

**Aeorema Communications plc ('Aeorema' or 'the Company')**  
**Interim Results**

Aeorema Communications plc, the AIM-traded multi-media specialist, announces its results for the six months ended 31 December 2012.

**Chairman's Statement**

I am pleased to report on what has been a profitable period for the Company as we continue to strengthen our position as providers of high quality and contemporary corporate communications and events solutions. During the period we achieved a pre tax profit of £98,382 (2011: £1,993) on revenues of £1,669,047 (2011: £1,237,800), and we have a cash position of £871,510 (2011: £812,104), which is a good achievement considering the tough market conditions.

Our On Screen and Live Events companies continue to work well together, regularly cross-selling services as they continue to produce high quality and award winning brand communications and innovative live events.

We were delighted that our events division won two IVCA LiveCom awards for its work at Cannes Lions, whilst the film department also received nominations for the New York Film Festival. These awards and nominations highlight the quality of our work.

Over the period of trading we have continued to develop and win new clients across both divisions. Our client list includes a range of major companies focussed on the professional and financial services, the telecommunications sector, and the technology sector, where we have recently added new clients. We maintain strong working relationships, with clients returning to us time and again for their conference and events needs.

At the end of the period, we announced our decision to dispose of viral agency ST16 Limited back to its directors for a nominal consideration. This was due to the fact that it has not resulted in the volume of business anticipated. Nonetheless, we are still pleased to show a profit for the period.

On a corporate front we also advise shareholders that the Company's registered address has changed to 64 New Cavendish Street, London, W1G 8TB. Additionally, the Company's trading address has changed to Moray House, 23-31 Great Titchfield Street, London, W1W 7PA.

In the future, we look forward to building our client list and remain focussed on ensuring the continued success of our film and events divisions.

I would like to thank shareholders for their continued support and give thanks to our dedicated and talented creative teams for their hard work over the period.

M Hale  
Chairman  
25 February 2013

**Aeorema Communications plc**  
**Condensed Consolidated Statement of Comprehensive Income**  
**Six months ended 31 December 2012**

|  |          | Unaudited<br>6 months<br>to 31<br>December<br>2012 | Unaudited<br>6 months<br>to 31<br>December<br>2011 | Audited<br>year ended<br>30 June<br>2012 |
|--|----------|--|--|--|
|  | Notes    | £  | £  | £  |
| <b>Continuing operations</b>   |          |  |  |  |
| <b>Revenue</b>   |          | <b>1,669,047</b>                                   | <b>1,237,880</b>                                   | <b>2,837,345</b>                         |
| Cost of sales  |          | (1,207,470)  | (870,483)  | (2,042,334)                              |
| <b>Gross profit</b>  |          | <b>461,577</b>                                     | <b>367,397</b>                                     | <b>795,011</b>                           |
| Administrative expenses  |          | (401,024)  | (367,022)  | (833,011)                                |
| Gain recognised on disposal of former subsidiary   |          | 53,824   | -  | -  |
| <b>Operating profit / (loss)</b>   |          | <b>114,377</b>                                     | <b>375</b>   | <b>(38,000)</b>                          |
| Finance income   |          | -  | 118  | 228                                      |
| Other income   |          | 83   | 1,500  | 1,500                                    |
| <b>Profit / (loss) before taxation</b>   |          | <b>114,460</b>                                     | <b>1,993</b>                                       | <b>(36,272)</b>                          |
| Taxation   |          | -  | -  | (2,342)                                  |
| <b>Profit / (loss) for the period from continuing operations</b>                               |          | <b>114,460</b>                                     | <b>1,993</b>                                       | <b>(38,614)</b>                          |
| <b>Discontinued operations</b>   |          |  |  |  |
| Profit / (loss) for the period from discontinued operations                                    | <b>6</b> | (16,078)   | -  | (46,569)                                 |
| <b>Total comprehensive income / (loss) for the period attributable to owners of the parent</b> |          | <b>98,382</b>                                      | <b>1,993</b>                                       | <b>(85,183)</b>                          |
| <b>Earnings / (Loss) per ordinary share:</b>   |          |  |  |  |
| <b>From continuing and discontinued operations</b>   |          |  |  |  |
| Basic  | <b>5</b> | 1.22404p   | 0.02543p   | (1.07822p)                               |
| Diluted  | <b>5</b> | 1.13772p   | 0.02453p   | (1.00542p)                               |
| <b>From continuing operations</b>  |          |  |  |  |
| Basic  | <b>5</b> | 1.42407p   | 0.02543p   | (0.48876p)                               |
| Diluted  | <b>5</b> | 1.32365p   | 0.02453p   | (0.45576p)                               |

There are no other comprehensive income items.

**Aeorema Communications plc**  
**Condensed Consolidated Statement of Financial Position**  
**At 31 December 2012**

|  | Unaudited<br>31 December<br>2012 | Unaudited<br>31 December<br>2011 | Audited<br>30 June<br>2012 |
|--|----------------------------------|----------------------------------|----------------------------|
|  | £                                | £                                | £                          |
| <b>Non-current assets</b>                          |                                  |                                  |                            |
| Intangible assets                                  | 365,154                          | 365,154                          | 365,154                    |
| Property, plant and equipment                      | 45,755                           | 77,343                           | 65,928                     |
| Deferred taxation                                  | 19,712                           | 22,054                           | 19,712                     |
|  | <u>430,621</u>                   | <u>464,551</u>                   | <u>450,794</u>             |
| <b>Current assets</b>                              |                                  |                                  |                            |
| Inventories  | 2,674                            | 2,674                            | 2,675                      |
| Trade and other receivables                        | 625,784                          | 369,040                          | 807,841                    |
| Cash and cash equivalents                          | 871,510                          | 812,104                          | 756,642                    |
|  | <u>1,499,968</u>                 | <u>1,183,818</u>                 | <u>1,567,158</u>           |
| <b>Total assets</b>                                | <b>1,930,589</b>                 | <b>1,648,369</b>                 | <b>2,017,952</b>           |
| <b>Current liabilities</b>                         |                                  |                                  |                            |
| Trade and other payables                           | (612,884)                        | (414,637)                        | (800,152)                  |
|  | <u>(612,884)</u>                 | <u>(414,637)</u>                 | <u>(800,152)</u>           |
| <b>Net assets</b>                                  | <b>1,317,705</b>                 | <b>1,233,732</b>                 | <b>1,217,800</b>           |
| <b>Equity</b>                                      |                                  |                                  |                            |
| Share capital                                      | 1,004,688                        | 979,688                          | 1,004,688                  |
| Merger reserve                                     | 16,650                           |                                  | 16,650                     |
| Share based payment reserve                        | 77,791                           | 46,674                           | 76,268                     |
| Capital redemption reserve                         | 257,812                          | 257,812                          | 257,812                    |
| Retained earnings                                  | (39,236)                         | (50,442)                         | (137,618)                  |
| <b>Equity attributable to owners of the parent</b> | <b>1,317,705</b>                 | <b>1,233,732</b>                 | <b>1,217,800</b>           |

**Aeorema Communications plc**  
**Condensed Consolidated Statement of Changes in Equity**  
**At 31 December 2012**

|                       | Share<br>Capital | Merger<br>Reserve | Share-<br>based<br>payment<br>reserve | Capital<br>Redemption<br>reserve | Retained<br>earnings | Total<br>equity  |
|-----------------------|------------------|-------------------|---------------------------------------|----------------------------------|----------------------|------------------|
|                       | £                | £                 | £                                     | £                                | £                    | £                |
| <b>At 1 July 2011</b> | <b>979,688</b>   | <b>-</b>          | <b>31,116</b>                         | <b>257,812</b>                   | <b>(52,435)</b>      | <b>1,216,181</b> |

|                                      |                  |               |               |                |                  |                  |
|--------------------------------------|------------------|---------------|---------------|----------------|------------------|------------------|
| Comprehensive income for the period  | -                | -             | -             | -              | 1,993            | 1,993            |
| Share based payments                 | -                | -             | 15,558        | -              | -                | 15,558           |
| <b>At 31 December 2011</b>           | <b>979,688</b>   | <b>-</b>      | <b>46,674</b> | <b>257,812</b> | <b>(50,442)</b>  | <b>1,233,732</b> |
| <b>At 1 January 2011</b>             | <b>979,688</b>   | <b>-</b>      | <b>46,674</b> | <b>257,812</b> | <b>(50,442)</b>  | <b>1,233,732</b> |
| Issue of shares                      | 25,000           | 21,500        | -             | -              | -                | 46,500           |
| Share issue costs                    | -                | (4,850)       | -             | -              | -                | (4,850)          |
| Comprehensive expense for the period | -                | -             | -             | -              | (87,176)         | (87,176)         |
| Share based payments                 | -                | -             | 29,594        | -              | -                | <b>29,594</b>    |
| <b>At 30 June 2012</b>               | <b>1,004,688</b> | <b>16,650</b> | <b>76,268</b> | <b>257,812</b> | <b>(137,618)</b> | <b>1,217,800</b> |
| <b>At 1 July 2012</b>                | <b>1,004,688</b> | <b>16,650</b> | <b>76,268</b> | <b>257,812</b> | <b>(137,618)</b> | <b>1,217,800</b> |
| Comprehensive income for the period  | -                | -             | -             | -              | 98,382           | 98,382           |
| Share based payments                 | -                | -             | 1,523         | -              | -                | 1,523            |
| <b>At 31 December 2012</b>           | <b>1,004,688</b> | <b>16,650</b> | <b>77,791</b> | <b>257,812</b> | <b>(39,236)</b>  | <b>1,317,705</b> |

**Aeorema Communications plc**  
**Condensed Consolidated Statement of Cash Flows**  
**Six months ended 31 December 2012**

|   | Notes | Unaudited<br>6 months<br>to 31<br>December<br>2012 | Unaudited<br>6 months<br>to 31<br>December<br>2011 | Audited<br>year<br>ended<br>30 June<br>2012 |
|---|-------|--|--|---|
|   |       | £  | £  | £   |
| <b>Cash flows from operating activities</b>         |       |  |  |   |
| Profit / (loss) before taxation                     |       | 98,382   | 1,993  | (82,841)                                    |
| Depreciation  |       | 18,776   | 30,636   | 60,167                                      |
| Impairment of goodwill                              |       | -  | -  | 77,671                                      |
| Gain on sale of property, plant and equipment       |       | (43,000)   | -  | -   |
| Profit on disposal of subsidiary                    |       | (53,824)   | -  | -   |
| Write-off of inter-company loan due from subsidiary |       | 26,960   | -  | -   |

|   |                |                |                 |
|---|----------------|----------------|-----------------|
| Share based payment   | 1,523          | 15,558         | 45,152          |
| Finance income  | (83)           | 118            | (228)           |
| Taxation paid   | -              | -              | (6,986)         |
| Other non-cash adjustments  | 78             | -              | -               |
|   | <b>48,812</b>  | <b>48,305</b>  | <b>92,935</b>   |
| Increase / (decrease) in trade and other payables                         | (187,268)      | 87,871         | 439,645         |
| Decrease / (increase) in trade and other receivables                      | 182,059        | 148,421        | (269,284)       |
| Change in working capital due to disposal of subsidiary:                  |                |                |                 |
| – Trade and other receivables   | (11,699)       | -              | -               |
| – trade and other payables  | 39,404         | -              | -               |
| – Increase in other receivables due to balance due from former subsidiary | 19,987         | -              | -               |
| <b>Cash generated in operating activities</b>                             | <b>42,483</b>  | <b>236,292</b> | <b>170,361</b>  |
| <b>Cash flows from investing activities</b>                               |                |                |                 |
| Finance income  | 83             | (118)          | 228             |
| Investments in subsidiaries (net of cash acquired)                        | -              | -              | (16,794)        |
| Disposal of subsidiary (net of cash disposed) <b>6</b>                    | (16,421)       | -              | -               |
| Purchase of property, plant and equipment                                 | (3,089)        | (790)          | (13,653)        |
| Proceeds from sale of property, plant and equipment                       | 43,000         | -              | -               |
| <b>Cash (used) / generated in investing activities</b>                    | <b>23,573</b>  | <b>(908)</b>   | <b>(30,219)</b> |
| <b>Cash flows from financing activities</b>                               |                |                |                 |
| Cost of share issue   | -              | -              | (4,850)         |
| <b>Cash used in financing activities</b>                                  | <b>-</b>       | <b>-</b>       | <b>(4,850)</b>  |
| <b>Net increase in cash and cash equivalents</b>                          | <b>114,868</b> | <b>283,689</b> | <b>228,227</b>  |
| Cash and cash equivalents at beginning of period                          | 756,642        | 528,415        | 528,415         |
| <b>Cash and cash equivalents at end of period</b>                         | <b>871,510</b> | <b>812,104</b> | <b>756,642</b>  |

## **Aeorema Communications plc**

### **Notes to the Interim Condensed Financial Statements**

#### **Six months ended 31 December 2012**

#### **1 General information**

Aeorema Communications Plc, previously known as Cheerful Scout Plc, is a public limited company incorporated in the United Kingdom under the Companies Act 1985. The Company is domiciled in the United Kingdom and its principal place of business is Moray House, 23-31 Great Titchfield Street, London, W1W 7PA. The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange.

These condensed consolidated interim financial statements for the period ended 31 December 2012 (including the comparatives for the periods ended 31 December 2011 and 30 June 2012) were approved by the board of directors on 25 February 2013.

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 2012, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under either 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 2012 statutory accounts and have not been audited.

Copies of the annual statutory accounts and the interim report can be found on our website at [www.aeorema.com](http://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 2012 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 2012, which have been prepared in accordance with IFRS as adopted by the European Union.

## 3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2012, as described in those annual financial statements. 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 2012.

## 4 Revenue and segmental results

Revenue and segmental results have been disclosed by three operating segments; On Screen, Live Events, and Viral Film (now discontinued), in the manner that the information is presented to the Board of Directors, being the Chief Operating Decision Makers.

|  | Revenue          |                  | Segment profit / (loss) |                |
|--|------------------|------------------|-------------------------|----------------|
|  | Six months ended |                  | Six months ended        |                |
|  | 31 Dec<br>2012   | 31 Dec<br>2011   | 31 Dec<br>2012          | 31 Dec<br>2011 |
| <b>Continuing operations</b>                     |                  |                  |                         |                |
| On Screen  | 842,114          | 514,978          | 69,987                  | 30,873         |
| Live Events                                      | 826,933          | 722,902          | 141,022                 | 47,151         |
| <b>Total for continuing operations</b>           | <b>1,669,047</b> | <b>1,237,880</b> | <b>211,009</b>          | <b>78,024</b>  |
| Unallocated expenses                             |                  |                  | (150,456)               | (77,649)       |
| <b>Operating profit</b>                          |                  |                  | <b>60,553</b>           | <b>375</b>     |
| Finance income                                   |                  |                  | -                       | 118            |
| Other income                                     |                  |                  | 83                      | 1,500          |
| <b>Profit before tax (continuing operations)</b> |                  |                  | <b>60,636</b>           | <b>1,993</b>   |
| <b>Discontinued operation</b>                    |                  |                  |                         |                |
| Viral Film                                       | 69,001           | -                | (16,078)                | -              |
| Gain recognised on disposal of subsidiary        |                  |                  | 53,824                  | -              |

|   |                  |                  |               |              |
|---|------------------|------------------|---------------|--------------|
| <b>Total for discontinued operations</b>              | <b>69,001</b>    | <b>-</b>         | <b>37,746</b> | <b>-</b>     |
| Income tax expense continuing and discontinued        |                  |                  | -             | -            |
| <b>Consolidated revenue and profit for the period</b> | <b>1,738,048</b> | <b>1,237,880</b> | <b>98,382</b> | <b>1,993</b> |

| <b>Analysis of the Group's assets by operating segment</b>    | <b>31 Dec<br/>2012</b> | <b>31 Dec<br/>2011</b> |
|---|------------------------|------------------------|
| <b>Continuing operations</b>                                  |                        |                        |
| On Screen segment assets                                      | 487,964                | 465,934                |
| Live Events segment assets                                    | 762,351                | 418,976                |
| Unallocated segment assets                                    | 680,274                | 763,459                |
| <b>Continuing operations - total assets</b>                   | <b>1,930,589</b>       | <b>1,648,369</b>       |
| On Screen segment liabilities                                 | (193,878)              | (175,979)              |
| Live Events segment liabilities                               | (379,418)              | (214,458)              |
| Unallocated segment liabilities                               | (39,588)               | (24,200)               |
| <b>Continuing operations - total liabilities</b>              | <b>(612,884)</b>       | <b>(414,637)</b>       |
| <b>Discontinued operations</b>                                |                        |                        |
| Viral Film total assets                                       | -                      | -                      |
| Viral Film total liabilities                                  | -                      | -                      |
| <b>Consolidated assets (continuing and discontinued)</b>      | <b>1,930,589</b>       | <b>1,648,369</b>       |
| <b>Consolidated liabilities (continuing and discontinued)</b> | <b>(612,884)</b>       | <b>(414,637)</b>       |

## 5 Earnings (loss) per share

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

Diluted earnings per share are calculated by dividing the profit or loss attributable to 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 in ordinary shares.

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

|   | <b>Unaudited<br/>six months to<br/>31 December<br/>2012</b> | <b>Unaudited<br/>six months to<br/>31 December<br/>2011</b> | <b>Audited<br/>year<br/>ended<br/>30 June<br/>2012</b> |
|---|---|---|--|
| Earnings attributable to owners of parent | 98,382  | 1,993   | (85,183)   |
| <b>Number of shares</b>                   |   |   |  |
| Basic weighted average number of shares   | <b>8,037,500</b>  | <b>7,837,500</b>  | <b>7,900,342</b>                                       |
| Effect of dilutive share options          | 609,788   | 288,878   | 572,017  |
| Diluted weighted average number of shares | <b>8,647,288</b>  | <b>8,126,378</b>  | <b>8,472,359</b>                                       |

**From continuing operations**

|   |                |              |                 |
|---|----------------|--------------|-----------------|
| Earnings attributable to owners of parent   | 98,382         | 1,993        | (85,183)        |
| Less: (profit) / loss for the period from discontinued operations                                   | 16,078         | -            | 46,569          |
| <b>Earnings for the purposes of basic and diluted earnings per share from continuing operations</b> | <b>114,460</b> | <b>1,993</b> | <b>(38,614)</b> |

**6 Disposal of subsidiary**

On 7 December 2012 the Group disposed of its 100% subsidiary ST16 Limited, which carried out Viral Film operations. ST16 Limited was sold to its directors, S Crofts and J Stinton. The proceeds on disposal of £5 were received in cash after the period end.

The profit / (loss) for the period from the discontinued operation is analysed as follows:

|   | <b>Unaudited<br/>six months<br/>to 31<br/>December<br/>2012<br/>£</b> | <b>Unaudited<br/>six months<br/>to 31<br/>December<br/>2011<br/>£</b> | <b>Audited<br/>year<br/>ended<br/>30 June<br/>2012<br/>£</b> |
|---|---|---|--|
| Profit / (loss) for the period            | (16,078)  | (46,569)  | -  |
| Gain recognised on disposal of subsidiary | 53,824  | -   | -  |
|   | <b>37,746</b>   | <b>(46,569)</b>   | -  |

The results of ST16 Limited for the relevant periods were as follows:

|                                 | <b>Unaudited<br/>six months<br/>to 31<br/>December<br/>2012<br/>£</b> | <b>Unaudited<br/>six months<br/>to 31<br/>December<br/>2011<br/>£</b> | <b>Audited<br/>year<br/>ended<br/>30 June<br/>2012<br/>£</b> |
|---------------------------------|---|---|--|
| Revenue                         | 69,001  | 62,257  | -  |
| Operating costs                 | (85,079)  | (108,813)   | -  |
| Finance costs                   | -   | (13)  | -  |
| <b>Profit/(loss) before tax</b> | <b>(16,078)</b>   | <b>(46,569)</b>   | -  |
| Income tax charge               | -   | -   | -  |
| <b>Profit/(loss) after tax</b>  | <b>(16,078)</b>   | <b>(46,569)</b>   | -  |

The net assets / (liabilities) of ST16 Limited at the date of disposal were as follows:

|   | <b>£</b>        |
|---|-----------------|
| Net liabilities disposed of                 | (53,819)        |
| Profit on disposal                          | 53,824          |
| <b>Total consideration</b>                  | <b>5</b>        |
| Less: cash in subsidiary disposed of        | (16,426)        |
| <b>Net cash outflow arising on disposal</b> | <b>(16,421)</b> |



## 7 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.

|  | <b>Unaudited<br/>6 months to<br/>31 December<br/>2012<br/>£</b> | <b>Unaudited<br/>6 months to<br/>31 December<br/>2011<br/>£</b> |
|--|---|---|
| <b>Subsidiaries</b>                      |   |   |
| Amounts owed by/(to) subsidiaries        | (125,344)   | 58,058  |
| <b>Amounts owed by/(to) subsidiaries</b> | <b>(125,344)</b>  | <b>58,058</b>   |

Aeorema Communications plc is a guarantor for a lease entered into by Cheerful Scout Productions Limited, its subsidiary undertaking.

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

|  | <b>Unaudited<br/>6 months to<br/>31 December<br/>2012<br/>£</b> | <b>Unaudited<br/>6 months to 31<br/>December<br/>2011<br/>£</b> |
|--|---|---|
| <b>Harris &amp; Trotter LLP</b>        |   |   |
| Aeorema Communications plc             | 7,196   | 9,892   |
| Cheerful Scout Productions Limited     | 3,600   | 3,600   |
| Twentyfirst Limited                    | 3,600   | 3,600   |
| Discontinued operations – ST16 Limited | 1,600   | -   |
|  | <b>15,996</b>   | <b>17,092</b>   |

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

|                              | <b>£</b>      | <b>£</b>      |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 54,500        | 53,750        |
| Post-employment benefits     | 22,944        | 25,992        |
|                              | <b>77,444</b> | <b>79,742</b> |

**\*\* ENDS \*\***

For further information visit [www.aeorema.com](http://www.aeorema.com) or contact:

|                   |                               |                    |
|-------------------|-------------------------------|--------------------|
| Gary Fitzpatrick  | Aeorema Communications plc    | Tel: 020 7291 0444 |
| Mark Percy        | Seymour Pierce                | Tel: 020 7107 8000 |
| Catherine Leftley | Seymour Pierce                | Tel: 020 7107 8000 |
| Elisabeth Cowell  | St Brides Media & Finance Ltd | Tel: 020 7236 1177 |
| Charlotte Heap    | St Brides Media & Finance Ltd | Tel: 020 7236 1177 |