

Aeorema Communications plc
Condensed Consolidated Statement of Comprehensive Income
Six months ended 31 December 2013

		Unaudited 6 months to 31 December 2013	Unaudited 6 months to 31 December 2012	Audited year ended 30 June 2013
	Notes	£	£	£
Continuing operations				
Revenue		1,812,493	1,669,047	3,992,751
Cost of sales		(886,630)	(1,207,470)	(2,825,490)
Gross profit		925,863	461,577	1,167,261
Administrative expenses		(700,102)	(401,024)	(862,600)
Operating profit		225,761	60,553	304,661
Gain recognised on disposal of former subsidiary		-	53,824	54,021
Finance income		-	-	195
Finance expense		-	-	(13)
Other income		180	83	-
Profit before taxation		225,941	114,460	358,864
Taxation	5	(23,132)	-	(79,087)
Profit for the period from continuing operations		202,809	114,460	279,777
Discontinued operations				
Loss for the period from discontinued operations	9	-	(16,078)	(16,276)
Total comprehensive income for the period attributable to owners of the parent		202,809	98,382	263,501
Earnings per ordinary share:				
From continuing and discontinued operations				
Basic	6	2.50772p	1.22404p	3.2784p
Diluted	6	2.27585p	1.13772p	3.06203p
From continuing operations				
Basic	6	2.50772p	1.42407p	3.4809p
Diluted	6	2.27585p	1.32365p	3.25117p

There are no other comprehensive income items.

Aeorema Communications plc
Condensed Consolidated Statement of Financial Position
At 31 December 2013

	Unaudited 31 December 2013	Unaudited 31 December 2012	Audited 30 June 2013
	£	£	£
Non-current assets			
Intangible assets	365,154	365,154	365,154
Property, plant and equipment	88,776	45,755	77,040
Deferred taxation	8,277	19,712	8,277
	<u>462,207</u>	<u>430,621</u>	<u>450,471</u>
Current assets			
Inventories	2,675	2,675	2,675
Trade and other receivables	569,131	625,783	606,557
Cash and cash equivalents	1,466,352	871,510	1,581,790
	<u>2,038,158</u>	<u>1,499,968</u>	<u>2,191,022</u>
Total assets	2,500,365	1,930,589	2,641,493
Current liabilities			
Trade and other payables	(872,057)	(612,884)	(1,140,377)
	<u>(872,057)</u>	<u>(612,884)</u>	<u>(1,140,377)</u>
Net assets	1,628,308	1,317,705	1,501,116
Equity			
Share capital	1,042,188	1,004,688	1,004,688
Merger reserve	16,650	16,650	16,650
Share based payment reserve	103,529	77,791	96,083
Capital redemption reserve	257,812	257,812	257,812
Retained earnings	208,129	(39,236)	125,883
Equity attributable to owners of the parent	1,628,308	1,317,705	1,501,116

Aeorema Communications plc
Condensed Consolidated Statement of Changes in Equity
At 31 December 2013

	Share Capital	Merger Reserve	Share- based payment reserve	Capital Redemption reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 July 2012	1,004,688	16,650	76,268	257,812	(137,618)	1,217,800
Comprehensive income for the period	-	-	-	-	98,382	98,382
Share based payments	-	-	1,523	-	-	1,523
At 31 December 2012	1,004,688	16,650	77,791	257,812	(39,236)	1,317,705
At 1 January 2013	1,004,688	16,650	77,791	257,812	(39,236)	1,317,705
Comprehensive expense for the period	-	-	-	-	165,119	165,119
Share based payments	-	-	18,292	-	-	18,292
At 30 June 2013	1,004,688	16,650	96,083	257,812	125,883	1,501,116
At 1 July 2013	1,004,688	16,650	96,083	257,812	125,883	1,501,116
Issue of shares	37,500	-	-	-	-	37,500
Payment of dividends	-	-	-	-	(120,563)	(120,563)
Comprehensive income for the period	-	-	-	-	202,809	202,809
Share based payments	-	-	7,446	-	-	7,446
At 31 December 2013	1,042,188	16,650	103,529	257,812	208,129	1,628,308

Aeorema Communications plc
Condensed Consolidated Statement of Cash Flows
Six months ended 31 December 2013

		Unaudited 6 months to 31 December 2013	Unaudited 6 months to 31 December 2012	Audited year ended 30 June 2013
	Notes	£	£	£
Cash flows from operating activities				
Profit before taxation		225,941	98,382	342,588
Depreciation		18,360	18,776	35,934
Gain on sale of property, plant and equipment		-	(43,000)	(44,875)
Profit on disposal of subsidiary	9	-	(53,824)	(54,021)
Write-off of inter-company loan due from subsidiary		-	26,960	-
Share based payment		7,446	1,523	19,815
Finance income		(180)	(83)	(195)
Taxation paid		-	-	-
Other non-cash adjustments		-	78	-
		251,567	48,812	299,246
Increase / (decrease) in trade and other payables		(291,453)	(187,268)	272,572
Decrease in trade and other receivables		37,426	182,059	201,285
Change in working capital due to disposal of subsidiary:				
– Trade and other receivables		-	(11,699)	(11,700)
– trade and other payables		-	39,404	86,431
– Increase in other receivables due to balance due from former subsidiary		-	19,987	-
Cash generated / (used) in operating activities		(2,460)	91,295	847,834
Cash flows from investing activities				
Finance income		180	83	195
Disposal of subsidiary (net of cash disposed)	9	-	(16,421)	(16,421)
Purchase of property, plant and equipment		(30,095)	(3,089)	(51,335)
Proceeds from sale of property, plant and equipment		-	43,000	44,875
Cash (used) / generated in investing activities		(29,915)	23,573	(22,686)
Cash flows from financing activities				
Cost of share issue		-	-	-
Income from share issue		37,500	-	-
Dividends paid	7	(120,563)	-	-
Cash used in financing activities		(83,063)	-	-
Net increase / (decrease) in cash and cash equivalents		(115,438)	114,868	825,148
Cash and cash equivalents at beginning of period		1,581,790	756,642	756,642
Cash and cash equivalents at end of period		1,466,352	871,510	1,581,790

Aeorema Communications plc
Notes to the Interim Condensed Financial Statements
Six months ended 31 December 2013

1 General information

Aeorema Communications 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 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 2013 (including the comparatives for the periods ended 31 December 2012 and 30 June 2013) were approved by the board of directors on 4 February 2014.

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 2013, 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 2013 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 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 2013 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 2013, 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 2013, 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 2013.

Aeorema Communications plc
Notes to the Interim Condensed Financial Statements (Continued)
Six months ended 31 December 2013

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, have determined that for the period ending 31 December 2013 there is only a single reportable segment.

5 Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 21 per cent (2012: Nil), adjusted for significant one-off events.

6 Earnings per share

Basic 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.

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 in ordinary shares.

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

	Unaudited six months to 31 December 2013	Unaudited six months to 31 December 2012	Audited year ended 30 June 2013
Earnings attributable to owners of parent	202,809	98,382	263,501
Number of shares			
Basic weighted average number of shares	8,087,500	8,037,500	8,037,500
Effect of dilutive share options	823,993	609,788	567,915
Diluted weighted average number of shares	8,911,493	8,647,288	8,605,415
From continuing operations			
Earnings attributable to owners of parent	202,809	98,382	263,501
Less: profit for the period from discontinued operations	-	16,078	16,276
Earnings for the purposes of basic and diluted earnings per share from continuing operations	202,809	114,460	279,777

Aeorema Communications plc
Notes to the Interim Condensed Financial Statements (Continued)
Six months ended 31 December 2013

7 Dividends

During the interim period, a dividend of 1.5 pence (2012: Nil) per share was paid to shareholders.

8 Issued capital

Issued capital as at 31 December 2013 amounted to £1,042,188 (2012: £1,004,688). 300,000 additional shares were issued on 28 November 2013. There were no movements in the issued capital of the Company in the prior interim reporting period.

9 Disposal of subsidiary in comparative period

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 before the period end.

10 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 2013 £	Unaudited 6 months to 31 December 2012 £
Subsidiaries		
Amounts owed by/(to) subsidiaries	154,653	(125,344)
Amounts owed by/(to) subsidiaries	154,653	(125,344)

Aeorema Communications plc is a guarantor for a lease entered into by Aeorema 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.

	Unaudited 6 months to 31 December 2013 £	Unaudited 6 months to 31 December 2012 £
Harris & Trotter LLP		
Aeorema Communications plc	7,500	7,196
Aeorema Limited	7,825	3,600
Twentyfirst Limited	-	3,600
Discontinued operations – ST16 Limited	-	1,600
	15,325	15,996

Aeorema Communications plc
Notes to the Interim Condensed Financial Statements (Continued)
Six months ended 31 December 2013

10 Related party transactions (continued)

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

	£	£
Short-term employee benefits	135,339	54,500
Post-employment benefits	<u>41,178</u>	<u>22,944</u>
	176,517	77,444

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

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