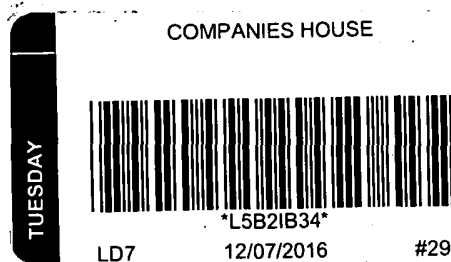


MELODYVR LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2015

Company Number: 9555357



MELODYVR LIMITED

REPORT AND FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 DECEMBER 2015

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MELODYVR LIMITED

COMPANY INFORMATION

FOR THE PERIOD ENDED 31 DECEMBER 2015

Directors

Anthony Matchett
Steven Hancock

Registered Office

69 Knowl Piece Wilbury Way
Hitchin
Hertfordshire
SG4 0TY

Company number

09237813

Auditors

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

MELODYVR LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

The Directors present their annual report on the affairs of the company, together with the financial statements for the period ended 31 December 2015.

The company was incorporated on the 22 April 2015 and commenced trading on that date.

RESULTS AND DIVIDENDS

The loss for the year, after tax, amounted to £186,558. The Directors do not propose a dividend.

DIRECTORS

The Directors of the Company during the period and subsequently, together with their interests in the equity of the Company are set out below:

	Number of ordinary shares
Anthony Matchett (appointed 22 April 2015)	55
Steven Hancock (appointed 22 April 2015)	45
	<hr/> <hr/>

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Reporting Standards ("IFRS") as adopted by the European Union ("EU") and to prepare the company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each person who was a director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ON BEHALF OF THE BOARD



Anthony Matchett
Director

27 April 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELODYVR LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2015

We have audited the financial statements of MelodyVR Limited for the period ended 31 December 2015 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash flows, and the related notes. The financial reporting framework that has been applied in their preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2015 and of the its loss for the period the ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

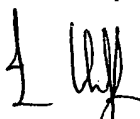
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Ian Cliffe
Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

27 April 2016

MELODYVR LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	2015 £
Administrative expenses		(186,558)
LOSS FOR THE PERIOD BEFORE TAXATION		
Taxation	6	-
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(186,558)</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Share capital £	Share Premium £	Retained Earnings £	Total Equity £
Shares issued	9,500	148,500	-	158,000
Loss for the period and total comprehensive loss for the period	-	-	(186,558)	(186,558)
Balance at 31 December 2015	<u>9,500</u>	<u>148,500</u>	<u>(186,558)</u>	<u>(28,558)</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

MELODYVR LIMITED

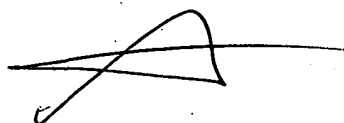
STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 DECEMBER 2015

Company number: 9555357

	Note	2015 £
NON-CURRENT ASSETS		
Intangible fixed assets	7	2,150
Tangible fixed assets.	8	39,894
		<u>42,044</u>
CURRENT ASSETS		
Trade receivables	9	17,510
Cash and cash equivalents	10	13,115
		<u>30,625</u>
CURRENT LIABILITIES		
Trade and other payables	11	(101,227)
NET LIABILITIES		
		<u>(28,558)</u>
EQUITY		
Share capital	12	9,500
Share Premium	12	148,500
Retained earnings		(186,558)
TOTAL EQUITY		
		<u>(28,558)</u>

These financial statements were approved by the Board of Directors on 27 April 2016 and were signed on its behalf by:



Anthony Matchett
Director

The accompanying accounting policies and notes are an integral part of these financial statements.

MELODYVR LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		(186,558)
Increase in trade and other receivables		(17,510)
Increase in trade and other payables		23,949
Depreciation		7,413
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(172,706)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets		(47,307)
Purchase of intangible fixed assets		(2,150)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(49,457)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from directors		77,278
Issue of shares		158,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>235,278</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,115
Cash and cash equivalents on incorporation		-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	10	<u>13,115</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

MelodyVR Limited is a private limited company incorporated in the United Kingdom. The Company's principal activities are the operation of immersive video recording technology.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the company.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Company are presented below under 'Statement of Compliance'.

Going Concern

The directors have prepared cash flow forecasts through to 31 December 2017 which assumes no significant investment activity is undertaken unless sufficient funding is in place. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due as a result of the post balance sheet event disclosed in note 14. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to:

Statement of compliance

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 (amendments) Sale or Contributions of Assets between an Investor and its Associate of Joint Venture
- Annual improvements to IFRSs: 2010-2012 Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets
- Annual improvements to IFRSs: 2011-2013 Amendments to IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.
- Annual Improvements to IFRSs: 2012-2104 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

2. ACCOUNTING POLICIES (continued)

Taxation

Current taxation is the taxation currently payable on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

The Company's financial assets comprise intangible and tangible fixed assets, trade and other receivables and cash and cash equivalents.

Intangible fixed assets

Intangible fixed assets are stated at fair value less amortisation. It is amortised to the statement of comprehensive income over its estimated economic life.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is calculated to write down the cost of all tangible fixed assets by equal monthly instalments over their estimated useful lives at the following rates-

Audiovisual production - 33% straight line
Computer Equipment - 33% straight line
Office Equipment - 25% straight line

Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2015

2. ACCOUNTING POLICIES (continued)

Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share Premium” represents the amount paid for equity shares over the nominal value.
- “Retained losses” represents retained losses.

3. SEGMENTAL INFORMATION

There is one continuing class of business, being the operation of immersive video recording technology.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4. AUDITOR’S REMUNERATION

2015
£

During the period the Company obtained the following services from the Company’s auditor:

Fees payable to the Company’s auditors for the audit of the Company’s annual accounts

5,000

5,000

5. DIRECTORS’ REMUNERATION

2015
£

Remuneration

-

During the year there were no retirement benefits accruing to the directors in respect of defined contribution pension schemes.

6. TAXATION

2015
£

Current tax on income for the period

-

The tax on the Company’s loss before tax differs from the theoretical amount that would arise using the weighted average rate applicable to losses as follows:

2015
£

Factors affecting the tax charge

Loss before tax

(186,558)

Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 20%

(37,312)

Deferred tax not recognised

21,075

Non-deductible expenses

16,237

Total tax

-

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2015

6. TAXATION (continued)

No deferred tax asset has been recognised as Directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 December 2015 the Company has tax losses carried forward of approximately £210,215.

7. INTANGIBLE FIXED ASSETS

**Trademark
£**

Cost	
Additions	2,150
At 31 December 2015	<u>2,150</u>
Depreciation	
Charge for the period	-
At 31 December 2015	<u>-</u>
Net Book Value	
At 31 December 2015	<u>2,150</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Audiovisual production £	Office Equipment £	Computer Equipment £	Total £
Cost				
Additions	31,138	585	15,584	47,307
At 31 December 2015	<u>31,138</u>	<u>585</u>	<u>15,584</u>	<u>47,307</u>
Depreciation				
At 22 April 2015				
Charge for the period	5,524	73	1,816	7,413
At 31 December 2015	<u>5,524</u>	<u>73</u>	<u>1,816</u>	<u>7,413</u>
Net Book Value				
At 31 December 2015	<u>25,614</u>	<u>512</u>	<u>13,768</u>	<u>39,894</u>

9. TRADE AND OTHER RECEIVABLES

**2015
£**

Trade receivables	8,000
Other debtors	9,510
	<u>17,510</u>

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts.

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2015

10. CASH AND CASH EQUIVALENTS	2015
	£
Cash and cash equivalents	13,115

The Directors consider that the carrying amount of cash and cash equivalent represents their fair value.

11. TRADE AND OTHER PAYABLES	2015
	£
Trade payables	18,950
Other creditors	82,277
	<u>101,227</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

12. ISSUED SHARE CAPITAL	Number of	Nominal	Share
	Shares	Value	premium
Issued and fully paid	No.	£	£
At 31 December 2015:			
Ordinary shares of £1 each	9,500	1	148,500

13. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

CREDIT RISK

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

LIQUIDITY RISK

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

MELODYVR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2015

13. FINANCIAL INSTRUMENTS (continued)

An analysis of trade and other payables is given in note 11.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2015
	£
Financial assets:	
Intangible fixed assets	2,150
Tangible fixed assets	39,894
Trade and other receivables	17,510
Cash and bank balances	13,115
Financial liabilities at amortised cost:	
Trade and other payables	<u>(101,227)</u>

14. POST BALANCE SHEET EVENTS

On 27 April 2016, Armstrong Ventures Plc conditionally agreed to acquire the company's entire issued share capital by way of a share for share transaction. The acquisition is subject to the approval of Armstrong Ventures Plc's shareholders on the 13 May 2016.

15. ULTIMATE CONTROLLING PARTY

As a result of the above post balance sheet event, the Directors consider Armstrong Ventures Plc to be the ultimate controlling party.