

25 March 2019

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 2018.

Financial & Operational Overview

- Revenues of £1,997,303, a year-on-year increase of 7% (2017: £1,869,439)
- Operating loss pre-exceptional items of £141,765 (2017: profit £81,028)
- Recruitment of key new senior staff has impacted costs
- Robust cash position of £1,030,956 (2017: £1,038,130)
- Notable new client wins
- Continuing to build presence in the rapidly growing experiential events sector
- Trading remains in line with market expectations for the full year to 30 June 2019

Chairman's Statement

During the period, Aeorema has been delivering on its strategy of building on the Company's core business by providing enhanced services to clients, in particular the move into experiential events. As outlined in the Company's year-end results to 30 June 2018, this has led to a series of new business wins in the current period with both new and existing clients.

These wins include a substantial three-year contract with a large media company for an annual event in Cannes. It also has won a leadership event for a professional services company and has a good pipeline of opportunities for 2019/2020. These are in addition to projects from existing clients both this year, and scheduled for 2020.

The recruitment of two senior executive staff has increased costs in the short term but is expected to contribute to revenue growth going forward. Revenue is up 7% to £1,997,303 (2017: £1,869,439), however due to increased costs in the period, the Company is showing an operating loss for the period of £141,765 (2017: profit £81.028). The Company's cash position remains robust at £1,030,956. This position means the Company intends to pay a full year dividend, subject to the final audited results for the full year.

The first half loss was anticipated due to recruitment costs and increased salaries. This investment is already producing results and creates a structure for growth. A key focus has been on account management and growing revenues from existing clients. The new team were instrumental in winning a significant new Cannes Lions project for June this year and they have also helped win other new projects for this year and next. Cannes Lions International Festival of Creativity is a global event for those working in creative, communications, advertising and related fields. The Company has spent

several years staging innovative events at Cannes Lions which have typically provided a substantial part of the Group's annual revenues.

It is customary for Aeorema's revenues to be second half weighted and anticipated and committed second half revenues are strong which gives the Board a good level of confidence that the Company will deliver full year results in line with market expectations.

The Company has a strong market reputation in the delivery of creative and differentiated live events, and we remain focused on building an industry-leading, cash generative, dividend-paying business with a high quality, blue-chip client base. In addition, the Company has explored, and continues to explore, value accretive acquisitions whose business or businesses are complementary to the existing offering and will help Aeorema build its position in the events and experiential category. To this end, we continue to seek to drive growth and innovation both in-house and via value accretive growth opportunities.

Finally, I would like to thank our employees for their hard work and commitment, as well as our shareholders for their continued support.

M Hale

Chairman

22 March 2019

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 December 2018

		Unaudited 6 Months to 31 December 2018	Unaudited 6 Months to 31 December 2017	Audited Year to 30 June 2018
	Notes	£	£	£
Continuing Operations				
Revenue		1,997,303	1,869,439	4,820,167
Cost of sales		(1,257,963)	(1,081,034)	(3,033,514)
Gross profit		739,340	788,405	1,786,653
Administrative expenses		(881,105)	(707,377)	(1,497,003)
Operating profit / (loss) pre exceptional items		(141,765)	81,028	289,650
Exceptional items	4	-	(231,357)	(231,357)
Operating profit / (loss) post exceptional items		(141,765)	(150,329)	58,293
Finance income		287	162	392
Profit / (loss) before taxation		(141,478)	(150,167)	58,685
Taxation	6	26,939	26,587	(8,280)
Profit / (loss) for the period from continuing operations		(114,539)	(123,580)	50,405
Basic and diluted earnings per share from continuing operations				
Basic (pence)	7	(1.26555)	(1.36545)	0.55693
Diluted (pence)	7	(1.17115)	(1.30156)	0.53906

There are no other comprehensive income items

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended 31 December 2018

	Unaudited 6 Months to 31 December 2018	Unaudited 6 Months to 31 December 2017	Audited Year to 30 June 2018
	£	£	£
Non-current assets			
Intangible assets	365,154	365,154	365,154
Property, plant and equipment	54,848	31,898	37,044
Deferred taxation	29,193	22,274	2,254
	449,195	419,326	404,452
Current assets			
Trade and other receivables	806,122	872,650	1,106,292
Cash and cash equivalents	1,030,956	1,038,130	1,437,904
	1,837,078	1,910,780	2,544,196
Total assets	2,286,273	2,330,106	2,948,648
Current liabilities			
Bank loans and overdrafts	-	-	1,590
Trade and other payables	714,512	772,303	1,274,979
Dividends payable	67,879	45,252	-
Current tax payable	9,412	23,868	9,412
	791,803	841,423	1,285,981
Net assets	1,494,470	1,488,683	1,662,667
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	14,221	-	-
Capital contribution reserve	257,812	257,812	257,812
Retained earnings	67,411	75,845	249,829
Total equity	1,494,470	1,488,683	1,662,667

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2018

	Share capital	Share Premium	Merger reserve	Other reserve	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
At 1 July 2017	1,131,313	7,063	16,650	-	257,812	244,677	1,657,515
Payment of dividends	-	-	-	-	-	(45,252)	(45,252)
Comprehensive income for the period	-	-	-	-	-	(123,580)	(123,580)
At 31 December 2017	1,131,313	7,063	16,650	-	257,812	75,845	1,488,683
At 1 January 2018	1,131,313	7,063	16,650	-	257,812	75,845	1,488,683
Payment of dividends	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	-	173,984	173,984
At 30 June 2018	1,131,313	7,063	16,650	-	257,812	249,829	1,662,667
At 1 July 2018	1,131,313	7,063	16,650	-	257,812	249,829	1,662,667
Payment of dividends	-	-	-	-	-	(67,879)	(67,879)
Comprehensive income for the period	-	-	-	-	-	(114,539)	(114,539)
Share-based payments	-	-	-	14,221	-	-	14,221
At 31 December 2018	1,131,313	7,063	16,650	14,221	257,812	67,411	1,494,470

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 December 2018

	Unaudited 6 Months to 31 December 2018 £	Unaudited 6 Months to 31 December 2017 £	Audited Year to 30 June 2018 £
Cash flow from operating activities			
Profit/(loss) before taxation	(141,478)	(150,167)	58,685
Adjustments for:			
Depreciation of property, plant and equipment	10,687	11,850	20,416
Share-based payment	14,221	-	-
Finance income	(287)	(162)	(392)
Operating cash flow before movement in working capital	(116,857)	(138,479)	78,709
Decrease in trade and other payables	(560,467)	(843,300)	(340,624)
Decrease in trade and other receivables	300,170	134,942	(98,700)
Cash (used in) / generated from operating activities	(377,154)	(846,837)	(360,615)
Taxation paid	-	-	(29,303)
Cash flow from investing activities			
Finance income	287	162	392
Purchase of property, plant and equipment	(28,491)	(12,407)	(26,119)
Net cash used in investing activities	(28,204)	(12,245)	(25,727)
Cash flow from financing activities			
Dividends paid	-	-	(45,253)
Net cash used in financing activities	-	-	(45,253)
Net increase / (decrease) in cash and cash equivalents	(405,358)	(859,082)	(460,898)
Cash and cash equivalents at beginning of period	1,436,314	1,897,212	1,897,212
Cash and cash equivalents at end of period	1,030,956	1,038,130	1,436,314

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 31 December 2018

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 2018 (including comparatives for the periods ended 31 December 2017 and 30 June 2018) were approved by the board of directors on 22 March 2019.

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 2018, 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 2018 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 2018 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 2018, 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 2018, 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 2018.

4. Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. During the interim period, the Group incurred expenditure totalling £nil (2017: £231,357 in relation to the departure of its two founders, Peter Litten and Gary Fitzpatrick, from the board of directors). This cost has been included in the condensed consolidated interim Income Statement as an operating exceptional cost.

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the period ended 31 December 2018

5. 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 2018 there is only one reportable operating segment.

6. Income tax charge

Income period tax is accrued based on the estimated average annual effective income tax rate of 19 per cent. (2017: 19 per cent.).

7. 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 2018	Unaudited 6 Months to 31 December 2017	Audited Year to 30 June 2018
Profit/(loss) for the year attributable to owners of the Company	(114,539)	(123,580)	50,405
Number of shares			
Basic weighted average number of shares	9,050,500	9,050,500	9,050,500
Effect of dilutive share options	729,508	444,262	300,000
Diluted weighted average number of shares	9,780,008	9,494,762	9,350,500

8. Dividends

During the interim period a dividend of 0.75 pence (2017: 0.5 pence) per share was declared to holders of the Company's ordinary shares in respect of the full year ended 30 June 2018.

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the period ended 31 December 2018

9. 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 2018 £	Unaudited 6 months to 31 December 2017 £
Subsidiaries		
Amounts owed by/(to) subsidiaries	1,042,080	1,020,183
Amounts owed by/(to) subsidiaries	1,042,080	1,020,183

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

	Unaudited 6 Months to 31 December 2018 £	Unaudited 6 Months to 31 December 2017 £
Harris & Trotter LLP		
Aeorema Communications plc	7,500	7,500
Aeorema Limited	7,950	17,900
	15,450	25,400

Fees charged to Aeorema Communications plc include £7,500 (2017: £7,500) for the services of Stephen 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 2018 £	Unaudited 6 Months to 31 December 2017 £
Short-term employee benefits	105,000	97,153
Post-employment benefits	892	50,666
Termination benefits	-	100,000
	105,892	247,819

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

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