



SOSANDAR
ANNUAL REPORT 2018

WHO WE ARE

A new womenswear e-commerce brand launched in September 2016 targeting a new generation of women who have graduated from younger fast fashion brands, who want trend-led, quality, affordable clothing with a premium aesthetic.

This is an underserved sector of the market who spend £3.7bn a year on fashion*.

We have already built a loyal and rapidly growing customer base of fashion conscious women with a high disposable income who love Sosandar. Revenue is showing substantial growth year on year.

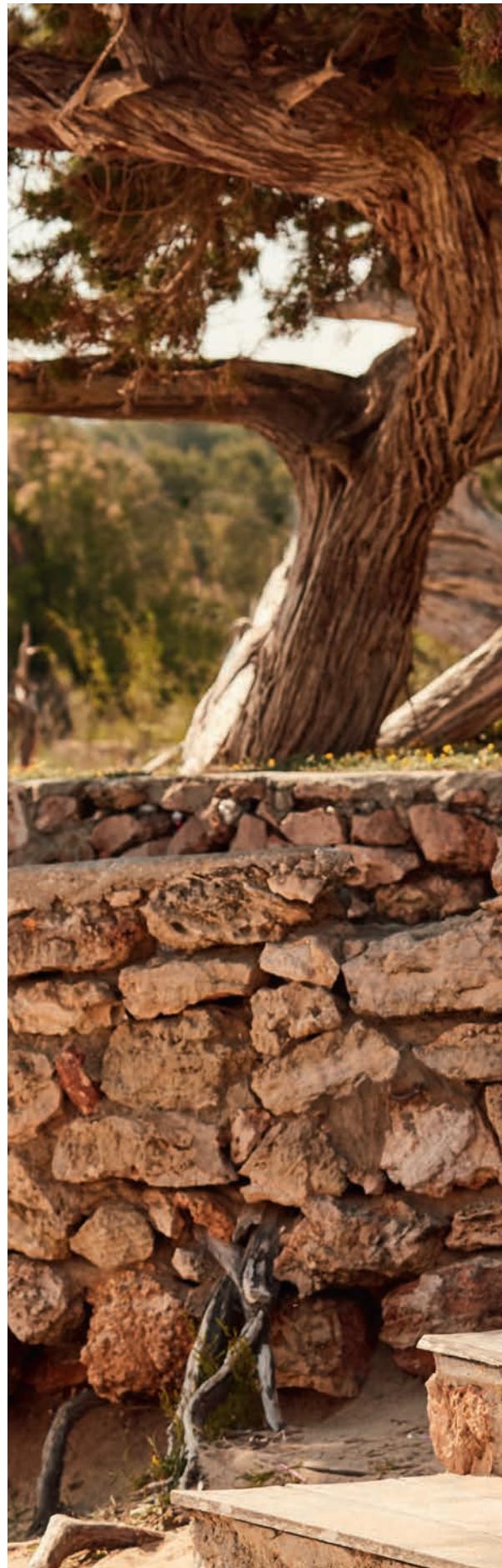
Sosandar clothing is also regularly worn by a large and growing following of celebrities and fashion influencers and Sosandar is regularly featured across national newspapers and magazines and on TV.

My first delivery has just arrived and I cannot believe the quality! Finally, finally decent clothing that looks absolutely fantastic. About to place my second order! WELL DONE!

Andrea, Facebook



*GB TGI Q2 Jan-Dec 2016.



WHAT MAKES US DIFFERENT?



PRODUCT

Exclusive clothing and footwear designs created from scratch in our in-house design studio.



BRAND

Exceptional brand engagement from customers, press and an army of social influencers.



EXPERIENCE

Highly experienced management team with combined experience of 35 years in fashion.



GROWTH
From start-up to rapidly growing listed business in 18 months.

CREATIVITY AND DATA
A business that combines high levels of creativity with data driven efficiencies.





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HIGHLIGHTS

Over the last 12 months Sosandar has made outstanding progress operationally, financially and in our engagement with our customers.

OPERATIONAL

- Reverse takeover of Orogen plc in November 2017, start of trading on AIM and fundraise of £5.3m.
- Increased product range from 74 to 489 styles.
- Order growth of 353% to 31,732 orders.
- Sosandar now sells in just one hour what we used to sell in a day.

ENGAGEMENT

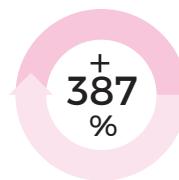
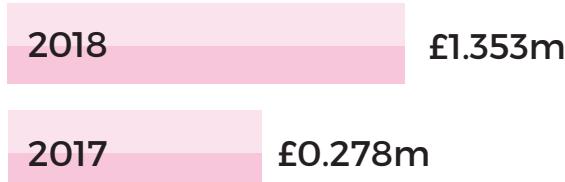
- Major increase in customer database - up 695% to 54,196 (2017: 6,821).
- Significant growth in social media reach - 181% increase in Facebook following and 888% increase in Instagram followers.
- Conversion rate increase from 1.29% to 2.16%.

FINANCIAL

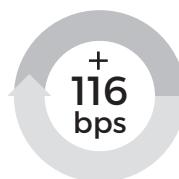
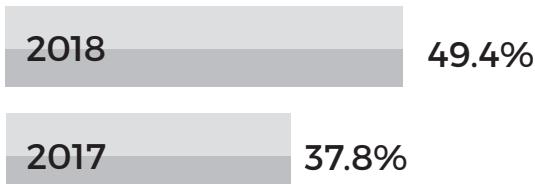
- Full-year revenue for 2018 of £1.35m, like-for-like sales for the six months to March 2018 up 268% against the prior year.
- Gross margin improvement from 37.8% to 49.4%.
- 8% increase in average order value to £94.18.



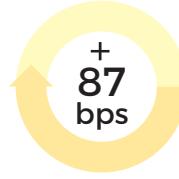
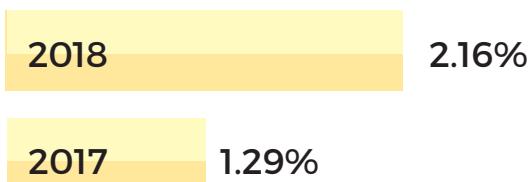
REVENUE



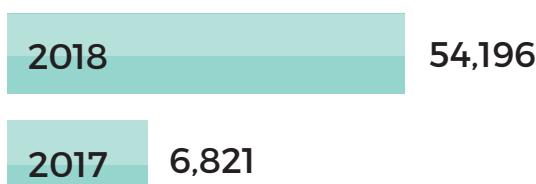
GROSS MARGIN



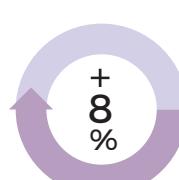
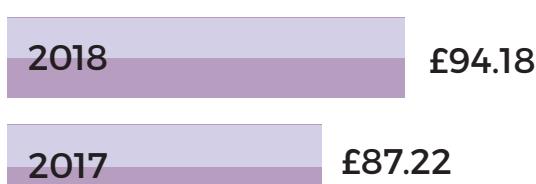
CONVERSION RATE



CUSTOMER DATABASE



AVERAGE ORDER VALUE



CUSTOMER FEEDBACK

Our target demographic has responded positively to the Sosandar brand and we continue to capture a highly-affluent customer demographic. Our unique in-house designs are selling ahead of forecasts across all categories: dresses, skirts and tops, leather and footwear.



TESTIMONIAL

I recently purchased the black and white spot print ruffle dress, just wanted to say that I love it, very easy to wear and it arrived in time for me to wear to a reception at Buckingham Palace yesterday and I received lots of compliments about my dress!

Anna Hemmings MBE, Wimbledon



MARKETING AND PR

Investment in the business has enabled us to diversify our marketing channels and accelerate customer acquisition. Sosandar continues to achieve extensive PR across all forms of media from The Sunday Times, to ITV, to the Daily Mail.

CELEBRITY & INFLUENCER ENDORSEMENTS

Sosandar already achieves strong press on television, in newspapers and fashion media, with a significant range of influencers and celebrities wearing the product, despite the brand's infancy. This endorsement builds brand credibility, as well as having a direct and measurable positive impact on sales, repeat order rates, social media awareness, customer sign-ups and website traffic.



HOLLY WILLOUGHBY



@DRESSLIKEAMUM



@BUBBLYAQUARIUS



MICHELLE ACKERLEY



@NATALIEJAYNE_SEMMENS



ANDREA MCLEAN



CHARLI FISHER



KATE THORNTON



CATHERINE TYLDSLEY



@LOVESTYLE40



CHARLOTTE HAWKINS



@MONICABEATRICE



THE MARKET OPPORTUNITY

Fashion e-commerce represents a large and growing opportunity to build a multimillion pound e-commerce business in an area of the market that is currently underserved by existing retailers.

ONLINE GROWTH

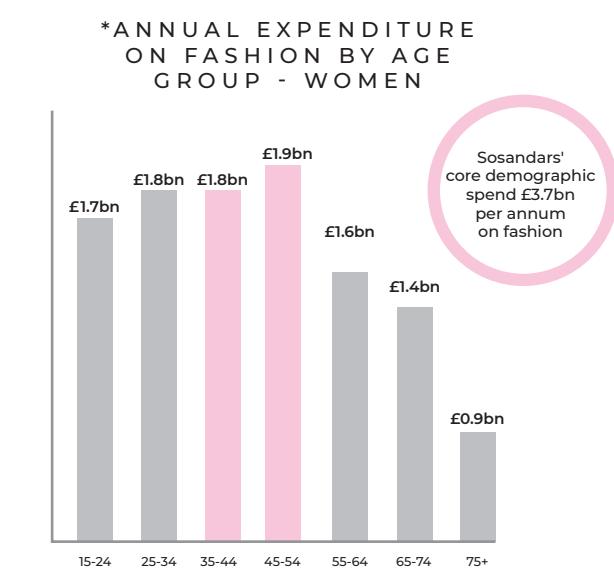
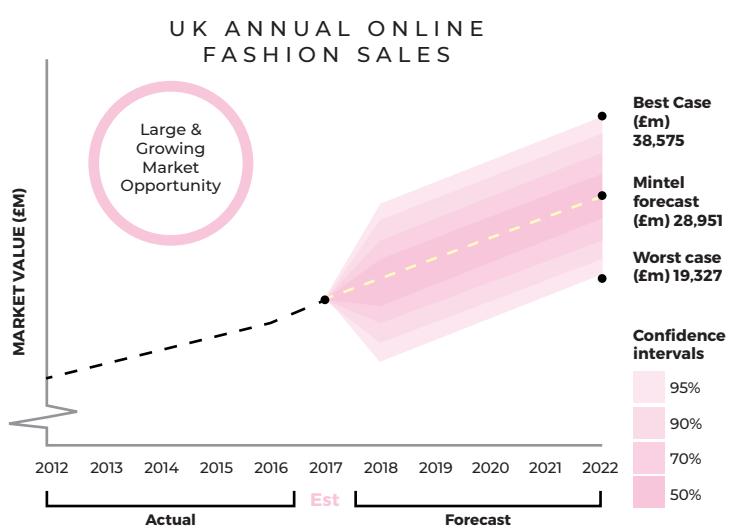
Fashion retail is changing. There is a buy-now, wear-now mentality and customers want convenient shopping that fits around their busy lifestyles. The UK womenswear sector is a large market with several areas of growth. The online fashion market in the UK is valued at £16.2bn, with the overall market expected to be worth £29bn by 2022, fuelled by mobile purchasing. Online sales accounted for 24% of total UK fashion market spend in 2017, up from 17% in 2014, and are forecast to continue outpacing the overall clothing market with double-digit growth over the next five years. (Mintel)

UNDERSERVED MARKET

Online-only retailers account for 38% of the online fashion market in the UK and are growing at a faster rate than multi-channel retailers. One of the main advantages of online shopping for retailers is having the ability to reach customers anywhere 24/7, through both traditional and social media channels. Sosandar focuses on an underserved demographic of women with high purse spend. This core demographic spends £3.7bn a year on fashion* (GB TGI Q2 Jan-Dec 2016), the highest aggregate and fastest-growing spend out of all women aged 15-75 (Euromonitor). The business has successfully accessed this high-spending market. Our customer has a high disposable income and is very fashion conscious, with 60% of her purchases made online. She's looking for trend-led, quality, affordable clothes in a flattering design for all occasions. (CIL customer survey)

SOCIAL MEDIA

Social media plays a big part in driving growth and is leading how online retailers engage with and understand customer wants and needs, driving design and fulfilment capabilities. Sosandar has exploited this to the fullest by using product imagery and content to create a lifestyle hub and engage with customers. Strong PR also enhances our social reach with extensive endorsement from key fashion influencers via Instagram and blog posts.



50% of social media users say shopping-related information is especially important to them.

(McKinsey 2018).

Analysis shows that companies with above average activity on popular social networks have up to 75% higher per capita revenues

(McKinsey 2013).

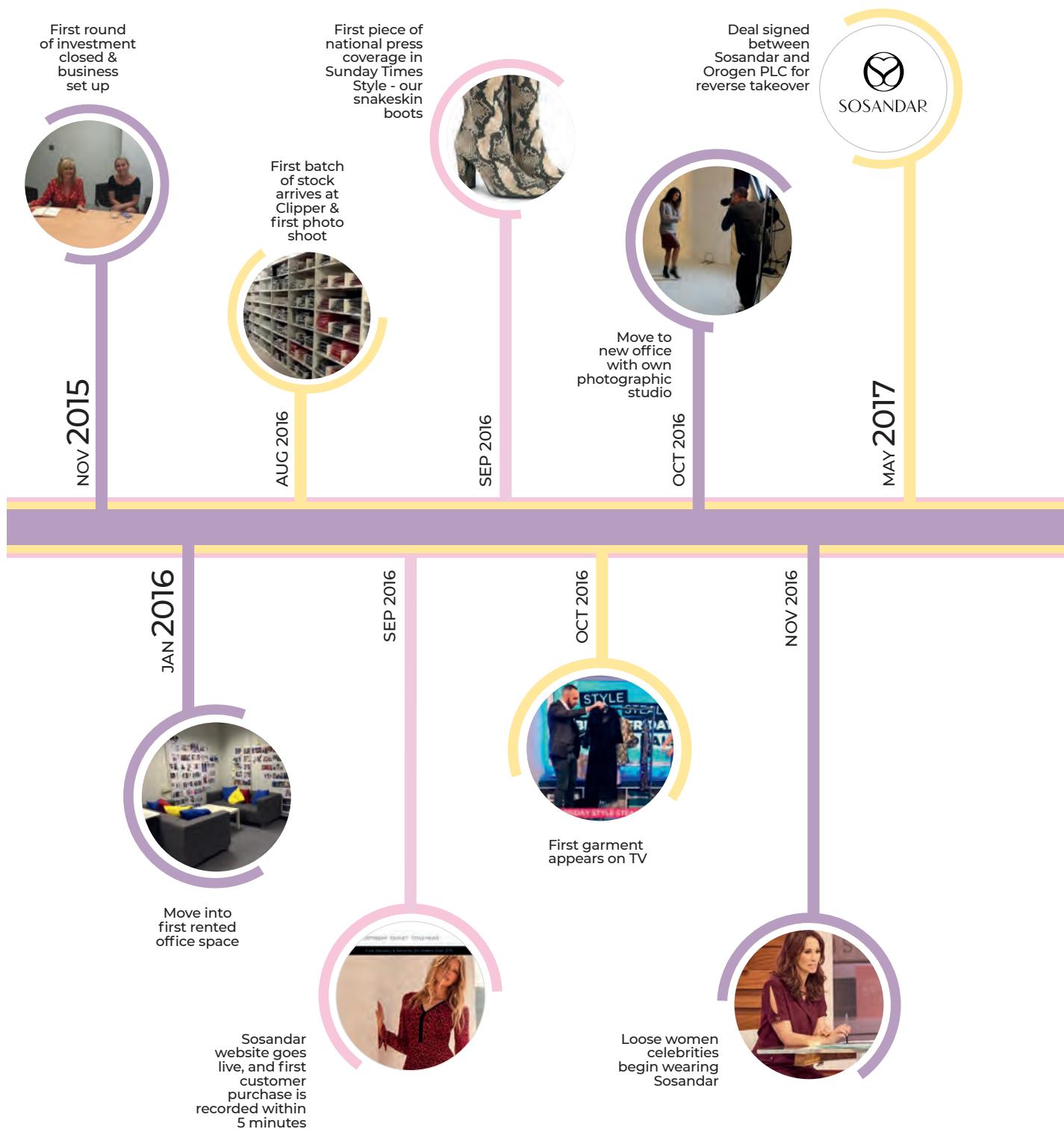
71% of consumers who have had a good social media service experience with a brand are likely to recommend it to others.

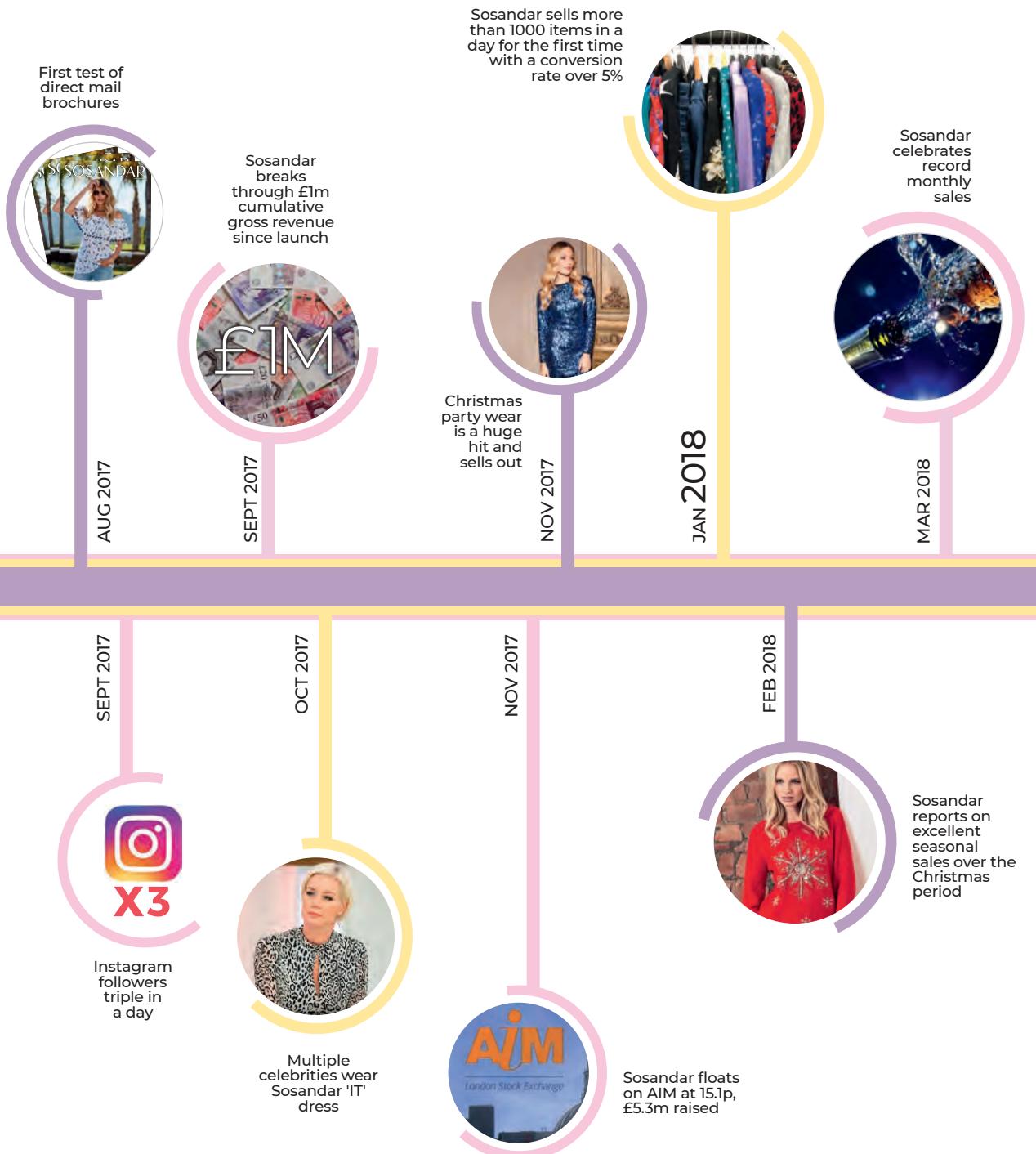
(Ambassador, 2014)



SOSANDAR TIMELINE

After closing the first round of launch investment in 2015, Sosandar began trading less than a year later in September 2016. Since then we have achieved so many significant milestones, in particular the IPO in November 2017 which has enabled us to accelerate the growth of the business.





VISION AND AMBITION

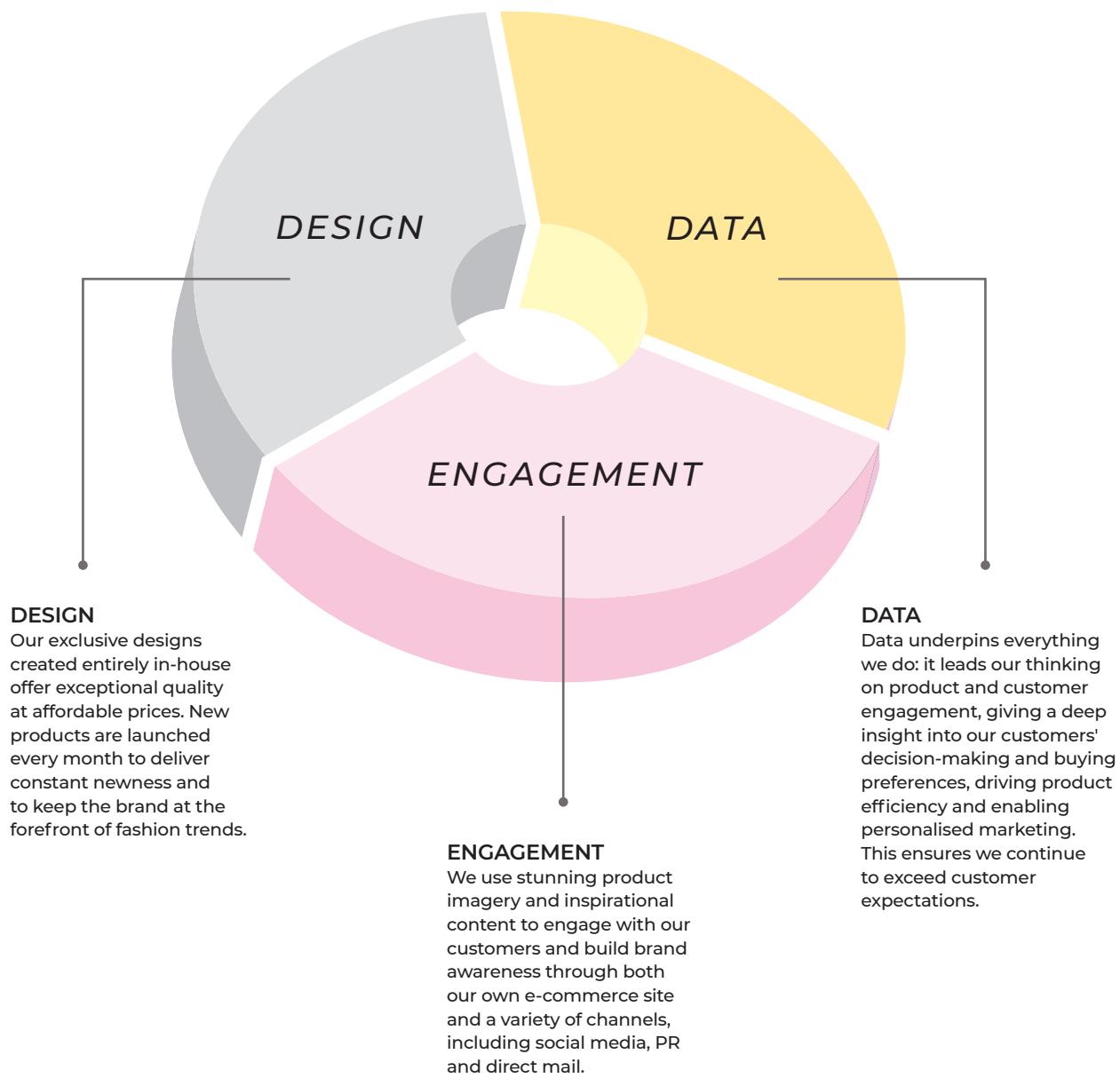
Our vision is to be a global one stop online destination for a new generation of fashion forward women who have graduated from younger fast fashion brands. We aim to build Sosandar into the go to fashion destination for all occasions, combining exceptional product with a first class customer experience.

BUSINESS MODEL

Our business is driven by creative flair skilfully combined with a data centric approach, in order to understand and respond to our customers needs. We excite and inspire our customers with

affordable, trend-led clothes for every occasion, showcased with stunning lifestyle photography, beautiful e-commerce imagery and video for every product. Our customer sits at the

heart of everything we do and we are committed to serving her every fashion need. We also provide fashion and lifestyle content with styling tips, fashion ideas and trend advice.





I just wanted to say how absolutely gorgeous your clothes are, really lovely quality and very fair pricing. They also fit the size you say they are. Thank you. I've also introduced my daughter to you and she thinks the same.

Ruth Lee, Chalfont St Peter

STRATEGY

Sosandar targets an underserved market of women looking for trend-led, affordable, quality clothing with a premium aesthetic. We design and manufacture clothing and footwear for all occasions with fashion forward styles designed to flatter. Our strategy is to build a loyal customer base, focusing on customer growth and retention, by taking advantage of the increasing convergence of e-commerce and media.

		
STRATEGY	OBJECTIVES	
PRODUCT DEVELOPMENT <p>We provide frequent new product ranges to ensure constant newness for our customers. Exclusive product design is created in-house, and we continually assess trends and the performance of existing ranges to expand the product range. Our in-house designers react quickly to changing customer demand to ensure we are always on the cutting edge of fashion, while tailoring garments to fit customers.</p>	<ul style="list-style-type: none"> ■ Continue to broaden product range to offer increased choice to customer ■ Manage expansion and increased selling of lines by buying deeper, resulting in a better selection for the customer and improved margins for Sosandar ■ Continue to monitor trends using data analytics to drive design and maximise product demand and repeat rates 	
MANUFACTURING <p>We outsource manufacturing to 16 subcontractors around the world including India, China, Turkey and Spain, focusing on a high quality of output and strong skillset. The breadth of strong supplier relationships mitigates the risk of over-reliance on a small number of specific contacts, and we regularly review their output. These relationships enable us to order in small minimum quantities, de-risking new product launches and maximising sell-through rates. Waitlist functionality allows us to track excess demand and influence re-orders on top performing product.</p>	<ul style="list-style-type: none"> ■ Continue to invest in global manufacturer network ■ Broaden fabric supplier base to enhance product choice ■ Continued investment in new product areas ■ Reinforce 'test and repeat' model, with low initial order quantities on new product and re-orders on top-performing product 	
MARKETING <p>Our focus is on building Sosandar's brand awareness across a multitude of channels and on building emotional engagement with our customers. To enhance the desirability of our product, we invest in high-quality lifestyle imagery and fashion content used through all channels. Data is captured and monitored to learn more about customer preferences, so we can flexibly deploy funds to better performing products, improve the impact of marketing spend and optimise returns.</p>	<ul style="list-style-type: none"> ■ Continue to build brand awareness across all channels, and increase volume of social media coverage, particularly Instagram ■ Further expand celebrity and social influencer network to increase third party endorsement ■ Build on content generation to further customer engagement ■ Use data analytics to enhance customer understanding and deliver personalised and relevant marketing campaigns 	



STRATEGY	OBJECTIVES
<p>ANALYTICS & TECHNOLOGY We invest in scalable and integrated technologies throughout Sosandar to ensure that our e-commerce, stock and marketing capabilities are robust. With no legacy infrastructure, our mobile-first website is capable of servicing high levels of site traffic and is built on an open-sourced e-commerce platform to ensure customer experience stays high. We are adopters of new proven technology.</p>	<ul style="list-style-type: none"> ■ Drive further efficiencies with data analytics in marketing and product development ■ Invest in building data analytics team ■ Ongoing review of e-commerce advancements to enhance customer experience
<p>INFRASTRUCTURE We outsource our logistics to Clipper Logistics, a leading supplier to the fashion industry, for warehousing, e-fulfilment and distribution. Clipper can provide a first class scalable service as Sosandar expands. It receives inbound deliveries, manages storage, order dispatch and order returns.</p>	<ul style="list-style-type: none"> ■ Invest in improving processes such as delivery options and refunds to ensure ease of purchase for customer ■ Review delivery service providers for most cost-effective solution and to maximise customer convenience ■ Carefully monitor overheads, selectively investing in value-add areas

CHAIRMAN'S STATEMENT

Bill Murray, Sosandar's non-executive Chairman shares his view on Sosandar's first full year of trading and on the exceptional progress the business has made.

The past 12 months have been an extraordinary period in the short life of Sosandar, with some momentous achievements.

In our first full financial year, we achieved revenue of £1.35m with like-for-like sales for the six months to March 2018 showing a 268% growth against the prior year. Gross margin performance has been particularly pleasing, increasing significantly to 49.4% from 37.8%, with scope to increase further as the Sosandar brand awareness builds and purchasing efficiencies increase.

The conclusion of Orogen's conversion to a cash-shell, Sosandar's reverse takeover with Orogen, fund raising of £5.3m and start of trading on AIM in November

2017 were company milestones. These major transactions have resulted in one off costs and accounting adjustments which have increased losses. We anticipate our increased financial strength will continue to underpin future development. We have seen terrific growth in customer engagement, evidenced by a 695% increase in our customer database, a 181% increase in our Facebook following and an 888% increase in Instagram followers, supported by our investment in marketing via direct mail brochures and social media channels.

For the first half of the year, Sosandar continued to expand while the management team worked to secure the financing required to accelerate our growth, and I credit Julie and Ali, the co-CEOs, with their extraordinary success in surmounting these challenges. Our increased financial strength has allowed the management team to unlock the exciting potential of the Sosandar brand and to fully exploit obvious market opportunities.

CORPORATE GOVERNANCE

Even though Sosandar was little more than a year old in November 2017, the Sosandar Board has committed to a corporate governance approach commensurate with more mature businesses. Both Julie and Ali have decades of experience in running and overseeing large, dynamic media businesses, bringing disciplines and prudent financial approach to the day-to-day running of the business. In November 2017, Nick Mustoe and I carried across to the Board, joined by Adam Reynolds and Mark Collingbourne (as Finance Director). The Board is committed to adding real value and

oversight to Sosandar's growth and development and, since the start of the 2018/19 financial year, we have appointed Andrew Booth as NED, who brings additional e-commerce and retail experience to the Board.

As an early-stage business, it is a priority to keep all our shareholders up-to-date and engaged. The reverse takeover attracted investment from both private and institutional investors. We appreciate that they share Sosandar's longer-term ambition and we are committed to transparency in all our corporate communications.

OUTLOOK

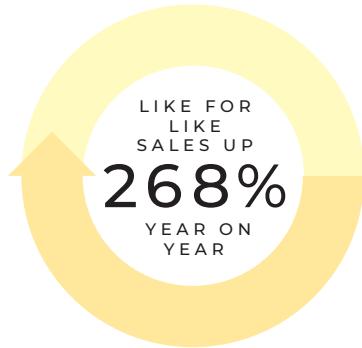
Looking ahead, the new financial year has started encouragingly and we expect strong year-on-year growth. This will be delivered via the expansion of our clothing and footwear ranges, increased stocking levels and continued investment in marketing channels to acquire new customers. Our approach remains underpinned by analysing and using the wealth of data available to us to optimise purchase frequency and to ensure we continue to design, promote and deliver first-class, wearable and affordable fashion.

PEOPLE

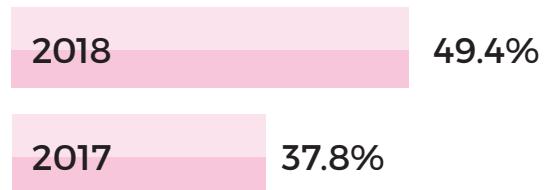
Sosandar is blessed with a talented, creative and loyal staff. Much of this is due to Julie and Ali's efforts at maintaining an enthusiastic, vibrant culture, while introducing structures and processes that enable a fast-growing business to stay on track. I would like to thank the Sosandar management team, all of whom have shown depth of vision, creativity and determination throughout a busy first year of trading.



Bill Murray – Chairman



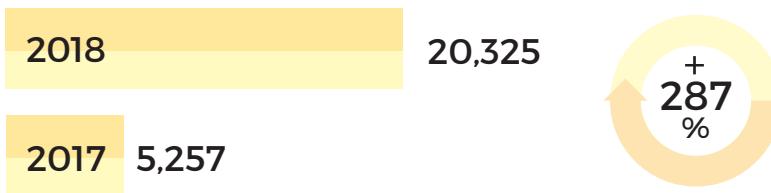
GROSS MARGIN PERFORMANCE



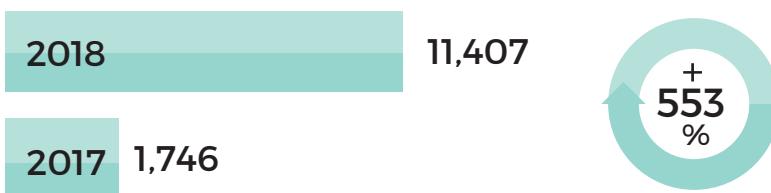
OPERATING REVIEW

It has been the most incredibly exciting 12 months. In just a year Sosandar has flourished from start-up to a well-resourced listed business. Our vision of creating a global fashion-forward brand is accelerating. Demand we anticipated from an underserved market continues to grow and is testament to the brand's increasing momentum.

NEW CUSTOMERS



REPEAT CUSTOMERS



Julie Lavington and Ali Hall Co-CEO's

Sosandar is focused on creating chic and fashion-forward products for a generation of women who are underserved by existing fashion brands, and this offers a significant untapped opportunity – a demographic that spent £3.7bn on fashion in 2016.

Our typical customer has a high disposable income and is very fashion conscious. She is looking for quality, affordable clothing with a premium, trend-led aesthetic for all areas of her life.

Our strategy is to expand Sosandar's customer base and build our brand awareness through developing exceptional products, providing a seamless customer experience and continuing to expand our highly

successful on and offline marketing activity. This is underpinned by combining our creativity with gathering and analysing data on shopping habits, trends and customer preferences to drive product development and effectively target new customers.

HIGHLIGHTS

We have made significant progress during the year, including five months as a listed company on AIM following the reverse takeover of Orogen plc in November 2017 and the fundraise of £5.3m. Since listing on AIM, we have seen a major acceleration of our business with all KPIs exceeding management expectations. We have expanded the depth and breadth of our product range, diversified our marketing channels,

accelerated customer acquisition and invested in building a first-class team. Full-year revenue for the year to 31 March 2018 was £1.35m, with like-for-like sales for the six months ending 31 March 2018 showing a 268% increase. We reached record monthly revenues in March, with continued momentum into the new financial year, and we are now selling in just one hour what we used to sell in a day.

Significant margin improvements have been achieved through both economies of scale from increased order quantities and a higher proportion of sales from product sold at full price. Investment in marketing and careful stock management have helped maximise product sell-through rates, creating an 'urgency to buy' with our customers,

I only discovered SOSANDAR a couple of week's ago but am so impressed at how easy and smoothly everything runs, from ordering to delivery and returns. I will be back. I don't usually have time to praise retailers but when I find one that seems to get everything right it is important to feed that back.

Jan, Okehampton

and decreasing the need to discount. As a result, gross margins have improved from 37.8% to 49.4%.

Basket sizes have increased from £87.22 to £94.18 over the year and while we have limited trading history, there are signals that customers acquired at the end of the financial year are showing greater order frequency. This will drive future marketing cost-efficiencies as our customer base continues to grow and we build loyalty.

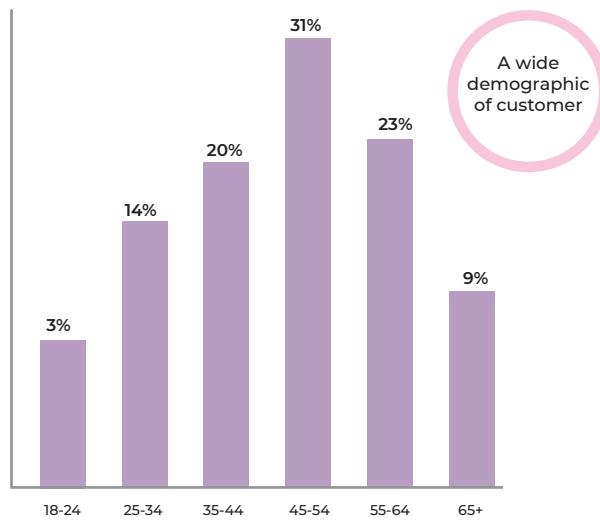
CUSTOMER GROWTH

Sosandar successfully targets a wide demographic of customers across all age ranges. Our target customer has responded positively to the Sosandar brand and we continue to capture a highly-affluent customer demographic. Our unique in-house designs are selling ahead of forecasts across all categories: dresses, skirts, trousers and tops, outer wear, leather and footwear.

We have operated an aggressive marketing strategy to drive customer acquisition, which has proven successful in building our customer database to over 54,000, from just 7,000 a year



SOSANDAR'S CUSTOMER DEMOGRAPHIC



Source: Google Analytics Sosandar Shoppers

ago. With a larger customer database, we can use data-led, personalised communications to engage with both our existing customers and target prospects who do not purchase immediately. It also provides a platform to promote the Sosandar brand and our new products in a cost-effective way, helping to reduce longer term cost of acquisition.

We work hard on product fit, driving repeat orders, which we anticipate will lead to improving repeat rates as our customers become used to Sosandar sizing. Return levels are in line with expectations. We expect returns to remain at a similar level in the near future but to reduce over time with the growth of repeat customers..

REVERSE TAKEOVER

The £5.3m funds we raised in November 2017 at the time of our flotation on AIM have enabled Sosandar to build on its positive start, expanding both the product range and the stock levels of popular products, to ensure there is sufficient supply for increasing demand. The funds have also provided working capital to begin testing on new customer acquisition channels, including direct mail and increased social media investment, to increase customer reach, brand awareness and build our customer database.

PRODUCT

All our products are designed exclusively in-house, which ensures we retain control of all aspects of garment development. This provides reassurance on quality and enables us to expand capacity according to demand. Over the year, we have invested in broadening the product range from 74 to 489 styles and have seen excellent rates of sell through, including higher-price point items such as leather, outerwear and footwear.

We monitor our entire product range on an item-by-item basis to identify top-selling and slow-moving items, which acts as a key driver for the design process. We accumulate data to feedback customer preferences and combine this with the creative flair of the design team who monitor catwalks and up-to-date trends to influence our design process. This tailored approach to design ensures that our products stay fresh and relevant to our customers.

MARKETING

Marketing, combined with highly desirable product, are the primary



drivers behind Sosandar's growth and we operate a multi-channel marketing strategy.

We have built a highly-engaged and ever growing community of Sosandar fans across social platforms through carefully-targeted content and aspirational lifestyle photography. Over the past year our customer database has grown by 695%. Since November 2017, direct mail has been Sosandar's most successful route to new customers, diversifying our social marketing platform and increasing brand awareness. As a result, revenue from customers coming directly to our site, or by finding us on internet searches, has grown significantly by 508%. This has contributed to an 809% increase in

revenue generated from emails sent to customers, emphasising the value of our highly-engaged customer community. Growth in these channels helped improve cost efficiencies as they are effectively free. We have seen improvement in performance from key social and paid search channels, as well as increased development in google shopping and referral campaigns, all contributing to customer acquisition improvements since November 2017.

PR

Sosandar's senior management has unrivalled UK fashion PR and editorial experience, market understanding and contacts, which have all contributed to a growing awareness and endorsement

I have to say I have been super impressed! Great brand, product and service. Love it!

Victoria, London

of the Sosandar brand with a broad cross-section of major influencers across all demographics. These third-party endorsements mean Sosandar clothes are regularly worn by a host of celebrities and a growing tide of fashion influencers are embracing the brand in their Instagram posts.

Sosandar's level of PR coverage in the media and from well-known celebrities is unprecedented for an early-stage brand and continues to go from strength to strength across all forms of social and national media, including national newspapers and regular coverage on television.

INFRASTRUCTURE AND LOGISTICS

We outsource our manufacturing to a network of 16 sub-contractors around the world including India, China, Spain and Turkey and this base is increasing as Sosandar grows in scale. We have strong relationships with all our suppliers, which all provide a high quality skill base. They have worked with us seamlessly as our product range has widened and our order quantities have grown.

To ensure leading customer service and first-class logistics, we work with Clipper Logistics for warehousing and e-fulfilment with Sosandar-branded premium packaging. Clipper is a high quality and scalable operator. It has allowed us to grow at pace and will be able to support our planned growth over the coming years.

Delivery is free for orders over £75 and free returns are offered as standard. We want to maximise customer convenience and next year will be reviewing our delivery service options to ensure we continue to provide the most cost-effective solution, as well as a smooth purchase journey, for all Sosandar's customers.

TECHNOLOGY

As a new e-commerce business, we are focusing on scalable and integrated technologies. We have had the benefit of building a mobile-first platform and have not suffered from any legacy issues of internally-developed systems, allowing us to fully exploit the increasing use of mobile devices for e-retail.

We use technology and data to analyse sales and customer behaviour to influence design decisions, product strategy, marketing and customer service. Data analysis underpins our creative excellence and we are continuing to invest in this area, expanding data analytics resource in Sosandar.

Our technology strategy is to continue to invest across web and digital platforms to enhance customer experiences and provide frictionless online journeys, through in-depth analysis of customer shopping habits.

PEOPLE

Over the past year we have focused on building our team in Wilmslow to complement our experienced executive director team, ensuring we are fully resourced to meet operational development. Our marketing, imagery, customer service and finance teams have all expanded over the past year bringing a combination of increasing creative and commercial e-commerce experience into the business.

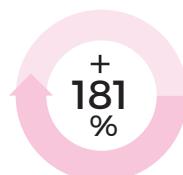
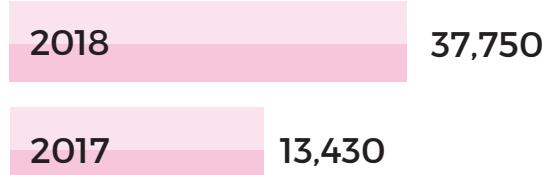
Our people are everything and are the solution to making Sosandar a successful business. We recruit people who are entrepreneurial and who want to be part of our business. We consider ourselves to have an inclusive workplace where everyone is fully engaged. We encourage everyone to grasp opportunities to develop and show initiative and we support their training needs.

OUTLOOK

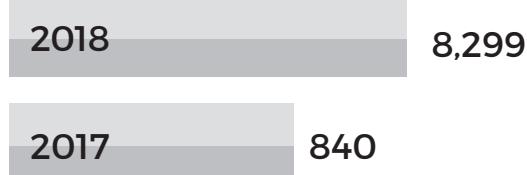
Our substantial momentum has continued into the new financial year. Our strategy is straightforward: we will continue to broaden the product range, including testing into new areas such as bags, loungewear and gifts, to give more choice to our customers; buy deeper; and engage in a more diversified marketing strategy. We remain focused on data-driven marketing efficiencies and digital investment to improve our customers' journeys.

We believe that the results to date demonstrate the considerable potential and opportunity in this underserved market and are testament to the brand's growing momentum. Sosandar's unique offering and market positioning puts us in a strong position to achieve another year of strong growth in 2018/19.

FACEBOOK FOLLOWERS



INSTAGRAM FOLLOWERS



FINANCIAL REVIEW

Sosandar has shown strong year-on-year growth in both topline revenue and margin. Key performance indicators have exceeded expectation and demonstrate the strength of our product offering, our marketing strategy and the infrastructure on which the business is built.

KPI'S			
	YEAR ENDED 31 MARCH 2018 £'000	PERIOD ENDED 31 MARCH 2017 £'000	CHANGE
Revenue	£1,353	£278	+387%
Gross Profit	£669	£105	+537%
Gross Margin	49.4%	37.8%	+116bps
Operating Profit	£(6,056)	£(1,826)	-232%
EBITDA	£(6,001)	£(1,795)	-234%
Adjusted EBITDA*	£(3,124)	£(1,795)	-74%
	YEAR ENDED 31 MARCH 2018	PERIOD ENDED 31 MARCH 2017	CHANGE
Sessions	1,467,952	543,340	+170%
Conversion rate	2.16%	1.29%	+87bps
Number of orders	31,732	7,003	+353%
AOV	£94.18	£87.22	+8%
	AS AT 31 MARCH 2018	AS AT 31 MARCH 2017	CHANGE
Facebook Followers	37,750	13,430	+181%
Instagram Followers	8,299	840	+888%
Customer database	54,196	6,821	+695%
	YEAR ENDED 31 MARCH 2018	PERIOD ENDED 31 MARCH 2017	CHANGE
New customers	20,325	5,257	+287%
Repeat customers	11,407	1,746	+553%

*EBITDA adjusted for one-off reverse transaction fees and accounting adjustments



FINANCIAL REVIEW

In its first full 12 months of trading, Sosandar achieved revenue of £1.35m with like-for-like sales for the six months to March 2018 showing revenue growth of 269%.

The November 2017 fundraise of £5.3m has enabled the business to invest in new marketing channels in the second half of the year, accelerating engagement and customer acquisition.

Marketing investment, combined with further investment in product imagery, has driven an increase in sell-through rates and stock turn, with a number of popular styles selling out. This helped to maximise product sales at full price avoiding the discount strategies adopted by many other e-commerce retailers and, along with buying improvements, increased margin to 49.4% from 37.8% in the prior year. Average order value has showed an improvement up 8% to £94.18 (2017: £87.22) and customers increased urgency

Marketing investment has driven an increase in sell-through rates and stock turn

to purchase contributed to conversion rate improvement to 2.16% from 1.29% in the prior year.

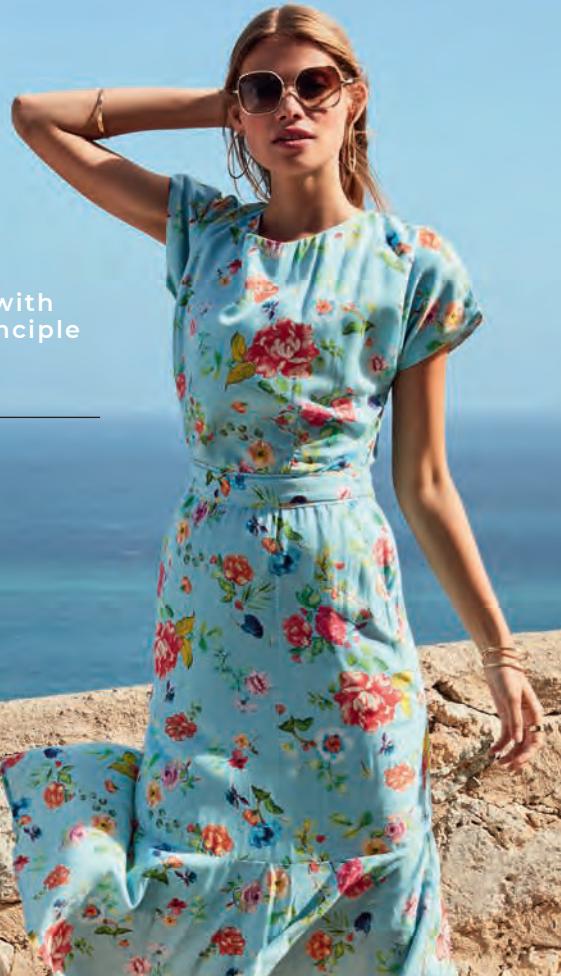
The increased funding has allowed Sosandar to establish the teams required to deliver growth with investment across, marketing, finance and technology, enabling the business to gain momentum going into the new year.

Pre-tax losses of £6.06m include £2.9m of one off costs and accounting adjustments related to the reverse takeover (of which £0.9m relate to actual cash costs to the business). Adjusting for these costs shows loss of £3.16m compared to £1.82m in the prior year reflecting the investment in growth. Post investment we are already starting to see cost efficiency improvements in new marketing channels and the economies of scale in other areas that come with growth.

Cash position at the year-end was £4.6m (2017: £0.3m). Over the coming year, Sosandar will continue to invest in customer acquisition and product to drive future profitability. This will be done while we focus on using the growing data in the business to adopt 'test and repeat' models, maximising return on investment across all areas of the business and constantly balancing the need for growth with a focus on cost efficiencies.

RISK MANAGEMENT

There are a number of risks and uncertainties associated with the business. The Board believes the following are the principle risks, along with the mitigating actions being applied.



STRATEGIC & MARKET RISKS		
RISK FACTOR	IMPACT	MITIGATING ACTIONS
MARKET COMPETITION	■ As the business continues to grow, competitors may try and target the same demographic using a similar proposition.	■ Competitor activity is regularly reviewed to ensure Sosandar's brand proposition continues to be viewed as a leader of the trend-led, affordable market within its target demographic. ■ Sosandar puts the customer at the heart of all decisions, focusing on up to date trends, design principles important to its demographic and a seamless purchase experience to attract new customers. ■ This is combined with a relentless pursuit of service excellence to make sure customers have the best possible experience to build loyalty and further purchases. ■ As a first mover, Sosandar has begun building up a repeat customer base loyal to the brand.
FASHION RISK	■ As trends change there is a risk that design does not keep up with customer requirements for the latest fashion.	■ The business operates on monthly drops with tight design lead times that allow the design team to track the latest catwalk and commercial fashion trends. These are then fed into the product development to ensure that customers have access to the latest trends at affordable prices.
CUSTOMER DEMANDS AND E-COMMERCE ADVANCEMENTS	■ As the e-commerce market grows across all sectors and industries consumers have increased expectations, and increasing demands around ease of purchasing and returns.	■ Regular meetings are held with developers of new technology and services that enhance customer experience to ensure that the business stays up to date with the latest e-commerce trends. This is not limited to the fashion industry with review and adoption of best practice principles from all areas of e-commerce.
NEGATIVE ONLINE REVIEWS	■ Negative comments on social platforms could influence purchasing decisions for new visitors.	■ A dedicated customer service team is able to monitor any reviews or comments in order to contact customers to resolve any issues. Any unwarranted malicious content is removed and the user reported to the relevant social platform.

OPERATIONAL RISKS		
RISK FACTOR	IMPACT	MITIGATING ACTIONS
SUPPLIER RISK	<ul style="list-style-type: none"> The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply. Non-compliance with labour or environmental requirements could interrupt supply chain and cause reputational damage. Product supplied could be of insufficient quality for sale. 	<ul style="list-style-type: none"> Purchases are spread over a number of suppliers to avoid overdependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening. All design is done in house with detailed specification packs provided for each product which helps on-board new suppliers quickly. All suppliers are asked to confirm that they adopt all relevant Ethical Trade Initiative (ETI) base code principles. Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.
DATA & GDPR	<ul style="list-style-type: none"> New GDPR legislation could impact our ability to communicate with customers. GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. Data breaches could impact reputation and business continuity. 	<ul style="list-style-type: none"> As a young business data has been captured with an inherent awareness of the GDPR legislation with little or no legacy data issues. Legal and data security experts have been engaged to review processes and policies to ensure compliance and data security protection. We work with industry leading data providers with extensive compliant databases to ensure sufficient sources of target information for marketing purposes. Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber attacks.
MIS-USE OF RETURNS POLICY BY CUSTOMERS	<ul style="list-style-type: none"> Customers may wear the product then use the returns policy to gain refund with the product not suitable for re-sale. 	<ul style="list-style-type: none"> Each product is quality controlled upon return to the warehouse to check for wear or damage and make sure that a refund should be processed. The quality control process includes equipment that ensures the product is in the same condition as when first received and that it is suitable for sale.
SLOW MOVING STOCK	<ul style="list-style-type: none"> Slow moving stock could increase warehousing or impact margin if discounted. 	<ul style="list-style-type: none"> Stock turn is reviewed regularly at product level by senior management. Focused marketing techniques are applied to stimulate demand and maximise conversion. The outlet section of the website exists for fragmented stock lines and any out of season stock should we decide to reduce the price if the above are unsuccessful.

FINANCIAL RISKS		
RISK FACTOR	IMPACT	MITIGATING ACTIONS
FOREIGN EXCHANGE RATE RISK	<ul style="list-style-type: none"> The business buys some product in foreign currency. Adverse currency rate movements could impact margins. 	<ul style="list-style-type: none"> A detailed forward-looking purchase plan to identify any potential currency exposure and appropriate hedging techniques is used to avoid any margin erosion caused by FX movements.
WORKING CAPITAL RISK	<ul style="list-style-type: none"> As the company invests in product and customer acquisition there is a risk that funds will be required to fund continued growth. 	<ul style="list-style-type: none"> The business has detailed forward looking forecasts and in-depth analysis of both product and marketing channel performance. This analysis is used to maximise efficiency of spend and return on investment, balancing the growth requirements against the funds available to the business. Activities are adjusted accordingly to manage cashflows whilst maintaining communication with any potential funders should any further growth capital be required.

SOSANDAR'S BOARD OF DIRECTORS

The Sosandar board is made up of highly experienced individuals with a wealth of commercial and corporate expertise.

BILL MURRAY NON-EXECUTIVE CHAIRMAN

Bill Murray has worked with the founders of Sosandar since early 2014 and chaired the Sosandar Board since its inception in 2016.

He has extensive experience in the media industry and spent 22 years until 2008 at Haymarket Media Group, one of the UK's largest independent media companies, where he served as Managing Director of digital strategy.

Since then Bill has worked across a portfolio of digital, media and other commercial organisations, providing

strategic and commercial direction on both a non-executive and consultancy basis.

He was appointed Chairman of Hollins Murray Group in 2009, a North West-based commercial property group. He is a director of 10ACT, trading as Trackback, Jayess Assets and Paragraph Media, was founding chairman of the UK Association of Online Publishers and Chairman and President of Camberley RFC between 2006 and 2014.



JULIE LAVINGTON CO-CEO AND FOUNDER

Former fashion magazine publishing director, Julie Lavington, is co-founder and Co-CEO of Sosandar.

In 2007, Julie launched Look magazine, a leading UK women's fashion publication. During her tenure, Julie steered Look to have a multi-platform presence with a wide social media reach. She diversified into producing successful Look branded clothing ranges with leading UK fashion retailers. Julie was awarded the prestigious Publisher of the Year Award in 2010 by the Professional Publishers Association. From August 2014,

Julie was also publishing director of UK InStyle magazine, a global fashion brand published in 17 countries worldwide.

Prior to her role at Look and InStyle, Julie was publishing director of the TV portfolio at H. Bauer from 2001 to 2006, where she took TV Choice from fledgling brand to market leader. She has also held publishing roles on numerous women's brands, including Marie Claire, after starting her career in advertising sales, following a modern languages degree at Durham University.

ALISON HALL CO-CEO AND FOUNDER

Former fashion magazine editor, Alison Hall, is co-founder and joint Co-CEO of Sosandar. Prior to founding Sosandar in 2015, Alison was editor of Look magazine. After launching it in 2007, she helped it grow to become a leading fashion magazine title. Alison has been a highly influential fashion editor, and has twice been awarded the Editor of the Year (Women's Magazines (weekly or fortnightly)) accolade by the British Society of Magazine Editors. During her tenure at Look, Alison also designed

successful clothing ranges for several of the UK's top retailers.

Alison started out her career as a newspaper journalist, before holding editor positions on magazine brands such as Slimming, Bliss and More. She successfully implemented major relaunches of various titles, creating growing businesses, reinvigorating the brands and increasing circulations. Alison has also been a fashion contributor to both local and national radio and TV shows.



MARK COLLINGBOURNE

FINANCE DIRECTOR

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of PLC development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his ten year tenure with ViaLogy plc (now Premaitha Health plc), Mark was a key member of the team that arranged its transformation from a private US

organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of ViaLogy's restructuring. Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited, Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001. Mark is currently Chief Finance Officer of Optibiotix Health PLC and also holds board positions on a number of small private companies.



ADAM REYNOLDS

NON-EXECUTIVE DIRECTOR

Adam began his career in the City in 1980 with stockbrokers Rowe Rudd. He later joined Public Relations business Basham & Coyle heading their Investor Relations Division. In 2000, he established his own PR/IR and Corporate Finance firm, which listed on AIM in November 2000 and was then sold in 2004.

Adam was approached in 2005 to become Non-Executive Chairman of International Brand Licensing Plc. In 2009, Adam brought David Evans and

NICK MUSTOE

NON-EXECUTIVE DIRECTOR

Nick started his career in 1981 working in London advertising agency Foote Cone and Belding, followed by nine years at Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies.

Nick started his own agency, Musto & Merriman Levy, in 1993, which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national

Hakuhodo. During this time the agency managed clients including Kia Cars, Lloyds Pharmacy, Doctor Marten, Bauer Publishing, Coca Cola and Unilever. In 2008, Musto & Merriman Levy merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR and advertising agency. Nick subsequently led an MBO of Kindred in 2010 and continues to lead the company as the chief executive.

Nick is Chairman of Kempton Park Racecourse, Big Sofa Technologies Group plc, ABC Connection Limited and Starlight Children's Foundation and a non-executive director of Premaitha Health PLC.



ANDREW BOOTH

NON-EXECUTIVE DIRECTOR

Andrew is a 20 year digital marketing veteran working with hypergrowth companies, starting with gettyimages in 1999, developing his career throughout the rise from Aim to Nasdaq, to NYSE becoming Vice President of Marketing. Following the sale of gettyimages in 2008 for \$2.4BN to Hellman and Friedman, Andrew joined Time Out as Group Marketing Director, leading the migration of digital with the customers and growth of the worldwide brand. Thereafter he became Chief Marketing Officer for

the Hut Group, spanning all brands, all customer facing activity globally. In 2014 Andrew joined Lateooms.com, part of TUI PLC as Chief Marketing Officer / Chief Revenue Officer remaining on until its sale. Andrew remains within the plural environment focused on brands that are utilising technology to significantly grow the customer relationship.

GROUP DIRECTOR'S REPORT

The Directors present their report and the consolidated financial statements for the period ended 31 March 2018

CHANGE OF NAME AND STRATEGY

On 1 November 2017 at a general meeting of the Company, Sosandar shareholders voted to adopt resolutions to effect a change of strategy to that of online Women's Fashion retailer and to change the name of the Company from Orogen plc to Sosandar plc. Trading on AIM commenced under the new Company name on 2 November 2017.

RESULTS AND DIVIDENDS

The Group loss after tax for the year ended 31 March 2018 amounts to £6,056,896 (2017: £1,823,000). The Directors are not recommending payment of a final dividend for the year (2017: £nil).

DIRECTORS

The Directors who served on the Board during the year and to the date of this report are as follows:

Adam Reynolds
Alison Hall (appointed on 2 November 2017)
Julie Lavington (appointed on 2 November 2017)
Bill Murray (appointed on 2 November 2017)
Nicolas Mustoe (appointed on 2 November 2017)
Steven Metcalfe (resigned on 2 November 2017)
Mark Collingbourne (appointed 7 April 2017)
Andrew Booth (appointed 29 June 2018)

Under the terms of the articles of association all Directors must retire by rotation every three years and may seek re-election to the Board at the Annual General Meeting of the Company. The articles also provide for one-third of the Directors to retire by rotation. All new Directors appointed since the previous Annual General Meeting must seek re-election at the next Annual General Meeting in order to ratify their appointment to the Board by the members.

The Directors required to seek re-election at the next Annual General Meeting are Alison Hall, Julie Lavington, Bill Murray, Nicolas Mustoe and Mark Collingbourne as directors appointed since the previous AGM and Adam Reynolds by rotation.

SUBSTANTIAL SHAREHOLDINGS

As at 18 June 2018 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 18 June 2018	% Issued Capital
1	Alison Hall	5,309,343	5.0%
2	Julie Lavington	5,309,343	5.0%
3	Miton Group Plc	4,967,517	4.65%
4	Nigel Wray	4,966,887	4.6%
5	Nicholas Mustoe	4,872,871	4.6%
6	Mike Cooper	4,736,658	4.4%

^a Based on 106,814,658 ordinary shares on 18 June 2018.

CORPORATE GOVERNANCE

The Company is subject to the UK City Code on Takeovers and Mergers.

The Quoted Companies Alliance Code ("QCA Code") adopts key elements of the UK Corporate Governance Code, current policy initiatives and other relevant guidance and then applies these to the needs and particular circumstances of small and mid-size quoted companies on a public market. Focusing on 12 principles and a set of minimum disclosures, the QCA Code encourages companies to consider how or whether they should apply each principle to achieve good governance and provide quality explanations to their shareholders about what they have done.

COMMITTEES OF THE BOARD

The Directors have established Audit and Remuneration Committees.

The Audit Committee

The Audit Committee currently comprises Bill Murray as Chairman, Adam Reynolds and Nick Mustoe and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit committee meets at least twice a year.

The Remuneration Committee

The Remuneration Committee currently comprises Nick Mustoe as Chairman, Adam Reynolds and Bill Murray who review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets no less than once every year.

DIRECTORS' REMUNERATION

The Directors are entitled to receive relevant fees, as detailed in the Directors remuneration in Note 6.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company held the following beneficial interests in the shares and share options of Sosandar plc at 31 March 2018 and 31 March 2017:

31 March 2018	Share Options			
	Ordinary shares of 0.01p each	Ordinary shares of 0.01p each	Option exercise Price £	Expiry
Alison Hall	5,309,343	8,400,000	0.151	03/11/2027
Julie Lavington	5,309,343	8,400,000	0.151	03/11/2027
Nicholas Mustoe	4,872,871	400,000	0.151	03/11/2027
Adam Reynolds	1,960,802	400,000	0.151	03/11/2027
Mark Collingbourne	928,919	400,000	0.151	03/11/2027
Bill Murray	345,107	400,000	0.151	03/11/2027

31 March 2017	Share Options			
	Ordinary shares of 0.01p each	Ordinary shares of 0.01p each	Option exercise Price £	Expiry
Adam Reynolds	348,162	160,000	1.50	15/02/2021

These options lapsed as a result of the change of strategy on 7 April 2017 and the reverse acquisition on 2 November 2017

GOING CONCERN

After making appropriate enquires, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed cash forecasts for the company's operations for the 12 months from the date of approval of the financial statements. The Company has adequate cash to cover its corporate overheads and management costs over this period.

EVENTS AFTER THE REPORTING PERIOD

Further information on events after the reporting period is set out in note 22.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the business are discussed in the Strategic Report and in note 21.

OVERSEAS BRANCHES

The Company has no overseas branches.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Group Directors' report and financial statements in accordance with applicable law and International Financial Reporting Standards.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union that give a true and fair view of the state of the affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether the Group and Company financial statements have been prepared in accordance with IFRS as adopted by the European Union, 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 Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

AUDITORS

The Board are recommending Jeffreys Henry LLP for re-appointment as auditors of the Group and Company. Jeffreys Henry LLP have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO THE AUDITORS

At the date of approving this report, each Director confirms that, so far as that he is aware, there is no relevant audit information of which the Group and Company's auditors are unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

For and on behalf of the board:

Julie Lavington

Director

Date: 10 July 2018

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Sosandar Plc for the period ended 31 March 2018

OPINION

We have audited the financial statements of Sosandar Plc (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2018 which comprise the consolidated statement of income and other comprehensive income, the consolidated and parent Company statements of financial position, the consolidated and parent Company statement of cash flows, the consolidated and parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

OUR AUDIT APPROACH OVERVIEW

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

- Inventory provisioning
- Going concern issues
- Carrying value of investments and recoverability of intercompany loans
- Accounting for the reverse acquisition

These are explained in more detail below

Audit scope

- We conducted audits of the complete financial information of Sosandar Plc and Thread 35 Ltd.
- We performed specified procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 100% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of revenue.

KEY AUDIT MATTERS

Key audit matter	How our audit addressed the key audit matter
Inventory Provisioning <p>The Group held £531,000 of inventory as at 31 March 2018.</p> <p>There are key assumptions that drive the inventory provision. Including the ability to sell through older inventory and the realisable value that will be achieved on sale. A provision for items looking to be sold off at below cost and a provision for aged items which there is a concern may ultimately be sold at below cost.</p>	<p>We understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year.</p> <p>We reconciled the inventory values used in the provision to the general ledger.</p> <p>For items looking to be sold at below cost we checked the calculation performed by management as to the required provision to write these items down to the net realisable value.</p> <p>We recomputed the level of provision having regard to the Group's provisioning methodology and performed some sensitivity analysis to assess whether there was risk of material misstatement of the provision.</p>
Going concern assumption <p>The Group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading.</p> <p>Although the current loss-making status is as expected due its relative newness, given the scale of cash outflows, the Group needs to be generating sufficient revenues to sustain its position.</p>	<p>Evaluated the suitability of management's model for the forecast.</p> <p>The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period.</p> <p>Specifically, we obtained, challenged and assessed managements going concern forecast and performed procedures including:</p> <ul style="list-style-type: none"> ■ Verifying the consistency of key inputs relating to future sales and costs to other financial and operational information obtained during the audit; ■ Assessed the reasonableness of expenses and costs established; ■ Corroborated with management relating to future cash inflows. <p>We reviewed the latest management accounts to gauge the financial position.</p>
Investments and Company loans to subsidiaries <p>The Company has amounts due from Group companies £2,941,301 (2016: £100,000).</p> <p>The directors have confirmed these loans are recoverable.</p> <p>Management have performed impairment reviews relating to the investments.</p>	<p>We reviewed the carrying value of the investments and loans to fellow subsidiaries. The review considered the current position of the subsidiaries, the future outlook and forecasts prepared by management.</p> <p>We reviewed the subsidiary accounts and forecasts and have assessed the financial position of the subsidiaries.</p> <p>We have also discussed payments of the loans with the directors to confirm recoverability.</p> <p>We have also assessed the impairment reviews performed by management as set out under the impairment review work on intangibles noted above.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for the reverse acquisition of Orogen</p> <p>On 2 November 2017, Orogen Plc, a cash shell acquired Thread 35 Ltd, which operates as women's e-commerce brand Sosandar as a reverse takeover under AIM rules. The total consideration for the acquisition of the entire issued share capital of Thread is £6,281,618, satisfied by the issue of shares of £1,603,422 and cash of £4,678,196.</p> <p>As the legal subsidiary is reversed into the Company, which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquire does not meet the definition of a business, under IFRS 3 'Business Combinations'.</p> <p>However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'.</p>	<p>We evaluated management's assessment that it is the shareholders of Orogen Plc.</p> <p>We evaluated the methodology and tested the mathematical accuracy of the calculations of the Group for the deemed consideration paid to Thread 35 Ltd shareholders. We corroborated the underlying information inputs, including the share prices, exchange ratios with independent data sources and we checked the contractual agreements.</p> <p>We obtained the signed contractual agreements relating to the reverse acquisition and read significant contract terms relevant to the accounting and disclosures in the financial statements.</p> <p>We substantively tested journal entries and supporting workings and evidence relating to the accounting for the exchange of shares and internal restructuring steps, agreeing them to the contracts and to the terms of the scheme of arrangement.</p> <p>We evaluated the capital and equity movements of both Sosandar Plc and Thread 35 Limited, for accuracy by comparison to the terms of the scheme of arrangement.</p>

OUR APPLICATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£260,000 (31 March 2017: £60,000).	£220,000 (31 December 2016: £35,400).
How we determined it	The average of 2.5% of revenue, 10% of loss before tax and 2.5% of gross assets.	The average of 10% of loss before tax and 1% of gross assets
Rationale for benchmark applied	We believe that loss before tax is a primary measure used by shareholders in assessing the performance of the Group whilst gross asset values and revenue are a representation of the size of the Group; all are generally accepted auditing benchmarks.	We believe that loss before tax is a primary measure used by shareholders in assessing the performance of the Company whilst gross asset values are a representation of the size of the Company; both are generally accepted auditing benchmarks

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £120,000 and £206,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £12,500 (Group audit) (31 March 2017: £3,000) and £10,300 (Company audit) (31 December 2016: £1,770) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 5 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Sosandar Plc, and Thread 35 Ltd reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account

balances and transaction classes that we regarded as material to the Group at 5 reporting units.

OTHER INFORMATION

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

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

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 Group and parent 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements (and the part of the directors' remuneration report to be audited) 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 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

USE OF THIS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sachin Ramaiya
Senior Statutory Auditor
For and on behalf of
**Jeffreys Henry LLP (Statutory
Auditors)**
Finsgate
5-7 Cranwood Street
London EC1V 9EE
10 July 2018

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	YEAR ENDED 31 MARCH 2018 £'000	PERIOD ENDED 31 MARCH 2017 £'000
Revenue		1,353	278
Operational costs		(684)	(173)
Gross profit		669	105
Administrative expenses		(3,793)	(1,931)
Deemed cost of reverse		(1,439)	–
Reverse acquisition cost		(1,493)	–
Operating (loss)	4	(6,056)	(1,826)
Finance income	5	–	3
Loss on ordinary activities before taxation		(6,056)	(1,823)
Tax on loss on ordinary activities	7	–	–
Profit/(Loss) for the period		(6,056)	(1,823)
Other Comprehensive income		–	–
Total Comprehensive income for the period		(6,056)	(1,823)
Attributable to:			
Equity holders of the parent		(6,056)	(1,823)
Non-controlling interests		–	–
Group loss for the period		(6,056)	(1,823)
Exchange translation differences		–	–
Total comprehensive loss for the period		(6,056)	(1,823)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	(10.31)	(1,844)
Loss per share – basic and diluted, from continuing operations (pence)	8	(10.31)	(1,844)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTES	2018 £'000	2017 £'000
Assets			
Non-current assets			
Intangible assets	9	56	55
Property, plant and equipment	10	172	210
Total non-current assets		228	265
Current assets			
Inventories	11	531	363
Trade and other receivables	13	478	61
Cash and cash equivalents	14	4,616	338
Total current assets		5,625	762
Total assets		5,853	1,027
Equity and liabilities			
Equity			
Share capital	15	107	1
Share premium	15	27,796	2,743
Capital redemption reserve	15	4,648	–
Other reserves	16	32	–
Reverse acquisition reserve	15	(19,596)	–
Retained earnings	17	(8,055)	(1,999)
Equity attributable to owners of the parent		4,932	745
Non-controlling interests		–	–
Total equity		4,932	745
Current liabilities			
Trade and other payables	18	921	282
Total current liabilities		921	282
Total liabilities		921	282
Total equity and liabilities		5,853	1,027

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2018 and were signed on its behalf by:

Julie Lavington
Director

Company Number: 5379931

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	YEAR ENDED 31 MARCH 2018 £'000	PERIOD ENDED 31 MARCH 2017 £'000
Cash flows from operating activities			
Group loss for the period		(6,056)	(1,823)
Share-based payments	16	582	–
Depreciation and amortisation	9 & 10	55	28
Reverse acquisition costs		1,439	–
Working capital adjustments:			
Change in inventories		(168)	(363)
Change in trade and other receivables		(445)	(26)
Change in trade and other payables		849	278
Net cash flow from operating activities		(3,744)	(1,906)
Cash flow from investing activities			
Addition of property, plant and equipment, and intangibles	9 & 10	(18)	(292)
Acquisition, net of cash acquired ¹		(1,938)	–
Bank interest received	5	–	3
Net cash flow from investing activities		(1,956)	(289)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	15	9,978	788
Net cash flow from financing activities		9,978	788
Net change in cash and cash equivalents		4,278	(1,407)
Cash and cash equivalents at beginning of period	14	338	1,745
Cash and cash equivalents at end of period	14	4,616	338

¹ The cash outflow on acquisition (net of cash acquired) relates to the cash and cash equivalents of Sosandar PLC as at date of acquisition (2 November 2017). Significant non-cash transactions: on 2 November 2017 Sosandar PLC acquired the entire issued share capital of Thread 35 Limited for a consideration of £6,281,618, satisfied by the issue of shares of £1,603,422 (non-cash transaction) and cash of £4,678,196.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM £'000	REVERSE ACQUISITION RESERVE £'000	CAPITAL REDEMPTION RESERVE £'000	RETAINED EARNINGS £'000	SHARE BASED PAYMENT RESERVE £'000	TOTAL £'000
Balance at 1 November 2015		1	1,955	–	–	(176)	–	1,780
Loss for the period		–	–	–	–	(1,823)	–	(1,823)
Foreign exchange translation reserve		–	–	–	–	–	–	–
Other movements		–	–	–	–	–	–	–
Shares based payments	16	–	–	–	–	–	–	–
Issue of share capital	15	–	788	–	–	–	–	788
Balance at 31 March 2017		1	2,743	–	–	(1,999)	–	745
SOSANDAR PLC								
Balance at 1 January 2017		4,651	12,268	–	–	(17,441)	610	88
Thread 35 retained earnings b/f		–	–	–	–	(1,999)	–	(1,999)
Loss for the year		–	–	–	–	(6,057)	–	(6,057)
Transfer of share-based payment reserve		–	–	–	–	610	(610)	–
Loss for the period to acquisition		–	–	–	–	(770)	–	(770)
Reverse Acquisition		–	–	(19,596)	–	17,601	–	(1,995)
Shares based payments	16	–	–	–	–	–	32	32
Issue of share capital	15	104	15,528	–	–	–	–	15,632
Cancellation of share capital	15	(4,648)	–	–	4,648	–	–	–
Balance at 31 March 2018		107	27,796	(19,596)	4,648	(8,055)	32	4,932

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Share based payments reserve relate to the charge for share-based payments in accordance with International Financial Reporting Standard 2.

Retained earnings represent the cumulative loss of the Group attributable to equity shareholders.

Reverse acquisition reserve relates to the effect on equity of the reverse acquisition of Thread 35 Limited.

Capital redemption reserve represents the aggregate nominal value of all the deferred shares repurchased and cancelled by the Company. The reserve is non-distributable.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTES	2018 £'000	2016 £'000
Assets			
Non-current assets			
Investments	12	6,282	–
Loans to subsidiaries	12	–	100
Total non-current assets		6,282	100
Current assets			
Trade and other receivables	13	2,989	62
Cash and cash equivalents	14	4,312	64
Total current assets		7,301	126
Total assets		13,583	226
Equity and liabilities			
Equity			
Share capital	15	107	4,651
Share premium	15	27,796	12,268
Other reserves	16	32	610
Capital Reserves		4,648	–
Retained earnings – prior periods	17	(17,441)	(14,860)
Retained earnings – current year	17	(1,765)	(2,581)
Total equity		13,377	88
Current liabilities			
Trade and other payables	18	206	138
Total current liabilities		206	138
Total liabilities		206	138
Total equity and liabilities		13,583	226

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2018 and were signed on its behalf by:

Julie Lavington
Director

Company Number: 5379931

COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2018

	NOTES	2018 £'000	2016 £'000
Cash flows from operating activities			
Loss for the period – continuing operations		(2,375)	(2,525)
Loss for the period – discontinued operations		–	(63)
Loss for the year		(2,375)	(2,588)
Impairment of investments and loans to subsidiaries	12	100	2,197
Impairment of exploration and evaluation assets		–	168
Share based payments	16	582	20
Working capital adjustments:			
Change in trade and other receivables	13	(2,927)	(1)
Change in trade and other payables	18	68	49
Net cash flow from operating activities		(4,552)	(155)
Cash flow from investing activities			
Expenditure on exploration and evaluation assets and project earn-ins		–	(168)
Investment in subsidiary undertakings		(4,678)	—
Net cash flow from investing activities		(4,678)	(168)
Cash flow from financing activities			
Net proceeds from issue of equity instruments		13,478	320
Funds advanced to subsidiary companies	12	–	(234)
Net cash flow from financing activities		13,478	86
Net change in cash and cash equivalents		4,248	(237)
Cash and cash equivalents at beginning of period	14	64	301
Cash and cash equivalents at end of period	14	4,312	64

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM £'000	SHARE BASED PAYMENT RESERVE £'000	CAPITAL REDEMPTION RESERVE £'000	RETAINED EARNINGS £'000	TOTAL £'000
Balance at 1 January 2016		4,418	12,181	597	–	(14,860)	2,336
Loss and total comprehensive loss for the year		–	–	–	–	(2,588)	(2,588)
Issue of share capital	15	233	87	–	–	–	320
Transfer of share-based payment reserve		–	–	(7)	–	7	–
Shares based payments	16	–	–	20	–	–	20
Balance at 31 December 2016		4,651	12,268	610	–	(17,441)	88
Balance at 1 January 2017		4,651	12,268	610	–	(17,441)	88
Loss and total comprehensive loss for the period		–	–	–	–	(2,375)	(2,375)
Transfer of share-based payment reserve		–	–	(610)	–	610	–
Issue of share capital	15	104	15,528	–	–	–	15,632
Cancellation of share capital	15	(4,648)	–	–	4,648	–	–
Shares based payments	16	–	–	32	–	–	32
Balance at 31 March 2018		107	27,796	32	4,648	(19,206)	13,377

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Share based payments reserve relate to the charge for share-based payments in accordance with International Financial Reporting Standard 2.

Retained earnings represent the cumulative loss of the Company attributable to the equity shareholders.

Capital redemption reserve represents the aggregate nominal value of all the deferred shares repurchased and cancelled by the Company. The reserve is non-distributable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Sosandar plc (formerly Orogen plc) (the "Company") is a company incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information page at the end of this report. The Company is listed on the AIM market of the London Stock Exchange (ticker: SOS).

The principal activity of the company in the period under review was that of a clothing manufacturer and distributor via internet and mail order.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements consolidate those of the Company and its subsidiaries (together the "Group" or "Sosandar"). The consolidated financial statements of the Group and the individual financial statements of the Company are prepared in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Chairman's statement on page 18. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes. In addition, Note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

In order to assess the going concern of the Group, the Directors have prepared cashflow forecasts for companies within the Group. These cashflow forecasts show the Group expect an increase in revenue and will have sufficient headroom over available banking facilities.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statement does not include any adjustments that would result if the forecast were not achieved.

CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries and associated undertakings.

Thread 35 Limited has a reporting date of 31 March. All other subsidiaries have a reporting date of 31 December.

Subsidiaries are all entities over which Sosandar plc has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In November 2017, Sosandar PLC ("Company") acquired the entire issued share capital of Thread 35 Ltd ("legal subsidiary") for a consideration of £6,281,618, satisfied by the issue of shares of £1,603,422 and cash of £4,678,196. As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquiree does not meet the definition of a business,

under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference in the fair value of the shares deemed to have been issued by the Thread 35 Ltd (accounting acquirer) and the fair value of Sosandar PLC's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

Although the consolidated financial information has been issued in the name of Sosandar PLC, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary.

The assets and liabilities of the legal subsidiary are recognised and measured in the Group financial statements at the pre-combination carrying amounts and not re-stated at fair value.

The retained earnings and other reserves balances recognised in the Group financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before the business combination and the results of the period from 1 April 2017 to the date of the business combination are those of the legal subsidiary only.

The equity structure (share capital and share premium) appearing in the Group financial statements reflects the equity structure of Sosandar PLC the legal parent. This includes the shares issued in order to effect the business combination.

The difference between the aggregate deemed fair value of the consideration paid and the identified assets and liabilities acquired of Sosandar PLC is £1,438,608 and this amount was charged to the income statement for the period ended 31 March 2018.

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency and the Company's functional currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Changes in accounting policies and disclosures

During the financial year, the Group has adopted the following new and amended IFRS and IFRIC interpretations that are mandatory for current financial year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to IFRS standard 2014-2016	Amendments to IFRS 12 <i>Disclosure of Interest in Other Entities</i>

The impact of adopting the above amendments had no material impact on the financial statements of the Group.

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

The following standards, amendments and interpretations applicable to the Group are in issue but are not yet effective and have not been early adopted in these financial statements. They may result in consequential changes to the accounting policies and other note disclosures. We do not expect the impact of such changes on the financial statements to be material. These are outlined in the table below:

		Effective dates for Financial periods Beginning on or after
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i>	1 January 2018*
Amendments to IFRS 15	Clarification to IFRS 15	1 January 2018
Amendments to IAS 40	Transfer of Investment Property	1 January 2018

		Effective dates for Financial periods Beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle		
■ Amendments to IFRS 1 First-time Adoption of IFRS		1 January 2018
■ Amendments to IAS 28 Investment in Associate and Joint Venture		1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28	Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle – Various standards		1 January 2019
■ Amendment to IFRS 3		1 January 2019
■ Amendment to IFRS 11		1 January 2019
■ Amendment to IAS 12		1 January 2019
■ Amendment to IAS 23		1 January 2019
Amendment to References to Conceptual Framework in IFRS Standards		1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in IFRS 4, paragraph 20B, may choose to defer the application of IFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Group.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Inventories

Inventories are valued at the lower of cost and net realizable value, on a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and other attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £55k at 31 March 2018 (2017: £18k).

Refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for net refunds totalled £15k (2017: £17k).

Calculation of share-based payment charges

The charge related to equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions. Please see Note 16.

Depreciation of property, plant and equipment and amortisation of other intangible assets

Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. Please see Notes 9 and 10.

Principal accounting policies

The principal accounting policies are summarised below. They have been consistently applied throughout the period covered by the Financial Statements.

Revenue recognition

Revenue represents net invoiced sales of goods including posting and packing receipts, excluding value added tax. Revenue from the sale is recognised when the company has transferred the goods to the buyer on dispatch from the warehouse, less actual returns and provision for expected returns. Revenue consists primarily of internet sales.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In the consolidated Financial Statements, acquisition costs incurred are expensed and included in general and administrative expenses.

Intangible Assets

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Costs are capitalised where the expenditure will bring future economic benefit to the company.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful economic lives.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount 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 the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Plant and Machinery	15% Straight line
Computer Equipment	33.33% Straight line
Fixture and Fittings	15% Reducing balance
Office equipment	25% Reducing balance
Leasehold improvements	20% Straight line

EQUITY

Equity instruments issued by the Company are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental 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. Rentals payable under operating leases are charged against the statement of comprehensive income on a straight line basis over the lease term.

TAXATION

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

DEFERRED TAX

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

SHARE BASED COMPENSATION

The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

INVESTMENTS

Investments on subsidiary companies are stated at cost less any provision for impairment.

PROVISIONS

Provisions are recognized when the Group and Company has a present obligation as a result of a past event, and it is probable that the Group and Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the

Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

FAIR VALUES

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group and Company at the statement of financial position date approximated their fair values, due to relatively short-term nature of these financial instruments.

TRADE PAYABLES AND OTHER NON-DERIVATIVE FINANCIAL LIABILITIES

Trade payables and other creditors are non-interest bearing and are measured at cost.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at their cost when the contractual right to receive cash or other financial assets from another entity is established.

A provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that a trade and other receivables are impaired.

3 SEGMENTAL INFORMATION

In the opinion of the directors, the group has one class of business, being that of a clothing manufacturer and distributor via internet and mail order. The group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

4 OPERATING LOSS

	2018 £'000	2017 £'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	51	18
Auditors' remuneration	28	8
Legal & other fees transactions	122	37
Foreign currency (gain)/loss	10	(21)
Deemed cost of reverse acquisition	1,439	–
Reverse acquisition cost	1,493	–

5 FINANCE INCOME

	2018 £'000	2017 £'000
Bank interest received	–	3

6 EMPLOYEES

	2018 £'000	2017 £'000
Aggregate Directors' emoluments including consulting fees	1,235	312
Wages and salaries	553	297
Social security costs	89	69
Pension Costs	32	14
Total	1,909	692

	2018	2017
Directors	6	6
Staff	12	5
Total	18	11

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 March 2018 are as follows:

	2018 TO 1 NOV 2017	2018 FROM 2 NOV 2017	FEE SHARES	PENSION	2018 TOTAL	2017 TOTAL
	£	£	£	£	£	£
Alison Hall	73,333	36,667	-	8,800	118,800	155,830
Julie Lavington	73,333	36,667	-	8,800	118,800	155,830
Nicholas Mustoe	-	12,500	-	-	12,500	-
Bill Murray	20,000	12,500	-	-	32,500	-
Adam Reynolds	243,410	25,000	200,000	-	468,410	-
Mark Collingbourne	78,240	12,500	100,000	-	190,740	-
Steven Metcalfe	93,100	-	200,000	-	293,100	-
Total	585,416	135,834	500,000	17,600	1,234,850	311,660

7 INCOME TAX BENEFIT / (EXPENSE)

No corporation tax charge arises in the year ended 31 March 2018 and the year ended 31 March 2017. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Loss on ordinary activities before taxation	(6,056)	(1,823)	(2,375)	(2,588)
Tax at the UK corporation tax rate of 19% (2017: 20%)	(1,151)	(346)	(451)	(518)
Expenses not deductible for tax purposes	557	4	380	477
Losses unutilised	594	337	71	41
Accelerated depreciation	-	5	-	-
Differences in overseas taxation rates	-	22	-	-
Tax on loss on ordinary activities	-	-	-	-

The Group has estimated tax losses of £2,000,000 (2017: £1,900,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 19% amounts to approximately £380,000 (2017: £360,000) and has not been recognised due to the uncertainty of the recovery. Due to the fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

8 LOSS PER SHARE

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

	2018	2017
Loss after tax attributable to equity holders of the parent from continuing operations (£'000)	(6,056)	(1,823)
Loss after tax attributable to equity holders of the parent (£'000)	(6,056)	(1,823)
Weighted average number of ordinary shares in issue	58,770,354	98,846
Fully diluted average number of ordinary shares in issue	58,770,354	98,846
Basic and diluted loss per share (pence) – continuing operations	(10.31)	(1,844)
Basic and diluted loss per share (pence)	(10.31)	(1,844)

Basic and diluted earnings per share have changed, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 31 March 2018 totalled 20,056,748 (2017: 380,000,000) and are potentially dilutive.

9 INTANGIBLE ASSETS – GROUP

	GROUP Website £'000	TOTAL £'000
Cost		
At 1 November 2015	–	–
Additions	56	56
At 31 March 2017	56	56
Impairment		
At 1 November 2015	–	–
Impairment charge	1	1
At 31 March 2017	1	1
Carrying value 31 March 2017	55	55
Cost		
At 1 April 2017	56	56
Additions	4	4
Discontinued operations	–	–
At 31 March 2018	60	60
Impairment		
At 1 April 2017	1	1
Impairment charge	3	3
Discontinued operations	–	–
At 31 March 2018	4	4
Carrying value 31 March 2018	56	56

All assets held by the Group in connection with mining and exploration activities have been fully impaired in previous years.

10 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Computer Equipment £'000	Fixtures & Fittings Equipment £'000	Total £'000
Cost			
At 1 November 2015	—	—	—
Additions	12	225	237
At 31 March 2017	12	225	237
Accumulated depreciation			
At 1 November 2015	—	—	—
Charge for period	3	24	27
At 31 March 2017	3	24	27
Carrying value 31 March 2017	9	201	210
Cost			
At 1 April 2018	12	225	237
Additions	13	1	14
At 31 March 2018	25	226	251
Accumulated depreciation			
At 1 April 2018	3	24	27
Charge for period	5	47	52
At 31 March 2018	8	71	79
Carrying value 31 March 2018	17	155	172

11 INVENTORIES - GROUP

	2018 £'000	2017 £'000
Stock	531	363

The cost of inventories charged in the year as an expense equated to £665k (2017: £112k).

12 NON-CURRENT ASSETS

Investments in subsidiaries and associates:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Cost as at 1 January 2017	—	—	9,336	9,102
Additions	—	—	6,282	234
Cost at 31 March 2018	—	—	15,618	9,336
Impairment as at 1 January 2017	—	—	9,236	7,039
Impairment during the year	—	—	—	2,197
Intercompany balance received during the year 1	—	—	77	—
Reclassified to current intercompany debtor balance	—	—	23	—
Impairment at 31 March 2018	—	—	9,336	9,236
Carrying value as at 31 March 2018	—	—	6,282	100

Break down of carrying value of investment:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Thread 35	—	—	6,282	—
Loans to subsidiaries ¹	—	—	—	100
Total non-current assets	—	—	6,282	100

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding ¹ 2018	% Holding ¹ 2017
Thread 35	UK	Direct	Ordinary shares	100	100

¹ The loan to subsidiary has been moved to intercompany debtors within current assets as trade and other receivables. Monies have been received post year end as per note 22.

Investments is tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2018 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

The key assumptions in the calculation to access value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and forecast approved by management for the next four years. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The key assumptions used for the value in use calculation in 2018 were as follows:

	%
Discount rate	9
Returns assumption	43
Repeats assumption	11
	Units
Units per order	2.0

The Directors have made significant estimates on future revenues and EBITDA growth over the next 4 years based on the budgeted investment and expansion of our clothing and footwear ranges, increased stocking levels and continued investment in marketing channels to acquire new customers.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projections and associated headroom used for the group is sensitive to the EBITDA growth assumptions that have been applied. A 50% reduction in EBITDA growth in the first four years of the management projections would not result in any impairment at the group level.

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding ¹ 2018	% Holding ¹ 2017
Thread 35 ⁵	UK	Direct	Ordinary shares	100	100
Medavinci Gold Limited ⁶	UK	Direct	Ordinary shares	100	100
Emotion Fitness Limited ⁴	UK	Direct	Ordinary shares	100	100
Orogen Gold Limited ⁶	Ireland	Indirect	Ordinary Shares	100	100
Orogen Gold (Serbia) Limited ³	Ireland	Indirect	Ordinary shares	100	100
Orogen Gold (Armenia) Limited ⁶	Ireland	Indirect	Ordinary Shares	100	100
Georaid CJSC ²	Armenia	Indirect	Ordinary Shares	80	–

¹ Percentage of share type held and overall voting rights

² Disposed of in May 2018, net sale proceeds after costs \$97,500

³ Disposed of on 8 April 2018 for €1

⁴ Application made to strike off on 1st July 2018

⁵ Thread 35 Limited is the trading entity

⁶ These are dormant entities

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
VAT recoverable	257	20	154	10
Other receivables and prepayments	221	41	—	22
Receivables from Group Companies	—	—	2,835	30
Trade and other receivables	478	61	2,989	62

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Cash at bank	4,616	338	4,312	64
Cash and cash equivalents	4,616	338	4,312	64

15 SHARE CAPITAL AND RESERVES

Details of ordinary shares issued are in the table below:

Date	Details	Ordinary Shares (£0.01)			Total Share Capital £'000	Total Share Premium £'000
		Number of shares	Issue Price £			
At 31 Dec 2015		5,507,669,337			551	12,181
9 Aug 2016	Share placing - £350,000	2,333,333,333	0.00015	233	87	
At 31 Dec 2016		7,841,002,670			784	12,268
07 Apr 2017	Consolidation becomes	31,364,011	0.0001	784	12,268	
10 Apr 2017	Share issue	231,364,011	0.0001	231	3,239	
03 May 2017	Share issue	2,000,000	0.0001	2	28	
01 Nov 2017	Consolidation becomes	26,472,816	0.001	27	15,773	
02 Nov 2017	Share Issue	80,341,842	0.001	80	12,023	
At 31 Mar 2018		106,814,658	0.001	107	27,796	

Deferred shares cancelled on 1st November

Group		Share capital	Share premium	Reverse acquisition reserve	Capital redemption reserve	Retained earnings	Share based payment reserve	Total
Date		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Thread 35 Limited								
At 1 November 2015	1	1,955	–	–	–	(176)	–	1,780
Loss for the period	–	–	–	–	–	(1,823)	–	(1,823)
Share based payments	–	–	–	–	–	–	–	–
Issue of share capital	–	7,88	–	–	–	–	–	788
At 31 March 2017	1	2,743	–	–	(1,999)	–	745	
Sosandar Plc								
At 1 Jan 2017	4,651	12,268	–	–	(17,441)	610	88	
Thread 35 retained earnings b/f	–	–	–	–	(1,999)	–	(1,999)	
Loss for the period	–	–	–	–	(6,056)	–	(6,056)	
Transfer of share-based payment reserve	–	–	–	–	610	(610)	–	
Loss for the period to acquisition	–	–	–	–	(770)	–	(770)	
Reverse acquisition	–	–	(19,596)	–	17,601	–	(1,995)	
Shares based payments	–	–	–	–	–	32	32	
Issue of share capital	104	15,528	–	–	–	–	–	15,632
Cancellation of share capital	(4,648)	–	–	4,648	–	–	–	–
At 31 March 2018	107	27,796	(19,596)	4,648	(8,055)	32	4,932	

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	Cumulative fair value of share options and warrants granted and recognised as an expense in the Income Statement.
Capital redemption reserve	Capital redemption reserve arises from the 100% acquisition of Thread 35 Limited in November 2017 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Thread 35 Limited
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

16 SHARE BASED PAYMENTS

The Group has a share ownership compensation scheme for Directors and Senior employees of the Group. In accordance with the provisions of the plan, Directors and Senior employees may be granted options to purchase ordinary shares in the Company.

	Number of share options	Weighted average exercise price
Balance at 1 January 2016 and 2017	380,000,000	0.369p
Lapsed 7 April 2017	(300,000,000)	0.369p
Effect of reorganisation ¹	(79,680,000)	
	320,000	92.25p
Effect or reorganisation ²	(316,800)	
	3,200	9225p
Lapsed following reorganisation ²	(3,200)	9225p
Issued during the year	20,024,748	15.1p
Balance at 31 March 2018	20,024,748	15.1p
Exercisable at 31 March	–	–

¹ The shares were reorganised on 7 April 2017. All existing rights attached to share options were amended to reflect the new share structure. The rights are now over new ordinary shares of 0.01p, with the original units divided by a factor of 250 and the original exercise price increased by a factor of 250.

300,000,000 of these options lapsed on 7 April 2017 following the board changes that were effective on that date as a result of the change of company strategy.

² The shares were further reorganised on 2 November 2017. All existing rights attached to share options were amended to reflect the new share structure. The rights are now over new ordinary shares of 0.01p, with the original units divided by a factor of 100 and the original exercise price increased by a factor of 100.

The fair value of equity based share options granted is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options have been granted. The calculated fair value of share options and warrants charged to the Group and Company financial statements in the year is £32,000 (2016: £20,000).

During the year the Company settled fees of £550,000 by way of issuing shares to directors and advisors.

The following are the inputs to the model for the options granted during the prior year:

	Share Options 2018
Exercise price	15.1p
Share price at date of grant	15.1p
Risk free rate	0.25%
Volatility	25%
Expected Life	10 Years
Fair Value	0.05

17 RETAINED EARNINGS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Opening balance	(1,999)	(176)	(17,441)	(14,860)
Loss for the year	(6,056)	(1,823)	(2,375)	(2,588)
Transfer from share based payment reserve	–	–	610	–
Closing balance	(8,055)	(1,999)	(19,206)	(17,441)

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's loss for the year was £2,375,000 (2016: loss £2,588,000).

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Trade payables	506	117	–	13
Accruals and deferred income	271	51	206	93
Amounts due to Directors	–	–	–	8
Payable to Group Companies	–	–	–	24
Other payables	144	114	–	–
Trade and other payables	921	282	206	138

Amounts due to Directors are unsecured, interest free and are current liabilities.

19 OPERATING LEASE COMMITMENTS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2016 £'000
Within one year	65	41	–	–
Between one and five years	202	267	–	–
Operating lease commitments	267	308	–	–

20 RELATED PARTY TRANSACTIONS

During the period to 31 March 2018 the group was charged £268,410 (2017 – £nil) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £90,740 (2017 – £nil) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £93,100 (2017 – £nil) for services provided by Metcalfe Consultancy, a company controlled by S Metcalfe. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £36,500 (2017 – £36,000) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £13,900 (2017 – £nil) for services provided by N Mustoe. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £4,100 (2017 – £nil) for services provided by Kindred limited, a company controlled by N Mustoe. There was no amount outstanding at the balance sheet date.

During the period to 31 March 2018 the group was charged £5,000 (2017 – £nil) for services provided by C Bird. There was no amount outstanding at the balance sheet date.

At the balance sheet date, Julie Lavington owed Thread 35 Ltd £1,200 (2017 – £nil) for personal tax invoices paid for by Thread.

At the balance sheet date, Alison Hall owed Thread 35 Ltd £1,200 (2017 – £nil) for personal tax invoices paid for by Thread.

21 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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

GENERAL OBJECTIVES, POLICIES AND PROCESSES

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

CASH FLOW INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that attractive rates of interest are received for the available funds but without affecting the working capital flexibility the Group requires. The Group is not at present exposed to cash flow interest rate risk on borrowings as it has no debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

FOREIGN EXCHANGE RISK

Foreign exchange risk may arise because the Group purchases stock in currencies other than the functional currency.

The group monitors the requirement for foreign currency on a monthly basis. The group will forward purchase the currency to fix the cost of goods for stock. Once the cost of goods has been fixed a final selling price can be derived.

The Group considers this policy minimizes any unnecessary foreign exchange exposure.

LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The principal obligations of the Group arise in respect of committed expenditure in respect of its stock purchases and design. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they become due. To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements and to raise new equity finance if required for future development or expansion.

The Board receives cash flow projections on a monthly basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its on-going commitments prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes. For cash and cash equivalents, the Company only uses recognised banks with medium to high credit ratings.

CAPITAL RISK

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

22 POST BALANCE SHEET EVENTS

On 8 April 2018 Orogen Gold Serbia was sold for €2.

On 15 May 2018, the interest in Geroaid was sold for \$97,500 after expenses.

23 CONTINGENT LIABILITIES

The Company has no contingent liabilities.

24 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party of the company.

Registered office	40 Water Lane, Wilmslow, Cheshire, England SK9 5AP
Registered number	5379931, England and Wales
Directors	Bill Murray – Non-executive Chairman Adam Reynolds – Non-executive Director Mark Collingbourne – Finance Director Alison Hall – Joint CEO Julie Lavington – Joint CEO Nicholas Mustoe – Non-executive Director Andrew Booth – Non-executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Turner Pope Investments 6th Floor Becket House 36 Old Jewry London EC2R 8DD
Registrars	Capita Asset Services The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU
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