2016

Audioboom Group plc

Annual Report & Financial Statements

Overview

AudioBoom is the leading spoken-word audio platform for hosting, distributing and monetising content.

AudioBoom works with more than 4,400 broadcasters, content creators and podcasters around the world – including Cumulus, the BBC, Associated Press, NBC Sports Radio and Undisclosed – hosting more than 10,000 content channels.

AudioBoom's hosting and distribution platform allows partners to embed, share via social channels and re-syndicate their content. AudioBoom content receives over 50m unique file requests per month, and growing. Additionally, AudioBoom works with its partners to monetise their audio via live in-reads, the dynamic insertion of pre, mid and post roll audio adverts, and video ads, which unlike most other forms of digital advertising cannot be prevented from being broadcast by ad blockers as it is part of the audio recording.

Contents

Highlights

Financial highlights

- Total revenue increased by £1.1 million to £1.3 million (2015: £0.2 million)
- Adjusted EBITDA* improved by £1.1 million to a loss of £4.6 million (2015: loss of £5.7 million)
- Net cash at 30 November 2016 was £0.7 million (2015: £3.1 million)
  - Subsequent placing and subscriptions in 2017 raised £4.5 million (gross)

*Earnings Before Interest, Tax, Depreciation, Amortisation and share based payments

Operational highlights and KPIs

- FY16 Key Performance Indicators ('KPIs'):
  - Unique users: 58.6 million for the month of November 2016, compared to 29.1 million for November 2015, an increase of over 100%
  - Total available advertising ('ad') impressions grew to a total of 242 million in 2016, up from 44 million in 2015, an increase of 450%
  - Total unique file requests ('UFRs') during 2016 were 430 million (2015: 174 million), an increase of 145%
  - Notable new content channel partners included NBC Universal, Spotify and Deezer
- Increased investment in the US and sales functions to accelerate growth:
  - Increased investment in sales staff in the US and UK
  - Reduced headcount in the UK by c. 35%
  - Restructured Australia and India
- Selected as a provider for Google Play in February 2016
- Won the Radio Academy Award for Best Digital Audio Service in October 2016

Post-period end highlights

- Q1 2017 revenues exceeded Q4 2016 revenue of £630,000, another quarterly record
  - Over £3 million of advertising campaigns now booked to occur during the 2017 financial year (inclusive of Q1 2017 revenues already generated)
- Q1 2017 available advertising impressions increased to 304 million from 129 million in Q4 2016
- Q1 2017 UFRs increased to 149 million, another quarterly record
- Q1 2017 – content channels exceeded 10,000, including iHeartMedia, the largest radio and television outlet in the US, Up and Vanished, one of America's top podcasts, and Caixin, a large Chinese publisher
- In February 2017, the Company completed the acquisition of SONR News Limited ('SONR'), a Natural Language Processing ('NLP') and Artificial Intelligence ('AI') development company for approximately £1.42 million, which will further improve the ability to match ads to users listening patterns
- By the end of April 2017, the Company had raised a further £4.5 million (before expenses) for working capital, technical development and creative initiatives

Chairman's Statement

In my statement last year I reported that the Board and management's efforts in 2016 would be concentrated solely on revenue generation and that I was confident that our strategy and business model would deliver in the year, with revenues accelerating in 2017 and beyond. With that in mind I am pleased to be able to introduce this Annual Report which reflects that revenues grew very strongly during the year. As Rob Proctor expands on further in his CEO Review, all of our operational KPIs also recorded significant increases and, importantly, have continued to do so in the current year to date.

The focus for 2017 will remain on revenue growth, balanced with cost control, as the Company continues to target the milestone of becoming cash-flow positive on a monthly basis for the final quarter of 2018. The continued rapid growth in the podcasting industry and growing recognition by advertisers, particularly in the US, coupled with the Company's recent successful fundraise and strategic acquisition of SONR, positions Audioboom strongly to take advantage of the opportunities ahead.

During the year and subsequently, there were a number of changes to the Board. We welcomed Steven Smith as a new non-executive Director. Steven had attended a number of meetings as Nick Candy's alternate, and then joined the Board formally when Nick stepped down. David McDonagh also joined the Board having already served as CFO since 2015. Mike Cooper and Jason Mackay have also resigned and I would like to thank them, and Nick, for all their contributions and support while serving your Company.

We have also recently appointed a new NOMAD and broker and also changed our PR representation, and the Board looks forward to improved communication with shareholders as a result.

Following the recent successful placing and subscription, I would like to welcome new shareholders to the Company, as well as thanking existing holders for their continuing support. As ever, all shareholders will be welcomed at the AGM, which is being held on 7 June 2017. The Notice of AGM is at the back of this document. My colleagues and I look forward to welcoming you there.

Finally, as ever, I would like to thank the management team and all the staff at Audioboom for their commitment and hard work during the year. We could not have made the progress we have without their considerable efforts.

The Board and I look forward to updating shareholders on the Group's progress throughout the year and look forward to 2017 and beyond with renewed optimism.

Malcolm Wall
Chairman
2 May 2017

Chief Executive Officer's Review

Audioboom is one of the world's largest spoken word platforms and a digital online market place that matches advertisers and brands with targeted audiences that listen to digital spoken word content across different audio genres including, but not limited to, news, sport, current affairs, true crime and entertainment.

Each piece of audio provides an opportunity for the Company to place traditional audio or video advertisements ('ads') at the beginning, middle and end of the content ('pre, mid and post roll advertising'), as well as opportunities for "live host read" or "in read" advertising, and it is our vision to become the world's leading B2B advertising and digital audio content distribution company for both content creators and publishers.

Operational Review

In my last full year review, I highlighted that our strategy in 2016 would firmly be on monetisation of our platform in the US, improving the functionality of our technology and consolidating our position as a leading B2B advertising and digital spoken word content distribution company. I am delighted to report that 12 months on, the Company had a record-breaking year in terms of monetisation, financial results and operational progress across all our Key Performance Indicators ('KPIs'), whilst successfully refocussing our commercial efforts to the US, where the podcasting market is more mature and developed.

Unique Users

Unique users for the month of November 2016 totalled 58.6 million, compared to 29.1 million for November 2015, an increase of over 100%. This had increased to over 75 million for April 2017. In terms of the breakdown by region, for April 2017 the US accounted for most traffic with 63% of unique users, with the UK accounting for 13% and the rest of the world with 24%.

Ad Impressions

Total available ad impressions grew to a total of 242 million in 2016, up from 44 million in 2015, an increase of 450%. In the first quarter of 2017, this upward trend continued with a total of 304 million ad impressions available compared to 129 million in Q4 2016, an increase in inventory of 136%.

Unique File Requests ('UFRs')

Total unique file requests during 2016 were 430 million, compared to 174 million in 2015, an increase of 145%. This trend has continued in Q1 2017 where the figure was 149 million, a quarterly record, compared to 145 million in Q4 2016.

Content Channels

The Company had a total of 9,527 content channels as at 30 November 2016, an increase of over 38% in the year (2015: 6,862). During the period, new partners included NBC Universal, Spotify, Univision, Saavn and Deezer. In Q1 2017, the Company reported it had passed the 10,000 content channels milestone, with notable new partners including iHeartMedia, the largest radio and television outlet in the US, Up and Vanished, one of America's top podcasts, and Caixin, a large Chinese publisher.

In aggregate, these content channels now represent one of the most complete distribution channels in our industry and we look forward to adding more this year.

Strategic Acquisition

Post period end, the Company completed the acquisition of SONR News Limited ("SONR") for approximately £1.42 million, the consideration being satisfied by the issue of shares at 2.5p per share. The acquisition was primarily focussed on acquiring and integrating SONR's engineering and Natural Language Processing teams and its Artificial Intelligence algorithms, which will further improve our ability to match ads to listeners across our programmatic ad platforms.

The Board is pleased that early integration is in-line with expectations and remains convinced that the acquisition of SONR has the potential to accelerate the Company's speed to market for an industry leading ad-serving platform.

Financial Review

Record sales growth during the period saw revenue increase 585% to £1.3 million for the 12 months to 30 November 2016 from £0.2 million in the equivalent period in 2015. The growth in revenues has continued with Q1 2017 revenues exceeding Q4 2016 revenue of £630,000, and currently over £3 million of advertising campaigns are booked to occur

Chief Executive Officer's Review
(continued)

during the 2017 financial year (inclusive of Q1 2017 revenues already generated).

Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share based payments) recorded an improvement of £1.1 million to a loss of £4.6 million from £5.7 million in the equivalent period in 2015, despite a 105% increase in direct costs driven by the strategic decision to increase investment in the US to accelerate overall revenue growth.

Overheads for the period were carefully managed with the costs of additional sales personnel and the relocation into new specialist premises with a dedicated studio in the US being largely offset by a 35% reduction in headcount in the UK.

Hosting costs continue to reduce per byte for the Company as our volumes continue to increase. These economies of scale will also be amplified through integration with Wide Orbit, BTR and Amazon Web Services.

Marketing costs reduced by 59% during the period, which reflected the decreasing spend on promoting the Audioboom mobile app on Android and iOS as demand for our content shifted from the app to third-party websites.

It has become apparent to the Company that end users are now beginning to discover content for themselves across various social media platforms such as Twitter and Facebook and proactively seek audio content from other online destinations of interest.

Audioboom has therefore become platform agnostic, as it is irrelevant to the Company where the content is distributed (the Audioboom technology can be embedded into any third-party website or app), or how it is consumed (on a mobile device, PC, in the car, or on a tablet or smart television) as the Company generates revenue as the listener consumes spoken word content with pre, mid and post roll advertising.

Overall, the cash outflow from operating activities reduced to £4.7 million for the period (2015: £5.9 million) and net cash at the period end was £0.7 million. Post period end, the Company completed a successful placing and subscription, raising a total of £4.5 million (before expenses) for working capital, technical development and creative initiatives. The Board was very pleased to receive the continued support of a number of existing shareholders and also to welcome material investment from new institutional and VCT fund investors.

In addition, a convertible loan note was issued post period end to Candy Ventures SARL. The drawndown sum of £800,000, plus associated interest, was converted into ordinary shares in the Company in conjunction with the placing and subscription.

The financial results shown above illustrate that the drive to increase revenues whilst maintaining strong cost management is working and should deliver significant shareholder value as the Company continues its journey towards being cash-flow positive, with the Board targeting the Company achieving this milestone on a monthly basis during the final quarter of 2018. This strategy was further validated by the support for the equity raise highlighted above.

Outlook

We have made significant progress during the year, both in terms of operational development and revenue generation, whilst controlling direct costs and investing in sales personnel across our key markets.

KPIs during the first quarter of 2017 show significant further progress, recording year-on-year records with increased content partners, UFRs and greater buy-in from media agencies in the USA, UK and Australia.

During the rest of 2017, we expect to see the investments made in 2016, particularly in the US where the podcast industry is more mature and developed, begin to gain further traction and accelerate revenues further.

I look forward to announcing Q2 2017 KPIs in early June, which we expect to reflect the continued, accelerated progress we are making in this exciting market.

Rob Proctor
2 May 2017

Principal Risks and Uncertainties

The Board and management regularly review and monitor the key risks involved in running and operating the business. The future success of the Group is dependent on the Board's ability to implement its strategy. The model for the future development of the Group is reliant on its ability to achieve and maintain a critical mass of quality content providers and its ability to derive advertising revenue from agencies and users of advertising who want to access the audience for Audioboom's services. The table below sets out a number of the material risks together with relevant mitigating factors:

Risk	Description	Mitigation
Retention/ attraction of key staff	The Group is highly dependent on key members of the management team. Their services cannot be guaranteed and the loss of their services may have a material adverse effect on the Group's performance. There can be no assurance that the Group will be able to attract and retain all personnel necessary for the future development and operation of the business.	The Board will continue to ensure that the management team are appropriately incentivised and that there is scope to appropriately incentivise new key personnel where required. Audioboom operates a share option scheme which enables employees to become defacto 'owners' of the business and to benefit from continued growth in the Company.
Continued growth in content partners	Success of the Group's strategy relies heavily on the on-going growth in securing global quality content partners to the platform. There can be no assurance that the Group will maintain its success in this area.	Content partners are incentivised to use the Audioboom platform in a number of ways – they expand the audience for their content; they save on cost of developing, hosting and updating their own platform; and it provides potential monetisation of the content through advertising.
Ability to monetise the advertising opportunity	Success of the Group's strategy relies heavily on its ability to monetise the advertising opportunity. The ability to generate advertising revenue from social and digital media sites is now well established as major companies operating in this space have built up revenues from advertisers who value access to the user groups that are regular visitors to these sites. There can be no assurance that the Group will be successful in continuing to build these revenues if it is exposed to greater competition or suffers lower growth in listens on the platform as well as other factors.	On-going growth in quality content providers, which in turn attracts greater numbers of listens, should allow the Group to create the world's first aggregated audio content syndication and advertising network. While it is still at a relatively early stage, the Group has commenced the monetising of its advertising opportunity and is working with advertising partners in the UK and the US to build revenues.
Competition	Technologies used by the Group may have a shorter commercial life than anticipated due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.	The Group has a significant element of "first mover advantage" in terms of on-going growth in the quantity and quality of global content partners using its platform. It also strives to continually innovate in terms of its technology, products and services.

Risk	Description	Mitigation
IT infrastructure	Audioboom's platform is hosted externally by Amazon. The Group cannot guarantee that there will not be any disruption in the availability or performance of the platform, or the terms on which it is made available, which could have a material adverse effect on the Group and its business and prospects.	The Amazon cloud infrastructure and distributed content system ensures that many multiple copies of the entire Group's web architecture, mobile applications and growing content library are distributed across multiple nodes of the content distribution network. This ensures that if one node were to fail, then the Group's architecture and content could still be accessed by users via other nodes in the network.
Content	Audioboom provides a platform for third party content. Some of the content may be unsuitable, illegal or defamatory and as such there is a risk that claims may be made against the Group. Audioboom is a provider rather than a publisher and as such should not be liable for content. If, however, Audioboom is held to have published the offending content, that could have a material adverse effect on the Group.	"Safeharbour" regulations that should mitigate the risk in the case of Audioboom acting as provider and not publisher. In cases where Audioboom may have greater involvement in the publishing of content, Audioboom will take reasonable steps around editorial control of content. Audioboom's terms and conditions also give it unlimited rights to remove content, remove content channels and block users to ensure that it is able to maintain a controlled environment for consumers to access appropriate content.

The Strategic Report was approved by the Board of Directors on 2 May 2017 and was signed on its behalf by Rob Proctor (Chief Executive Officer).

Board of Directors

	Malcolm Wall Chairman	Rob Proctor Chief Executive Officer	David McDonagh Chief Financial Officer
Background and experience	Malcolm has worked across the media spectrum in the UK and overseas. He has been CEO, Content at Virgin Media, CEO of Abu Dhabi Media, COO of UBM plc and held a number of senior roles within ITV companies.	Prior to joining Audioboom in September 2012, Rob was COO of US social media platform Reality Digital, Inc. for four years, with clients such as Sony Pictures YouTube, MTV and ITV. He was also Senior Vice President International for Adify Corporation, a US provider of online advertising to networks and advertising agencies. From 1996 to 2001, he was founder and CEO at Simply Internet Limited which he grew to be one of the world's largest public internet access companies employing over 700 people.	David is a chartered accountant (FCA). He joined Audioboom in May 2015 from WideOrbit, a leader in premium broadcast technology and the largest sell-side processor of premium advertising in the world. Previously he was with Apple for six years, with roles including Head of EMEA Finance iTunes and EMEIA Controller for iPhone.
Date of appointment	Malcolm joined the Board and became Chairman in October 2014.	Rob joined the Board as CEO on the completion of the reverse acquisition of Audioboom Limited in May 2014.	David joined the Board in August 2016.
External appointments	Malcolm is the Chairman of Eagle Eye Solutions Group plc, Imaginarium Ltd and Dock 10 (the Media City production facility). He is a non-executive director of the international film fund.	None	None
Committee memberships	Malcolm is Chair of the Remuneration Committee and serves on the Audit Committee.	None	None
Independence	The Board consider Malcolm to be an independent Director.	Executive – non-independent	Executive – non-independent

	Roger Maddock Non-executive Director	Steven Smith Non-executive Director
Background and experience	Roger has worked in the finance industry in Jersey since 1981, specialising in fund administration. He was a partner in a local chartered accountancy practice and a director of Worthy Trust Company Limited until it was sold to Allied Irish Banks (CI) Limited in 1999 where he was a director of that bank's trust and fund administration companies until 2001. He was the Managing Director of Equitilink International Management Limited and a director of several of the underlying funds of the group. Roger has remained on the Board in order that the Company can comply with Jersey regulatory requirements.	Steven qualified as a chartered accountant at BDO and subsequently as a chartered tax adviser whilst at KPMG. He has held a number of senior financial positions at large public and private businesses. Steven has been a close adviser to the Candy Brothers for 15 years and currently runs one of their private investment funds.
Date of appointment	Roger joined the Board on the Company's incorporation (originally as The Off-Plan Fund Limited) in April 2003.	Steven joined the Board in August 2016.
External appointments	Roger holds a number of directorships of private investment companies.	Steven holds a number of directorships, including Candy Ventures SARL, a significant shareholder in the Company.
Committee memberships	Roger chairs the Audit Committee and serves on the Remuneration Committee.	None
Independence	Due to his length of tenure, Roger is not automatically considered to be an independent Director. Therefore the Board has reviewed his status and considered the fact that the strategy and shareholders of Audioboom are materially different following its 2014 reverse acquisition. Following this review the Board consider Roger to continue to exercise independence as a Director.	Due to his directorship of, and shareholding in, Candy Ventures SARL, Steven is not considered to be an independent Director.

All Directors shall retire at the AGM and all Directors shall put themselves forward for re-election.

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 November 2016.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 19. No dividend has been declared or is proposed for the year.

Directors and their interests

The Directors who served during the year are set out below, together with their beneficial interests in the ordinary shares of the Company. Biographical details are included on pages 8 and 9.

	30 November 2016		30 November 2015	
	Ordinary shares of no par value	**Share options**	Ordinary shares of no par value	Share options
Roger Maddock	**15,513,556**	**–**	5,513,556	–
David McDonagh (appointed 4 August 2016)	**–**	**8,000,000**	n/a	n/a
Rob Proctor	**1,066,153**	**27,630,741**	416,153	27,630,741
Steven Smith[1] (appointed 4 August 2016)	**–**	**–**	n/a	n/a
Malcolm Wall	**1,480,000**	**–**	480,000	–
Nick Candy (resigned 4 August 2016)	**n/a**	**n/a**	40,820,000	–
Mike Cooper (resigned 4 August 2016)	**n/a**	**n/a**	545,454	–
Jason Mackay (resigned 3 February 2017)	**360,000**	**–**	360,000	–

(1) Steven Smith is a director and 10% shareholder of Candy Ventures SARL, which held 56,000,000 ordinary shares in the Company as at 30 November 2016.

The Company has established an EMI option scheme and an "unapproved" share option scheme pursuant to which the CEO, the CFO and other members of staff have been or may be granted share options. Options granted under this scheme may have a vesting schedule and/or performance conditions attached. The number, exercise price and earliest and latest dates of exercise of options over ordinary shares in the Company held by Directors at the end of the year were as follows:

	Share options	**Exercise price (pence)**	**Earliest exercise date**	**Latest exercise date**
Rob Proctor	27,630,741[1]	1.5p	n/a	20 May 2024
David McDonagh	8,000,000[2]	3.125p	n/a	9 March 2026

(1) At the date of this report, 75% of these options had vested and the balance remain subject to financial performance conditions.

(2) At the date of this report, 17% of these options had vested and the balance remain subject to a combination of time vesting and financial performance conditions.

No options were granted to Directors during the year and no options granted to Directors were exercised, lapsed or forfeited during the year.

The following Directors had a beneficial interest in warrants to subscribe for ordinary shares at 30 November 2016:

	Number	Exercise price	Earliest exercise date	Latest exercise date
Jason Mackay	6,000,000	12.5p	13 Oct 2016	13 Oct 2018
Rob Proctor	1,000,000	1.5p	20 May 2015	20 May 2017

Directors' remuneration (audited)

The following table shows emoluments paid to Directors during the financial year and reflects that certain Directors were appointed or resigned during the period:

	2016			2015
	Salary/fees £'000	**Bonus £'000**	**Total emoluments £'000**	Total emoluments £'000
Current Directors:				
Roger Maddock (non-executive)	**30**	**–**	**30**	30
David McDonagh	**36**	**7**	**43**	n/a
Rob Proctor	**152**	**45**	**197**	188
Steven Smith (non-executive)	**10**	**–**	**10**	n/a
Malcolm Wall (non-executive Chairman)	**35**	**–**	**35**	35
Past Directors:				
Nick Candy (non-executive)[1]	**–**	**–**	**–**	60
Simon Cole (non-executive)	**–**	**–**	**–**	30
Mike Cooper (non-executive)	**20**	**–**	**20**	30
Jason Mackay (non-executive)[1]	**–**	**–**	**–**	60
Brian Southward (non-executive)	–	–	–	16
	283	**52**	**335**	449

(1) No fees paid in cash – warrants to subscribe for shares granted in lieu of fees in prior year.

There were pension contributions of £3,345 (2015: nil) and no benefits in kind made to Directors during the year (2015: nil).

Service contracts

The Chief Executive Officer and the Chief Financial Officer have entered into service contracts with the Group that are terminable by either party on not less than 6 months' prior notice. The non-executive Directors have entered into service contracts with the Group that are terminable by either party on not less than 3 months' prior notice.

Pensions and private healthcare

There are pension arrangements in place for certain Directors. There are no private healthcare arrangements in place.

Report of the Directors
(continued)

Substantial shareholdings

At the date of this report, the Company was aware of the following interests in 3% or more of its issued voting share capital:

Shareholder	% holding
Nick Candy[1]	15.9%
Herald Investment Management Limited	6.5%
Slovar Limited	4.7%
Dragon Holdings International Limited	4.0%

(1) Including holdings via Candy Ventures SARL of which Nick Candy is a 90% shareholder

Employee involvement

The Group's policy is to encourage involvement at all levels, as it believes this is essential for the success of the business. Employees are encouraged to present their views and suggestions in respect of the Group's performance and policies.

Financial risk management objectives and policies

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis and they are summarised in note 21 to the financial statements. These policies have remained unchanged from previous years.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient funds to continue in operational existence for the foreseeable future. The Board's forecasts for the combined Group, including due consideration of the successful £4.5 million fundraise concluded in April 2017, the continued operating losses, projected increase in revenues and decreasing cash-burn of the Group (and taking account of reasonably possible changes in trading performance), indicate that the Group has sufficient cash available to continue in operational existence for the next 12 months and beyond. The Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts and are satisfied that such revised operating strategies could be adopted, and/or additional financing could be secured, if and when necessary. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully. Therefore the Directors consider the going concern basis appropriate.

Directors' indemnity and insurance

Pursuant to the Company's articles of association, the Company has granted an indemnity to its Directors and officers under which the Company will indemnify them, subject to the relevant article, against all costs, charges, losses and liabilities incurred by them in the performance of their duties. The Company has also arranged directors' and officers' liability insurance.

Directors' Responsibility Statement

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year.

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 of the profit or loss of the Group for that year. In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group 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 Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

haysmacintyre offer themselves for reappointment as auditors in accordance with section 113 of the Companies (Jersey) Law 1991.

ON BEHALF OF THE BOARD

Rob Proctor
Chief Executive Officer
2 May 2017
Company registration no: 85292 (Jersey)

Corporate Governance Report

Role of the Board and management

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall management and corporate governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

From time to time the Board may delegate or entrust to any Director holding executive office (including the CEO) such of its powers, authorities and discretions for such time and on such terms as it thinks fit. The Board had adopted a "Delegation of Board authority" which establishes those matters which it is considered appropriate remain within the overall control of the Board (or its committees) and those which are delegated to the CEO (or onwards as appropriate). In addition to overall Group strategy, the Board approves the annual budget and retains control over corporate activity (mergers, acquisitions, joint ventures, material disposals and investments) and material contract and financing decisions (over and above set value/credit-risk limits). The delegation policy was reviewed during the year.

Management's role is to implement the strategic plan established by the Board and to work within the corporate governance and internal control parameters established by the Board.

Role of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the running of the Board and the executive responsible for the Group's business.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting the agenda for Board meetings. Once strategic objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon and consistently to be accountable to the Board. The day-to-day operations of the Group are managed by the Chief Executive Officer and his management team.

Board processes

The full Board meet six times per year and at any other time as may be necessary to address any specific significant matters that may arise.

The agenda for Board meetings is prepared in conjunction with the Chairman. Submissions are circulated in advance and for regular Board meetings will include operational and financial updates together with papers relating to specific agenda items.

Management prepare finance reports ahead of each regular Board meeting which allow the Board to assess the Company's activities and review its performance. Members of management are regularly involved in Board discussions and Directors have other opportunities for contact with a wider group of employees.

To assist in the execution of its responsibilities, the Board has established an Audit Committee and a Remuneration Committee (which can also sit as a Nominations Committee where required) and a framework for the management of the consolidated entity including a system of internal control.

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. This includes financial, operational and compliance controls and risk-management systems. The Board has reviewed the effectiveness of the system of internal control during the year. Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Composition of the Board

The Board currently comprises five Directors. The number and/or composition may be changed where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.

The composition of the Board is determined using the following principles:

- a majority of the Board should be non-executive Directors,
- the role of Chairman is to be filled by a non-executive Director,
- the Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities,
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors are subject to re-election every year.

The Company Secretary is a Jersey based professional services company in order to conform with Jersey requirements. The Board has therefore appointed a corporate and governance consultant to assist and advise it in respect of its responsibilities and best practice. The consultant attends all Board and committee meetings (which are held in the UK) in which he effectively carries out a number of the duties and responsibilities of a company secretary.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned is either not present or does not take part in discussions and voting at the meeting whilst the item is considered.

Independent professional advice and access to Company information

Each Director has the right of access to all relevant Company information and to the Company's management and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of any advice received by the Director is to be made available to all other members of the Board.

Committees

Audit Committee

The role of the Audit Committee is documented in its Terms of Reference which were reviewed and adopted by the Board in April 2014.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, corporate control and risk management. Its objectives are:

- to increase shareholder confidence and to ensure the credibility and objectivity of published financial information;
- to assist the Board in meeting its financial reporting responsibilities;
- to assist the Board in ensuring the effectiveness of the Company's internal accounting and financial controls;
- to strengthen the independent position of the Company's external auditors by providing channels of communication between them and the non-executive Directors; and
- to review the performance of the Company's external auditing functions.

The members of the Audit Committee are Roger Maddock (Chairman) and Malcolm Wall.

The external auditors, the Chief Executive Officer, the Chief Financial Officer, the Chairman and members of the internal finance function may be invited to Audit Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

Corporate Governance Report
(continued)

The Audit Committee reviews the performance of the external auditors on an annual basis and plans to meet with them during the year as required to discuss audit planning, any potential changes in accounting policies or related accounting issues, any issues arising from the half year review or full year audit and any other special matters or investigations deemed necessary by the Board.

The agenda for Audit Committee meetings is prepared in conjunction with the Chairman of the Committee. Submissions are circulated in advance and may include drafts of interim and annual financial statements, related papers from management, audit planning and key issues memoranda from the external auditors, and papers relating to specific agenda items.

Remuneration Committee

The role of the Remuneration Committee is documented in its Terms of Reference which were reviewed and adopted by the Board of Directors in April 2014.

The objectives of the Remuneration Committee are:

- to ensure that the Company's directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance by determining their pay and other remuneration;
- to demonstrate to all shareholders that the general policy relating to and actual remuneration of individual senior executives of the Company is set by a committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

The Remuneration Committee intends that its policy and practice should align with and support the implementation of the Company's strategy and effective risk management for the long term. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Committee and within the risk appetite of the Board and its strategy.

The remuneration package for executive Directors comprise a combination of annual salary, annual performance bonus and share options with performance criteria. Remuneration for non-executive Directors consists of an annual fee. There is no additional fee for serving on Board committees and non-executive Directors are not entitled to bonuses or participation in the share option scheme. Certain non-executive Directors were paid their annual fee by way of a grant of warrants to subscribe for shares in the Group. The committee has independently assessed the number of warrants to be issued in return for the fair value of the consideration of the services provided by these non-executive Directors.

The current members of the Remuneration Committee are Malcolm Wall (Chairman) and Roger Maddock.

The Chief Executive Officer may be invited to Remuneration Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

The agenda for Remuneration Committee meetings is prepared in conjunction with the Chairman of the Committee. Submissions are circulated in advance and may include remuneration benchmark surveys and best practice guidelines together with papers relating to specific agenda items.

Where required the Remuneration Committee may also sit as the Nominations Committee. However the role of the Nominations Committee may also be fulfilled by the full Board. The objectives of such Committee are:

- to ensure that the Company has a formal and transparent procedure for the appointment of new executive and non-executive Directors to the Board;
- to ensure that the Company reviews the balance and effectiveness of the Board and the senior executive management team, identifying the skills and experience needed for the next stage in the Company's development and those individuals who might best provide them, including appropriate succession plans and considering possible internal candidates for future Board roles.

Directors' attendance record

The following table provides details of attendance by Directors at Board and Committee meetings held during the year.

	Board		Audit Committee		Remuneration Committee	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Nick Candy	5	2*	–	–	–	–
Mike Cooper	5	1	–	–	1	1
Jason Mackay	8	6	3	3	–	–
Roger Maddock	8	8	3	3	–	–
David McDonagh	4	4	–	–	–	–
Rob Proctor	8	8	–	–	–	–
Steven Smith	4	4	–	–	–	–
Malcolm Wall	8	8	–	–	1	1

*includes attendance by alternate director

The role of shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- the release of announcements, trading updates and interim and annual financial statements through the Regulatory News Service and on the Company's website,
- the full annual financial report is sent to all registered shareholders,
- proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders, and
- notices of all meetings of shareholders are sent to all registered shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as separate resolutions. The Notice of Annual General Meeting is included at the end of this document.

The Company's auditors are also invited to attend the Annual General Meeting and are available for discussion in relation to the Company's financial statements.

Strategic Report
Governance
Financial Statements
Notice of AGM

Independent Auditor's Report to the Shareholders of Audioboom Group plc

We have audited the Group financial statements of Audioboom Group plc (the "Company") for the year ended 30 November 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 12 and 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 November 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU;
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

In light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Directors.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the 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
- we have not received all the information and explanations we require for our audit.

Ian Cliffe (Senior Statutory Auditor)
for and on behalf of haysmacintyre
Statutory Auditors
26 Red Lion Square
London WC1R 4AG
2 May 2017

Consolidated Statement of Comprehensive Income

Year ended 30 November 2016

	Notes	2016 £'000	2015 £'000
Continuing operations			
Revenue	2	**1,312**	192
Cost of sales		**(1,046)**	(510)
Gross profit/(loss)		**266**	(318)
Administrative expenses		**(5,140)**	(7,150)
Adjusted operating loss		**(4,598)**	(5,687)
– Share based payments	20	**(276)**	(1,781)
Operating loss	3	**(4,874)**	(7,468)
Finance income	6	**5**	47
Loss before tax		**(4,869)**	(7,421)
Taxation on continuing operations	7	**97**	146
Loss for the financial year		**(4,772)**	(7,275)
Attributable to			
Equity shareholders		**(4,772)**	(7,274)
Non-controlling interest		**–**	(1)
Loss for the financial year		**(4,772)**	(7,275)
Other comprehensive income			
Foreign currency translation difference		**45**	(23)
Total comprehensive income for the year		**(4,727)**	(7,298)
Loss per share			
from continuing operations			
Basic and diluted	8	**(0.88) pence**	(1.37) pence

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 November 2016

	Notes	**2016** £'000	**2016** £'000	2015 £'000	2015 £'000
Assets					
Non-current assets					
Intangible assets	9	**–**		–	
Property, plant and equipment	10	**54**		59	
			54		59
Current assets					
Trade and other receivables	12	**1,532**		755	
Cash and cash equivalents		**687**		3,125	
			2,219		3,880
Total assets			**2,273**		3,939
Current liabilities					
Trade and other payables	13		**(943)**		(547)
Net current assets			**1,276**		3,333
Net assets			**1,330**		3,392
Equity					
Share capital	14		**–**		–
Share premium	14		**22,595**		20,206
Issue cost reserve	15		**(1,309)**		(1,309)
Foreign exchange translation reserve	15		**(4)**		(49)
Reverse acquisition reserve	15		**(2,159)**		(2,159)
Retained earnings	16		**(17,793)**		(13,297)
Total equity			**1,330**		3,392

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements for Audioboom Group plc (Jersey company registration number 85292), which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and related Notes 1 to 21 were approved and authorised for issue by the Board of Directors on 2 May 2017 and were signed on its behalf by Rob Proctor (Chief Executive Officer).

Consolidated Cash Flow Statement

Year ended 30 November 2016

	Notes	2016 £'000	2015 £'000
Loss from continuing operations		**(4,772)**	(7,275)
Loss for the year		**(4,772)**	(7,275)
Adjustments for:			
Taxation		**(97)**	(146)
Interest receivable		**(5)**	(47)
Depreciation of fixed assets		**28**	23
Loss on disposal of property, plant and equipment	10	**4**	–
Share based payments		**276**	1,781
Increase in trade and other receivables		**(818)**	(412)
Increase in trade and other payables		**690**	147
Foreign exchange loss		**–**	14
Cash flows from operating activities		**(4,694)**	(5,915)
Taxation		**96**	146
Net interest receivable		**5**	47
Net cash used in operating activities		**(4,593)**	(5,722)
Investing activities			
Purchase of property, plant and equipment	10	**(27)**	(45)
Net cash used in investing activities		**(27)**	(45)
Financing activities			
Loans given		**(239)**	–
Proceeds from issue of ordinary share capital		**2,389**	39
Net cash generated from financing activities		**2,150**	39
Net decrease in cash and cash equivalents		**(2,470)**	(5,728)
Cash and cash equivalents at beginning of year		**3,125**	8,867
Effect of foreign exchange rate changes		**32**	(14)
Cash and cash equivalents at end of year		**687**	3,125

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 November 2016

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	**Total £'000**	Non-controlling interest £'000	**Total equity £'000**
At 30 November 2014		–	20,132	(3,494)	(7,769)	**8,869**	(1)	**8,868**
Loss for the year		–	–	–	(7,274)	**(7,274)**	–	**(7,274)**
Issue of shares	14	–	39	–	–	**39**	–	**39**
Equity-settled share-based payments	14	–	35	–	1,746	**1,781**	–	**1,781**
Other comprehensive income		–	–	(23)	–	**(23)**	–	**(23)**
Adjustment arising from change in non-controlling interest		–	–	–	–	**–**	1	**1**
At 30 November 2015		–	20,206	(3,517)	(13,297)	**3,392**	–	**3,392**
Loss for the year		–	–	–	(4,772)	**(4,772)**	–	**(4,772)**
Issue of shares	14	–	2,217	–	–	**2,217**	–	**2,217**
Equity-settled share-based payments	20	–	172	–	276	**448**	–	**448**
Other comprehensive income		–	–	45	–	**45**	–	**45**
At 30 November 2016		–	22,595	(3,472)	(17,793)	**1,330**	–	**1,330**

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes
For the financial year ended 30 November 2016

1. Accounting policies

General information and basis of preparation

Audioboom Group plc is incorporated in Jersey under the Companies (Jersey) Law 1991. The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange ("AIM"). The address of the registered office is set out at the back of this document. The Company is required under AIM rule 19 to provide shareholders with audited consolidated financial statements. The Company is not required to present parent company information.

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The consolidated financial statements have been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991, an amendment to which means separate parent company financial statements are not required.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The principal accounting policies set out below have been consistently applied to all the years presented in these financial statements, except as stated below.

New standards and interpretations

There were no material changes in the financial statements as a result of adopting new or revised accounting standards during the year.

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

- Amendments to IFRS 2 Classification and measurement of share based payment transactions (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 9 Financial instruments (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from contracts with customers (effective for accounting periods beginning on or after 1 January 2017)
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)
- Amendments to IAS 7 Statement of cash flow (effective for accounting periods beginning on or after 1 January 2017)
- Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
- Improvements to IFRS Standards 2012-2014 Cycle
- Improvements to IFRS Standards 2014-2016 Cycle

No standards, including IFRS 15, have been adopted early. The Directors have considered the implications of the adoption of IFRS 15 in future years and do not expect there to be a significant impact arising from its adoption in respect to the Group's existing revenue recognition policies.

The Directors continue to evaluate the potential impact of the introduction of IFRS 16.

Notes
(continued)

Key accounting policies

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 7. The financial statements at 30 November 2016 show that the Group generated an adjusted operating loss for the year of £4.60 million (2015: £5.69 million), with cash used in operating activities of £4.60 million (2015: £5.72 million) and a net decrease in cash and cash equivalents of £2.47 million in the year (2015: decrease of £5.73 million). The Group balance sheet showed cash reserves at 30 November 2016 of £0.69 million (2015: £3.13 million).

The Board has concluded that no matters have come to its attention which suggest that the Group will not be able to maintain its current terms of trade with customers and suppliers. The Board's December 2016 – November 2019 forecasts for the combined Group, including due consideration of the successful fund raise of £4.5 million concluded in April 2017, the continued operating losses, the projected increase in revenues and decreasing cash-burn of the Group, and taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient cash available to continue in operational existence throughout the next 12 months and beyond. The Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts and are satisfied that such revised operating strategies could be adopted, and/or additional financing could be secured, when necessary. Therefore, the Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, and conclude they can continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue

Revenue represents amounts receivable for services provided in the normal course of business, and excludes intra-group sales, Value Added Tax and trade discounts. Revenue comprises:

- Sale of subscriptions: the value of goods and services is recognised across the year of subscription.
- Sale of advertising: the value of goods and services is recognised on broadcast.
- Sale of programmes and content: the value of goods and services supplied is recognised on delivery of content.
- Sponsorship income: the value of goods and services is recognised over the time to which it relates.

Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit and loss for the year.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average monthly rate of exchange ruling at the date of the transaction, unless exchange rates fluctuate significantly during that month, in which case the exchange rates at the date of transactions are used.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are between 3 and 5 years.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year to ensure that the amounts, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group are obligated to incur when the asset is acquired, if applicable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised over three years on a straight-line basis.

Current and deferred taxation

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising in subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of income.

Notes
(continued)

Critical accounting judgements and key areas of estimation uncertainty

Share based compensation

The Group issues equity settled share based payments to certain Directors and employees, which have included grants of options in the current year. Equity settled share based payments are measured at fair value at the date of grant, with the charge being recognised within the statement of comprehensive income over the year of service to which the grant relates.

The fair value of share options is measured using a Black-Scholes framework. The Directors have used judgement in the calculation of the fair values of the share based compensation which has been granted during the year, and different assumptions in the model would change the financial result of the business.

Where warrants have been issued in return for the provision of services, those warrants have been valued at the date of grant by reference to the fair value of the consideration of the services provided.

Forecasting

The Group prepares medium-term forecasts based on Board approved budgets and 3-year financial models. These are used to support judgements in the preparation of the Group's financial statements including the decision on whether to recognise deferred tax assets and for the Group's going concern assessment.

2. Revenue

	2016	2015
	£'000	£'000
Subscription	**23**	26
Advertising	**1,289**	166
	1,312	192

Geographical information

The Group's operations are located in the United Kingdom. The main assets of the Group, cash and cash equivalents, are held in Jersey.

The Group currently has two reportable revenue streams, however, the Directors consider that the Group operates as one segment and as such there is no separation of income, expenditure and sections of the balance sheet for the purposes of segmental reporting.

The Group's revenue from external customers by geographical location is detailed below:

	2016	2015
	£'000	£'000
United Kingdom	**424**	117
Rest of World	**–**	14
USA	**888**	61
	1,312	192

The Group invoiced 52% of its income to 4 customers each of whom represented more than 10% of the reported revenues.

The Group currently has four geographic locations, however, the Directors consider that the Group recognises revenues and costs for the other regions in the UK. As such, there is no separation of income, expenditure and sections of the balance sheet for the purposes of segmental reporting.

3. Operating loss

	2016 £'000	2015 £'000
Operating loss for the year has been arrived at after charging the following:		
Net foreign exchange losses	**2**	14
Depreciation of property, plant & equipment	**28**	23
Amortisation of intangible assets	**–**	1
Operating lease payments – land and buildings	**112**	61
Research & development	**–**	45
Staff costs (refer to note 5 for detail)	**3,509**	3,949

4. Auditor's remuneration

	2016 £'000	2015 £'000
Audit services		
Fees payable to the Company auditor for the audit of the parent Company and consolidated annual accounts	**11**	10
The audit of the Company's subsidiaries pursuant to legislation	**22**	14
Non-audit services		
Tax compliance and advisory services	**8**	7
	41	31

5. Staff costs

	2016 Number	2015 Number
Number of production, editorial and sales staff	**20**	7
Number of management and administrative staff	**24**	28
	44	35

	£'000	£'000
Wages and salaries	**2,772**	1,954
Social security costs	**213**	206
Pension	**48**	8
Share based payments	**276**	1,781
	3,309	3,949

Details of the Directors' remuneration are set out in the Report of the Directors on page 11.

Notes
(continued)

6. Finance income

	2016 £'000	2015 £'000
Bank interest received	**7**	45
Bank interest paid	**(2)**	–
Accrued interest	**–**	2
	5	47

7. Tax

Current tax credit

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2016 nor for the year ended 30 November 2015. The tax credit for both 2016 and 2015 arose in respect of research and development.

Tax reconciliation

The taxation credit on the loss for the year differs from the amount computed by applying the corporation tax rate to the loss before tax for the following reasons:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	**(4,869)**	(7,468)
Tax at UK corporation tax rate of 20% (2015: 20.33%)	**(974)**	(1,517)
Tax effect of expenses that are not deductible in determining taxable profit	**96**	28
Effect of share based payments	**55**	362
Income not taxable for tax purposes	**96**	(9)
Additional deduction for R&D purposes	**(42)**	(41)
Accelerated capital allowances	**1**	5
Adjustment to tax charge in respect of prior years	**8**	(40)
Foreign tax losses not taxed in the UK	**246**	122
Unrelieved tax losses	**611**	873
Adjustment to closing deferred tax rates	**–**	71
Tax credit and effective tax rate for the year	**(97)**	(146)

The Group has carried forward UK losses amounting to £10.9 million as of 30 November 2016 (2015: £8.0 million). As the timing and extent of taxable profits are uncertain, the deferred tax asset of £1.8 million (2015: £1.4 million) arising on these losses has not been recognised in the financial statements. Overseas taxes relate to income tax paid by Audioboom Inc.

8. Loss per share

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

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share, or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options. Therefore, as per IAS33:36 the anti-dilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

Reconciliation of the loss and weighted average number of shares used in the calculation are set out below:

	Loss	Weighted average number of shares	Per share amount
		30 November 2016	
	£'000	**Thousand**	**Pence**
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	**(4,772)**	**563,351**	**(0.88)**
		30 November 2015	
	£'000	Thousand	Pence
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	(7,274)	533,960	(1.37)

9. Intangible assets

	Software £'000
Cost	
At 30 November 2015	36
Additions	–
At 30 November 2016	36
Amortisation	
At 30 November 2015	36
Charge for the year	–
At 30 November 2016	36
Net book value	
At 30 November 2016	–
At 30 November 2015	–

Notes
(continued)

10. Property, plant and equipment

	Furniture & equipment £'000	Computers £'000	Technical £'000	Total £'000
Cost				
At 30 November 2015	23	88	2	113
Additions	12	15	–	27
Disposals	–	(6)	–	(6)
At 30 November 2016	35	97	2	134
Amortisation				
At 30 November 2015	7	46	1	54
Charge for the year	5	22	1	28
Disposals	–	(2)	–	(2)
At 30 November 2016	12	66	2	80
Net book value				
At 30 November 2016	**23**	**31**	**–**	**54**
At 30 November 2015	16	42	1	59

11. Subsidiaries

As at 30 November 2016, Audioboom Group plc held more than 20% of the share capital of the following companies:

	Country of Incorporation	Registered Office	Class of Shares	% held by parent
Audioboom Limited	England and Wales	169 Tower Bridge Road, London SE1 3LJ	Ordinary	100%
Audioboom Inc.	Delaware, United States of America	183 Madison Avenue New York, USA	Ordinary	100%
Audioboom Pty Limited	Australia	108 Power,Street, Hawthorn, Victoria 3122, Australia	Ordinary Ordinary	100% 100%
Audioboom India PVT Limited	India	Karve Road, Kothrud, Pune, Maharashtra, India		

Audioboom Inc, Audioboom Pty Limited and Audioboom India PVT Limited, which was incorporated in March 2016, are held through Audioboom Limited.

On 1 February 2017 Audioboom Group plc acquired 93.45% of SONR News Limited. Audioboom Group plc now owns 100% of SONR News Limited, including its subsidiaries, SONR News Inc and Contentment Ltd, following the acquisition of the balance of the shares.

12. Trade and other receivables

	2016 £'000	2015 £'000
Amounts receivable for the sale of goods and services	**516**	40
Allowance for doubtful debts	**–**	–
Net receivables	**516**	40
Other receivables	**536**	25
Prepayments and accrued income	**348**	333
Taxes recoverable	**132**	357
	1,532	755

The average credit period taken on sales of goods and services is 95 days (2015: 35 days). No interest is charged on receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and likelihood of recovery as assessed by the Directors.

Included in the Group's trade receivable balance are debtors with a carrying amount of £13,704 (2015: £nil) which are past due at the reporting date.

13. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**350**	220
Other taxes and social security	**69**	78
Accrued costs	**474**	222
Other payables	**50**	27
	943	547

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 104 days (2015: 22 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Notes
(continued)

14. Stated capital account

	No. of shares	Share capital £	Share premium £
At 30 November 2014	**532,734,557**	**–**	**20,132,424**
Shares issued in the year			
Shares issued at 1.5p each	2,615,782	–	39,237
Shares issued at 12.5p each	280,000	–	35,000
At 30 November 2015	**535,630,339**	**–**	**20,206,661**
Shares issued in the year			
Shares issued at 1.5p each	191,339	–	2,870
Shares issued at 2.5p each	102,200,000	–	2,385,860
At 30 November 2016	**638,021,678**	**–**	**22,595,391**

There is no authorised share capital and all shares rank *pari passu*. All issued share capital is fully paid up. All ordinary shares have nil par value.

During the year, a total of 102,504 warrants and 88,835 options to subscribe for ordinary shares were exercised with an exercise price of 1.5p per share. 102,200,000 shares were issued at 2.5p pursuant to a placing and subscription in August 2016. The gross funds received were £2,555,000. Net funds were £2,385,860, which represents the consideration paid for shares in excess of par value, less directly attributable costs of £169,140.

15. Other reserves

	Issue cost reserve £'000	Reverse acquisition reserve £'000	Foreign exchange translation reserve £'000	Other capital reserves £'000
At 1 December 2015	(1,309)	(2,159)	(49)	(3,517)
Other comprehensive income	–	–	45	(45)
At 30 November 2016	**(1,309)**	**(2,159)**	**(4)**	**(3,472)**

Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the final statements of foreign operations.

Reverse acquisition reserve

The reverse acquisition reserve relates to the reverse acquisition of Audioboom Limited by Audioboom Group plc on 20 May 2014.

Issue cost reserve

The issue cost reserve arose from expenses incurred on share issues.

16. Retained earnings

	2016 £'000	2015 £'000
Retained earnings	**(17,793)**	(13,297)
Balance at the beginning of the year	**(13,297)**	(7,769)
Net loss attributable to members of the Company	**(4,772)**	(7,274)
Credit to equity for equity-settled share-based payments	**276**	1,746
Balance at end of year	**(17,793)**	(13,297)

17. Operating lease arrangements

	2016 £'000	2015 £'000
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense in the year	**112**	62

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Over one year and less than five years	**1,384**	98
Over 5 years	**874**	–

Operating lease payments represent rentals payable by the Group for its office properties. Property leases have an average term of 4.5 years. During the year, the Group entered into a lease for its office in New York, USA.

18. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, the Company advanced £235,303 to SONR News Limited ("SONR") as a loan, and had an accounts receivable of £4,717 outstanding from August 2016. At the time of the loan, Candy Ventures SARL held approximately 29.5% of the issued share capital of SONR. Candy Ventures SARL is a substantial shareholder of the Group. Nick Candy (90% shareholder of Candy Ventures SARL) is a former Director of the Company. Steven Smith, a Director of the Company, is a 10% shareholder and director of Candy Ventures SARL. Rob Proctor, a Director of the Company, previously held a material shareholding in SONR but this was transferred to Candy Ventures SARL on 3 August 2016 for nominal consideration. The CEO of SONR, Amanda Brown, is an associate of Rob Proctor.

During the period, Malcolm Wall and Roger Maddock, Directors of the Company, subscribed for 1,000,000 and 10,000,000 shares respectively at 2.5p per share pursuant to a placing and subscription which completed on 23 August 2016. At the same time, Nick Candy, a former Director of the Company and significant shareholder, subscribed for 40,000,000 shares at the same price, and the Company agreed to re-price the exercise price of the 12,000,000 warrants to subscribe for shares already held by Nick Candy to 2.5p per share (previously 8.375p).

Notes
(continued)

Remuneration of key management personnel

The remuneration of key management personnel of the Group, excluding Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	2016 £'000	2015 £'000
Short-term employment benefits	**82**	92
Post-employment benefits	**35**	–
	117	92

19. Post balance sheet events

On 1 February 2017, the Group acquired 93.4% of the ordinary shares in SONR News Limited ("SONR"). The Group subsequently acquired the remaining share capital and now holds 100% of SONR. The consideration paid on completion was £1,432,205 in shares and prior to completion the Group had provided £367,795 via loans to SONR. This investment will be included in the Group's balance sheet at its fair value at the date of acquisition. SONR specialises in the development of Natural Language Programming and Artificial Intelligence software.

Analysis of the excess of cost over net tangible assets will be carried out to ascertain the value of the intangible fixed assets and the value of goodwill on acquisition. The acquisition costs of approximately £160,000 will be written off as overheads in the financial year ending 30 November 2017.

Prior to the acquisition, Candy Ventures SARL held approximately 29.5% of the issued share capital of SONR. Candy Ventures SARL is a substantial shareholder of the Group. Nick Candy (90% shareholder of Candy Ventures SARL) is a former Director of the Company. Steven Smith, a Director of the Company, is a 10% shareholder and director of Candy Ventures SARL. Rob Proctor, a Director of the Company, previously held a material shareholding in SONR but this was transferred to Candy Ventures SARL on 3 August 2016 (before the acquisition by the Group) for nominal consideration. The CEO of SONR, Amanda Brown, is an associate of Rob Proctor.

In February 2017, the Group issued a convertible loan note for up to £1,000,000 to Candy Ventures SARL. The terms of the loan note provided for interest at a rate of 10% per annum. The Group drew down £800,000 of the loan note before electing to convert the drawn down balance (and accrued interest) into shares, in accordance with its terms, at 2p per share, at the time of the Group's £4.5 million fund raise which concluded in April 2017, and pursuant to which a total of 180,000,000 shares were issued at 2.5p per share.

20. Share-based payments

The Company has share option schemes for employees of the Group. Options are exercisable at the price agreed at the time of the issue of the share option. The vesting period and/or any performance conditions vary between employees. If the options remain unexercised after a period of 10 years from date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options granted during the year are as follows:

	2016		2015	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of year	**48,659,031**	**0.020**	32,235,865	0.015
Granted during the year	**24,036,029**	**0.031**	20,090,265	0.026
Forfeited/lapsed during the year	**(5,895,806)**	**0.057**	(3,667,099)	0.015
Exercised during the year	**(88,835)**	**0.015**	–	–
Outstanding at end of year	**66,710,419**	**0.021**	48,659,031	0.020
Exercisable at end of year	**34,479,204**		28,398,261	

The options outstanding at 30 November 2016 had a weighted average exercise price of 2.1p, and a weighted average remaining contractual life of 8 years. The inputs into the Black-Scholes model are as follows:

	2016	2015
Weighted average share price	**3.125p**	4.4p
Weighted average exercise price	**3.125p**	2.0p
Expected volatility	**85%**	85%
Expected life	**1 to 2 years**	1 to 2 years
Risk-free rate	**0.5%**	0.5%
Expected dividend yield	**0%**	0%

Expected volatility was determined by assessing the movements of the share price since the readmission to AIM in May 2014. The Group recognised total expenses of £276,000 related to equity-settled share-based payment transactions in 2016 (2015: £1,781,000). Share based payments of £172,000 (2015: £35,000) were recognised in the share premium account.

	2016 £'000	2015 £'000
Share option charge	**276**	1,626
Equity-settled shares	**–**	35
Warrant charge	**172**	120
	448	1,781

Equity-settled shares relate to Director fees. The total value of equity issued to Directors during the year was £nil (2015: £35,000).

Notes
(continued)

At the year end, the Group had in issue outstanding share warrants for a total of 58,702,048 shares with a weighted average exercise price of 6.5p. 48,702,048 of the warrants were exercisable at year end, and the balance will become exercisable subject to performance conditions.

The value ascribed to warrants is based on using the Black-Scholes model in relation to the repricing of 12,000,000 warrants with a weighted average exercise price of 2.5p. All these warrants are exercisable before 2 April 2019.

The total number of instruments over equity (including both share options and warrants) outstanding at year end was 125,501,300 of which 83,181,252 were exercisable.

21. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 14 to 16. The Group does not have any external borrowings, does not have access to committed borrowing facilities, and is not subject to externally imposed capital requirements.

Categories of financial instruments

	2016 **£'000**	2015 £'000
Loans & receivables		
Trade and other receivables	**1,532**	755
Cash and cash equivalents	**687**	3,125
Financial liabilities at amortised cost		
Trade and other payables	**350**	325
Accruals	**474**	222

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximates to their fair values.

Financial and market risk management objectives

It is, and has been throughout the year under review, the Group's policy not to use or trade in derivative financial instruments. The Group's financial instruments comprise its cash and cash equivalents and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial assets and liabilities is to provide finance for the Group's operations in the year.

Currency risk management

The Group has limited exposure to foreign currency risk as a result of the majority of its cash being held in Sterling, or it matching local currency costs to local currency receipts; thus the main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the year under review.

Interest rate risk management

The Group's policy is to ensure that it maximises the interest income on surplus cash. This involves placing cash in a mix of fixed rate and floating rate short-term deposits. There is no prescribed ratio of fixed to floating rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate cash deposits, the analysis is prepared using the average of the amount of cash at each month-end throughout the year.

If interest rates had been 0.5% lower and all other variables were held constant, the Group's loss and impact on equity for the year ended 30 November 2016 would increase by £23,000 (2015: £6,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits. Management consider the sensitivity to be reasonable.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities after assessing credit quality using independent rating agencies and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. Please refer to note 12 for more detail on trade receivables collection periods.

The aging of trade receivables as at 30 November 2016 was:

Current	Over 30 days	Over 60 days	90 days +	Total
£190,418	£212,121	£70,176	£43,691	£516,406
37%	41%	14%	8%	

Liquidity risk management

The Group's policy throughout the year has been to ensure continuity of funds. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Please refer to note 13 for more detail on trade payables payment periods.

Liquidity and interest risk tables

All financial liabilities are non-interest bearing and fall due within one month.

Fair value of financial instruments

The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Notice of Annual General Meeting

Audioboom Group plc

(incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 85292)

Notice is given that the annual general meeting of the members of the Company will be held at The London Capital Club, 15 Abchurch Lane, London EC4N 7BW on Tuesday 7 June 2017 at 12:00 noon to consider and, if thought fit, pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and Resolutions 9 and 10 will be proposed as special resolutions.

ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the audited accounts of the Company for the period ended 30 November 2016 together with the report of the auditors thereon.

2. To re-elect Roger Maddock who retires at the meeting and who, being eligible, offers himself for re-election as a director of the Company (each a **Director** and together the **Directors**).

3. To re-elect David McDonagh who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

4. To re-elect Robert Proctor who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

5. To re-elect Steven Smith who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

6. To re-elect Malcolm Wall who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

7. To re-appoint haysmacintyre as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

8. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Article 6.2 of the Articles of Association of the Company (**Articles**) to exercise all the powers of the Company to allot ordinary shares of no par value in the capital of the Company (**Ordinary Shares**) and to grant rights to subscribe for, or to convert any security into, Ordinary Shares up to a maximum of 308,000,000 Ordinary Shares, being approximately one third of the current issued share capital of the Company. The authority conferred on the Directors under this Resolution 8 shall expire at the earlier of the conclusion of the next annual general meeting of the Company and the date falling 18 months after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to subscribe for, or to convert any security into, Ordinary Shares to be granted after such expiry and the Directors may allot Ordinary Shares or grant rights to subscribe for, or to convert any security into, Ordinary Shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9. That, subject to the passing of Resolution 8, the Directors be and they are hereby empowered pursuant to Article 6.7 of the Articles to allot equity securities (within the meaning of Article 6.6) for cash or otherwise pursuant to the authority conferred by Resolution 8, as if Article 6.3 did not apply to any such allotment, provided that this power, shall be limited to the allotment of equity securities consisting of, or the right to subscribe for, or convert any security into shares in the Company, up to a maximum of 92,000,000 Ordinary Shares, being approximately 10% of the current issued share capital of the Company, and this authority shall expire at the earlier of the conclusion of the next annual general meeting of the Company and the date falling 18 months after the passing of this Resolution, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

10. That the Company be and is hereby generally and unconditionally authorised to make one or more market purchases of Ordinary Shares pursuant to Article 57 of the Companies (Jersey) Law 1991 as amended (the **Law**) provided that:

10.1 the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 138,000,000 (being approximately 14.99 % of the share capital of the Company in issue as at the date of this document);

10.2 the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 1 penny;

10.3 the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which any Ordinary Share is contracted to be purchased by the Company;

10.4 the Directors can, prior to each such purchase, make the solvency statement required by the Law and fulfil all other requirements of the Law in relation to purchases of a company's own shares;

10.5 this authority will expire at the conclusion of the next annual general meeting of the Company held after the date on which this resolution is passed or, if earlier, 18 months after that date;

10.6 this authority shall only be capable of variation, revocation or renewal by special resolution of the Company; and

10.7 the Company may make a contract or contracts to purchase Ordinary Shares under this authority before this authority expires which will or may be executed and completed wholly or partly after its or their expiration and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts after its or their expiration.

By order of the board

AST Secretaries Limited
Company Secretary

Registered office:
PO Box 264
Forum 4
Grenville Street
St Helier
Jersey JE4 8TQ

Date: 16 May 2017

Notice of Annual General Meeting
(continued)

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend and (on a poll) vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. Under Jersey law a special resolution requires a two-thirds rather than three quarters majority of those voting at the meeting in person or by proxy to vote in favour of the resolution.

3. Pursuant to Article 40(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company has specified that only those members registered on the register of members of the Company at close of business on 5 June 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after this time will be disregarded in determining the rights of any person to attend and vote at the meeting.

4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact Capita Asset Services. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.

6. If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at his discretion. Your proxy will vote (or abstain from voting) as he thinks fit in relation to any other matter which is put before the meeting.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution.

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold his vote.

9. To appoint a proxy using the proxy form, it must be:

   9.1 completed and signed;

   9.2 sent or delivered to Capita Asset Services PXS1, 34 Beckenham Road, Beckenham Kent BR3 4ZF; and

   9.3 received no later than 12 noon on 5 June 2017.

10. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

11. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

12. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

Changing proxy instructions

13. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.

14. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company.

15. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

16. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

17. The revocation notice must be received by the Company no later than 12 noon on 5 June 2017.

18. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 19 below, your proxy appointment will remain valid.

19. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

CREST

20. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 12.00 noon on 7 June 2017 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

21. 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 Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

22. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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, to procure that his CREST sponsor or voting service provider takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Notice of Annual General Meeting
(continued)

23. 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.

Total voting rights

24. As at 5.00 p.m. on the date immediately prior to the posting of this notice, the Company's issued share capital comprised 923,656,679 ordinary shares of no par value. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to the posting of this notice is 923,656,679.

Communication

25. Except as provided above, members who have general queries about the meeting should contact Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU.

Explanatory Information for the Resolutions

The following explanatory information is provided by way of background to the special business of the meeting:

Authority of Directors to allot shares (Resolution 8 – ordinary resolution)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting pursuant to the Company's articles of association. The authority granted at the Company's last Extraordinary General Meeting is due to expire at this year's Annual General Meeting.

Accordingly, Resolution 8 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares up to a maximum of 308,000,000 ordinary shares. This represents approximately one third of the current total issued ordinary share capital of the Company, in accordance with current guidelines. This authority will expire immediately following the Annual General Meeting in 2018 or, if earlier, 18 months following the Resolution being passed.

Disapplication of pre-emption rights (Resolution 9 – special resolution)

If the Directors wish to exercise the authority under Resolution 8 and offer shares for cash, the Company's articles of association require that, unless shareholders have given specific authority for the waiver of the contractual pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. The authority granted at the Company's last Extraordinary General Meeting is due to expire at this year's Annual General Meeting. Accordingly, Resolution 9 would authorise the Directors to disapply the contractual pre-emption provisions.

This would provide the Directors with a degree of flexibility to act in the best interests of the Company by allotting shares for cash to persons other than pro rata to existing shareholders up to a maximum of 92,000,000 ordinary shares. This represents approximately 10% of the current total issued ordinary share capital of the Company, in accordance with market practice. This authority will expire immediately following the Annual General Meeting in 2018 or, if earlier, 18 months following the Resolution being passed.

Authority for the Company to purchase its own shares (Resolution 10 – special resolution)

The Company's articles of association and the Companies (Jersey) Law 1991 permit the purchase by the Company of its own shares subject to shareholders' prior approval being obtained.

This Resolution is to authorise the Company to buy back up to 138,000,000 ordinary shares. The authority would expire at the conclusion of the 2018 Annual General Meeting or, if earlier, 18 months following the Resolution being passed.

The Resolution specifies the maximum number of Ordinary Shares which may be purchased (representing 14.99 per cent of the Company's issued share capital) and the maximum and minimum prices at which they may be bought, reflecting the requirements of the Companies (Jersey) Law 1991.

The Board has no present intention of exercising this power and the granting of this authority should not be taken to imply that any ordinary shares will be purchased. No purchase of ordinary shares will be made unless the Board considers it to be in the best interests of all shareholders.

Action to be taken

You will find enclosed a Form of Proxy for use at the Annual General Meeting. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the Annual General Meeting. Forms of Proxy should be returned so as to be received by Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF as soon as possible and in any event no later than 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Information for the Resolutions
(continued)

Recommendation

Your Directors consider that all the Resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend shareholders to vote in favour of all the Resolutions, as they intend to do in respect of their own beneficial holdings.

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Company registration number:	85292
Registered office:	PO Box 264 Forum 4 Grenville Street St Helier Jersey JE4 8TQ
Directors:	Malcolm Wall (Non-executive Chairman) Robert Proctor (Chief Executive Officer) David McDonagh (Chief Financial Officer) Roger Maddock (Non-executive Director) Steven Smith (Non-executive Director)
Company secretary:	AST Secretaries Limited
Nominated adviser and broker:	Allenby Capital Limited 3 St Helen's Place London EC3A 6AB
Solicitors:	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Registrars:	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Auditors:	haysmacintyre 26 Red Lion Square London WC1R 4AG

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