

Armstrong Ventures plc

("Armstrong" or the "Company")

Final Results for the year ended 31 December 2015

Armstrong (AIM:AVO), the AIM listed company investing in the media, technology and healthcare sectors, today announces its audited final results for the year ended 31 December 2015.

The audited Report and Accounts for the year ended 31 December 2015 will shortly be sent to shareholders and will also be available on the Company's website: www.armstrongventures.com.

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to welcome you to my first report as Chairman of Armstrong for the year ended 31 December 2015.

Financial Review

The year under review has two distinct periods. The first period ended on 17 July 2015. Prior to that date the Company had very limited cash resources and had spent some time seeking investment opportunities in the resources and energy sectors. At the general meeting held on 17 July 2015 shareholders approved resolutions in respect of the issue of 19,402,916,660 ordinary shares to raise £2.33 million before expenses and the Company's investing policy was changed to focus on opportunities in the media, technology and healthcare sectors. On 17 July 2015 Peter Read and I joined the board and Manish Kotecha and Peter Redmond resigned on that date. On 20 August 2015 Hareesh Kanabar resigned as a director.

During the year under review the Company operated as an investing company reviewing investment opportunities in line with the Company's policies in force during the year. As such, the Company did not have any operating businesses. The Company recorded a loss of £322,186 and a loss per share of 0.003p. This compares to a corresponding loss last year of £184,079 (a loss per share of 0.008p).

Investment Strategy

The board believes that the Company's new investing focus allied with an appropriate level of cash resources will offer a realistic opportunity to identify and invest in businesses with the potential to appreciate in value in the short to medium

term and to enhance shareholder value. Since Peter Read and I were appointed to the board, we have taken active steps to seek out such investment propositions.

The board is seeking to invest in businesses in the media, technology and healthcare sectors which have some or all of the following characteristics:

- strong management with a proven track record;
- ready for investment without the need for material re-structuring by the Company;
- generating positive cash flows or likely to do so in the short term;
- by the injection of new finances or specialist management, the Company can enhance the prospects and therefore the future value of the investment;
- the potential to deliver significant returns for the Company.

Whilst the board will be principally focused on making an investment in private businesses, investments in listed businesses will also be considered if this presents, in the board's judgement, a clear opportunity for investment growth. With the board's experience, the Company intends to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment.

The directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The board will also consider appointing additional directors with relevant experience if required.

There will be no limit on the number of projects in which the Company may invest. The Company's financial resources may be invested in a number of propositions or in just one investment, which may be treated as a reverse takeover under Rule 14 of the AIM Rules for Companies. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company may invest through debt and similar instruments.

The board's primary objective is to secure for the shareholders the best possible value consistent with achieving, over time, both capital growth and income for shareholders.

MelodyVR

On 13 January 2016 (which falls outside the period under review), the Company invested £212,500 in MelodyVR Ltd (MelodyVR) by means of secured convertible loan notes (Loan Notes). On 30 March 2016 the Company invested a further £57,500 in MelodyVR by means of additional Loan Notes.

MelodyVR was established in early 2015 to create virtual reality content by capturing live music performances. Virtual reality (VR) is a term used to describe a three dimensional environment which can be explored and interacted with by a user. VR content created by MelodyVR will be viewed using VR headsets that are currently being developed by a number of technology companies including Oculus (owned by Facebook), HTC, Google, Sony and Samsung, providing users with an immersive 360 degree experience.

MelodyVR has developed its own technology for the recording and live streaming of music performances. MelodyVR plans to make live and recorded music content available to users via its own app and third party VR platforms. It is intended that the MelodyVR app will be deployed across Oculus Rift, Android, iOS, Samsung Gear VR, HTC Vive, Playstation VR and other platforms.

MelodyVR has entered into a number of exclusivity agreements with some of the major music festival and event promoters facilitating the filming and live broadcast of music events in a virtual reality format. It is intended that the MelodyVR app will be launched in 2016.

The Loan Notes bear interest at a rate of 10% per annum and are repayable on or before 31 March 2017. The Loan Notes may be converted at the option of Armstrong into equity shares in MelodyVR on 31 March 2017 or earlier upon the sale or listing of MelodyVR or upon the raising of equity finance by MelodyVR.

The Company's investment in MelodyVR is relatively small in proportion to the Company's cash resources. If the Loan Notes are converted the Company would have a minority interest in MelodyVR. However, the anticipated launches in 2016 of VR headsets by a number of major manufacturers, means that MelodyVR premium music service could develop very rapidly. In such circumstances, the Company would consider converting its Loan Notes into an equity holding in

MelodyVR. In addition, as MelodyVR grows, the Company would also consider making further debt and equity investments.

Outlook

The Company is now well positioned to move forward and will continue pursuing an investment strategy that seeks to generate value for shareholders through considered investments in high performance, ambitious businesses offering high growth opportunities in the media, technology and healthcare sectors. The board of Armstrong is excited by the opportunities offered by companies such as MelodyVR that provide content to be used on the VR headsets being launched by a number of major technology companies in 2016. The board continues to explore VR and other investment opportunities.

Sean Nicolson
Chairman
1 April 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Continuing operations:		-	-
Administrative expenses		(326,788)	(184,079)
OPERATING LOSS		(326,788)	(184,079)
Finance income		4,602	-
LOSS FOR THE YEAR BEFORE TAXATION		(322,186)	(184,079)
Taxation		-	-
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(322,186)	(184,079)
LOSS PER SHARE – basic and diluted from continuing operations	2	(0.003)p	(0.008)p

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Share Premium £	Share option Reserve £	Retained Losses £	Total Equity £
Balance at 1 January 2014	818,360	4,262,258	-	(4,694,814)	385,804
Loss for the year and total comprehensive loss for the year	-	-	-	(184,079)	(184,079)
Share issue	157,143	172,857	-	-	330,000
Share issue costs	-	(9,915)	-	-	(9,915)
Grant of share options	-	-	30,550	-	30,550
Balance at 31 December 2014	975,503	4,425,200	30,550	(4,878,893)	552,360

Loss for the year and total comprehensive loss for the year	-	-	-	(322,186)	(322,186)
	<u>975,503</u>	<u>4,425,200</u>	<u>30,550</u>	<u>(5,210,079)</u>	<u>221,174</u>
Share issue	1,950,250	392,042	-	-	2,342,292
Share issue costs	-	(293,850)	-	-	(293,850)
Options lapsed	-	-	(30,550)	30,550	-
Grant of share options/warrants	-	-	110,762	-	110,762
	<u>2,925,753</u>	<u>4,523,392</u>	<u>110,762</u>	<u>(5,170,529)</u>	<u>2,389,378</u>
	<u><u>2,925,753</u></u>	<u><u>4,523,392</u></u>	<u><u>110,762</u></u>	<u><u>(5,170,529)</u></u>	<u><u>2,389,378</u></u>

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
NON-CURRENT ASSETS			
Available for sale investments		-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables		5,024	19,315
Cash and cash equivalents		2,401,021	564,759
		<u>2,406,045</u>	<u>584,074</u>
TOTAL ASSETS		<u><u>2,406,045</u></u>	<u><u>584,074</u></u>
CURRENT LIABILITIES			
Trade and other payables		16,667	31,714
		<u>16,667</u>	<u>31,714</u>
NET ASSETS		<u><u>2,389,378</u></u>	<u><u>552,360</u></u>
EQUITY			
Share capital		2,925,753	975,503
Share premium account	3	4,523,392	4,425,200
Share option reserve		110,762	30,550
Retained earnings		(5,170,529)	(4,878,893)
		<u>2,389,378</u>	<u>552,360</u>
TOTAL EQUITY		<u><u>2,389,378</u></u>	<u><u>552,360</u></u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(322,186)	(184,079)
Adjustments for:			
Share based payment charge		110,762	30,550
		<u> </u>	<u> </u>
OPERATING CASHFLOW BEFORE WORKING CAPITAL CHANGES		(211,424)	(153,529)
Decrease/(Increase) in trade and other receivables		14,290	(16,946)
(Decrease)/Increase in trade and other payables		(15,046)	1,800
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(212,180)</u>	<u>(168,675)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		2,342,292	330,000
Share issue costs		(293,850)	(9,915)
		<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>2,048,442</u>	<u>320,085</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,836,262	151,401
Cash and cash equivalents brought forward		564,759	413,349
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD		<u>2,401,021</u>	<u>564,759</u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Armstrong Ventures plc is a public limited company incorporated in England and Wales. The shares of the Company are quoted on the AIM stock exchange.

2. EARNINGS PER SHARE

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2015 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2015 £	2014 £
Loss attributable to equity holders of the Company:		
Continuing and total operations	<u>(322,186)</u>	<u>(184,079)</u>
	No. of shares	No. of shares

Weighted average number of ordinary shares in issue for basic and fully diluted earnings	12,611,922,48 5	2,398,170,370
	<u>Pence per Share</u>	<u>Pence per share</u>
Loss per share		
Basic and diluted:		
Continuing and total operations	(0.003)p	(0.008)p
	=	

3. ISSUED SHARE CAPITAL	Number of Shares No.	Nominal Value £	Share premium £
Issued and fully paid			
At 31 December 2014:			
Ordinary shares of 0.01p each	3,672,534,360	367,254	
Deferred shares of 0.24p each	150,520,616	361,249	
Deferred shares of 0.95p each	26,000,000	247,000	
	<u>3,849,054,976</u>	<u>975,503</u>	<u>4,425,200</u>
Issue of new shares			
Ordinary shares of 0.01p each	19,502,499,995	1,950,250	392,042
Cost of issue			(293,850)
	<u>23,351,554,971</u>	<u>1,950,250</u>	<u>98,192</u>
At 31 December 2015:			
Ordinary shares of 0.01p each	23,175,034,355	2,317,504	
Deferred shares of 0.24p each	150,520,616	361,249	
Deferred shares of 0.95p each	26,000,000	247,000	
	<u>23,351,554,971</u>	<u>2,925,753</u>	<u>4,523,392</u>

The deferred shares do not confer upon the holders right to any dividends or the right to attend or vote at general meetings of the Company.

On 17 July 2015 the Company issued 19,402,916,660 ordinary shares of 0.01p each for cash at 0.012p per share, raising £2,328,250 before expenses.

On 4 December 2015 the company issued 99,583,335 ordinary shares of 0.01p each for cash at 0.014p per share under the terms of the exercise of warrants raising £13,941.

4. SHARE OPTIONS AND DIRECTOR WARRANTS

EQUITY-SETTLED SHARE OPTION SCHEME

The company operates share-based payment arrangements to remunerate directors and key employees in the form of warrants and has previously operated a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 18 February 2014, Haresh Kanabar and Manish Kotecha were granted options to subscribe for 147,077,405 and 63,033,173 new ordinary shares, respectively, at an exercise price of 0.025p per share. The vesting conditions of such options were that the mid market closing price of the Company's ordinary shares is at or above 0.04p at close of business on five consecutive trading days. Mr Kanabar and Mr Kotecha resigned on 20 August 2015 and 17 July 2015 respectively. On the dates of their respective resignations the option vesting conditions had not been satisfied and so the options expired in accordance with their terms on the respective resignation dates.

The following table sets out the details of these options granted:

Option holder	Number of options at 31 December 2014	Lapsed in the year	Exercised in the year	Number of options at 31 December 2015	Exercise price	Expiry date
Haresh Kanabar	147,077,405	(147,077,405)	-	-	0.025p	20.8.2015
Manish Kotecha	63,033,173	(63,033,173)	-	-	0.025p	17.7.2015
	<u>210,110,578</u>	<u>(210,110,578)</u>	<u>-</u>	<u>-</u>	-	

On 31 July 2015 the Company issued 461,509,020 warrants to both Sean Nicolson and Peter Read as part of their remuneration terms ("Warrants"). The Warrants are exercisable at 0.012p per ordinary share and have an expiry date of 31 July 2020.

The fair value of these options was determined using the Black-Scholes option pricing model and was 0.01199p per option.

The significant inputs to the model in respect of the options granted were as follows:

	2015	2014
Grant date share price	0.012p	0.025p
Exercise share price	0.012p	0.025p
No. of share options	923,018,040	210,110,578
Risk free rate	0.5%	0.5%
Expected volatility	50%	50%
Expected option life	5 years	10 years
Calculated fair value per share	0.01199p	0.01454p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2015 in respect of share options granted was £110,762.

Option holder	Number of Warrants at 31 December 2014	Issued in the year (services)	Issued in the year (share subscription)	Exercised in the year	Number of Warrants at 31 December 2015	Exercise price	Expiry date
Sean Nicolson	-	461,509,020	41,666,666	-	503,175,686	0.012p	31.7.2020
Peter Read	-	461,509,020	41,666,666	-	503,175,686	0.012p	31.7.2020
	<u>-</u>	<u>923,018,040</u>	<u>83,333,332</u>	<u>-</u>	<u>1,006,351,372</u>	-	

As a result of the placing on 17 July 2015, the company has created and issued a total of 4,222,916,655 warrants. One warrant has been issued for every four new shares subscribed for by the placees pursuant to the placing. These warrants may be exercised at any time on or before 31 July 2018 and shall entitle the warrant holder to subscribe for one Ordinary share for each warrant held at 0.014p.

5. RELATED PARTY TRANSACTIONS

During the reporting period the Company was invoiced £35,600 for management services by Poonam & Roshni Limited, a company controlled by Haresh Kanabar, £29,000 for management services by Remkay Limited, a company controlled by Manish Kotecha, and £34,000 for management services by Catalyst Corporate Consultants Limited, a company controlled by Peter Redmond. These amounts have been included in directors' remuneration.

On 31 July 2015 the Company issued 461,509,020 warrants to both Sean Nicolson and Peter Read as part of their remuneration terms ("Warrants"). The Warrants are exercisable at 0.012p per ordinary share and have an expiry date of 31 July 2020. Also issued were 41,666,666 share subscription warrants to both Sean Nicolson and Peter Read.

6 POST YEAR END EVENTS

On 13 January 2016 the Company invested £212,500 in MelodyVR Ltd (MelodyVR) by means of secured convertible loan notes (Loan Notes). The Loan Notes bear interest at a rate of 10% per annum and are repayable on or before 31 March 2017. The Loan Notes may be converted at the option of Armstrong into equity shares in MelodyVR on 31 March 2017 or earlier upon the sale or listing of MelodyVR or upon the raising of equity finance by MelodyVR. A further loan note investment of £57,500 was made on 30 March 2016 on the same terms as the prior investment.