

CONCHA PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Company Number: 05382036

CONCHA PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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Introduction

It was a disappointment to both the Board and shareholders alike, that following a prolonged and intense period of review and evaluation your Board took the difficult but correct decision to terminate discussions with the target investee company at the end of December 2015. In the immediate period following this conclusion, your Board gave significant consideration as to how it should best fulfil its investment strategy and restore value to its shareholder base. The reported loss of £0.98m for the year (2015: Loss £0.63m) includes a charge in respect of share based payments of £0.27m (2015: £0.08m) together with costs of £0.12m associated with pursuing the discussions with the target investee company to its conclusion which included fees associated with an extensive due diligence exercise and costs associated with the tenure of a new senior executive who was appointed to further supplement the Board's corporate finance resource.

These statements provide an update as to the conclusion of that review, the key investment initiatives your Board has taken during the year under review and how Concha intends to continue to execute on its investment strategy going forward.

Ve Interactive Limited

Following a careful review of the events leading up to December 2015, the Board felt it appropriate to seek to identify more mature investment opportunities, ideally those which had demonstrated a strong track record of sales growth, margin performance, geographic reach and on a trajectory towards a public offering within a two-year window from the time of investment.

In March 2016, your Board formed Concha Investments Limited ("CIL"), a wholly owned subsidiary company established for the specific purpose of evaluating and where appropriate consummating investment opportunities. CIL is registered in Malta, a jurisdiction which although highly regulated will ensure the Group is able to preserve both flexibility whilst at the same time mitigate any value leakage at the time of any subsequent disposal. Also during March 2016, CIL acquired a minority stake in Ve Interactive Limited ("Ve"), a global technology company formed in 2009 which drives website traffic and reduces abandonment at each stage of the customer journey on a web-site. Ve won the annual Sunday Times Hiscox Tech Track 100 in 2015. At the time of the investment, Ve serviced over 10,000 clients worldwide and tracked more than £100m worth of transactions per minute via its comprehensive data-set of proprietary apps and software which improve clients' prospects for customer acquisition, conversion and retention. Having reported a three-year compound annual sales growth of over 300% between 2012 and 2014, an established global reach (c.850 employees in 36 offices and 26 countries worldwide) and aspirations for either a trade sale or IPO, it provided an exciting investment opportunity.

Over the course of the last six months since our investment, we have established an ever-closer dialogue with the executive management team at Ve, providing opinion and where appropriate introductions to global investment banking institutions in preparation for the next phase of Ve's development. At Ve's AGM in October 2016, further steps were taken to embrace the corporate governance requirements expected of a global business and this process has recently culminated in the appointment of Stuart Chambers as Ve's Non-Executive Chairman with effect from 1 January 2017.

Stuart is among the UK's most prominent boardroom figures having held executive roles at companies including Shell, Mars and Pilkington and non-executive roles on 7 plc boards including ARM Holdings plc which designs computer chips for customers such as Apple, where he oversaw its recent sale to Softbank in August 2016 for \$32 billion. As a current member of the UK Takeover Panel, this appointment represents a further strengthening of the Ve Board as it embarks upon its new phase of growth and engages with a more strategic investor base.

With a strong board, proven technology and an established core business providing a continued path to growth, your Board believes that Ve is well positioned to execute on its strategic objectives. Clearly, however, as a minority shareholder our influence over Ve is limited.

The Works

Concha continues to hold a 30% interest in The Works, The Complete Design Facility Limited ("Works"), a specialist design media company operating principally in the sports sector. Given the sports centric nature of its client base, Works was impacted by the numerous allegations of corruption within many high profile international sporting federations, organisations which Works has serviced for many years. The ensuing investigations and consequent changes to both personnel and internal procedures at these sporting federations has inevitably extended the sales cycle, particularly the tender process which has become the subject of much greater rigour and as such deferred certain projects which had been targeted for this year.

CONCHA PLC

CHAIRMAN'S STATEMENT (continued)

FOR THE YEAR ENDED 30 JUNE 2016

In addition to this environment of uncertainty, 2016 was also an IOC Summer Olympic year where traditionally international sporting federations suspend the release of new design initiatives until after the Games have concluded. Despite these challenging market conditions, Works has managed to further develop its strategic partnership in the Middle East where local presence has helped to forge new relationships with many government ministries including the Qatari World Cup Committee. As a result, we believe Works is well positioned to exploit not only the opportunities associated with the forthcoming World Cup in Qatar in 2022 but also a number of other showcase sporting events held within the EMEA region.

As the sporting landscape continues to change, we will continue to monitor the activities of Works closely and are confident that its position as a preferred partner will lead to a number of successes in 2017.

Future

With a strong and cohesive Board now in place, I feel we have a wealth of global commercial and corporate experience to not only support the investments which Concha has made to date but in the particular case of Ve, to ensure that at the time the objectives of Ve are realised, preserve the resultant value created for the benefit of shareholders. The Board continue to review and evaluate a number of opportunities and at the appropriate time will consummate further additions to its investment portfolio.

I would like to close by thanking our shareholders and advisers who have contributed to giving the Company such a positive future.



Chris Akers, Chairman
14 December 2016

CONCHA PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPAL ACTIVITIES

The Company is an investment company whose principal activity is to identify and acquire interests in technology, media and communication companies.

FUTURE DEVELOPMENTS

An indication of likely future developments is found in the Chairman's Statement on page 1.

RISKS AND UNCERTAINTIES

The Company was subjected to a variety of risks and uncertainties during the year. The Board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The principal risks during the year and the actions to mitigate them are summarised below:

- The Company's operations can be affected by general economic downturns. Forward looking indicators were regularly reviewed to identify deteriorating market conditions. The cost base is reviewed regularly and there is a management structure in place to enable a rapid response to changing circumstances.

The Company is considered an investing company. In order to enable the Company to continue to implement its investment policy, the Directors continue to ensure that there is sufficient funding to support and expand its investment portfolio.

KEY PERFORMANCE INDICATORS

Measuring performance is integral to the next phase of our strategic growth. The Board has selected KPI's to benchmark the Company's progress and considers that in the future investment growth and investment income will be the measures used in assessing the Company's performance.

BUSINESS REVIEW

The loss for the financial year after taxation amounted to £0.98 million (2015: Loss £0.63 million). In view of these losses and the absence of distributable reserves, the Directors are precluded from declaring a dividend for the year (2015: £Nil).

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 14 December 2016, and signed on its behalf by:



C Akers
Director

CONCHA PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Concha

The directors submit their report and the financial statements of Concha PLC ("Concha") for the year ended 30 June 2016. Concha PLC is a public company incorporated in England and Wales, and quoted on AIM.

OVERVIEW

This report covers the Company's trading results for the year ended 30 June 2016.

DIRECTORS

The following directors have held office during the year.

Chris Akers
Russell Backhouse
Mark Horrocks
Peter Read

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the Company, including family interests, were as follows:

| Directors | At 30 June 2016 | | At 30 June 2015 | |
|-------------------|------------------|----------------|------------------|----------------|
| | Number of Shares | Percentage (%) | Number of Shares | Percentage (%) |
| Chris Akers | - | - | - | - |
| Russell Backhouse | 15,317,227 | 0.94 | - | - |
| Mark Horrocks | 8,285,174 | 0.51 | 14,285,714 | 0.97 |
| Peter Read | - | - | - | - |

CREDITOR PAYMENT POLICY

The Company's policy is to agree terms of transactions, including payment terms and to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of the supply or otherwise 30 days from receipt of the relevant invoice. The number of days outstanding between receipt of invoices and date of payment calculated by reference to the amount owed to trade creditors at the year-end as a proportion of the amounts invoiced by suppliers during the year, was 28 days (2015: 27 days).

DIRECTORS' INDEMNITY INSURANCE

Directors' and Officers' liability insurance is held by the Company.

CONCHA PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2016

EMPLOYEES

The Company continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Company has continued its policy of employee involvement by making information available to employees on matters of concern to them.

SUBSTANTIAL SHAREHOLDINGS

As at 12 December 2016, the Company has been notified of the following interests of 3% or more in the issued ordinary share capital of the Company:

| Shareholder | Number of Shares | Percentage of issued share capital (%) |
|---|------------------|--|
| UBS Private Banking Nominees Limited | 224,738,000 | 13.85% |
| TD Direct Investing Nominees (Europe) Limited | 137,502,352 | 8.47% |
| HALB Nominees Limited | 99,761,938 | 6.15% |
| Hargreaves Lansdown (Nominees) Limited | 97,659,988 | 6.02% |
| TD Direct Investing Nominees (Europe) Limited | 69,041,179 | 4.25% |

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware. Each of the directors have confirmed that they have taken all 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.

POST BALANCE SHEET EVENTS

The Directors are not aware of any significant post balance sheet events up to the date these financial statements were approved, being 14 December 2016.

By order of the Board



C. Akers,
Director

CONCHA PLC

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The policy of the Board is to manage the affairs of the Company in accordance with the principles underlying the UK Corporate Governance Code (“the Code”).

The Board of Directors is accountable to shareholders for the good corporate governance of the Company. The principles of corporate governance and a code of best practice are set out in the Combined Code. Under the rules of the Alternative Investment Market (“AIM”) the Company is not required to comply in full with the Code, nor to state where it derogates from it. The Board considers that the size and nature of the Company does not warrant compliance with all the Code’s requirements. This statement sets out how the principles of the Code are applied to the Company.

BOARD STRUCTURE

During the year the Board comprised two executive directors and two non-executive directors.

There are no matters specifically reserved to the Board for its decision, although board meetings are held on a monthly basis and effectively no decision of any consequence is made other than by the directors. All directors participate in the key areas of decision-making, including the appointment of new directors.

The Board is responsible to shareholders for the proper management of the Company. A statement of directors’ responsibilities in respect of the accounts is set out on page 10.

To enable the Board to discharge its duties, all directors have full and timely access to all relevant information.

There is no agreed formal procedure for the directors to take independent professional advice at the Company’s expense.

All directors submit themselves for re-election at the Annual General Meeting at regular intervals with non-executive directors appointed on specific terms approved by the Board.

The following committees, which have written terms of reference, deal with specific aspects of the Company’s affairs.

AUDIT COMMITTEE

The Audit Committee comprises Peter Read (Chairman of the committee) and Chris Akers. Meetings can also be attended by the external auditors.

The remit of the Committee is to review:

- the appointment and performance of the external auditors
- the independence of the auditors
- remuneration for both audit and non-audit work and nature and scope of the audit with the external auditors
- the interim or final financial report and accounts
- the external auditors management letter and management’s responses
- the systems of risk management and internal controls
- operating, financial and accounting policies and practices, and to make related recommendations to the Board

The Audit Committee meets once a year.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Chris Akers (Chairman of the committee) and Mark Horrocks and is responsible for making recommendations to the Board on the Company’s framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for the directors.

NOMINATION COMMITTEE

There is no separate Nomination Committee at the moment due to the size of the Board. All directors are subject to re-election at regular intervals.

INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Company's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Company maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved before being formally adopted. Other key procedures that have been established and which are designed to provide effective control are as follows:

- management structure – where the Board meets regularly to discuss all issues affecting the Company; and
- investment appraisal – the Company has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the period and no weakness in internal financial control have resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function.

RELATIONS WITH SHAREHOLDERS

The chairman is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting (AGM), private investors are given the opportunity to question the Board.

This report and its financial statements will be presented to the shareholders for their approval at the AGM. The notice of the AGM will be distributed to shareholders together with the Annual Report.

GOING CONCERN

The directors have prepared cash flow projections for the 12 months to 31 December 2017. Having taken into account all known costs, they are of the opinion that there is sufficient headroom, to continue as a going concern for the foreseeable future.

CONCHA PLC

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION COMMITTEE

The Remuneration Committee comprises Chris Akers (Chairman of the committee), and Mark Horrocks and is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for the directors.

Remuneration Policy

Details of individual remuneration of directors for the year ended 30 June 2016 are set out below.

Warrants

A summary of warrants granted to the directors is set out below and reflected in note 12 to the financial statements.

| | At 1.7.2015 | Granted during year | Exercised during year | At 30.6.2016 | Exercise Price | Expiry date |
|-------------------|-------------------|---------------------------|--------------------------|-------------------|-------------------|--------------|
| | No | No | No | No | Pence | |
| Chris Akers | 49,525,698 | - | - | 49,525,698 | 0.35p | 1 March 2018 |
| Russell Backhouse | 15,317,227 | - | (15,317,227) | - | 0.35p | 7 June 2016 |
| Mark Horrocks | - | - | - | - | - | |
| Peter Read | - | - | - | - | - | |
| | <u>64,842,925</u> | <u>-</u> | <u>(15,317,227)</u> | <u>49,525,698</u> | | |

Options

A summary of options granted to the directors is set out below and reflected in note 12 to the financial statements.

| | At 1.7.2015 | Granted during year | Exercised during year | At 30.6.2016 | Exercise Price | Expiry date |
|-------------------|----------------|---------------------------|--------------------------|-------------------|-------------------|----------------|
| | No | No | No | No | Pence | |
| Chris Akers | - | 40,000,000 | - | 40,000,000 | 1.18p | 7 January 2019 |
| Russell Backhouse | - | - | - | - | - | |
| Mark Horrocks | - | 15,000,000 | - | 15,000,000 | 1.18p | 7 January 2019 |
| Peter Read | - | 30,000,000 | - | 30,000,000 | 1.18p | 7 January 2019 |
| | <u>-</u> | <u>85,000,000</u> | <u>-</u> | <u>85,000,000</u> | | |

Pension arrangements

There are no pension arrangements in the Company.

Directors' contracts

It is the Company's policy that the executive directors should have a contract with an indefinite term providing for a maximum of six months' notice. In the event of early termination, the directors' contracts provide for compensation, where appropriate, up to a maximum of basic salary for the notice period.

Non-executive directors

The fees of the non-executive director is determined by the Board as a whole having regard to the commitment of time required and the level of fees in similar companies.

CONCHA PLC

DIRECTORS' REMUNERATION REPORT - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

Directors' emoluments

| | Salary £'000 | 2016 Fees £'000 | Total £'000 | Salary £'000 | 2015 Fees £'000 | Total £'000 |
|-------------------|-------------------------|--------------------------------|------------------------|-------------------------|--------------------------------|------------------------|
| Chris Akers | 50 | - | 50 | 50 | - | 50 |
| Russell Backhouse | - | 50 | 50 | - | 50 | 50 |
| Mark Horrocks | - | 25 | 25 | - | 25 | 25 |
| Gordon Watson* | - | - | - | - | 23 | 23 |
| Peter Read | 25 | - | 25 | 19 | - | 19 |
| | <u>75</u> | <u>75</u> | <u>150</u> | <u>69</u> | <u>98</u> | <u>167</u> |

*Gordon Watson resigned on 8 June 2015

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 14 December 2016, and signed on its behalf by:



C Akers, Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2016

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

UK Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Company's financial statements are required by law and IFRS adopted by the EU to present fairly the financial position, financial performance and cash flows of the Company for that period.

In preparing the 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 that the group had complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Company's website (www.concha-plc.com).

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCHA PLC

We have audited the financial statements of Concha PLC for the year ended 30 June 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10 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 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

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 Company's affairs as at 30 June 2016 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Cliffe (Senior Statutory Auditor)

for and on behalf of haysmacintyre
Statutory Auditors
26 Red Lion Square
London
WC1R 4AG

14 December 2016

CONCHA PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 £000's | 2015 £000's |
|--|------|----------------|----------------|
| Revenue | 1 | 15 | 15 |
| GROSS PROFIT | | <u>15</u> | <u>15</u> |
| Administrative expenses | | (1,006) | (755) |
| LOSS FROM OPERATIONS BEFORE EXCEPTIONAL ITEM | 2 | (991) | (740) |
| Exceptional item | 3 | - | 108 |
| LOSS FROM OPERATIONS | | <u>(991)</u> | <u>(632)</u> |
| Investment income | 5 | 7 | 4 |
| LOSS BEFORE TAX | | <u>(984)</u> | <u>(628)</u> |
| Tax | 6 | - | - |
| RETAINED LOSS AFTER TAX FOR THE YEAR | | <u>(984)</u> | <u>(628)</u> |
| RETAINED LOSS ATTRIBUTABLE TO Owners of the company | | <u>(984)</u> | <u>(628)</u> |
| LOSS FOR THE YEAR | | <u>(984)</u> | <u>(628)</u> |
| TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the company | | <u>(984)</u> | <u>(628)</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(984)</u> | <u>(628)</u> |
| Loss per share | | | |
| Basic | 8 | (0.00062) | (0.00044) |

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

| | Notes | 2016 £000's | 2015 £000's |
|-------------------------------------|-------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 9 | 514 | 500 |
| | | <u>514</u> | <u>500</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 4,509 | 254 |
| Cash and cash equivalents | | 1,255 | 5,547 |
| | | <u>5,764</u> | <u>5,801</u> |
| TOTAL ASSETS | | <u><u>6,278</u></u> | <u><u>6,301</u></u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 12 | 1,623 | 1,478 |
| Deferred share capital | 12 | 1,795 | 1,795 |
| Share premium reserve | | 21,563 | 21,043 |
| Share based payment reserve | | 583 | 314 |
| Retained loss | | (19,367) | (18,383) |
| TOTAL EQUITY | | <u><u>6,197</u></u> | <u><u>6,247</u></u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 81 | 54 |
| TOTAL EQUITY AND LIABILITIES | | <u><u>6,278</u></u> | <u><u>6,301</u></u> |

The financial statements were approved and authorised for issue by the Board of Directors on 14 December 2016, and were signed below on its behalf by:



C Akers
Director

CONCHA PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 30 JUNE 2015 AND 2016

| | Share Capital £000's | Deferred Share Capital £000's | Share Premium Account £000's | Share based Payment Reserve £000's | Retained Loss £000's | Total £000's |
|--|----------------------------|--|---------------------------------------|---|----------------------------|-----------------|
| Balance at 1 July 2014 | 1,323 | 1,795 | 16,831 | 232 | (17,755) | 2,426 |
| Loss for the year | - | - | - | - | (628) | (628) |
| Total comprehensive loss for 2015 | - | - | - | - | (628) | (628) |
| Share capital issued | 155 | - | 4,212 | - | - | 4,367 |
| Share based payments | - | - | - | 82 | - | 82 |
| Balance at 30 June 2015 | <u>1,478</u> | <u>1,795</u> | <u>21,043</u> | <u>314</u> | <u>(18,383)</u> | <u>6,247</u> |

| | Share Capital £000's | Deferred Share Capital £000's | Share Premium Account £000's | Share based Payment Reserve £000's | Retained Loss £000's | Total £000's |
|--|----------------------------|--|---------------------------------------|---|----------------------------|-----------------|
| Balance at 1 July 2015 | 1,478 | 1,795 | 21,043 | 314 | (18,383) | 6,247 |
| Loss for the year | - | - | - | - | (984) | (984) |
| Total comprehensive loss for 2016 | - | - | - | - | (984) | (984) |
| Share capital issued | 145 | - | 520 | - | - | 665 |
| Share based payments | - | - | - | 269 | - | 269 |
| Balance at 30 June 2016 | <u>1,623</u> | <u>1,795</u> | <u>21,563</u> | <u>583</u> | <u>(19,367)</u> | <u>6,197</u> |

CONCHA PLC

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 £000's | 2015 £000's |
|---|------------------------------|------------------------------|
| Loss for the year | (984) | (628) |
| Share based payments | 269 | 82 |
| Investment income | (7) | (4) |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | (722) | (550) |
| Increase in receivables | (115) | (91) |
| Increase in payables | 27 | 17 |
| | <hr/> | <hr/> |
| | (810) | (74) |
| Investment income | 7 | 4 |
| | <hr/> | <hr/> |
| Net cash flow from operating activities | (803) | (620) |
| | <hr/> | <hr/> |
| Cash flow from investing activities | | |
| Purchase of investments | (4,154) | - |
| | <hr/> | <hr/> |
| Net cash outflow from investing activities | (4,154) | - |
| | <hr/> | <hr/> |
| Cash flow from financing activities | | |
| Net proceeds from issue of share capital | 665 | 4,363 |
| | <hr/> | <hr/> |
| Net cash inflow from financing activities | 665 | 4,363 |
| | <hr/> | <hr/> |
| Net cash (outflow) / inflow for the year | (4,292) | 3,743 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at start of year | 5,547 | 1,804 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year | 1,255 | 5,547 |
| | <hr/> <hr/> | <hr/> <hr/> |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information and authorisation of financial statements

Concha PLC is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is 18 Buckingham Gate, London SW1E 6LB. The Company's ordinary shares are traded on AIM operated by the London Stock Exchange. The financial statements of Concha PLC for the year ended 30 June 2016 were authorised for issue by the Board on 14 December 2016 and the balance sheet signed on the Board's behalf by Mr Chris Akers.

The nature of the Company's operations and its principal activities are set out in the Chairman's Statement on page 1.

Consolidated financial statements exemption

As an investment company, Concha PLC is exempted from the obligation of preparing consolidated results despite its group status. Its 100% subsidiary entity, Concha Investments Limited which was acquired during the year under review is recognised at fair value through the statement of comprehensive income.

Going Concern

The directors have prepared cash flow projections for the 12 months to 31 December 2017. Having taken into account all known costs, they are of the opinion that there is sufficient headroom, to continue as a going concern for the foreseeable future.

The financial statements do not contain the adjustments that would be required if the company were unable to continue as a going concern.

Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Accounting Standards and interpretations issued by the International Accounting Standards Board as adopted by the European Union. The principal accounting policies adopted by the Company are set out below.

Revenue recognition

Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company has become a party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments

Investments in unlisted companies are recorded at cost less provision for impairment.

Share Warrants

Warrants represent subscription rights for ordinary shares in Concha PLC. The warrant reserve represents the fair value of these warrants, determined using the Black-Scholes valuation model, using assumptions consistent with those used in calculating the fair value of share options. Subject to the Memorandum and Articles of Association the warrant holder shall be entitled to subscribe to ordinary shares in the Company upon exercise of the warrants at subscription price. Warrants may be exercised in whole or in part (and from time to time) prior to the final exercise date. The warrants are transferable. When the warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

Share-based payments

Where share options and warrants are awarded to employees, the fair value of the instruments at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of equity instruments that eventually vest. Market vesting conditions are factored into the fair value of the equity instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of equity instruments are modified before they vest, the increase in the fair value of the equity instruments, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

When the equity instruments are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the equity instruments are exercised.

Standards in issue but not yet effective

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2015 are:

- IFRS 15 Revenue from Contracts with Customers (EU effective date 1 January 2018)
- IFRS 9 Financial Instruments (EU effective date 1 January 2018)
- IFRS 16 Leases (EU effective date 1 January 2019)
- Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint Operations (EU effective date 1 January 2016)
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (EU effective date 1 January 2016)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (EU effective date 1 January 2016)
- Annual Improvements to IFRSs (2012-2014 cycle) (EU effective date 1 January 2016)
- Amendments to IAS 1 Disclosure Initiative (EU effective date 1 January 2016)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (postponed indefinitely)

The Company is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

Critical accounting estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

The Company pays particular attention to the valuation of its investment portfolio and the supporting data available from the entities in which the Company has invested. The impact of these estimates could be a large movement in the Company's net assets.

CONCHA PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

| 1. REVENUE | 2016 | 2015 |
|---|-----------------|-----------------|
| | £000's | £000's |
| An analysis of the revenue is as follows: | | |
| Management fees | 15 | 15 |
| | <u>15</u> | <u>15</u> |
| 2. LOSS FROM OPERATIONS | 2016 | 2015 |
| | £000's | £000's |
| Loss from operations has been arrived at after charging: | | |
| Operating lease rentals | 25 | 25 |
| Directors emoluments (see note 4) | 150 | 167 |
| Auditors' remuneration for audit services (see below) | 33 | 36 |
| Share based payments | 269 | 82 |
| | <u>269</u> | <u>82</u> |
| Amounts payable to Company auditors and their associates in respect of both audit and non-audit services: | | |
| Comprising | | |
| Audit services | 11 | 11 |
| Non-audit services | 22 | 25 |
| | <u>33</u> | <u>36</u> |
| 3. EXCEPTIONAL ITEMS | 2016 | 2015 |
| | £000's | £000's |
| Exceptional items comprise the following: | | |
| Net amounts received in respect of Moshen Limited | - | (108) |
| | <u>-</u> | <u>(108)</u> |
| | <u>-</u> | <u>(108)</u> |
| 4. STAFF COSTS | | |
| The average monthly number of employees (including executive directors) for the year was as follows: | | |
| | 2016 | 2015 |
| | Number | Number |
| Management | 5 | 4 |
| | <u>5</u> | <u>4</u> |
| | 2016 | 2015 |
| | £000's | £000's |
| The aggregate remuneration comprised: | | |
| Directors emoluments | 150 | 167 |
| Social security and taxes | 17 | 25 |
| Staff and Consultant expenses | 88 | 5 |
| | <u>255</u> | <u>197</u> |
| | <u>255</u> | <u>197</u> |

The above costs are included in general and administrative expenses.

The highest paid director received £50,000 (2015: £50,000) and no directors received any pension contributions during the year (2015: £Nil).

CONCHA PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

| 5. INVESTMENT INCOME | 2016 £000's | 2015 £000's |
|-----------------------------|------------------------|------------------------|
| Interest receivable | 7 | 4 |

| 6. INCOME TAX EXPENSE | 2016 £000's | 2015 £000's |
|------------------------------|------------------------|------------------------|
| Current tax | - | - |
| Deferred tax | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

The charge for the year can be reconciled to the loss per the income statement as follows:

| | | |
|---|--------------|--------------|
| Loss before taxation | (984) | (628) |
| Expected tax credit on loss before tax at 20% (2015: 21%) | (197) | (132) |
| Current and deferred tax profit and loss charge | - | - |
| | <u>(197)</u> | <u>(132)</u> |
| Differences to be explained (see below) | (197) | (132) |
| | <u>197</u> | <u>132</u> |
| Tax losses not recognised for tax purposes | - | - |
| | <u>-</u> | <u>-</u> |

7. DIVIDENDS

The directors are precluded from declaring a dividend for the year (2015: £Nil).

CONCHA PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

8. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

| | 2016 | 2015 |
|--|-------------|-------------|
| <i>Earnings</i> | | |
| Earnings for the purposes of basic earnings per share net loss for the year attributable to equity holders of the Company (£000's) | (984) | (628) |
| <i>Number of shares</i> | | |
| Weighted average number of ordinary shares in issue (millions) | 1,573.9 | 1,441.7 |
| Number of dilutive shares under options (millions) | 206.9 | 331.9 |
| Weighted average number of shares including dilutive warrants (millions) | 1,780.8 | 1,773.6 |

The denominator for the purpose of calculating the basic earnings per share has been adjusted to reflect all capital raisings.

9. INVESTMENTS

| | 2016 £000's | 2015 £000's |
|-----------------|------------------------------|------------------------------|
| Cost | | |
| At 1 July 2015 | 500 | 500 |
| Additions | 14 | - |
| | <u>514</u> | <u>500</u> |
| At 30 June 2016 | <u><u>514</u></u> | <u><u>500</u></u> |

At 30 June 2015, investments comprised the Company's 30% stake in The Works, The Complete Design Facility Limited. Additions during the year comprised the costs associated with the formation of Concha Investments Limited ("CIL"), a wholly owned subsidiary company registered in Malta. In March 2016, following the formation of CIL, CIL acquired a minority interest in Ve Interactive Limited ("Ve"), funded by way of an inter-company loan from the Company to CIL. The loan from the Company to CIL is interest free and repayable upon demand.

10. TRADE AND OTHER RECEIVABLES

| | 2016 £000's | 2015 £000's |
|------------------------------------|------------------------------|------------------------------|
| Loan to Concha Investments Limited | 4,140 | - |
| Other receivables | 369 | 254 |
| | <u>4,509</u> | <u>254</u> |
| At 30 June 2016 | <u><u>4,509</u></u> | <u><u>254</u></u> |

The loan to Concha Investments Limited ("CIL"), the Company's wholly owned subsidiary is interest free with no fixed date for repayment. The balance as at 30 June 2016 comprises amounts advanced to CIL in respect of the acquisition of a minority stake in Ve Interactive Limited together with costs associated with the ongoing operations of that company.

There are no significant credit risks arising from financial assets that are neither past due nor impaired.

All receivables as at 30 June 2016 and 30 June 2015 were denominated in Sterling.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

11. TRADE AND OTHER PAYABLES

| | 2016 £000's | 2015 £000's |
|--------------------------|------------------------------|------------------------------|
| Trade and other payables | 25 | 4 |
| Accruals | 55 | 50 |
| | <u>80</u> | <u>54</u> |
| Due within one year: | <u>80</u> | <u>54</u> |

Trade creditors principally comprise amounts outstanding for trade purchases and on-going costs.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

12. SHARE CAPITAL

| | Number of shares No. | Nominal Value £000's |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Issued and fully paid: | | |
| Ordinary shares of 0.1p each | | |
| As at 30 June 2015 | 1,477,739,685 | 1,478 |
| 2 July 2015 at 8.00p per share | 5,000,000 | 5 |
| 14 July 2015 at 0.25p per share | 50,000,000 | 50 |
| 14 July 2015 at 0.20p per share | 20,000,000 | 20 |
| 7 January 2016 at 0.35p per share | 15,317,227 | 15 |
| 20 January 2016 at 0.20p per share | 30,000,000 | 30 |
| 18 May 2016 at 0.35p per share | 25,000,000 | 25 |
| At 30 June 2016 | <u>1,623,056,912</u> | <u>1,623</u> |
| | Number of shares No. | Nominal Value £000's |
| Deferred shares | | |
| As at 30 June 2015 and 30 June 2016 | <u>181,303,419</u> | <u>1,795</u> |

The Directors of the Company continue to be limited as to the number of shares they can allot at any time and remain subject to the allotment authority granted by the shareholders pursuant to section 551 of the Companies Act 2006.

The deferred shares have no voting rights, are not admitted to trading on AIM and are only entitled to negligible participation in the dividends and the return of the capital in the Company.

The Company has one class of ordinary shares, which carry no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

12. SHARE CAPITAL (continued)

Total warrants in issue

No warrants were issued during the year (2015: 102,000,000), 42,166,666 were cancelled (2015: 2,000,000) and 145,317,227 were exercised (2015: 54,848,997). The charge for the year in the income statement under the Black-Scholes valuation model for the warrants was £nil (2015: £82,000).

As at 30 June 2016, the warrants in issue were:

| Exercise price (pence) | Expiry date | Warrants in issue | |
|------------------------|------------------|--------------------|--------------------|
| | | 2016 | 2015 |
| 0.35 | 1 March 2018 | 49,525,702 | 49,525,702 |
| 0.35 | 3 June 2018 | 25,000,000 | 65,317,227 |
| 0.25 | 31 December 2016 | - | 50,000,000 |
| 0.20 | 14 February 2016 | - | 50,000,000 |
| 1.20 | 30 April 2016 | - | 42,166,666 |
| 8.00 | 4 November 2016 | 95,000,000 | 100,000,000 |
| | | <u>169,525,702</u> | <u>357,009,595</u> |

Warrants represent subscription rights for ordinary shares in Concha PLC. Subject to the Memorandum and Articles of Association the warrant holder shall be entitled to subscribe to ordinary shares in the Company upon exercise of the warrants at subscription price. Warrants may be exercised in whole or in part (and from time to time) prior to the final exercise date. The warrants are non-transferable.

Total options in issue

During the year, 85,000,000 options were issued (2015: Nil) and none were exercised (2015: Nil). The charge for the year in the income statement under the Black-Scholes valuation model for the share options was £268,859 (2015: Nil). The options can be exercised any time before 7 January 2019 and after the completion of the Company's next substantial investment which occurred in March 2016.

As at 30 June 2016, the options in issue were:

| Exercise price (pence) | Expiry date | Options in issue | |
|------------------------|----------------|-------------------|----------|
| | | 2016 | 2015 |
| 1.18 | 7 January 2019 | 85,000,000 | - |
| | | <u>85,000,000</u> | <u>-</u> |

13. RELATED PARTY TRANSACTIONS

Trading transactions

During the year, the Company entered into the following transactions with related parties:

| | Fees paid to third parties | |
|-------------------------------------|----------------------------|----------------|
| | 2016 £000's | 2015 £000's |
| Intrinsic Capital Services Limited* | 25 | 25 |
| | <u>25</u> | <u>25</u> |

* Intrinsic Capital Services Limited is a company related to Mark Horrocks.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

13. RELATED PARTY TRANSACTIONS (continued)

Fees paid to Intrinsic Capital Services Limited comprise amounts paid to the Director through a limited company under an agreement to provide the Company with his services. These fees are derived from a formalised contract with that entity.

During the 12 months to 30 June 2016, the Company paid certain amounts to Sports Resource Group Limited totalling £74k in respect of both reimbursed fees associated with the acquisition of the Company's investment in Ve Interactive Limited and certain other operating expenses. Chris Akers is a director of Sports Resource Group Limited. There was no amount owed by the Company at the end of the year (2015: £Nil).

During the 12 months to 30 June 2016, the Company charged management fees of £15k to The Works, The Complete Design Facility Limited a business in which the Company holds a 30% stake and of which Chris Akers is a director. At the 30 June 2016 £24k, was owed to the Company in respect of such services. (2015: £9k).

Related party transactions during the year were made on terms equivalent to those that prevail in arm's length transactions.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out below:

| | 2016 £000's | 2015 £000's |
|--|------------------------------|------------------------------|
| Short term employee benefits (including social security) | 167 | 192 |

14. CONTINGENT LIABILITIES

As at 30 June 2016, the Company did not have any contingent liabilities or litigation outstanding not provided for.

15. POST BALANCE SHEET EVENTS

The Directors were not aware of any significant post balance sheet events other than those set out above.

CONCHA PLC

DIRECTORS, ADVISERS AND OFFICERS

FOR THE YEAR ENDED 30 JUNE 2016

| | |
|--------------------------|---|
| Registered Number | 05382036 |
| Directors | Chris Akers (Executive Chairman) Russell Backhouse (Executive Director) Mark Horrocks (Non-Executive Director) Peter Read (Non-Executive Director) |
| Company Secretary | Sean Nicolson |
| Registered Office | 18 Buckingham Gate London SW1E 6LB www.concha-plc.com |
| Nominated Adviser | Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH |
| Auditor | haysmacintyre 26 Red Lion Square London WC1R 4AG |
| Share Registrar | Share Registrars Limited The Courtyard 17 West Street Farnham Surrey, GU9 7DR |
| Bankers | Lloyds TSB plc 25 Gresham Street London EC2V 7HN |
| Solicitors | Bond Dickinson St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE1 3DX |