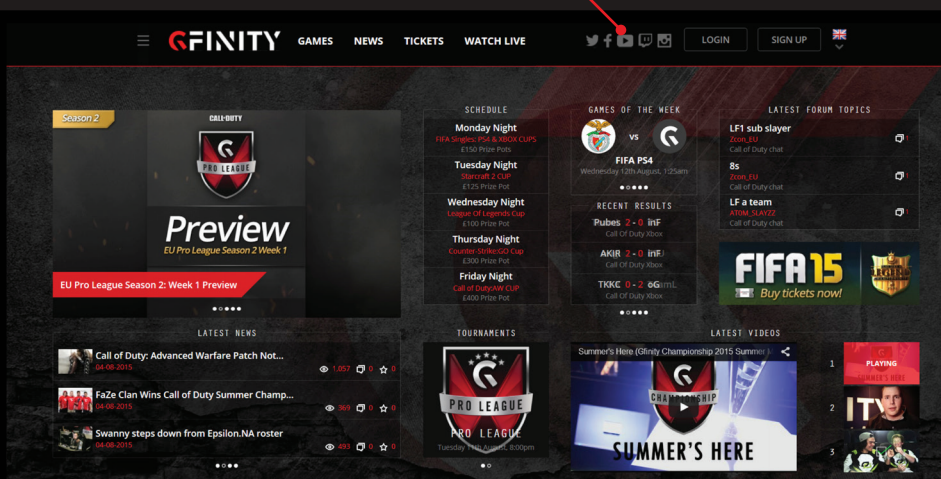


Gfinity's
dedicated
arena for
gamers is UK's
first and only
eSports venue

GROWTH AREA

3

Gaming community
created through
Gfinity website



Gfinity.net
a popular
destination
for gamers
to compete,
socialise and
watch eSports

Contents

Overview

Directors, Secretary and Advisers	4
Period Highlights	5

Business Review & Strategic Report

Chairman's Statement	6
Chief Executive's Report	7
Finance Director's Report	9
Gfinity Growth & Monetisation Opportunity	10
Growth in eSports Market & Audiences	12

Governance

Directors' Biographies	14
Directors' Report	16
Corporate Governance Report	18
Directors' Remuneration Report	20

Financial Statements

Independent Auditors Report	24
Statement of Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29

Overview

Directors, Secretary and Advisers

The Board of Directors

Tony Collyer

(Non-Executive Chairman)

Neville Upton

(Chief Executive Officer)

Jonathan Hall

(Finance Director)

Ginette Jarman

(Operations Director)

Paul Kent

(Technology and eSports Director)

Philip Shuldham-Legh

(Marketing Director)

David Yarnton

(Non-Executive Director)

Jonathan Varney

(Non-Executive Director)

Company Secretary

Jonathan Hall

Registered Office

35 New Bridge Street
London EC4V 6BW

Nominated Adviser and Broker

Arden Partners plc

125 Old Broad Street
London EC2N 1AR

Independent Auditors

Rees Pollock

35 New Bridge Street
London EC4V 6BW

Legal Advisers – Corporate

Fladgates

16 Great Queen Street
London WC2B 5DG

Legal Advisers – Commercial

Onside Law

23 Elysium Gate
126-128 New Kings Road
London SW6 4LZ

Registrars

Capita Registrars Ltd

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Financial Public Relations

Luther Pendragon Ltd

3 Priory Court
Pilgrim Street
London EC4V 6DE

Registered Number

08232509

GFINITY

Period Highlights

Operational highlights

Corporate

- Raised **£3.5m**, before expenses, from AIM flotation at **17p per share** in December 2014
- Entered into strategic collaboration with **Vue Cinemas (“Vue”)** and opened the **Gfinity Arena** in **London**, the UK’s first dedicated eSports arena
- Registered user base on **Gfinity.net** increased from **43,000** as at 30 June 2014 to over **400,000** on 30 June 2015
- Exceeded target of **50 million** online views for the **2015 Gfinity Championships**

Events

- In August 2014, staged third Gfinity branded event (**G3**) at the **Copperbox** in London’s Olympic Park. The **largest eSports event** ever staged in the UK – almost **4,000 spectators** attended and **8.7 million** online views from **25 countries** over a single weekend
- In February 2015, staged **European Call of Duty Championships** on behalf of game publisher Activision at iconic **Royal Opera House** in London
- From March until September, launched the **2015 Gfinity Championships** (a set of 23 weekly tournaments featuring the best players/teams in the world across 5 eSports titles)
- In April 2015, launched **Xbox** sponsored **FIFA tournament**, with qualifiers organised through **Gfinity.net** and live finals at the **Gfinity Arena**

Partnerships/sponsorship

- Signed a **two-year** major sponsorship agreement with **News Corporation** for **The Sun** to become **Gfinity’s newspaper** and online news partner in the UK and Ireland
- Entered into a **two-year** sales and marketing contract with **Pitch International (“Pitch”)** for Pitch to package and **sell sponsorship** and **broadcasting** rights on the Company’s behalf

Financial highlights

- Revenues increased by **163%** to **£560,828** (2014: £213,450)*, resulting from a mix of sponsorship, fees from game publishers, premium subscriptions and ticket sales
- Loss increased to **£3.6m** (2014: Loss of £0.9m)*, reflecting the planned investment made following listing in December 2014
- Net cash as at 30 June 2015 amounted to **£2.73m** (31 December 2014: £4.68m; 30 June 2014: £591,275)

*Prior year P&L comparatives represent full year to 30 June 2014, rather than the 6 month period shown in the previous statutory accounts

Business Review & Strategic Report

Chairman's Statement

Tony Collyer
Non-Executive Chairman



I have great pleasure in presenting our maiden Annual Report and Accounts as a public company following our listing on AIM in December 2014.

The year to 30 June 2015 has been a very successful one for the Company, during which we exceeded the strategic goals we set ourselves at the beginning of the year and established ourselves as one of the leading online and offline electronic sports - eSports - providers in the world. Gfinity has, in a short space of time, become a widely-recognised "destination" for gamers in the UK and internationally.

Landmark achievements

The Company reached a key milestone in the middle of the year with its admission on AIM on 22 December 2014, raising £3.5 million before expenses. In the six months since the IPO, with the monies raised, we have accelerated our growth strategy building on the solid foundations laid earlier in the year.

At the beginning of the year, in August 2014, we hosted G3, our third and largest to date, Gfinity branded event at the Copperbox in London's Olympic Park. The first half of the year also saw rapid growth in registrations for our website, Gfinity.net, which had been relaunched just prior to the start of the period, with a brand new platform designed to create a seamless user experience with enhanced features. In December 2014, Gfinity signed a two-year agreement with Pitch International who played a leading role in securing the partnership with Vue Cinemas. Gfinity opened the UK's first dedicated eSports arena, in Fulham Broadway, London in March 2015 and this arena has hosted the 2015 Gfinity Championship Series. In April 2015 we

were delighted to announce The Sun newspaper as the first major sponsorship partner, as part of a two year agreement.

Continuing growth of eSports phenomenon

The computer gaming industry and in particular the eSports segment within that are growing rapidly, as part of a long term shift in the way in which people consume their media. The gaming industry is now bigger than both the music and film industries and industry specialists NewZoo report that it is expected to reach a value of over \$100 billion by 2017.

Within that, eSports goes from strength to strength. In 2014, leading platform Twitch.TV announced that during 2014 it had over 100 million unique visitors a month, more than double the total for the previous year. NewZoo estimated that at the end of 2014 there were 205 million eSports enthusiasts globally. By 2017 they estimate that this will grow to 335 million.

The biggest events are already filling arenas and drawing viewership levels that dwarf most traditional sports. The League of Legends Finals (2014) held at Sangam Arena, South Korea had 40,000 spectators and 27 million viewers online. DotA "The International" in 2015 meanwhile saw competitors from around the world compete in Seattle, USA for a prize pot of over \$18 million.

Significant opportunity for monetisation and growth

To date Gfinity's strategy has been to build its reputation and following in the eSports sector, rather than pursuing short

term revenues. Nonetheless, the Directors believe that having gained a large first mover advantage within this sector, the potential for monetisation is significant.

Gfinity has already demonstrated a proven ability to attract viewership and registered users in a demographic that's attractive to sponsors. Competition for content among broadcast platforms will drive value for content providers and there are multiple opportunities for additional revenues including; publisher partnerships, subscriptions, ticket sales and merchandise.

Within three years Gfinity expects to have sold out events with online viewership growing year on year. We also plan to have a premium pay per view or subscription service featuring enhanced content. Additionally the increase in the number of registered users of Gfinity.net will drive more paid subscribers. The Company will also continue to expand its network of sponsors and broadcasting deals around the world.

In the short term additional resources are needed to fulfil this potential and a further round of fund raising will start immediately following the release of these results.

Gfinity have a strong and capable management team with breadth of eSports and business experience that is second to none and I have no doubt they will be able to capture this opportunity and deliver shareholder value.

Finally, I would like to thank our clients and partners for their continued support. Above all, I would like to thank all of our employees for their hard work and enthusiasm, which have enabled the great successes of 2014 and positioned Gfinity for a strong 2015 and beyond.



Chief Executive's Review

Neville Upton
Chief Executive Officer

This was a year in which Gfinity firmly established itself as one of the leading companies in the eSports industry. We have quickly built a reputation for delivering high quality competitions; both on and off-line and producing some of the leading eSports broadcasts. Our knowledge of what is required to deliver all aspects of a successful eSports event, coupled with the relationship built with publishers and our following within the eSports community mean we have established a real first mover advantage, which will be difficult for others to replicate.

The company's listing on AIM in December 2014 was a major milestone for the business, but it was only one part of what was a remarkable year that saw Gfinity:

- Exponentially increase its global following for both viewing and participating in events
- Create firm relationships with publishers, players and YouTube ambassadors
- Build a physical arena, in conjunction with Vue Cinemas – first venue of its kind in the world
- Achieve a strong online presence through its re-launched website - Gfinity.net
- Become renowned within the industry for quality of delivery

The Company generated revenues totalling £560,828, up from £213,450 for the equivalent 12 month period to 30 June 2014, reflecting the strong operational progress made during the period and marking a step-change in the Company's development. This increase indicates the potential for monetisation within the eSports sector. Nonetheless, the focus of the Company over the period in question

has remained on building its brand and delivering world-class online and offline eSports events to a global audience.

Admission to AIM

Gfinity successfully completed an IPO on the London Stock Exchange's AIM market on 22 December 2015, raising £3.5 million before expenses. The listing on AIM certainly has enhanced the Company's credibility and profile and assisted the growth in its business. The proceeds have provided the Company with working capital to invest in the Gfinity brand, launch the first dedicated eSports Arena and support the 2015 Gfinity Championships extensive event schedule. Coupled with earlier private fund-raising rounds, a total of £5.8 million (net of fees) was raised during the period.

UK's first dedicated eSports Arena

In February 2015, Gfinity entered into a strategic collaboration with Vue Cinemas to create the UK's only dedicated eSports event arena at Fulham Broadway, London. The new arena is a key part of the Company's long term growth strategy to organise and host major live eSports tournaments and also to stream events to a global audience of fans through its online platform. Prior to the deal with Vue Cinemas we had staged our third Gfinity branded event (G3) at the Copperbox in London's Olympic Park. It was the largest eSports event ever staged in the UK. This event attracted nearly 4,000 paying spectators across two days and received 8.7 million online views from over 25 countries. By collaborating with Vue, however, the Company has been able to

accelerate its plans to create a large and dedicated site in central London without incurring major upfront capital costs.

The deal was done just in time to host the 2015 Gfinity Championship series at the new venue. Commencing in March 2015, by the time the series ended in September 2015, 23 live events had been held across a number of weekends and on selected weekday evenings. These matches were streamed live on internet TV channels including Twitch, Gfinity.net and MLG.tv, broadcast in 10 languages and viewed across more than 25 countries.

Games featured in the tournaments included some of the world's most popular electronic games such as Call of Duty: Advanced Warfare; Counter Strike: Global Offensive; FIFA 15 and Starcraft II. The tournaments have drawn some of the most popular professional teams and players to the UK, including OpTic, Denial, Ninjas in Pyjamas, Fnatic and Team EnVyUs, competing for up to \$100,000 in total prize money per event.

Overall, the tournaments were viewed by almost 60 million, which exceeded management expectations set at the time of Gfinity's admission to AIM.

Creating an Online Community of Gamers

In June 2014, the Company's website, Gfinity.net was re-launched with a brand new platform designed to create a seamless user experience with enhanced features. The Company typically stages over 4,000 matches per week online and we are pleased to report that since the launch of the new platform there

Business Review & Strategic Report

Chief Executive's Review *(continued)*

has been a rapid increase in registered users from 43,000 as at 30 June 2014 to over 400,000 as of 30 June 2015.

In addition, over the same period the company's Twitter and Facebook following has increased from 84,000 to 134,000 and 5,000 to 91,000 respectively, increasing the number of positive advocates within the online community.

Throughout the year, Gfinity has staged a number of highly popular online tournaments, in addition to the leagues, ladders and cups that run throughout the year. These have included the PewDiePie Cup in September 2014, an event run in conjunction with the world's most viewed YouTuber – a Swedish gaming enthusiast – which saw 10,833 games of Speed Runners played as well as the KSI Cup in November 2014; an event which saw over 4,000 games of FIFA 15 played across a single weekend.

In the longer term there is a large opportunity through its eSports events and widening audiences to draw in sponsors, advertisers and broadcasters who want access to a highly defined and targeted demographic of 18-34 year olds, predominantly male, that play and watch eSports.

Sponsorship and Marketing

On 11 December 2014, Gfinity entered into a two-year sales and marketing contract with Pitch International for Pitch to package and sell sponsorship and

broadcasting rights on the Company's behalf. Pitch is a leading sports marketing agency and distributor of sports media rights worldwide.

In April 2015, through Pitch International we had a major breakthrough when we signed a major sponsorship agreement for The Sun to become Gfinity's official newspaper and online news partner in the UK and Ireland. The backing of such a large organisation is not only great news for us but also a huge boost to the UK's growing eSports sector.

The two-year commercial partnership is the first such major agreement signed by Gfinity and will contribute significantly towards the Company achieving its revenue targets this year and in 2016.

Outlook

The Company has generated relatively low sales to date and this is not expected to change materially in the short-term although the Company does expect to see revenues increasing through 2016. The Company's focus is to continue to maximise growth of its user base and consolidate its reputation for delivering the highest quality eSports events and expanding the size of the online community. The success of the 2015 Gfinity eSports Championship demonstrated Gfinity's ability to provide sponsors and broadcasters with a level of regular top level eSports content that has not been available in the UK before. The Company's partnership with Pitch international, means that Gfinity now has both a product which

it believes will be of value to sponsors and broadcasters as well as a greatly enhanced capability to sell to such groups. Additionally, Gfinity expects to launch its online retail offering in the final quarter of 2015, while increasing the focus on monetising the viewership of the 2016 Gfinity Championship series.

The Company is in dialogue with several potential partners and expects to sign other sponsorship deals next year. As a result, the Board is confident of continuing to grow and deliver shareholder value in the mid-to-long term. Nonetheless, achieving this additional value will require further investment. As a result, immediately following the publication of these results, the company intends to announce a further fundraise, to ensure it has sufficient funds available to continue its growth.



Finance Director's Report

Jonathan Hall
Finance Director

In the year to 30 June 2015 Gfinity invested heavily in establishing its reputation as one of the leading eSports companies in the world. The results presented in these financial statements, which are wholly in line with directors expectations for the period, reflect that investment.

Revenue increased to £560,828 up from £213,450 for the equivalent 12 month period to 30 June 2014. Of these figures, £415,427 of the revenue came during the second half of the year, following the Company's admission to AIM. While the focus of the Company to date has not been on short term revenue generation, this does indicate the long term monetisation potential of eSports.

This increase in revenue resulted from a mix of: sponsorship, including the signing of an agreement with News Corp UK & Ireland Limited in April 2015; fees from game publishers for delivery of events using their titles; premium subscriptions, and ticket sales. The income from the first half of the year primarily related to ticket sales and sponsorship in respect of the G3 event in August 2014.

Moving on into the year to 2015/16, Gfinity expects to launch its online retail offering in the final quarter of 2015, while increasing the focus on monetising the viewership of the 2016 Gfinity Championship series.

As expected, administrative expenses, including staff costs, marketing and web development, increased to a run rate of approximately £230,000 per

month for the six months of the year following admission to AIM and totalled £2,142,745 for the full year. The primary reasons for this were the launch of the Gfinity Arena, increases in staffing required to grow the business, taking on Pitch International to lead commercial sales, further investments in sales and marketing and developments to the Gfinity.net web offering.

Furthermore, cost of sales, which totalled, £2,001,820 for the full year, increased to £1,210,817 in the latter half of the year, primarily driven by the costs of staging the first part of the Gfinity Championship series, including prize money, talent, travel accommodation and event production.

Across the full year, the loss of £3.6 million (2014: loss of £0.9 million) reflects the significant investment that the Company made following its listing in building its profile and following within the eSports community. The Company has cash, cash equivalents and deposits totalling £2.73 million as of 30 June 2015 (2014: £0.59 million), and immediately following the announcement of these results will commence a further round of fundraising to ensure that it has sufficient capital available to continue its growth into 2016 and beyond.

Business Overview & Strategic Report

Gfinity Growth & Monetisation Opportunity

> Registered users of **Gfinity.net**

43k

June 2014

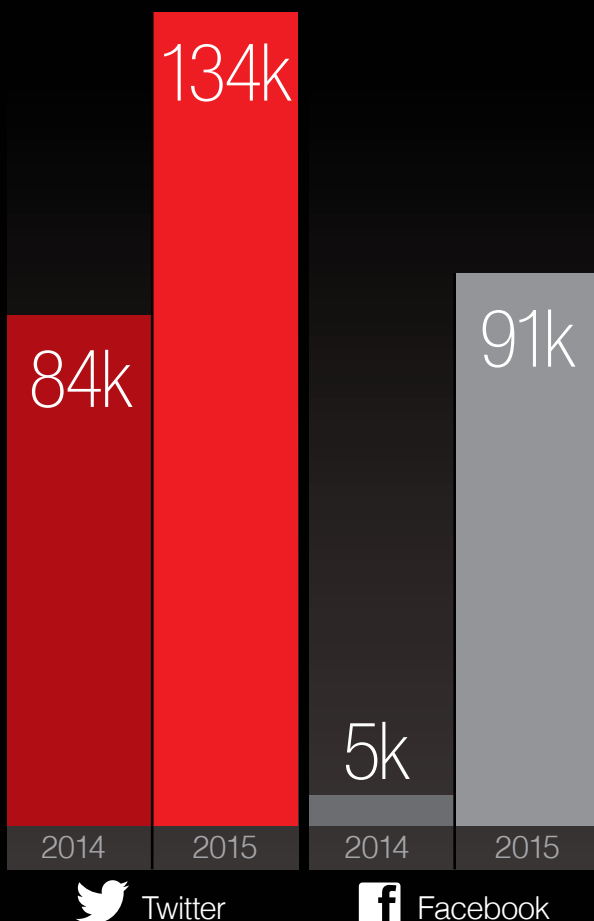
400k

June 2015

> Matches organised on **Gfinity.net**:

x183k per year

> Social media growth:



> Total prize money

£568k

> Relationships with Game Publishers & Games

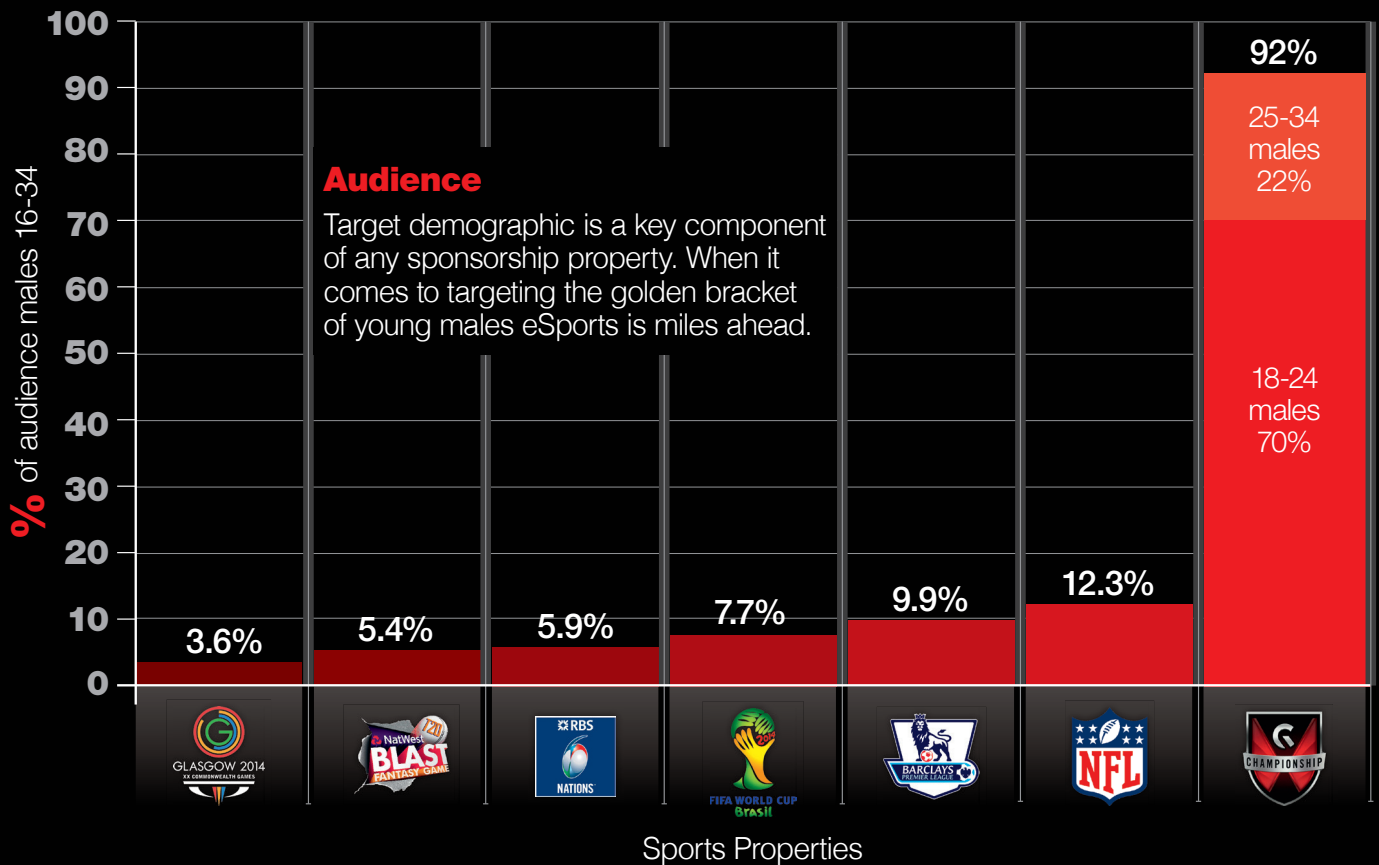
FIFA 15

CALL OF DUTY
ADVANCED WARFARE

STAR CRAFT

HEARTHSTONE
HEROES OF WARCRAFT

COUNTER STRIKE
GLOBAL OFFENSIVE



Business Overview & Strategic Report

Growth in eSports Market & Audiences

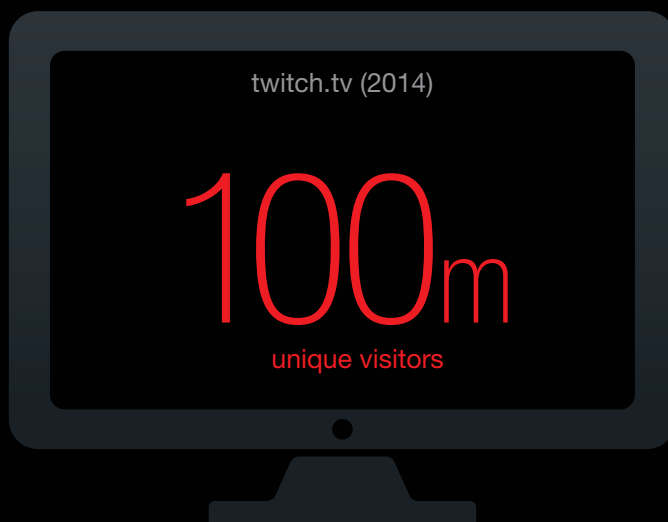
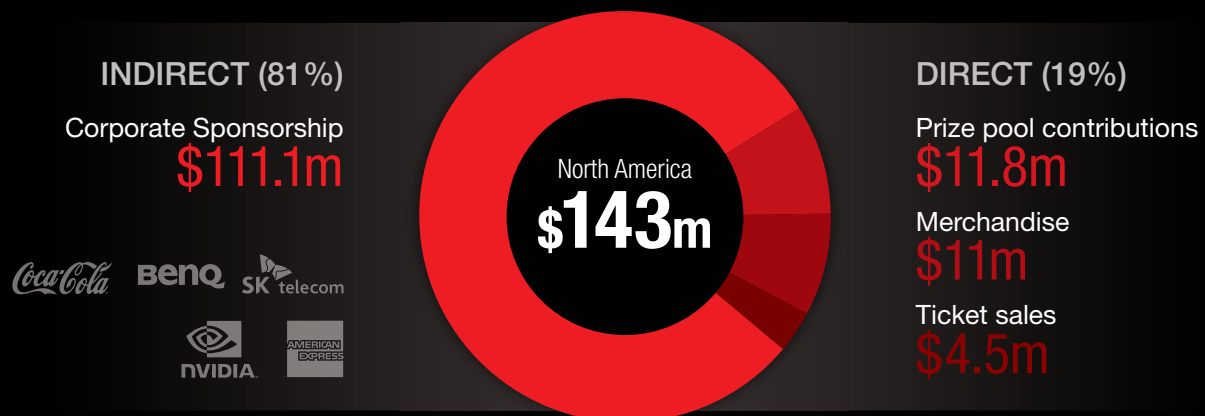
Global eSports audience (Newzoo* estimate)

* Newzoo is a global market research and predictive analytics firm with a primary focus on games

2014  205m

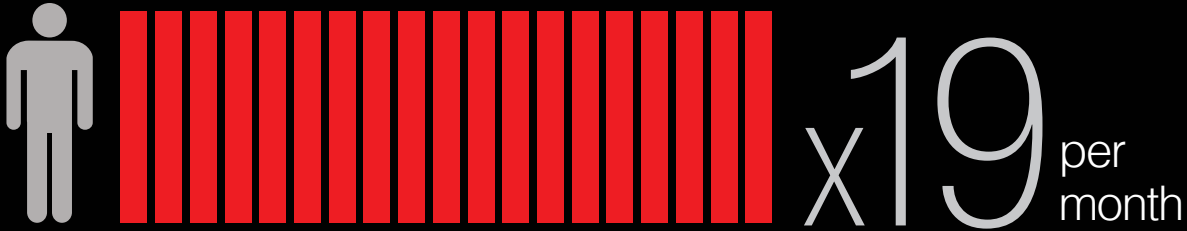
2017  335m

Indirect and direct revenue generated from eSports enthusiasts, 2015E: NORTH AMERICA



eSports benefits from highly engaged fans from a demographic that's attractive to sponsors

> The average eSports viewer watches content:



> The average session lasts:



> Total viewing time per month:



*Newzoo, Global Sports Media Consumption Report

Governance

Directors' Biographies

Tony Collyer

Non-Executive Chairman

Tony is a Chartered Accountant with broad commercial experience and has been finance director of three public companies, Alders plc and New Look Group plc, both of which listed on the main market during his tenure, and The Corporate Services Group plc. He is also chairman of Adeevo Limited, an internet recruitment aggregator and a director of the North Devon Biosphere Foundation. Tony has sat on the Finance Committee of King's College London for the last five years. Additionally he has acted as transaction director for a number of significant corporate transactions including the sale of The Listening Company Limited to Serco plc and the sale of OB10 Limited to Tungsten Corporation Plc. Tony joined the Board in January 2014. He also chairs the Audit and Remuneration Committees.

Neville Upton

Chief Executive Officer

After graduating at the London school of Economics, Neville joined Coopers & Lybrand where he qualified as a Chartered Accountant. Neville's formative years were at Euromoney where he gained experience in Finance, M&A and various commercial projects. After a brief spell at The Decisions Group as finance and operations director, in 1998 he established a call centre business, The Listening Company, which specialized in multichannel communication applications and high quality customer service solutions. The business was sold in 2011 to Serco for a sum in excess of £60 million at which time it had a turnover of £82 million and employed 4,000 people. Neville co-founded the Company in 2012 and is the largest shareholder in the Company.

Jonathan Hall

Finance Director

Jon qualified as a Chartered Accountant with Arthur Andersen followed by a period of 6 years specialising in organisation and business process design with PA Consulting, a leading London based management consultancy firm. He subsequently spent 5 years as a finance director of Saracens Ltd and the wider Premier Team Holdings Group, before joining Gfinity in August 2014. As Finance Director Jon has responsibility for all aspects of finance and accounting, including financial planning, reporting and accessing capital in order to fund growth. Jon is also responsible for all matters of corporate governance and for maintaining an appropriate internal controls environment within the Company.

Ginette Jarman

Operations Director

Ginette worked with Neville Upton at the Listening Company. She has strong organisational and project management skills and became a key member of the management team, managing special projects on behalf of the executive group, including the sale of the business to Serco. She has responsibility for the operational delivery of Gfinity events and management of special projects. She was the founding director of the Company and thus has been closely involved in the early development of the business since inception.

Paul Kent

Technology & eSports Director

Paul has been involved in eSports since 1996, as both a top level gamer and team owner. He established the Warped Gaming League in 2009, which grew within 3 years to be the UK's largest Xbox Live online league with over 13 million page visits. Prior to joining Gfinity, Paul spent 10 years as a software engineer with Creative Labs, focused primarily on chip design and ARM architecture. He has responsibility for web and production technology and also for setting the rules and tournament structures for all Gfinity competitions.

Philip Shuldham-Legh

Marketing Director

Philip has held a number of Sales & Marketing positions for large BPO businesses and Direct Marketing agencies including SITEL (1993-1998) and WWAV Rapp Collins (1998-2004) until joining Neville Upton at The Listening Company as Managing Director of Consulting in 2004. Over the next few years, he took over responsibility for new business, marketing and product development and was Group Sales and Marketing Director when Serco acquired the business in March 2011. He was retained by Serco and moved to Business Development Director until he joined Gfinity as Marketing Director in January 2013. Phillip divides his time between this role and being Strategy Director at Voice Marketing Ltd, which has recently been acquired by Capita plc (April 2015). In all his roles, Philip has had responsibility for brand, marketing comms and revenue growth.

David Yarnton

Non-Executive Director

David has over 20 years experience in the Games industry first in Australia followed by 9 years as Managing Director of Nintendo UK & Ireland. Currently he is a Director of Equinox Talent and Eyes on Athletes both companies involved with sport in the digital space and is Co-Chairman of the eSports Sub Group of the UK Interactive Entertainment Association an organisation on which he was a Board Member and Vice Chairman for 7 years. In addition to that he has been a Board Member of GfK Charttrack, the Edinburgh Interactive Festival of which he was also Chairman for 2 years. He is Founder and Chairman of the British Inspiration Awards which celebrates diverse British Creative Achievements today whilst inspiring them for tomorrow.

Jonathan Varney

Non-Executive Director

Jonathan ("Jon") Varney is a Founder Partner of Pitch International Commercial LLP ("Pitch") and has been involved with the Company since Pitch were appointed to sell commercial rights on the Company's behalf in December 2014. As part of Pitch, Jon is responsible for building commercial partnerships between brands and rights holders. Pitch's portfolio of rights includes International Football and Cricket Federations and Broadcast Sponsorship of all Pitch programming. Prior to Pitch, Jon Varney was commercial director of Premiership Rugby, the umbrella organisation responsible for the development of elite professional club rugby in England. Previous roles prior to 2003 all revolved around the sports media sector including Octagon UK, Movie and Media Sports, Coca-Cola Football and the RFU.

Governance

Directors' Report

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2015.

Principal activities

Gfinity is the leading UK-based eSports company serving the rapidly-growing community of competitive gamers worldwide. We were founded in September 2012 and since then have established a popular online brand, Gfinity.net, where gamers can compete, socialise and enjoy a wide range of content relating to electronic games. Gfinity is the operator of the UK's first and only dedicated eSports arena in Fulham, London.

Business and strategic review

The information that fulfils the requirements of the business review, including details of the results for the year ended 30 June 2015, principal risks and uncertainties and the outlook for future years, are set out in the Chairman's and Chief Executive Officer's Statements and the Business and Financial Review, on pages 6-13.

Admission to AIM

Gfinity was admitted to trading on the AIM market of the London Stock Exchange on 22 December 2014, at which time 21,635,150 new Ordinary Shares (including fee shares) were placed to raise gross proceeds of approximately £3.5 million. Further information relating to movements on

share capital is set out in Note 12 to the financial statements on page 37.

Future developments

Our development objectives for 2015-16 are disclosed in the Overview on pages 6-13.

Capital structure

The capital structure is intended to ensure and maintain strong credit ratings and healthy capital ratios in order to support the Company's business and maximise shareholder value. It includes the monitoring of cash balances, available bank facilities and cash flows. No changes were made to these objectives, policies or processes during the year ended 30 June 2015.

Results and dividends

The Comprehensive Income Statement is set out on page 25.

The Company's loss after taxation amounted to £3.58m (2014: £0.35m). The Directors do not recommend the payment of a dividend for the year ended 30 June 2015.

During the year ended 30 June 2015, the Company made political donations of £nil (2014: £nil) and charitable donations of £nil (2014: £nil).

Directors

The following Directors held office as indicated below for the year ended 30 June 2015 and up to the date of signing the financial statements except where otherwise shown.

Tony Collyer - Non-Executive Chairman
(22 December 2014 - present)

Neville Upton - Chief Executive Officer

Jonathan Hall - Finance Director
(1 September 2014 - present)

Ginette Jarman - Operations Director

Paul Kent - Technology
and eSports Director

Philip Shuldham-Legh -
Marketing Director

David Yarnton - Non-Executive Director
(1 September 2014 - present)

Jonathan Varney - Non-Executive
Director (1 September 2014 - present)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements
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 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 Company and the parent company and of the profit or loss of the Company and the parent company for the period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM. In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cashflows of the Company;
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are not aware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for ensuring the annual report and the financial statements are made available on the corporate website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Rees Pollock have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Governance

Corporate Governance Report

As an AIM listed company, Gfinity plc is not obliged to comply with the UK Corporate Governance Code published in September 2012 (the “Code”). However, the Board follows, as far as practicable, the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM.

The Board

The Board normally meets at least 12 times per year in person. Its direct responsibilities include setting annual budgets, reviewing trading performance, approving significant capital expenditure, ensuring adequate funding, setting and monitoring strategy and reporting to shareholders. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

The Board has established an Audit Committee and a Remuneration Committee, with formally delegated duties and responsibilities as described below.

Audit Committee

The Company's Audit Committee currently comprises Tony Collyer (Chairman) and David Yarnton (non-executive director). The committee meets at least twice a year.

The Audit Committee is responsible for reviewing the half-year and annual financial statements, interim management statements, preliminary results announcements and any other

formal announcement or presentation relating to the Company's financial performance. The Audit Committee also reviews significant financial returns to regulators and any financial information covered in certain other documents such as announcements of a price sensitive nature. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration (both for audit and non-audit work) and discusses the nature, scope and results of the audit with the auditors. The Audit Committee reviews the extent of the non-audit services provided by the auditors and reviews with them their independence and objectivity. The Chairman of the Audit Committee reports the outcome of Audit Committee meetings to the Board and the Board receives minutes of the meetings.

Remuneration Committee

The Company's Remuneration Committee currently comprises Tony Collyer (Chairman) and David Yarnton (non-executive director). The committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes and pension rights. Further details of the Company's policies on remuneration and service contracts are given in the Directors' remuneration report on page 20.

Relations with shareholders

Communication with shareholders is given high priority. There is regular dialogue with major and institutional shareholders including presentations after the Group's announcements of the half-year and full-year results.

The Board uses both the annual report and financial statements and the Annual General Meeting to communicate directly with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the Chairs of the Audit and Remuneration Committees are available at the Annual General Meeting to answer questions.

Internal control

The Board is responsible for establishing and maintaining the Company's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the Company's strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. As an AIM listed company, the Company does not need to comply with Code provision C2.1 regarding the Directors giving a summary of the process applied by the Board in reviewing the effectiveness of the system of internal control. Instead, the Directors have set out below some of the key aspects of the Company's internal control procedures.

An ongoing process has been established for identifying, evaluating and managing the significant risks faced by the Company. The process has been in place for the full year under review and up to the date of approval of the annual report and financial statements. The Board regularly reviews this process as part of its review of such risks within its meetings. Where any weaknesses are identified, an action plan is prepared to address the issues and is then implemented.

Each year the Board approves the annual budget. Key risk areas are identified, reviewed and monitored. Performance is monitored against budget, relevant action is taken throughout the year and updated forecasts are prepared as appropriate.

Capital and development expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board for approval. Reviews are carried out after the purchase is complete. The Board requires management to explain any major deviations from authorised capital proposals and to seek further sanction from the Board.

The Board has reviewed the need for an internal audit function and concluded that this is not currently necessary in view of the small size of the Company and the close supervision by the senior leadership team of its day-to-day operations. The Board will continue to keep this under review.

Going concern

As at 30 June 2015, the Group had cash and cash equivalents of £2.73m (2014: £0.59m) as set out in the Statement of Financial Position. The Directors have prepared detailed forecasts of the Group's financial performance over the next 2 years. As a result of this review, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present obligations.

Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

Governance

Directors Remuneration Report

As the Group is AIM listed, the Directors are not required, under Section 420(1) of the Companies Act 2006, to prepare a Directors' remuneration report for each financial year of the Group and so Gfinity plc makes the following disclosures voluntarily, which are not intended to, and indeed do not, comply with the requirements of the Companies Act 2006.

The Remuneration Committee is responsible for recommending the remuneration and other terms of employment for the Executive Directors of Gfinity plc. In determining remuneration for the year, the committee has given consideration to the requirements of the UK Corporate Governance Code.

Remuneration policy

The remuneration of Executive Directors is determined by the committee and the

remuneration of Non-Executive Directors is approved by the full Board of Directors. The remuneration of the Chairman is determined by the Independent Non-Executive Directors, in conjunction with the Chief Executive and Finance Director.

The remuneration packages of Executive Directors comprise the following elements:

Basic salary and benefits

Basic salaries for Executive Directors are reviewed annually having regard to individual performance, market practice and the financial position of the company. In most cases salaries paid to Executive Directors are currently towards the low end of the market rate for their respective roles. No Executive Directors currently receive benefits such as health insurance or contributions to pension schemes. The Company's staging date for auto-enrolment is 1st July 2017.

Annual bonus

No annual bonuses have been awarded to Executive Directors, as the Board felt that this would be inappropriate at the current stage of Gfinity's development.

Share options

The Group believes that share ownership by Executive Directors and employees strengthens the link between their personal interests and those of the Group and the shareholders.

The Group has an executive share option scheme, which is designed to promote long-term improvement in the performance of the Group, sustained increase in shareholder value and clear linkage between executive reward and the Group's performance.

All directors hold either shares or share options in the company.

Directors' emoluments

Emoluments of the Directors for the year ended 30 June 2015 are shown below.

	Salary and Fees	Benefits	Total Remuneration
Anthony Collyer	£12,000	£0	£12,000
Neville Upton	£66,667	£0	£66,667
Jonathan Hall (appointed 1 September 2014) ¹	£88,500	£0	£88,500
Ginette Jarman	£48,731	£0	£48,731
Paul Kent	£51,462	£0	£51,462
Philip Shuldham-Legh	£10,231	£0	£10,231
David Yarnton (appointed 1 September 2014) ²	£20,734	£0	£20,734
	£298,324	£0	£298,324

¹ – In addition to the amounts stated above, Jonathan Hall also earned remuneration of £4,038 in the period prior to his appointment as a director

² – Fees in respect of David Yarnton fees invoiced via Equinox Talent Ltd

Directors' interests in shares

The interests of the Directors at 30 June 2015 in the shares of the Company were:

	Number of Ordinary Shares	Percentage of issued share capital
Neville Upton	14,579,000	18.73
Ginette Jarman	1,622,000	2.08
Paul Kent	1,622,000	2.08
Tony Collyer	903,000	1.16
Philip Shuldham-Legh	278,000	0.36
Jonathan Hall	–	–
David Yarnton	–	–

Share Options

Directors' interests in options over the ordinary shares in the company were as follows:

	As at 30 June 2014 ¹	Options Granted ¹	Options Lapsed	As at 30 June 2015
Anthony Collyer	0	323,000	0	323,000
Neville Upton	0	0	0	0
Jonathan Hall	0	995,000	0	995,000
Ginette Jarman	0	0	0	0
Paul Kent	0	0	0	0
Philip Shuldham-Legh	323,000	200,000	0	523,000
David Yarnton ²	0	199,000	0	199,000
	323,000	1,717,000	0	2,040,000

¹ - Options held at the start of the year and those granted prior to 4th December 2014 have been restated to reflect the share split of 1,000 shares per ordinary share, which took place on that date, as directors believe that this provides the most meaningful basis of comparison.

² – Options held by Equinox Talent Ltd, a company wholly owned by David Yarnton.

All options held by directors, with the exception of those held by Mr Collyer and Mr Yarnton, are held under an HMRC approved EMI scheme adopted by the Company on 27 March 2014.

Service contracts

All directors entered into new service contracts with the Company on 16 December 2014, prior to the Company's admission to AIM. All directors appointments are subject to three months' notice on either side, with the exception of Mr Upton, whose appointment is subject to 6 months' notice on either side.

All directors are subject to pre and post termination restrictive covenants with the Company, including those relating to non-competition and non-solicitation of customers and staff.

No compensation is payable for loss of office and all appointments may be terminated immediately if, among other things, a director is found to be in material breach of the terms of the appointment.

Financial Statements





Report & Financial Statements 30 June 2015

Independent Auditors' Report to the shareholders of Gfinity plc

for the year ended 30 June 2015

We have audited the financial statements of Gfinity plc for the period ended 30 June 2014, set out on pages 25 to 42. 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.

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.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Jonathan Munday (Senior statutory auditor)
for and on behalf of

Rees Pollock, Statutory Auditor
30 October 2015

Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	1 July 2014 to 30 June 2015 £	1 January to 30 June 2014 £
CONTINUING OPERATIONS			
Revenue		560,828	197,147
Cost of sales		(2,001,820)	(193,302)
Gross profit/(loss)		(1,440,992)	3,845
Administrative expenses	3	(2,142,745)	(349,032)
Operating loss		(3,583,737)	(345,187)
Finance income	5	2,568	148
Loss on ordinary activities before tax		(3,581,169)	(345,039)
Taxation	6	–	–
Retained loss for the year		(3,581,169)	(345,039)
Loss and total comprehensive income for the period		(3,581,169)	(345,039)
Earnings per share	13	(0.06)	(0.01)

Financial Statements

Statement of Financial Position

for the year ended 30 June 2015

	Notes	£	30 June 2015 £	30 June 2014 £
NON CURRENT ASSETS				
Property, plant and equipment	7		219,848	14,730
CURRENT ASSETS				
Inventories		3,218	–	–
Trade and other receivables	8	570,350		140,802
Cash and cash equivalents	9	2,732,561		591,275
			3,306,129	732,077
TOTAL ASSETS			3,525,977	746,807
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	12	77,845		32,367
Share premium account		4,679,536		1,330,263
Other reserves	14	62,447		8,014
Retained earnings		(1,896,101)		(1,064,932)
Total equity			2,923,727	305,712
Non-current liabilities				
Borrowings	11	0		329,978
Current liabilities				
Trade and other payables	10	602,250		111,117
Total liabilities			602,250	441,095
TOTAL EQUITY AND LIABILITIES			3,525,977	746,807

These financial statements were approved and authorised for issue by the Board of Directors on 30th October 2015 and were signed on its behalf by:

Neville Upton
Chief Executive

Jonathan Hall
Finance Director

The notes on pages 29 to 41 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2015

	Ordinary shares £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
At 31 December 2013	24,861	662,249	–	(719,893)	(32,783)
Loss for the period	–	–	–	(345,039)	(345,039)
Total comprehensive income	0	0	0	(3,581,169)	(3,581,169)
New shares issued	7,506	668,014	–	–	675,520
Share options expensed	–	–	8,014	–	8,014
Total transactions with owners, recognised directly in equity	7,506	668,014	8,014	0	683,534
At 30 June 2014	32,367	1,330,263	8,014	(1,064,932)	305,712
Loss for the period	–	–	–	(3,581,169)	(3,581,169)
Total comprehensive income	0	0	0	(3,581,169)	(3,581,169)
Reduction in Capital	–	(2,750,000)	–	2,750,000	–
Proceeds of Shares Issued	45,478	6,845,086	–	–	6,656,433
Share issue costs	–	(745,813)	–	–	(511,682)
Share options expensed	–	–	54,433	–	54,433
Total transactions with owners, recognised directly in equity	45,478	3,349,273	54,433	2,750,000	6,199,184
At 30 June 2015	77,845	4,679,536	62,447	(1,896,101)	2,923,727

The notes on pages 29 to 41 form an integral part of these financial statements.

Financial Statements

Statement of Cash Flows

for the year ended 30 June 2015

	Notes	£	Year ended 30 June 2015 £	6 months ended 30 June 2014 £
Cash flow used in operating activities				
Net cash used in operating activities	17		(3,431,210)	(371,602)
Cash flow from/(used in) investing activities				
Interest received	5	2,568		148
Additions to property, plant and equipment	7	(244,845)		(12,402)
Net cash used in investing activities			(242,277)	(12,254)
Cash flow from/(used in) financing activities				
Issue of equity share capital		5,814,773		675,520
Cash inflow from director's loan		–		–
Net cash from financing activities			5,814,773	675,520
Net increase in cash and cash equivalents			2,141,286	291,664
Opening cash and cash equivalents			591,275	299,611
Closing cash and cash equivalents			2,732,561	591,275

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2015

1. GENERAL INFORMATION

Gfinity plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Directors Report on page 16. The registered number of the company is 08232509. The functional and presentational currency is £ sterling.

The Company was admitted to trading on AIM of London Stock Exchange on 22nd December 2015.

Due to a change in accounting reference date, the prior period shown within these accounts relate to the 6 months to 30 June 2014. Therefore amounts presented in the financial statements are not entirely comparable.

2. ACCOUNTING POLICIES

Basis of preparation

The Company has prepared the accounts on the basis of all applicable International Financial Reporting Standards (IFRS), including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 July 2013, together with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounts have been prepared on the historical cost basis. The principal accounting policies, which have been consistently applied throughout the period presented, are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These financial statements are not subject to any matters involving critical judgements or estimates.

Going concern

At the end of the period the Company had cash and cash equivalents amounting to £2,732,561. Immediately following the publication of these results the Company will announce its intention to undertake a further fundraising of £1 million via a placing of shares on AIM. Directors are confident, in view of the growth of the eSports sector and the success of the Company to date in establishing a strong position within it, this fund raise will be successful.

Nonetheless, the directors have also given consideration to alternative scenarios including how the company would continue to trade were no new funds to be raised. In this unlikely scenario, given available cash reserves and the flexibility in the company's cost base, the directors consider that, while a re-focusing of activities may be required, the company would be able to continue trading for more than 12 months from the date of signature of these accounts.

Accordingly, these accounts have been prepared on a going concern basis.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the normal course of the Company's activities. Revenue is shown net of value added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, the stage of completion of the transaction at the balance sheet date can be measured reliably and the

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

2. ACCOUNTING POLICIES (*continued*)

costs incurred and the costs required to complete the services in respect of the revenue can be measured reliably. If the amounts have been invoiced in advance for services, these amounts are deferred until the service is delivered to the client at which point the income is recognised. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue comprises of:

- Sponsorship revenues: Revenue is recognised on the date the relevant sponsored event takes place. In the event of long term sponsorship contracts, the revenue is released on a straight line basis across the contract.
- Advertising revenues: Fees are earned each time a user clicks on one of the ads that are displayed on the website. Revenue is recognised on a pay-per-click basis.
- Ticket sales: Revenue is recognised on the date the relevant event is delivered.
- Event hosting: Revenue is recognised on the date the relevant event is delivered.
- Website subscriptions: Revenue is invoiced in advance and deferred over the subscription period.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year.

Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax.

The charge for current tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations of taxable profit, and is accounted for using the balance sheet liability method.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are not discounted.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company are obligated to incur when the asset is acquired, if applicable.

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

2. ACCOUNTING POLICIES (*continued*)

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of tangible fixed assets to their residual values over their useful economic lives, as follows:

Office equipment	– 1 year straight line
Computer equipment	– 3 years straight line
Production equipment	– 3 years straight line
Leasehold improvements	– over the period of the lease

The residual values and useful economic lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised within other gains or losses in the income statement.

Share-based payments

The Company issues share options to its employees. The Company has applied the requirements of IFRS 2 Share-based Payments. The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value of the equity-settled share-based payments is measured by use of a Black-Scholes model.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. All interest-related charges are recognised as an expense in the income statement.

Trade and other payables are not interest bearing and are recorded initially at fair value net of transactions costs and thereafter at amortised cost using the effective interest rate method.

Financial assets

Financial assets are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are recognised in the balance sheet at the lower of cost and net realisable value.

Provision is made for diminution in value where appropriate.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the statement of comprehensive income in the financial period to which it relates.

Trade receivables do not carry any interest and are initially recognised at fair value, subsequently reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

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

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)**for the year ended 30 June 2015****2. ACCOUNTING POLICIES (*continued*)****Critical accounting judgments and estimates***Revenue Recognition:*

Revenue is recognised when the work to which it relates is delivered. On long term sponsorship contracts, covering a range of activities, revenue is recognised evenly over the contract period.

Software development:

Expenditure of development of the company's website and device applications is expensed as incurred.

Deferred tax:

The Company has not recognised a deferred tax asset in respect of their losses given that there is no track record of taxable profits at this time. Deferred tax assets will be recognised when the Company has established a track record of expected future taxable profit.

Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefit that can be reasonably estimated. Directors consider that no such provisions have been required in the calculation of the figures in these financial statements.

3. OPERATING EXPENSES

Operating loss is stated after charging:

	Year ended 30 June 2015	6 months ended 30 June 2014
	£	£
Depreciation of property, plant and equipment	39,727	2,436
Rentals under operating leases	231,849	66,580
Staff costs (see note 4)	769,227	130,592
Auditors' remuneration for auditing the accounts of the company	15,000	5,000
Auditors' remuneration for other non-audit services:		
- Other services supplied pursuant to such legislation	2,500	-
- Other services related to taxation	750	750
- All other services	12,750	5,500
Net foreign exchange (gains)/ losses	10,037	201

In addition to amounts stated above the Auditors also received remuneration of £87,500 in respect of services provided in connection with the Company's Initial Placement Offering and listing on AIM. In accordance with IAS 32 (paragraph 37), this amount has been written off against the share premium account and hence does not form part of the operating expenses figure within these financial statements.

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

4. PARTICULARS OF EMPLOYEES**Number of employees**

The average number of people (including directors) employed by the company during the financial period was:

Year ended 30 June 2015	6 months ended 30 June 2014
£	£
18	8

The aggregate payroll costs of staff (including directors) were:

	Year ended 30 June 2015	6 months ended 30 June 2014
	£	£
Wages and salaries	646,043	114,580
Social security costs	68,751	7,998
Equity settled transactions	54,433	8,014
	<u>769,227</u>	<u>130,592</u>

Full detail on Directors earnings can be found within the Directors' Remuneration note, within the Governance section of this report, on pages 20 to 21.

5. FINANCE INCOME

	Year ended 30 June 2015	6 months ended 30 June 2014
	£	£
Interest income on bank deposits	<u>2,568</u>	<u>148</u>

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

6. TAXATION

(a) Major components of taxation expense for the period ended 30 June 2015 are:

	Year ended 30 June 2015 £	6 months ended 30 June 2014 £
Income statement		
<i>Current tax</i>		
Corporation tax	–	–
Total current tax	–	–
<i>Deferred tax</i>		
Relating to origination and reversal of temporary differences	–	–
Taxation charge reported in the income statement	–	–

(b) Factors affecting tax charge for the period

A reconciliation of taxation expense applicable to accounting profit before taxation at the statutory tax rate of 20% (2014: 20%), to taxation expense at the Company's effective tax rate for the period is as follows:

	Year ended 30 June 2015 £	6 months ended 30 June 2014 £
Loss on ordinary activities before taxation	(3,581,169)	(345,039)
At UK corporation tax rate of 20% (2013: 20%)	(716,234)	(69,008)
Expenses not deductible for tax purposes	15,728	3,369
Capital allowances for period in excess of depreciation	(41,024)	(1,993)
Unrelieved tax losses carried forward	741,529	67,632
Current tax charge for the period	–	–

(c) Unrecognised deferred tax asset

The Company has deferred tax asset arising from trading losses carried forward of £953,371 (2014: £207,000) calculated at the substantively enacted Corporation tax rate at the balance sheet date of 20% (2014: 20%). These trading losses will reverse against future taxable trading profits and no asset has been recognised due to uncertainties over the timing and nature of such gains in accordance with IAS 12.

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

7. PROPERTY PLANT AND EQUIPMENT

	Office equipment £	Computer & production equipment £	Leasehold Improvement £	Total £
Cost				
At 1 January 2014	–	5,863	–	5,863
Additions	3,603	8,799	–	12,402
At 30 June 2014	3,603	14,662	–	18,265
Depreciation				
At 1 January 2014	–	1,099	–	1,099
Charge for the period	1,046	1,390	–	2,436
At 30 June 2014	1,046	2,489	–	3,535
Net book value				
At 30 June 2014	2,557	12,173	–	14,730
At 31 December 2013	–	4,764	–	4,764
	Office equipment £	Computer & production equipment £	Leasehold Improvement £	Total £
Cost				
At 1 July 2014	3,603	14,662	–	18,265
Additions	876	133,479	110,490	244,845
At 30 June 2015	4,479	148,141	110,490	263,110
Depreciation				
At 1 July 2014	1,046	2,489	–	3,535
Charge for the period	3,272	21,534	14,921	39,727
At 30 June 2015	4,318	24,023	14,921	43,262
Net book value				
At 30 June 2015	161	124,118	95,569	219,848
At 30 June 2014	2,557	12,173	–	14,730

The notes on pages 29 to 41 form an integral part of these financial statements.

Financial Statements

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

8. TRADE AND OTHER RECEIVABLES

	30 June 2015 £	30 June 2014 £
Trade receivables	79,258	5,260
Other receivables	154,558	51,847
Prepayments and accrued income	336,534	83,695
	<u>570,350</u>	<u>140,802</u>

No allowance has been necessary for irrecoverable amounts. The directors consider that the carrying value of trade and other receivables equates to their fair value.

Included in other receivables is £33,800 (2013: £33,800) which is due in more than one year.

9. CASH AND CASH EQUIVALENTS

	30 June 2015 £	30 June 2014 £
Cash at bank and in hand	732,561	591,275
Short term deposits	1,250,000	–
Restricted cash	750,000	–
	<u>2,732,561</u>	<u>591,275</u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents does not differ from the carrying value.

Amount on short term deposit include £500,000 maturing on 10th August 2015 and £750,000 maturing on 12th August 2015. Restricted cash relates to a balance placed on a 12 month deposit, maturing on 12th February 2016.

10. TRADE AND OTHER PAYABLES

Amounts falling due within one period

The carrying amount of these payables approximates their fair value

	30 June 2015 £	30 June 2014 £
Trade payables	249,084	58,206
Other taxation and social security	27,527	6,374
Accrued expenditure and deferred revenue	325,639	46,537
	<u>602,250</u>	<u>111,117</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

11. BORROWINGS

	30 June 2015 £	30 June 2014 £
Director's loan	0	329,978

On 28 November 2014, Neville Upton, a director and shareholder, converted a loan of £329,978 due to him from the company into ordinary share capital. This conversion took place at the prevailing market rate at the date of conversion of £153.53 per share, prior to the share split of 1,000 ordinary shares for 1 ordinary share on 4 December 2014.

12. ISSUED CAPITAL

The issued share capital of the Company, including all changes during the year, can be summarised as followed:

	Number	£
As at 1 January 2014	24,861	24,861
Issued on 14 January 2014 at £90 per share	7,506	7,506
As at 1 July 2014	32,367	32,367
Issued on 11th August 2014 at £92.69 per share	7,364	7,364
Issued on 24th November 2014 at £153.53 per share	12,246	12,246
	51,977	51,977
Sub-division of each ordinary share of £1 into 1,000 ordinary shares of £0.001	51,977,000	51,977
Issued on 7th December 2014 at £0.15353	325,000	325
Issued on 11th December 2014 at £0.15353	3,908,000	3,908
Issued on 22nd December 2014 at £0.17	21,635,150	21,635
As at 30 June 2015	77,845,150	77,845

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share, or increase the loss per share. For a loss making company with outstanding share options, net loss per share would be decreased by the exercise of options and therefore the effect of options has been disregarded in the calculation of diluted EPS.

	Year ended 30 June 2015 £	6 months ended 30 June 2014 £
Profit/ (Loss) attributable to shareholders	(3,581,169)	(345,039)
	Number 000's	Number 000's
Weighted average number of ordinary shares	59,895	31,786
	£	£
Loss per ordinary share	(0.06)	(0.01)

On 4 December 2014, the Company's shareholders passed a special resolution to subdivide each ordinary share of £1 into 1,000 ordinary shares of £0.001 each. Prior period comparative figures have been adjusted to reflect this subdivision.

14. SHARE BASED PAYMENTS**Equity-settled share option plans***Options and warrants*

The Board has authority to grant share options over up to 10% of the number of shares in issue.

The table below summarises the exercise terms of the various options over Ordinary shares of 0.001p each which had been granted, and were still outstanding, as at 30 June 2015. 3,911,000 new options were granted in the year. No options were exercised during the year, while 48,000 options lapsed due to a member of staff leaving. The total number of outstanding options in issue at 30 June 2015 is 4,539,000 (2014: 676,000).

Of the options outstanding 2,040,000 are held by directors. Full details of all options held by directors are contained within the directors remuneration report.

The principal assumptions input into the Black Scholes model to calculate the value of options issued for compliance with IFRS 2 "Share Based Payments" are included below, where applicable.

	Year ended 30 June 2015	6 months ended 30 June 2014
Weighted average exercise price	£0.1351	£0.09
Average expected life	1.5 years	1 year
Expected volatility	56.4%	30%
Risk free rate	2.43%	2.76%
Expected dividend yield	0%	0%

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

14. SHARE BASED PAYMENTS (*continued*)

All options were granted at an exercise price equivalent to the market price at the date of grant. The weighted average exercise price of options outstanding at 30 June 2015 was £0.1351. The weighted average fair value of options issued during the period was £0.1423.

The average expected life is based on directors' best estimate taking into account the vesting conditions of the options.

Expected volatility has been calculated with reference to the actual volatility of the share price since the company's admission to AIM in December 2014.

Options may only vest at the discretion of the board of directors. No options have vested during the year.

15. RELATED PARTY TRANSACTIONS

On 28 November 2014, Neville Upton, a director and shareholder, converted a loan of £329,978 due to him from the company into ordinary share capital. This conversion took place at the prevailing market rate at the date of conversion of £153.53 per share, prior to the share split of 1,000 ordinary shares for 1 ordinary share on 4 December 2014.

On 5th March, the company purchased IT and production equipment amounting to £5,000 from Paul Kent, a director and shareholder in the company. This reflected the market value of equipment at the time.

The Directors Remuneration Report provides details of share options issued to certain directors in the period.

16. COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES

The company has the following total commitments under non-cancellable operating leases expiring as follows:

	Land and buildings	
	30 June 2015	30 June 2014
	£	£
Less than one year	188,667	46,000
1-2 years	38,333	–
2-5 years	–	–

17. NOTES TO THE CASH FLOW STATEMENT

	30 June 2015	30 June 2014
	£	£
Cash flows from operating activities		
Loss before taxation	(3,581,169)	(345,187)
Depreciation	39,727	2,436
Interest received	(2,568)	–
Share based payments	54,433	8,014
(Increase) in Inventories	(3,218)	–
(Increase) in trade and other receivables	(429,548)	(84,542)
Increase in trade and other payables	491,133	47,677
Cash used by operating activities	(3,431,210)	(371,602)
Interest paid	–	–
Net cash used by operating activities	(3,431,210)	(371,602)

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)**for the year ended 30 June 2015****18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The company uses a limited number of financial instruments, comprising cash, short-term deposits, and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

Bank balances and cash are held by banks with high credit ratings assigned by independent credit rating agencies. Management is of the opinion that cash balances do not represent a significant credit risk.

As the Company does not hold security against trade and other receivables, its credit risk exposure is as follows:

30 June 2015	30 June 2014
£	£
570,350	140,802

The trade receivables balance represents amounts due from third parties. At the balance sheet date, the Company's trade receivables totalled £79,258 (2013: £5,260).

There are no significant overdue but not impaired trade receivables at the balance sheet date.

Liquidity risk

All trade and other payables are due for settlement within one year of the balance sheet date.

The use of instant access deposits ensures sufficient working capital is available at all times.

Foreign exchange risk

The Company operates in overseas markets by selling directly from the UK. It is therefore subject to currency exposures on transactions.

Financial instruments held by the Company and their carrying values were as follows:

	At 30 June 2015		At 31 December 2013
	USD \$	EUR €	USD \$
Trade and other receivables	22,500	11,700	9,000
Cash	78,872	–	820
Trade and other payables	62,250	10,836	–
Net current assets/(liabilities)	163,622	22,536	9,820

Financial liabilities included in the balance sheet relate to the IAS 39 category of other financial liabilities held at amortised cost.

Assets relate to loans and receivables with the exception of other receivables and prepayments which are classified as non-financial assets.

The notes on pages 29 to 41 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (*continued*)**Fair value estimation**

The aggregate fair values of all financial assets and liabilities are consistent with their carrying values due to the relatively short term maturity of these financial instruments.

As cash is held at floating interest rates, its carrying value approximates to fair value.

Although non-interest bearing, there was not deemed to be a significant difference between the fair value and carrying amount of the director's loan at 30 June 2014.

Capital management

The Group is funded entirely through shareholders' funds.

If financing is required the Board will consider whether debt or equity financing is more appropriate and proceed accordingly. The Group is not subject to any externally imposed capital requirements.

The notes on pages 29 to 41 form an integral part of these financial statements.



35 New Bridge Street
London
EC4V 6BW