

Eagle Eye Solutions Group plc

Strategic and Directors' report,
consolidated and company financial
statements

Registered number 8892109

30 June 2014



Company information

Directors	Bob Willett Phill Blundell Steve Rothwell Lucy Sharman-Munday William Currie Sir Terry Leahy Drew Thomson Malcolm Wall
Secretary	Lucy Sharman-Munday
Company number	8892109
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Contents

Strategic Report

Chairman's report	1
Chief Executive Officer's report	3
Financial review	6
Key performance indicators	7
Principal risks and uncertainties	7
Corporate social responsibility statement	9
Employee involvement statement	9

Governance

Board of Directors	11
Directors' report	13
Statement of directors' responsibilities	18

Financial statements

Independent auditor's report to the members of Eagle Eye Solutions Group plc	19
Consolidated income statement	21
Consolidated statement of financial position	22
Consolidated statement of changes in equity	23
Consolidated statement of cash flows	24
Notes to the consolidated financial statements	25
Company balance sheet	45
Notes to the Company financial statements	46

Strategic report

Chairman's report

Having chaired the Company for a year, I stepped down temporarily earlier this year for health reasons but I am delighted to resume the responsibilities of Chairman and to be associated with such an exciting company. Eagle Eye is the UK leader in real-time secure delivery of offers, vouchers and rewards to the retail and hospitality markets. I believe we are witnessing one of the most far-reaching technological changes during the more than 40 years I have been involved in the retail industry, as promotions and loyalty shift to digital delivery. This opens up tremendous opportunities to companies that can connect consumers, brands and retailers, with Eagle Eye at the forefront.

This was a transformational year for Eagle Eye as we built excellent operational momentum within the business, bolstered our offering and team, both organically and through the acquisition of 2ergo, and floated on AIM. We have now established an exceptional foundation that will enable us to exploit our strong first-mover advantage in the fast-growing digital promotions and loyalty market and deliver long-term value to our customers and shareholders.

The aforementioned game-changing technological changes in the promotions and loyalty market provide tremendous opportunities for Eagle Eye, as the leading UK provider of digital consumer engagement solutions.

Summary of results

Eagle Eye operates a SaaS business model whereby revenues are generated by transactions over the network and by monthly connection fees that allow customers to use the network. In addition, we charge implementation fees for new customers and new services. We have delivered excellent momentum in the business as demonstrated by a 100% increase in like for like revenue.

Another one of our KPIs for the business is the number of customers using our network. I am delighted to report that we have doubled the number of retailers and brands using our network over the past 12 months to more than 90 (2013: 40). This is further reinforced by our technology platform redeeming 8 million vouchers in the Period compared to 1.5 million in the prior financial year.

Group revenue increased by 160% to £1.8m (2013: £0.7m) for the Period. Of total revenue for 2014, an incremental £0.4m was contributed by the 2ergo acquisition made in the middle of April 14. Excluding 2ergo, organic revenue increased by 101% to £1.4m.

The adjusted EBITDA loss was £0.8m. The Group's gross profit was £1.4m, representing a gross margin of 78%. The Group has a robust balance sheet with net assets of £7.8m, including cash and cash equivalents of £2.3m.

People

We have significantly strengthened our team across the business during the Period. At the Board level, we welcomed Drew Thomson and Malcolm Wall as Non-Executive Directors, who together bring a wealth of experience from the media and loyalty sectors that will be invaluable as the Group continues to grow. They join our existing Non-Executive Directors Bill Currie and Sir Terry Leahy who will continue to offer their exceptional knowledge and guidance to the executive team.

Eagle Eye's former Commercial Director Phillip Blundell was appointed Chief Executive Officer in March and led the Company through the IPO process ably assisted by the Founder and Chief Technology Officer. More recently, in July, we were delighted that Lucy Sharman-Munday joined us as Chief Financial Officer. Lucy's appointment completes a strong and dynamic executive team and gives us the breadth of skills and experience to continue to execute our demanding growth strategy.

The acquisition of 2ergo strengthened our team by bringing an additional 25 skilled people to the Group providing further knowledge and bandwidth which, coupled with our existing highly skilled and committed team, underpin the Board's confidence in future progress.

Eagle Eye Solutions Group plc

Consolidated Financial Statements for the year ended 30 June 2014

On behalf of the Board I would like to place on record our thanks to all those who made our admission to AIM possible. This includes our hardworking team, our long-standing shareholders who have supported us on our journey both financially and by freely giving their time and insight, and our new shareholders whom I am delighted have chosen to support Eagle Eye through the next exciting phase of growth.

Outlook

Our industry-leading network, the quality of our technology, our growing customer base and experienced management team mean that we have a strong foundation for future success. In FY 2015 we will continue to execute our growth strategy, innovate and develop our customer offer and bring new customers on to the *Eagle Eye Air* platform. The board therefore has considerable confidence in Eagle Eye's growth prospects both in the immediate and the longer-term

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Chief Executive Officer's report

A transformational year

Eagle Eye's progress over the last 12 months has been rapid. We have transformed our business from a platform supporting a few customers and offering two key solutions into a strong and dynamic group focussed on organic growth. We have successfully integrated a major competitor during the Period and doubled both revenue and the number of retailers and brands using our network.

We now have the necessary ingredients for sustainable growth: a scalable proven technology platform; a strong management team; and the financial resources to allow us to exploit the increasing market opportunity.

Market overview

Eagle Eye operates in three key markets: coupons; stored value cards; and loyalty. These markets are going through dynamic change as both retailers and consumers move from paper and plastic to digital offers, rewards and loyalty. Growth is being observed both in the underlying markets in which Eagle Eye is active as well as the digitalisation of retail customers' redemption within these markets.

The coupon market has grown 100% in five years and redemption has increased 33% in the UK last year reaching a value of £1.6bn (Juniper 2013). Coupon redemption is growing at 38% per annum in the UK and is now worth more than £2 billion a year (Juniper 2013, Pepperwood Digital Coupon Market Whitepaper). In addition, the UK Gift Card and Voucher Association has indicated that the gift card market is of a similar size. Both these markets are moving from analogue platforms to digital platforms and offer significant potential annual revenues to the technology and media companies servicing these markets. We have positioned ourselves strategically to be a key player in these growing markets and have already achieved leadership in the UK digital market with in excess of one million redemptions per month by June 2014, compared to approximately 250,000 a month in June 2013.

In the coming years digital rewards and loyalty will see much faster growth than paper rewards. Digital rewards help reduce fraud and enable retailers to be paid faster. They also give brands and retailers the ability to target consumers based on their personal preferences including through the real-time tracking and reporting of consumer behaviour.

Our strategy

Our long-term goal is to be the global leader in the delivery of digital promotions. Our immediate strategic focus is on building on our leadership in the UK by dominating the retail and hospitality industries as paper vouchers are migrated to digital solutions over the coming years. This comprises four key elements:

Expanding our customer base

Our customers are leading brands and operators in the retail and hospitality sectors. In the past 12 months there has already been a step change in the roll out of our non-payment transaction network that connects consumers, brands and retailers as we have doubled the number of customers on the network, including adding three of the largest issuers of rewards in the UK. This puts us in a strong position to significantly increase volumes in the coming year.

Growing our partnership network

Another pillar of our strategy is to partner with the EPOS ("Electronic Point of Sale") providers who are the gatekeepers to real-time redemption. Progress during the Period was good with another two of the top 10 EPOS providers connecting their software to the Eagle Eye network, increasing our total to five.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Targeting the FMCG sector

We aim to build out the connections to our network by attracting the FMCG brands who control the largest marketing budgets in the world of promotions. We have conducted a small number of campaigns in the last year and now, with the network expanding, we are able to bring on board these mass market leading brands which provides the potential for exciting revenue growth.

Innovating and enhancing our offer

Innovation keeps us ahead of the curve. It is crucial that we continue to enhance the capabilities of our platform to allow consumers and retailers to transact in any method that is convenient. To this end we have extended the issuing application programming interface ("API") to include 'push' notifications into smartphone apps and the scanning of QR codes alongside our traditional methods of SMS text messaging and email. On the redemption side, our existing methods of key entry and barcode scanning have been extended to support contactless entry by mobile phone or card. The acquisition of 2ergo has extended the product set to include a powerful mobile marketing publishing suite and an app builder, both of which will allow us to offer new and a broader range of services to our customers.

Delivering our strategy: momentum in the Eagle Eye network

Over the Period we have significantly increased the scale of our network with the number of our customers using the network increasing from less than 40 in June 2013 to more than 90 today. We have grown and diversified from a predominantly hospitality customer base to one also focussed on retail and grocers.

We have strengthened the hospitality customer base by adding Prezzo, Zizzi and ASK to our major customers alongside Pizza Express and Mitchells and Butlers. As a result, we now have more than 750,000 people using our digital vouchers in restaurants every month.

Progress has been spectacular in the retail sector where our existing strength in fashion has been supplemented by contract wins with leading national retailers Greggs, JD Sports, Onestop and M&S.

These clients demonstrate the attractiveness of our technology platform to the largest of retailers who redeem the bulk of promotional vouchers through their relationships with FMCG suppliers, introducing the Company to the opportunity of brand promotions which exhibit tens of millions of redemptions every month. Our customer success to date gives us a strong platform and industry credibility to further extend the reach of our network.

Partners are also key to achieving our mission of providing the universal non-payment transaction network, connecting all consumers, brands and retailers. In particular we are targeting partnerships with EPOS providers and loyalty scheme providers because they can make adoption of our platform easier and drive increased volumes. It has been a good financial year for the development of our EPOS partnerships and new contracts were signed with Toshiba Global Commerce Systems, K3 and Comtrex Systems which will facilitate tens of new customers going forward. We have also made good progress with loyalty and issuance partners with WEVE, Nectar and VISA agreeing to link to the network and issue digital vouchers.

The Eagle Eye AIR platform that supports the network has been transformed in the Period. Led by our Founder, Steve Rothwell, our patents have been extended to the USA and the platform now supports 16 services, up from four a year ago. Our tools and dashboard have also been redeveloped to make them more attractive to larger customers and brand owners. During the Period the basic promotions and stored value products have been extended to include staff rewards, benefits and loyalty. Our loyalty product has gone live with M&S and Greggs who are now able, in real-time, to identify customers at point of sale, serve up offers and rewards based on basket data and accept payment all in under one second using one barcode. This demonstrates the strength and power of our platform and its scalability which is now proven with more than one million redemptions a month.

Other significant developments introduced throughout the Period include a new basket data module which enables the digital counting and auditing of vouchers, as well as the contactless redemption mechanic, which makes mobile transactions direct from the phone or card possible. Based on early signals, we expect this to become a fast-growing market.

I am delighted that that the integration of the 2ergo team has been a success and our new colleagues are fully embedded in the business and integral to our future success. They have brought an expertise in mobile marketing

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

and app building that complements our existing skill sets and further broadens our market appeal. The extended development team have shown remarkable resilience and creativity during the Period by meeting all development objectives and, at the same time, ensuring that the number of live customers was doubled. Going forward our investment in product enhancements will be maintained and I thank the team for their skill and commitment.

Besides the technology and people the other key reason for acquiring 2ergo was for their customers. I am pleased to say that since the deal closed revenues from these customers have increased, providing further evidence of the success of the transaction. Maintaining this growth, coupled with investment in sales and marketing, will be the main operational focus in the future.

Now that we have the proven technology platform with credible customers, the challenge is to build a sales and marketing function that can exploit the growing market opportunity. The team has already increased by four to nine and we are in the process of recruiting a further two sales executives which should give us the strength in depth to meet our demanding growth targets.

Outlook

The market for digital promotions is growing rapidly as the technology barriers to adoption are overcome. This, coupled with the tangible benefits of digital over paper including cost savings, reduced fraud and improved consumer experience, will drive further migration to digital solutions. We are well placed to take advantage of this opportunity due to our market position, patent-protected network, excellent products and skilled people.

Over the next 12 months the strategic focus will be on extending our lead in the UK market by increasing volumes, adding more customers, forging new partnerships and building more functionality into our technology platform, Eagle Eye AIR.

We will continue to innovate and look at ways to extend our offer and meet both existing and new customers' evolving needs.

In 2014, 60% of revenues came from the SAAS model. We expect this to increase significantly in the coming year both in absolute terms and in percentage terms.

A huge amount has been achieved over the last 12 months. We have doubled revenue, acquired and integrated 2ergo, developed the Eagle Eye AIR platform and listed on AIM. Underpinned by the strength of our team, technology and strategy, I am confident that progress over the next year and beyond will be equally exciting.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Financial review

Group Results

Group revenue experienced strong growth of 160% to £1.8m (2013: £0.7m) for the Period. Of the total revenue for 2014, an incremental £0.4m was contributed by the 2ergo acquisition which completed in the middle of April 2014. During this initial period the Group has enhanced its presence in the campaign management and SMS text messaging services market. Excluding 2ergo, organic revenue increased by 101% to £1.4m as a result of the significant growth in the number of retailers and brand customers using the Eagle Eye network during the Period.

£1.2m of revenue generated by transactions over the network and by monthly connection fees represents 67% of total revenue (2013: 57%, £0.4m). This positive 10% points year-on-year growth in revenue mix is in line with our strategy to increase the volume of transactions going over our network and therefore drive the recurring operating model. The balance, £0.6m, relates to implementation fees for new customers and new services and represents 33% of total revenue (2013: 43%, £0.3m).

The increased revenue was achieved without a significant impact on gross margin. The gross margin reduced from 80% to 78% in 2014 as gross profit grew to £1.4m (2013: £0.6m). The core gross margin increased from 80% to 83%, the fall in overall margin was driven by the increased level of lower gross margin campaign manager and SMS business revenue in the Company's turnover mix as a result of the acquisition of 2ergo.

Operating Costs

Operating costs of £2.6m (2013: £1.1m) increased in line with expectations reflecting our planned strategic growth. Operating expenses include sales and marketing, product development, operational IT, general, administration and share based payment costs. Gross expenditure on product development increased 98% to £0.8m (2013: £0.4m) reflecting our investment to enhance the capabilities of our platform. Capitalised product development costs at £0.6m (2013: £0.3m) represented 72% of gross development spend whilst amortisation of capitalised development costs was £0.5m (2013: £0.1m).

One-off costs in relation to the acquisition of 2ergo which are expensed in accordance with IFRS 3 Business Combinations totalled £0.3m.

EBITDA

Group-adjusted EBITDA loss for the Period was £0.8m (2013: loss £0.4m). To provide a better guide to the underlying business performance adjusted EBITDA excludes share-based payment charges and one off acquisition costs along with depreciation, amortisation, interest and tax from the measure of profit.

Group reorganisation and share placing

The Company was incorporated on 12 February 2014 and on 18 March 2014 became the new parent company of the Eagle Eye Solutions Group. This followed a reorganisation resulting in the Company acquiring the entire share capital of Eagle Eye Solutions Limited. The shareholders of Eagle Eye Solutions Limited received shares in the Company in a 16:1 swap to their original shareholdings. The historical financial statements represent the financial statements of the Company's subsidiary, Eagle Eye Solutions Limited. On conclusion of the company's admission to AIM 3.7m placing shares were issued raising £5m of new capital (net of issue costs).

£2.5m from the initial public offering on AIM and the issue of 1.2m shares in the Company funded the acquisition of 2ergo.

The balance of cash from the initial public offering was raised to provide working capital to support the expected revenue growth and to provide headroom for strategic investment in the Group's technology.

EPS and dividend

Reported basic and diluted loss per share was 10.65p (2013: loss per share 4.18p). The Board does not feel it appropriate at this time to commence paying dividends.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Balance sheet, cash and cash flow

The Group has a robust balance sheet with net assets of £7.8m at 30 June 2014 (2013: £2.0m), including cash and cash equivalents of £2.3m (2013: £1.4m). As a result of the initial public offering and the intellectual property and other assets purchased in the 2ergo acquisition, our balance sheet has been significantly strengthened.

The main components to the gross cash increase of £0.9m for the Period (2013: £0.6m increase) were operating cash outflow of £1.3m (2013: £0.5m outflow), the cash consideration paid for 2ergo of £2.5m, capital investment in intangibles including product and development of £0.6m (2013: £0.3m) and the net receipts from the initial public offering on AIM of £5.0m.

Key performance indicators

The primary financial key performance indicators for the Group are revenue, EBITDA and the Group's cash balances, all of which are reported monthly to the Board and forecast to the end of the reporting period.

	2014	2013
	£000	£000
Revenue	1,835	705
EBITDA	(817)	(416)
Cash and cash equivalents	2,275	1,408

The primary non-financial key performance indicators are the number of customers on our platform, the number of redemptions and the number of products/services.

Principle Risks and uncertainties

Technological changes could overtake the products being developed by the Group

The Group's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in retail practices which could affect both the potential profitability and the saleability of the Group's product offering. Staying abreast of technological changes may require substantial investment. The Group's existing software products need to develop continually in order to meet customer requirements. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop suitable technologies and products. The technology used in the Group's products is still evolving and is highly complex and may change rapidly. Research and development by other companies may render any of the Group's products in development, or currently available, obsolete.

Protection of intellectual property

The Group's success and ability to compete effectively are in large part dependent upon exploitation of proprietary technologies and products that the Group has developed internally, the Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of those technologies and products, and its ability to preserve the confidentiality of its know-how. The Group relies primarily on enforcement of its pending and granted patents under applicable patent laws and non-disclosure agreements to protect its intellectual property rights. No assurance can be given that the Group will develop further technologies or products which are patentable or that patents will be sufficiently broad in their scope to provide protection for the Group's intellectual property rights against third parties.

Patents pending or future patent applications may not be granted and the lack of any such patents may have a material adverse effect on the Group's ability to develop and market its proposed products. Where patents have been granted the Group may not have the resources to protect any such issued patent from infringement. There is a significant delay between the time of filing of a patent application and the time its contents are made public, and others may have filed patent applications for subject matter covered by the Group's pending patent applications without the Group being aware of those applications. The Group's patent applications may not have priority over patent applications of others and its pending patent applications may not result in issued patents. Even if the Group obtain patents, they may not be valid or enforceable against others. Moreover, even if the

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Group receive patent protection for some or all of their products, those patents may not give the Group an advantage over competitors with similar products. Furthermore, the Group cannot patent much of the technology that is important to its business. If the Group fails to obtain adequate access to, or protection for, the intellectual property required to pursue its strategy, the Group's competitors may be able to take advantage of the Group's research and development efforts.

Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

Product risk

The Group's business involves providing customers with highly reliable software and services. If the software or services contain undetected defects when first introduced or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy the contract specifications. As a result, it may lose customers and/or may be come liable to them for damages. Whilst the Group has liability insurance in place and endeavours to negotiate limitations on its liability in its customer contracts, this is not always commercially possible. Additionally, the Group is committed to developing products for its customers on a set timeline. However, the pace of progress of the development projects may not be as expected and the Group could fail to meet its customers' timing or performance requirements. As a result of these risks, the Group may lose customers, may become liable to those customers for damages and may suffer to damage to its reputation.

The Group has service level commitment obligations with many of its customers in which it provides various guarantees regarding levels of service. The Group may not be able to meet these levels of service due to a variety of factors, both inside and outside the Group's control. If the Group fails to provide the levels of service required by the agreements, such customers may be entitled to terminate their contracts or may choose not to enter into new work orders with the Group and this may also damage the Group's reputation and reduce the confidence of the Group's customers in its software and services, impairing its ability to retain existing customers and attract new customers.

Online security breaches, data loss and fraud

Any compromise of the Group's systems, security breaches or data loss may result in the temporary inability of the Group to operate its clients' mobile sites and applications and therefore may have a detrimental impact on the Group's revenues, both directly through the inability of the Group's clients to trade or the Group to authenticate offers, and indirectly through loss of confidence in the security of the Group's platform.

Security breach and fraud remain key concerns in the online payments world and any security breach or fraud event might deter consumers from purchasing goods via online voucher and offer content. Any move away from the mobile channel for purchasing goods would have a negative impact on the Group's growth prospects and revenues.

Security breach and fraud may also lead to regulatory investigations, sanctions (including fines) and litigation with clients and consumers. Any regulatory investigation or litigation may be costly and may divert efforts and attention of the Group's key management and other personnel and resources, may cause wider reputational damage to the Group and may result in existing clients terminating contracts and deter potential new clients from becoming actual clients.

The Group use a third party security and data compliance service to monitor and mitigate against this risk in addition to client specific security testing.

Staff recruitment and retention

The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed. Finding and hiring any additional personnel and replacements could be costly and might require the Group to grant significant equity awards or other incentive compensation, which could adversely impact its financial results. The Group's future development and prospects depend to a significant degree on the experience, performance and continued service of its senior management team. Effective product development and innovation, upon which the Group's success is dependent, is in turn dependent upon attracting and retaining talented technical, scientific and marketing personnel, who represent a significant asset and serve as the source of the Group's technological and product innovations. In addition, to continue to expand the Group's customer base, increase sales and achieve growth generally, the Group will need to hire additional qualified sales personnel as well as recruit further personnel in administrative and support functions. If the Group is unable to hire, train and retain such personnel in a timely manner an undue burden could be placed on existing personnel, the development and introduction of the Group's products could be delayed and its ability to sell its products and otherwise to grow its business will be impaired and the delay and inability may have a detrimental effect upon the performance of the Group.

Litigation risk

Whilst the Group has taken, and will continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group. There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to such litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

Dependence on key customers and partners

The Group is dependent on a number of key contracts and partner relationships for its current and future growth and development. The Group must continue to maintain and expand its integration into retailers' in-store and point of sale systems in order to increase the attractiveness of the Group's products and software to consumer brands, allowing the Group to increase revenues and achieve profitability. If consumer brands do not perceive that the Group is able to be integrated into a broad range of retailers' in-store or point of sale systems, then the Group may fail in attracting or retaining consumer brands to offer digital promotions on the Group's platform due to their offers not being redeemed by consumers with the scale and effectiveness that is compelling to them. If this were to happen, there may be a detrimental effect upon the performance of the Group.

Corporate social responsibility

The Group embraces working in a way that delivers financial, socially responsible and environmentally sustainable business performance and ensures adherence to the law and conducts its affairs to the highest ethical standards. We expect our customers and suppliers to embrace these same principles. The Group values teamwork, taking personal responsibility, positive attitudes and working hard to deliver positive outcomes for all our stakeholders- customers, staff and shareholders alike. We encourage the personal learning, growth and development of our team and voluntarily try to eliminate practices that harm the environment.

Employee involvement

The Group recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Group. The Group encourages employee performance through their remuneration packages, including by granting share options, and ensures that employees are fully aware of financial and economic factors affecting the performance of the Group.

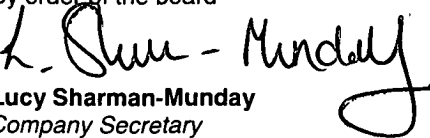
The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability. Equality of treatment includes full and fair assessment of applications and extends to training and continuing career development.

Eagle Eye Solutions Group plc

Consolidated Financial Statements for the year ended 30 June 2014

The Group is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, where practicable, gives full consideration to applications for employment from disabled persons.

By order of the board


Lucy Sharman-Munday
Company Secretary

5 New Street Square
London
EC4A 3TW

23 September 2014

Governance

Board of Directors

Bob Willett – Chairman - A

Bob has an impressive track record in multi channel retail and technology industries from hands on operational roles in Marks & Spencer, BestBuy, Kingfisher Group and Gateway as well as years of experience as Global Managing Partner and member of the Executive Committee responsible for the retail practice in Accenture. Bob comes with significant global retail and mobile experience in a career in which he has focused on the customer experience and using customer insights to drive better marketing decisions. In particular, Bob developed and led the successful partnership with Carphone Warehouse to form BestBuy mobile that he chaired until his retirement in January 2010. He is currently Chairman of Anatwine, Metapack Ltd and Occa Home Ltd, and a Non-Executive Director of Mobile World Vietnam. In addition, this year he was appointed as a Trustee of The National Museum of Computing, Bletchley Park.

Phill Blundell – Chief Executive Officer

Phill joined the Group as Commercial and Finance Director in 2012, and is responsible for driving forward the commercial growth and focus of the Group. He was appointed as Chief Executive Officer in 2014. Prior to joining Eagle Eye, Phill was the Group Finance Director and subsequently Chief Executive Officer of Intelligent Environments Group plc, a digital banking software company, which was acquired by a US private equity house and consequently renamed Parseq plc. He was Acting CEO of Parseq when it was acquired by funds controlled by HarbourVest Partners, LLC in 2011. He qualified as a chartered accountant with Coopers & Lybrand in 1988 and is a member of the Institute of Chartered Accountants in England & Wales. Phill has a BSc in Economics from the London School of Economics.

Steve Rothwell – Founder and Chief Technical Officer

Steve founded the Group in 2003, and is responsible for the enlarged Group's vision, strategy, product development and roadmap. Prior to that, he was the founder and Chief Executive Officer of Eagle Eye Technology Limited, a software consultancy business. Before that he was a developer and consultant for Consult Hyperion, developing concepts in the media and payments industries, and a software engineer for Ericsson. Steve has a BEng in Electrical and Electronic Engineering from the University of Leicester.

Lucy Sharman-Munday – Chief Financial Officer

Lucy joined the Group in July 2014. Prior to this, she was the CFO of the 5one group, the global consultancy providing services, analysis and software to help retailers achieve a customer-centric strategy. The global role covered Europe, South Africa and setting up America. Prior to this she worked for Adapt Group Ltd, and in 2006 iSOFT plc as an integral part of the turn-around team that successfully sold the business to IBA Health Group at the end of 2007. Lucy began her career at KPMG in 1999 and is a member of the Institute of Chartered Accountants in England & Wales.

William Currie – Non Executive Director – A, B

Bill joined the Group as a non-executive director in 2011. He is the founder of the William Currie Group and William Currie Investments, an investment vehicle specialising in the retail sector. Previously he was a top ranked city investment analyst, serving as Joint Managing Director of Charterhouse Securities and Director of Research at BZW. His current directorships include Metapack Limited and Belvedere Energy Investments.

Sir Terry Leahy – Non Executive Director - A

Sir Terry joined the Group as a non-executive director in 2011. Sir Terry completed a 22 year career at Tesco plc as Chief Executive from 1997 to 2011. Leahy received a Knighthood for services to food retailing in the 2002 New Year Honours. He was chosen as Britain's "Business Leader of the Year" in 2003 and the Fortune European Businessman of the Year for 2004. Since 2011 he has focused on investments in early-stage businesses. He is a director of Metapack Limited, the Social Mobility Foundation and the Foundation Years Trust.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Drew Thomson – Non Executive Director – A, B

Drew joined the Group as a non-executive director in 2014. He is a business leader and entrepreneur with a track record in funding, creating, building and growing international businesses, and is currently the Chief Executive of Starcount. Prior to this he was Executive Chairman of Iris Worldwide where he led the development and international growth of the Iris group business. He was Director during the period when the business's income increased from £39m to £75m, establishing Iris in 15 key markets globally. Previously to joining Iris, Drew was a founding partner of Paternoster, the UK's first defined benefit pension scheme risk transfer company. Before setting up Paternoster, he was Chief Executive of Airmiles and BA Miles.

Malcolm Wall – Non Executive Director – A, B

Malcolm joined the Group as a non-executive director in 2014. He was previously CEO, and then advisor to the board, of Abu Dhabi Media Company. He is also the former Chief Executive, Content for Virgin Media where he ran Virgin's television proposition, the Virgin Media portal and their television channel groups. Mr Wall joined Virgin from United Business Media, where he was Chief Operating Officer. He has also worked in senior executive roles for a number of ITV companies, including Granada, Anglia and Southern.

Board Committee Membership

A – Audit Committee

B - Remuneration Committee

Directors' report

The Directors present their annual report, the audited consolidated financial statements for the period ended 30 June 2014.

Principal activities, business review and future developments

The principal activity of the Group is the provision of its digital transactional platform for the secure multi-channel issuance, management and redemption of promotional offers, gift vouchers and loyalty-based rewards, replacing previously used paper-based methods.

The Strategic Report on pages 1 to 10 report on the Group's performance during the financial period and its future prospects. The information that fulfils the requirement of the Business Review is contained within the Strategic Report and is incorporated into this report by reference.

Corporate Status

Eagle Eye Solutions Group plc (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 8892109 on 12 February 2014. The Company has its registered office at 5 New Street Square, London EC4A 3TW.

On 18 March 2014 the Company acquired the shares of Eagle Eye Solutions Limited in exchange for its own shares. The Company issued 13,641,384 1p shares in exchange for the entire share capital of Eagle Eye Solutions Limited. The acquisition of its principal subsidiary by the Group did not meet the definition of a business combination and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP being UK GAAP. The acquisition of Eagle Eye Solutions Limited by the Company has therefore been accounted for in the consolidated financial statements in accordance with the principles of merger accounting as set out in Financial Reporting Standard 6- Acquisitions and Mergers. Accordingly the financial information for the Group has been presented as if Eagle Eye Solutions Limited has been owned by the Company throughout the current and preceding periods. The comparative figures for the previous year include the results of the merged entity, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. The difference between the capital and reserves of Eagle Eye Solutions Limited and the nominal value of shares and share premium issued by the Company to acquire the merged entity was taken to reserves.

On 16 April 2014, the Company's shares were admitted to trading on AIM.

Directors

Phill Blundell	(appointed 12 February 2014)
Steve Rothwell	(appointed 12 February 2014)
Lucy Sharman-Munday	(appointed 17 July 2014)
Bob Willett	(appointed 8 September 2014)
Drew Thomson	(appointed 16 April 2014)
Sir Terry Leahy	(appointed 10 April 2014)
Bill Currie	(appointed 10 April 2014)
Malcolm Wall	(appointed 16 April 2014)
Huntsmoor Limited	(appointed 12 February 2014, resigned 12 February 2014)

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Directors' remuneration and share options

Remuneration in respect of the directors was as follows:

	30 June 2014 Aggregate emoluments and fees £000	30 June 2014 Short-term benefits £000	30 June 2014 Pension costs £000	30 June 2013 Aggregate emoluments and fees £000	30 June 2013 Short-term benefits £000	30 June 2013 Pension costs £000
Phill Blundell	198	-	-	77	-	-
Steve Rothwell	120	-	-	83	-	-
Drew Thomson	9	-	-	-	-	-
Terry Leahy	2	-	-	-	-	-
Bill Currie	2	-	-	-	-	-
Malcolm Wall	9	-	-	-	-	-
	340	-	-	160	-	-

The directors hold the following share options:

	Options over ordinary shares of 1p each	
	30 June 2014	30 June 2013
Phill Blundell	226,574	278,336
Steve Rothwell	434,782	975,200

The market price of the Company's shares at the end of the financial year was 160p and the range of the market price during the period since admission to AIM was between 152p and 185p.

Substantial Shareholdings

At 22 September 2014, the directors have been notified of the following beneficial interests in excess of 3% of the issued share capital of the Company (excluding those shares held in treasury).

	Total shares	%
Bill Currie *	1,917,163	9.52
Andrew Sutcliffe	1,860,815	9.24
Steve Rothwell	1,711,672	8.50
Christopher Gorell Barnes	1,551,866	7.71
Julian Reiter	1,392,390	6.92
Sir Terry Leahy *	1,377,030	6.84
MXC Capital plc	1,219,512	6.06
Timothy Miller	972,975	4.83
Edward Pippin	855,000	4.25
Goldman Sachs Securities (Nominees) Limited	820,732	4.08
Hargreave Hale Limited	670,732	3.33

*includes shares held by family members

Corporate Governance

Principles of Corporate Governance

The Directors recognise the importance of sound corporate governance and confirm that although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, the Group is complying with the QCA Corporate Governance Code (as devised by the QCA in consultation with a number of significant institutional small company investors) to the extent appropriate and practical for a Group of its nature and size.

Board Structure

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities is set out on page 18.

The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered.

The Board comprises of the Chairman, who was independent at the time of appointment, three executive directors and four non-executive directors. Of the non-executive directors, the Board considers two to be independent directors. All non-executive directors receive a fixed fee for their services.

The Board holds regular meetings and is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions and overseeing the Group's progress towards its goals.

Board Committees

The Board has two Committees with clearly defined terms of reference which are set by the Board. The role, work and members of the committees are outlined below:

Remuneration Committee

The Remuneration Committee is chaired by Malcolm Wall and consists of three non-executive directors, Malcolm Wall, Bill Currie and Drew Thomson. It is expected to meet no less than twice a year. Executive directors may attend meetings at the Committee's invitation. It is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and setting the remuneration packages of individual directors. This includes agreeing with the Board the framework for the remuneration of the executive directors and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each individual director including, where appropriate, bonuses, incentive payments and share options.

The remuneration of non-executive directors is a matter for the Board. No director may be involved in any decision as to their own remuneration.

Audit Committee

The Audit Committee is chaired by the Chairman, William Currie, and consists of all five non-executive directors. The Committee assists the Board in meeting its responsibilities in respect of corporate governance, external financial reporting and internal controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The Audit Committee meets formally not less than three times every year and otherwise as required.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Internal Control and risk management

The Directors are responsible for the Group's system of internal controls and reviewing its effectiveness.

Although, no system of internal control can completely eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss, the Group's controls are designed to provide reasonable assurance over the reliability of financial information and the Group's assets.

The key controls are as follows:

- The executive directors have a close involvement with the day to day operations and with the involvement of staff, identify business risks and monitor controls;
- A risk register is maintained and reviewed by the Board on a regular basis; any high risks are mitigated by embedded controls; and
- There is a comprehensive process of financial reporting based on the annual budget that is approved by the Board. Monthly financial results are reported with analysis of key variances against expectations.

There is currently no internal audit function as the Board considers that given the Group's current stage of development, it is not necessary but this will be reviewed annually as the Group evolves.

Relations with Shareholders

Meetings with analysts and institutional shareholders are held following the interim and full year results and on an ad-hoc basis. These meetings are usually held by the CEO and the CFO.

The Group's informative website contains information to be of interest to new and existing investors. In addition, the Group retains the services of a financial PR consultancy, providing an additional contact avenue for investors.

There is an opportunity at the annual general meeting for individual shareholders to raise general business matters. Notice of the annual general meeting is provided at least 21 days in advance of the meeting being held.

Research and Development

Details of the Group's policy for the recognition of expenditure on research and development of its Eagle Eye Air platform and other products are set out in note 1 of the consolidated financial statements.

Share Capital

Eagle Eye Solutions Group plc was incorporated on 12 February 2014 and 2 shares of £1 each were issued. On 18 March 2014, the share capital of the Company was altered by the sub-division of these shares into 200 ordinary shares of 1p each.

On 18 March 2014, the Company issued 13,641,384 1p ordinary shares as consideration for the acquisition of Eagle Eye Solutions Limited.

On 27 March 2014, the Company issued 137,776 1p ordinary shares to Sir Terry Leahy, a director of the Company, to secure his ongoing support of the Company through this next stage of growth.

On 27 March 2014, the Company issued 272,832 1p ordinary shares pursuant to the exercise of outstanding share options. On 7 April 2014, the Company issued 97,920 1p ordinary shares pursuant to the exercise of outstanding share options. On 16 April 2014, the Company issued 1,102,992 1p ordinary shares pursuant to the exercise of outstanding share options.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

On 16 April 2014, the Company issued 3,658,536 1p ordinary shares through a placing of its shares on its admission to AIM. In addition, on that day the Company issued 1,219,512 1p ordinary shares pursuant to the acquisition of 2ergo Limited (now Eagle Eye Solutions (North) Limited).

Risk Management Objectives and Policies

Details of the Group's financial risk management objectives and policies are set out in note 13 of the consolidated financial statements. The key non-financial risks that the Group faces are set out on pages 7 to 9 of the Strategic Report.

Related Party Transactions

Details of the Group's transactions and year end balances with related parties are set out in note 18 of the consolidated financial statements.

Dividends

The directors do not recommend the payment of a dividend.

Supplier Payment Policy

It is the Group's policy to pay its suppliers in accordance with the terms and conditions agreed in advance of each transaction once satisfactory performance of service or receipt of goods has been achieved.

Group creditor days at the year end were 51 days (2013: 14 days) of average supplies for the year.

Off-Balance Sheet Arrangements

The Group does not have any financing arrangements not included in the consolidated statement of financial position.

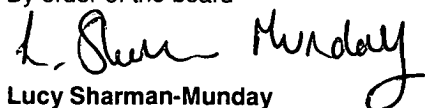
Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Baker Tilly UK Audit LLP were appointed for the year ended 30 June 2014 and have indicated their willingness to continue in office.

By order of the board



Lucy Sharman-Munday
Company Secretary

5 New Street Square
London
EC4A 3TW

23 September 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing each of the group and company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

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

Independent auditor's report to the members of Eagle Eye Solutions Group plc

We have audited the group and parent company financial statements ("the financial statements") on pages 21 to 49. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Statement of directors' responsibilities set out on page 18, 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 <http://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's and of the parent company's affairs as at 30 June 2014 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

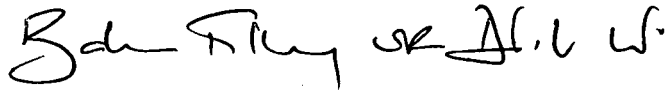
Eagle Eye Solutions Group plc

Consolidated Financial Statements for the year ended 30 June 2014

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.



COLIN ROBERTS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford GU1 1UN
23 September 2014

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Consolidated income statement
for the year ended 30 June 2014

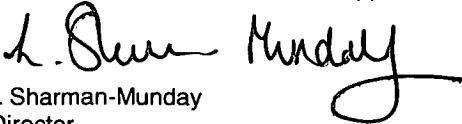
	Note	2014 £000	2013 £000
Continuing operations			
Revenue	2, 17	1,835	705
Cost of sales		(395)	(141)
Gross profit		1,440	564
Administrative costs		(3,183)	(1,134)
Operating loss and loss before taxation	3	(1,743)	(570)
Taxation	5	143	-
Loss and total comprehensive loss attributable to the owners of the parent for the financial year		(1,600)	(570)
Loss per share			
From continuing operations			
Basic and diluted	6	(10.65)p	(4.18)p

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Consolidated statement of financial position
as at 30 June 2014

	Note	2014 £000	2013 £000
Non-current assets			
Intangible assets	7	5,647	513
Property, plant and equipment	8	78	20
		5,725	533
Current assets			
Trade and other receivables	10	1,353	271
Current tax receivable		61	-
Cash and cash equivalents	13	2,275	1,408
		3,689	1,679
Total assets		9,414	2,212
Current liabilities			
Trade and other payables	11	(1,420)	(203)
Non-current liabilities			
Deferred tax liability	12	(192)	-
Total liabilities		(1,612)	(203)
Net assets		7,802	2,009
Capital and reserves attributable to equity holders of the parent			
Share capital	14	201	136
Share premium	14	7,209	-
Merger reserve	14	3,278	3,278
Share option reserve	15	197	78
Retained losses		(3,083)	(1,483)
Total equity		7,802	2,009

These financial statements were approved by the Board on 23 September 2014 and signed on its behalf by:


L Sharman-Munday
Director


P Blundell
Director

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Consolidated statement of changes in equity
for the year ended 30 June 2014

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained losses £000	Total £000
Balance at 1 July 2012	136	-	3,278	5	(913)	2,506
Loss for the financial year	-	-	-	-	(570)	(570)
Transactions with owners						
IFRS 2 share based payment charge	-	-	-	73	-	73
	-	-	-	73	-	73
Balance at 30 June 2013	136	-	3,278	78	(1,483)	2,009
Loss for the financial year	-	-	-	-	(1,600)	(1,600)
Transactions with owners						
Issue of share capital	65	8,181	-	-	-	8,246
Issue costs	-	(972)	-	-	-	(972)
IFRS 2 share based payment charge	-	-	-	119	-	119
	65	7,209	-	119	-	7,393
Balance at 30 June 2014	201	7,209	3,278	197	(3,083)	7,802

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Consolidated statement of cash flows
for the year ended 30 June 2014

	2014 £000	2013 £000
Cash flows from operating activities		
Loss before taxation	(1,743)	(570)
Adjustments for:		
Depreciation	32	14
Amortisation	506	67
Share based payment charge	119	73
(Increase)/decrease in trade and other receivables	(520)	29
Increase/(decrease) in trade and other payables	300	(83)
Net cash flows from operating activities	(1,306)	(470)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(33)	(7)
Payments to acquire intangible assets	(568)	(333)
Purchase of business (see note 17)	(2,500)	-
Net cash flows from investing activities	(3,101)	(340)
Cash flows from financing activities		
Net proceeds from issue of equity	5,274	1,448
Net cash flows from financing activities	5,274	1,448
Net increase in cash and cash equivalents in the year	867	638
Cash and cash equivalents at beginning of year	1,408	770
Cash and cash equivalents at end of year	2,275	1,408

Notes to the consolidated financial statements

1 Accounting policies

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed on pages 31 to 32.

The presentational and functional currency of the Group is Sterling.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2013 and not early adopted

The IASB and IFRIC have issued the following standards and interpretations with effective dates as noted below:

Standard	Key requirements	Effective date (for annual periods beginning on or after)
IFRS 9, Financial Instruments	The standard is the first standard issued as part of a wider project to replace IAS 39. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.	1 January 2015
IFRS 10, Consolidated Financial Statements	The standard's objective is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2014

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

IFRS 11, Joint Arrangements	IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.	1 January 2014
IFRS 12, Disclosures of interests in Other Entities	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2014
IAS 27 (revised 2011), Separate Financial Statements	IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	1 January 2014
IAS 28 (revised 2011), Associates and Joint Ventures	IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	1 January 2014
IAS 32, Offsetting Financial Assets and Financial Liabilities	The amendments clarify existing application issues relating to the offsetting requirements.	1 January 2014

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for UK Companies 2009".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these consolidated financial statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 June each year. Subsidiaries are entities over which the Company has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group generally obtains and exercises control through voting rights.

The financial statements included in the Company's admission document, which is publicly available, are considered to be the first consolidated financial statements prepared in accordance with IFRSs and, as such, the disclosures required by IFRS in respect of change in accounting framework from Financial Reporting Standards for Smaller Entities (FRSSE) to IFRS are not included in these Financial Statements.

On 18 March 2014 the Company acquired the shares of Eagle Eye Solutions Limited in exchange for its own shares. The Company issued 13,641,384 1p shares in exchange for the entire share capital of Eagle Eye Solutions Limited. The acquisition of its principal subsidiary by the Group did not meet the definition of a business combination and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP being UK GAAP. The acquisition of Eagle Eye Solutions Limited by the Company has therefore been accounted for in accordance with the principles of merger accounting as set out in Financial Reporting Standard 6- Acquisitions and Mergers. Accordingly the financial information for the Group has been presented as if Eagle Eye Solutions Limited has been owned by the Company throughout the current and preceding periods. The comparative figures for the previous year include the results of the merged entity, the assets and liabilities at the previous balance sheet date and the shares issued by

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

the Company as consideration as if they had always been in issue. The difference between the capital and reserves of Eagle Eye Solutions Limited and the nominal value of shares and share premium issued by the Company to acquire the merged entity was taken to reserves.

Other than the acquisition of Eagle Eye Solutions Limited, the results of subsidiaries acquired are consolidated from the date on which control passed under the acquisition method. This involves the recognition at fair value of the assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. These fair values are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of the Group's services, excluding VAT, and is recognised at the point that the services have been delivered. Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits can flow to the Group and when specific criteria have been met for each of the activities as described below:

Analytics and development revenue is recognised on a percentage of completion basis using estimates. A project typically takes 3-4 months and where such a project spans a period end, the Group recognises accrued income on the Statement of Financial Position to reflect the service provided on a stage of completion basis.

Licence and support fees are recognised on a monthly basis and are either invoiced on a monthly or annual basis, in which case a portion is recognised in deferred income in the Statement of Financial Position.

Transactional revenues are recognised based on transactional volumes as the transactions occur.

Operating profit

Operating profit comprises the Group's revenue for the provision of services, less the costs of providing those services and administrative overheads, including depreciation and amortisation of the Group's non-current assets.

Accounting for Joint Ventures

Joint ventures are entities which are jointly controlled. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is originally recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of acquisition. The Group's investment in joint ventures includes any goodwill to the extent identified on acquisition.

If the ownership interest in a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount and recognises the impairment in the income statement.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Property, plant and equipment

Purchased property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Computer equipment	2 to 3 years, straight line
Office furniture and fittings	3 to 5 years, straight line

The residual values and economic lives of assets are reviewed by the Directors on at least an annual basis and are amended as appropriate.

Intangible assets

Goodwill

Goodwill arising on business combinations represents the difference between the consideration for a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. The consideration for a business acquisition represents the fair value of assets given and equity instruments issued in return for the assets acquired. Goodwill is not amortised but is subject to an impairment review which is performed at least annually.

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible assets reflects expectations about the probability that future economic benefits from the asset will flow to the Group. These costs are amortised on a straight line basis based upon the Directors' estimate of their useful economic lives of 3 to 5 years.

Internally-generated development intangible assets

An internally-generated development intangible asset arising from the Group's product development is recognised if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated development intangible assets are amortised as an administrative cost on a straight-line basis over their useful lives. Following the acquisition of 2ergo Limited, the Directors reviewed the useful economic lives of the Group's internally generated development intangible assets and, given the rapid rate of technological evolution in the digital loyalty market, determined that it was appropriate to shorten the expected useful life to 3 years.

Where no internally-generated intangible asset can be recognised, research and development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In the case of a cash-generating unit, any impairment loss is charged pro rata to the assets in the cash-generating unit.

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

(a) Trade and other receivables

Trade and other receivables are recognised at their fair value. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Trade and other receivables are shown in the IFRS 7 analysis (note 13) as 'loans and receivables'.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown in the IFRS 7 analysis (note 13) as 'loans and receivables'.

Financial liabilities and equity

(c) Trade and other payables

Trade payables are recognised at their fair value. Trade and other payables are shown in the IFRS 7 analysis (note 13) as 'other financial liabilities'.

(d) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Employee benefits

The Group operates a defined contribution pension scheme for certain employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charged in the income statement are the contributions payable to the scheme in respect of the accounting period.

Current and deferred income tax

Current tax

The tax currently payable is based on taxable loss for the year. Taxable loss differs from the loss for the financial year as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

The Company issues equity-settled share-based payments to certain employees as consideration for services. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on the Directors' best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

When the options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Equity

Equity comprises the following:

- Share capital, representing the nominal value of shares of the Company;
- Share premium, representing the excess over the nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- Merger reserve, representing the excess of the Company's investment over the nominal value of Eagle Eye Solutions Limited's shares acquired using the principles of merger accounting;
- Share option reserve, representing the cost of equity-settled share-based payments until such share options are exercised or lapse.

Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are outlined below:

Recoverability of internally-generated intangible assets

An impairment review of the Group's development costs is undertaken at least annually. This review involves the use of judgement to consider the future projected income streams that will result from the aforementioned costs. The expected future cash flows are modelled and discounted over the expected life of the assets in order to test for impairment. In the years represented in these consolidated financial statements no impairment charge was recognised as a result of these reviews.

Impairment of goodwill

The Group determines whether goodwill arising on acquisitions is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires the directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The actual cash flows may be different from the directors' estimates, which could impact the carrying value of the goodwill and therefore operating results negatively. The value of goodwill at 30 June 2014 is £2.7 million.

Revenue recognition

Where the Group is providing material development services, development fees are recognised in line with percentage completion of work performed towards milestones. Milestones and the Directors' estimate of percentage completion may differ, which could impact operating results positively or negatively. At 30 June 2014, unbilled but contracted revenue of £72,000 (2013: £98,000) has been recognised for development fees.

Share based payment charge

The Group issues share options to certain employees. The Black Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves using a number of

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

The total charge recognised in the year to 30 June 2014 is £119,000 (2013: £73,000). Further information on share options can be found in note 15.

2 Segmental analysis

The Group is organised into one principal operating division for management purposes. Therefore the Group has only one operating segment and segmental information is not required to be disclosed. Revenue is not analysed by product or service.

Revenues from two of the Group's customers each represent more than 10% of the Group's revenue. Revenues related to those customers in the year to 30 June 2014 were £210,000 (2013: £102,000) and £196,000 (2013: £nil) respectively.

All revenues are from external customers. Continuing revenues can be attributed to the following countries, based on the customers' location, as follows:

	2014	2013
	£000	£000
United Kingdom	1,625	603
Asia	210	102
	1,835	705

All non-current assets are held in the United Kingdom.

3 Operating loss

Operating loss is stated after charging to administrative costs:

	2014	2013
	£000	£000
Depreciation of owned tangible assets	32	14
Amortisation of intangible assets	506	67
Costs associated with acquisition of Eagle Eye Solutions (North) Limited (formerly 2ergo Limited)	269	-
Employee costs (see note 4)	1,527	619
Operating lease rentals	31	46
Auditor's remuneration		
Audit of parent and consolidated accounts	12	-
Audit of the Company's subsidiaries	23	22
<i>Non-audit services</i>		
Other non-audit services ⁽¹⁾	9	-
Research and development	166	33

⁽¹⁾ Other non-audit services includes tax services of £9,000 (2013: £nil). Non-audit services of £187,000 in relation to the Company's Initial Public Offering were treated as costs of issue. Costs associated with the acquisition of 2ergo Limited include non-audit services of £28,000.

4 Particulars of staff

The average number of persons employed by the Group, including executive directors, during the year was:

	2014	2013
	No	No
Technical	11	4
Sales and administration	18	11
	29	15

The aggregate payroll costs of these persons were:

	2014	2013
	£000	£000
Wages and salaries	1,677	757
Share based payment charge	119	73
Social security costs	196	86
Pension costs- defined contribution plan	5	-
Less: amounts capitalised as intellectual property	(470)	(297)
	1,527	619

Key management remuneration

Remuneration of the key management team, including executive directors, during the year was as follows:

	2014	2013
	£000	£000
Aggregate emoluments including short-term employee benefits	339	188
Share based payment charge	64	40
Pension costs- defined contribution plan	1	-
	404	228

Directors' remuneration

Remuneration of directors during the year was as follows:

	2014	2013
	£000	£000
Aggregate emoluments including short-term employee benefits	318	160
Fees	22	-
	340	160

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

The remuneration of the highest paid director during the year was:

	2014 £000	2013 £000
Aggregate emoluments including short-term employee benefits	198	85

The remuneration of individual directors is disclosed in the Directors' report on page 14. There are no retirement benefits accruing to any directors.

5 Taxation

	2014 £000	2013 £000
Current tax		
UK Corporation tax at 22.50% (2013: 23.75%)	-	-
Deferred tax		
Origination and reversal of temporary differences	(143)	-
Tax on loss on ordinary activities	(143)	-

Tax reconciliation

Loss before tax	(1,743)	(570)
Tax using UK corporation tax rate of 22.50% (2013: 23.75%)	(392)	(135)
Non-deductible expenses	90	1
Temporary timing differences	(171)	2
Unrelieved tax losses	351	132
Effect of changes in tax rates	(21)	-
Tax on loss on ordinary activities	(143)	-

6 Loss per share

The calculation of basic and diluted loss per share is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive. Basic and diluted loss per share from continuing operations is calculated as follows:

	2014			2013		
	Loss per share pence	Loss £000	Weighted average number of ordinary shares	Loss per share pence	Loss £000	Weighted average number of ordinary shares
Basic and diluted loss per share	(10.65)	(1,600)	15,017,626	(4.18)	(570)	13,641,384

7 Intangible assets

	Goodwill £000	Intellectual property £000	Total £000
Cost			
At 1 July 2012	-	268	268
Additions	-	333	333
At 30 June 2013	-	601	601
Additions	-	568	568
Acquisitions	2,664	2,408	5,072
At 30 June 2014	2,664	3,577	6,241
Amortisation			
At 1 July 2012	-	21	21
Charge for the year	-	67	67
At 30 June 2013	-	88	88
Charge for the year	-	506	506
At 30 June 2014	-	594	594
Net book value			
At 30 June 2014	2,664	2,983	5,647
At 30 June 2013	-	513	513
At 1 July 2012	-	247	247

The Group's goodwill relates to its acquisition of 2ergo Limited on 16 April 2014. An annual impairment review of goodwill arising on acquisition has been performed for the cash-generating unit acquired. The recoverable value of the unit has been based on its value in use. The cash flow projections, which were based on 12 month forecasts approved by the Directors and then extended to cover a 4 year period, supported the carrying value of goodwill and the Group's intellectual property with no impairment required. Discount rates are determined by reference to relevant comparator companies.

	Carrying value of goodwill £000	Period over which cash flows have been projected	Growth rate beyond management approved forecasts	Discount rate for cashflow projections
Cash generating unit				
2ergo Limited	2,664	4 years	11%	12%

The key assumption underlying the forecast is the continued profitability flowing from existing contracts and subsequent growth based on renewed focus on the Group's acquired messaging technology. This assumption is based on management's experience and the historical success of the cash-generating unit. The forecast for the unit provides sufficient headroom over the value of goodwill and intangible assets attributed to the cash-generating unit.

The Group's Intellectual Property relates to internally-generated development assets. The Group has no intangible assets with indefinite useful lives other than goodwill.

8 Property, plant and equipment

	Computer equipment £000	Office furniture and fittings £000	Total £000
Cost			
At 1 July 2012	45	-	45
Additions	7	-	7
At 30 June 2013	52	-	52
Additions	33	-	33
Acquisition	52	5	57
At 30 June 2014	137	5	142
Depreciation			
At 1 July 2012	18	-	18
Charge for the year	14	-	14
At 30 June 2013	32	-	32
Charge for the year	32	-	32
At 30 June 2014	64	-	64
Net book value			
At 30 June 2014	73	5	78
At 30 June 2013	20	-	20
At 1 July 2012	27	-	27

9 Investments

Investment in joint ventures

In March 2011 the Group set up a subsidiary company in Australia called Eagle Eye Solutions (Asia Pacific) Pty Limited and as at 30 June 2011 held 100% of the ordinary share capital of the company, the investment made being \$100 Australian Dollars (£51). The company was established in order to sell the Eagle Eye platform in the Asia Pacific market and was granted a licence by Eagle Eye Solutions Limited in order to sell the platform in these territories, under which an income stream based on sales was due to Eagle Eye Solutions Limited.

In the financial year ended 30 June 2012, Eagle Eye Solutions (Asia Pacific) Pty Limited issued shares which diluted the Group's interest in the ordinary share capital to 51% and on 19 August 2011, the Group entered into an agreement with three other parties to jointly manage and control the entity. The Group has not provided any funding to Eagle Eye Solutions (Asia Pacific) Pty Limited since its original investment in the share capital of £51 and due to the losses made, has not invoiced the company for revenue due to it under the terms of the licence agreement.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

The Directors consider that whilst Eagle Eye Solutions (Asia Pacific) Pty Limited was initially established as a subsidiary company, the August 2011 joint venture agreement governs the required accounting treatment. Accordingly, in accordance with IAS 31: Investments in Joint Ventures, the Directors have treated this investment as a joint venture and have accounted for this interest as a jointly controlled entity using the principles of equity accounting as set out below:

Summarised statement of financial position for Eagle Eye Solutions (Asia Pacific) Pty Limited

	2014	2013
	£000	£000
Fixed assets		
Property, plant and equipment	13	15
Current assets		
Trade and other receivables	2	2
Cash and cash equivalents	5	8
	7	10
Total assets	20	25
Current liabilities		
Trade and other payables	(1)	(3)
Net assets	19	22

Summarised statement of comprehensive income for Eagle Eye Solutions (Asia Pacific) Pty Limited

	2014	2013
	£000	£000
Loss before tax	-	(109)
Income tax	-	-
Loss after tax	-	(109)

The statement of financial position for Eagle Eye Solutions (Asia Pacific) Pty Limited has been translated to Sterling at the exchange rate at each period end. The performance in the income statement has been translated at the average exchange rate during each period.

In the year ended 30 June 2012, the Directors reviewed the losses made and determined that the investment in Eagle Eye Solutions (Asia Pacific) Pty Limited was impaired, writing it down to £nil.

In the financial year ended 30 June 2013 the net assets of Eagle Eye Solutions (Asia Pacific) Pty Limited were further reduced due to the losses made. As the value of the investment was written down to £nil in the year ended 30 June 2012, and the Group has neither incurred any legal or constructive obligation nor made payments on behalf of Eagle Eye Solutions (Asia Pacific) Pty Limited, this reduction in net assets/recognition of additional losses has not been reflected in the income statement.

10 Trade and other receivables

	2014	2013
	£000	£000
Trade receivables	857	119
Less: Provision for impairment of trade receivables	(46)	-
	811	119
Prepayments and accrued income	335	147
Other receivables	207	5
	1,353	271

The ageing of trade receivables that were not impaired at 30 June 2014 was:

	2014	2013
	£000	£000
Not past due	519	35
Up to 3 months past due	194	67
More than 3 months past due	120	17
	833	119

Accrued income and other receivables are not past due (2013: not past due).

The Group trades only with recognised, credit-worthy third parties. Receivable balances are monitored on an ongoing basis with the aim of minimising the Group's exposure to bad debts and in some cases the Group holds cash as security for some customers' debts. The Group has reviewed in detail all items comprising the above not past due and overdue but not impaired trade receivables to ensure that no impairment exists. As at 30 June 2014, trade receivables of £33,000 (2013: £nil) were impaired and provided for, all of which were more than 2 months old. The amount of the provision was £46,000 as at 30 June 2014 (2013: £nil). Movements on the provision for impairment of trade receivables are as follows:

	2014	2013
	£000	£000
At 1 July	-	-
Acquisition	46	-
At 30 June	46	-

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

The Group's trade and other receivables are all denominated in Sterling.

11 Trade and other payables

	2014 £000	2013 £000
Current		
Trade payables	533	22
Other payables	357	108
Accruals and deferred income	530	73
	1,420	203

12 Deferred tax liability

The elements of deferred taxation are as follows:

	2014 £000	2013 £000
Accelerated capital allowances and intellectual property	192	-

Movement in deferred tax:

	Accelerated capital allowances and intellectual property £000
At 1 July 2012 and 30 June 2013	-
Credited to income statement	(143)
Acquisitions	335
At 30 June 2014	192

No deferred tax asset is recognised for unused tax losses across the Group of £13.1 million (2013: £1.9 million) due to uncertainty over the timing of their recovery.

13 Financial instruments and financial risk management

The Group is exposed to a variety of financial risks that arise from its use of financial instruments: market risk, credit risk and liquidity risk.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows,

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

	2014 £000	2013 £000
Financial assets		
<i>Loans and receivables</i>		
Trade and other receivables	1,018	124
Cash and cash equivalents	2,275	1,408
	3,293	1,532
Financial liabilities		
<i>Other financial liabilities</i>		
Trade and other payables	1,320	192

Disclosures in respect of the Group's financial risks are set out below:

Financial risk management

The Group's activities expose it to credit and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables from customers and cash deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Eagle Eye Solutions has an established credit policy under which each new customer is analysed for creditworthiness before payment and delivery terms and conditions, which may include up front or deposit payments, are offered. This review includes external ratings, and in some cases bank references. The Directors consider the above measures to be sufficient to control the credit risk exposure.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. At the reporting date, the Group's cash held on deposit with HSBC bank in the United Kingdom was £2,193,000 (2013: £1,408,000). This entire amount was denominated in Sterling.

The Group considers its credit risk by counter party and geography.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained. In the Directors' opinion there have been no impairments of financial assets in the period.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Maturity of financial assets and liabilities

All of the Group's financial assets and financial liabilities at each reporting date are either receivable or payable within one year.

Capital management

The Group's capital structure is comprised entirely of shareholders' equity. The objective of the Group when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flows and issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

14 Share capital

The authorised share capital of the Company is 20,131,152 ordinary shares of 1p each.

	Number of shares issued and fully paid	Share capital £000	Share premium £000
At 1 July 2012 and 30 June 2013	13,641,384	136	-
Issue of share capital	6,489,768	65	8,181
Issue costs		-	(972)
At 30 June 2014	20,131,152	201	7,209

Eagle Eye Solutions Group plc was incorporated on 12 February 2014 and 2 shares of £1 each were issued for cash consideration. On 18 March 2014, the share capital of the Company was altered by the sub-division of these shares into 200 ordinary shares of 1p each.

On 18 March 2014, the Company issued 13,641,384 1p ordinary shares as consideration for the acquisition of Eagle Eye Solutions Limited.

On 27 March 2014, the Company issued 137,776 1p ordinary shares to Sir Terry Leahy, a director of the Company, to secure his ongoing support of the Company through this next stage of growth.

On 27 March 2014, the Company issued 272,832 1p ordinary shares pursuant to the exercise of outstanding share options. On 7 April 2014, the Company issued 97,920 1p ordinary shares pursuant to the exercise of outstanding share options. On 16 April 2014, the Company issued 1,102,992 1p ordinary shares pursuant to the exercise of outstanding share options.

On 16 April 2014, the Company issued 3,658,536 1p ordinary shares through a placing of its shares on its admission to AIM. In addition, on that day the Company issued 1,219,512 1p ordinary shares pursuant to the acquisition of Zergo Limited (now Eagle Eye Solutions (North) Limited).

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Merger reserve

The acquisition of its principal subsidiary by the Group does not meet the definition of a business combination and therefore falls outside the scope of IFRS 3. The acquisition has therefore been accounted for in accordance with the principles of merger accounting as set out in Financial Reporting Standard 6- Acquisitions and Mergers.

The consideration paid to the shareholders of Eagle Eye Solutions Limited was 13,641,384 ordinary shares of 1p each. A merger reserve arises on consolidation being the difference between the nominal value of the shares issued on acquisition and the net assets acquired.

15 Share option scheme

The Company has a share option scheme for certain employees of the Group. Options are generally exercisable at a price equal to the market price of the Company's shares on the day immediately prior to the date of grant. Options are forfeited if the employee leaves the Group before the options vest. The performance criteria relating to the options are the continuing employment of the holder and the achievement of certain earnings based performance criteria.

Prior to its acquisition by the Company, Eagle Eye Solutions Limited had a share option scheme in place for its employees. These options, over shares in Eagle Eye Solutions Limited, were released in consideration of the grant of options over shares in the Company on the same terms, save that the new options were over 16 times the number of shares compared to the number of Eagle Eye Solutions Limited shares and the exercise price was one-sixteenth of the price for the Eagle Eye Solutions Limited options. For comparability purposes, all numbers of options and option exercise prices have been stated in terms of options in the Company.

	2014 Number of share options	2014 Weighted average exercise price £	2013 Number of share options	2013 Weighted average exercise price £
Outstanding at the beginning of the year	1,697,536	0.17	1,321,760	0.17
Granted during the year	1,909,830	0.38	375,776	0.17
Exercised in the year	(1,473,744)	0.17	-	-
Lapsed in the year	(963,712)	0.17	-	-
Outstanding at the end of the year	1,169,910	0.51	1,697,536	0.17
Exercisable at the end of the year	-	-	385,120	0.17

In the year ended 30 June 2014, options were granted on 17 September 2013, 10 October 2013 and 4 April 2014. The aggregate of the estimated fair value of the options granted on those dates was £479,820 and the weighted average share price on those dates was £0.38.

Options outstanding under the Company's share option schemes at 30 June 2014 were as follows:

Name of scheme	2014	2013	Calendar year of grant	Exercise period	Exercise price per share
	No of options	No of options			
Existing EMI scheme	-	1,310,128	2012	2012-2022	£0.17
Existing unapproved scheme	-	387,408	2012	2012-2022	£0.17
New EMI scheme	1,027,824	-	2014	2014-2024	£0.51
New unapproved scheme	142,086	-	2014	2014-2024	£0.51

The weighted average remaining contractual life of these options is 9.8 years (2013: 9.1 years).

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

value of the share options granted. Fair value is determined by reference to the Black-Scholes option pricing model.

The inputs into the option pricing models are as follows:

	2014	2013
Weighted average exercise price	£0.51	£0.17
Expected volatility	59.1%	47.8%-56.3%
Expected life	5 years	5 years
Risk free interest rate	1.8%	0.7%-1.8%
Expected dividends	Nil	Nil

The volatility of the Company's share price on each date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The Group recognised a charge of £119,000 (2013: £73,000) related to equity-settled share-based payment transactions in the year.

16 Operating lease commitments

At 30 June 2014, the Group had aggregate minimum lease payments under non-cancellable operating leases for office and server sites and server equipment as follows:

	2014	2013
	£000	£000
Due within 1 year	147	68

The Group's Guildford office lease agreement is for an initial 12 month term. The lease for its Manchester office can be cancelled after either 18 months or 5 years of its initial 10 year term, which commenced in December 2013.

17 Business Combinations

On 16 April 2014, the Group acquired the entire issued share capital of 2ergo Limited (now Eagle Eye Solutions (North) Limited) for consideration of the issue of 1,219,512 ordinary shares in Eagle Eye Solutions Group plc and £2,500,000 in cash. The fair value of the shares issued was determined with reference to the placing price. The acquisition brought valuable intellectual property to extend the capability of the Group's platform, increased the strength of the Group's research and development team and gave access to new customers.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

The goodwill arising on the acquisition is £2,664,000 which mainly represents the benefits the Group is expecting from the increased research and development team and access to new customers. The value of goodwill is supported by its value in use and is not considered impaired. The provisional impact of the acquisition on the Group's assets and liabilities is set out below. The fair value of the assets and liabilities acquired may be adjusted for circumstances that are revealed within 12 months of the date of acquisition. Adjustments have been made primarily to align the accounting policies of 2ergo Limited with those of the Group.

	Book value £000	Adjustments £000	Provisional fair value £000
Intangible assets	2,646	(238)	2,408
Property, plant and equipment	99	(42)	57
Trade and other receivables	706	(82)	624
Trade and other payables	(784)	(134)	(918)
Deferred tax	(87)	(248)	(335)
Net assets acquired	2,580	(744)	1,836
Goodwill			2,664
Total purchase consideration			4,500
made up as follows:			
satisfied by issue of ordinary shares			2,000
cash			2,500
			4,500

During the period from acquisition to 30 June 2014, the 2ergo business generated revenue of £419,000 and incurred an operating loss of £311,000. Net assets at 30 June 2014 are £1,565,000. Had the business been part of the Group for the entire year to 30 June 2014, revenue would have increased by £1,811,000 and the operating loss would have increased by £1,083,000.

18 Related party transactions

The remuneration of the Directors and key management personnel is disclosed in note 4.

During the year the Group acquired sub-contractor services to the value of £119,000 (2013: £115,000) from Eagle Eye Technology Limited, a company in which Stephen Rothwell, a director of the Company, holds an interest. At 30 June 2014, £6,000 (2013: £2,000) was outstanding in respect of these services.

None of the key management personnel of the Group owe any amounts to any company within the Group (2013: £nil), nor are any amounts due from any company in the Group to any of the key management personnel (2013: £nil).

19 Post balance sheet event

On 1 July 2014 the entire trade and assets of Eagle Eye Solutions (North) Limited were transferred to another group undertaking, Eagle Eye Solutions Limited. Eagle Eye Solutions (North) Limited is not expected to trade in the coming period.

20 Ultimate controlling party

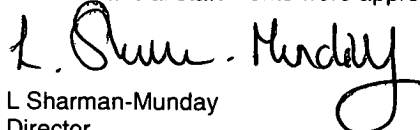
The Directors do not consider there to be an ultimate controlling party due to no individual party owning a majority share in the Company. See page 14 for information on percentage shareholdings.

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

Company balance sheet
as at 30 June 2014

	Note	2014 £000
Fixed assets		
Investments in subsidiaries	4	4,833
Current assets		
Debtors	5	561
Cash at bank and in hand		1,963
		2,524
Current liabilities		
Creditors: amounts falling due within one year	6	(93)
Net current assets		
		2,431
Net assets		
		7,264
Capital and reserves		
Share capital	7	201
Share premium	7	7,209
Share option reserve	8	197
Retained losses		(343)
Shareholders' funds		
		7,264

These financial statements were approved by the Board on 23 September 2014 and signed on its behalf by


L Sharman-Munday
Director



P Blundell
Director

Notes to the Company financial statements

1 Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (UK GAAP).

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for UK Companies 2009".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these financial statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Company has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Investments

Investments held by the Company are stated at cost less any provision for impairment in the Company's financial statements.

Taxation

The tax currently payable is based on taxable loss for the period. Taxable loss differs from the loss for the financial period as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Share-based payments

The Company issues equity-settled share-based payments to certain employees of the Group as consideration for services. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an investment in the subsidiary undertaking employing the option holder over the vesting period on a straight-line basis, based on the Director's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on the Directors' best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

When the options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 Loss of the parent company

The Company has not presented its own profit and loss account as permitted by section 408 (4) of the Companies Act 2006. The loss for the financial period dealt with in the accounts of the Company is £343,000.

3 Particulars of staff

The Company had no staff during the period. Details of Directors' remuneration is contained in note 4 to the consolidated financial statements.

4 Investments

Investments in subsidiaries

	£000
Cost and net book value	
On incorporation	-
Share based payment charge	197
Acquisition of Eagle Eye Solutions Limited	136
Acquisition of 2ergo Limited	4,500
At 30 June 2014	4,833

Investment	Principal activity	Country of incorporation	Class and percentage of shares held and voting rights
Eagle Eye Solutions Limited	Digital loyalty services	England & Wales	Ordinary 100%
Eagle Eye Solutions (North) Limited (formerly 2ergo Limited)	Dormant	England & Wales	Ordinary 100%
Eagle Eye Solutions (Asia Pacific) Pty Limited*	Digital loyalty services	Australia	Ordinary 51%

* held indirectly

5 Debtors

	2014
	£000
Amounts owed by group undertakings	561

6 Trade and other creditors

	2014
	£000
Other creditors	4
Accruals and deferred income	89
	93

Eagle Eye Solutions Group plc
Consolidated Financial Statements for the year ended 30 June 2014

7 Share capital

The authorised share capital of the Company is 20,131,152 ordinary shares of 1p each.

	Number of shares issued and fully paid	Share capital £000	Share premium £000
Initial allotment on incorporation	2	-	-
Sub-division of initial allotment	198	-	-
Issued in share for share exchange	13,641,384	136	-
Issued during the period	6,489,568	65	8,181
Issue costs		-	(972)
At 30 June 2014	20,131,152	201	7,209

Eagle Eye Solutions Group plc was incorporated on 12 February 2014 and 2 shares of £1 each were issued for cash consideration. On 18 March 2014, the share capital of the Company was altered by the sub-division of these shares into 200 ordinary shares of 1p each.

On 18 March 2014, the Company issued 13,641,384 1p ordinary shares as consideration for the acquisition of Eagle Eye Solutions Limited. The acquisition of its principal subsidiary by the Company has been accounted for in accordance with the principles of merger accounting as set out in Financial Reporting Standard 6-Acquisitions and Mergers. Merger relief has been applied and no share premium has been recognised on the issue of these shares.

On 27 March 2014, the Company issued 137,776 1p ordinary shares to Sir Terry Leahy, a director of the Company, to secure his ongoing support of the Company through this next stage of growth.

On 27 March 2014, the Company issued 272,832 1p ordinary shares pursuant to the exercise of outstanding share options. On 7 April 2014, the Company issued 97,920 1p ordinary shares pursuant to the exercise of outstanding share options. On 16 April 2014, the Company issued 1,102,992 1p ordinary shares pursuant to the exercise of outstanding share options.

On 16 April 2014, the Company issued 3,658,536 1p ordinary shares through a placing of its shares on its admission to AIM. In addition, on that day the Company issued 1,219,512 1p ordinary shares pursuant to the acquisition of 2ergo Limited (now Eagle Eye Solutions (North) Limited).

8 Reserves

	Share premium £000	Share option reserve £000	Profit and loss account £000	Total £000
On incorporation	-	-	-	-
Issue of share capital	8,181	78	-	8,259
Issue costs	(972)	-	-	(972)
Retained loss for the financial period	-	-	(343)	(343)
FRS 20 share option charge	-	119	-	119
Balance at 30 June 2014	7,209	197	(343)	7,063

9 Reconciliation of movement in shareholders' funds

	Period ended 30 June 2014 £000
Loss for the financial period	(343)
Issue of share capital	8,460
Issue costs	(972)
FRS 20 share option charge	119
Net movement in shareholders' funds	7,264
Opening shareholders' funds	-
Closing shareholders' funds	7,264

10 Related party transactions

The Directors have taken advantage of the exemption in FRS 8 and have not disclosed transactions with other wholly owned group undertakings. There are no other related party transactions.