

EVR HOLDINGS PLC
CONSOLIDATED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

Company Number: 5628362

EVR HOLDINGS PLC

REPORT AND FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS	Page
Chairman's statement	2
Strategic report	4
Directors' report	6
Independent auditors' report	9
Consolidated statement of comprehensive income	10
Consolidated Statement of changes in equity	11
Consolidated Statement of financial position	12
Statement of changes in equity	13
Statement of financial position	14
Consolidated Statement of cash flows	15
Statement of cash flows	16
Notes to the financial statements	17

EVR HOLDINGS PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

Directors	Sean Nicolson Peter Read Anthony Matchett (appointed: 16 May 2016) Steven Hancock (appointed: 16 May 2016) Simon Cole (appointed: 16 May 2016)
Secretary	Sean Nicolson
Registered Office	3 rd Floor Camden Wharf 28 Jamestown Road London NW1 7BY
Company number	5628362
Registrar and transfer office	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
Auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG
Nominated adviser	SPARK Advisory Partners Limited 5 St John's Lane, London, EC1M 4BH
Broker	Peterhouse Corporate Finance Limited 3 rd Floor New Liverpool House 15-17 Eldon Street London EC2M 7LD

EVR HOLDINGS PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

I am pleased to present my report as Chairman of EVR Holdings plc ("the Company") for the year ended 31 December 2016.

Financial Review

In 2015 the Company changed the scope of its investing policy to focusing on opportunities in the media, technology and healthcare sectors. On 16 May 2016 the Company acquired MelodyVR Ltd, ("Melody") and its subsidiary company Immersive Construction Ltd (hereinafter referred to as the "Group") for a total consideration of £5.12 million. This transaction has been accounted for in the financial statements below as a reverse acquisition in accordance with IFRS 3, hence the consolidated results contained herein treat Melody as the acquiring company and the historical comparatives are the comparatives of Melody, as opposed to those of the Company.

On 20 September 2016, the Company announced the oversubscribed placing of 200,000,005 new ordinary shares of 1p each to new and existing investors, at an issue price 1.7p per share. This generated £3.4 million (before expenses) with the shares being issued on 11 October 2016.

As at 31 December 2016 the operating losses before one off or non-cash items were £1,640,175 (2015: £179,145), this adds back non cash and non-recurring items £990,747 (2015: £7,413). Operating losses of the Group were £2,630,922 (2015 operating losses: £186,558), it is anticipated that the Group will begin generating revenue once the MelodyVR application is launched.

Cash and cash equivalents as at 31 December 2016 were £3,369,693 (2015: £13,115).

Operational Highlights

- Beta version of the MelodyVR app launched on 22 December 2016;
- MelodyVR's multi year exclusive partnership agreements with venues and promoters have increased by over 550% and now cover 64 worldwide events and music festivals;
- MelodyVR partnered with Warner Music Group and entered a VR content creation and distribution agreement in December 2016;
- A warrant was granted to Warner Music Group giving it a potential equity interest in EVR;
- Marketing, licensing and development teams have been strengthened with the addition of significant hires including Nikki Lambert (ex Spotify);
- MelodyVR partnered with Telefonica to deploy a 'lite' version of the MelodyVR in over 600 O2 stores in Germany;

Business Review

I am pleased to report that EVR's executive team has delivered upon a number of strategic goals as outlined in the Company's admission document dated 27 April 2016.

In the nine months following readmission to AIM, the Group has successfully released a beta version of its VR music platform, secured a global content creation and distribution agreement with one of the world's largest record labels, increased its number of exclusive partnerships with venues and promoters by over 550% and has significantly strengthened its marketing, licensing and development teams in London.

Over the next 12 months, the Group will continue to follow an aggressive expansion strategy, focusing heavily on content creation and product development as well as areas of interest such as content analytics, augmented reality and interactive advertising. In addition, it will also seek to strengthen its Board by the appointment of new directors who bring additional commercial, corporate and strategic experience.

EVR HOLDINGS PLC

CHAIRMAN'S STATEMENT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Business review (continued)

Feedback from beta testing of Melody's application which commenced in December 2016 has proven to be extremely positive and has provided numerous insights into consumer behaviour, leading to several refinements to the platform's user experience.

The executive team intends to leverage further insights as even more users are invited to participate in the beta programme ahead of our wider commercial launch, which will occur at a time that is strategically aligned with the long term goals of the company and our partners. Our team continues to work closely with hardware manufacturers such as Facebook's Oculus and Sony PlayStation, refining both launch strategy and marketing plans.

Future Developments

In order to further increase worldwide production capabilities and in-line with our 2017 growth strategy, the Group intends to open a series of satellite offices throughout Europe, North America and Asia. The offices, opening initially in Los Angeles and New York, will enable the Group to better serve its partners, such as record labels, hardware manufacturers and artists. Following a series of key hires in areas such as marketing, licensing and engineering, Melody now intends to grow its global presence, attracting world-class talent from both the music and technology industries, at both management and director level.

As the VR market matures, Melody will launch its free-of-charge app across the leading VR hardware and devices. The board believes that the Melody platform, featuring exclusive content and performances from world-renowned artists and musicians will cater to the growing consumer demand for VR entertainment content and in turn, generate significant revenues for the Company post-launch. To date, Melody has created thousands of interactive VR experiences with over 500 international recording artists. Over the coming months, Melody will pursue its goal of launching what the board believes will be the leading destination for virtual reality music experiences and the world's next major music platform.

Sean Nicolson
Chairman

EVR HOLDINGS PLC

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic Report on the Group for the year ended 31 December 2016.

RESULTS

The Group made a loss after taxation of £2,584,414 (2015: loss £186,558)

PRINCIPAL ACTIVITIES

The Group's principal activity is specialising in the creation and curation of Virtual Reality content for distribution and consumption through its own platform.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The review of the business and future developments are set out in the Chairman's Statement above.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below (please note that the comparative relates to EVR Holdings plc):

	2016	2015
Gross financial assets – investments and cash	£3,369,693	£2,401,021
Net asset value – fully diluted per share	0.633p	0.010p
Closing share price	0.0605p	0.0128p
Market capitalisation	<u>£57,230,657</u>	<u>£2,988,999</u>

The Board currently considers the following operational key performance indicators in assessing the Group's performance against its objectives:

- The number of event promotion and venue partnership agreements in place and the number of content production opportunities these partnerships create.
- The number of VR experiences created
- Extent and breadth of licence agreements in place
- Number and reputation of artists whose performances have been captured

KEY RISKS AND UNCERTAINTIES

The Board will closely monitor the hardware penetration of VR devices and in conjunction with its licensing agreements will determine the appropriate time to launch the MelodyVR application.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Group's financial risk management objectives and policies are set out in Note 19 to these financial statements.

EVR HOLDINGS PLC

GROUP STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

GOING CONCERN

As disclosed in Note 2, after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Sean Nicolson
Chairman

EVR HOLDINGS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2016.

The Company is a public company, incorporated in England and Wales and quoted on AIM.

PRINCIPAL ACTIVITIES

The Company's principal activities are detailed in the strategic report above.

RESULTS AND DIVIDENDS

The results for the year are set out in the Strategic Report on page 4. The directors do not propose to declare a dividend (2015: Nil).

DIRECTORS

The directors of the Company during the year together with their interests in the equity of the Company are set out below:

	Number of ordinary shares		Number of share options and warrants	
	2016	2015	2016	2015
Sean Nicolson*	6,587,561	570,520,833*	9,793,905	503,175,686*
Peter Read*	3,137,254	166,666,666	9,891,944	503,175,686
Simon Cole (appointed: 16 May 2016)	-	-	4,615,090	-
Anthony Matchett (appointed: 16 May 2016)	215,357,796	-	11,537,725	-
Steven Hancock (appointed: 16 May 2016)	177,759,136	-	11,684,783	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* 833,333 of these shares are held by Mr Nicolson's wife and 281,862 of these warrants are also held by his wife. All of Mr Read's shares are held by his pension fund, Agility QNUPS BBRQN20382 (a trust of which Mr Read is settlor). 661,764 of Mr Read's warrants are also held by his pension fund.

SUBSTANTIAL INTERESTS

The Company is aware that at 28 February 2016, the following held in excess of 3% of the issued ordinary share capital of the Company:

	Number of Ordinary shares	Percentage of Issued share capital
Anthony Matchett	215,357,796	22.47%
Steven Hancock	177,759,136	18.55%
Jim Nominees Limited	86,458,971	9.02%
Mark Newton	57,349,397	5.98%
Hargreave Hale Limited	44,915,000	4.69%

EVR HOLDINGS PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

CORPORATE GOVERNANCE

As an AIM quoted company, the Group does not have to comply with the UK Corporate Governance Code published by the Financial Reporting Council in September 2014. The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (QCA Code). The Board embraces the principles of good corporate governance and intends to comply with the QCA Code insofar as it is considered appropriate taking into account the Company's size, stage of development and resources.

BOARD OF DIRECTORS

The Group supports the concept of an effective board leading and controlling the Group. The Board is responsible for approving the Group's policy and strategy. All directors have access to advice from the Company Secretary and independent professionals at the Group's expense. Training is available for new directors and other directors as necessary.

Board Committees

The terms of reference of the board committees are reviewed regularly and available on the Company's website, www.evrholdings.com

Remuneration Committee

The Remuneration Committee comprises Simon Cole (committee chairman), Sean Nicolson, and Peter Read. It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The committee makes recommendations to the Board, within agreed terms of reference, regarding the levels of remuneration and benefits including participation in the Company's share plan.

Audit Committee

The Audit Committee comprises Peter Read (committee chairman) and Simon Cole. The Audit Committee meets at least twice a year to consider the annual and interim financial statements and the audit plan. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the accounts and internal control systems.

Internal control and financial risk management

The Board acknowledges its responsibility for maintaining appropriate internal controls systems and procedures to safeguard the Company's assets, employees and the business of the Company and its subsidiaries (the Group). The Directors have recognised the changing requirements of the Group as it has developed from an investment company to a growing multi-asset operating group. The Board has established and operates a policy of continuous review and development of appropriate financial, operational, compliance and risk management controls, which cover expenditure approval, authorisation and treasury management, together with operating procedures consistent with the accounting policies of the Group.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Board has approved the Group's current operating and capital budget and performance against budget is monitored and reported to the Board on a monthly basis.

The Directors confirm that the effectiveness of the internal control system during the year has been reviewed by the Board. Steps are underway to reinforce as needed all processes and systems as the Group scales. The Board does not consider it necessary to establish an internal audit function considering the current size of the Group.

EVR HOLDINGS PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

RESEARCH AND DEVELOPMENT

Both Melody and Immersive Construction Ltd have undertaken significant research and development activities during the year.

POST BALANCE SHEET EVENTS

Other than disclosed in note 21, the Directors were not aware of any other material events since the reporting date.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies Act 2006 and article 4 of EC Regulation 1606/2002 (the IAS Regulation). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the directors are responsible the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors, as listed, are also responsible for preparing the strategic report, directors' report and financial statements for the Group and parent company in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the London Stock Exchange's AIM Rules for Companies.

Under company law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and parent company for that period.

In preparing the financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 (Accounting Policies, changes in Accounting Estimates and Errors) and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from other jurisdictions.

AUDITORS

haysmacintyre were reappointed as the Company's auditors.

ON BEHALF OF THE BOARD

Sean Nicolson
Director
13 March 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVR HOLDINGS PLC

We have audited the financial statements of EVR Holdings plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash flows, the Company Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation of the group 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's 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 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). 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 state of the Group and of the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended,
- The financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and article 4 of the IAS Regulation as it regards the Group financial statements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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 Directors' Report has been prepared in accordance with applicable legal requirements. In light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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

26 Red Lion Square
London
WC1R 4AG

EVR HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Continuing operations:			
Administrative expenses		(2,630,922)	(186,558)
OPERATING LOSS		<u>(2,630,922)</u>	<u>(186,558)</u>
Operating loss before non-recurring and non-cash items		(1,640,175)	(179,145)
Depreciation		(53,631)	(7,413)
Readmission costs		(492,139)	-
Share based payments		(444,977)	-
OPERATING LOSS		<u>(2,630,922)</u>	<u>(186,558)</u>
Finance income		2,212	-
Finance costs		(7,847)	-
LOSS FOR THE YEAR BEFORE TAXATION		<u>(2,636,557)</u>	<u>(186,558)</u>
Taxation	9	-	-
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2,636,557)</u>	<u>(186,558)</u>
Attributable to:			
Owners of the parent company		(2,584,414)	-
Non – controlling interest		(52,143)	-
LOSS PER SHARE – basic and diluted from continuing operations	10	<u>(0.028)p</u>	<u>(0.04)p</u>

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

EVR HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital	Share Premium	Merger Relief Reserve	Share Option Reserve	Retained Losses	Reverse Takeover Reserve	Non- Controlling Interest	Total Equity
	£	£	£	£	£	£	£	£
Balance at 1 January 2015								
Issue of new shares	9,500	148,500	-				-	158,000
Comprehensive loss for the year	-	-	-	-	(186,558)		-	(186,558)
	<u>9,500</u>	<u>148,500</u>	<u>-</u>	<u>-</u>	<u>(186,558)</u>	<u>-</u>	<u>-</u>	<u>(28,558)</u>
Balance at 31 December 2015								
Warrants and options issued	-	-	-	444,977	-	-	-	444,977
Company's reserve/(deficit) prior to reverse acquisition	2,925,753	4,523,392	-	-	(5,679,926)	-	-	1,769,219
Shares issued by the Company on acquisition	4,866,118		486,611	-	-	-	-	5,352,729
Reverse acquisition adjustment	(9,597)	(240,457)	-	-	5,679,926	(10,002,543)	-	(4,572,671)
Share issue	2,276,087	1,471,854	-	-	-	-	-	3,747,941
Non-controlling interest	-	-	-	-	-	-	6,140	6,140
Loss for the year	-	-	-	-	(2,584,414)	-	(52,143)	(2,636,557)
	<u>10,067,861</u>	<u>5,903,289</u>	<u>486,611</u>	<u>444,977</u>	<u>(2,770,972)</u>	<u>(10,002,543)</u>	<u>(46,003)</u>	<u>4,083,220</u>
Balance at 31 December 2016								

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

EVR HOLDINGS PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	229,732	39,894
Intangible assets	12	603,476	2,150
TOTAL NON-CURRENT ASSETS		<u>833,208</u>	<u>42,044</u>
CURRENT ASSETS			
Trade and other receivables	14	112,602	17,510
Cash and cash equivalents	15	3,369,693	13,115
TOTAL CURRENT ASSETS		<u>3,482,295</u>	<u>30,625</u>
TOTAL ASSETS		<u>4,315,503</u>	<u>72,669</u>
CURRENT LIABILITIES			
Trade and other payables	16	(232,283)	(101,227)
NET ASSETS/(LIABILITIES)		<u>4,083,220</u>	<u>(28,558)</u>
EQUITY			
Share capital	17	10,067,861	9,500
Share premium reserve		5,903,289	148,500
Retained Earnings		(2,770,972)	(186,558)
Share option reserve	18	444,977	-
Merger relief reserve		486,611	-
Non-controlling interests		(46,003)	-
Reverse takeover reserve		(10,002,543)	-
TOTAL EQUITY		<u>4,083,220</u>	<u>(28,558)</u>

These financial statements were approved by the Board of Directors on 13 March 2017 and were signed on its behalf by:

Sean Nicolson
Director

Company number: 5628362

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

EVR HOLDINGS PLC

STATEMENT OF CHANGES IN EQUITY - COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Share Premium £	Share option Reserve £	Retained Losses £	Total Equity £
Balance at 1 January 2015	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>
Balance at 31 December 2015	2,925,753	4,523,392	110,762	(5,170,529)	2,389,378
Shares issued by company on acquisition	4,866,118	486,611	-	-	5,352,729
Grant of share options/warrants	-	-	444,977	-	444,977
Share issue	2,275,990	1,379,897	-	-	3,655,887
Loss for the year and total comprehensive loss for the year	-	-	-	(1,311,886)	(1,311,886)
	<u>10,067,861</u>	<u>6,389,900</u>	<u>555,739</u>	<u>(6,482,415)</u>	<u>10,531,085</u>
Balance at 31 December 2016	<u><u>10,067,861</u></u>	<u><u>6,389,900</u></u>	<u><u>555,739</u></u>	<u><u>(6,482,415)</u></u>	<u><u>10,531,085</u></u>

EVR HOLDINGS PLC**STATEMENT OF FINANCIAL POSITION****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
NON-CURRENT ASSETS			
Investments	13	5,352,731	-
		<u>5,352,731</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables	14	1,958,582	5,024
Cash and cash equivalents	15	3,285,490	2,401,021
		<u>5,244,072</u>	<u>2,406,045</u>
CURRENT LIABILITIES			
Trade and other payables	16	(65,718)	(16,667)
		<u>10,531,085</u>	<u>2,389,378</u>
NET ASSETS			
		<u>10,531,085</u>	<u>2,389,378</u>
EQUITY			
Share capital	17	10,067,861	2,925,753
Share premium account	17	6,389,900	4,523,392
Share option reserve	18	555,739	110,762
Retained earnings		(6,482,415)	(5,170,529)
		<u>10,531,085</u>	<u>2,389,378</u>
TOTAL EQUITY			
		<u>10,531,085</u>	<u>2,389,378</u>

The loss for the Company for the year totalled £1,311,886 (2015: £322,186).

These financial statements were approved by the Board of Directors on 13 March 2017 and were signed on its behalf by:

Sean Nicolson
Director

Company number: 5628362

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

EVR HOLDINGS PLC**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	(2,636,557)	(186,558)
Adjustments for:		
Depreciation of fixed assets	53,631	7,413
Share based payment expense	444,977	-
Increase/(decrease) in trade and other receivables	112,575	(17,510)
Increase in trade and other payables	475,576	23,949
	<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,549,798)	(172,706)
	<u> </u>	<u> </u>
Investing activities		
Purchase of property, plant and equipment	(243,469)	(47,307)
Purchase of intangible assets	-	(2,150)
Acquisition of subsidiary	1,401,905	-
	<u> </u>	<u> </u>
NET CASH INFLOW FROM INVESTING ACTIVITIES	1,158,436	(49,457)
	<u> </u>	<u> </u>
Financing activities		
Proceeds from issue of ordinary share capital	3,328,988	158,000
Proceeds from the exercise of warrants	418,952	-
Loans from directors	-	77,278
	<u> </u>	<u> </u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	3,747,940	235,278
	<u> </u>	<u> </u>
Increase in cash and cash equivalents	3,356,578	13,115
Cash and cash equivalents brought forward	13,115	-
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,369,693	13,115
	<u> </u>	<u> </u>

EVR HOLDINGS PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,311,886)	(322,186)
Adjustments for:			
Share based payment charge		444,977	110,762
		<u> </u>	<u> </u>
OPERATING CASHFLOW BEFORE WORKING CAPITAL CHANGES		(866,909)	(211,424)
(Increase)/decrease in trade and other receivables		(1,953,558)	14,290
Increase/(decrease) in trade and other payables		49,050	(15,046)
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(2,771,417)	(212,180)
		<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		3,815,857	2,342,292
Share issue costs		(159,971)	(293,850)
		<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,655,886	2,048,442
		<u> </u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		884,469	1,836,262
Cash and cash equivalents brought forward		2,401,021	564,759
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	15	3,285,490	2,401,021
		<u> </u>	<u> </u>

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

1. GENERAL INFORMATION

The Group's principal activities are described in the Directors' Report.

EVR Holdings plc is a public company incorporated in England and Wales and quoted on AIM. Its registered address is 3rd floor, Camden Wharf, 28 Jamestown Road, NW1 7BY

2. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRSs 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 Group.

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

Basis of Consolidation

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business Combinations

The Consolidated Financial Statements comprise the period for the 12 months to 31 December 2016. During the year, the Company completed the acquisition of Melody. The Directors determined that the transaction was akin to a reverse acquisition as per IFRS 3, Business Combinations. However, in order to fall under the category of a Business Combination under IFRS 3, the purchase needs to be of a business. The Directors have determined that the Company constitutes an investment business and therefore the transaction falls under the scope of IFRS 3.

Consequently, it is appropriate to apply the guidance in paragraphs B19-B27 of IFRS 3 for reverse acquisitions. Application of the reverse acquisitions guidance results in the non-listed operating entity being identified as the accounting acquirer, and the listed investment business being identified as the accounting acquiree. Therefore for accounting purposes Melody should account as if it purchased the Company. Any difference between the fair value of the assets acquired and the fair value of the shares issued should be recognised as goodwill, in accordance with IFRS 3.

Therefore the results contained herein treat Melody as the acquiring company and the historical comparatives are the comparatives of Melody, as opposed to the Company.

Going Concern

The Financial Statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts through to 30 June 2018. These forecasts take into account the intended launch timetable within the year ending December 2017, as well as projecting potential revenue profiles based on hardware adoption estimates. The Directors have performed sufficient sensitivity analysis including what the impact may be of significant delays to launching the MelodyVR app, not securing sufficient licencing or insufficient global hardware adoption. As significant progress has been made in securing the necessary exploitation rights and there being very positive initial indicators on hardware adoption to date, the intended launch timetable is considered achievable. As there are sufficient existing resources to operate for the foreseeable future irrespective of launch the Board has concluded that the going concern assumption is appropriate in preparing these financial statements.

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 Group, which have not been applied in these financial statements, were in issue, but not yet effective. The Group does not plan to adopt these standards early.

- Amendments to IFRS 2 Share Based Payment (effective for accounting periods beginning on or after 1 January 2018)
- Amendments to IFRS 12 Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2017)
- IFRS 15 Clarification of Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)
- Amendments to IAS 7 Statement of Cash Flows (effective for accounting periods beginning on or after 1 January 2017)
- Amendments to IAS 12 Income Taxes (effective for accounting periods beginning on or after 1 January 2017)

Share based payments

All share based payments are accounted for in accordance with IFRS 2 – Share-based payments. The Company issues equity-settled share based payments in the form of options and warrants to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of 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.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Taxation

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

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 Group 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 Group 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.

2. ACCOUNTING POLICIES (continued)

Financial assets

The Group's financial assets comprise prepayments, and cash and cash equivalents.

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.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments classified as available for sale are measured at subsequent reporting dates at fair value. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and it therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Company determines the fair value of its investments based on the following hierarchy:

- Level 1 Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.
- Level 2 If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable markets data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.
- Level 3 Valuations in this level are those with inputs that are not based on observable market data

2. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the statement of comprehensive income.

Impairment tests on goodwill are undertaken annually at 31 December as it is not amortised.

Intangible Assets (other than goodwill)

Intangible assets are recognised on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives. Cost includes all directly attributable costs of acquisition. The amortisation expense is included within the administration expense line in the consolidated statement of comprehensive income.

Intangible assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

Impairment of investments

Investments are assessed for indicators of impairment at each balance sheet date. Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the investment, the estimated future cash flows of the investment have been affected.

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

Financial liabilities

The Group's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group 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.

EVR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

Dividends

Dividend distributions payable to equity shareholders are included in current financial liabilities when the dividends are approved in general meeting prior to the statement of financial position date.

RESERVES

Full details of movements in reserves are set out in the company statement of changes in equity on page 12.

The following describes the nature and purpose of each reserve within owners' equity.

Reserve	Description and Purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Profit and loss account	Cumulative net gains and losses recognised in the consolidated income statement.
Merger relief reserve	Relates to share premium arising on issue of shares relating to reverse acquisition takeover
Share option reserve	Value of warrants and options issued
Reverse takeover reserve	Relates to amounts arising on reverse acquisition takeover
Non-controlling interest	Relates to percentage of Immersive Construction not owned by EVR Holdings plc

3. SEGMENTAL INFORMATION

All continuing classes of business are operating within the UK. Therefore no further segmental information has been provided.

4. LOSS FROM OPERATIONS

This has been arrived at after charging:

	2016		2015	
	Group £	Company £	Group £	Company £
Depreciation of property, plant and equipment	53,631	-	7,413	-
Auditors' remuneration:				
Audit fees	17,750	13,000	-	-
Audit of accounts of associates of the company pursuant to legislation	10,500	-	5,000	10,000
Non audit fees:				1,180
Taxation advisory services	4,000	4,000	-	-
Other advisory services	55,000	55,000	-	-

EVR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

5. ACQUISITIONS DURING THE YEAR

On 15 May 2016, the Company acquired 100% of the ordinary shares in Melody and its 51% owned subsidiary Immersive Construction Ltd, by share for share exchange. This was determined to be a reverse takeover acquisition. The breakdown of assets and liabilities below are that of EVR Holdings plc.

A breakdown of assets and liabilities acquired is as follows:

	Book Value £	Fair Value Adjustment £	Fair Value to Group £
Debtors	676,379	-	676,379
Cash at bank	1,401,905	-	1,401,905
Creditors	(132,507)	-	(132,507)
	_____	_____	_____
Net assets on acquisition	1,945,777	-	1,945,777
Goodwill on acquisition			603,476

Consideration			2,549,253

Discharged by:			
Share for share exchange			2,549,253

The Goodwill calculation per the interim financial statements has been recalculated from £2,549,704 to £603,476 to coincide with the fair value of the consideration paid.

6. LOSS ATTRIBUTABLE TO EVR HOLDINGS PLC

As permitted by section 408 Companies Act 2006, no separate income statement is presented in respect of the parent company.

SUBSIDIARY UNDERTAKINGS

The following were the subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
MelodyVR Ltd	Ordinary	100%	Virtual reality content creation
Immersive Construction Ltd	Ordinary	51%	Research and development

The registered offices of the subsidiary undertakings are 3rd floor, Camden Wharf, 28 Jamestown Road, NW1 7BY.

EVR HOLDINGS PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit and loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Share capital and reserves £	Accumulated Loss £
MelodyVR Ltd	(1,638,335)	(1,888,389)
Immersive Construction Ltd	(106,416)	(106,416)

7. AUDITOR'S REMUNERATION

	2016		2015	
	Group £	Company £	Group £	Company £
During the year the Company obtained the following services from the Company's auditors:				
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17,750	13,000	5,000	10,000
Fees payable to the Company's auditors for other services:				
Tax services	4,000	4,000	-	1,180
Other services	55,000	55,000	-	-
	<u>76,750</u>	<u>72,000</u>	<u>5,000</u>	<u>11,180</u>

8. DIRECTORS' AND EMPLOYEE REMUNERATION

	2016		2015	
	Group £	Company £	Group £	Company £
The amount paid to directors and employees, is as follows:				
Short-term employee benefits	691,302	268,124	-	121,516
Share based payment costs	358,497	31,009	-	110,762
	<u>1,049,799</u>	<u>299,133</u>	<u>-</u>	<u>232,278</u>

EVR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS REMUNERATION (continued)

	2016		2015	
	Group No.	Company No.	Group No.	Company No.
The average number of employees for the year was as follows:				
Directors	4	2	2	2
Senior Management	1	1	-	-
Staff	9	-	-	-
	<u>14</u>	<u>3</u>	<u>2</u>	<u>2</u>

Details for directors' remuneration is as follows:

Director	Fees £	Total 2016 £	Total 2015 £
Sean Nicolson	25,000	25,000	11,458
Peter Read	25,000	25,000	11,458
Anthony Matchett	75,000	75,000	-
Steven Hancock	75,000	75,000	-
Simon Cole	15,624	15,624	-
Haresh Kanabar	-	-	35,600
Manish Kotecha	-	-	29,000
Peter Redmond	-	-	34,000
	<u>215,624</u>	<u>215,624</u>	<u>121,516</u>

9. TAXATION

	2016 £	2015 £
Tax on income for the year	-	-

TAXATION (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average rate applicable as follows:

	2016	2015
	£	£
Factors affecting the tax charge		
Loss before tax	(2,636,557)	(186,558)
Loss before tax multiplied by rate of corporation tax in the UK		
of 20% (2015: 20%)	(527,311)	(37,312)
Deferred tax not recognised	377,503	21,075
Non-deductible expenses	149,808	16,237
Total tax	-	-

No deferred tax asset has been recognised as the Directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 December 2016 the Group has tax losses carried forward of approximately £2,109,426 (2015: £210,215).

10. 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 2016 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2016	2015
	Group	Group
	£	£
Loss attributable to equity holders of the Company:		
Continuing and total operations	(2,584,414)	(186,558)
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	9,113,642,478	486,611,833
	Pence per Share	Pence per share
Loss per share		
Basic and diluted:		
Continuing and total operations	(0.028)p	(0.04)p

EVR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Audiovisual production £	Office Equipment £	Computer Equipment £	Total £
Cost				
At 31 December 2015	31,138	585	15,584	47,307
Additions	44,476	3,501	195,492	243,469
	<u>75,614</u>	<u>4,086</u>	<u>211,076</u>	<u>290,776</u>
At 31 December 2016	75,614	4,086	211,076	290,776
Depreciation				
At 31 December 2015	5,524	73	1,816	7,413
Charge for the year	17,158	597	35,876	53,631
	<u>22,682</u>	<u>670</u>	<u>37,692</u>	<u>61,044</u>
At 31 December 2016	22,682	670	37,692	61,044
Net Book Value				
At 31 December 2016	<u>52,932</u>	<u>3,416</u>	<u>173,384</u>	<u>229,732</u>
At 31 December 2015	<u>25,614</u>	<u>512</u>	<u>13,768</u>	<u>39,894</u>

The parent entity does not have any items of property, plant and equipment

12. INTANGIBLE FIXED ASSETS

	Goodwill Group £
Cost	
At 31 December 2015	-
Additions	603,476
	<u>603,476</u>
At 31 December 2016	603,476
Impairment	
At 31 December 2015	-
Charge for the year	-
	<u>-</u>
At 31 December 2016	-
Net Book Value	
At 31 December 2016	<u>603,476</u>
At 31 December 2015	<u>-</u>

Goodwill has been calculated as the fair value of the EVR Holdings plc ordinary shares pre reverse takeover less the net asset value of the Company at the time of take over.

EVR HOLDINGS PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****13. INVESTMENTS**

	Parent £
Cost	
At 31 December 2015	-
Additions	5,352,731
	<u>5,352,731</u>
At 31 December 2016	5,352,731
	<u>5,352,731</u>
Impairment	
At 31 December 2015	-
Charge for the year	-
	<u>-</u>
At 31 December 2016	-
	<u>-</u>
Net Book Value	
At 31 December 2016	5,352,731
	<u>5,352,731</u>
At 31 December 2015	-
	<u>-</u>

The fair value of the investment has been calculated by taking the 486,611,833 shares issued by the Company at 1.1p per share to acquire Melody.

14. TRADE AND OTHER RECEIVABLES

	2016		2015	
	Group £	Company £	Group £	Company £
Prepayments	112,602	11,180	8,000	5,024
Other debtors		12,055	9,510	
Intercompany receivable	-	1,935,347	-	-
	<u>112,602</u>	<u>1,958,582</u>	<u>17,510</u>	<u>5,024</u>
	<u>112,602</u>	<u>1,958,582</u>	<u>17,510</u>	<u>5,024</u>

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

15. CASH AND CASH EQUIVALENTS

	2016		2015	
	Group £	Company £	Group £	Company £
Cash and cash equivalents	3,369,693	3,285,490	13,115	2,401,021
	<u>3,369,693</u>	<u>3,285,490</u>	<u>13,115</u>	<u>2,401,021</u>

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

16. TRADE AND OTHER PAYABLES	2016		2015	
	Group £	Company £	Group £	Company £
Trade payables	122,326	21,562	18,950	1,847
Other creditors	109,957	44,156	82,277	14,820
	<u>232,283</u>	<u>65,718</u>	<u>101,227</u>	<u>16,667</u>

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

17. ISSUED SHARE CAPITAL	Number of Shares No.	Nominal Value £	Share premium £
Issued and fully paid			
At 31 December 2015:			
Ordinary shares of 0.01p each	23,175,034,355	2,317,504	4,523,392
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>
Ordinary share consolidation 100:1	(22,943,284,011)		
Issue of new shares on acquisition	486,611,833	4,866,118	486,111
Issue of new shares of 1.7p each	205,232,810	2,052,328	1,436,629
Issue of new shares of 1.4p each	19,306,025	193,060	77,224
Issue of new shares of 1.85p each	3,060,262	30,602	26,012
Cost of issue			(159,468)
	<u>1,122,481,890</u>	<u>10,067,861</u>	<u>6,389,900</u>
At 31 December 2016:			
Ordinary shares of 1p each	945,961,274	9,459,612	6,389,900
Deferred shares of 0.24p each	150,520,616	361,249	-
Deferred shares of 0.95p each	26,000,000	247,000	-
	<u>1,122,481,890</u>	<u>10,067,861</u>	<u>6,389,900</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 October 2016 the Company issued 205,232,810 ordinary shares of 0.01p each for cash at 1.7p per share, raising £3,488,957 before expenses.

The Company issued 19,306,025 ordinary shares of 0.01p each for cash at 0.014p per share and 0.0185p per share under the terms of the exercise of warrants raising £326,899.

18. SHARE OPTIONS AND DIRECTOR WARRANTS**EQUITY-SETTLED SHARE OPTION SCHEME**

The Group operates share-based payment arrangements to remunerate directors and key employees in the form of options and warrants. 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.

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

Option holder	Warrants in parent at 31-Dec 2015	Warrants in parent converted 1 for every 100 In year	Warrants issued in the year	Warrants at 31-Dec 2016	Exercise price	Issue date	Expiry date
Simon Cole			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Anthony Matchett			11,537,725	11,537,725	1.1p	16.05.2016	17.05.2019
Steven Hancock			11,537,725	11,537,725	1.1p	16.05.2016	17.05.2019
Sean Nicolson			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Peter Read			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Sean Nicolson	461,509,020	(456,893,930)		4,615,090	1.2p	31.07.2015	31.07.2020
Peter Read	461,509,020	(456,893,930)		4,615,090	1.2p	31.07.2015	31.07.2020
	<u>923,018,040</u>	<u>(913,787,860)</u>	<u>36,920,720</u>	<u>46,150,900</u>			

No warrants have lapsed nor been exercised during the year. This calculation takes into account warrants and options awarded to directors in the performance of their duties.

SHARE OPTIONS (continued)

The Group operates an approved enterprise management incentive scheme under which employees have been granted options to purchase shares in EVR Holdings plc. The unexercised options at 31 December 2016 expire on the tenth anniversary from the grant date and are subject to vesting criteria.

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 Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions

On 31 July 2015 the Group issued 461,509,020 warrants for 0.01p ordinary shares to both Sean Nicolson and Peter Read as part of their remuneration terms. These warrants have an expiry date of 31 July 2020 and following the consolidation of the Group's ordinary shares on 13 May 2016 the warrants were consolidated into a total of 9,230,180 warrants each exercisable at 1.2p. (0.012p prior to the 1 for 100 shares consolidation)

On 16 May 2016 the Group issued 11,537,725 warrants to both Anthony Matchett and Steven Hancock, with a further 4,615,090 issued to each of Simon Cole, Sean Nicolson and Peter Read. These warrants have an expiry date of 16 May 2019 and are exercisable at 1.1p. The fair value of these warrants was determined using the Black-Scholes option pricing model and was 0.4p per warrant.

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

	2016	2015
Grant date share price	1.1p	0.012p
Exercise share price	1.1p	0.012p
No. of share options	59,777,856	923,018,040
Risk free rate	0.5%	0.5%
Expected volatility	50%	50%
Expected option life	3 years	5 years
Calculated fair value per share	0.4p	0.012p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2016 in respect of warrants granted was £239,111.

The fair value of the options is based on the market value at the date of grant of the number of shares for which the performance criteria have been met for the year less the exercise price of 1.1p per share. The market value per share at the date of grant was 3.3p.

On 13 October 2016 the Company issued 13,828,472 options to employees of the Group under the approved enterprise management incentive share option scheme and subject to vesting criteria.

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

	2016
Grant date share price	3.3p
Exercise share price	1.1p
No. of share options	13,828,472
Risk free rate	0.5%
Expected volatility	50%
Expected option life	10 years
Calculated fair value per share	2.59p

SHARE OPTIONS (continued)

The total share-based payment expense recognised in the income statement for the year ended 31 December 2016 in respect of share options granted was £119,386.

On 22 December 2016 the Group issued 43,239,926 options to Warner Music Inc. These warrants may be exercised at any time on or before 21 December 2021 and entitle the warrant holder to subscribe 4.25p for one ordinary share for each warrant held. The fair value of these warrants was determined using the Black-Scholes option pricing model and was 0.002p per option. The inputs to the model were as follows:

	2016
Grant date share price	3.3p
Exercise share price	4.25p
No. of share options	43,239,926
Risk free rate	0.4%
Expected volatility	40%
Expected option life	1 year
Calculated fair value per share	0.002p

The total share-based payment expense recognised in the income statement in relation to these warrants was £86,479.

19. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

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

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

An analysis of trade and other payables is given in note 15. These payables are payable within a year.

Financial instruments (continued)**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:

	2016		2015	
	Group £	Company £	Group £	Company £
Financial assets:				
Cash and bank balances	3,369,693	3,285,490	13,115	2,401,021
Loans and receivables	112,602	1,958,582	17,510	5,024
Investments	-	5,352,731	-	-
Financial liabilities at amortised cost:				
Trade and other payables	232,283	65,718	101,227	16,667
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year

21. POST BALANCE SHEET EVENTS

During the period 1 January 2017 to 28 February 2017 12,453,574 warrants were exercised for a total of 12,453,574 ordinary shares for a cash consideration in aggregate of £201,891.

Other than the above, the Directors were not aware of any other material events since the reporting date.

22. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be a single ultimate controlling party.