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OVERVIEW

Directors, Secretary and Advisers



The Board of Directors

Tony Collyer
(Non-Executive Chairman)

Neville Upton
(Chief Executive Officer)

Jonathan Hall
(Chief Financial Officer)

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

Allenby Capital Ltd
3 St Helen's Place,
London EC3A 6AB

Independent Auditors

Rees Pollock
Chartered Accountants

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

Walbrook PR Ltd
4 Lombard Street
London EC3V 9HD

Registered Number

08232509

Period Highlights

Financial highlights:

- Revenue increased 64% to £2.37m (2016: £1.45m)
- Planned investment in people, technology and product development, resulted in a loss before tax of £5.3m (2016: £3.1m)
- Loss per share reduced 25% to 3p (2016: 4p)
- Cash and cash equivalents at year end of £4.5m (2016: £0.83m)
- £9.95m of new funds raised during the year through two oversubscribed placings of new shares; £3.7m in July 2016 and £6.25m in May 2017

Operational highlights:

- Significant growth in partner events business, delivering esports programmes on an increasingly global basis for major clients including Microsoft and Activision Blizzard
- Strengthening of the Executive team with specialists bringing years of experience from relevant industries
- Launch of the Gfinity Challenger Series, a pioneering bedroom to podium format for esports, building towards the start of the first professional season of the Gfinity Elite Series in July 2017

Post period highlights:

- Launched Gfinity Elite Series, featuring 8 major esports teams, broadcast via a number of major broadcast partners, including BT Sport, BBC, Eleven Sports and Twitch.tv
- Announced as esports partner for inaugural series of Formula One Esports
- Acquired the entire issued share capital of CEVO, Inc. in the USA, bringing further esports expertise, cutting edge technology and new revenue streams to the Group
- Licensed the Gfinity Elite Series brand, format and technology to a newly formed joint venture in Australia in partnership with HT&E Ltd

BUSINESS REVIEW & STRATEGIC REPORT

Chairman's Review

Tony Collyer Chairman



I am delighted to present the Company's full year financial results for the year-ended 30 June 2017.

It has been a transformational year and one of significant progress for Gfinity. During the period, Gfinity strengthened its position as the partner of choice to deliver managed service solutions to major game publishers and other partners looking to reach a deeply engaged esports audience. We also laid the groundwork for the highly successful launch of Gfinity's Elite Series in July 2017, as outlined in more detail in the Chief Executive's Report.

The growth of the eSports sector is clear to see. Newzoo's 2017 Global Esports Market Report, stated that the global eSports audience is estimated to be 385 million worldwide with 1 billion hours of eSports coverage watched in 2016. On top of that, there was 41% annual growth in the global eSports market 2016/17 with a further \$1.5 billion projected esports market value by 2020.

In 2017 we have seen commercial activity increasing apace with investment in new esports leagues, esports teams, broadcast rights and commercial sponsorship, both from brands endemic to the industry and those from outside the industry eager to access the valuable fanbase that esports enjoys.

Against this backdrop, it is our strengthening belief that the strategy of investment to establish Gfinity as the leading content, format and technology owners in the esports sector is the right way to deliver long-term value for our shareholders.

Following the year-end, Gfinity was delighted to announce its first major move into the American market through the acquisition of CEVO, Inc, an American based, global provider of technology and services to the esports market for a total consideration of up to \$2.7 million payable in cash and shares. CEVO has an outstanding reputation in the sector which will further enable Gfinity to grow revenue and enhance the Company's delivery capability.

I am also excited by the partnership between Gfinity and HT&E, a major media company in Australia, for the maiden licensing agreement for Gfinity's Elite Series format, brand and underlying technology outside the United Kingdom. This exciting development validates the value of the Gfinity brand, structure and format. Gfinity will seek to expand this model globally, with the right local partners.

During the year to 30 June 2017, we were delighted to have added to our executive team with a number of high profile

appointments, each a proven leader in their own sector. The decision of each of these individuals to join Gfinity, over other opportunities is a further endorsement of the potential of the esports sector of the position that Gfinity has established within it. Following on from these appointments, we will also now explore opportunities to restructure the composition of the board of Gfinity, strengthening the level of non-executive oversight and governance as we progress with the next phase of our development.

Overall the outlook is excellent and Gfinity is very well positioned to move into 2018 with confidence. I would finally like to take this opportunity to thank commercial partners, management, staff and shareholders for their outstanding efforts during the period as we look forward to the next phase of our accelerated growth plans with optimism.

**Tony Collyer
Chairman**

21 November 2017



Chief Executive's Review

Neville Upton Chief Executive Officer

SUMMARY

2016/17 has been a pivotal year for Gfinity in terms of delivering on its strategy of becoming a leading esports brand.

Results for the period are in line with our expectations and reflect the significant investment we have made in a number of key strategic areas of the business.

We have further strengthened our leadership team by employing some of the best executives in the industry; high calibre recruits with years of highly relevant business experience.

We have laid firm foundations for the launch of the Gfinity Elite Series esports tournament, the first professional season of which commenced in July 2017, post year-end. Several months prior we launched the Gfinity Challenger Series for amateur gamers, leveraging Gfinity's market leading technology to provide the pathway from bedroom to podium. During the period, we also signed eight leading esports franchises and invested in the Gfinity Esports Arena to create a state-of-the-art esports arena, which we believe is the best of its kind in Europe.

Our expertise and capability in esports is demonstrated by the growing number of Game Publishers, esports promoters and commercial partners selecting us to deliver esports events around the globe.

SECTOR

The esports sector continues to grow and develop at a rapid rate. Ongoing growth in the global esports audience has driven recognition from traditional sporting bodies and media sources looking to address challenges in their own sectors and take advantage of the burgeoning esports market. The scale of participation has prompted esports to be included, as a demonstration

event, in the 2018 Asian Games, prior to becoming a full medal event in 2022. Even now discussions are taking place on the possibility of including esports in the 2024 Olympic programme.

During the period under review we have seen increased commercial activity among broadcasters, sponsors and teams alike. We have also seen a number of major sports rights holders entering the esports market, with a number of traditional sports teams investing in esports organisations and, shortly after the year end, the decision of Formula 1 to appoint Gfinity to create its pioneering Formula 1 esports programme.

OWNED CONTENT

In 2017 Gfinity launched the Gfinity Elite Series, a format which creates a gamers pathway from the bedroom to podium and provides regular, high-quality esports content, relevant to broadcasters and sponsors at a national level for the first time. Season by season, the Gfinity Elite Series sees eight top professional esports teams compete across three iconic games in three independent tournaments. The competition takes place at The Gfinity Esports Arena in London and offers gamers the opportunity to watch and support their favourite teams in a rich, live, competitive environment.

The maiden season of Gfinity Elite Series was a huge success with 186 hours of high quality live content created over the nine weeks of the tournament. Four major broadcast partners took part including; BT Sport, BBC Three, Eleven Sport and Twitch and achieved a cumulative viewership of over three million. We gained over 200 million social media impressions and a 477% growth in engagement through Gfinity owned channels.

In terms of our International roll-out

strategy the licensing of the Gfinity Elite Series in Australia is validation of our exciting format and we look forward to announcing additional geographies in due course.

PARTNER EVENTS

Alongside Gfinity owned events, we also leverage our esports expertise, technology and broadcast capability to deliver services and esports events for third parties that include leading games publishers and major sporting rights holders, driving direct revenues to Gfinity, but also further enhances our reputation for excellence and builds our profile, reach and strong commercial relationships within the esports industry.

During the period Gfinity has enhanced its position as the partner of choice to a number of high profile Game, esports, Sports, broadcast and diverse commercial sponsorship organisations. Increasingly Gfinity is chosen to deliver international esports events as well as in the United Kingdom.

The growth in size of live and online esports programming and the expanding range of popular Game titles seeking to build an esports audience provide us with confidence on the potential for future growth for Gfinity and the wider esports market.

Sports rights holders are also now looking to esports as a way to engage with younger fans. Evidence to support this occurred during the post-period when we were appointed as esports partner to Formula One for the creation of their inaugural Formula One Esports season, culminating in a live finals event at the last race of the season in Abu Dhabi.

INTERNATIONAL EXPANSION

The acquisition of CEVO and investment in the Gfinity Elite Series launch in Australia have been important

BUSINESS REVIEW & STRATEGIC REPORT

Chief Executive's Review *(continued)*

steps in establishing Gfinity as a global leader and the Company will continue to invest in building a broad-based global esports presence.

Founded in 2004, CEVO has built an outstanding reputation for the operation of its own esports competitions, primarily in North America, and as a provider of technology and services to a client base of blue-chip organisations in the esports space. CEVO has developed proprietary technology and a suite of esports products, including leading anti-cheat software, used by a number of major operators in the industry, including Gfinity, and a range of esports broadcast products.

The acquisition is in line with Gfinity's strategy to grow shareholder value by establishing itself as the world's leading global esports business as it continues to expand its global footprint in the fast growing esports market.

CEVO has been a technology supplier to Gfinity for three years and is renowned as one of the leading technology providers to the esports industry. The acquisition demonstrates Gfinity's global ambitions, which have already been highlighted by the delivery, so far this year, of events in the UK, Mexico, France and the USA.

In acquiring CEVO, Gfinity will be supplementing its existing technology and management team with some of the most experienced operators in the esports industry, leaving Gfinity well positioned to take advantage of the growing number and scale of esports opportunities. Furthermore, Gfinity's core product suite, now combined with CEVO's technology, represents one of the industry leading suites of esports technology.

OUTLOOK

This has been pivotal year for Gfinity. As the esports sector goes from strength to strength so does Gfinity's enviable

reputation within it. Our outstanding people and technology continues to generate our uptake of major games publishers and leading sports rights holders wanting to partner with us.

During the period we have also strengthened our capability further with high calibre new executive appointments who have helped lay the foundation for the highly successful launch of the Gfinity Elite Series, the first season of which commenced in July of this year. This highly professional format comprises a brand and underlying technology that can be licensed around world – the first such deal was done in Australia as recently as August - and we plan to roll out in other geographies around the globe in due course.

Neville Upton
Chief Executive Officer

21 November 2017



Finance Director's Report

Jonathan Hall Finance Director

SUMMARY

The results for the year to 30 June 2017 show a period of strong revenue growth driven by continuing growth in our partner events business.

The increased loss in the year in line with expectations following the strategic decision to invest in recruitment of high calibre executive staff members and the continuing investment in tournament technology and the Gfinity esports Arena.

The Company conducted two oversubscribed placings during the period, plus a further fundraise following the year end, evidence of strong support for Gfinity from its investor base. In particular, the Company was delighted to welcome new major shareholder, Charles Street Investment Holdings, as part of the July 2016 Placing. This leaves Gfinity well capitalised to pursue growth objectives into 2018.

INCOME STATEMENT REVIEW

In the year ending June 2017 revenue increased 64% from £1.4m to £2.4m continuing the growth seen in the year ending June 2016.

Unsurprisingly given the growth in revenue and the scope of events delivered cost of sales increased to £2.8m, driven in part by investments made in the development of the Elite Series, a Gfinity owned property, the Challenger element of which commenced during the period and the first professional season of which commenced immediately following the year end.

To support the growth in events delivered in the year and to build a platform for the delivery and monetisation of the Elite Series administrative costs grew £1.9m to £4.9m (65%). This reflects investment in the website for the Challenger Series, an increase in average headcount with a number of senior appointments to lead

strategy, production and the commercial elements of the business, and increased rental and depreciation costs which reflect improvements in the infrastructure and facilities at our Arena

As a result of the above investment decisions, which were in line with our plan, operating losses in the year increased to £5.3m (2016, £3.2m). This was partially offset by a tax credit in the year of £0.1m with the overall loss for the period being £5.2m (2016, £3.0m).

Following the issue of 105m shares across two oversubscribed share placings during the period, the loss per share decreased from £0.04 to £0.03.

CASHFLOW AND FINANCIAL POSITION REVIEW

Cashflow in the year was driven by the two share placings referred to above with gross proceeds of £10m (£9.7m net). £5.4m of the cash was used to fund operating activities with the working capital requirement increasing £0.6m at year end. This followed the delivery of several events in Q4 and the prepayment of a significant proportion of production costs for the launch of the Elite series in early July 2017.

Investment in property, plant and equipment of £0.6m further strengthened the statement of financial position and helped increase the net book value of the fixed asset base to £0.9m. This principally relates to investments in technology at the Gfinity Arena creating one of the leading esports venues in the world.

The above resulted in cash at year end of £4.5m, an increase of £3.7m from June 2016. Following the year end the cash position has been further strengthened by an oversubscribed placing of £7m, before placing costs, in October 2017. The placing was supported by both existing and new shareholders.

OUTLOOK

The ongoing delivery of our strategy and the continued growth in awareness and participation in esports leave Gfinity superbly positioned to deliver long term shareholder value. The past year has been defined by development of our existing revenue streams and investment in both the staff and asset base to deliver our strategy.

These decisions have been validated by the successful launch of the Elite Series in July 2017, the licensing of the brand, format and technology for the first overseas roll out of the Elite Series into Australia, and the nature of the major brands, now including Formula 1, who continue to choose Gfinity as their partners of choice in the esports market.

Jonathan Hall
Chief Financial Officer

21 November 2017

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, Allders 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 a director of the North Devon Biosphere Foundation. Tony has sat on the Finance Committee of King's College London for the last six 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.

JONATHAN HALL

CHIEF FINANCE OFFICER

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 Chief Financial Officer Jon has responsibility for all aspects of finance and accounting, including financial planning, reporting and accessing capital to fund growth.

PAUL KENTTECHNOLOGY AND 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 Europe's largest Xbox Live on-line 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. In addition, Paul spent his later years working extensively on the video codec library. He has responsibility for web and production technology and 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 30 years' experience in the Games industry; first in Australia followed by 9 years as Managing Director of Nintendo UK & Ireland. He has spent many years developing business in Asia and the Pacific Rim and has strong experience working with Chinese business partners.

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. He has lectured and spoken on a number of occasions at the London Business School and various Conferences on Digital Technology and its impact on Sport's Media and Fan Engagement.

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 commercial rights includes Domestic & International Football, International Cricket, Motor Sports, International Rugby Union and Broadcast Sponsorship of all Pitch programming and Branded Content. Prior to Pitch, Jon Varney was a 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 roles at 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 2017.

PRINCIPAL ACTIVITIES

Gfinity is the leading UK-based esports company serving the rapidly-growing community of competitive gamers worldwide. Gfinity has built a reputation as one of the world's leading providers and broadcasters of eSports competitions; both on behalf of partners including major games publishers and sports rights holders and Gfinity owned events including the Elite Series which launched in July 2017.

Activities are monetised through fees from partners for creation and delivery of esports programmes and from exploitation of commercial rights attached to Gfinity's own events.

FUTURE DEVELOPMENT

Our development objectives for 2017–18 are disclosed in the Strategic Report.

CAPITAL STRUCTURE

The capital structure is monitored by the board and intended to ensure appropriate access to capital to fund the Company's growth objectives and maximise shareholder value in the long term.

No changes were made to these objectives, policies or processes during the year ended 30 June 2017.

RESULTS AND DIVIDENDS

The comprehensive income statement is set out on page 23.

The Company's loss after taxation amounted to £5.23m (2016: £3.04m).

The directors do not recommend the payment of a dividend for the year ended 30 June 2017.

EVENTS SINCE THE BALANCE SHEET DATE

Following the year end, the Company successfully completed an equity placing raising a further £7.0m prior to deduction of expenses. On 7 July 2017 Gfinity commenced the first professional season of the Elite Series, a new framework for competitive video gaming in the UK. On 24 July 2017 the Company purchased 100% of the share capital of CEVO, Inc, a US based provider of technology and services to the esports industry. On 7 August 2017 Gfinity signed an agreement with HT&E Limited, an ASX-listed leading media and entertainment business to launch Gfinity Elite Series in Australia via a newly created joint venture. Further detail on these transactions and their impact for the business is provided within the Strategic Report.

RESEARCH AND DEVELOPMENT

The Company undertakes development activities which involve a planned investment in the building and enhancement of Gfinity products. Development expenditure is capitalised as an intangible asset, only if the development costs can be measured reliably and it is anticipated that the product being built will be completed and will generate future economic benefits in the form of cash flows to the Company.

Further information on development activities are provided in the Strategic Report.

CREDIT RISK

Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. Credit limits with existing customers are regularly reviewed, particularly with any overdue accounts. Further information on the Company's credit risk is provided in note 19 to the financial statements.

CURRENCY RISK

During the period, the significant majority of the Company's revenues and costs were in sterling therefore currency risk is not considered significant. To the extent that transactions are incurred in other currencies, Gfinity will typically exchange to/from sterling as required, although the Company does retain a US dollar account for managing certain payments. No forward exchange or other such financial instruments have been used in the period.

Further information on the financial risk management strategy of the Company and of the exposure of Gfinity to currency risk, credit risk and liquidity risk is set out in note 19 to the financial statements.

DIRECTORS

The following directors held office as indicated below for the year ended 30 June 2017 and up to the date of signing the financial statements except where otherwise shown.

Tony Collyer

Non-Executive Chairman

Neville Upton

Chief Executive Officer

Jonathan Hall

Chief Finance Officer

Paul Kent

Technology and eSports Director

Philip Shuldham-Legh

Marketing Director

David Yarnton

Non-Executive Director

Jonathan Varney

Non-Executive Director

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.

Corporate Governance Report

As an AIM listed company, Gfinity plc is not obliged to comply with the UK Corporate Governance Code published in April 2016 (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 10 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

Throughout the period, the Company's Audit Committee comprised of Tony Collyer (Chairman), David Yarnton (non-executive director) and Jonathan Varney (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

During the period, the Company's Remuneration Committee currently comprises Tony Collyer (Chairman), David Yarnton (non-executive director) and Jonathan Varney (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 15.

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.

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

GOVERNANCE

Corporate Governance Report *(continued)*

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

At the end of the period the Company had cash and cash equivalents amounting to £4.5m. On 25 September 2017 the Company announced its intention to raise a further £7.0 million (prior to deduction of expenses) via a placing of shares on AIM. This placing was approved by shareholders on 11 October 2017, with shares being admitted to AIM and funds received by the Company on 13 October 2017.

The placing leaves the Company with a strong cash position from which to move forward, it also saw the introduction of new investors as we continue to strengthen the shareholder base. Furthermore, the oversubscription of the placing, and the continued shareholder support for the board's strategy, leaves the Company well positioned to reactively exploit further acquisition and growth opportunities as they arise over the coming year.

The directors have prepared detailed forecasts of the Company's financial performance over the next 18 months. As a result of this review, which incorporated sensitivities and risk analysis, the directors believe that the Company has sufficient resources and working

capital to meet its present obligations. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

Directors' Remuneration Report

As the Company 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 Company 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 the Chief Financial Officer.

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 received benefits such as health insurance or

contributions to pension schemes during the year. The Company's staging date for auto-enrolment was 1st July 2017 and the company has commenced pension contributions for the financial year ending June 2018.

ANNUAL BONUSES

Bonuses awarded to executive directors are included in the Directors' Emoluments table on page 17. In line with the Company's remuneration policy bonuses paid to directors are intended to be at or below market rate for the roles.

SHARE OPTIONS

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

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

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

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.

GOVERNANCE

Directors' Remuneration Report *(continued)*

AUDITED INFORMATION

Directors' interests in shares

The interests of the Directors at 30 June 2017 in the shares of the Company were:

	Number of Ordinary Shares	Percentage of issued share capital
Neville Upton	14,710,579	7.80
Paul Kent	1,622,000	0.86
Tony Collyer	1,034,579	0.55
Philip Shuldham-Legh	278,000	0.15
Jonathan Hall	0	0.00
David Yarnton	0	0.00
Jonathan Varney	0	0.00

Share Options

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

	As at 30 June 2016	Options Granted	Options Lapsed	As at 30 June 2017
Anthony Collyer	323,000	–	–	323,000
Neville Upton	–	7,870,670	–	7,870,670
Jonathan Hall	1,048,571	500,000	–	1,548,571
Paul Kent	100,000	100,000	–	200,000
Philip Shuldham-Legh	543,000	100,000	–	643,000
David Yarnton	199,000	–	–	199,000
Jonathan Varney	200,000	–	–	200,000
	2,413,571	8,570,670	–	10,984,241

Directors' emoluments

Emoluments of the Directors for the year ended 30 June 2017 are shown below.

	Year ended June 2016 Total Remuneration (£)	Salary and Fees (£)	Year ended 30 June 2017 Benefits (£)	Total Remuneration (£)
Anthony Collyer	24,000	24,000	–	24,000
Neville Upton	100,000	100,000	–	100,000
Jonathan Hall	105,000	115,000	–	115,000
Paul Kent	57,500	83,500	–	83,500
Philip Shuldham-Legh	15,000	20,000	–	20,000
David Yarnton	27,404	33,425	–	33,425
Jonathan Varney	–	–	–	–
Total	£328,904	£375,925	–	£375,925

¹ – In addition to the amounts stated above Ginette Jarman earned remuneration of £41,667 in her role as a director in the year ending June 2016. She resigned from this position in May 2016

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

GOVERNANCE

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare 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 of the profit or loss of the 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 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.



Report & Financial Statements 30 June 2017

Independent Auditors' Report to the shareholders of Gfinity plc

for the year ended 30 June 2017

Opinion

We have audited the financial statements of Gfinity PLC (the 'company') for the year ended 30 June 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year 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.

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 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 SME 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 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report to the shareholders of Gfinity plc (*continued*)

for the year ended 30 June 2017

Key audit matter	How the scope of our audit addressed the risk
<p>Appropriateness of applying the going concern basis as referenced on page 28 of the financial statements</p> <p>While the company has reported a net increase in cash and cash equivalents for the year of £3.7m and at the balance sheet date had net current assets of £4.4m, including cash and cash equivalents of £4.5m, it reported a post-tax loss for the year of £5.2m. Continued losses of this magnitude would rapidly reduce net current assets and cash reserves. Accordingly, the going concern assumption has been identified as a key audit risk. If the going concern assumption were not appropriate this would have a pervasive effect which could impact on the company's ability to realise assets in the normal course of business.</p>	<p>We evaluated the directors' assessment of going concern by reviewing cash flow forecasts prepared by management and considering the impact of events that had taken place subsequent to the balance sheet date but prior to the date of approval of the accounts. In particular we have assessed the impact of the share placing that took place on 11 October 2017 which resulted in a further £6.8m of funding (net of placing costs).</p> <p>We challenged the significant inputs and assumptions used in the forecast model, and considered what options are available to management in the event that the projected cash flows fall below forecast figures.</p> <p>We consider the judgements made by management in applying the going concern assumption to be reasonable in light of the evidence available to the date of this report.</p> <p>We consider the disclosure in note 2 to the financial statements to be appropriate having given specific regard to this being an area of critical accounting estimate and judgement.</p>

This is not a complete list of all risks identified by our audit.

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the company's financial statements as a whole to be £250,000 (2016: £170,000). In determining this, we considered a range of benchmarks with specific focus on the loss for the year, total revenue for the year and total assets as at the balance sheet date. This materiality level represents 4.7% (2016: 5.4%) of loss before tax, 10.5% (2016: 11.8%) of revenue and 3.5% (2016: 10.0%) of total assets. Therefore, while it has increased in absolute terms, it has fallen relative to the company's increased economic activity.

We report to the Audit Committee all identified unadjusted errors in excess of £25,000. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including controls, and assessing the risks of material misstatement.

The company operates as a standalone entity with all activities taking place in the UK and accordingly we carried out a full scope audit of the company, with all of its net assets, revenue and the loss for the year being potentially selected for detailed audit testing. All audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

In particular, the extent of our audit procedures in respect of assessing the appropriateness of applying the going concern basis has been addressed under key audit matters.

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.

Independent Auditors' Report to the shareholders of Gfinity plc (*continued*)

for the year ended 30 June 2017

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.

Opinions 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its 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 in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

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

Rees Pollock, Statutory Auditor

21 November 2017

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	1 July 2016 to 30 June 2017 £	1 July 2015 to 30 June 2016 £
CONTINUING OPERATIONS			
Revenue		2,372,452	1,446,519
Cost of sales		(2,775,724)	(1,606,036)
Gross profit/(loss)		(403,272)	(159,517)
Administrative expenses	3	(4,932,771)	(2,992,427)
Operating loss		(5,336,043)	(3,151,944)
Finance income	5	4,564	15,193
Loss on ordinary activities before tax		(5,331,479)	(3,136,751)
Taxation	6	103,315	97,180
Retained loss for the year		(5,228,164)	(3,039,571)
Loss and total comprehensive income for the period		(5,228,164)	(3,039,571)
Earnings per share	14	(0.03)	(0.04)

The notes on pages 27 to 43 form an integral part of these financial statements.

Financial Statements

Statement of Financial Position

for the year ended 30 June 2017

	Note	30 June 2017 £	30 June 2016 £
NON CURRENT ASSETS			
Property, plant and equipment	7	875,892	294,219
Intangible fixed assets	8	73,391	122,974
Investment in Associate	9	50,000	–
		999,283	417,193
CURRENT ASSETS			
Inventories		–	9,707
Trade and other receivables	10	1,660,477	439,270
Cash and cash equivalents	11	4,519,024	830,403
		6,179,501	1,279,380
TOTAL ASSETS		7,178,784	1,696,573
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	13	188,664	83,414
Share premium account		15,254,085	5,640,233
Other reserves	15	154,217	55,458
Retained earnings		(10,163,836)	(4,935,672)
Total equity		5,433,130	843,433
Current liabilities			
Trade and other payables	12	1,745,654	853,140
Total liabilities		1,745,654	853,140
TOTAL EQUITY AND LIABILITIES		7,178,784	1,696,573

Signed on behalf of the board on 21 November 2017:

Neville Upton
Chief ExecutiveJonathan Hall
Chief Financial Director

The notes on pages 27 to 43 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2017

	Ordinary shares £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
At 30 June 2015	77,845	4,679,536	62,447	(1,896,101)	2,923,727
Loss for the period	–	–	–	(3,039,571)	(3,039,571)
Total comprehensive income	–	–	–	(3,039,571)	(3,039,571)
Proceeds of Shares Issued	5,569	1,052,431	–	–	1,058,000
Share issue costs	–	(91,734)	–	–	(91,734)
Share options expensed	–	–	(6,989)	–	(6,989)
Total transactions with owners, recognised directly in equity	5,569	960,697	(6,989)	–	959,277
At 30 June 2016	83,414	5,640,233	55,458	(4,935,672)	843,433
Loss for the period	–	–	–	(5,228,164)	(5,228,164)
Total comprehensive income	–	–	–	(5,228,164)	(5,228,164)
Proceeds of Shares Issued	105,250	9,844,730	–	–	9,949,980
Share issue costs	–	(230,878)	–	–	(230,878)
Share options expensed	–	–	98,759	–	98,759
Total transactions with owners, recognised directly in equity	105,250	9,613,852	98,759	–	9,817,861
At 30 June 2017	188,664	15,254,085	154,217	(10,163,836)	5,433,130

The notes on pages 27 to 43 form an integral part of these financial statements.

Financial Statements

Statement of Cash Flows

for the year ended 30 June 2017

	Note	30 June 2017 £	30 June 2016 £
Cash flow used in operating activities			
Net cash used in operating activities	18	(5,435,353)	(2,501,250)
Cash flow from/(used in) investing activities			
Interest received	5	4,564	15,193
Additions to property, plant and equipment	7	(599,692)	(233,617)
Additions to intangible fixed assets	8	–	(148,750)
Net cash used in investing activities		(595,128)	(367,174)
Cash flow from/(used in) financing activities			
Issue of equity share capital		9,949,980	966,266
Share Issue Costs		(230,878)	
Net cash from financing activities		9,719,102	966,266
Net increase in cash and cash equivalents		3,688,621	(1,902,158)
Opening cash and cash equivalents		830,403	2,732,561
Closing cash and cash equivalents		4,519,024	830,403

The Company has no borrowings so cash and cash equivalents is equal to the Company's net debt position.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2017

1. GENERAL INFORMATION

Gfinity plc ("the Company") is a public company limited by shares 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 12. 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 2014.

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 2017, 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, except for Share Based Payments which are accounted for at fair value. 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.

Interpretations and amendments to published standards effective in the accounts

For the purposes of the preparation of the accounts, the Company has applied all standards and interpretations that will be effective for the accounting periods commencing on or after 1 July 2016.

The following standards and interpretations have been adopted:

- Annual improvements 2014 (endorsed for annual periods on or after 1 January 2016);
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016);
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016);
- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective for accounting periods beginning on or after 1 January 2016);
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for accounting periods beginning on or after 1 January 2016);

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2017 or later periods but which the Company has not adopted early are as follows:

- Annual improvements 2014–2016 (effective for accounting periods beginning on or after 1 January 2017);
- IAS Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative (effective for accounting periods beginning on or after 1 January 2017);
- Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017);

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

2. ACCOUNTING POLICIES (*continued*)

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 9 'Financial instruments' (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 15 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018);
- Amendment to IFRS 15, 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 16 'Leases' (effective for accounting periods beginning on or after 1 January 2019);
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for accounting periods beginning on or after 1 January 2018);
- IFRIC 23, 'Uncertainty over income tax treatments' (effective for accounting periods beginning on or after 1 January 2019)

Management continues to monitor the IASB's on-going work on improvements to financial reporting but does not currently believe that the amendments and interpretations listed above will have a material effect on the Company's reported income or net assets.

Going concern

At the end of the period the Company had cash and cash equivalents amounting to £4,519,024. On 25th September 2017 the Company announced its intention to raise a further £7.0 million (prior to deduction of expenses) via a placing of shares on AIM. This placing was approved by shareholders on 11th October 2017, with shares being admitted to AIM and funds received by the Company on 13th October 2017. The placing leaves the Company with a strong cash position from which to pursue its objectives. The oversubscribed nature of recent placings and continued strong shareholder support gives the Directors confidence over future as well as present cash reserves.

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 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 advanced 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:

- Partner event fees: Revenue recognised in line with the date at which work is performed.
- 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 term of the contract, except in instances where a significant proportion of the revenue relates to specific activation activities, in which case the revenue is released in line with when that work is performed.
- 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.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

2. ACCOUNTING POLICIES (*continued*)

- Ticket sales: Revenue is recognised on the date the relevant event is delivered.
- Broadcaster revenues: Rights fees are received from linear broadcasters and online streaming platforms in return for rights to access broadcast content. Revenue is recognised in line with the dates the content is created
- Website subscriptions: Revenue is invoiced in advance and deferred on a straight-line basis over the subscription period.

Segmental information

The company considers all operations to be part of a single operating segment and accordingly has elected not to disclose segmental information.

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that the directors do not have a high degree of certainty that sufficient taxable profits will be available in the medium term to allow all or part of the asset to be recovered.

Share Based Payments

The Company provides equity-settled share-based payments in the form of share options. 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 determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares which will eventually vest and adjusted for the effect of non-market based vesting conditions. The Company uses an appropriate valuation model utilising a Black-Scholes model in order to arrive at a fair value at the date share options are granted.

Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

2. ACCOUNTING POLICIES (*continued*)

Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment.

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.

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	– 3 years straight line
Computer equipment	– 3 years straight line
Production equipment	– 3 years straight line
Leasehold improvements	– Over the period of the lease or, where management have reasonable grounds to believe the property will be occupied beyond the terms of the lease, 3 years straight line

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.

Intangible fixed assets

Intangible assets are recognised where the purchase or internal development of such assets are expected to directly contribute towards the company's ability to generate revenues over a multiple years.

Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition or development 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.

Amortisation is charged on a straight-line basis over the estimated useful economic life of the asset as follows:

Software development	– 3 years straight line
----------------------	-------------------------

Financial liabilities and equity

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.

An equity instrument is any contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

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.

Research and development costs

Development expenditure is capitalised as an intangible asset, only if the development costs can be measured reliably and it is anticipated that the product being built will be completed and will generate future economic benefits in the form of cash flows to the Company.

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.

Critical accounting judgments and estimates*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. Detail of the unrecognised asset as at the period end are provided in note 6(c).

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. This fair value is measured by use of a Black-Scholes model.

The key assumptions used as inputs into this model are outlined in note 15 on Share Based Payments

Notes to the Financial Statements (continued)**for the year ended 30 June 2017****3. OPERATING EXPENSES**

Operating loss is stated after charging:

	Year ended 30 June 2017	Year ended 30 June 2016
	£	£
Loss on disposal of property, plant and equipment	72,909	–
Depreciation of property, plant and equipment	199,338	150,191
Amortisation of intangible fixed assets	49,583	25,776
Rentals under operating leases	391,376	464,621
Expensed development costs	184,414	121,743
Staff costs (see note 4)	1,723,884	1,211,754
Costs of inventories expensed	9,707	6,671
Auditors' remuneration for auditing the accounts of the company	16,000	14,500
Auditors' remuneration for other non-audit services:		
– Other services supplied pursuant to such legislation	–	2,500
– Other services related to taxation	1,500	1,500
– All other services	6,000	6,000
Net foreign exchange (gains)/ losses	16,006	1,620

In addition to amounts stated above the Auditors also received remuneration of Enil (2016: £10,000) in respect of services provided in connection with the Company's placement of shares. 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 figures within these financial statements.

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 2017	Year ended 30 June 2016
£	£
31	26

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

	Year ended 30 June 2017	Year ended 30 June 2016
	£	£
Wages and salaries	1,469,465	1,108,594
Social security costs	155,660	110,149
Equity settled transactions	98,759	(6,989)
	1,723,884	1,211,754

Total remuneration for Directors during the year was £375,925 (2016: £370,571). Full detail on Directors earnings can be found within the Directors' Remuneration Report, on pages 15 to 17.

The Company do not believe that there are any key management personnel other than directors requiring disclosure.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

5. FINANCE INCOME

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Interest income on bank deposits	4,564	15,193

6. TAXATION

(a) Major components of taxation expense for the period ended 30 June 2017 are:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Income statement		
<i>Current tax</i>		
Corporation tax charge / (credit)	(103,315)	(97,180)
Total current tax	(103,315)	(97,180)
<i>Deferred tax</i>		
Relating to origination and reversal of temporary differences	–	–
Taxation (charge)/ (credit) reported in the income statement	(103,315)	(97,180)

(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 19.75% (2016: 20%), to taxation expense at the Company's effective tax rate for the period is as follows:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Loss on ordinary activities before taxation	(5,331,479)	(3,136,751)
At UK corporation tax rate of 20% (2015: 20%)	(1,066,296)	(627,350)
Expenses not deductible for tax purposes	29,928	6,135
Capital allowances for period in excess of depreciation	(2,620)	(22,943)
Adjustment in respect of previous periods	(103,315)	(97,180)
Unrelieved tax losses carried forward	1,038,988	644,158
Current tax charge/ (credit) for the period	(103,315)	(97,180)

(c) Unrecognised deferred tax asset

The Company has an unrecognised deferred tax asset arising from trading losses carried forward of £2,449,025 (2016: £1,597,529) calculated at the substantively enacted Corporation tax rate at the balance sheet date of 19% (2016: 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 27 to 43 form an integral part of these financial statements.

Financial Statements

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

7. PROPERTY PLANT AND EQUIPMENT

	Office equipment £	Computer & production equipment £	Leasehold Improvement £	Total £
Cost				
At 1 July 2015	4,479	148,141	110,490	263,110
Additions	0	169,941	63,676	233,617
Disposals	0	(13,567)	0	(13,567)
At 30 June 2016	4,479	304,515	174,166	483,160
Depreciation				
At 1 July 2015	4,318	24,023	14,921	43,262
Charge for the period	161	81,107	68,923	150,191
Disposals	0	(4,512)	0	(4,512)
At 30 June 2016	4,479	100,618	83,844	188,941
Net book value				
At 30 June 2016	(0)	203,897	90,322	294,219
	Office equipment £	Computer & production equipment £	Leasehold Improvement £	Total £
Cost				
At 1 July 2016	4,479	304,515	174,166	483,160
Additions	3,468	441,898	408,555	853,921
Disposals	0	0	(199,270)	(199,270)
At 30 June 2017	7,947	746,413	383,451	1,137,811
Depreciation				
At 1 July 2016	4,479	100,618	83,844	188,941
Charge for the period	123	137,490	61,725	199,337
Disposals	0	0	(126,361)	(126,361)
At 30 June 2017	4,603	238,108	19,208	261,918
Net book value				
At 30 June 2017	3,342	508,306	364,243	875,892
At 30 June 2016	(0)	203,897	90,322	294,219

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

8. INTANGIBLE FIXED ASSETS

	Software Development £	Total £
Cost		
At 1 July 2015	0	0
Additions	148,750	148,750
At 30 June 2016	148,750	148,750
Amortisation		
At 1 July 2015	0	0
Charge for the period	25,776	25,776
At 30 June 2016	25,776	25,776
Net book value At 30 June 2016	122,974	122,974
At 30 June 2015	–	–
	Software Development £	Total £
Cost		
At 1 July 2016	148,750	148,750
Additions	–	–
At 30 June 2017	148,750	148,750
Amortisation		
At 1 July 2016	25,776	25,776
Charge for the period	49,583	49,583
At 30 June 2017	73,359	73,359
Net book value At 30 June 2017	75,359	75,391
At 30 June 2016	122,974	122,974

Software development costs refer to direct costs incurred in development of the Gfinity TV Player media player.

Financial Statements

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

9. INVESTMENTS

Associates

	30 June 2017 £	30 June 2016 £
At 1 July	–	–
Investment in associate	50,000	–
At 30 June	50,000	–

The investment in associate relates to the acquisition of 33% of the eSports Industry Award Limited on its incorporation in February 2017

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights and capital held	Nature of business
Esports Industry Awards Ltd	England	Ordinary shares	33%	Dormant

	Capital and Reserves		Results for the year	
	31 March 2017 £	31 March 2016 £	31 March 2017 £	31 March 2016 £
Esports Industry Awards Ltd	50,000	–	–	–

10. TRADE AND OTHER RECEIVABLES

	30 June 2017 £	30 June 2016 £
Trade receivables	607,774	272,123
Other receivables	422,266	87,536
Prepayments and accrued income	630,437	79,611
	1,660,477	439,270

Included in other receivables is £nil (2016: £33,800) which is due in more than one year.

11. CASH AND CASH EQUIVALENTS

	30 June 2017 £	30 June 2016 £
Cash at bank and in hand	428,998	80,403
Short term deposits	4,090,026	750,000
	4,519,024	830,403

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.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

12. TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	£	£
Trade payables	1,189,995	149,679
Other taxation and social security	102,132	38,628
Accrued expenditure and deferred revenue	453,527	664,833
	<u>1,745,654</u>	<u>853,140</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 due to their short-term nature.

13. ISSUED CAPITAL

The Company has a single class of ordinary share with nominal value of £0.001 each. Movements in the issued share capital of the Company can be summarised as follows:

	Number	£
<i>Issued and fully paid</i>		
As at 1 July 2015	77,845,150	77,845
Issued on 2nd November 2015 at £0.19 per share	5,263,157	5,263
Issued on 23rd November 2015 at £0.19 per share	305,263	305
As at 30 June 2016	83,413,570	83,414
Issued on 21st July 2016 at £0.05 per share	74,000,000	74,000
Issued on 16th May 2017 at £0.20 per share	31,250,000	31,250
As at 30 June 2017	<u>188,663,570</u>	<u>188,664</u>

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

14. 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 to 30 June 2017 £	Year to 30 June 2016 £
Loss attributable to shareholders	(5,228,164)	(3,039,571)
	Number 000's	Number 000's
Weighted average number of ordinary shares	157,211	81,504
	£	£
Loss per ordinary share	(0.03)	(0.04)

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.

15. SHARE BASED PAYMENTS**Equity-settled share option plans***Options*

The table below summarises the exercise terms of the various options over Ordinary shares of £0.001 each which had been granted, and were still outstanding, as at 30 June 2017. 17,945,670 new options were granted in the year. No options were exercised during the year and no options lapsed due to members of staff leaving. The total number of outstanding options in issue at 30 June 2017 is 22,766,711 [2016: 4,821,041].

	Number	Weighted average exercise price (£)
Shares Options as at 30 June 2016	4,821,041	0.1345
Shares Options Granted	17,945,670	0.1450
Share Options Lapsed	–	–
Share Options as at 30 June 2017	22,766,711	0.1428

Options vest over periods defined in the respective option agreements and at the discretion of the board of directors. No options have vested during the year.

Of the options outstanding 10,984,241 [2016: 2,413,571] 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.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

15. SHARE BASED PAYMENTS (*continued*)

	Year ended 30 June 2017	Year ended 30 June 2016
Weighted average exercise price	£0.1428	£0.1345
Average expected life	1.9 years	2.0 years
Expected volatility	29.68%	17.95%
Risk free rate	1.22%	0.87%
Expected dividend yield	0%	0%

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 2017 was £0.1428 (2016:£0.1345). The weighted average fair value of options issued during the period was £0.0300 (2016: £0.0295).

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.

16. RELATED PARTY TRANSACTIONS

The Directors Remuneration Report provides details of share options issued to certain directors in the period. Further information on share options are provided in Note 15.

17. 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 2017	30 June 2016
	£	£
Less than one year	279,150	134,333
1-2 years	–	–
2-5 years	–	–
Total	279,150	134,333

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

18. NOTES TO THE CASH FLOW STATEMENT

	30 June 2017 £	30 June 2016 £
Cash flows from operating activities		
Loss before taxation	(5,331,479)	(3,136,751)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	199,338	150,191
Disposal of fixed assets	72,910	9,055
Amortisation of intangible fixed assets	49,583	25,776
Interest Received	(4,564)	(15,193)
Share based payments	98,759	(6,989)
<i>Changes in working capital:</i>		
Decrease/(Increase) in Inventories	9,707	(6,489)
(Increase)/ decrease in trade and other receivables	(1,221,207)	131,080
Increase in trade and other payables*	588,285	250,890
Corporation tax (paid)/ received	103,315	97,180
Cash used by operating activities	(5,435,353)	(2,501,250)
Interest paid	–	–
Net cash used by operating activities	(5,435,353)	(2,501,250)

*Note: The movement in trade and other payables excludes £254,229 of capital creditors

19. 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. All of the Company's financial instruments are measured at amortised cost

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 2016 £	30 June 2016 £
635,824	310,030

The trade receivables balance represents amounts due from third parties. At the balance sheet date, the Company's trade receivables totalled £702,432 less a provision of £94,658 (2016: £272,123).

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

At the balance sheet date amounts of £603,696 were due from a single customer which represents a concentration of credit risk. All amounts have been recovered since the balance sheet date.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (*continued*)**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:

	As at 30 June 2017		As at 30 June 2016	
	USD \$	EUR €	USD \$	EUR €
Trade and other receivables	1,151	1,316	20,000	9,000
Cash	87,937	0	20,833	–
Trade and other payables	(38,004)	(106,314)	(6,515)	(3,300)
Net Current Assets/ Liabilities	51,084	(104,998)	(34,318)	5,700

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.

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.

Capital management

The Company 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 Company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2017

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD**Acquisition of CEVO Inc**

On 24 July 2017 Gfinity PLC acquired 100% of the issued shares of CEVO Inc (CEVO), a provider of technology and services to the global esports market for consideration of up to £2,158,499. CEVO's reputation as a provider of its own esports competitions and leading-edge technology further strengthens the Company's position as a leader in the esports sector while creating a platform for further expansion into the US market.

Purchase Consideration

	£
Initial Consideration	
Cash in GBP (\$977,200 converted at \$1.30 to £1)	751,999
Shares (3,614,049 shares at £0.21)	758,950
Total Initial Consideration	1,510,949
Deferred Consideration	
Cash in GBP (\$418,800 converted at \$1.30 to £1)	322,285
Shares (1,548,877 at £0.21)	325,264
Total Deferred Consideration	647,549
Maximum Consideration Payable	2,158,498

The provisionally determined fair values of the assets and liabilities of CEVO, Inc as at the date of acquisition are as follows:

	\$USD	GBP
Cash and cash equivalents	31,596	24,305
Receivables	94,047	72,344
Payables	(35,257)	(27,121)
Borrowings	(45,000)	(34,615)
Add: goodwill and other intangibles	2,760,662	2,123,586
Net assets acquired	2,806,048	2,158,499

The goodwill that arises from the business combination reflects the profitability of CEVO and the enhanced growth prospects for both businesses. None of the goodwill is expected to be deductible for tax purposes.

Contingent consideration

Contingent consideration is payable based on CEVO's revenue exceeding \$800,000 in the financial year ending 31 December 2017. The amount payable is flexed based on amounts between \$800,000 and \$1,000,000 with contingent consideration payable in full if revenue exceeds \$1,000,000. The fair value of the contingent consideration is currently estimated to be £647,549 based on the assumption that CEVO will achieve its revenue targets.

Acquisition related costs

Acquisition related costs of £43,802 will be included in administrative costs in the income statement for the year ending June 2018.

The notes on pages 27 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (*continued*)

for the year ended 30 June 2017

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD (*continued*)**Information not disclosed as not yet available**

At the time of the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of CEVO. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity. Full analysis of the categorisation between goodwill and other separately identifiable assets is also still to be undertaken and as a consequence, any deferred tax on such assets is yet to be calculated.

Other Events

In addition to the acquisition of CEVO the Company entered into an arrangement with HT&E, an Australian media company, to launch the Challenger and Elite Series in Australia. This has been launched via a special purpose vehicle with Gfinity owning 30% of the share capital.



GFINITY

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