

BLIPPAR.COM LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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BLIPPAR.COM LTD

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BLIPPAR.COM LTD

COMPANY INFORMATION

DIRECTORS

Jason Ball
David Currie
Ambarish Mitra
Jessica Simpson
Steven Smith
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 31 MARCH 2017

The directors present the Strategic Report for the Blippar.com Ltd group (the "Group") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group specialises in the field of Augmented Reality and Computer Vision and the principal activity of the Group and Blippar.com Ltd (the "Company") is the provision of technology products and tools that harness Augmented Reality, Computer Vision and Artificial Intelligence for a number of sectors (i.e. advertising, enterprise solutions and fintech).

The results of the Group for the year, as set out on pages 12-19, show a loss before income tax of £34.4m (2016 - 16 month period: loss of £24.2m). The equity of the Group totals £10.4m (2016: £39.3m).

The losses arising in the year are the direct result of the Group prioritising investment into cutting edge, technology over short term profits during the last twelve months. In order to fund this strategy, the Group raised finance of £53.5m prior to this accounting period. Significant progress has been made in launching a number of new products during the year including the Augmented Reality Digital Placement ("ARDP"), which revolutionises the traditional banner advertising space as well as an updated Augmented Reality Software Development Kit ("SDK"), which allows any business to integrate augmented reality technology into their own apps and supports both the iOS and the Android platforms. The Group's investment in Computer Vision has led to the release of a number of Computer Vision APIs, which provide world-leading recognition capability across a number of verticals, including cars, fashion and faces. In addition, the Group's focus on computer vision technology led to a breakthrough in location-based augmented reality with the launch of Blippar's Urban Visual Positioning system, which provides far more accurate location data than GPS and can cover entire cities. The Group's ability to provide a full stack technology solution across multiple platforms has led to a change in the revenue mix compared to prior periods.

Average headcount in the technology team increased during that period, particularly in relation to highly skilled technology engineers and developers as the Group's focus on building out a world leading augmented reality and computer vision function continues.

In order to ensure the Group remains focused on its investment in Augmented Reality and Computer Vision, as well as core markets with the highest growth potential, operations in the Netherlands, Turkey and Japan have been discontinued. Each of these markets will continue to be served by Blippar's network of resellers. Technology operations have been consolidated and the artificial intelligence team in London has grown in capability during the period, whilst the main commercial functions are located in London and New York.

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 and legal department takes on the oversight role in this regard. The Group finance and legal 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. In addition, the Group has invested time and resource to be compliant with the EU's General Data Protection Regulation which took effect from May 2018.

BLIPPAR.COM LTD

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Group finances its operations through a combination of credit recoverability and external funding raised through share issuances. Existing investors continued to provide funding post year end by way of convertible loan notes. 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 the Company is included in the Directors' Report.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group has made significant progress throughout the year in relation to its R&D strategy which has been prioritised over profitability. The Group holds £7.5m of capitalised development costs as an intangible asset on the balance sheet, valued on a cost basis. The Board monitors the progress of the Group by reference to the following financial KPIs in order to support its R&D strategy:

	Year-ended 31 March 2017	16 month period-ended 31 March 2016
	£m	£m
Revenue	5.7	8.5
Cash at bank and in hand	10.1	31.7

The board also monitors a number of non-financial KPIs including the number of highly skilled engineers employed by the Group and the number of new, cutting edge products released by the Group.

TRANSITION TO IFRS

During the year the Group transitioned from UK Generally Accepted Accounting principles ("UK GAAP") to International Financial Reporting Standards ("IFRS"). The prior period comparatives are also shown under IFRS. This restatement has resulted in the balance sheet at 31 March 2016 showing an increase in total equity of £2.7m from £36.6m of net assets under UK GAAP to £39.3m of net assets under IFRS. The consolidated income statement for the period ended 31 March 2016 shows a decrease in the loss for the period of £2.3m from £26.5m to £24.2m. Further information on the impact of this transition can be found in note 23, First-time adoption of IFRS.

FUTURE DEVELOPMENTS

The Group intends to continue investing in its Augmented Reality, Artificial Intelligence and Computer Vision capabilities, capitalising on the current and predicted future growth in this sector. With the continuing expansion of AI into its products and the introduction of new AR products, the Group is increasing its capability in this market. The Group acknowledges the need for R&D growth and investment at this point in time whilst setting a path towards profitability over the next 12 months. To deliver on the Group's vision and realise its growth potential, the Group requires a more centralised team and as a result, will further consolidate its technology operations into London and Bangalore. Over the last two years the Group's reseller ecosystem has grown, resulting in an expanded global footprint without the need for multiple international offices beyond the Group's core markets.

This report was approved by the board on 8 June 2018 and signed on its behalf by:

Ambarish Mitra
Director



**BLIPPAR.COM LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

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 year ended 31 March 2017. The comparatives relate to the 16 month period ended 31 March 2016.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Group and Company continued to be the provision of technology products and tools that harness Augmented Reality, Computer Vision and Artificial Intelligence for a number of sectors (i.e. advertising, enterprise solutions, fintech). The Group and Company are expected to continue this activity into the foreseeable future.

RESULTS AND DIVIDENDS

The Group loss for the year amounted to £34.5m (2016 (16 month period): loss of £24.2m).

No dividends were paid during the year (2016: £nil). The directors do not recommend the payment of a final dividend (2016: £nil).

POLITICAL DONATIONS

The Group and Company have made no political donations in the current year (2016: £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 and external funding raised through share issuances. Existing investors provided additional funding at the year-end by way of convertible loan notes. 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 income statement.

BLIPPAR.COM LTD

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

DIRECTORS

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

Jason Ball	
David Currie	
Andrew Graham	Resigned 12 June 2017
Ambarish Mitra	
Azman Mokhtar	Resigned 18 April 2016
Doreswamy Nandkishore	Resigned 17 April 2018
Javier Santiso	Appointed 18 April 2016, Resigned 22 May 2018
Jessica Simpson	
Steven Smith	
Omar Tayeb	

GOING CONCERN

The Group has incurred losses from operations as it continues to prioritise investment into technology over short term profits. This investment has resulted in the need to obtain additional funding to continue with further investment in the Group's technology and continue as a going concern. The Group is in advanced discussions with a number of potential strategic investors on the injection of new capital and has the support of its existing investors to enable the business to continue in operation and prioritise further investment in its technology. It is the Directors' reasonable expectation that the injection of new capital will materialize in order to support the company to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to prepare the financial statements on a going concern basis. It should be noted that the funding is not yet agreed and that as a result this constitutes as a material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group is unable to continue as a going concern.

BLIPPAR.COM LTD

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company'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 8 June 2018 and signed on its behalf by:



Ambarish Mitra
Director

BLIPPAR.COM LTD

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 2017 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the group's and company's ability to continue as a going concern. The group has incurred losses as it prioritises investment into technology over short term profits. The group requires additional funding in order to continue operations for 12 months following the date of approval of these financial statements. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

What we have audited

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

- the Consolidated and Company Balance Sheets as at 31 March 2017;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statement of Changes in Equity 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 the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

BLIPPAR.COM LTD

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

BLIPPAR.COM LTD

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

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

8 June 2018

BLIPPAR.COM LTD

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

		Year ended 31 March 2017	Period ended 31 March 2016
	Note	£	(1) (2) (restated) £
Turnover	2	5,697,862	8,485,364
Cost of Sales		(4,322,726)	(5,962,238)
Gross Profit		1,375,136	2,523,126
Administrative expenses	3	(35,975,716)	(26,701,309)
Other Income		91,794	18,252
Operating loss	4	(34,508,786)	(24,159,931)
Finance income	8	71,026	2,872
Finance costs	8	(87,693)	(45,603)
Finance costs - net	8	(16,667)	(42,731)
Loss before income tax		(34,525,453)	(24,202,662)
Income tax expense	9	71,882	(9,712)
Loss for the year/period		(34,453,571)	(24,212,374)

(1) Restated to include IFRS transition adjustments (refer to note 23)

(2) Restated to include a prior period adjustment of administrative expenses (refer to note 25)

All amounts relate to continuing operations.

The notes on pages 20 to 45 form part of these financial statements.

BLIPPAR.COM LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Year ended 31 March 2017	Period ended 31 March 2016 (1) (2) (restated)
	£	£
Loss for the year/period	(34,453,571)	(24,212,374)
<i>Items that will not be reclassified to profit or loss:</i>		
Foreign exchange difference on consolidation	(1,191,597)	663,956
Other comprehensive (loss)/income for the year/period, net of income tax	(1,191,597)	663,956
Total comprehensive loss for the year/period	(35,645,168)	(23,548,418)

(1) Restated to include IFRS transition adjustments (refer to note 23)

(2) Restated to include a prior period adjustment of administrative expenses (refer to note 25)

The notes on pages 20 to 45 form part of these financial statements.

BLIPPAR.COM LTD
Registered Number: 07446749

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

		As at 31 March 2017	As at 31 March 2016 ^{(1) (2)} (restated)	As at 30 November 2014 ⁽¹⁾ (restated)
	Note	£	£	£
Fixed assets				
Intangible assets	10	7,464,355	6,427,139	4,615,684
Tangible assets	11	728,737	985,802	252,198
Investments	12	137,457	137,457	-
		<u>8,330,549</u>	<u>7,550,398</u>	<u>4,867,882</u>
Current assets				
Debtors	14	3,040,100	3,767,882	2,815,894
Cash at bank and in hand		10,088,692	31,747,253	1,358,931
		<u>13,128,792</u>	<u>35,515,135</u>	<u>4,174,825</u>
Creditors: amounts falling due within one year	15	<u>(11,100,247)</u>	<u>(3,731,844)</u>	<u>(1,661,203)</u>
Net assets		<u>10,359,094</u>	<u>39,333,689</u>	<u>7,381,504</u>
Capital and reserves				
Authorised called up share capital	17	2,562	2,512	1,802
Share premium account	18	65,140,018	65,139,568	11,674,342
Share option reserve	18	8,980,313	2,310,240	275,573
Foreign exchange reserve	18	(474,326)	717,271	53,315
Profit and loss account	18	<u>(63,289,473)</u>	<u>(28,835,902)</u>	<u>(4,623,528)</u>
Total Equity		<u>10,359,094</u>	<u>39,333,689</u>	<u>7,381,504</u>

(1) Restated to include IFRS transition adjustments (refer to note 23)

(2) Restated to include a prior period adjustment of administrative expenses (refer to note 25)

The notes on pages 20 to 45 form part of these financial statements.

The financial statements on pages 12 to 45 were approved and authorised for issue by the board and were signed on its behalf on 8 June 2018 by:


Ambarish Mitra
 Director

BLIPPAR.COM LTD
Registered Number: 07446749

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

		As at 31 March 2017	As at 31 March 2016 <small>(1) (restated)</small>
	Note	£	£
Fixed assets			
Intangible assets	10	7,464,355	2,853,949
Tangible assets	11	366,885	478,698
Investments	12	137,457	4,866,665
		<u>7,968,697</u>	<u>8,199,312</u>
Current assets			
Debtors	14	16,693,929	13,143,862
Cash at bank and in hand		8,899,404	30,964,354
		<u>25,593,333</u>	<u>44,108,216</u>
Creditors: amounts falling due within one year	15	<u>(10,623,875)</u>	<u>(2,430,707)</u>
Net assets		<u>22,938,155</u>	<u>49,876,821</u>
Capital and reserves			
Authorised called up share capital	17	2,562	2,512
Share premium account	18	65,140,018	65,139,568
Share option reserve	18	3,499,734	885,879
Profit and loss account	18	(45,704,159)	(16,151,138)
Total Equity		<u>22,938,155</u>	<u>49,876,821</u>

(1) Restated to include IFRS transition adjustments (refer to note 23)

The notes on pages 20 to 45 form part of these financial statements.

The financial statements on pages 12 to 45 were approved and authorised for issue by the board and were signed on its behalf on 8 June 2018 by:


Ambarish Mitra
 Director

BLIPPAR.COM LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

		Year ended 31 March 2017	Period ended 31 March 2016
	Note	£	(1) (2) (restated) £
Net cash flow from operating activities	20	(22,287,136)	(18,399,696)
Tax paid		71,882	(9,712)
Net cash flow from operating activities		(22,215,254)	(18,409,408)
Cash flows from investing activities			
Interest received		71,026	2,872
Purchase of subsidiary		-	(252,234)
Purchase of investments		-	(137,457)
Purchase of tangible fixed assets	11	(296,508)	(1,084,220)
Purchase of intangibles	10	(7,097,173)	(3,151,564)
Net cash flows from investing activities		(7,322,655)	(4,622,603)
Cash flows from financing activities			
Interest paid		(87,693)	(45,603)
Issue of shares		500	53,465,936
Issue of convertible note		7,966,541	-
Repayment of other loans		-	-
Net cash flows from financing activities		7,879,348	53,420,333
Net (Decrease)/Increase in cash and cash equivalents		(21,658,561)	30,388,322
Cash and cash equivalents at the beginning of the year/period		31,747,253	1,358,931
Cash and cash equivalents at the end of the year/period		10,088,692	31,747,253

(1) Restated to include IFRS transition adjustments (refer to note 23)

(2) Restated to include a prior period adjustment of administrative expenses (refer to note 25)

The notes on pages 20 to 45 form part of these financial statements.

BLIPPAR.COM LTD

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

		Year ended 31 March 2017	Period ended 31 March 2016 (1) (restated)
	Note	£	£
Net cash flow from operating activities	20	(22,177,918)	(17,889,207)
Tax paid		38,161	(5,458)
Net cash flow from operating activities		(22,139,757)	(17,894,665)
Cash flows from investing activities			
Interest received		68,718	2,710
Purchase of subsidiary		(718,229)	(1,201,728)
Purchase of investments		-	(137,457)
Purchase of tangible fixed assets	11	(89,609)	(556,173)
Purchase of intangibles	10	(7,097,173)	(3,151,564)
Net cash flows from investing activities		(7,836,293)	(5,044,212)
Cash flows from financing activities			
Interest paid		(55,941)	(44,450)
Issue of shares		500	53,465,936
Issue of convertible note		7,966,541	-
Repayment of other loans		-	-
Net cash flows from financing activities		7,911,100	53,421,486
Net (Decrease)/Increase in cash and cash equivalents		(22,064,950)	30,482,609
Cash and cash equivalents at the beginning of the year/period		30,964,354	481,745
Cash and cash equivalents at the end of the year/period		8,899,404	30,964,354

(1) Restated to include IFRS transition adjustments (refer to note 23)

The notes on pages 20 to 45 form part of these financial statements.

Registered number: 07446749

BLIPPAR.COM LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Authorised called up share capital £	Share premium account £	Share option reserve £	Profit and loss account £	Foreign exchange reserve £	Total Equity £
Balance at 1 December 2014 (restated) ⁽¹⁾	19	1,802	11,674,342	275,573	(4,623,528)	53,315	7,381,504
Loss for the period		-	-	-	(24,212,374)	-	(24,212,374)
Other comprehensive income for the period		-	-	-	-	663,956	663,956
Total comprehensive loss for the period		-	-	-	(24,212,374)	663,956	(23,548,418)
Share issued during the period		710	-	-	-	-	710
Premium on shares issued during the period		-	53,465,226	-	-	-	53,465,226
Share options expense for the period		-	-	2,034,667	-	-	2,034,667
Balance at 31 March 2016 (restated) ⁽¹⁾⁽²⁾	19	2,512	65,139,568	2,310,240	(28,835,902)	717,271	39,333,689
Loss for the year		-	-	-	(34,453,571)	-	(34,453,571)
Other comprehensive loss for the year		-	-	-	-	(1,191,597)	(1,191,597)
Total comprehensive loss for the year		-	-	-	(34,453,571)	(1,191,597)	(35,645,168)
Share issued during the year		50	-	-	-	-	500
Premium on shares issued during the year		-	450	-	-	-	-
Share options expense for the year		-	-	6,670,073	-	-	6,670,073
Balance at 31 March 2017	19	2,562	65,140,018	8,980,313	(63,289,473)	(474,326)	10,359,094

(1) Restated to include IFRS transition adjustments (refer to note 23)

(2) Restated to include a prior period adjustment of administrative expenses (refer to note 25)

The notes on page 20 to 45 form part of these financial statements

BLIPPAR.COM LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Authorised called up share capital £	Share premium account £	Share option reserve £	Profit and loss account £	Foreign exchange reserve £	Total Equity £
Balance at 1 December 2014 (restated) ⁽¹⁾	19	1,802	11,674,342	266,680	(4,331,730)	-	7,611,094
Loss for the period							
Other comprehensive income for the period		-	-	-	(11,819,408)	-	(11,819,408)
Total comprehensive loss for the period		-	-	-	(11,819,408)	-	(11,819,408)
Share issued during the period		710	-	-	-	-	710
Premium on shares issued during the period		-	53,465,226	-	-	-	53,465,226
Share options expense for the period		-	-	619,199	-	-	619,199
Balance at 31 March 2016 (restated) ⁽¹⁾	19	2,512	65,139,568	885,879	(16,151,138)	-	49,876,821
Loss for the year		-	-	-	(29,553,021)	-	(29,553,021)
Other comprehensive loss for the year		-	-	-	(29,553,021)	-	(29,553,021)
Total comprehensive loss for the year		-	-	-	(29,553,021)	-	(29,553,021)
Share issued during the year		50	-	-	-	-	50
Premium on shares issued during the year		-	450	-	-	-	450
Share options expense for the year		-	-	2,613,855	-	-	2,613,855
Balance at 31 March 2017	19	2,562	65,140,018	3,499,734	(45,704,159)	-	22,938,155

(1) Restated to include IFRS transition adjustments (refer to note 23)

The notes on page 20 to 45 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICY

1.1. Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006 applicable to companies under IFRS. The Group has previously prepared its financial statements under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), however for the year ended 31 March 2017, it has prepared its financial statements under IFRS. In accordance with IFRS 1, a detailed explanation of the impact of the transition from UK GAAP to IFRS, setting out the restatement of the comparatives of the 16 month period ended 31 March 2016 and the opening IFRS balance sheet at 1 December 2014 (the Group's date of transition) is included in Note 23.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Group has not applied any new Standard or Interpretation that has been issued but is not yet effective.

1.2. Going concern

The Group has incurred losses from operations as it continues to prioritise investment into technology over short term profits. This investment has resulted in the need to obtain additional funding to continue with further investment in the Group's technology and continue as a going concern.

The Group made a loss during the year of £34.5m and had net cash outflow from operations of £22.2m during the year ended 31 March 2017. As at 31 March 2017, the Group had cash at bank and in hand of £10.1m.

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 continued investment into the technology capabilities of the business alongside the requirement for another round of funding within the next 12 months. Due to the ongoing development of the Group's technological capability, the directors are confident that this funding can be secured.

The Group is in advanced discussions with a number of potential strategic investors on the injection of new capital and has the support of its existing investors to enable the business to continue in operation and prioritise further investments in its technology. It is because of this support from its existing investors and the ongoing development of the Group's technological capability, that the Directors consider it appropriate to prepare the financial statements on a going concern basis. It should be noted that the funding is not yet agreed and that as a result this constitutes as a material uncertainty that may cast significant doubt about the Group's and company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group and Company were unable to continue as a going concern.

1.3. Basis of consolidation

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICY (continued)

1.4. Turnover

Turnover comprises revenue recognised by the Group 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:-

- Software Development Kit license revenue is recognised on a straight-line basis over the life of the licence.
- 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.

1.5. 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 upon acquisition. It is amortised to the income statement over its estimated economic life. The estimated economic life of goodwill is 20 years.

Development and patent costs are capitalised as intangible assets stated at cost less amortisation. The cost element includes salary related expenses incurred by the employees employed within the Technology departments, rent associated with the relevant offices and patents developed by the Group.

When determining the costs to be capitalised the Group has used the following key assumptions:

- Employees within the Technology departments of the Group are allocated a salary percentage based on the seniority of the role within the team.
- Where the rental cost can be reliably attributed to Technology departments it has been capitalised.

Development costs are capitalised when the conditions set out in IAS 38 are satisfied; development costs not meeting the relevant criteria are expensed to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICY (continued)

1.5. Intangible assets and amortisation (continued)

Amortisation is provided at rates calculated to write off the intangible assets over their expected useful lives. The Group has calculated this over a 3 year period on a straight-line basis. 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 – Straight line basis
- 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 a provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

1.8. Operating leases

Rentals under operating leases are charged to the income statement 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICY (continued)

1.10. Financial Instruments

Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Group's financial assets comprise of trade and other receivables and cash and cash equivalents on the balance sheet.

Financial Liabilities

The Group's financial liabilities comprise of trade and other payables, measured at amortised cost and a convertible loan note, measured at fair value through profit and loss.

1.11 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 income statement, except gains and losses which arise on consolidation which are taken to the foreign exchange reserve.

1.12 Share-based payments

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

The fair value of the 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 income statement. 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.

1.13 Accrued holiday pay

A provision is made for holidays accrued and not taken at the balance sheet date, the expense is charged to the Income Statement.

BLIPPAR.COM LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****2. Turnover**

The whole of the turnover is attributable to the Group's principal activity, the provision of technology products and tools that harness Augmented Reality, Computer Vision and Artificial Intelligence.

A geographical analysis of turnover is as follows:

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
United Kingdom	1,005,988	2,770,591
Rest of European Union	1,242,771	1,156,244
Rest of the World	3,449,103	4,558,529
	<u>5,697,862</u>	<u>8,485,364</u>

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. Administrative Expenses

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Staff costs (excluding costs included within cost of sales)	10,161,091	10,048,552
Server costs	5,000,538	2,227,919
Rent and office expenses	1,750,434	1,978,272
Share based payment expense	6,670,073	2,034,667
Other staff related costs	3,398,836	4,968,105
Professional fees	1,440,108	1,834,722
Depreciation	468,688	350,616
Amortisation	2,486,767	1,045,852
Goodwill Impairment	3,573,190	507,594
Other expenses	1,025,991	1,705,010
	<u>35,975,716</u>	<u>26,701,309</u>

BLIPPAR.COM LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****4. Operating loss**

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
The operating loss is stated after the following:		
Amortisation of intangible assets	2,486,767	1,045,852
Depreciation of tangible assets	468,688	350,616
Operating lease rentals	1,353,945	1,438,398
Difference on foreign exchange	<u>(3,938,355)</u>	<u>295,994</u>

The remuneration payable to the Group's auditors in relation to audit services of £68,000 (2016: £53,000) and non-audit services (taxation advice and compliance) of £156,600 (2016: £58,600) is included in the aggregate fees of the financial statements of Blippar.com Ltd, the ultimate parent company.

5. Staff costs

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

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Wages and salaries	13,513,262	12,075,106
Social security costs	1,018,671	1,422,798
Other pension costs (note 22)	4,036	-
Share-based payments	<u>6,670,073</u>	<u>2,034,667</u>
	<u>21,206,042</u>	<u>15,532,571</u>

The average number of persons employed by the Group (including directors) during the year/period was:

	Year ended 31 March 2017 No.	Period ended 31 March 2016 No.
Directors	8	4
Admin	27	22
Sales	46	58
Marketing	8	12
Technology	116	60
Delivery	<u>56</u>	<u>65</u>
	<u>261</u>	<u>221</u>

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6. Key Management

Directors and key managers are the only key management identified, information regarding key management remuneration is as follows:

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Short term employee benefits	1,107,443	1,154,738
Share-based payments	1,308,469	487,113
	<u>2,415,912</u>	<u>1,641,851</u>

Information regarding the highest paid Director or key manager is below:

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Short term employee benefits	250,000	339,902
Share-based payments	35,166	43,958
	<u>285,166</u>	<u>383,860</u>

There were no pension contributions made and no options exercised during the year by the highest paid director.

In the current year, a total of 500,000 (2016: 518,786) share options were exercised by a director of the company.

7. Share based payments

The Blippar.com Ltd 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 granted options in July 2016, December 2016 and January 2017 during the year ended 31 March 2017.

An employee's share options will vest across 3 years and become exercisable upon a sale or IPO, unless a decision is made at Board discretion. 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 ended 31 March 2016 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.

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7. Share based payments (continued)

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

	2013 Dec 12-Nov 13	2014 Dec 13-Nov 14	2016 Dec 14-Mar 16	2017 Apr 16-Mar 17
Share price at grant date	£0.064	£0.211-£2.049	£2.049-£6.502	£9.488-£10.184
Exercise price	£0.0001-£0.04088	£0.001-£1.370	£0.001-£7.482	£0.008-£10.144
Number of employees	23	49	177	184
Options granted	4,145,430	2,416,300	1,925,295	1,297,329
Vesting period (years)	1-4	3	3	1-3
Expected volatility	500%	500%	500%	500%
Option life (years)	10	10	10	10
Expected life (years)	3	3	3	3
Risk-free interest rate	0.60%	0.60%	0.60%	0.60%
Expected dividends expressed	0%	0%	0%	0%
Fair value per option	£0.064	£0.211-£2.049	£2.049-£6.502	£9.488-£10.184

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected until 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 and the weighted average exercise price (WAEP) over the year to 31 March 2017 is shown below:

	2017 No.	2017 WAEP	2016 No.	2016 WAEP
Outstanding at 1 April 2016	7,533,496	£0.440	6,489,729	£0.077
Granted	1,297,329	£5.765	1,925,295	£1.661
Forfeited	(469,805)	(£3.336)	(352,742)	(£1.080)
Exercised	(500,000)	(£0.001)	(528,786)	(£0.001)
Outstanding at 31 March 2017	7,861,020	£1.174	7,533,496	£0.440

The weighted average fair value of options granted during the year was £12.7m (2016: £8.0m).

The weighted average share price during the year for options exercised over the year was £9.779 (2016: £4.66). The total charge for the year relating to employee share-based payment plans was £6,670,073 (2016: £2,034,667), all of which related to equity settled share-based payment transactions.

BLIPPAR.COM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. Finance income and costs

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Finance income		
On bank accounts	71,026	2,872
	<u>71,026</u>	<u>2,872</u>
Finance costs		
Bank charges	(73,705)	(12,026)
On loans	(13,988)	(33,577)
	<u>(87,693)</u>	<u>(45,603)</u>
Finance costs - net	<u>(16,667)</u>	<u>(42,731)</u>

9. Income tax expense

	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Loss before income tax	<u>(34,525,453)</u>	<u>(24,202,662)</u>
Loss before income tax multiplied by standard rate of corporation tax in the UK of 20% (2016: 20.25%)	6,905,091	4,901,039
Effects of:		
Non-deductible expenses	(1,363,018)	(546,131)
Non-taxable income	84,749	-
Timing differences	(35,738)	67,094
Tax losses carried forward	(9,567,715)	(5,855,297)
Overseas tax rate differences	3,904,749	1,443,007
Total tax expense for the year/period	<u>(71,882)</u>	<u>9,712</u>

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.

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 asset

The Group has not recognised a potential tax asset of £16,247,175 (2016: £6,679,461) relating to accumulated tax losses in the Group.

BLIPPAR.COM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Intangible assets

Group and Company

	Goodwill	Development and Patent Costs	Total
	£	£	£
Cost			
At 1 December 2014	4,239,502	554,677	4,794,179
Additions	213,337	3,151,564	3,364,901
Impairment	(507,594)	-	(507,594)
At 31 March 2016	3,945,245	3,706,241	7,651,486
Additions	-	7,097,173	7,097,173
At 31 March 2017	3,945,245	10,803,414	14,748,659
Accumulated Amortisation			
At 1 December 2014	89,422	89,073	178,495
Charge for the period	282,633	763,219	1,045,852
At 31 March 2016	372,055	852,292	1,224,347
Charge for the year	-	2,486,767	2,486,767
Impairment	3,573,190	-	3,573,190
At 31 March 2017	3,945,245	3,339,059	7,284,304
NBV At 31 March 2016	3,573,190	2,853,949	6,427,139
NBV At 31 March 2017	-	7,464,355	7,464,355

Augmented Reality, Computer Vision and Artificial Intelligence development has been capitalised as development costs on the basis described in Note 1.5.

The goodwill arising on the acquisition of Layar B.V. was fully impaired in the year because of the closure of the Layar B.V. business in Amsterdam.

The goodwill arising on the acquisition of Mobile R&D Inc. was fully impaired as the Company is no longer trading.

BLIPPAR.COM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Tangible assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Group				
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
Additions	5,403	47,076	244,029	296,508
Disposals	(152,648)	(1,981)	(2,435)	(157,064)
At 31 March 2017	407,552	362,212	726,762	1,496,526
Accumulated Depreciation				
At 1 December 2014	143,412	23,985	41,768	209,165
Charge for the period	153,380	67,476	129,760	350,616
Disposals	(141,428)	(18,676)	(28,397)	(188,501)
At 31 March 2016	155,364	72,785	143,131	371,280
Charge for the year	91,712	112,638	264,338	468,688
Disposals	(56,390)	6	(15,795)	(72,179)
At 31 March 2017	190,686	185,429	391,674	767,789
NBV at 31 March 2016	399,433	244,332	342,037	985,802
NBV at 31 March 2017	216,866	176,783	335,088	728,737

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Company				
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
Additions	-	12,887	76,722	89,609
Disposals	-	-	-	-
At 31 March 2017	342,127	97,807	319,023	758,957
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
Disposals	(141,714)	(18,293)	(26,257)	(186,264)
At 31 March 2016	61,512	35,230	93,908	190,650
Charge for the year	68,425	28,283	104,714	201,422
Disposals	-	-	-	-
At 31 March 2017	129,937	63,513	198,622	392,072
NBV at 31 March 2016	280,615	49,690	148,393	478,698
NBV at 31 March 2017	212,190	34,294	120,401	366,885

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Investments

During the period ended 31 March 2016, the Company acquired a 2.24% shareholding in Wave Optics Inc. which is held as an investment on the consolidated balance sheet. An impairment review has been performed during the year on the value of the investment and as a result no impairment has been recognised against the investment.

	Unlisted Investments £
Group	
Cost or valuation	
At 1 April 2016	137,457
Additions	-
Impairment	-
At 31 March 2017	137,457

Subsidiary undertakings

The following entities were subsidiary undertakings of the Company:

Name	Registered address	Country of incorporation	Principal activity	% of shares held	Class of share
Blippar LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801	USA	Distributor of Blippar products	100%	Ordinary
Layar B.V.	Weteringschans 109, 1017 SB Amsterdam, Netherlands	Netherlands	Non-trading	100%	Ordinary
Blippar Turkey Bilisim Teknolojileri A.S	Reşitpaşa Mahallesi, Eski Büyükdere Caddesi, No:14 Park Plaza Kat:4 İç Kapı No:13/1 Maslak, Sarıyer/İstanbul	Turkey	Non-trading	100%	Ordinary
Blippar K.K	Nishi Kanda 3-3-3, Chiyoda-ku, Tokyo, Japan	Japan	Non-trading	100%	Ordinary
Blippar.com India Private Limited	W-77 Regency Park DLF City, Phase II, Gurgaon, Haryana, India - 122002	India	Distributor of Blippar products	99.9%	Ordinary
Blippar Singapore Pte Ltd.	63 Market Street #09-02 Bank of Singapore Centre, Singapore (048942)	Singapore	Distributor of Blippar products	100%	Ordinary
Mobile R&D Inc.	14205 Burnet Road, Suite 110, Austin, Texas, 78728	USA	Non-trading	100%	Ordinary

BLIPPAR.COM LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****12. Investments (continued)**

The additions to investments in subsidiaries during the year relate to capital contributions made to Blippar India Private Limited.

Company	Unlisted Investments £	Investments in subsidiaries £	Total £
Cost or valuation at 31 March 2016	137,457	4,729,208	4,866,665
Additions	-	718,229	718,229
Impairment	-	(5,447,437)	(5,447,437)
At 31 March 2017	137,457	-	137,457

Following the impairment review for the year ended 31 March 2017 the Company has recognised an impairment expense of £5.5m in the income statement. This is as a result of the discontinued operations in the Netherlands, Turkey and Japan, refer to the Group Strategic Report.

An impairment loss has been recognised on the investment in Singapore, a continuing operation of Blippar.com Ltd.

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

13. Deferred income tax

The Group has not recognised current year deferred income tax assets of £9.6m (2016: £5.9m) in respect of losses amounting to £34.5m (2016: £24.2m). The Group has total deferred tax assets not recognised of £16.2m (2016: £6.7m) that can be carried forward against future taxable income.

The effect of further planned reductions to the main rate of UK corporation tax by a further 1% from 1 April 2017 to 19%, and by a further 2% from 1 April 2020 to 17% will be taken into account in subsequent accounting periods, primarily in relation to the valuation of the deferred tax assets and liabilities originated in the UK as the reductions to the corporation tax rates have been substantively enacted.

BLIPPAR.COM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. Debtors

	Group 31 March 2017 £	Group 31 March 2016 £	Company 31 March 2017 £	Company 31 March 2016 £
Trade receivables	940,370	1,224,303	312,084	287,495
Amounts owed by group undertakings	-	-	15,226,849	11,410,788
Other receivables	414,570	510,347	260,620	379,331
Prepayments and accrued income	1,685,160	2,033,232	894,376	1,066,248
	<u>3,040,100</u>	<u>3,767,882</u>	<u>16,693,929</u>	<u>13,143,862</u>

There is £500 included within other receivables for debts owed by directors of the Company as at March 2017 (2016: £47,411).

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

15. Creditors: amounts falling due within one year

	Group 31 March 2017 £	Group 31 March 2016 £	Company 31 March 2017 £	Company 31 March 2016 £
Trade payables	449,791	1,807,233	284,301	1,167,704
Amounts owed to group undertakings	-	-	277,053	-
Other taxation and social security	229,683	416,534	208,248	313,519
Other payables	8,141,626	4,006	8,032,431	-
Accruals and deferred income	2,279,147	1,504,071	1,821,842	949,484
	<u>11,100,247</u>	<u>3,731,844</u>	<u>10,623,875</u>	<u>2,430,707</u>

Included within the other payables balance of £8.1m is a \$10m convertible loan note (£8m). The funds were received on 24 March 2017, accruing interest at 8% per annum.

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16. Financial Instruments

Fair Values

The table below illustrates the fair values of all financial assets and liabilities held by the Group at 31 March 2017 and 31 March 2016.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The carrying value of these assets approximates to the fair value.

The Group's financial liabilities comprise of trade and other payables, measured at amortised cost and a convertible loan note, measured at fair value through profit and loss. The carrying value of these liabilities approximates to the fair value.

	Amortised cost	At fair value through profit & loss	Total
Classification of financial instruments	£'000	£'000	£'000
As at 31 March 2017			
Assets			
Cash and cash equivalents	10,088,692	-	10,088,692
Trade and other receivables	1,354,940	-	1,354,940
	11,443,632	-	11,443,632
Liabilities			
Convertible loan note	-	8,032,431	8,032,431
Trade and other payables	558,986	-	558,986
	558,986	8,032,431	8,591,417

	Amortised cost	At fair value through profit & loss	Total
Classification of financial instruments	£'000	£'000	£'000
As at 31 March 2016			
Assets			
Cash and cash equivalents	31,747,253	-	31,747,253
Trade and other receivables	1,734,650	-	1,734,650
	33,481,903	-	33,481,903
Liabilities			
Convertible loan note	-	-	-
Trade and other payables	1,811,239	-	1,811,239
	1,811,239	-	1,811,239

The Group performs an impairment review at the end of each financial year to assess the value of the financial assets and whether impairment needs to be recognised in the income statement. Following the impairment review for the year ended 31 March 2017 no impairment is to be recognised in the income statement.

The Group has exposure to the following risks arising from financial instruments.

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16. Financial Instruments (continued)

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 and external funding raised through share issuances. Existing investors provided additional funding at the year-end by way of convertible loan notes. 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 income statement.

17. Called up share capital

	31 March 2017 £	31 March 2016 £
Allotted, called up and fully paid:		
961,356 (2016 – 10,192,716) Ordinary shares of £0.0001 (2016 - £0.0001) each	96	1,019
9,731,360 Ordinary A1 shares of £0.000099 each (2016 - nil)	963	-
9,731,360 Ordinary A2 shares of £0.000001 each (2016 - nil)	10	-
3,265,490 Preferred Ordinary shares of £0.0001 (2016 - £0.0001) each	327	327
5,015,420 B Preferred Ordinary shares of £0.0001 (2016 - £0.0001) each	502	502
2,563,440 C Preferred Ordinary shares of £0.0001 (2016 - £0.0001) each	256	256
4,083,869 D Preferred Ordinary shares of £0.0001 (2016 - £0.0001) each	408	408
	<u>2,562</u>	<u>2,512</u>

On 28 April 2016, 500,000 Ordinary shares were issued to a Director of Blippar.com Ltd.

On 21 March 2017, 9,731,360 ordinary shares of £0.0001 were split into 9,731,360 A1 shares of £0.00099 and 9,731,360 A2 shares of £0.000001. Ordinary "A1" and "A2" shares do not hold any preference over the ordinary or preferred shares in existence. There was no effect on other shareholders as a result of this share split.

There is no maximum number of shares authorised by the articles of association.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
18. Reserves

	Share premium account £	Foreign exchange reserve £	Share option reserve £	Profit and loss account £
Group				
At 1 April 2016	65,139,568	717,271	2,310,240	(28,835,902)
Loss for the year	-	-	-	(34,453,571)
Premium on shares issued during the year	450	-	-	-
Share options expense for the year	-	-	6,670,073	-
Foreign exchange difference on consolidation	-	(1,191,597)	-	-
At 31 March 2017	65,140,018	(474,326)	8,980,313	(63,289,473)
	Share premium account £	Foreign exchange reserve £	Share option reserve £	Profit and loss account £
Company				
At 1 April 2016	65,139,568	-	885,879	(16,151,138)
Loss for the year	-	-	-	(29,553,021)
Premium on shares issued during the year	450	-	-	-
Share options expense for the year	-	-	2,613,855	-
At 31 March 2017	65,140,018	-	3,499,734	(45,704,159)

19. Reconciliation of movements in Total Equity

	Group Year Ended 31 March 2017 £	Group Period ended 31 March 2016 £	Company Year Ended 31 March 2017 £	Company Period ended 31 March 2016 £
Opening Equity	39,333,689	7,381,504	49,876,821	7,611,094
Loss for the year/period	(34,453,571)	(24,212,374)	(29,553,021)	(11,819,408)
Issue of shares	50	710	50	710
Share premium on shares issued	450	53,465,226	450	53,465,226
Share options expense for the year/period	6,670,073	2,034,667	2,613,855	619,199
Foreign exchange difference on consolidation	(1,191,597)	663,956	-	-
	10,359,094	39,333,689	22,938,155	49,876,821

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income statement. The Company's loss for the year/period was £29.6m (2016: £11.8m)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. Net cash flow from operating activities

Group	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Operating loss	(34,508,786)	(24,159,931)
Amortisation charges	2,486,767	1,045,852
Impairment of intangible assets	3,573,190	507,594
Disposal book value of property, plant and equipment	84,885	-
Depreciation	468,688	350,616
Share option expense	6,670,073	2,034,667
Decrease/(Increase) in debtors	727,782	(944,086)
(Decrease)/Increase in creditors	(598,138)	2,077,574
Foreign exchange difference on consolidation	(1,191,597)	688,018
Cash flow from operating activities	<u>(22,287,136)</u>	<u>(18,399,696)</u>

Company	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Operating loss	(29,603,959)	(11,772,210)
Amortisation charges	2,486,767	763,219
Impairment of intangible assets	5,447,437	616,082
Disposal book value of property, plant and equipment	-	-
Depreciation	201,422	190,832
Share option expense	2,613,855	619,199
Decrease/(Increase) in debtors	(3,550,067)	(10,221,616)
(Decrease)/Increase in creditors	226,627	1,915,287
Foreign exchange difference on consolidation	-	-
Cash flow from operating activities	<u>(22,177,918)</u>	<u>(17,889,207)</u>

BLIPPAR.COM LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****21. Operating lease commitments**

At 31 March, the Group's commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017 £	2016 £
Group		
Within 1 year	1,295,514	1,524,543
Between 2 and 5 years	3,036,822	3,922,317
Greater than 5 years	840,000	1,325,671
Total	<u>5,172,336</u>	<u>6,772,531</u>

At 31 March, the Company's commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017 £	2016 £
Company		
Within 1 year	395,450	395,450
Between 2 and 5 years	2,252,038	2,167,488
Greater than 5 years	840,000	1,320,000
Total	<u>3,487,488</u>	<u>3,882,938</u>

22. Pension commitments

In February 2017, the Company implemented a defined contribution personal pension scheme for all UK staff to which it contributed £4,036 during the year (2016: Nil); the scheme had 9 members at 31 March 2017 (2016: Nil). No other subsidiaries of the Group have a personal pension scheme. The unpaid pension contributions outstanding at the end of the year end totalled £2,018 (2016: Nil). The pension contributions incurred during the year ended 31 March 2017 were for employees who opted in at the start of the scheme. Auto-enrolment commenced in May 2017.

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. First-time adoption of IFRS

The Group has prepared financial statements which comply with IFRS, applicable for years ending on or after 31 March 2017, together with comparative period data as at, and for the period ended, 31 March 2016 as described in the accounting policies. In preparing these financial statements the Group's opening balance sheet was prepared as at 1 December 2014, the Group's date of transition to IFRS and this note explains the principal adjustments made by the Group in restating its UK GAAP balance sheet as at 1 December 2014 and 31 March 2016, its income statement for the period ended 31 March 2016 and its statement of other comprehensive income for the period ended 31 March 2016:

Group reconciliation of the balance sheet as at 1 December 2014:	UK GAAP as at 1 December 2014	IFRS Adjustments		IFRS as at 1 December 2014
	£	A	B	Restated £
Fixed assets				
Intangible assets	4,150,080	-	465,604	4,615,684
Investments	-	-	-	-
Tangible assets	252,198	-	-	252,198
	<u>4,402,278</u>	-	465,604	<u>4,867,882</u>
Current assets				
Debtors	2,815,894	-	-	2,815,894
Cash at bank and in hand	1,358,931	-	-	1,358,931
	<u>4,174,825</u>	-	-	<u>4,174,825</u>
Creditors: amounts falling due within one year	<u>(1,617,067)</u>	<u>(44,136)</u>	-	<u>(1,661,203)</u>
Net current assets	<u>2,557,758</u>	<u>(44,136)</u>	-	<u>2,513,622</u>
Net assets	<u>6,960,036</u>	<u>(44,136)</u>	465,604	<u>7,381,504</u>
Capital and reserves				
Called up share capital	1,802	-	-	1,802
Share premium account	11,674,342	-	-	11,674,342
Share option reserve	275,573	-	-	275,573
Foreign exchange reserve	53,315	-	-	53,315
Profit and loss account	<u>(5,044,996)</u>	<u>(44,136)</u>	465,604	<u>(4,623,528)</u>
Total Equity	<u>6,960,036</u>	<u>(44,136)</u>	465,604	<u>7,381,504</u>

BLIPPAR.COM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. First-time adoption of IFRS (continued)

Company reconciliation of the balance sheet as at 1 December 2014:	UK GAAP as at 1 December 2014	IFRS Adjustments		IFRS as at 1 December 2014
		A	B	Restated
	£			£
Fixed assets				
Intangible assets	-	-	465,604	465,604
Investments	4,143,562	-	-	4,143,562
Tangible assets	113,357	-	-	113,357
	<u>4,256,919</u>	<u>-</u>	<u>465,604</u>	<u>4,722,523</u>
Current assets				
Debtors	2,922,246	-	-	2,922,246
Cash at bank and in hand	481,745	-	-	481,745
	<u>3,403,991</u>	<u>-</u>	<u>-</u>	<u>3,403,991</u>
Creditors: amounts falling due within one year	<u>(484,835)</u>	<u>(30,585)</u>	<u>-</u>	<u>(515,420)</u>
Net current assets	<u>2,919,156</u>	<u>(30,585)</u>	<u>-</u>	<u>2,888,571</u>
Net assets	<u>7,176,075</u>	<u>(30,585)</u>	<u>465,604</u>	<u>7,611,094</u>
Capital and reserves				
Called up share capital	1,802	-	-	1,802
Share premium account	11,674,342	-	-	11,674,342
Share option reserve	266,680	-	-	266,680
Foreign exchange reserve	-	-	-	-
Profit and loss account	<u>(4,766,749)</u>	<u>(30,585)</u>	<u>465,604</u>	<u>(4,331,730)</u>
Total Equity	<u>7,176,075</u>	<u>(30,585)</u>	<u>465,604</u>	<u>7,611,094</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. First-time adoption of IFRS (continued)

Group reconciliation of the balance sheet as at 31 March 2016:	UK GAAP as at 31 March 2016 £	IFRS Adjustments			IFRS as at 31 March 2016 Restated £
		2014 Impact	A	B	
Fixed assets					
Intangible assets	3,573,190	465,604	-	2,388,345	6,427,139
Investments	137,457	-	-	-	137,457
Tangible assets	985,802	-	-	-	985,802
	<u>4,696,449</u>	<u>465,604</u>	<u>-</u>	<u>2,388,345</u>	<u>7,550,398</u>
Current assets					
Debtors	3,767,882	-	-	-	3,767,882
Cash at bank and in hand	31,747,253	-	-	-	31,747,253
	<u>35,515,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,515,135</u>
Creditors: amounts falling due within one year	(3,563,420)	(44,136)	(124,288)	-	(3,731,844)
Net current assets	31,951,715	(44,136)	(124,288)	-	31,783,291
Net assets	36,648,164	421,468	(124,288)	2,388,345	39,333,689
Capital and reserves					
Called up share capital	2,512	-	-	-	2,512
Share premium account	65,139,568	-	-	-	65,139,568
Share option reserve	2,310,240	-	-	-	2,310,240
Foreign exchange reserve	717,271	-	-	-	717,271
Profit and loss account	<u>(31,521,427)</u>	<u>421,468</u>	<u>(124,288)</u>	<u>2,388,345</u>	<u>(28,835,902)</u>
Total Equity	36,648,164	421,468	(124,288)	2,388,345	39,333,689

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. First-time adoption of IFRS (continued)

Company reconciliation of the balance sheet as at 31 March 2016:	UK GAAP as at 31 March 2016 £	IFRS Adjustments			IFRS as at 31 March 2016 Restated £
		2014 Impact	A	B	
Fixed assets					
Intangible assets	-	465,604	-	2,388,345	2,853,949
Tangible assets	478,698	-	-	-	478,698
Investments	4,866,665	-	-	-	4,866,665
	<u>5,345,363</u>	<u>465,604</u>	<u>-</u>	<u>2,388,345</u>	<u>8,199,312</u>
Current assets					
Debtors	13,143,862	-	-	-	13,143,862
Cash at bank and in hand	30,964,354	-	-	-	30,964,354
	<u>44,108,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,108,216</u>
Creditors: amounts falling due within one year	<u>(2,357,854)</u>	<u>(30,585)</u>	<u>(42,268)</u>	<u>-</u>	<u>(2,430,707)</u>
Net current assets	<u>41,750,362</u>	<u>(30,585)</u>	<u>(42,268)</u>	<u>-</u>	<u>41,677,509</u>
Net assets	<u>47,095,725</u>	<u>435,019</u>	<u>(42,268)</u>	<u>2,388,345</u>	<u>49,876,821</u>
Capital and reserves					
Called up share capital	2,512	-	-	-	2,512
Share premium account	65,139,568	-	-	-	65,139,568
Share option reserve	885,879	-	-	-	885,879
Foreign exchange reserve	-	-	-	-	-
Profit and loss account	<u>(18,932,234)</u>	<u>435,019</u>	<u>(42,268)</u>	<u>2,388,345</u>	<u>(16,151,138)</u>
Total Equity	<u>47,095,725</u>	<u>435,019</u>	<u>(42,268)</u>	<u>2,388,345</u>	<u>49,876,821</u>

BLIPPAR.COM LTD
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
23. First-time adoption of IFRS (continued)

Group reconciliation of the income statement for the period ended 31 March 2016:	UK GAAP for the period ended 31 March 2016 £	IFRS Adjustments		IFRS for the period ended 31 March 2016 Restated £
		A	B	
Turnover	8,485,364	-	-	8,485,364
Cost of Sales	(5,962,238)	-	-	(5,962,238)
Gross profit	2,523,126	-	-	2,523,126
Administrative expenses	(28,965,366)	(124,288)	2,388,345	(26,701,309)
Other income	18,252	-	-	18,252
Operating loss	(26,423,988)	(124,288)	2,388,345	(24,159,931)
Finance income	2,872	-	-	2,872
Finance costs	(45,603)	-	-	(45,603)
Finance costs - net	(42,731)	-	-	(42,731)
Loss before income tax	(26,466,719)	(124,288)	2,388,345	(24,202,662)
Income tax expense	(9,712)	-	-	(9,712)
Loss for the period	(26,476,431)	(124,288)	2,388,345	(24,212,374)
Group reconciliation of other comprehensive income for the period ended 31 March 2016:	Note restated £	A	B	Restated £
Loss for the period	(26,476,431)	(124,288)	2,388,345	(24,212,374)
<i>Items that will not be reclassified to profit or loss:</i>				
Foreign exchange difference on consolidation	663,956	-	-	663,956
Other comprehensive (loss)/income for the period, net of income tax	663,956	-	-	663,956
Total comprehensive loss for the period	(25,812,475)	(124,288)	2,388,345	(23,548,418)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. First-time adoption of IFRS (continued)

Explanation of adjustments

(A) Holiday pay accrual

Under UK GAAP no provision was made for employee holidays accrued. Under IAS 19 Employee Benefits, a provision is required for holidays accrued and not taken at the balance sheet date, the expense being charged to the profit and loss account.

(B) Capitalisation of development costs

Under UK GAAP development costs of intangible assets were not recognised. Under IAS 38 Intangible Assets, associated development costs can be recognised on the balance sheet if they meet the IAS 38 criteria. Salary costs and rent expenses associated with the technology employees have been reclassified from administrative costs in the income statement to intangible assets on the balance sheet.

24. Related parties

The Group is party to a network services agreement with Monster Technologies Ltd (previously ReadyCache) as service providers, the director of Monster Technologies Ltd is a related party to Omar Tayeb a director of Blippar.com Ltd. Monster Technologies Ltd provides network support services and other similar services to Blippar.com Ltd. Fees totalling £77k (2016: £107k) were incurred during the year ended 31 March 2017, there were no balances outstanding with Monster Technologies Ltd and ReadyCache at the end of the year (2016: £8k).

During the year, Blippar India Private Limited received £718k (2016: £516k) of cash transfers from the Company which were capitalised as capital contributions per Indian financial regulations. The Company provided services including administrative support and access to technology with a value of £836k (2016: £51k) during the year. The total balance owed to Blippar India Private Limited from the Company in relation to these transactions was £90k (2016: £75k). This balance is included within amounts owed by group undertakings due within one year.

The Company has taken advantage of the exemption under IAS 24 available to parent companies not to disclose transactions with its wholly owned subsidiaries within its financial statements. As Blippar India Private Limited is not a wholly owned subsidiary, information about transactions undertaken with Blippar India Private Limited is provided in this note.

The Company has made recharges totalling £0.4m (2016: £3.6m) to its fellow group undertakings in respect of management services.

Blippar.com Ltd holds an investment of £137,457 in Wave Optics Limited, an entity in which two of the current directors personally hold share capital.

25. Restatement

There has been a prior period adjustment, increasing administrative expenses by £384,165 in the consolidated income statement and increasing the foreign exchange reserve by £384,165 in the consolidated balance sheet. The restatement is due to a translation error in the prior period.

BLIPPAR.COM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

26. Ultimate parent company

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

Blippar.com Ltd is the parent undertaking and is responsible for the consolidation of the financial statements at 31 March 2017 for the largest and smallest undertakings of Blippar.com Group. The consolidated financial statements of Blippar.com Ltd are available from Blippar, 5th Floor West, 1 London Bridge, London, SE1 9BG

The Directors believe there is no overall Controlling Party.

27. Post balance sheet events

Post year end the Company obtained additional funding of \$26.3m in the form of convertible loan notes.

Post year end, subject to the completion of preemption process the Company has realised \$500,000 from sale of it's investment in WaveOptics Limited, as it was viewed as not being core to the business.