

BLIPPAR.COM LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2014



BLIPPAR.COM LTD

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BLIPPAR.COM LTD

COMPANY INFORMATION

DIRECTORS

Jason Ball
Andrew Graham
Ambarish Mitra
Jessica Simpson
Steve Spencer
Omar Tayeb

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

BLIPPAR.COM LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2014

The directors present the Strategic Report for the Blippar.Com Ltd group (the "group") for the year ended 30 November 2014.

BUSINESS REVIEW

The company is an augmented reality platform provider and the principal activity of the company and its subsidiary undertakings continues to be the development and provision of advertising services through the Blippar platform.

The results of the group for the year, as set out on pages 9 - 11, show a loss on ordinary activities before tax of £4,964,742 (2013: Profit of £57,231). The shareholders' funds of the Group total £6,684,464 (2013: £602,843). The transfer from a profit in 2013 to a loss in 2014 is the direct result of the company focusing on growth over short term profits. The company raised finance during the year to fund this growth. The company is concentrated on growing both the augmented reality market and its share of the market, and feels that this growth was positive. On 17 June 2014 the Company acquired the whole the issued share capital of Layar BV, an augmented reality application provider. This transaction has been accounted for as an acquisition in accordance with Financial Reporting Standard ("FRS") 6 "Acquisitions and Mergers". Details of the fair value of the net assets acquired and the consideration paid are set out in Note 20 'Acquisition'. The company feels that the acquisition of Layar compliments the group by providing a skilled, experience staff base, a long tail of customers and an existing user base.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of 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 General Counsel and Group finance take 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 risks from our general business arise from user engagement and IT infrastructure/Server failure. The group mitigates user engagement risk via strong management review of user engagement and ensuring the high quality interaction with the user base. IT infrastructure/Server failure is mitigated by a series of back ups and close monitoring from the server team.

The group finances its operations through a combination of credit recoverability as well as external funding, raised through share issues, for which there is liquidity risk. New funding of £11m was raised during the year through share issues, and post year end, in March 2015, the company raised a further \$25m from the issue of ordinary shares. The directors expect to raise further funds through an equity raise in the next 12 months.

FINANCIAL KEY PERFORMANCE INDICATORS

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

	2014	2013
	£	£
Revenue	4,456,416	3,063,314
(Loss)/profit on ordinary activities before taxation	(4,964,742)	57,231
Cash at bank and in hand	1,358,931	229,965

The board also monitors a number of non-financial KPIs including Users and Interactions

BLIPPAR.COM LTD

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2014**

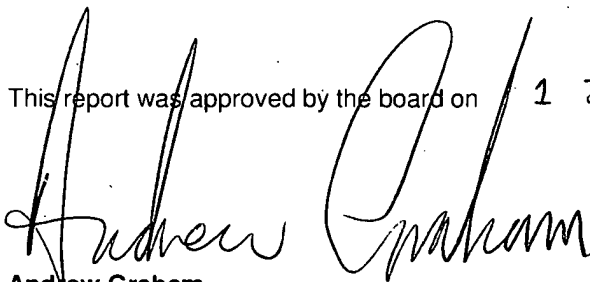
FUTURE DEVELOPMENTS

The company intends to keep innovating and developing the Augmented Reality sector, capitalising on the growth in the market predicted over the coming years. With the launch of Visual Search the company is able to expand its offering to both users of the app and customers, forecasting significant revenue growth. The company acknowledges the need for growth over profitability at this point in time and is focused on this.

This report was approved by the board on

1 July 2015

and signed on its behalf by:

A large, stylized handwritten signature in black ink, appearing to read 'Andrew Graham'.

**Andrew Graham
Director**

BLIPPAR.COM LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2014

The directors present their annual report and the audited financial statements for Blippar.Com Ltd (the "company") and for the Blippar.Com Ltd group (the "group") for the year ended 30 November 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be the provision of an image-recognition platform for smart devices targeted specifically at brand and media to consumer interaction, along with additional design and public relations advice.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £4,964,742 (2013 - profit £57,231).

No dividends were paid during the year (2013 - £Nil). The directors do not recommend the payment of a final dividend (2013 - £Nil).

FUTURE DEVELOPMENTS

Likely future developments in the business of the group are discussed in the strategic report.

FINANCIAL RISK MANAGEMENT

Credit Risk

There is a continuing risk that losses 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 issues. New funding of £11m was raised during the year through the share issues. The directors expect to raise further funds through an equity raise in the next 12 months.

Interest Rate Risk

At the balance sheet date, all funding is through share issues rather than external debt. As such, there is no material risk from interest rate movements.

Foreign Exchange Risk

No hedging by way of forward agreements are undertaken by the group. As such, there is a risk that exchange rate volatility may have an adverse effect on the balance sheet or profit and loss account.

DIRECTORS

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

Jason Ball
Andrew Graham
Ambarish Mitra
Jessica Simpson
Steve Spencer
Omar Tayeb

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The directors are confident of the future trading performance of the company, as it continues to grow its customer and user base whilst developing its technology and application features.

BLIPPAR.COM LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2014

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 £4,964,742 and had net cash out flow from operations of £4,582,616 for the year ended 30 November 2014. As at 30 November 2014 the group had cash at bank and in hand of £1,358,931.

During the year the company raised additional funding of £11,036,759 through the issue of ordinary shares. Post year end, in March 2015, the company raised a further \$25m from the issue of ordinary 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, headcount and marketing expenditure, and reflect the funds raised in March 2015..

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare audited 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 audited 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 audited 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 audited 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.

BLIPPAR.COM LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

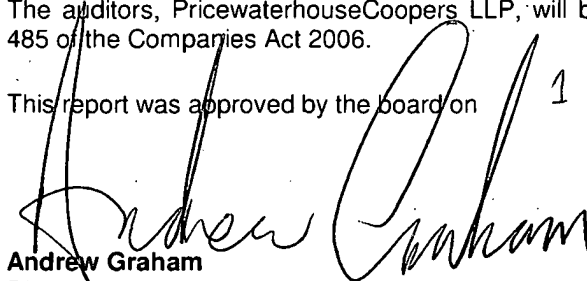
INDEPENDENT AUDITORS

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

1 July 2015

and signed on its behalf by:


Andrew Graham
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 30 November 2014 and of the group's loss for the year 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

Blippar.Com Ltd's financial statements, comprise:

- the Consolidated Balance Sheet and Company Balance Sheet as at 30 November 2014;
- the Consolidated Profit and Loss Account and Consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the Consolidated Cash Flow Statement for the year 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 their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Opinions on matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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 if, in our opinion, certain disclosures of directors' remuneration specified by law have not been 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 5, 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 & 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 and Financial Statements 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.



Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 2 JULY 2015

BLIPPAR.COM LTD.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	2	4,456,416	3,063,314
Cost of sales		<u>(2,336,996)</u>	<u>(1,387,454)</u>
GROSS PROFIT		2,119,420	1,675,860
Administrative expenses		<u>(7,074,968)</u>	<u>(1,576,755)</u>
OPERATING (LOSS)/PROFIT	3	(4,955,548)	99,105
Interest receivable and similar income		3,927	91
Interest payable and similar charges	8	<u>(13,121)</u>	<u>(41,965)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,964,742)	57,231
Tax on (loss)/profit on ordinary activities	9	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	<u>(4,964,742)</u>	<u>57,231</u>

All amounts relate to continuing operations.

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

The notes on pages 14 to 29 form part of these financial statements.

BLIPPAR.COM LTD**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 NOVEMBER 2014**

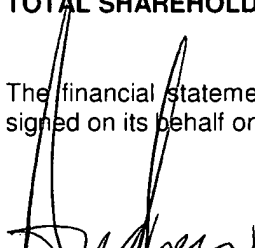
	2014 £	2013 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(4,964,742)	57,231
Foreign exchange difference on consolidation	9,604	43,711
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(4,955,138)	100,942

The notes on pages 14 to 29 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Intangible assets	10		4,150,080		
Tangible assets	11		252,198		170,184
			<u>4,402,278</u>		<u>170,184</u>
CURRENT ASSETS					
Debtors	14	2,815,895		1,740,485	
Cash at bank and in hand		1,358,931		229,965	
		<u>4,174,826</u>		<u>1,970,450</u>	
CREDITORS: amounts falling due within one year	15	(1,892,640)		(1,533,672)	
NET CURRENT ASSETS			<u>2,282,186</u>		<u>436,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,684,464</u>		<u>606,962</u>
CREDITORS: amounts falling due after more than one year	16		-		(4,119)
NET ASSETS			<u><u>6,684,464</u></u>		<u><u>602,843</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		1,802		1,168
Share premium account	18		11,674,342		638,217
Foreign exchange reserve	18		53,315		43,711
Profit and loss account	18		(5,044,995)		(80,253)
TOTAL SHAREHOLDERS' FUNDS	19		<u><u>6,684,464</u></u>		<u><u>602,843</u></u>

The financial statements on pages 9 to 29 were approved and authorised for issue by the board and were signed on its behalf on 1 July 2015 by:


Andrew Graham
Director

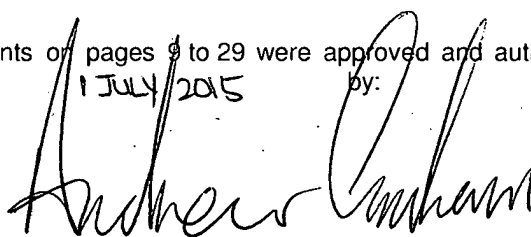
The notes on pages 14 to 29 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 30 NOVEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	11		164,957		161,552
Investments	12		4,143,562		
			<u>4,308,519</u>		<u>161,552</u>
CURRENT ASSETS					
Debtors	14	2,922,246		1,776,921	
Cash at bank and in hand		481,745		154,456	
		<u>3,403,991</u>		<u>1,931,377</u>	
CREDITORS: amounts falling due within one year	15	(751,515)		(1,498,296)	
NET CURRENT ASSETS			<u>2,652,476</u>		<u>433,081</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,960,995</u>		<u>594,633</u>
CREDITORS: amounts falling due after more than one year	16		-		(4,119)
NET ASSETS			<u><u>6,960,995</u></u>		<u><u>590,514</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		1,802		1,168
Share premium account	18		11,674,342		638,217
Profit and loss account	18		(4,715,149)		(48,871)
TOTAL SHAREHOLDERS' FUNDS	19		<u><u>6,960,995</u></u>		<u><u>590,514</u></u>

The financial statements on pages 9 to 29 were approved and authorised for issue by the board and were signed on its behalf on 1 JULY 2015 by:

Andrew Graham
Director



The notes on pages 14 to 29 form part of these financial statements.

BLIPPAR.COM LTD

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	21	(5,099,616)	(494,396)
Returns on investments and servicing of finance	22	(9,194)	(41,874)
Capital expenditure and financial investment	22	(3,948,969)	(153,352)
CASH OUTFLOW BEFORE FINANCING		(9,057,779)	(689,622)
Financing	22	10,186,745	1,245,000
INCREASE IN CASH IN THE YEAR		1,128,966	555,378

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

		2014 £	2013 £
Increase in cash in the year		1,128,966	555,378
Cash outflow from decrease in debt and lease financing		850,014	(1,245,000)
MOVEMENT IN NET FUNDS/DEBT IN THE YEAR		1,978,980	(689,622)
Net debt at 1 December		(620,049)	69,573
NET FUNDS/(DEBT) AT 30 NOVEMBER	23	1,358,931	(620,049)

The notes on pages 14 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

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 year, 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 £4,964,742 and had net cash out flow from operations of £4,582,616 for the year ended 30 November 2014. As at 30 November 2014 the group had cash at bank and in hand of £1,358,931.

During the year the company raised additional funding of £11,036,759 through the issue of ordinary shares. Post year end, in March 2015, the company raised a further \$25m from the issue of ordinary 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, headcount and marketing expenditure, and reflect the funds raised in March 2015.

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').

The results of subsidiaries acquired during the year 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 year, exclusive of Value Added Tax and trade discounts. Specific streams of income are recognised as follows:-

- Blipbuilder 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

1.5 Intangible fixed 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. Estimated economic life of goodwill is 20 years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed 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% - Straight line basis
Computer equipment	-	25% - Straight line basis

1.7 Investments

Investments in subsidiaries 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.

1.10 Foreign currencies

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

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

Exchange gains and losses are recognised in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.11 Share-based payments

The Company operates a equity-settled share-based compensation plans.

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 grants to employees of the Company is recognised as an expense in the profit and loss account and the charge for grants to employees of other group companies is recognised as a liability in the relevant subsidiary

The fair value of options granted, excluding the impact of any non-market vesting conditions, is calculated using established option pricing models, principally Binomial models. The probability of meeting non-market vesting conditions, which include profitability targets, is used to estimate the number of share options which are likely to vest.

For equity settled share based payment the corresponding credit is recognised as a liability

2. TURNOVER

The whole of the turnover is attributable to the companies principal activity.

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	1,667,107	1,526,757
Rest of European Union	516,306	284,885
Rest of world	2,273,003	1,251,672
	<u>4,456,416</u>	<u>3,063,314</u>

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

- License revenue is recognised on a straight line basis over the life of the licence, with the amount accrued or deferred based on a time basis.
- Bespoke design and technology builds are recognised on a percentage completion basis with respect to the build of the campaign.

3. OPERATING (LOSS)/PROFIT

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

	2014 £	2013 £
Amortisation - intangible fixed assets	89,422	-
Depreciation of tangible fixed assets:		
- owned by the group	144,453	60,333
Operating lease rentals:		
- other operating leases	332,204	128,980
Difference on foreign exchange	(5,044)	20,237
	<u></u>	<u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditors for the audit of the company's financial statements	40,000	13,000
Fees payable to the company's auditors in respect of: All other services	1,545	-
	<u>41,545</u>	<u>13,000</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	4,035,205	1,477,189
Social security costs	406,607	171,734
Share-based payments	275,573	-
	<u>4,717,385</u>	<u>1,648,923</u>

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

	2014 Number	2013 Number
Directors	5	5
Admin	12	3
Sales	46	11
Marketing	21	2
Technology	26	11
Design	44	11
	<u>154</u>	<u>43</u>

6. DIRECTORS' REMUNERATION

	2014 £	2013 £
Aggregate remuneration	601,041	272,039

The highest paid director received remuneration of £173,333 (2013 - £72,297):

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

7. SHARE BASED PAYMENTS

The Blippar.com 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 made grants on March 2014, September 2014 and November 2014 this year.

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

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

	Jun-13	Jun-13	Mar-14	Sep-14	Nov-14
Share Price at grant date	£0.01	£0.64	£2.11	£20.49	£20.49
Exercise Price	£0.01	£0.01	£2.11	£13.69	£13.69
Number of Employees	6	18	40	5	2
Shares Under Option	339,441	20,713	199,430	18,333	11,500
Vesting Period (years)	3	3	3	3	3
Expected Volatility	500%	500%	500%	500%	500%
Option Life (Years)	10	10	10	10	10
Expected Life (Years)	3	3	3	3	3
Risk-free interest rate	0.60%	0.60%	0.60%	0.60%	0.60%
Expected dividends expressed	0%	0%	0%	0%	0%
Fair value per option	£0.64	£0.64	£2.11	£20.49	£20.49

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 year to 30th November 2014 is shown below:

	2014	2014	2013	2013
	Number	Weighted Average Exercise	Number	Weighted Average Exercise
Outstanding at 1 Dec	414,154	£0.01	-	-
Granted	229,263	£3.62	414,154	£0.01
Forfeited	-	-	-	-
Exercised	(6,743)	(£0.01)	-	-
Outstanding at 30 Nov	636,674	£3.62	414,154	£0.01

The weighted average fair value of options granted in the year was £1.30m.

The weighted average share price during the period for options exercised over the year was £0.01. The total charge for the year relating to employee share-based payment plans was £275,573 (2013: £0), all of which related to equity settled share-based payment transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
On bank loans and overdrafts	28	10
On other loans	13,093	41,955
	<u>13,121</u>	<u>41,965</u>

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
UK corporation tax charge on (loss)/profit for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 21.67% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(4,964,742)</u>	<u>57,231</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.67% (2013 - 20%)	(1,075,860)	11,446
Effects of:		
Expenses not deductible for tax purposes	199,510	1,689
Capital allowances for year in excess of depreciation	(14,468)	(28,944)
Carried tax losses forward	893,941	10,250
Higher rate taxes on overseas earnings	(3,123)	5,559
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The March 2013 UK Budget Statement proposed further reductions to the main UK Corporation Tax rate to 21% from 1 April 2014 and 20% from 1 April 2015. These had been substantively enacted at the balance sheet date and, therefore, the effect of them is included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 20%. No further changes to future tax rates were announced in the March 2014 Budget Statement on 19 March 2014 or in the March 2015 Budget Statement on 18 March 2015.

Unrecognised potential deferred tax assets

The company has not recognised a potential deferred tax asset of £893,941 (2013: £Nil) relating to the groups losses in the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

10. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 December 2013	-
Additions	4,239,502
At 30 November 2014	4,239,502
Accumulated amortisation	
At 1 December 2013	-
Charge for the year	89,422
At 30 November 2014	89,422
Net book value	
At 30 November 2014	4,150,080
At 30 November 2013	-

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Group				
Cost				
At 1 December 2013	139,721	42,281	52,894	234,896
Additions	101,270	40,487	84,710	226,467
At 30 November 2014	240,991	82,768	137,604	461,363
Accumulated depreciation				
At 1 December 2013	47,471	4,949	12,292	64,712
Charge for the year	95,941	19,036	29,476	144,453
At 30 November 2014	143,412	23,985	41,768	209,165
Net book value				
At 30 November 2014	97,579	58,783	95,836	252,198
At 30 November 2013	92,250	37,332	40,602	170,184

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

11. TANGIBLE FIXED ASSETS (continued)

Company	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2013	139,721	37,500	49,042	226,263
Additions	51,427	14,652	56,532	122,611
At 30 November 2014	191,148	52,152	105,574	348,874
Accumulated depreciation				
At 1 December 2013	47,471	4,948	12,292	64,711
Charge for the year	88,763	8,976	21,467	119,206
At 30 November 2014	136,234	13,924	33,759	183,917
Net book value				
At 30 November 2014	54,914	38,228	71,815	164,957
At 30 November 2013	92,250	32,552	36,750	161,552

12. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Blippar LLC	Ordinary	100%
Layar B.V	Ordinary	100%
Blippar Turkey Bilisim Teknolojileri A.S.	Ordinary	100%
Blippar K.K	Ordinary	100%
Blippar India Private Limited	Ordinary	99.9%

The additions in investments in subsidiaries in the year relate to the acquisition of the entire shareholdings of Layar B.V in June 2014 (see note 20) and the incorporation of Blippar Turkey Bilisim Teknolojileri A.S., Blippar India Private Limited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

12. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 December 2013	-
Additions	4,143,562
At 30 November 2014	4,143,562
Net book value	
At 30 November 2014	4,143,562
At 30 November 2013	-

Details of the principal subsidiaries can be found under note number 13.

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

13. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
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	100%	Distributor of Blippar products

14. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,971,366	1,633,385	542,849	752,757
Amounts owed by group undertakings	-	-	1,882,848	927,936
Other debtors	467,420	2,000	370,653	2,001
Prepayments and accrued income	377,109	105,100	125,896	94,227
	2,815,895	1,740,485	2,922,246	1,776,921

Included within other debtors is an amount of £423,684 owed by directors of the company.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

**15. CREDITORS:
Amounts falling due within one year**

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other loans	-	850,014	-	850,014
Trade creditors	254,273	112,160	113,580	104,541
Other taxation and social security	274,155	173,708	108,328	173,708
Share based payment	275,573	-	266,680	-
Other creditors	30,310	122,105	30,049	94,441
Accruals and deferred income	1,058,329	275,685	232,878	275,592
	1,892,640	1,533,672	751,515	1,498,296

The balance of other loans of £nil (2013: £850,014) was the amount due to Qualcomm Incorporated (Qualcomm). The loans outstanding during the year consisted of cash transfers from Qualcomm to the company of £Nil (2013: £820,000) which accrued interest at a rate of 8% per annum and £425,000 (2013: £Nil) which was interest free. The interest charged during the year on the outstanding loan balances amounted to £13,093 (2013: £41,954) of which £Nil (2013: £30,014) was outstanding at the year end. The loans were converted into Preferred Ordinary shares on 13 February 2014, and interest of £44,213 was paid to Qualcomm rather than converted into equity

**16. CREDITORS:
Amounts falling due after more than one year**

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other creditors	-	4,119	-	4,119

Other creditors falling due after more than one year consisted of an operating lease incentive creditor, which was released to the Profit and Loss Account over the period of the lease. This balance was the element that would not be released to the Profit and Loss Account within one year.

17. CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid		
973,136 (2013 - 1,000,000) Ordinary shares of £0.001 each	973	1,000
244,851 (2013 - 167,762) Preferred Ordinary shares of £0.001 each	245	168
81,698 (2013 - £Nil) Preferred Ordinary shares of £0.001 each	82	-
501,542 (2013 - £Nil) B Preferred Ordinary shares of £0.001 each	502	-
	1,802	1,168

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

17. CALLED UP SHARE CAPITAL (continued)

On 13 February 2014, the company issued 158,787 Preferred Ordinary shares with an aggregate nominal value of £159 in respect of the conversion of loans amounting to £820,000 in accordance with the conversion terms included within the convertible loan agreement. Preferred Ordinary shares carry full voting rights.

On 18 March 2014, the company issued 473,678 Preferred 'B' ordinary shares with an aggregate nominal value of £542. The cash raised was £10,226,857. On 30 June 2014 27,864 Ordinary shares were converted into Preference 'B' shares.

On 30 June 2014 the company converted 27,864 Ordinary shares into Preferred 'B' ordinary shares. Preferred 'B' ordinary shares hold preference over Preferred and Ordinary shares in the event of a sale and carry full voting rights.

On 26 August 2014 the company issued 1,000 ordinary shares with an aggregate nominal value of £1. Ordinary shares carry full voting rights.

18. RESERVES

	Share premium account £	Foreign exchange reserve £	Profit and loss account £
Group			
At 1 December 2013	638,217	43,711	(80,253)
Loss for the financial year	-	-	(4,964,742)
Premium on shares issued during the year	11,036,125	-	-
Foreign exchange difference on consolidation	-	9,604	-
At 30 November 2014	<u>11,674,342</u>	<u>53,315</u>	<u>(5,044,995)</u>
		Share premium account £	Profit and loss account £
Company			
At 1 December 2013		638,217	(48,871)
Loss for the financial year		-	(4,666,278)
Premium on shares issued during the year		11,036,125	-
At 30 November 2014		<u>11,674,342</u>	<u>(4,715,149)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Group		
Opening shareholders' funds/(deficit)	602,843	(136,484)
(Loss)/profit for the financial year	(4,964,742)	57,231
Shares issued during the year	634	168
Share premium on shares issued (net of expenses)	11,036,125	638,217
Foreign exchange difference on consolidation	9,604	43,711
	<u>6,684,464</u>	<u>602,843</u>
Closing shareholders' funds		
	<u>6,684,464</u>	<u>602,843</u>
	2014	2013
	£	£
Company		
Opening shareholders' funds/(deficit)	590,514	(80,250)
(Loss)/profit for the financial year	(4,666,278)	32,379
Shares issued during the year	634	168
Share premium on shares issued (net of expenses)	11,036,125	638,217
	<u>6,960,995</u>	<u>590,514</u>
Closing shareholders' funds		
	<u>6,960,995</u>	<u>590,514</u>

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)/profit for the year dealt with in the accounts of the company was £4,666,278 (2013 - £32,379).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

20. ACQUISITION

Acquisition of Layar B.V

	Vendors' book value £	Provisional fair value adjustments £	Provisional fair value to the group £
Assets and liabilities acquired			
Debtors	216,000	(192,502)	23,498
Cash at bank	173,000	-	173,000
Other creditors and provisions	(541,000)	-	(541,000)
Net liabilities acquired	<u>(152,000)</u>	<u>(192,502)</u>	<u>(344,502)</u>
Satisfied by			
Consideration:			
Cash			3,895,000
Goodwill arising on consolidation (see note 10)			<u>4,239,502</u>

Goodwill being amortised

The summarised profit and loss account for Layar B.V for the period from 1 December 2013 to the date of acquisition was as follows:

Turnover	536,000
Operating loss	(759,000)
Loss before tax	(759,000)
Loss after tax	<u>(759,000)</u>

On 17 June 2014 the Company acquired the whole of the issued share capital of Layar BV, an augmented reality application provider. The company feels that the acquisition of Layar compliments the group by providing a skilled, experience staff base, a long tail of customers and an existing user base.

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating (loss)/profit	(4,955,548)	99,105
Amortisation of intangible fixed assets	89,422	
Depreciation of tangible fixed assets	144,453	60,333
Increase in debtors	(1,051,409)	(1,100,636)
Increase in creditors	663,862	403,091
Foreign exchange difference on consolidation	9,604	43,711
Net cash outflow from operating activities	<u>(5,099,616)</u>	<u>(494,396)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	3,927	91
Interest paid	(13,121)	(41,965)
Net cash outflow from returns on investments and servicing of finance	(9,194)	(41,874)
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of subsidiary	(3,722,502)	-
Purchase of tangible fixed assets	(226,467)	(153,352)
Net cash outflow from capital expenditure	(3,948,969)	(153,352)
	2014 £	2013 £
Financing		
Issue of ordinary shares	11,036,759	-
Other new loans	-	1,245,000
Repayment of other loans	(850,014)	-
Net cash inflow from financing	10,186,745	1,245,000

23. ANALYSIS OF CHANGES IN NET DEBT

	1 December 2013 £	Cash flow £	30 November 2014 £
Cash at bank and in hand	229,965	1,128,966	1,358,931
Debt:			
Debts due within one year	(850,014)	850,014	-
Net debt	(620,049)	1,978,980	1,358,931

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014

24. OPERATING LEASE COMMITMENTS

At 30 November the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
Group	£	£
Expiry date:		
Within 1 year	73,255	22,750
Between 2 and 5 years	256,389	185,156
Total	<u>329,644</u>	<u>207,906</u>

At 30 November the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
Company	£	£
Expiry date:		
Within 1 year	32,593	-
Between 2 and 5 years	-	97,780
Total	<u>32,593</u>	<u>97,780</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

25. RELATED PARTY TRANSACTIONS

Group and Company

At the end of the year the company owed to O Tayeb, director and shareholder of the company, £Nil (2013: £40,667). During the year, the company made payments of £51,520 (2013: £60,000) to O Tayeb to repay fully a loan advanced to the company.

At the end of the year the company owed to A Mitra, director and shareholder of the company, £Nil (2013: £40,667). During the year, the company made payments of £40,667 (2013: £60,000) to A Mitra to repay fully a loan advanced to the company.

During the year the company advanced £112,853 to A Graham, a director of the company. The full amount was outstanding at year end.

During the year the company advanced £112,853 to S Spencer, a director of the company. The full amount was outstanding at year end.

During the year the company advanced £141,062 to J Simpson, a director of the company. The full amount was outstanding at year end.

Company

During the year, the company made payments of £28,950 (2013: £13,473) on behalf of Blippar LLC, the company received cash on behalf of Blippar LLC of £49,182 (2013: £nil) from customers of the UK entity and Blippar LLC received cash on behalf of the company of £nil (2013: £50,489) from customers of the UK entity. The company received £687,608 (2013: £60,609) of cash transfers from Blippar LLC, and provided services including labour and access to technology with a value of £253,417 (2013: £786,082) to Blippar LLC. Blippar LLC received cash on behalf of the company of £1,163,714 (2013: £nil) 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 £1,655,335 (2013: £927,936), taking into account a foreign exchange loss of £79,648 (2013: £8,673). This balance is included within amounts owed by group undertakings due within one year.

During the year, the company made payments of £7,337 (2013: £nil) on behalf of Layar BV. Layar BV received £240,851 (2013: £nil) of cash transfers from the company, and provided services including labour and development of technology with a value of £101,088 (2013: £nil) to the company. The company provided services, including admin support and access to technology with a value £19,610 (2013: £nil) to Layar BV. At the year end, the total balance owing by Layar BV to the company in relation to these transactions was £166,711 (2013: £nil). This balance is included within amounts owed by group undertakings due within one year.

26. POST BALANCE SHEET EVENTS

After the year end the company issued 256,344 Preference 'C' shares for £15,989,407.

After the year end the company invested in Wave Optics Limited for a 4.47% holding.

27. 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 December 2014. The consolidated financial statements of Blippar.com Ltd are available from Blippar, 5th Floor West, 1 London Bridge, London, SE1 9BG.