



aeorema
communications plc

CONSOLIDATED DIRECTORS'
REPORT & FINANCIAL STATEMENTS
Year ending 30 June 2019

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Overview

PROFITS UP
29%

WE WON
**CREATIVE AGENCY
OF THE YEAR 2019**



DIVIDENDS UP

33%

REVENUE UP

40%



Chairman's Statement

In the first full year under new management, I am pleased to report a strong financial performance for the financial year ended 30 June 2019. Revenue has increased 40% to £6,765,280 (2018: £4,820,167) and the Group has increased profitability reporting an operating profit pre-exceptional items of £374,399 representing a 29% increase on 2018 (2018: £289,650) and profit before taxation of £375,010 (2018: £58,685). The Group's cash position remains robust at £2.2 million (2018: £1.4m). The profitability and the maintained cash position of the Group has led to the Board to propose a full year dividend of 1.0 pence per share (2018: 0.75 pence) to be paid to shareholders on the register on 22 November 2019. The ex-dividend date will be 21 November 2019. Subject to the proposed dividend being approved by shareholders at the forthcoming AGM, it will be paid on 16 December 2019.

The Group reinforced its strong market reputation for execution of creative and differentiated live events through the successful delivery of several noteworthy events. This includes four client projects delivered at the Cannes Lions International Festival of Creativity including a stand-out event hosted on behalf of a global business-focussed media company that attracted high praise across the event. I am also proud of the smaller scale corporate events successfully undertaken including partner meetings for a global law firm organised in the United States and an innovative, unique event hosted at the Bristol waterfront in outdoor, temporary venues. Further to this, a highly successful senior management event was completed for a new client in London operating within the technology and manufacturing sector. The Group has made additional key executive appointments during the year with a view to maintaining and expanding client relationships.

Whilst the Group has delivered an unusually high number of low profit margin events during the year, new events to be delivered in 2020 are expected to have higher gross profit margins. Despite this, the Group has delivered a highly successful and profitable year. The Group is also continuing to invest in new hires with the aim of reducing its use of freelancers.

We are pleased with the ongoing development and contributions made by our film production and experiential businesses. The Group produced a variety of award nominated films during the year which continued to showcase the Group's creativity. The Group has recently appointed a new Director of Client Partnerships, Andrew Zanelli-King, who is responsible for growing the film business. Andrew has a proven track record of helping film businesses expand at various companies and has an established network of contacts within the industry. The experiential business continues to grow with several small events delivered during the year.

Outlook

Focus remains on sustaining client relationships and effective client acquisition to ensure that a robust pipeline of business is in place. To this end, I am confident of future growth having already secured new client wins in the current financial year including a leading global law firm, a number within the technology sector and a high-profile, established confectionery brand. Another upcoming highlight is set to be the execution of an extraordinary event at MIPCOM in Cannes, an annual trade show for entertainment content, in October for a global media brand.

We continue to invest in the Group and its success through making key appointments and view this as integral to the creation of a dividend-paying, financially healthy business operating at the forefront of the industry. Committed to the continued growth of the Group, we continue to assess potentially value accretive, complementary opportunities as they are presented to the Group. To maintain a reputation for executing highly creative live events it is important that innovation remains at the core of what we do. Therefore, in line with this, we strive to remain dynamic and adaptive to changes within the industry.

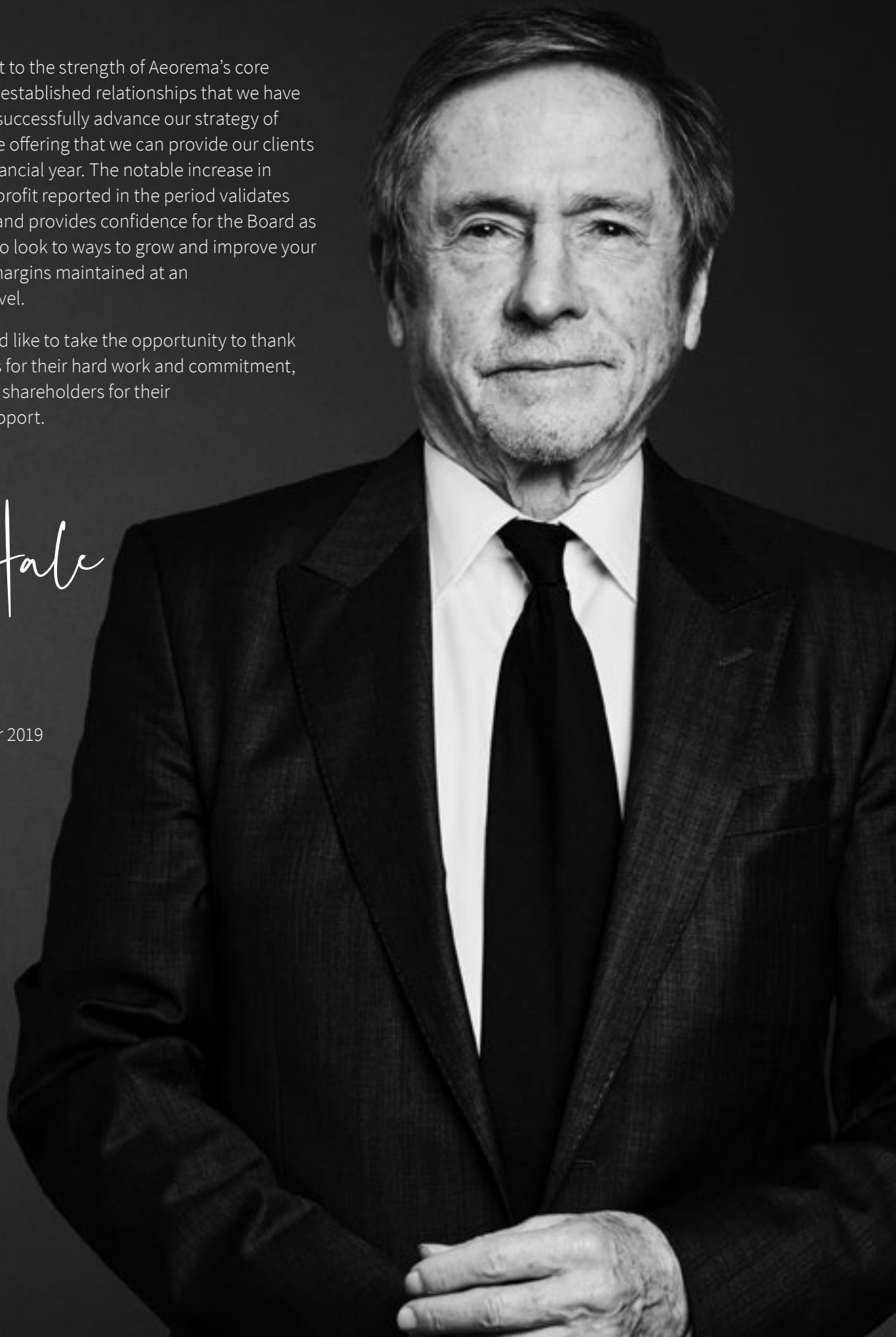
It is testament to the strength of Aeorema's core business and established relationships that we have been able to successfully advance our strategy of enhancing the offering that we can provide our clients during the financial year. The notable increase in revenue and profit reported in the period validates this strategy and provides confidence for the Board as we continue to look to ways to grow and improve your Group, with margins maintained at an acceptable level.

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

A handwritten signature in white ink that reads "M Hale". The signature is fluid and cursive, with the first letter 'M' being particularly large and stylized.

M Hale
Chairman

27 September 2019





Chief Executive Officer's Report

It's been another outstanding year and I am incredibly proud of what our operating business, Cheerful Twentyfirst, has achieved. Our talented and dedicated team has once again raised the bar for our wonderful clients who continue to trust us to deliver game changing live events, brand experiences and impactful on-screen content.

I look forward to fulfilling my new role as CEO, developing and delivering the overall vision of the Company. Andrew Harvey will remain in the role of Managing Director and oversee all operational elements of the business. We will both continue to play important roles in developing key accounts and winning new business, and we now have an amazing senior team that will continue to grow the business.

There have been so many highlights in the last financial year. Our reputation continues to grow at the Cannes Lions International Festival of Creativity. This year we delivered a record number of projects for our clients, including a project which was widely regarded as one of the best brand activations ever conceived and delivered in Cannes.

As part of our growth strategy I am delighted that we have taken our unique Cannes experience into MIPCOM Cannes for the first time. In October 2019 we will be delivering an unimaginable brand activation for a global media

client with the world watching! It's a 3-year project which encapsulates the ambition, creativity and pure guts of our Company.

Our delivery in the world of Trade Marketing and B2B events was further enhanced this year at DMEXCO, MWC and SIBOS. With the support of our new key hires over the last 18 months we continue to expand in this exciting space and significantly add new recurring revenue streams to our business.

Once again, we continue to grow our reputation within the senior leadership conference space, and we have recently won four new clients for the year ahead within professional services, law, confectionery and tech. Although budgets remain competitive, clients are still looking for that unique creative and robust delivery that we are trusted and known for – game changing events.

We have also seen growth for the second consecutive year within our Moving Image division. Content plays such a critical role in what we do, and we are committed to growing this part of the business dramatically over the coming years. To support this ambition, we have hired Client Partnerships Director Andrew Zanelli-King, who has an enviable reputation in our industry with a fantastic track record of success, and we can't wait to see the effect he has on Cheerful Twentyfirst.

All this is further underpinned by us moving up 13 places in the C&IT UKs Top 50 agency 2019 list. I look forward to building on this success in 2020.

All this would not have been achieved without our amazing team, our great clients and our committed investors – thank you.



Steve Quah
Chief Executive Officer

27 September 2019

Strategic Report

The Board presents its Strategic Report on the Group for the year ended 30 June 2019.

Principal activities

Aeorema, trading as Cheerful Twentyfirst, is a live events agency with film capabilities that specialises in devising and delivering corporate communication solutions.

Business review

The results for the year show revenue was £6,765,280 (2018: £4,820,167), operating profit pre-exceptional items was £374,399 (2018: £289,650) and profit before taxation was £375,010 (2018: £58,685).

The Group had net assets of £1,917,372 at the year-end (2018: £1,662,667) and net current assets of £1,501,676 (2018: £1,258,215).

For the year ended 30 June 2019 the Group continued to deliver large-scale events and produce films for both existing and new clients from a variety of different industry sectors using the Group's creative expertise. The investment in new talent during the previous year has been instrumental in helping the Group deliver exciting events and films, and winning new clients. Further investment in talent and resources is expected to help deliver growth in revenue and profits for the year ended 30 June 2020.

Brexit uncertainty has not had a significant impact on the Group to date. The Group has already won several contracts for large events in 2020 with new and existing clients.

During the year the gross profit margin decreased to 32% (2018: 37%) and the gross profit was £2,181,163 (2018: £1,786,653). The decrease in the gross profit margin was as a consequence of the Group delivering an unusually high number of lower profit margin events during the year, including a large build for a global media company. The new events which will be delivered in 2020 are expected to have higher gross profit margins. The Group is also continuing to invest in talent which will reduce the Group's use of freelancers.

Key performance indicators

Year	2019 £	2018 £	2017 £	2016 £
Revenue	6,765,280	4,820,167	4,156,592	4,583,050
Operating profit pre-exceptional items	374,399	289,650	248,368	339,248
Profit before taxation	375,010	58,685	248,887	340,165

The Group experienced a 40% increase in revenue during the year. This was as a consequence of both strong growth in events revenue, up 41% in comparison with the previous year and film revenue, up 30% in comparison with the previous year.

Strategic Report *continued*

The Group delivered several new events for both new and existing clients during the year. These events included two events for a top 4 accountancy firm, an on-going event for a global media company and a global manufacturing company. These events were one off events, however, the Group has successfully replaced these events with new events and new clients for the year ended 30 June 2020.

Film revenue continues to grow year on year as a consequence of investment in talent and the growth in the number and scale of events. Film content is produced for a large number of the events delivered by the Group.

Profit before taxation increased by 539% in comparison with the previous year. This increase in profit before taxation was a consequence of the increase in gross profit and the Group incurring no exceptional items during the year, compared with the exceptional items associated with the departure of the two founding shareholders, Peter Litten and Gary Fitzpatrick in the previous year, totalling £231,357.

Cashflows

Net cash inflow from operating activities was £890,846 compared with a net cash outflow of £389,918 for the year ended 30 June 2018. The cash position increased by £774,847 to £2,211,161 (2018: £1,436,314). The increase in cash and cash equivalents at the year-end was due to advance payments by clients for events being delivered during the 6 month period ending 31 December 2019 and the growth in revenue during the year.

Capital expenditure

Total capital expenditure, including expenditure on tangible assets, was £48,731 compared with £26,119 last year.

Employees

Our priority is to attract and retain talented employees and to harness their creativity to drive growth through development and delivery of services that bring value to our customers' business operations.

We continue to focus on ensuring that the performance of staff is measured against clear, business focused objectives and behavioural criteria through continual appraisals.

Reward

The Group benchmarks employee salaries against the market and reviews salaries annually to ensure that we are paying at a level to attract and retain high-quality employees.

Key employees are offered access to a share option scheme, further details of which are provided in note 21 to the financial statements.

Strategic Report *Continued*

Equal opportunities

We are committed to ensuring equal opportunities for our staff. We have introduced training which covers equal opportunities legislation and best practice. Our policy in respect of employment of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Should employees become disabled during the course of their employment, we will make every effort to make reasonable adjustments to their working environment to enable their continued employment.

Safety, health and environment

The commitment and participation of all employees is vital to efficient and effective occupational risk control. In order to meet our responsibility to protect the environment, staff and the business, the Group continues to focus on maintaining a risk aware culture.

We believe the Group maintains a low environmental impact. We therefore continue to work on the potential environmental impacts of energy consumption, waste and travel.

Directors' policies for managing principal risks

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the business. Risk reviews are undertaken regularly by the respective business areas throughout the year to identify and assess the key risks associated with the achievement of our business objective.

Key risks of a financial nature

The principal risks and uncertainties facing the Group are linked to customer dependency. Though the Group has a very diverse customer base in certain market sectors, key customers can represent a significant amount of revenue (see note 2). Key customer relationships are closely monitored but the loss of a key client could have adverse effect on the Group's performance. Further details of risks, uncertainties and financial instruments are contained in note 24.

Key risks of non financial nature

The Group is operating in a highly competitive global market that is undergoing continual change. The Group's ability to respond to many competitive factors including, but not limited to technological innovations, product quality, customer service and employment of qualified personnel will be key in the achievement of its objectives, but its ultimate success will depend on the purchase spends of its customers and the buoyancy of the market.

On behalf of the Board

S Haffner
Director

27 September 2019

Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2019. The financial statements are for Aeorema Communications plc ("the Company") and its subsidiaries (together, "the Group").

Directors

The following directors have held office since 1 July 2018:

M Hale
S Quah
R Owen
S Haffner
A Harvey

In accordance with regulation 122 of the Company's Articles of Association, one third of the directors retire by rotation, or if their number is not three, or a multiple of three, the nearest to but not exceeding one third, and, being eligible, offer themselves for re-election.

Dividends

The Board is proposing a dividend of 1 pence per share, subject to shareholder approval at the forthcoming AGM, to be paid on 16 December 2019 to shareholders on the register on 22 November 2019. The ex-dividend date for the final dividend will be 21 November 2019.

Financial instruments

Details of financial instruments are given in note 24 to the accounts.

Shareholdings

At 27 September 2019, the directors were aware that the following were directors with an interest in the Company and/or the beneficial owners of 3% or more of the Company's issued share capital:

Directors	Number of shares	Percentages held
M Hale	1,770,000	19.5
S Quah	481,010	5.3
A Harvey	130,000	1.4
R Owen	80,000	0.9
Other shareholders with more than 3%	Number of shares	Percentages held
J Hicking	1,180,995	13.1
B Geary	521,807	5.8
Spreadex Ltd	513,718	5.7
S Perring	474,666	5.2
Barnard Nominees Ltd	434,666	4.8
B Smith	300,000	3.3

Directors' Report *Continued*

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. See note 1 for further information.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint Hazlewoods LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Directors' Report *Continued*

Directors' responsibilities *continued*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the Group and Company financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and 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 the 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 Aeorema Communications plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

S Haffner

Director

27 September 2019

Corporate Governance statement

The Board recognises the importance of good corporate governance and has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code. This document sets out how the Company complies with the QCA Corporate Governance Code and the Company's compliance with the code will be reviewed annually by the board.

My role as Chairman is to lead the board and to oversee its function and direction. I have ultimate responsibility for implementing the Company's corporate governance arrangements and am accountable to shareholders for the Company's delivery on its strategy.

The Company is committed to delivering returns for shareholders whilst looking after its stakeholders and recognises the importance of a culture which encourages ethical and fair behaviours. This culture is driven by the Company's senior management team.

This document sets out how we consider that Aeorema currently complies with the QCA Corporate Governance Code and explains areas in which we depart from this code. We consider that our approach is appropriate for a company of our size and stage of development and will endeavour to evolve our corporate governance arrangements in line with our growth as a company. We do not consider that any key governance related matters have occurred during the year and the main change to our governance arrangements has been our adoption of the QCA Corporate Governance Code.

Mike Hale

Non-Executive Chairman

Overview

The board is focussing on two key areas of growth within the current strategy and business model. One area is to increase revenue streams within the Group's operating company (Aeorema Limited) through key hires, focused account management and new business development. The other area is to grow the PLC's portfolio of companies through acquisitions and mergers. The organic challenge relies on retaining key accounts and maintaining the balance between building internal delivery teams and growing revenue streams and profits. Attracting the right talent on both a permanent and freelance basis is critical for creating the right impact for all clients and ensuring growth is sustainable. The Company is aiming to reduce its reliance on freelance staff and their associated higher costs. The board has made a promise to shareholders to ensure that any merger or acquisition is completed at the right price and benefits the future of the organisation. Therefore, thorough due diligence and a sensible approach to valuations is key to achieving the right result for the Group.

Communication will continue with shareholders on several levels. The Chairman is available to speak to directly and the Company's broker will set up key shareholder meetings or conference calls directly after half year and full year results are announced. The board considers that this approach to shareholder engagement has worked well and was pleased to see a good attendance of shareholders at its last AGM. Announcements will continue to be released through regulatory channels and added to the aeorema.com website.

Corporate Governance statement *Continued*

The business is focussed on building strong relationships with clients, staff, suppliers and freelancers. Company account managers/directors continually gain feedback from clients and report back to management. Staff appraisals are regularly held, but the Company also has an open-door policy for staff feedback direct to management. Suppliers and freelancers are reviewed on an annual basis and relevant feedback is reported back to management. Management and heads of departments review strategy and use appropriate key performance indicators to monitor performance on a regular basis and the board is informed with regular business update at each board meeting.

The aim of the board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value.

The board currently consists of two executive directors and three non-executive directors. The Company does not have a Nomination Committee; the board collectively undertakes the functions of such a committee. The details of each board member along with their background and their role is listed on the website aeorema.com. Both Stephen Haffner and Richard Owen exercise independent judgement in all matters relating to the Company.

The CEO and Managing Director work full-time in the business and have no other significant outside business commitments. The Non-Executive Directors are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest.

The board and the Company's senior management team has a mix of relevant industry experience, public company experience and financial expertise which enables it to deliver on its strategy. Directors keep their skill-sets up to date by attending relevant industry seminars as well as reviewing regulatory and accounting updates provided by the Company's professional advisers.

The board undertakes an annual review of risk management across the business. For day to day financial transactions, controls are in place to ensure higher payments are signed off from both financial controller and at director level. Forecasting is reviewed monthly to ensure the staffing levels and overheads are aligned to expected revenue and profit. The board regularly reviews management accounts and forecasts. Contingency plans are reviewed regularly throughout the year and a business continuation plan is updated annually.

There is an Audit Committee consisting of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen. The terms of reference of the Audit Committee are to assist the board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Stephen Haffner chairs the Audit Committee and meetings are held twice a year.

Its duties include maintaining an appropriate relationship with the company's auditors, keeping under review the scope and the results of the audit and its effectiveness. The audit last went out to tender for the financial year ended June 2019 and will be reviewed annually. Currently the tender process will occur every three years.

Corporate Governance statement *Continued*

The next tender will be for the year ending June 2022 but can be brought forward if required.

As well as overseeing the tender process and reviewing the scope and effectiveness of the audit, the Audit Committee reviewed the full year and interim financial statements, considering the impact of new accounting standards under IFRS on the Company's financial statements. The Audit Committee reviewed the Company's financial performance throughout the year and monitored the integrity of any formal market announcements. They also reviewed the Company's internal financial controls, ensuring all internal financial controls and risk management systems were effective.

The Remuneration Committee consists of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen, and meetings are held at least once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Company and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company. Richard Owen chairs the Remuneration Committee. Details of Directors' remuneration is set out in the notes to the financial statements.

The board will continue to meet at least six times a year to review, formulate and approve the Company's strategy, budget, corporate actions and major items of capital expenditure. During the financial year ended 30 June 2019, the Board met on six occasions. The Audit Committee met twice and the Remuneration Committee met once. Board attendance from all board members is currently 78%-100%. The Board's attendance record for the year ended 30 June 2019 was as follows;

- Mike Hale – 100%
- Richard Owen – 78%
- Stephen Haffner – 100%
- Andrew Harvey – 100%
- Steve Quah – 83%

The Company currently departs from the QCA Code in a number of respects, and in particular:

(i) Board evaluation: the board currently runs a self-evaluation process on board effectiveness. It is intended that the board will create a more formal process with annual reviews which will focus more closely on objectives and targets for improving performance;

(ii) Induction, training and succession planning: the Company receives advice from its nominated adviser and external lawyers. The board will consider the introduction of a facility for directors to receive training on relevant new developments on a more regular basis. The Company has not adopted a policy on succession planning but made changes to its board in 2017 whereby two members of senior management joined the board as Joint Managing Directors in replacement of the exiting founders of the business. The board proposes, to further consider succession planning as part of its regular review of board effectiveness;

Corporate Governance statement *Continued*

(iii) Board diversity: the Company is committed to a culture of equal opportunities for all employees regardless of gender and considers that it has a diverse workforce. The board aims to reflect this diversity over time in terms of its range of cultures, nationalities, gender and international experience.

(iv) Senior Independent Director: the Company does not have a director designated as a Senior Independent Director. In light of the size of the board, and the Company's stage of development, the board does not consider it necessary to appoint a Senior Independent Director at this stage, but will nevertheless keep this under review as part of the board's evaluation on board effectiveness;

(v) Results of Shareholder voting: The Company has not historically announced the detailed results of Shareholder voting to the market. It intends to follow the QCA guidelines in this regard from now on.

The board intends to monitor its governance framework as the Company grows and will consider introducing additional board committees such as a nominations committee and potentially expanding its investor relations capabilities.

Independent Auditors' Report

to the Members of Aeorema Communications plc

Opinion

We have audited the financial statements of Aeorema Communications plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the consolidated Statement of Comprehensive Income, the group and company Statements of Financial Position, the consolidated and company Statements of Changes in Equity, the group and company Statements of Cash of Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, 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 30 June 2019 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the provisions 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 group and parent 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 group's or parent 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.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

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.

Key audit matter – group	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The group adopted IFRS 15 'Revenue from contracts with customers' for the first time in these financial statements.</p> <p>Management performed an impact assessment on initial implementation of the standard and concluded that the impact was not material.</p> <p>Our specific audit focus was on the risk that, especially for projects ongoing over the year end, revenue may be recognised in the incorrect period or that revenue and associated profit may be misstated.</p> <p>The group's revenue accounting policy, disclosed in note 1 to these financial statements, has been expanded to meet the requirement of the new standard but continues to be recognised, as in previous periods, on an input basis when the group has earned the right to receive consideration for its services.</p>	<p>We obtained management's impact assessment and evaluated this, along with the revised accounting policy disclosed in note 1 to these financial statements, against the requirements of the new standard and our business understanding.</p> <p>We reviewed a sample of projects, including those with significant revenue recognised in the year and/or with significant contract assets or liabilities, to confirm that revenue had been recognised in a manner consistent with the group's accounting policy, the principles of IFRSs as adopted by the European Union and the commercial substance of the contracts.</p> <p>We confirmed the group's recognition of revenue, and associated contract balances, to documentary evidence including correspondence between the group, its customers and its contractors, as well as publicly available press releases made by the group's customers.</p>

There were no key audit matters in respect of the parent company.

Our application of materiality

When establishing overall audit strategy, we set certain thresholds which help us determine the nature, timing and extent of our audit procedures and evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £29,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report them all unadjusted differences in excess of £1,400, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

An overview of the scope of our audit

Our audit scope included all components and was performed to component materiality. Our audit work therefore covered 100% of group revenue, group profit and total group assets and liabilities. It was performed to the materiality levels set out above.

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 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 financial statements 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.

Independent Auditors' Report *Continued*

to the Members of Aeorema Communications plc

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 11 and 12, 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 the 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 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: <http://www.frc.org.uk/auditors-responsibilities>. 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.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

27 September 2019

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 £	2018 £
Continuing operations			
Revenue	2	6,765,280	4,820,167
Cost of sales		(4,584,117)	(3,033,514)
Gross profit		2,181,163	1,786,653
Administrative expenses		(1,806,764)	(1,497,003)
Operating profit pre-exceptional items	3	374,399	289,650
Exceptional items	4	–	(231,357)
Operating profit post exceptional items		374,399	58,293
Finance income	5	611	392
Profit before taxation		375,010	58,685
Taxation	6	(86,687)	(8,280)
Profit and total comprehensive income for the year attributable to owners of the parent		288,323	50,405
Profit per ordinary share:			
Total basic earnings per share	9	3.18571p	0.55693p
Total diluted earnings per share	9	3.14129p	0.53906p

There were no other comprehensive income items.

The notes on pages 27 to 50 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Notes	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Non-current assets					
Intangible assets	10	365,154	365,154	–	–
Property, plant and equipment	11	58,071	37,044	–	–
Deferred taxation	7	–	2,254	–	–
Investments in subsidiaries	12	–	–	614,751	580,490
Total non-current assets		423,225	404,452	614,751	580,490
Current assets					
Trade and other receivables	13	1,612,345	1,106,292	977,427	995,874
Cash and cash equivalents	14	2,211,161	1,437,904	3,606	–
Total current assets		3,823,506	2,544,196	981,033	995,874
Total assets		4,246,731	2,948,648	1,595,784	1,576,364
Current liabilities					
Bank loans and overdrafts	16	–	(1,590)	–	(1,590)
Trade and other payables	15	(2,247,214)	(1,274,979)	(88,397)	(102,647)
Current tax payable		(74,616)	(9,412)	–	–
Total current liabilities		(2,321,830)	(1,285,981)	(88,397)	(104,237)
Non-current liabilities					
Deferred taxation	7	(7,529)	–	–	–
Total non-current liabilities		(7,529)	–	–	–
Total liabilities		(2,329,359)	–	–	–
Net assets		1,917,372	1,662,667	1,507,387	1,472,127
Equity					
Share capital	17	1,131,313	1,131,313	1,131,313	1,131,313
Share premium		7,063	7,063	7,063	7,063
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		34,261	–	34,261	–
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		470,273	249,829	60,288	59,289
Equity attributable to owners of the parent		1,917,372	1,662,667	1,507,387	1,472,127

The notes on pages 27 to 50 are an integral part of these financial statements.

The profit for the financial year of the holding company was £68,878 (loss in 2018: £176,778).

The financial statements were approved and authorised by the board of directors on 27 September 2019 and were signed on its behalf by

A Harvey, Director **S Haffner**, Director

Company Registration No. 04314540

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

Group	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2017	1,131,313	7,063	16,650	-	257,812	244,677	1,657,515
Comprehensive income for the year, net of tax	-	-	-	-	-	50,405	50,405
Dividends paid	-	-	-	-	-	(45,253)	(45,253)
At 30 June 2018	1,131,313	7,063	16,650	-	257,812	249,829	1,662,667
Comprehensive income for the year, net of tax	-	-	-	-	-	288,323	288,323
Dividends paid	-	-	-	-	-	(67,879)	(67,879)
Share-based payment	-	-	-	34,261	-	-	34,261
At 30 June 2019	1,131,313	7,063	16,650	34,261	257,812	470,273	1,917,372

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share-based employee remuneration, as detailed in note 21.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 27 to 50 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2019

Company	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2017	1,131,313	7,063	16,650	–	257,812	281,320	1,694,158
Comprehensive income for the year, net of tax	–	–	–	–	–	(176,778)	(176,778)
Dividends paid	–	–	–	–	–	(45,253)	(45,253)
At 30 June 2018	1,131,313	7,063	16,650	–	257,812	59,289	1,472,127
Comprehensive income for the year, net of tax	–	–	–	–	–	68,878	68,878
Dividends paid	–	–	–	–	–	(67,879)	(67,879)
Share-based payment	–	–	–	34,261	–	–	34,261
At 30 June 2019	1,131,313	7,063	16,650	34,261	257,812	60,288	1,507,387

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share-based employee remuneration, as detailed in note 21.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 27 to 50 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Net cash flow from operating activities	23	890,846	(389,918)	(126,930)	(415,534)
Cash flows from investing activities					
Finance income	5	611	392	5	17
Purchase of property, plant and equipment	11	(48,731)	(26,119)	-	-
Dividends received by the Company		-	-	200,000	-
Cash (used) / generated in investing activities		(48,120)	(25,727)	200,005	17
Cash flows from financing activities					
Dividends paid to owners of the Company		(67,879)	(45,253)	(67,879)	(45,253)
Cash used in financing activities		(67,879)	(45,253)	(67,879)	(45,253)
Net increase / (decrease) in cash and cash equivalents		774,847	(460,898)	5,196	(460,770)
Cash and cash equivalents at beginning of year		1,436,314	1,897,212	(1,590)	459,180
Cash and cash equivalents at end of year		2,211,161	1,436,314	3,606	(1,590)

Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of the Statement of Financial Position amounts:

	Notes	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Cash and cash equivalents	14	2,211,161	1,437,904	3,606	-
Bank overdraft	16	-	(1,590)	-	(1,590)
		2,211,161	1,436,314	3,606	(1,590)

The notes on pages 27 to 50 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1 Accounting policies

Aeorema Communications plc is a public limited company incorporated in the United Kingdom and registered in England and Wales. 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.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The presentation currency is £ sterling.

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of business contained in the Chairman's Statement. The Group's financial statements show details of its financial position including, in note 24, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial year, other medium term plans and considering the risks outlined in note 24, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Basis of preparation

The Group's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2018. Their adoption has not had a material impact on the financial statements:

- IFRS 9 'Financial Instruments', effective 1 January 2018;
- IFRS 15 'Revenue for Contracts with Customers', effective 1 January 2018;
- IFRS 2 'Classification and Measurement of Share-Based Payment Transactions', effective 1 January 2018.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

Future standards in place but not yet effective

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 July 2019 have been adopted early.

The following standards and amendments are not yet applied at the date of authorisation of these financial statements:

- IFRS 16 – Leases (effective 1 January 2019);
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective 1 January 2019);
- IAS 12 – Income taxes (effective 1 January 2019);
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020); and
- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020).

The Group does not believe that there would have been a material impact on the financial statements from early adoption of these standards/interpretations.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2019. Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

Revenue

Revenue represents amounts (excluding value added tax) derived from the provision of services to third party customers in the course of the Group's ordinary activities.

As a result of providing these services, the Group may from time to time receive commissions from other third parties. These commissions are included within revenue on the same basis as that arising from the contract with the underlying third party customer.

The revenue and profits recognised in any period are based on the satisfaction of performance obligations and an assessment of when control is transferred to the customer.

For most contracts with customers, there is a single distinct performance obligation and revenue is recognised when the event has taken place or control of the content or video has been transferred to the customer.

Where a contract contains more than one distinct performance obligation (multiple film productions, or a project involving both build construction and event production) revenue is recognised as each performance obligation is satisfied.

The transaction price is substantially agreed at outset of the contract, along with a project brief and payment schedule (full payment in arrears for smaller contracts; part payment(s) in advance and final payment in arrears for significant contracts).

Due to the detailed nature of project briefs agreed in advance for significant contracts, management do not consider that significant estimates or judgements are required to distinguish the performance obligation(s) within a contract.

For contracts to prepare multiple film productions, the transaction price is allocated to constituent performance obligations using an output method in line with agreements with the customer.

For other contracts with multiple performance obligations, management's judgement is required to allocate the transaction price for the contract to constituent performance obligations using an input method using detailed budgets which are prepared at outset and subsequently revised for actual costs incurred and any changes to costs expected to be incurred.

The Group does not consider any disaggregation of revenue from contracts with customers necessary to depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Where payments made are greater than the revenue recognised at the reporting date, the Group recognises deferred income (a contract liability) for this difference. Where payments made are less than the revenue recognised at the reporting date, the Group recognises accrued income (a contract asset) for this difference.

A receivable is recognised in relation to a contract for amounts invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

At each reporting date, the Group assesses whether there is any indication that accrued income assets may be impaired by assessing whether it is possible that a revenue reversal will occur. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying value of an assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets – goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	Straight line over the life of the lease (three years)
Fixtures, fittings and equipment	Straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

The Group leases office facilities under operating leases. The lease typically runs for a period of 5 years, with a break clause in year 3. The Group is restricted from entering into any sub-lease arrangements.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost less any provision for impairment.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash comprises, for the purpose of the Statement of Cash Flows, cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents normally have a date of maturity of 3 months or less from the acquisition date.

Bank loans and overdrafts comprise amounts due on demand.

Finance income

Finance income consists of interest receivable on funds invested. It is recognised in the Statement of Comprehensive Income as it accrues.

Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

Pension costs

The Group operates a pension scheme for its employees. It also makes contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group for the period.

Financial instruments

The Group does not enter into derivative transactions and does not trade in financial instruments. Financial assets and liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the Statement of Financial Position.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

Share-based awards

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is estimated using option pricing models and is dependent on factors such as the exercise price, expected volatility, option price and risk free interest rate. The fair value is then amortised through the Statement of Comprehensive Income on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 21 to the financial statements.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

Exceptional items

Exceptional items are one off, material items outside the normal course of business which are not related to the Group's trading activities.

Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements. There are no critical judgements that the directors have made in the process of applying the Group's accounting policies.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

2 Revenue and segment information

The Group 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 year ending 30 June 2019 there is only a single reportable segment.

All revenue represents sales to external customers. Five customers (2018: four) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

Company	2019 £	2018 £
Customer One	1,342,594	617,576
Customer Two	951,189	886,981
Customer Three	905,578	–
Customer Four	794,599	493,766
Customer Five	778,834	–
Major customers in the current year	4,772,794	1,998,323
Major customers in prior year		1,114,846
		3,113,169

The geographical analysis of revenue from continuing operations by geographical location of customer is as follows:

Geographical market	2019	2018	2019	2018	2019	2018	2019	2018
	UK £	UK £	Europe £	Europe £	Rest of the World £	Rest of the World £	Total £	Total £
Revenue	6,693,163	4,774,107	61,764	31,531	10,353	14,529	6,765,280	4,820,167

Company	2019 £	2018 £
Revenue from contracts with customers	6,696,305	4,786,777
Other revenue	68,975	33,390
Total revenue	6,765,280	4,820,167

Contract assets and liabilities from contracts with customers have been recognised as follows:

Company	2019 £	2018 £
Deferred income	333,305	40,278
Accrued income	245,989	252,111

Deferred income at the beginning of the period has been recognised as revenue during the period.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

3 Operating profit

Operating profit is stated after charging or crediting:	2019	2018
	£	£
Cost of sales		
Depreciation of fixtures, fittings and equipment	21,525	15,327
Administrative expenses		
Depreciation of leasehold, land and building	–	5,089
Loss on foreign exchange differences	9,229	6,902
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	6,000	7,500
Audit of the Company's subsidiaries	17,000	21,000
Staff costs (see note 20)	1,221,559	1,081,153
Operating leases – land and buildings	91,000	91,000

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 year, the Group incurred expenditure totalling £nil (2018: £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 consolidated Statement of Comprehensive Income as an operating exceptional cost.

5 Finance income

Finance income	2019	2018
	£	£
Bank interest received	611	392

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

6 Taxation

	2019 £	2018 £
The tax charge comprises:		
Current tax		
Prior period adjustment	2,288	(1,739)
Current year	74,616	9,412
	76,904	7,673
Deferred tax (see note 7)		
Current year	9,783	607
	9,783	607
Total tax charge in the statement of comprehensive income	86,687	8,280
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation from continuing operations	375,010	58,685
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	71,252	11,150
Effects of:		
Non-deductible expenses	13,147	(1,131)
Prior period adjustment	2,288	(1,739)
	15,435	(2,870)
Total tax charge	86,687	8,280

The Group has estimated losses of £375,762 (2018: £375,762) available to carry forward against future trading profits. These losses are in Aeorema Communications plc which is not currently making taxable profits as all trading is undertaken by its subsidiary Aeorema Limited, therefore no deferred tax asset has been recognised.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

7 Deferred taxation

	2019 £	2018 £
Property, plant and equipment temporary differences	(8,555)	(4,016)
Temporary differences	1,026	6,270
	(7,529)	2,254
At 1 July	2,254	2,861
Transfer to Statement of Comprehensive Income	(9,783)	(607)
At 30 June	(7,529)	2,254

8 Profit attributable to members of the parent company

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements.

9 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit or loss attributable to 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 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:

	2019 £	2018 £
Basic earnings per share		
Profit for the year attributable to owners of the Company	288,323	50,405
Basic weighted average number of shares	9,050,500	9,050,500
Dilutive potential ordinary shares:		
Employee share options	127,987	300,000
Diluted weighted average number of shares	9,178,487	9,350,500

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2017	2,728,292
At 30 June 2018	2,728,292
At 30 June 2019	2,728,292
Impairment and amortisation	
At 1 July 2017	2,363,138
At 30 June 2018	2,363,138
At 30 June 2019	2,363,138
Net book value	
At 1 July 2017	365,154
At 30 June 2018	365,154
At 30 June 2019	365,154

Goodwill arose for the Group on consolidation of its subsidiary company, Aeorema Limited.

Impairment – Aeorema Limited

Goodwill has previously been tested for impairment based on its future value in use resulting in the carrying value above. The future value was calculated on a discounted cash flow basis using the 2018-19 budgeted figures as approved by the Board of directors, extended in perpetuity to calculate the terminal value and discounted at a rate of 10%. It was assumed that future growth would be between 1.5% and 2%. Since then, the assets and liabilities of the Group relating to the goodwill have, together with the profit of the same, increased and it is unlikely that an updated calculation would result in a further impairment of goodwill. Consequently, the annual impairment test has been completed by reference to previous calculations.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

11 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 2017	58,536	95,052	153,588
Additions	–	26,119	26,119
Disposals	–	(2,141)	(2,141)
At 30 June 2018	58,536	119,030	177,566
Additions	–	48,731	48,731
Disposals	–	(29,112)	(29,112)
At 30 June 2019	58,536	138,649	197,185
Depreciation			
At 1 July 2017	53,447	68,800	122,247
Charge for the year	5,089	15,327	20,416
Eliminated on disposal	–	(2,141)	(2,141)
At 30 June 2018	58,536	81,986	140,522
Charge for the year	–	21,525	21,525
Eliminated on disposal	–	(22,933)	(22,933)
At 30 June 2019	58,536	80,578	139,114
Net book value			
At 1 July 2017	5,089	26,252	31,341
At 30 June 2018	–	37,044	37,044
At 30 June 2019	–	58,071	58,071

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

12 Non-current assets – Investments

Group	Shares in subsidiary £
Cost	
At 1 July 2017	3,274,703
At 30 June 2018	3,274,703
Increase in respect of share-based payments	34,261
At 30 June 2019	3,308,964
Provision	
At 1 July 2017	2,694,213
At 30 June 2018	2,694,213
At 30 June 2019	2,694,213
Net book value	
At 1 July 2017	580,490
At 30 June 2018	580,490
At 30 June 2019	614,751

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Aeorema Limited	England and Wales	Ordinary	100
Twentyfirst Limited (dormant)	England and Wales	Ordinary	100

The registered address of Aeorema Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

13 Trade and other receivables

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade receivables	1,156,689	693,725	–	–
Related party receivables	–	–	960,063	981,850
Other receivables	38,280	25,870	4,910	4,718
Prepayments and accrued income	417,376	386,697	12,454	9,306
	1,612,345	1,106,292	977,427	995,874

All trade and other receivables are expected to be recovered within 12 months of the end of the reporting period. The fair value of trade and other receivables is the same as the carrying values shown above.

At the year end, trade receivables of £32,616 (2018: £34,324) were past due but not impaired. These relate to a number of customers for whom there is no significant change in credit quality and the amounts are still considered recoverable. The ageing of these trade receivables is as follows

	Group	
	2019 £	2018 £
Less than 90 days overdue	9,339	–
More than 90 days overdue	23,277	34,324
	32,616	34,324

14 Cash at bank and in hand

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank balances	2,211,161	1,437,904	3,606	–
	2,211,161	1,437,904	3,606	–

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

15 Trade and other payables

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade payables	1,258,646	736,442	7,043	13,257
Related party payables	–	–	67,355	67,355
Taxes and social security costs	388,869	220,825	–	–
Other payables	59,677	1,541	–	–
Accruals and deferred income	540,022	316,171	13,999	22,035
	2,247,214	1,274,979	88,397	102,647

All trade and other payables are expected to be settled within 12 months of the end of the reporting period. The fair value of trade and other payables is the same as the carrying values shown above.

16 Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Amounts falling due within one year or on demand:				
Bank overdrafts	–	1,590	–	1,590
	–	1,590	–	1,590

17 Share capital

	2019 £	2018 £
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000
		Ordinary shares
Allotted, called up and fully paid	Number	£
At 1 July 2017	9,050,500	1,131,313
At 30 June 2018	9,050,500	1,131,313
At 30 June 2019	9,050,500	1,131,313

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

See note 21 for details of share options outstanding.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

18 Financial commitments

Total future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

Group	Land and Buildings		Other	
	2019 £	2018 £	2019 £	2018 £
Not later than one year	15,167	91,000	987	–
Later than one year and not later than five years	–	15,167	4,111	–
Total	15,167	106,167	5,098	–

19 Directors' emoluments

The remuneration of directors of the Company is set out below.

	Salary, fees, bonuses and benefits in kind 2019 £	Salary, fees, bonuses and benefits in kind 2018 £	Pensions 2019 £	Pensions 2018 £	Compensa- tion for loss of office 2019 £	Compensa- tion for loss of office 2018 £	Total 2019 £	Total 2018 £
P Litten ¹	–	12,167	–	33,590	–	70,000	–	115,757
G Fitzpatrick ¹	–	8,111	–	17,019	–	50,000	–	75,130
M Hale	20,000	25,000	–	–	–	–	20,000	25,000
S Haffner	15,000	15,000	–	–	–	–	15,000	15,000
R Owen	20,000	25,000	–	–	–	–	20,000	25,000
S Quah	122,004	100,000	925	493	–	–	122,929	100,493
A Harvey	91,352	80,625	1,533	665	–	–	92,885	81,290
	268,356	265,903	2,458	51,767	–	120,000	270,814	437,670

¹ Resigned as directors 13 September 2017

The share options held by directors who served during the year are summarised below:

Name	Grant date	Number awarded	Exercise price	Earliest exercise date	Expiry date
S Quah	25 April 2013	300,000	16.50p	25 April 2016	24 April 2023
S Quah	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028
A Harvey	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 22).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

20 Employee information

The average monthly number of employees (including directors) employed by the Group during the year was:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Administration and production	21	18	5	7

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Wages and salaries	1,068,710	922,969	55,000	65,000
Social security costs	105,471	101,250	–	–
Pension costs	13,117	56,934	–	–
Share-based payments	34,261	–	–	–
	1,221,559	1,081,153	55,000	65,000

21 Share-based payments

The Group operates an EMI share option scheme for key employees. Options are granted to key employees at an exercise price equal to the market price of the Company's shares at the date of grant. Options are exercisable from the third anniversary of the date of grant and lapse if they remain unexercised at the tenth anniversary or upon cessation of employment. The following option arrangements exist over the Company's shares:

Date of grant	Exercise price	Exercise period		Number of options 2019	Number of options 2018
		From	To		
25 April 2013	16.5p	25 April 2016	24 April 2023	300,000	300,000
22 August 2018	29.0p	17 November 2020	22 August 2028	600,000	–
14 June 2019	26.0p	14 June 2022	14 June 2029	120,000	–
				1,020,000	300,000

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

Allotted, called up and fully paid	Number of options 2019	Weighted average exercise price 2019	Number of options 2018	Weighted average exercise price 2018
Outstanding at beginning of the year	300,000	0.17	300,000	0.17
Granted during the year	720,000	0.29	–	–
Outstanding at end of the year	1,020,000	0.25	300,000	0.17
Exercisable at the end of the year	300,000	0.17	300,000	0.17

The exercise price of options outstanding at the year-end was £0.250 (2018: £0.165) and their weighted average contractual life was 7.6 years (2018: 4.8 years). In 2019, options were granted on 22 August 2018 and 14 June 2019. The aggregate of the estimated fair values of the options granted on those dates is £104,041.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The estimated fair value of the options is measured using an option pricing model. The inputs into the model are as follows:

Grant date	25 April 2013
Model used	Black-Scholes
Share price at grant date	16.5p
Exercise price	16.5p
Contractual life	10 years
Risk free rate	0.5%
Expected volatility	104%
Expected dividend rate	0%
Fair value option	14.889p

Grant date	22 August 2018
Model used	Black-Scholes
Share price at grant date	29.0p
Exercise price	29.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	14.800p

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

Grant date	14 June 2019
Model used	Black-Scholes
Share price at grant date	26.0p
Exercise price	26.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	12.894p

The expected volatility is determined by calculating the historical volatility of the Company's share price over the last three years. The risk free rate is the official Bank of England base rate.

The Group recognised the following charges in the Statement of Comprehensive Income in respect of its share-based payment plans:

	2019 £	2018 £
Share-based payment charge	34,261	–

22 Related party transactions

The Group has a related party relationship with its subsidiaries and its key management personnel (including directors). Details of transactions between the Company and its subsidiaries are as follows:

	2019 £	2018 £
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	960,063	981,850
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

The company received dividends during the year of £200,000 (2018: £nil) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £22,810 (2018: £15,155) to Aeorema Limited due to being part of a common VAT group.

Aeorema Limited transferred a net amount of expenses to Aeorema Communications plc during the year of £40,000 (2018: £58,050).

Aeorema Limited paid expenses totalling £121,718 (2018: £132,203) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £82,879 to Aeorema Communications plc (2018: £413,911 from Aeorema Communications plc to Aeorema Limited).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

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

	2019 £	2018 £
Short-term employee benefits	294,997	309,786
Post-employment benefits	2,458	51,767
Termination benefits	–	120,000
	297,455	481,553

The share options held by directors of the Company are disclosed in note 19. During the year, a charge of £33,761 (2018: £nil) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

Harris and Trotter LLP is a firm in which S Haffner is a member. The amounts charged to the Group for professional services is as follows:

	2019 £	2018 £
Harris and Trotter LLP – charged during the year		
Aeorema Communications plc	15,000	15,000
Aeorema Limited	11,850	25,995
	26,850	40,995

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £4,500 (2018: £6,174).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

23 Cash flows

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Cash flows from operating activities				
Profit before taxation	375,010	58,685	68,878	(176,778)
Depreciation	21,525	20,416	–	–
Dividends received by the Company	–	–	(200,000)	–
Loss on disposal of fixed assets	6,179	–	–	–
Share-based payment expense	34,261	–	–	–
Finance income	(611)	(392)	(5)	(17)
	436,364	78,709	(131,127)	(176,795)
Increase / (decrease) in trade and other payables	972,235	(340,624)	(14,250)	8,474
(Increase) / decrease in trade and other receivables	(506,053)	(98,700)	18,447	(247,213)
Taxation paid	(11,700)	(29,303)	–	–
Cash generated / (used) from operating activities	890,846	(389,918)	(126,930)	(415,534)

24 Financial instruments

Financial instruments recognised in the consolidated statement of financial position

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost.

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Financial Assets				
Trade and other receivables	1,487,328	987,811	960,063	981,850
Cash and cash equivalents	2,211,161	1,437,904	3,606	–
Investments in subsidiaries	–	–	614,751	580,490
Total	3,698,489	2,425,715	1,578,420	1,562,340
Financial Liabilities				
Trade and other payables	1,318,322	779,851	74,398	82,202
Accruals	206,716	275,893	13,999	22,035
Total	1,525,038	1,055,744	88,397	104,237

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables.

Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2019 was £1,156,689 (2018: £693,725). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

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 Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meet its obligations of £1,988,522 (2018: £1,244,113).

Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group net of bank overdrafts was £2,211,161 (2018: £1,436,314). The Group ensures that its cash deposits earn interest at a reasonable rate.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. At the year end, total equity was £1,917,372 (2018: £1,662,667).

25 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £13,117 (2018: £56,934). At the end of the reporting period £1,605 (2018: £nil) of contributions were due in respect of the period.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2019

26 Dividends

On the 11 January 2019 a final dividend of 0.75 pence per share (total dividend £67,879) was paid to holders of fully paid ordinary shares.

In respect of the current year, the directors propose that a final dividend of 1 pence per share be paid to shareholders on 16 December 2019. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these consolidated financial statements. The proposed dividends are payable to all shareholders on the Register of Members on 22 November 2019. The total estimated dividend to be paid is £90,505. The payment of this dividend will not have any tax consequences for the Group.

27 Contingent Liability

Company

The Company is a member of a group VAT registration with all other companies in the Aeorema Communications group and, under the terms of the registration, is jointly and severally liable for the VAT payable by all members of the group. At 30 June 2019 the Company had no potential liability under the terms of the registration.

28 Control

There is no overall controlling party.

Company Information

Directors	M Hale (Non-Executive Chairman) S Haffner (Non-Executive) R Owen (Non-Executive) S Quah (Chief Executive Officer) A Harvey (Managing Director)
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Secretary	S Haffner
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Company number	04314540
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Registered office	64 New Cavendish Street London, W1G 8TB
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Financial advisers	Harris & Trotter LLP 64 New Cavendish Street London, W1G 8TB
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Nominated adviser and broker	Allenby Capital Limited 5 St. Helens Place London EC3A 6AB
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Auditors	Hazlewoods LLP Windsor House, Bayshill Road Cheltenham, GL50 3AT
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Solicitors	Howard Kennedy LLP No. 1 London Bridge London, SE1 9BG
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Bankers	Barclays Bank plc P O Box 32106 London, NW1 2ZH
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Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent, BR3 4TU
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Director Profiles



Mike Hale

Non-Executive Chairman

Mike Hale has spent most of his career in the marketing and advertising sectors. His roles have included Chairman and CEO of Young and Rubicam Australia, Chairman and CEO of FCB Australia and Board Director of Saatchi and Saatchi UK. He also established his own eponymous agency which he built into one of Australia's leading independent agencies and which he sold before relocating to London.

He has also been involved with business and strategic planning for major Australian and international companies including British Airways, Unilever, Epson, Toshiba, NRMA and BMW.

His extensive marketing and advertising experience with blue-chip companies, both in the UK and Australia, will be highly beneficial to the Company's plans for growth and expansion.



Stephen Haffner

Non-Executive Director

Steve Haffner has almost 30 years' accounting experience having qualified as a chartered accountant in 1989. He has spent over 25 years at Harris and Trotter LLP, during which time he became Head of the Audit Department. He was appointed as Partner to the firm in 1994. Steve joined Aeorema as Company Secretary in 2014 and as a Director in 2015. He is a Fellow of The Institute of Chartered Accountants in England and Wales.



Richard Owen

Non-Executive Director

Richard is Executive Chairman of AIM listed Ultimate Sports Group (USG) Plc and an Executive Director of its subsidiary Pantheon Leisure Plc. Richard has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Richard holds various other private company directorships.



Steve Quah
Chief Executive Officer

Steve Quah is a founder and Chief Executive Director at Cheerful Twentyfirst and oversees the management of all events. With extensive expertise in both theatrical and digital brand experiences, Steve is the driving force behind the company's strong creative service ethos. Steve brings over thirty years of unique insight, innovation and experience to the company and continues to focus the team on delivering game changing events for all clients. With a passion for creating award winning live experiences, Steve has produced over 300 corporate productions and numerous live events for some of the world's largest brands including Vodafone, Google, Oath, Clifford Chance, LG, Disney, AOL, News UK and Microsoft to name but a few.



Andrew Harvey
Managing Director

Andrew Harvey is the Managing Director and has over twenty years' experience producing events, branded content and interactive projects. Andrew joined Cheerful Twentyfirst in 1999 and helped significantly grow the branded content division winning numerous awards. Andrew has worked at many levels within the company including Account Manager, Head of Moving Image, Senior Event Producer and Director of Operations. Andrew has delivered award winning projects for global brands including HSBC, Nokia, McKinsey & Company, GE Alstom, Oliver Wyman, PubMatic and Babcock. Andrew currently oversees all aspects of the agency's operations.

Notice of Annual General Meeting

Aeorema Communications plc (Incorporated and registered in England and Wales with company number 4314540)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aeorema Communications plc will be held at the offices of Harris & Trotter LLP, 64 New Cavendish Street, London W1G 8TB on 14 November 2019 at 11 a.m. for the transaction of the following business:

As Ordinary Business to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30 June 2019.
2. To re-appoint Stephen Haffner as a Director of the Company, who retires in accordance with Article 122 of the Company's Articles of Association.
3. To re-appoint Hazlewoods LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
4. To declare a final dividend on the ordinary shares of 12.5 pence each in the capital of the Company for the year ended 30 June 2019 of 1 pence per ordinary share.

As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 5 will be proposed as an Ordinary Resolution and Resolutions 6 and 7 will be proposed as Special Resolutions:

5. That the directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act (the "Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £1,000,000, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares in the Company and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

6. That, subject to the passing of Resolution 5 set out above, the directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 5 above, as if section 561(1) of the Act did not apply to such allotment provided this power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the directors of the Company to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter); and
- (ii) the allotment to any person or persons (otherwise than pursuant to sub-paragraph (i) of this Resolution above) of equity securities up to an aggregate nominal amount of £1,000,000, provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the directors of the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors of the Company shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

7. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) on the AIM Market of the London Stock Exchange plc of ordinary shares of 12.5 pence each in the capital of the Company ("Ordinary Shares") provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 905,000 Ordinary Shares;
- (ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 1 pence;
- (iii) the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share shall be an amount equal to 105 per cent. of the average middle market quotations taken from the AIM Appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
- (iv) unless renewed the authority hereby conferred shall expire on the earlier of the Company's Annual General Meeting in 2019 or eighteen months from the passing of this Resolution unless such authority is renewed, varied or revoked prior to such time; and
- (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Stephen Haffner

Company Secretary

Registered Office:

64 New Cavendish Street, London W1G 8TB

Dated: 21 October 2019

Notes:

(1) A member entitled to attend and vote at the above-mentioned annual general meeting (the "Meeting") is entitled to appoint a proxy or proxies to exercise any or all of his rights to attend, speak and vote at the Meeting instead of him. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.

(2) Please note that a hard copy form of proxy is not included with this notice:

You can vote either:

- by logging on to www.signalshares.com and following the instructions;;
- You may request a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

The instrument appointing a proxy must reach the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of holding of the Meeting.

(3) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11 a.m. on 12 November 2019. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(4) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members of the Company on the register as at close of business, 48 hours before the time set for the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

(5) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

