

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Aeorema Communications plc / Index: AIM / Epic: AEO / Sector: Media

23 March 2020

Aeorema Communications plc ('Aeorema' or 'the Company')

Interim Report

Aeorema Communications plc, the AIM-traded live events agency, announces its unaudited results for the six months ended 31 December 2019.

Overview

- Revenues of £2,913,290 (2018: £1,997,303)
- Operating loss pre-exceptional items of £89,978 (2018: loss of £141,765)
- Robust cash position of £1,393,243 (31 December 2018: £1,030,956)
- Coronavirus continues to impact on full financial year

Chairman's Statement

The six months ended 31 December 2019 demonstrated robust trading, with exciting projects being created and a pipeline of new business wins, resulting in strong revenues up 46% against the previous year. This contributed to our loss before tax narrowing to £(89,978). Since then, Aeorema, like many other companies, has been significantly impacted by COVID-19, as clients postpone events. These unprecedented times have sadly meant that immediate action was required to ensure the safety of the business including several cost-cutting initiatives, which have been implemented with a heavy heart.

I'll start with the good news with recent wins including an event for a global tech company in Chicago, activations at Euro 2020 for a major newspaper brand and new tech clients for Cannes Lions. Whilst all these events are now postponed into the next financial year, we are confident that we are in a strong position to work through this crisis, not least because we know that we have an excellent reputation, a strong value proposition and a unique selling proposition in the marketplace. Notably, this proposition includes, in tandem with events, a leading moving image department, which continues to work with clients and help global teams communicate through traditional video and digital technologies.

Importantly, the quality of our work has been highlighted by several recent award wins, including the most Creative Agency, the most Innovative Agency and the delivery of the Best Visual Spectacular. These have helped further build our reputation and led us to being shortlisted for several new potential client wins, which we anticipate will be finalised once the crisis abates.

Furthermore, our existing clients are very supportive and have indicated that they want to work with us when the crisis subsides.

Unfortunately, as mentioned, the Company took the decision to make immediate significant reductions in overheads, including, regrettably, reducing our workforce by 25%. Additionally, Non-executive Chairman and our largest and supportive shareholder, Mike Hale, will not be taking any salary payments from the PLC until further notice.

Looking ahead, COVID-19 continues to impact on our anticipated full financial year's figures. The Directors therefore envisage a loss before tax for FY20 of between £150,000 and £250,000. As mentioned in the recent trading update, the Directors consider it appropriate for market forecasts to be suspended at this time.

The Directors remain confident that the revenue and profit from postponed events will now fall into the financial year ending 30 June 2021. Aeorema has maintained its strong cash position with £1,393,243 in the bank as at 31 December 2019 (31 December 2018: £1,030,956). As at the date of this announcement, cash in bank is circa. £1,700,000. Our dividend policy will be reviewed later in the year when we have a clearer picture of FY 20 results and the economic climate.

We remain vigilant about opportunities that may emerge where we can use our strong position to offer companies with less resources join our group and remain well positioned to win new business across our divisions including within our moving image department.

Finally, I would like to thank our employees for their hard work and commitment, as well as our shareholders for their continued support and wish them all health above all else over the coming months.

M Hale
Chairman
20 March 2020

****ENDS****

For further information visit www.aeorema.com or contact:

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AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 December 2019

		Unaudited 6 Months to 31 December 2019	Unaudited 6 Months to 31 December 2018 As restated	Audited Year to 30 June 2019 As restated
	Notes	£	£	£
Continuing Operations				
Revenue		2,913,290	1,997,303	6,765,280
Cost of sales		(2,044,591)	(1,298,421)	(4,665,032)
Gross profit		868,699	698,882	2,100,248
Administrative expenses		(958,677)	(837,580)	(1,718,615)
Operating profit / (loss)		(89,978)	(138,698)	318,633
Finance income		328	287	611
Profit / (loss) before taxation		(89,650)	(138,411)	382,244
Taxation	5	32,629	26,939	(86,687)
Profit / (loss) for the period from continuing operations		(57,021)	(111,472)	295,557
Basic and diluted earnings per share from continuing operations				
Basic (pence)	6	(0.63003)	(1.23166)	3.26564
Diluted (pence)	6	(0.56621)	(1.13979)	3.22011

There are no other comprehensive income items

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended 31 December 2019

	Unaudited 6 Months to 31 December 2019	Unaudited 6 Months to 31 December 2018 As restated	Audited Year to 30 June 2019 As restated
	£	£	£
Non-current assets			
Intangible assets	365,154	365,154	365,154
Property, plant and equipment	98,070	54,848	58,070
Right-to-use assets	425,070	53,943	13,486
Deferred taxation	25,100	29,193	-
	913,394	503,138	436,710
Current assets			
Trade and other receivables	1,480,984	806,122	1,612,345
Cash and cash equivalents	1,393,243	1,030,956	2,211,161
	2,874,227	1,837,078	3,823,506
Total assets	3,787,621	2,340,216	4,260,216
Current liabilities			
Trade and other payables	1,497,323	714,512	2,247,214
Lease liabilities	82,973	61,100	16,475
Dividends payable	-	67,879	-
Current tax payable	74,616	9,412	74,616
	1,654,912	852,903	2,338,305
Non-current liabilities			
Deferred taxation	-	-	7,529
Lease liabilities	343,756	-	-
	343,756	-	7,529
Total liabilities	1,998,668	852,903	2,345,834
Net assets	1,788,953	1,487,313	1,914,382
Equity attributable to equity holder:			
Share capital	1,131,313	1,131,313	1,131,313
Share premium	7,063	7,063	7,063
Merger reserve	16,650	16,650	16,650
Other reserve	56,358	14,221	34,261
Capital contribution reserve	257,812	257,812	257,812
Retained earnings	319,757	60,254	467,283
Total equity	1,788,953	1,487,313	1,914,382

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2019

	Share capital	Share premium	Merger reserve	Other reserve	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
At 1 July 2018	1,131,313	7,063	16,650	-	257,812	249,829	1,662,667
IFRS 16 adjustments	-	-	-	-	-	(10,224)	(10,224)
Adjusted balance at 1 July 2018	1,131,313	7,063	16,650	-	257,812	239,605	1,652,443
Payment of dividends	-	-	-	-	-	(67,879)	(67,879)
Comprehensive income for the period	-	-	-	-	-	(114,539)	(114,539)
Share-based payments	-	-	-	14,221	-	-	14,221
IFRS 16 adjustments	-	-	-	-	-	3,067	3,067
At 31 December 2018	1,131,313	7,063	16,650	14,221	257,812	60,254	1,487,313
At 1 January 2019	1,131,313	7,063	16,650	14,221	257,812	60,254	1,487,313
Payment of dividends	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	-	402,862	402,862
Share-based payments	-	-	-	20,040	-	-	20,040
IFRS 16 adjustments	-	-	-	-	-	4,167	4,167
At 30 June 2019	1,131,313	7,063	16,650	34,261	257,812	467,283	1,914,382
At 1 July 2019	1,131,313	7,063	16,650	34,261	257,812	467,283	1,914,382
Payment of dividends	-	-	-	-	-	(90,505)	(90,505)
Comprehensive income for the period	-	-	-	-	-	(57,021)	(57,021)
Share-based payments	-	-	-	22,097	-	-	22,097
At 31 December 2019	1,131,313	7,063	16,650	56,358	257,812	319,757	1,788,953

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 December 2019

	Unaudited 6 Months to 31 December 2019 £	Unaudited 6 Months to 31 December 2018 As restated £	Audited Year to 30 June 2019 As restated £
Cash flow from operating activities			
Profit/(loss) before taxation	(89,650)	(138,411)	382,244
Adjustments for:			
Depreciation of property, plant and equipment	14,064	10,687	21,525
Depreciation of right-of-use assets	43,848	40,458	80,915
Loss on disposal of fixed assets	1,424	-	6,179
Share-based payment	22,097	14,221	34,261
Interest on lease liabilities	10,222	1,975	2,851
Finance income	(327)	(286)	(611)
Operating cash flow before movement in working capital	1,678	(71,356)	527,364
Increase/(decrease) in trade and other payables	(755,036)	(560,467)	972,235
(Increase)/decrease in trade and other receivables	131,361	300,170	(506,053)
Cash (used in) / generated from operating activities	(621,997)	(331,653)	993,546
Taxation paid	-	-	(11,700)
Cash flow from investing activities			
Finance income	327	286	611
Purchase of property, plant and equipment	(55,710)	(28,491)	(48,731)
Disposal of property, plant and equipment	224	-	-
Net cash used in investing activities	(55,159)	(28,205)	(48,120)
Cash flow from financing activities			
Dividends paid	(90,505)	-	(67,879)
Repayment of leasing liabilities	(50,257)	(45,500)	(91,000)
Net cash used in financing activities	(140,762)	(45,500)	(158,879)
Net increase / (decrease) in cash and cash equivalents	(817,918)	(405,358)	774,847
Cash and cash equivalents at beginning of period	2,211,161	1,436,314	1,436,314
Cash and cash equivalents at end of period	1,393,243	1,030,956	2,211,161

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 31 December 2019

1. General information

Aeorema Communications plc is a public limited company incorporated within the United Kingdom. The company is domiciled in the United Kingdom and its principal place of business is 23-31 Great Titchfield Street, London, W1W 7PA. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

These condensed consolidated interim financial statements for the period ending 31 December 2019 (including comparatives for the periods ended 31 December 2018 and 30 June 2019) were approved by the board of directors on 20 March 2020.

The financial information set out in this interim report does not constitute statutory accounts for the purposes of section 434 of the Companies Act (2006). The Group's statutory financial statements for the year ended 30 June 2019, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report for those financial statements was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act (2006).

The interim financial statements have been prepared using the accounting policies set out in the Group's 2019 statutory accounts and have not been audited.

Copies of the annual statutory financial statements and the interim report can be found on our website at www.aeorema.com or can be requested from the Company Secretary at the Company's registered office: 64 New Cavendish Street, London, W1G 8TB.

2. Basis of preparation

These condensed consolidated interim financial statements for the period ended 31 December 2019 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2019, which have been prepared in accordance with IFRS as adopted by the European Union

3. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2019, as described in those annual financial statements, with the exception of IFRS 16 Leasing which was effective from 1 July 2019. Aside from IFRS 16 there has been no impact on the Group's financial position or performance from new and amended IFRS and IFRIC interpretations mandatory as of 1 July 2019.

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the period ended 31 December 2019

4. Revenue and segmental results

The Company uses several factors in identifying and analysing reportable segments, including the basis of organisation such as differences in products and geographical areas. The Board of Directors, being the chief operating decision makers, has determined that for the period ended 31 December 2019 there is only one reportable operating segment.

5. Income tax charge

Income period tax is accrued based on the estimated average annual effective income tax rate of 19 per cent. (2018: 19 per cent).

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

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

	Unaudited 6 Months to 31 December 2019	Unaudited 6 Months to 31 December 2018	Audited Year to 30 June 2019
Profit/(loss) for the year attributable to owners of the Company	(57,021)	(111,472)	295,557
Number of shares			
Basic weighted average number of shares	9,050,500	9,050,500	9,050,500
Effect of dilutive share options	1,020,000	729,508	127,987
Diluted weighted average number of shares	10,070,500	9,780,008	9,178,487

7. Dividends

During the interim period a dividend of 1 pence (2018: 0.75 pence) per share was declared to holders of the Company's ordinary shares in respect of the full year ended 30 June 2019.

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the period ended 31 December 2019

8. Related party transactions

The Group has a related party relationship with its subsidiaries and its directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not included in these consolidated interim financial statements.

	Unaudited 6 months to 31 December 2019 £	Unaudited 6 months to 31 December 2018 £
Subsidiaries		
Amounts owed by/(to) subsidiaries	1,027,839	1,042,080
Amounts owed by/(to) subsidiaries	1,027,839	1,042,080

Harris & Trotter LLP is a firm in which S Haffner is a member. The following was charged to the Group in respect of professional services.

	Unaudited 6 Months to 31 December 2019 £	Unaudited 6 Months to 31 December 2018 £
Harris & Trotter LLP		
Aeorema Communications plc	7,500	7,500
Aeorema Limited	11,750	7,950
	19,250	15,450

Fees charged to Aeorema Communications plc include £7,500 (2018: £7,500) for the services of S Haffner as a non-executive director of that company.

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

	Unaudited 6 Months to 31 December 2019 £	Unaudited 6 Months to 31 December 2018 £
Short-term employee benefits	110,667	105,000
Post-employment benefits	5,024	892
	115,691	105,892

During the period A Harvey received an interest-free loan of £10,000. At the 31 December 2019 £10,000 (2018: £Nil) was outstanding.