

Immotion Group PLC (“Immotion Group”; the “Company” or the “Group”)

Interim Results

Immotion Group PLC (AIM: IMMO.L), the provider of ‘Out of Home’ virtual reality (“VR”) experiences, is pleased to announce its Interim Results for the six months to 30 June 2018.

Highlights

- Listed on AIM in July 2018 (post period end), raising a total of £5.75m (before expenses) via an oversubscribed placing
- H1 total revenue £1.1*m (including £137,000 VR revenue)
- VR revenue expected to grow very significantly in H2 following post-listing activity
- Opened two owned and operated ImmotionVR experience centres in the UK which has increased to seven post period-end – the first in Bristol traded well throughout H1 2018
- First VR experiences launched with concession partners at LEGOLAND® Discovery Centre, Boston, USA and Resorts World, Birmingham, UK with further Concession partner experiences now open as at the date of this report
- Developed new and exclusive VR content, as well as Immotion Group’s proprietary operating system (CMS) to facilitate “Create – Publish – Distribute” model
- New exclusive distribution agreements with Leke VR for UK and USA
- Strong pipeline of concession and retail opportunities

*Includes revenue from discontinued activities

Sir Robin Miller, Non-Executive Chairman of Immotion Group, said:

“The Board and I were delighted by the support shown from investors for our IPO. We have an ambition to become a leading global player in the Out of Home’ VR experience market. By combining the creation of exciting content with high-quality motion platforms, Immotion Group delivers immersive, fun and educational VR experiences. Our first ImmotionVR experience centres and Concessions are trading well and we are very pleased by the positive response we have received from consumers. This has given the executive team the confidence to pursue a rapid roll out in the second half of the year.”

Enquiries:

| | | |
|--|---------------------------------|---|
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About Immotion Group

Immotion Group, co-founded by Martin Higginson and David Marks in 2017, generates revenues through the delivery to consumers of high quality "state of the art" VR experiences, combined with cutting-edge motion platforms at affordable price points through a range of channels:

- Concession partners - currently installed at a range of outlets including Merlin Entertainments' LEGOLAND® Discovery Centres in Boston, USA and Manchester, UK and Genting Resorts World in Birmingham - this channel provides an opportunity for its partners to earn ancillary revenues, as well as providing an exciting additional attraction to their facilities
- Owned and franchised VR experience centres, trading as ImmotionVR, located in high footfall retail and leisure malls
- Sales - sale of VR Motion Platforms to leisure and entertainment operators to provide the operator with the opportunity to drive substantial ancillary revenues

Chief Executive's Statement

The period under review culminated in our shares being successfully admitted to trading on AIM, in July 2018 (post period end), raising £5.75 million (before expenses) by way of a significantly oversubscribed placing of new shares. The IPO has provided us with the funds required to rapidly scale our business in the coming months.

The 'Out of Home' VR experience market is forecast to grow eight-fold to \$8 billion by 2022*, and Immotion Group has placed itself at the centre of what has been described as the "rising tide" of interest in VR.

Immotion Group is focused on becoming a leading participant in the 'Out of Home' VR experience market and we believe that the VR experiences we have developed will allow us to achieve this. Working closely with our Chinese motion platform manufacturer, Beijing LEKE VR Technology Co., Ltd ("Leke VR"), we have taken the basic VR motion platforms that they develop and have enhanced them with software and hardware upgrades, including our proprietary Content Management System, to deliver a truly differentiated offering. This combined solution gives Immotion Group the ability to offer partners a compelling ancillary revenue opportunity through exciting VR experiences.

We have exclusive distribution rights for Leke VR's motion platforms in the UK, Europe and the USA and Immotion Group has identified three routes to market:

- Concession partners, enabling Immotion Group and its partners to earn revenues, as well as providing an exciting additional attraction to its partner's facilities;

- Owned and franchised VR experience centres, trading as ImmotionVR, located in high footfall shopping and leisure destinations; and
- Sales of VR Motion Platforms to leisure and entertainment operators, providing the opportunity for the operator to drive substantial ancillary revenues.

Our recently updated agreement with Leke VR, announced in September 2018, underpins our belief that there is strong demand for premium content. We have agreed to supply content to Leke VR's installed base of machines (currently 1m "plays" per month) which will help them to differentiate themselves in the non-USA and European markets. Leke VR currently supplies VR Motion Platforms to China, Japan, Korea, Taiwan, New Zealand, Saudi, and Croatia and has ambitious plans to open more VR parks throughout Asia and to grow its distribution network significantly. We are currently working on a number of joint initiatives for attractions and VR motion platforms which will be designed by our UK teams in collaboration with Leke VR. These plans provide Immotion Group with the opportunity to build significant additional revenue from its content.

Our strategy to develop VR experiences was enabled through the acquisition of both Studio Liddell, our CGI studio in Manchester, and C2K, the Los Angeles based, live-action studio. These acquisitions were completed just before we entered the current period (in December 2017) and both companies immediately set to work producing or publishing a range of VR experiences specifically for motion platforms. These include the space action ride, 'Delta Zero' as well as a number of proprietary experiences, including a mixed live action and CGI underwater experience, 'Legend of Lusca'. Variations of old favourites, such as our VR Snow Rollercoaster; along with "seasonal" VR experiences for both Halloween and Christmas are also coming soon.

The interim results reflect the Company's legacy operations. In the UK, we have been finishing a small number of prestigious larger commercial projects, but have not sought to win new commercial business in 2018. We will continue with selected commercial client business in the USA until VR activities grow in that market. However, we intend to exit our Japanese branch. Our first owned and operated ImmotionVR experience centre in Bristol, UK, which opened in mid-December 2017, traded throughout the period. This experience centre, together with Resorts World Birmingham which opened at the end of March 2018, and our first LEGOLAND® Discovery Centre Concession installation, which opened in May 2018, provided us with our inaugural VR revenues of £137,000. Our ImmotionVR experience centre in the Arndale Centre, Manchester, UK opened just one month ahead of listing on 19 June 2018, so contributed to these H1 figures for only 12 days.

With several locations contributing for the whole of H2 2018, along with new sites (both ImmotionVR and Concessions) and machine sales, we expect very substantial growth in our VR revenues in H2 2018.

Outlook

Our decision to invest heavily in both a proprietary Content Management System and in VR experience origination during the period has started to deliver rewards. The differentiated offering that we have created is now allowing us to win significant long-term revenue generating relationships. Indeed, having

shown our VR experiences to a range of potential partners, we are now progressing a number of these to contract status. These are predominantly with UK based leisure players but we are also in final stage negotiations with a Spanish distributor which we hope to announce imminently.

We are pleased with our progress to date and are now looking to accelerate the growth of our installed base. We believe we can scale the business rapidly using both our owned, franchised and Concession models.

Our future pipeline is looking strong, and we are making significant headway in terms of our discussions with landlords and leisure operators alike. Regarding Concession partners, the revenue share model we have adopted allows us to expedite the decision-making process and benefits our company by providing us with immediate exposure to revenue. Plus, the relatively low price point of our experiences means that consumer uptake of our Concession partners' installations is strong, providing them with substantial ancillary revenues immediately, therefore positioning us a valuable partner of choice.

We are accelerating our efforts in the USA, and to that end, we have hired a sales director, a retail operations manager and rented a warehouse. We will shortly open two ImmotionVR experience centres in Los Angeles, which will give us a showcase as we begin to approach potential Concession partners.

All this gives me confidence that the year ahead will be characterised by growth and expansion. Comprised of experienced media and leisure entrepreneurs and award-winning content creators, I believe that our management team are well placed to overcome the challenges and exploit the opportunities which we will face as we seek to carve out a leading position in this exciting and rapidly evolving space.

The solid progress made so far in the 'out of home' VR marketplace has given the Board confidence in both our strategy and business model, and we believe that Immotion Group is well positioned to take advantage of the "rising tide" of interest in VR.

We would like to take this opportunity to welcome and thank the investors who participated in our IPO, and also thank our advisers for their support.

Martin Higginson

CEO

24 September 2018

Footnotes

*Location-Based Virtual Reality Market Report: Q1 2018 Update, Greenlight Insights

INTERIM CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2018

| | Notes | Unaudited Six months to 30 June 18 £'000 | Unaudited Period to 31 December 17 £'000 |
|--|-------|---|---|
| Continuing Operations | | | |
| Revenue | | 547 | - |
| Cost of sales | | (502) | - |
| Gross profit | | <u>45</u> | <u>-</u> |
| Administrative expenses | | (1,496) | (175) |
| Operating loss | | <u>(1,451)</u> | <u>(175)</u> |
| <div style="border: 1px solid black; padding: 5px;"> <p>“Adjusted operating loss” being operating loss before exceptional charges, depreciation and amortisation</p> <p>Amortisation</p> <p>Depreciation</p> <p>Acquisition & listing costs</p> <p>Operating loss</p> </div> | | | |
| | | (1,162) | (114) |
| | | (40) | - |
| | | (135) | - |
| | | (114) | (61) |
| | | <u>(1,451)</u> | <u>(175)</u> |
| Finance costs | | (27) | - |
| Loss before taxation | | <u>(1,478)</u> | <u>(175)</u> |
| Tax credit | | 84 | - |
| Loss for the period from continuing operations | | <u>(1,394)</u> | <u>(175)</u> |
| Loss from discontinued operations | 10 | (196) | - |
| TOTAL EXPENSE FOR THE PERIOD | | <u><u>(1,590)</u></u> | <u><u>(175)</u></u> |
| Loss on translation of subsidiary | | <u>(13)</u> | <u>-</u> |

| | | | |
|--|---|-------------------|-------------------|
| OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD | | (13) | - |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD | | (1,603) | (175) |
| | | <u> </u> | <u> </u> |
| Earnings per share | 4 | | |
| | | £ | £ |
| Basic EPS from continuing operations | | (0.14) | (0.15) |
| Basic EPS from discontinued operations | | (0.02) | - |
| | | <u> </u> | <u> </u> |
| Basic EPS from loss for the period | | (0.16) | (0.15) |
| | | | |
| Diluted EPS from continuing operations | | (0.13) | (0.15) |
| Diluted EPS from discontinued operations | | (0.02) | - |
| | | <u> </u> | <u> </u> |
| Diluted EPS from loss for the period | | (0.15) | (0.15) |
| | | <u> </u> | <u> </u> |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2018 (unaudited)

| | Share Capital | Share Premium reserve | Retained earnings | Foreign exchange reserve | Other reserves | Total |
|--|------------------|-----------------------------|----------------------|--------------------------------|-------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total comprehensive expense for the period | - | - | (175) | - | - | (175) |
| Issue of new shares | - | 3,704 | - | - | - | 3,704 |
| Balance at 31 December 2017 | <u>-</u> | <u>3,704</u> | <u>(175)</u> | <u>-</u> | <u>-</u> | <u>3,529</u> |
| Total comprehensive expense for the period | - | - | (1,590) | - | - | (1,590) |
| Currency translation expense | - | - | - | (13) | - | (13) |
| Issue of new shares | - | 571 | - | - | - | 571 |
| Bonus issue | 52 | (52) | - | - | - | - |
| Issue costs deducted from equity | - | (68) | - | - | - | (68) |
| Equity element of convertible loan | - | - | - | - | 126 | 126 |
| Balance at 30 June 2018 | <u>52</u> | <u>4,155</u> | <u>(1,765)</u> | <u>(13)</u> | <u>126</u> | <u>2,555</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

| | Notes | Unaudited 30 June 18 £'000 | Unaudited 31 December 17 £'000 |
|--------------------------------------|-------|----------------------------------|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 749 | 493 |
| Goodwill | 6 | 2,438 | 2,438 |
| Intangible assets | 6 | 610 | 458 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT ASSETS | | 3,797 | 3,389 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Trade and other receivables | | 987 | 865 |
| Deferred tax asset | | 9 | 85 |
| Cash and cash equivalents | | 109 | 755 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | | 1,105 | 1,705 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS | | 4,902 | 5,094 |
| | | <hr/> | <hr/> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | (1,321) | (1,146) |
| Bank overdraft and loans | | (726) | (357) |
| Corporation tax payable | | - | - |
| Deferred income | | (135) | (62) |
| | | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | | (2,182) | (1,565) |
| | | <hr/> | <hr/> |
| TOTAL CURRENT NET ASSETS | | 2,720 | 3,529 |
| | | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | | | |
| Bank loans | | (165) | - |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | | (165) | - |
| | | <hr/> | <hr/> |
| TOTAL NET ASSETS | | 2,555 | 3,529 |
| | | <hr/> | <hr/> |

CAPITAL AND RESERVES
ATTRIBUTABLE TO EQUITY HOLDERS OF THE
PARENT

| | | | |
|--------------------------|---|---------|-------|
| Issued Share capital | 7 | 52 | - |
| Share premium account | 7 | 4,155 | 3,704 |
| Other reserves | | 126 | - |
| Foreign exchange reserve | | (13) | - |
| Retained earnings | | (1,765) | (175) |
| | | <hr/> | <hr/> |
| | | 2,555 | 3,529 |
| | | <hr/> | <hr/> |

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2018

| | Unaudited Six months to 30 June 18 £'000 | Unaudited Period to 31 December 17 £'000 |
|---|--|---|
| OPERATING ACTIVITIES | | |
| Loss from ordinary activities | (1,603) | (175) |
| Adjustments for: | | |
| Depreciation | 135 | - |
| Amortisation | 200 | - |
| Finance costs | 27 | - |
| Foreign exchange on retranslation of fixed assets | 8 | - |
| Taxation payable | 84 | - |
| | <hr/> | <hr/> |
| Operating loss before changes in working capital and provisions | (1,149) | (175) |
| Decrease/(increase) in trade and other receivables | (122) | (12) |
| Decrease in trade and other payables | 248 | 163 |
| Decrease in loans | 172 | - |
| | <hr/> | <hr/> |
| Cash generated by operations | 298 | 151 |
| | <hr/> | <hr/> |
| Cash flows from operating activities | (851) | (24) |
| | <hr/> | <hr/> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (407) | - |
| Purchase of intangible assets | (352) | - |
| Cash with subsidiaries over which control has been obtained | - | 188 |
| | <hr/> | <hr/> |
| Cash consumed by investing activities | (759) | 188 |
| | <hr/> | <hr/> |
| FINANCING ACTIVITIES | | |
| Issue of ordinary shares | 503 | 591 |
| Issue of convertible loan | 488 | - |
| Finance costs | (27) | - |
| | <hr/> | <hr/> |
| Cash generated by financing activities | 964 | 591 |

| | | |
|---|-------------------|-------------------|
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (646) | 755 |
| | <u> </u> | <u> </u> |
| Cash and cash equivalents brought forward | 755 | - |
| | <u> </u> | <u> </u> |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 109 | 755 |
| | <u> </u> | <u> </u> |
| Represented by: | | |
| Cash at bank and in hand | 109 | 755 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

NOTES TO THE INTERIM REPORT
for the six months ended 30 June 2018

1. Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 25 September 2018. Immotion Group Plc (“the company”) is a Public Limited Company listed on AIM, incorporated in England and Wales. The interim consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

2. Statement of Accounting policies

2.1 Basis of Preparation

The entities consolidated in the half year financial statements of the company for the six months to 30 June 2018 comprise the company and its subsidiaries (together referred to as “the group”).

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements.

The directors are satisfied that, at the time of approving the consolidated interim financial statements, it is appropriate to adopt a going concern basis of accounting and in accordance with the recognition and measurement principles of International Financial Reporting Standards adopted for use in the European Union (“IFRS”).

2.2 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The interim results announcement has been prepared in accordance with International Financial Reporting Standards (“IFRS”), International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the European Union (“IFRSs”) and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of these consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates in preparing these consolidated half year financial statements.

The proceeds received on issue of the Group's convertible loan are allocated into their liability and equity components and presented separately in the Balance Sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. The difference between the net proceeds of the convertible loan and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Standards and amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 July 2018 or later periods and which the group has decided not to adopt early are:

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)

Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 January 2019)

Amendments to IAS 2 Income Taxes (effective for accounting periods beginning on or after 1 January 2019)

Amendments to IAS 23 Borrowing Costs (effective for accounting periods beginning on or after 1 January 2019)

The impact that the implementation of the above standards will have on the financial statements is currently being assessed.

3. Segment Information

The Group's primary reporting format for segment information is business segments which reflect the management reporting structure in the Group.

6 months to 30 June 2018

| | VR experiences | Client Services | Head Office | Total continuing operations 6 months to 30 June 2018 | Discontinued operations 6 months to 30 June 2018 | Total 6 months to 30 June 2018 |
|----------------------------------|-------------------|--------------------|----------------|--|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 137 | 410 | - | 547 | 527 | 1,074 |
| Cost of sales | (324) | (178) | - | (502) | (325) | (827) |
| Admin expenses* | - | (143) | (1,064) | (1,207) | (170) | (1,377) |
| Operating profit/(loss) | (187) | 89 | (1,064) | (1,162) | 32 | (1,130) |
| Amortisation | (38) | - | (2) | (40) | (160) | (200) |
| Depreciation | (72) | - | (63) | (135) | - | (135) |
| Acquisition and listing costs | - | - | (114) | (114) | (68) | (182) |
| Finance costs | - | - | (27) | (27) | - | (27) |
| Tax | - | - | 84 | 84 | - | 84 |
| Loss for the period | (297) | 89 | (1,186) | (1,394) | (196) | (1,590) |

For the period to 31 December 2017, all costs were head office costs.

*Admin expenses exclude depreciation, amortisation and acquisition and listing costs.

| | External revenue by location of customer | | | Total asset by location of assets | | Net tangible capital expenditure by location of assets | |
|--------------------------|--|------------------------|-----------|-----------------------------------|--------------|--|-----------|
| | 30-Jun-18 | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 31-Dec-17 |
| | Continuing £'000 | Discontinuing £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| United Kingdom | 134 | 279 | - | 4,394 | 4,604 | 564 | - |
| United States of America | 279 | - | - | 508 | 490 | 195 | - |
| Japan | - | 248 | - | - | - | - | - |
| United Arab Emirates | 134 | - | - | - | - | - | - |
| Total | <u>547</u> | <u>527</u> | <u>-</u> | <u>4,902</u> | <u>5,094</u> | <u>759</u> | <u>-</u> |

4. Earnings per share

The calculation of the group basic and diluted loss per ordinary share is based on the following data:

| | Unaudited Six months to 30 June 18 £'000 | Unaudited Period to 31 December 17 £'000 |
|--|---|---|
| The earnings per share is based on the following: | | |
| Continuing earnings post tax loss attributable to shareholders | (1,394) | (175) |
| Discontinued earnings post tax loss attributable to shareholders | (196) | - |
| | <u> </u> | <u> </u> |
| Basic Weighted average number of shares | 10,053,557 | 1,185,198 |
| Diluted Weighted average number of shares | 10,291,495 | 1,185,198 |
| | <u> </u> | <u> </u> |
| | £ | £ |
| Basic earnings per share | (0.16) | (0.15) |
| Diluted earnings per share | (0.15) | (0.15) |
| | <u> </u> | <u> </u> |
| Continuing earnings per share | (0.14) | (0.15) |
| Continuing diluted earnings per share | (0.13) | (0.15) |
| | <u> </u> | <u> </u> |
| Discontinued earnings per share | (0.02) | - |
| Discontinued diluted earnings per share | (0.02) | - |
| | <u> </u> | <u> </u> |

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the year. The weighted average number of equity shares in issue was 10,053,557.

5a. Business Combinations

On 12 December 2017 the Group acquired 100% of the ordinary shares in Studio Liddell Limited (renamed as Immotion Studios Limited on 7th June 2018) for a consideration of £1,600,000. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

| | Book value | Fair value adjustment | Fair value to Group |
|------------------------------|------------|--------------------------|------------------------|
| | £ | £ | £ |
| Intangible fixed assets | - | 231,000 | 231,000 |
| Tangible fixed assets | 238,962 | - | 238,962 |
| Receivables | 460,292 | - | 460,292 |
| Cash and cash equivalents | (7,569) | - | (7,569) |
| Payables | (475,680) | - | (475,680) |
| Loans | (194,002) | - | (194,002) |
| Deferred tax | 134,392 | (39,270) | 95,122 |
| | <hr/> | <hr/> | <hr/> |
| Net assets on acquisition | 156,395 | 191,730 | 348,125 |
| | | | <hr/> |
| Goodwill on acquisition | | | 1,251,875 |
| | | | <hr/> |
| Total consideration | | | 1,600,000 |
| | | | <hr/> <hr/> |
| Discharged by: | | | |
| | | | £ |
| Shares in Immotion Group Plc | | | 1,600,000 |
| | | | <hr/> |
| | | | 1,600,000 |
| | | | <hr/> <hr/> |

The revenue and loss included in the Consolidated Statement of Comprehensive Income for the 6 months to 30 June 2018 was £281,390 and (£559,917) pre-tax respectively.

Acquisition costs of approximately £25,000 were written off as overheads in the period.

The Directors have treated the acquisition as occurring on 31 December 2017 on the basis there was no material trade during the period to 31 December 2017.

The intangible fixed asset fair value adjustment is in relation to customer lists.

5b. Business Combinations

On 21 December 2017 the Group acquired 100% of the ordinary shares in C.2K Entertainment, Inc. for a consideration of £603,000. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

| | Book value | Fair value adjustment | Fair value to Group |
|------------------------------|------------|-----------------------|---------------------|
| | £ | £ | £ |
| Tangible fixed assets | 615 | - | 615 |
| Receivables | 307,489 | - | 307,489 |
| Cash and cash equivalents | 182,657 | - | 182,657 |
| Payables | (472,455) | - | (472,455) |
| Loans | (163,038) | - | (163,038) |
| | <hr/> | <hr/> | <hr/> |
| Net assets on acquisition | (144,732) | - | (144,732) |
| Goodwill on acquisition | | | 747,732 |
| | | | <hr/> |
| Total consideration | | | 603,000 |
| | | | <hr/> <hr/> |
| Discharged by: | | | |
| | | | £ |
| Shares in Immotion Group Plc | | | 603,000 |
| | | | <hr/> |
| | | | 603,000 |
| | | | <hr/> <hr/> |

The revenue and loss included in the Consolidated Statement of Comprehensive Income for the 6 months to 30 June 2018 was £660,796 and (£328,878) pre-tax respectively.

Acquisition costs of approximately £25,000 were written off as overheads in the period.

The Directors have treated the acquisition as occurring on 31 December 2017 on the basis there was no material trade during the period to 31 December 2017.

5c. Business Combinations

On 21 December 2017 the Group acquired 100% of the ordinary shares in VR Acquisition (Holdings) Limited for a consideration of £910,500. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

| | Book value | Fair value adjustment | Fair value to Group |
|------------------------------|------------|--------------------------|------------------------|
| | £ | £ | £ |
| Intangible fixed assets | 6,000 | 221,000 | 227,000 |
| Tangible fixed assets | 253,585 | - | 253,585 |
| Receivables | 153,285 | - | 153,285 |
| Cash and cash equivalents | 12,687 | - | 12,687 |
| Payables | (163,670) | - | (163,670) |
| Loan | - | - | - |
| Deferred tax | 28,595 | (38,590) | (9,995) |
| | <hr/> | <hr/> | <hr/> |
| Net assets on acquisition | 290,482 | 182,410 | 472,892 |
| Goodwill on acquisition | | | 437,608 |
| | | | <hr/> |
| Total consideration | | | 910,500 |
| | | | <hr/> <hr/> |
| Discharged by: | | | £ |
| Shares in Immotion Group Plc | | | 910,500 |
| | | | <hr/> |
| | | | 910,500 |
| | | | <hr/> <hr/> |

The revenue and loss included in the Consolidated Statement of Comprehensive Income for the 6 months to 30 June 2018 was £131,938 and (£278,367) pre-tax respectively.

Acquisition costs of approximately £25,000 were written off as overheads in the period.

Immotion Group Plc acquired 50.1% of the issued capital, and control, on the 21st December 2017 with instruction to acquire the remaining shares on this date. Immotion Group Plc acquired the remaining 49.9% of the issued capital on the 8th January 2018 via a Drag Along clause from the Articles of Association of VR Acquisition (Holdings) Limited. The substance of the transaction was that Immotion Group Plc had 100% control as at 21st December 2017. The Directors have treated the acquisition as occurring on 31 December 2017 on the basis there was no material trade during the period to 31 December 2017.

The intangible fixed asset fair value adjustment is in relation to a supplier contract.

6. Intangible Assets

| | Other Intangible Assets | Goodwill acquired on acquisition | Development costs | Total |
|--------------------------|-------------------------------|--|----------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 January 2018 | 452 | 2,438 | 6 | 2,896 |
| Additions | - | - | 352 | 352 |
| At 30 June 2018 | <u>452</u> | <u>2,438</u> | <u>358</u> | <u>3,248</u> |
| Amortisation | | | | |
| At 1 January 2018 | - | - | - | - |
| Charge | 37 | - | 2 | 39 |
| Impairment | 161 | - | - | 161 |
| At 30 June 2018 | <u>198</u> | <u>-</u> | <u>2</u> | <u>200</u> |
| Net book value | | | | |
| 30 June 2018 | <u>254</u> | <u>2,438</u> | <u>356</u> | <u>3,048</u> |
| 31 December 2017 | <u>452</u> | <u>2,438</u> | <u>6</u> | <u>2,896</u> |

The cost of other intangible assets comprises the estimated net present value of £352k of customer and supplier relationships at the date of acquisition.

The other intangible assets are being amortised over a period of 3 years.

Amortisation is charged to administrative costs in the Statement of Comprehensive Income.

7. Share capital

| Allotted, issued and fully paid | No. | Value £ |
|---------------------------------|------------|------------|
| Ordinary shares of 0.5p each | 10,428,250 | 52,141 |

Shares issued in the 6 month period to 30 June 2018:

| Date | Description | No shares | Price/ share Pence | Gross share value £ | Cash received £ |
|-------------------------------|---------------------------------|-------------------|--------------------------|------------------------|-----------------------|
| 01.02.18 | Issue of 1p shares | 3,908 | 100 | 390,800 | 390,800 |
| 23.03.18 | Issue of 1p shares | 70 | 100 | 7,000 | 7,000 |
| 23.03.18 | Issue of 1p shares | 364 | 100 | 36,400 | 36,400 |
| 23.04.18 | Issue of 1p shares | 76 | 157.61 | 11,978 | 11,978 |
| 14.05.18 | Issue of 1p shares | 158 | 157.61 | 24,903 | 24,903 |
| 14.05.18 | Issue of 1p shares | 634 | 157.61 | 99,925 | 99,925 |
| 22.06.18 | Bonus issue – 100:1 | 5,162,500 | - | 51,625 | - |
| 22.06.18 | Sub-division – 0.01 to 0.005 | 5,214,125 | - | - | - |
| | | <u>10,381,835</u> | | <u>622,631</u> | <u>571,006</u> |
| As at 30 June 2018 | | 10,428,250 | | 4,266,253 | 1,162,306 |
| As at 31 December 2017 | | 46,415 | | 3,643,622 | 591,300 |

On 22 June 2018, the 5,214,125 shares of 1p each then in issue were subdivided into 10,428,250 shares of 0.5p each.

Cash received does not include costs incurred relating to share issues. In the 6 month period to 30th June 2018 costs of £67,744 were incurred relating to share issues and these costs were charged against share premium. The net of costs cash received from share issues in the period was £503,262.

8. Related party transactions

M J Higginson, R W Miller and D Marks, directors and shareholders of Immotion Group Plc, are also directors and shareholders of Digitalbox Group Limited. Services to the value of £5,894 were invoiced in the period to 30 June 2018 by Digitalbox Group Limited to Immotion Group Plc, and services to the value of £3,425 were invoiced by Immotion Group Plc to Digitalbox Group Limited. At 30 June 2018, Immotion Group Plc owed £7,073 (31 December 2017: £750) to Digitalbox Group Limited.

Digitalbox Group Limited owed Immotion Group Plc £nil at 30 June 2018 (31 December 2017: £55,380) in relation to a loan.

Brand consultancy services to the value of £9,000 (31 December 2017: £nil) were invoiced in the period to Immotion Group Plc by S Higginson, the son of M J Higginson, a director and shareholder of Immotion Group Plc. There was £nil (31 December 2017: £nil) outstanding at the period end.

D Marks is a director and shareholder of Lanton Investments Limited. Services to the value of £75,000 were invoiced in the period by Lanton Investments Limited to Immotion Group Plc. At 30 June 2018, Immotion Group Plc owed £nil (31 December 2017: £nil) to Lanton Investments Limited.

M J Higginson is a controlling shareholder of M Capital Investment Properties Limited, and his son, S Higginson, and step-daughter, E Stanyon, are directors of the company. Services to the value of £93,500 were invoiced in the period by M Capital Investment Properties to Immotion Group Plc. At 30 June 2018, Immotion Group Plc owed £24,700 (31 December 2017: £nil) to M Capital Investment Properties Limited.

A W Ritchie was a director and shareholder of Immotion Group Plc during the period to 30 June 2018 and the proprietor of Haven Consulting. Haven Consulting invoiced Immotion Group Plc services valued at £10,763 during the period. At 30 June 2018, £1,409 (31 December 2017 - £Nil) was owed to Haven Consulting.

I Liddell, a director of Immotion Group Plc, is a director of Liddell Jones Limited. Immotion Group Plc purchased services to the value of £3,000 from Liddell Jones Limited during the period. At 30 June 2018, £3,600 (31 December 2017 - £Nil) was owed to Liddell Jones Limited by Immotion Group Plc. Immotion Group Plc sold services to the value of £5,850 to Liddell Jones Limited during the period. At 30 June 2018, £nil (31 December 2017: £nil) was owed to Liddell Jones Limited.

The total amounts paid to key management personnel during the period was £81,155. The key management personnel is considered to be directors of Immotion group

PLC and included in this figure is amounts paid from the date they were appointed director of Immotion group PLC.

9. Seasonality

The Group's activities are not subject to significant seasonal variation.

10. Discontinued operations

| | 6 months to 30 June 2018 Continuing operations | 6 months to 30 June 2018 Discontinued operations | 6 months to 30 June 2018 Total |
|--|--|--|---|
| | £'000 | £'000 | £'000 |
| Revenue | 547 | 527 | 1,074 |
| Cost of sales | (502) | (325) | (827) |
| | <hr/> | <hr/> | <hr/> |
| Gross profit | 45 | 202 | 247 |
| Sales general & administration expenses | (1,207) | (170) | (1,377) |
| Exceptional items | (114) | (68) | (182) |
| Depreciation | (135) | - | (135) |
| Amortisation | (40) | (160) | (200) |
| | <hr/> | <hr/> | <hr/> |
| Operating loss | (1,451) | (196) | (1,647) |
| Finance costs | (27) | - | (27) |
| | <hr/> | <hr/> | <hr/> |
| Loss before tax | (1,478) | (196) | (1,674) |
| | <hr/> | <hr/> | <hr/> |
| Tax | 84 | - | 84 |
| | <hr/> | <hr/> | <hr/> |
| Loss after tax | (1,394) | (196) | (1,590) |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive expenses | (13) | - | (13) |
| | <hr/> | <hr/> | <hr/> |
| Total Comprehensive expense | (1,407) | (196) | (1,603) |
| | <hr/> | <hr/> | <hr/> |

Cashflows from discontinued operations are as follows:

| | Continuing £'000 | Discontinuing £'000 | Total £'000 |
|----------------------|---------------------|------------------------|----------------|
| Operating cash flows | (868) | 17 | (851) |
| Investing cash flows | (759) | - | (759) |
| Financing cash flows | 964 | - | 964 |
| | <hr/> | <hr/> | <hr/> |