Registered number: 07446749

BLIPPAR.COM LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016

BLIPPAR.COM LTD

CONTENTS

BLIPPAR.COM LTD

COMPANY INFORMATION

DIRECTORS	Jason Ball Andrew Graham Ambarish Mitra Jessica Simpson Omar Tayeb David Currie Doreswamy Nandkishore Javier Santiso Steven Smith
REGISTERED NUMBER	07446749
REGISTERED OFFICE	5th Floor West 1 London Bridge London SE1 9BG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2016

The directors present the Strategic Report for the Blippar.com Ltd group (the "group") for the 16 month period ended 31 March 2016.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The group is an augmented reality platform provider and the principal activity of the group and company continued to be the provision of an augmented reality and artificial intelligence platform for smart devices.

The results of the group for the period, as set out on pages 9 - 11, show a loss on ordinary activities before tax of £26.1m (2014: loss of £5.0m). The shareholders' funds of the group total £36.6m (2014: £7.0m).

The continued losses arising in 2016 are the direct result of the group focusing on growth over short term profits. The company raised finance of £53.5m during the year in order to fund this growth. The group is concentrating on growing both the augmented reality and artificial intelligence markets and its share of these markets. Headcount in the technology team, specifically in relation to highly skilled tech engineers and developers has increased as the group's focus on building a world class augmented reality platform continues.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of group policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the group and the group finance department takes on the oversight role in this regard. The group finance department is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively, appropriate to the size and complexity of the business. The principal risk relating to the general business arises from IT infrastructure/server failure. The group mitigates IT infrastructure/server failure risk via a series of technology back-ups and close monitoring of the platforms by the server team.

The group finances its operations through a combination of credit recoverability as well as external funding raised through share issuances. New funding of £53.5m was raised during the period through the issuance of shares. The directors expect to raise further funds through an equity raise in the next 12 months.

Discussion of the financial risk management processes related to the group and company are included in the Directors' Report.

FINANCIAL KEY PERFORMANCE INDICATORS

The group has made significant progress throughout the year in relation to key elements of its strategy. The Board monitors the progress of the group by reference to the following financial KPIs:

	2016	2014
	£m	£m
Revenue	**8.5**	4.5
Cash at bank and in hand	**31.7**	1.4

The board also monitors a number of non-financial KPIs including users and interactions.

FUTURE DEVELOPMENTS

The group intends to continue investing in and developing the augmented reality market, capitalising on the current and predicted future growth in this sector. With the recent introduction of artificial intelligence into its platform, the group is expanding its offering to its client base, forecasting significant user and revenue growth. The group acknowledges the need for growth over profitability at this point in time and has made this its primary focus.

This report was approved by the board on 2 November 2016 and signed on its behalf by:

Ambarish Mitra
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2016

The directors present their Annual Report and the audited consolidated financial statements for Blippar.com Ltd (the "company") and for the Blippar.com Ltd group (the "group") for the 16 month period ended 31 March 2016. The comparatives relate to the year ended 30 November 2014.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the group and the company continued to be the provision of an augmented reality and artificial intelligence platform for smart devices. The group and company are expected to continue this activity into the foreseeable future.

RESULTS AND DIVIDENDS

The group loss for the financial period amounted to £26.1m (2014: loss of £5.0m).

No dividends were paid during the period (2014: £nil). The directors do not recommend the payment of a final dividend (2014: £nil).

POLITICAL DONATIONS

The group and company have made no political donations in the current period (2014: £nil).

FINANCIAL RISK MANAGEMENT

The principal financial risks to the group are discussed below and are considered by the directors to encompass those related to the company as well.

Credit Risk
There is a continuing risk that losses for the group could arise through client default. The group continually reviews the credit quality of existing and future customers as well as frequently assessing the quality of existing debtor balances.

Liquidity Risk
The group finances its operations through a combination of credit recoverability as well as external funding raised through share issuances. New funding of £53.5m was raised during the period through the issuance of shares. The directors expect to raise further funds through an equity raise in the next 12 months.

Foreign Exchange Risk
No hedging by way of forward agreements is undertaken by the group. There is a continuing risk that exchange rate volatility may have an adverse effect on the balance sheet or profit and loss account.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2016

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements were:

Jason Ball
Andrew Graham
Ambarish Mitra
Jessica Simpson
Omar Tayeb
David Currie (appointed 30 May 2015)
Doreswamy Nandkishore (appointed 1 July 2015)
Javier Santiso (appointed 18 April 2016)
Steven Smith (appointed 19 February 2016)
Azman Mokhtar (appointed 19 February 2016 & resigned 18 April 2016)
Steve Spencer (resigned 30 April 2015)

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the group and company continue in operational existence for a period of at least 12 months from the date the balance sheet is signed.

The group made a loss of £26.1m and had net cash outflow from operations of £21.6m during the period ended 31 March 2016. As at 31 March 2016, the group had cash at bank and in hand of £31.7m.

During the period the company raised additional funding of £53.5m through the issuance of shares.

The directors have reviewed the detailed budget and cash flow forecasts for the group for a period beyond one year from the date of approval of these financial statements. These forecasts assume future growth rates in revenue and active users alongside the requirement for another round of funding within the next 12 months. Due to the ongoing success of the app and its non-financial metrics, the directors are confident that this funding can be secured.

Based on this review the directors have concluded that the group and company are able to meet their external liabilities as they fall due and that the going concern basis of preparation is therefore appropriate.

EU REFERENDUM

On 23 June 2016, the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete and during this time, the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy with increased volatility expected in financial markets. The directors have considered this risk as at the date of signing the financial statements and do not expect it to impact the business activities of the company or the assets and liabilities reported at the balance sheet date of 31 March 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2 November 2016 and signed on its behalf by:

Ambarish Mitra
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLIPPAR.COM LTD

Report on the financial statements

Our opinion

In our opinion, Blippar.com Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's loss and group's cash flows for the 16 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated Balance Sheet and company Balance Sheet as at 31 March 2016;
- the Consolidated Profit and Loss Account and Consolidated Statement of Total Recognised Gains and Losses for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt) for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLIPPAR.COM LTD

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Leighton Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 November 2016

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
TURNOVER	2	**8,485,364**	4,456,416
Cost of sales		**(5,962,238)**	(2,336,996)
GROSS PROFIT		**2,523,126**	2,119,420
Administrative expenses	4	**(28,581,182)**	(7,074,968)
OPERATING LOSS	3	**(26,058,056)**	(4,955,548)
Interest receivable and similar income		**21,124**	3,927
Interest payable and similar charges	8	**(45,603)**	(13,121)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(26,082,535)**	(4,964,742)
Tax on loss on ordinary activities	9	**(9,712)**	-
LOSS FOR THE FINANCIAL PERIOD/YEAR	16	**(26,092,247)**	(4,964,742)

All amounts relate to continuing operations.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial period/year stated above and their historical cost equivalents.

The notes on pages 14 to 31 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 MARCH 2016

	Note	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
LOSS FOR THE FINANCIAL PERIOD/YEAR		**(26,092,247)**	(4,964,742)
Foreign exchange difference on consolidation		**279,771**	9,604
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD/YEAR		**(25,812,476)**	(4,955,138)

The notes on pages 14 to 31 form part of these financial statements.

BLIPPAR.COM LTD
REGISTERED NUMBER: 07446749

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	31 March 2016 £	£	30 November 2014 £
FIXED ASSETS					
Intangible assets	10		**3,573,190**		4,150,080
Tangible assets	11		**985,802**		252,198
Investments	12		**137,457**		-
			4,696,449		4,402,278
CURRENT ASSETS					
Debtors	13	**3,767,882**		2,815,895	
Cash at bank and in hand		**31,747,253**		1,358,931	
		35,515,135		4,174,826	
CREDITORS: amounts falling due within one year	14	**(3,563,420)**		(1,617,067)	
NET CURRENT ASSETS			**31,951,715**		2,557,759
NET ASSETS			**36,648,164**		6,960,037
CAPITAL AND RESERVES					
Called up share capital	15		**2,512**		1,802
Share premium account	16		**65,139,568**		11,674,342
Foreign exchange reserve	16		**333,086**		53,315
Share option reserve	16		**2,310,240**		275,573
Profit and loss account	16		**(31,137,242)**		(5,044,995)
TOTAL SHAREHOLDERS' FUNDS	17		**36,648,164**		6,960,037

The financial statements on pages 9 to 31 were approved and authorised for issue by the board and were signed on its behalf on 2 November 2016 by:

Ambarish Mitra
Director

The notes on pages 14 to 31 form part of these financial statements.

BLIPPAR.COM LTD
REGISTERED NUMBER: 07446749

COMPANY BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	31 March 2016 £	£	30 November 2014 £
FIXED ASSETS					
Tangible assets	11		**478,698**		113,357
Investments	12		**4,866,665**		4,143,562
			5,345,363		4,256,919
CURRENT ASSETS					
Debtors	13	**13,143,862**		2,922,246	
Cash at bank and in hand		**30,964,354**		481,745	
		44,108,216		3,403,991	
CREDITORS: amounts falling due within one year	14	**(2,357,854)**		(484,835)	
NET CURRENT ASSETS			**41,750,362**		2,919,156
NET ASSETS			**47,095,725**		7,176,075
CAPITAL AND RESERVES					
Called up share capital	15		**2,512**		1,802
Share premium account	16		**65,139,568**		11,674,342
Share option reserve	16		**885,879**		266,680
Profit and loss account	16		**(18,932,234)**		(4,766,749)
TOTAL SHAREHOLDERS' FUNDS	17		**47,095,725**		7,176,075

The financial statements on pages 9 to 31 were approved and authorised for issue by the board and were signed on its behalf on 2 November 2016 by:

Ambarish Mitra
Director

The notes on pages 14 to 31 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Net cash flow from operating activities	19	**(21,560,262)**	(5,099,616)
Returns on investments and servicing of finance	20	**(42,731)**	(9,194)
Capital expenditure and financial investment	20	**(1,473,911)**	(3,948,969)
CASH OUTFLOW BEFORE FINANCING		**(23,076,904)**	(9,057,779)
Financing	20	**53,465,226**	10,186,745
INCREASE IN CASH IN THE PERIOD/YEAR		**30,388,322**	1,128,966

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Increase in cash in the period/year		**30,388,322**	1,128,966
Cash outflow from decrease in debt and lease financing		**-**	850,014
MOVEMENT IN NET FUNDS IN THE PERIOD/YEAR		**30,388,322**	1,978,980
Net funds/(debt) at 1 December		**1,358,931**	(620,049)
NET FUNDS AT 31 MARCH/30 NOVEMBER	21	**31,747,253**	1,358,931

The notes on pages 14 to 31 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group and company continue in operational existence for a period of at least 12 months from the date the balance sheet is signed.

The group made a loss of £26.1m and had net cash outflow from operations of £21.6m during the period ended 31 March 2016. As at 31 March 2016, the group had cash at bank and in hand of £31.7m.

During the period the company raised additional funding of £53.5m through the issuance of shares.

The directors have reviewed the detailed budget and cash flow forecasts for the group, for a period beyond one year from the date of approval of these financial statements. These forecasts assume future growth rates in revenue and active users alongside the requirement for another round of funding within the next 12 months. Due to the ongoing success of the app and its non-financial metrics, the directors are confident that this funding can be secured.

Based on this review the directors have concluded that the group and company are able to meet their external liabilities as they fall due and that the going concern basis of preparation is therefore appropriate.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Blippar.com Ltd and all of its subsidiary undertakings ('subsidiaries'). A list of there subsidiaries has been included in note 12.

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Specific streams of income are recognised as follows:-

- Blippbuilder augmented reality license revenue is recognised on a straight line basis over the life of the licence.
- Bespoke design and technology augmented reality builds are recognised on a percentage completion basis with respect to the build of the bespoke campaign.

To the extent that revenue has been invoiced but not earned, these amounts are recognised on the balance sheet as deferred income, and to the extent that revenue has been earned but not invoiced, these amounts are recognised on the balance sheet as accrued income.

1. ACCOUNTING POLICIES (continued)

1.5 Intangible assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life. The estimated economic life of goodwill is 20 years.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.6 Tangible assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable of bringing the asset to its working condition for intended use.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Over the period of the lease
Office equipment	-	25% - 33% - Straight line basis
Computer equipment	-	25% - 33% - Straight line basis

1.7 Investments

Investments in subsidiaries and other unlisted investments are valued at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1. ACCOUNTING POLICIES (continued)

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of each transaction.

Exchange gains and losses are recognised in the profit and loss account, except gains and losses which arise on consolidation which are taken to the foreign exchange reserve.

1.11 Share-based payments

The company operates an equity-settled share-based compensation plan.

The fair value of the shares or share options granted is recognised over the vesting period to reflect the value of the employee services received. The charge relating to group employee grants is recognised as an expense in the profit and loss account. For equity settled share based payments, the corresponding credit is recognised as a share option reserve.

The fair value of options granted, excluding the impact of any non-market vesting conditions, is calculated using established option pricing models, principally the Black-Scholes model.

2. TURNOVER

The whole of the turnover is attributable to the group's principal activity.

A geographical analysis of turnover is as follows:

	16 months ended 31 March 2016	Year ended 30 November 2014
	£	£
United Kingdom	**2,770,591**	1,667,107
Rest of European Union	**1,156,244**	516,306
Rest of world	**4,558,529**	2,273,003
	8,485,364	4,456,416

Accrued and deferred income are recognised in accordance with the group's revenue recognition policy.

The directors of the group consider that the group has one class of business.

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Amortisation - intangible assets	**282,633**	89,422
Depreciation of tangible assets	**350,616**	144,453
Operating lease rentals	**1,438,398**	332,204
Difference on foreign exchange	**295,994**	(5,044)

The remuneration payable in relation to audit services of £53,000 (2014: £40,000) and non-audit services of £58,600 (2014: £68,749) has been included in the administrative expenses of the group.

4. ADMINISTRATIVE EXPENSES

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Staff costs (excluding costs included within cost of sales)	**12,946,691**	2,228,984
Server costs	**2,227,919**	478,696
Rent and office expenses	**2,107,410**	583,024
Share based payment expense	**2,034,667**	275,573
Other staff related costs	**4,968,105**	1,152,651
Professional fees	**1,834,722**	986,498
Other expenses	**2,461,668**	1,369,542
	28,581,182	7,074,968

5. STAFF COSTS

Staff costs as included within cost of sales and administrative expenses, including directors' remuneration, were as follows:

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Wages and salaries	14,622,837	4,035,205
Social security costs	1,773,206	406,607
Share-based payments	2,034,667	275,573
	18,430,710	4,717,385

The average monthly number of employees, including the directors, during the period was as follows:

	16 months ended 31 March 2016 Number	Year ended 30 November 2014 Number
Directors	4	5
Admin	22	12
Sales	58	46
Marketing	12	21
Technology	60	26
Design	65	44
	221	154

6. DIRECTORS' REMUNERATION

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Wages and salaries	1,000,057	601,041

The highest paid director received remuneration of £339,902 (2014: £173,333). This is included in directors' remuneration above.

In the current period, a total of 518,786 (2014: Nil) share options were exercised by the directors of the company.

7. SHARE BASED PAYMENTS

The Blippar.com Limited Share Option Plan was introduced in May 2013. Under the Plan, the Board can grant options over shares in the company to employees of the group. The contractual life of an option is 10 years. The company has granted options in December 2014, June 2015, September 2015, October 2015 and January 2016 during this period.

An employee's share options will vest across 3 years and become exercisable upon completion of the 3 year service period and a trade sale or IPO, unless a decision is made by board discretion to allow early exercise. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes model. No performance conditions were included in the fair value calculations.

A share split took place during the period which resulted in the number of shares in the share pool being increased by a factor of ten. The share options were scaled in line with this to prevent dilution. The numbers below take this share split into account by way of restated comparatives.

The fair value per option granted and the assumptions used in the calculation are as follows:

	Prior periods	Dec-14	Jun-15	Sep-15	Oct-15	Jan-16
Share Price at grant date	£0.064 - £2.049	£2.195	£5.893	£6.108	£6.032	£6.502
Exercise Price	£0.001 - £1.369	£1.369	£0.001	£0.010	£0.007	£6.724
Number of Employees	40	113	12	25	10	21
Shares Under Option	6,434,170	961,040	343,440	277,210	66,897	325,500
Vesting Period (years)	3	3	3	3	3	3
Expected Volatility	500%	500%	500%	500%	500%	500%
Option Life (Years)	10	10	10	10	10	10
Expected Life (Years)	3	3	3	3	3	3
Risk-free interest rate	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Expected dividends expressed as dividend yield	0%	0%	0%	0%	0%	0%
Fair value per option	£0.064 - £2.049	£2.195	£5.893	£6.108	£6.032	£6.502

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of option movements over the period to 31 March 2016 is shown below:

	2016 Number	2016 Weighted Average Exercise Price	2014 Number	2014 Weighted Average Exercise Price
Outstanding at 1 December	6,366,740	£0.362	4,141,540	£0.001
Granted	1,974,087	£1.777	2,292,630	£0.362
Forfeited	(456,046)	(£1.268)	-	£0.0000
Exercised	(528,786)	(£0.001)	(67,430)	(£0.001)
Outstanding at 31 March 2016	7,355,995	£0.869	6,366,740	£0.362

The weighted average fair value of options granted in the period was £8.3m (2014: £1.3m).

The weighted average share price for options exercised over the period was £4.66 (2014: £0.01). The total charge for the period relating to employee share-based payment plans was £2,034,667 (2014: £275,573), all of which related to equity settled share-based payment transactions.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
On overdrafts	12,026	28
On convertible loan notes	33,577	13,093
	45,603	13,121

9. TAX ON LOSS ON ORDINARY ACTIVITIES

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Corporation tax charge on loss for the period/year	9,712	-

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.67%). The differences are explained below:

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Loss on ordinary activities before tax	(26,082,535)	(4,964,742)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.67%)	(5,281,713)	(1,075,860)
Effects of:		
Expenses not deductible for tax purposes	546,131	199,510
Capital allowances for period/year in excess of depreciation	(67,094)	(14,468)
Carried tax losses forward	6,666,416	893,941
Higher rate taxes on overseas earnings	(1,854,028)	(3,123)
Current tax charge for the period/year	9,712	-

9. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020.

Unrecognised potential deferred tax assets

The company has not recognised a potential deferred tax asset of £6,678,959 relating to accumulated tax losses in the group.

10. INTANGIBLE ASSETS

Group	Goodwill £
Cost	
At 1 December 2014	**4,239,502**
Additions	**213,337**
Impairment	**(507,594)**
At 31 March 2016	**3,945,245**
Accumulated amortisation	
At 1 December 2014	**89,422**
Charge for the period	**282,633**
At 31 March 2016	**372,055**
Net book value	
At 31 March 2016	**3,573,190**
At 30 November 2014	4,150,080

Current period intangible asset additions relate to the goodwill arising on acquisition of Mobile R&D Inc. (see details of this acquisition included in note 18).

The goodwill on Layar B.V. was impaired in the period as a result of the closure of the Layar B.V. office in Amsterdam post period-end. The goodwill is not deemed to be fully impaired as the Layar B.V. brand is forecast to continue producing revenues for the foreseeable future.

11. TANGIBLE ASSETS

Group	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2014	240,991	82,768	137,604	461,363
Additions	455,234	253,025	375,961	1,084,220
Disposals	(141,428)	(18,676)	(28,397)	(188,501)
At 31 March 2016	554,797	317,117	485,168	1,357,082
Accumulated depreciation				
At 1 December 2014	143,412	23,985	41,768	209,165
Charge for the period	153,379	67,477	129,760	350,616
On disposals	(141,428)	(18,676)	(28,397)	(188,501)
At 31 March 2016	155,363	72,786	143,131	371,280
Net book value				
At 31 March 2016	399,434	244,331	342,037	985,802
At 30 November 2014	97,579	58,783	95,836	252,198

Company	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2014	141,714	50,730	106,995	299,439
Additions	342,127	52,483	161,563	556,173
Disposals	(141,714)	(18,293)	(26,257)	(186,264)
At 31 March 2016	342,127	84,920	242,301	669,348
Accumulated depreciation				
At 1 December 2014	129,643	20,173	36,266	186,082
Charge for the period	73,583	33,350	83,899	190,832
On disposals	(141,714)	(18,293)	(26,257)	(186,264)
At 31 March 2016	61,512	35,230	93,908	190,650
Net book value				
At 31 March 2016	280,615	49,690	148,393	478,698
At 30 November 2014	12,071	30,557	70,729	113,357

12. INVESTMENTS

During the period, the company acquired a 2.24% shareholding in Wave Optics Inc. which is included in the additions below and held as an investment on the consolidated balance sheet.

Group	Unlisted investments £
Cost or valuation	
At 1 December 2014	-
Additions	137,457
At 31 March 2016	137,457
Net book value	
At 31 March 2016	137,457
At 30 November 2014	-

The additions in investments in subsidiaries in the period relate to the acquisition of the entire shareholding of Mobile R&D Inc. in October 2015, the incorporation of Blippar Singapore Pte Ltd. and capital contributions made to Blippar India Private Limited.

Company	Investments in subsidiary companies £	Unlisted investments £	Total investments £
Cost or valuation			
At 1 December 2014	4,143,562	-	4,143,562
Additions	1,201,728	137,457	1,339,185
Impairment	(616,082)	-	(616,082)
At 31 March 2016	4,729,208	137,457	4,866,665
Net book value			
At 31 March 2016	4,729,208	137,457	4,866,665
At 30 November 2014	4,143,562	-	4,143,562

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12 INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Company name	Country	Percentage Shareholding	Activity
Blippar LLC	United States of America	100%	Distributor of Blippar products
Layar B.V	Netherlands	100%	Provider of Interactive Print products and services
Blippar Turkey Bilisim Teknolojileri A.S.	Turkey	100%	Distributor of Blippar products
Blippar K.K	Japan	100%	Distributor of Blippar products
Blippar India Private Limited	India	99.9%	Distributor of Blippar products
Blippar Singapore Pte Ltd	Singapore	100%	Distributor of Blippar products
Mobile R&D Inc.	USA	100%	Distributor of Blippar products

13. DEBTORS

	Group		Company	
	31 March 2016	30 November 2014	**31 March 2016**	30 November 2014
	£	£	**£**	£
Trade debtors	**1,224,303**	1,971,366	**287,495**	542,849
Amounts owed by group undertakings	**-**	-	**11,410,788**	1,882,848
Other debtors	**510,347**	467,420	**379,331**	370,653
Prepayments and accrued income	**2,033,232**	377,109	**1,066,248**	125,896
	3,767,882	2,815,895	**13,143,862**	2,922,246

Included within other debtors is an amount of £47,411 (2014: £423,684) owed by directors of the company.

Amounts owed by group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	31 March 2016	30 November 2014	**31 March 2016**	30 November 2014
	£	£	**£**	£
Trade creditors	**1,807,233**	254,273	**1,167,704**	113,580
Other taxation and social security	**416,534**	274,155	**313,519**	108,328
Other creditors	**4,007**	30,310	**-**	30,049
Accruals and deferred income	**1,335,646**	1,058,329	**876,631**	232,878
	3,563,420	1,617,067	**2,357,854**	484,835

15. CALLED UP SHARE CAPITAL

	31 March 2016 £	30 November 2014 £
Allotted, called up and fully paid		
10,192,716 Ordinary shares of £0.0001 (2014: 973,136 Ordinary shares of £0.001) each	**1,019**	973
3,265,490 Preferred Ordinary shares of £0.0001 (2014: 326,549 Preferred Ordinary shares of £0.001) each	**327**	327
5,015,420 B Preferred Ordinary shares of £0.0001 (2014: 501,542 B Preferred Ordinary shares of £0.001) each	**502**	502
2,563,440 C Preferred Ordinary shares of £0.0001 (2014: Nil C Preferred Ordinary shares of £Nil) each	**256**	-
4,083,869 D Preferred Ordinary shares of £0.0001 (2014: Nil D Preferred Ordinary of £Nil) each	**408**	-
	2,512	1,802

On 2 March 2015, the company issued 2,563,440 Preferred 'C' ordinary shares with an aggregate nominal value of £256. The cash raised was £18.2m. Preferred 'C' ordinary shares hold preference over Ordinary, Preferred and Preferred 'B' shares in the event of sale and carry full voting rights.

On 11 June 2015, a share split was performed, increasing the number of shares issued by a multiple of ten times. There was no change to the preference or voting rights of any shares.

On 19 February 2016, the company issued 4,083,869 Preferred 'D' ordinary shares with an aggregate nominal value of £408. The cash raised was £35.3m. Preferred 'D' ordinary shares hold preference over Ordinary, Preferred, Preferred 'B' and Preferred 'C' shares in the event of sale and carry full voting rights.

16. RESERVES

Group	**Share premium account £**	**Foreign exchange reserve £**	**Share option reserve £**	**Profit and loss account £**
At 1 December 2014	**11,674,342**	**53,315**	**275,573**	**(5,044,995)**
Loss for the financial period	**-**	**-**	**-**	**(26,092,247)**
Premium on shares issued during the period	**53,465,226**	**-**	**-**	**-**
Foreign exchange difference on consolidation	**-**	**279,771**	**-**	**-**
Share options expense for the period	**-**	**-**	**2,034,667**	**-**
At 31 March 2016	**65,139,568**	**333,086**	**2,310,240**	**(31,137,242)**

16. RESERVES (continued)

Company	Share premium account £	Share option reserve £	Profit and loss account £
At 1 December 2014	**11,674,342**	**266,680**	**(4,766,749)**
Loss for the financial period	**-**	**-**	**(14,165,485)**
Premium on shares issued during the period	**53,465,226**	**-**	**-**
Share options expense for the period	**-**	**619,199**	**-**
At 31 March 2016	**65,139,568**	**885,879**	**(18,932,234)**

17. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

Group	31 March 2016 £	30 November 2014 £
Opening shareholders' funds	**6,960,037**	602,843
Loss for the financial period/year	**(26,092,247)**	(4,964,742)
Shares issued during the period/year	**710**	634
Share premium on shares issued	**53,465,226**	11,036,125
Foreign exchange difference on consolidation	**279,771**	9,604
Share options expense for the period/year	**2,034,667**	275,573
Closing shareholders' funds	**36,648,164**	6,960,037

Company	31 March 2016 £	30 November 2014 £
Opening shareholders' funds	**7,176,075**	590,515
Loss for the financial period/year	**(14,165,485)**	(4,717,879)
Shares issued during the period/year	**710**	634
Share premium on shares issued	**53,465,226**	11,036,125
Share options expense for the period/year	**619,199**	266,680
Closing shareholders' funds	**47,095,725**	7,176,075

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the period/year dealt with in the accounts of the company was £14,165,485 (2014: £4,717,879).

18. ACQUISITION

On 23 October 2015, the company acquired the whole of the issued share capital of Mobile R&D Inc., an augmented reality application provider.

Acquisition of Mobile R&D Inc.

	Vendors' book value £	Fair value adjustments £	Fair value to the group £
Assets and liabilities acquired			
Debtors	69,702	(24,203)	45,499
Cash at bank	72,587	-	72,587
Other creditors and provisions	(4,877)	-	(4,877)
Net assets acquired	137,412	(24,203)	113,209

	£
Satisfied by	
Consideration:	
Cash	252,998
Shares	73,548
	326,546
Goodwill arising on consolidation (see note 10)	213,337

The summarised profit and loss account for Mobile R&D Inc. for the period from 1 December 2014 to the date of acquisition was as follows:

	£
Turnover	1,066,887
Operating profit	143,567
Profit before tax	139,403
Profit after tax	139,403

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Operating loss	(26,058,056)	(4,955,548)
Amortisation of intangible assets	282,633	89,422
Depreciation of tangible assets	350,616	144,453
Impairments of investments	507,594	-
Share option expense	2,034,667	-
Increase in debtors	(944,086)	(1,051,409)
Increase in creditors	1,953,286	663,862
Foreign exchange difference	313,084	9,604
Net cash outflow from operating activities	(21,560,262)	(5,099,616)

20. ANALYSIS OF CASH FLOWS

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Returns on investments and servicing of finance		
Interest received	2,872	3,927
Interest paid	(45,603)	(13,121)
Net cash outflow from returns on investments and servicing of finance	(42,731)	(9,194)

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Capital expenditure and financial investment		
Purchase of subsidiary	(252,234)	(3,722,502)
Purchase of tangible assets	(1,084,220)	(226,467)
Purchase of unlisted investments	(137,457)	-
Net cash outflow from capital expenditure	(1,473,911)	(3,948,969)

20. ANALYSIS OF CASH FLOWS (continued)

	16 months ended 31 March 2016 £	Year ended 30 November 2014 £
Financing		
Issue of ordinary shares	**53,465,226**	11,036,759
Repayment of other loans	**-**	(850,014)
Net cash inflow from financing	**53,465,226**	10,186,745

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 December 2014 £	Cash flow £	31 March 2016 £
Cash at bank and in hand	**1,358,931**	**30,388,322**	**31,747,253**
Net funds	**1,358,931**	**30,388,322**	**31,747,253**

22. OPERATING LEASE COMMITMENTS

At 31 March 2016, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	31 March 2016	30 November 2014
Group	£	£
Expiry date:		
Within 1 year	**1,761,126**	73,255
Between 2 and 5 years	**3,117,475**	256,389
After more than 5 years	**5,400**	-
Total	**4,884,001**	329,644

At 31 March 2016, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	31 March 2016	30 November 2014
Company	£	£
Expiry date:		
Within 1 year	**395,450**	32,593
Between 2 and 5 years	**1,186,350**	-
Total	**1,581,800**	32,593

23. RELATED PARTY TRANSACTIONS

Group and Company

During the period, the company made payments of £nil (2014: £51,520) to a director and shareholder of the company, to repay fully a loan advanced to the company. The company also made a payment of £47,411 (2014: £nil) on behalf of the director for personal expenses.

During the period, the company made payments of £nil (2014: £40,667) to a director and shareholder of the company, to repay fully a loan advanced to the company.

In the prior year, the company advanced £112,853 to a director of the company. This amount was fully repaid in the current period.

In the prior year, the company advanced £112,853 to a former director of the company. This amount was fully repaid in the current period.

In the prior year, the company advanced £141,062 to a director of the company. This amount was fully repaid in the current period.

Company

During the period, the company made payments of £89,887 (2014: £28,950) on behalf of Blippar LLC and the company received cash on behalf of Blippar LLC of £nil (2014: £49,182) from customers of the UK entity. The company received £788,820 (2014: £687,608) of cash transfers from Blippar LLC, made transfers of £8,375,336 (2014: £nil) to Blippar LLC and provided services including labour and access to technology with a value of £317,449 (2014: £253,417) to Blippar LLC. Blippar LLC provided R&D services to the company at a value of £3,573,170 (2014: £nil). Blippar LLC received cash on behalf of the company of £nil (2014: £1,163,714) from for the issue of share in Blippar.com Limited. At the year end, the total balance owing by Blippar LLC to the company in relation to these transactions was £8,373,523 (2014: £1,655,335), taking into account a foreign exchange loss of £215,385 (2014: £79,648). This balance is included within amounts owed by group undertakings due within one year.

During the period, the company made payments of £2,075 (2014: £7,337) on behalf of Layar BV and Layar BV made payments on behalf of the company of £37,596 (2014: £nil). Layar BV received £1,708,830 (2014: £240,851) of cash transfers from the company, and provided services including labour and development of technology with a value of £nil (2014: £101,088) to the company. The company provided services, including admin support and access to technology with a value of £337,449 (2014: £19,610) to Layar BV. At the year end, the total balance owing by Layar BV to the company in relation to these transactions was £1,838,167 (2014: £166,711). This balance is included within amounts owed by group undertakings due within one year.

During the period, Blippar India Private Limited made payments on behalf of the company of £44,429. Blippar India Private Limited received £515,648 of cash transfers from the company which were capitalised as capital contributions per India financial regulations. The company provided services including admin support and access to technology with a value of £50,792. The total balance owed to Blippar India Private Limited from the company in relation to these transactions was £75,171. This balance is included within amounts owed by group undertakings due within one year.

During the period, Blippar K.K. received £525,005 from the company.

During the period, Blippar Turkey Bilisim Teknolojileri A.S. received £446,176 from the company and the company made payments of £27,598 on behalf of Blippar Turkey Bilisim Teknolojileri A.S. At the end of the period, the total balance owed to the company in relation to these transactions was £478,368. This balance is included within amounts owed by group undertakings due within one year.

During the period, Blippar Singapore Pte Ltd. received £267,722 from the company.

During the period, the company invested £137,457 in Wave Optics Limited, an entity in which two of the current directors personally hold share capital.

24. CONTROLLING PARTY

The immediate and ultimate parent undertaking is Blippar.com Ltd, a company incorporated in the United Kingdom.

Blippar.com Ltd is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Blippar.com Ltd are available from Blippar, 5th Floor West, 1 London Bridge, London, SE1 9BG.

25. SUBSEQUENT EVENTS

On 23 June 2016, the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete and during this time, the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy with increased volatility expected in financial markets. The directors have considered this risk as at the date of signing the financial statements and do not expect it to impact the business activities of the company or the assets and liabilities reported at the balance sheet date of 31 March 2016.