

Company Registration No. 07030123  
(Incorporated in England and Wales)

**Emotion Fitness Limited**

**Annual Report**

**For the year ended**

**31 December 2016**



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## DIRECTORS' REPORT

The Directors present their report and the Financial Statements for the year ended 31 December 2016.

### Principal activity

The Company's sole activity is to hold a 47% interest in Emotion Fitness Mag Kft. ("EFMK"). EFMK discontinued its health and wellness operating business during 2011 due to uneconomic trading. EFMK owns a property in Budapest that is currently leased to a third party. The Company is a fully owned subsidiary of Orogen plc (formerly Orogen Gold plc). The Company has not traded during the year.

### Dividends

The Directors do not recommend payment of a final dividend.

### Directors

The Directors of the Company are:

Adam Reynolds

Alan Mooney (resigned on 7 April 2017)

### Directors and their interests

Orogen plc is the Company's ultimate parent company and the beneficial owner of 100% of the issued share capital of Emotion Fitness Limited. The Directors of the Company held the following beneficial interests in the shares and share options of Orogen plc at 31 December 2016 and at 31 December 2015:

	Ordinary shares of 0.01p each	Share Options		
		Ordinary shares of 0.01p each	Option exercise price	Expiry
Adam Reynolds	348,162	160,000 <sup>B</sup>	£1.50	15/2/2021
Alan Mooney	518,443	160,000 <sup>B</sup>	£1.50	15/2/2021

<sup>A</sup> The share numbers, options and option exercise prices have been adjusted by a factor of 250 to take into account the 250 to 1 share consolidation that took place on 7 April 2017.

<sup>B</sup> These options lapsed on 7 April 2017 following the board changes that were effective on that date as a result of the change of Orogen plc's strategy.

### Political and charitable contributions

The Company made no political or charitable donations during the year (2015: nil).

### Financial risk management

The principle risks and uncertainties affecting the Company relate to the value of its investment holdings. The Company holds a 47% interest in Emotion Fitness Mag Kft., a company with property interests in Hungary. Management of this business is outside the direct control of the Company and the value of the investment is dependent upon the performance of that company's business and of the value of the property in Hungary owned by that company.

### Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable law and International Financial Reporting Standards. Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted for use in the European Union that give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:

## DIRECTORS' REPORT

- select suitable accounting policies and apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether the Company Financial Statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 adequate 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 Companies Act 2006. 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.

### Events after the reporting period

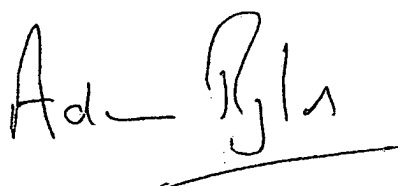
Events after the reporting period are set out in note 10 to the Financial Statements.

### Going concern

After making appropriate enquires, the Directors consider that the Company has adequate resources and support from its parent to continue in operational existence for the foreseeable future.

### Auditors and disclosure of information to auditors

Jeffreys Henry LLP were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing their re-appointment will be put at a General Meeting. Each of the Directors at the date of approval of this report confirms that, so far as he is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



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**Adam Reynolds**  
Director

Date: 27 September 2017

## **INDEPENDENT AUDITORS' REPORT**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF EMOTION FITNESS LIMITED**

We have audited the financial statements of Emotion Fitness Limited for the year ended 31 December 2016, which comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows 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 and in accordance with the provisions of the Companies Act 2006.

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 auditors' 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 Statement of Directors' Responsibilities set out on in the Directors' Report, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all financial and non-financial information in the Directors report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 31 December 2016 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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


## INDEPENDENT AUDITORS' REPORT

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**SACHIN RAMAIYA**

**(SENIOR STATUTORY AUDITOR)**

For and on behalf of Jeffreys Henry LLP, Chartered Accountants, Statutory Auditor

Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE  
United Kingdom

Date: 27 September 2017

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

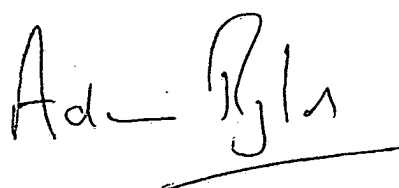
	Notes	2016 £	2015 £
General and administrative	3	—	—
<b>Income on ordinary activities before taxation</b>		—	—
Tax on income on ordinary activities	4	—	—
<b>Income for the year from continuing operations</b>		—	—
<b>Total comprehensive income for the year attributable to the equity holder of the Company</b>		—	—

Since there is no other comprehensive income, the result for the year is the same as the total comprehensive income for the year attributable to the owners of the Company.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	—	—
<b>Total non-current assets</b>		—	—
<b>Current assets</b>			
Trade and other receivables	7	100	100
<b>Total current assets</b>		100	100
<b>Total assets</b>		100	100
<b>Equity and liabilities</b>			
<b>Equity attributable to owner of the Company</b>			
Share capital	8	100	100
Retained earnings		—	—
<b>Total equity</b>		100	100
<b>Total equity and liabilities</b>		100	100

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 September 2017 and were signed on its behalf by:



**Adam Reynolds**  
 Director

Company Number: 07030123



## STATEMENT OF CASH FLOWS AND STATEMENT OF CHANGES IN EQUITY

### Statement of cash flows for the year ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Loss for the year	—	—
<b>Net cash flow from operating activities</b>	—	—
<b>Net change in cash and cash equivalents</b>	—	—
Cash and cash equivalents at beginning of year	—	—
<b>Cash and cash equivalents at end of year</b>	—	—

### Statement of changes in equity the year ended 31 December 2016

	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2015 and 31 December 2015</b>	8	100	—	<b>100</b>
<b>Balance at 1 January 2016 and 31 December 2016</b>	8	100	—	<b>100</b>

Share capital is the amount subscribed for shares at nominal value.

Retained earnings represent the cumulative loss of the Company attributable to the equity shareholder.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

Emotion Fitness Limited is a company incorporated and domiciled in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company information page at the end of this report. The Company is a fully owned subsidiary of Orogen which is listed on the AIM market of the London Stock Exchange (ticker: ORE.L).

The Company operates as a holding company of a 47% investment interest in Emotion Fitness Mag Kft. a Hungarian registered company with property interests in Hungary.

### 2 Significant accounting policies

#### Basis of preparation

The Financial Statements for the year ended 31 December 2016 and those for the comparative year have been audited by Jeffreys Henry LLP. The Company's reporting year runs to 31 December and coincides with the parent company's reporting year end.

The Company's Financial Statements are prepared in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS.

#### Functional and presentation currency

The Company's functional and presentation currency is pounds sterling ("£"). The functional and presentation currency is in alignment with that of the ultimate controlling parent undertaking Orogen Gold plc. All funding requirements are received by the Company in £ and all loan balances are maintained in £.

#### Investment in associate

The Company's investment in Emotion Fitness Mag Kft. is stated at cost less, where appropriate, provisions for impairment. As group accounts are not being produced by the associate company, the results of the associate have not been incorporated into the accounts.

#### Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial period. New standards and amendments to IFRS effective as of 1 January 2016 have been reviewed by the Company. These standards and amendments principally relate to clarifications and presentation and there has been no material impact on the financial statements as a result. The new standards include:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRSs: Annual Improvements 2012-2014 Cycle
- Disclosure Initiative (Amendments to IAS1)
- Amendment to IAS27: Equity Methods in Separate Financial Statements
- Amendment to IFRS 11: Accounting for Acquisitions of Interest in Joint Ventures
- Clarification of Acceptable Methods of Depreciation and Amortisation: Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception.

## NOTES TO THE FINANCIAL STATEMENTS

### Standards issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 December 2016 but were not effective at 31 December 2016 and have not been adopted for these Financial Statements. The Directors have assessed the impact of these accounting changes on the Company.

The new standards include:

IFRS 9	Financial Instruments <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
IFRS 16	Leases <sup>3</sup>
Improvements to IFRSs	Annual Improvements 2014-2016 Cycle <sup>2,3</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>2</sup>
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses <sup>1</sup>
Amendments to IAS 7	Disclosure Initiative <sup>1</sup>
Clarifications to IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>3</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's accounting policy descriptions set out the areas that involve significant estimation, uncertainty and critical judgement. The most significant of which are financial instruments and impairment of non-financial assets.

### Principal Accounting policies

#### Foreign currency transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### Equity

Equity instruments issued by the Company are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

#### Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as

## NOTES TO THE FINANCIAL STATEMENTS

described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

### **Fair values**

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

### **Impairment of non-financial assets**

At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **3 Statement of profit or loss and other comprehensive income**

The Company did not trade during 2016 or the preceding year. Expenses relating to the Company's activities have been supported by the parent company, Orogen plc, and accordingly there is no trading income or expense to be reported for the year.

### **4 Tax on ordinary activities**

No tax charge has been included for the year or the preceding year as no taxable profits arise.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Employees

Other than the Directors there were no employees during the periods reported in these Financial Statements.

### 6 Investments

#### Investments in associates:

	2016 £	2015 £
<b>Cost</b>		
Cost as at 1 January	<b>339,336</b>	339,336
Additions	—	—
<b>Cost at 31 December</b>	<b>339,336</b>	339,336
<b>Impairment</b>		
Impairment as at 1 January	<b>(339,336)</b>	(339,336)
Additions	—	—
<b>Impairment at 31 December</b>	<b>(339,336)</b>	(339,336)
<b>Carrying value as at 31 December</b>	<b>—</b>	—

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

Company	Activities	Incorporation	% holding 2016	% holding 2015
Emotion Fitness Mag Kft.	Property	Hungary	<b>47</b>	47

During the period from incorporation, 25 September 2009 to 31 December 2010 Medavinci Health Care Services BV, a fellow subsidiary undertaking at that date, transferred its investment in Emotion Fitness Mag Kft. for €540,000. The consideration was satisfied through a debt instrument which was subsequently transferred to Orogen plc, the parent undertaking. At 31 December 2010, the Company impaired the investment to £200,000 which was agreed with the parent undertaking to offset against the debt instrument. During 2011 the remaining net book value of the investment in Emotion Fitness Mag Kft. £200,000 was fully impaired which impairment value the parent company agreed to offset against its debt instrument with the Company.

### 7 Trade and other receivables

	2016 £	2015 £
Amounts receivable from parent undertaking	<b>100</b>	100
<b>Trade and other receivables</b>	<b>100</b>	100

### 8 Share capital

Ordinary Shares of £1 each	Number of shares	Nominal value £	Share premium £	Total consideration £
<b>Allotted, called up and fully paid</b>				
Balance at 1 January 2015	100	100	—	<b>100</b>
<b>Balance at 31 December 2015</b>	100	100	—	<b>100</b>
<b>Balance at 31 December 2016</b>	100	100	—	<b>100</b>

### 9 Related party transactions

At the year end the Company is owed £100 (2015: £100) by Orogen plc.

## NOTES TO THE FINANCIAL STATEMENTS

Operating expenses relating to the Company's activities since formation of the Company on 25 September 2010 have been fully supported by the parent company, Orogen plc, and accordingly there is no trading income or expense reported since formation of the Company.

### **10 Events after the reporting period**

#### ***Change of Name and Strategy***

On 21 March 2017, Orogen Gold plc ("Orogen") announced details of a proposed new strategy and consequent restructuring of its operations. Orogen's board of directors completed a review of its operations and concluded that it is no longer in shareholders' interests for the company to continue to provide financial support for its mineral exploration activities. It is therefore seeking to dispose of its interests in its mineral exploration projects, and to conclude an acquisition which would constitute a reverse takeover under the AIM Rules. Orogen has decided to cap further expenditure on its existing mineral exploration projects at £75,000 and to put them on care and maintenance programmes whilst buyers are sought for Orogen's interests in these assets.

As part of the proposals that were put to an Orogen shareholder vote on 7 April 2017, up to £3.47m of new funds were to be introduced to the company to implement the new strategy and Orogen's name was to be changed from Orogen Gold plc to Orogen plc.

All resolutions were approved at an Orogen general meeting on 7 April 2017. Accordingly, the fund raise and change of the company name to Orogen plc were completed.

### **11 Financial instruments – risk management**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### **General objectives, policies and processes**

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Directors receives regular updates through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being foreign exchange risk and capital risk. Further details regarding these policies are set out below:

#### **Foreign exchange risk**

Foreign exchange risk may arise because the Company has operations located in various parts of the world where the local currency is not the same as the functional currency in which the Company operates.

Only in exceptional circumstances will the Company consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. It is the Company's policy to ensure it enters

## NOTES TO THE FINANCIAL STATEMENTS

into transactions in its functional currency wherever possible and that surplus funds over and above immediate working capital requirements are held in Sterling deposits.

The Company considers this policy minimises any unnecessary foreign exchange exposure. In order to monitor the continuing effectiveness of this policy the Directors through their approval of both corporate and capital expenditure budgets and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an on-going basis.

The following table discloses the major exchange rates of those currencies utilised by the Company:

Foreign currency units to £1 UK Sterling (rounded)	EUR	USD
Average 2016	1.225	1.351
At 31 December 2016	1.174	1.235
Average 2015	1.374	1.528
At 31 December 2015	1.357	1.480

(EUR = Euro, USD = United States Dollar)

### Capital risk

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### 12 Ultimate parent company

The Company's immediate and ultimate controlling parent undertaking is Orogen plc, a company registered in England and Wales. Orogen plc's registered office is Finsgate, 5-7 Cranwood Street, London EC1V 9EE. Copies of the parent group's Financial Statements are available to download from the Orogen Plc website at [www.orogen.co.uk](http://www.orogen.co.uk).

## COMPANY INFORMATION

Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Registered number	07030123, England and Wales
Directors	Adam Reynolds
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Ultimate parent undertaking	Orogen plc Finsgate 5-7 Cranwood Street London EC1V 9EE