Maestrano Group plc

Company number 11098701 (England and Wales)

Annual report and financial statements - 30 June 2018

Contents

Directors	Ian Buddery - Non-Executive Chairman John Davis - Independent Non-Executive Director Jonathan Macleod - Independent Non-Executive Director Stephane Ibos - Executive Director and Chief Executive Officer Craig Holden - Executive Director and Chief Financial Officer
Company secretary	Craig Holden
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Registered office	10 John Street London WC1N 2EB United Kingdom
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Website	www.maestrano.com

The directors present their strategic report on the consolidated entity (referred to hereafter as the 'Group') consisting of Maestrano Group plc (referred to hereafter as the 'Maestrano', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

The strategic report includes the following sections:

1. Chairman's statement
2. Review of operations by the chief executive officer
3. Financial review by the chief financial officer
4. Principal risks and uncertainties
5. People

Corporate restructure and initial public offering ('IPO')
During the financial year an internal reorganisation took place in preparation of the admission of the Group on the Alternative Investment Market ('AIM'), a sub-market of the London Stock Exchange. This reorganisation resulted in a newly incorporated company, Maestrano Group plc becoming the legal parent of the Group. The Group previously included only Maestrano Pty Ltd and its subsidiaries.

Cautionary statement regarding forward-looking statements
This document contains certain forward-looking statements. These forward-looking statements include references to matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on the information available to the directors at the time of preparation of this document, and will not be updated subsequent to the issue of this document. The directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

Principal activities
Maestrano is a United Kingdom ('UK') incorporated software company with operations in Australia (main country of operation), the UK, United States of America ('USA') and the United Arab Emirates ('UAE'). Maestrano develops and deploys a patented cloud based platform as a Service that addresses the needs of Small to Medium Businesses ('SMB') and large Enterprises (such as major banks and global accounting firms) to access real time, automated management data efficiently on an integrated platform. This technology is called "Master Data Management".

1. Chairman's statement

The financial year ended 30 June 2018 saw Maestrano undertake a profound evolution of our business. We secured several large-scale enterprise contracts during the first-half of the year and embarked on deployment projects during the second-half of the year that will drive revenue for the year ending 30 June 2019 and beyond.

Revenue for the financial year was down 16% on the prior year, as the Company executed the revised go to market approach of securing strategic enterprise customers whereby end-user subscribers are acquired via major enterprise customers. Expenses were reduced by 23% as the new indirect channel to market model has allowed for the elimination of some operating costs.

The company was admitted to the AIM during the second half of the year, raising £5 million, net of associated expenses, which will be deployed to fund the growth of the business over the period ahead. Our objective in deploying funds is to secure significant end user subscriber growth via our new enterprise customers, and accordingly grow shareholder value by delivering the best possible data integration and business insights experiences to our major clients and their end-users.

The Board has confidence in the long-term outlook for the business, given both current projects and a growing new opportunity pipeline. We believe that we have sophisticated and well differentiated data integration and business insights technology today, and we will continue to innovate as we build our business for the future.

This confidence is made possible by the ability, intelligence and drive of our teams around the world and I would like to express the Board's appreciation for their exceptional dedication and hard work.

Ian Buddery
Chairman

30 October 2018

2. Review of operations by the chief executive officer

The Group made strong operational progress during the year ended 30 June 2018, which saw the successful acquisition of major financial services customers and the commencement of complex deployment projects. However, revenue for the year was below expectations due to lower revenue recognition, arising from the additional effort required integrating components of an e-commerce platform for a major client. As that project remains ongoing this revenue will be recognised in the financial year ending 30 June 2019.

Market position
Maestrano provides a Master Data Management ('MDM') platform that enables medium and large enterprises to offer a differentiated service to their SMB customers, who benefit from data integration across existing popular cloud applications, the "enterprise's services", together with custom data analytics. The resulting solutions allow increasing customer engagement and business volume between enterprises and their SMB customers.

In 2015, it was estimated that there were 125 million SMBs worldwide, responsible for around 65% of business employment and gross domestic product ('GDP'). A significant number of large enterprises, including banks, insurance companies, professional advisers and telecommunications providers provide products and services to the global SMB market. Maestrano's current core focus is the financial services industry, followed by professional services and distribution.

Operational highlights
Maestrano signed a multi-phase contract with a large and well-known USA based bank in December 2017 for a solution that is intended to reach up to 4 million SMB customers in due course. In February 2018, Maestrano signed a similar contract with a high-profile Australian bank for testing and pilot phases of a solution for its SMB customer base, initially targeted at the legal industry segment. Deployment of a custom platform for the Australian member firm of a global accounting organisation is ongoing and presents an opportunity for expansion to their other member firms around the world. Maestrano's first distribution enterprise client is a multinational value-add technology distributor, headquartered in the USA, which is undergoing a major digital transformation and will roll out a new platform based on Maestrano technologies across Asia Pacific and Europe.

Product engineering developments were primarily focused around performance and flexibility enhancements during the past year in preparation for the large-scale solutions that will enable Maestrano's customers to take to market, in addition to specific deployment efforts within these customer projects. A number of new cloud applications were integrated during the financial year, notably Talech's point of sales ('POS') solution for SMBs, and a key enhancement for Quickbooks Online, Intuit's accounting software-as-a-service ('SaaS'), via a new "Single Sign-On" capability.

Following the Company's successful admission to the AIM, the Group commenced recruitment for incremental engineering, customer support and sales specialists to support its future growth. In addition, a specialised online customer on-boarding and support services company has been contracted to assist Maestrano's major rollouts. The in-house engineering team is currently 18, augmented by closely managed outsourcing arrangements with partners in Australia and Pakistan. Additional engineers will be recruited in 2019 and a new partnership with a New Zealand outsourcing partner will be established.

The Group operates from offices in London, Sydney and New York City, and new, larger premises were secured in London in September 2018.

In September 2018, Andrew Pearson was appointed Deputy Chief Executive Officer. Andrew is a seasoned business executive who has successfully scaled cloud-based software companies in previous roles and adding his skills and deep experiences to the team will be of significant value as the Company grows its business.

2. Review of operations by the chief executive officer (continued)

Outlook Maestrano anticipates that revenue for the financial year ending 30 June 2019 will grow compared to the financial year ended 30 June 2018, in line with market expectations. Investors should be aware that revenue growth is subject to achievement of project delivery timelines and subsequent end-user uptake, both of which may experience delays resulting from causes beyond Maestrano's control.

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Stephane Ibos
Chief Executive Officer

30 October 2018

3. Financial review by the chief financial officer

As noted in the Chairman's statement the past year was critical for the Group with the corporate restructure completed and the Group successfully listed on the AIM. The new capital raised, net £5.0 million, provides the capital required to grow the Group's technical and sales resources to meet current contractual demands as well as to secure new major enterprise clients in the Group's target markets in UK, Europe and USA.

£000's	2018	2017	Change
Total revenue	977	1,170	(16%)
Hosting fees and other direct costs	184	140	(31%)
Operating expenses (employee benefit, occupancy and other)	2,241	2,897	23%
Other income	379	378	-
Underlying EBITDA *	(1,068)	(1,489)	28%
Depreciation and amortisation	14	18	22%
IPO costs	325	-	-
Other non-operating expenses	71	-	-
Finance costs	451	524	14%
Loss before income tax	(1,929)	(2,030)	5%
Income tax	(31)	-	-
Loss after income tax	(1,960)	(2,030)	

* Underlying EBITDA is the earnings, before interest expense, taxation, depreciation and amortisation adjusted for unusual and other one-off items. A reconciliation between loss before tax, EBITDA and Underlying EBITDA is set out in note 7 to the consolidated financial statements.

Revenue
Total revenue for the financial year declined to £0.98 million due to the focus on a small number of key implementation projects that will move to pilot phase during the year ending 30 June 2019 ('FY19'). These projects are expected to provide material long-term subscriber revenues in the coming years. Subscriber revenues were a modest 5% (2017: 7%) of total revenue.

Operating expenses
Overall operating expenses declined in the financial year by 23% to £2.24 million as the company focused its resources on targeting and delivering for key enterprise clients. Staff costs were down 22% or £0.47 million to £1.63 million due to reduction in sales resources outside the Group's core markets and some unplanned attrition. As already mentioned, recruitment of key new technical and sales resources is well underway which will see higher staff costs in FY19.

Non-operating expenditure included £0.33 million for IPO costs charged to profit or loss in accordance with International Financial Reporting Standards as adopted by the European Union. An additional £0.6 million was charged against the proceeds of the IPO, directly to equity. Other non-operating expenditure included one-off costs relating the corporate restructure and the Enterprise Investment Scheme ('EIS') approval achieved in the UK in February 2018.

Underlying EBITDA improved 28% to a loss of £1.07 million due to the reduction in costs noted above.

As noted above the loss before income tax was impacted by the non-operating costs, primarily relating to the IPO.

Finance costs, attributable to the convertible notes, declined by £0.07 million during the year to £0.45 million. The convertible notes were converted into equity at the IPO in May 2018 and therefore the finance costs will not be incurred in FY 19.

Balance sheet, cash and working capital
The Group materially strengthened the balance sheet and cash resources through the raising of net £5.0 million new capital in the IPO. Further holders of convertible notes totalling A$4.0 million converted these loans into new shares at the IPO. As a result, the Group is debt free with £5.24 million of cash at 30 June 2018.

Working capital is tightly managed with receivables and payables within terms. Cash outflow from operations was £1.42 million broadly in line with EBITDA loss plus the non-recurring expenses.

Underlying basis
The Group manages its operations by looking at the underlying EBITDA which excludes the impact of a number of one-off and non-cash items as this, in the Board's opinion, provides a more representative measure of the Group's performance. A reconciliation between the reported loss before tax and underlying EBITDA is included at note 7 to the financial statements.

Craig Holden
Chief Financial Officer

30 October 2018

4. Principal risks and uncertainties

The management of the business and the execution of the Group's growth strategies are subject to a number of risks which could adversely affect the Group's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Group, but those considered by management to be the principal risks:

Risks relating to the Group and the industry in which it operates

End user adoption
The Group is still at an early stage of customer roll outs, with a small number of end user clients having adopted the Maestrano platform. There is a risk that the level of end user adoption by the clients of the Group's enterprise customers is considered too low for the enterprise client to justify continuing with their contract with the Group. The Group is reliant, to some extent, on the enterprise client engaging in sufficient usage and uptake efforts to encourage end user adoption. The directors are confident this risk is mitigated by their value proposition with enterprise clients such that enterprise clients are incentivised to provide the Group's platform to their own clients free of charge and integrating it deeply with their own processes enough to incentivise adoption; however, if end user adoption is slower than anticipated, there is a risk that the future financial results of the Group could be negatively impacted.

Dependence on enterprise clients
The Group currently has limited revenues as a number of its master contracts with enterprise clients are not currently revenue generating and will require separate statement of works to be entered into before any revenue is generated. The Group's future growth relies heavily on a small number of enterprise clients and the decisions of customers of those enterprise clients to adopt the Maestrano platform. The Group has evolved its enterprise client strategy to focus on a smaller number of key enterprise clients and to target more carefully the personnel at those enterprises that they are engaging with, such that the directors are comfortable with the level of engagement and commitment of current key enterprise clients. However, if a material number of enterprise clients were to cease or reduce their use of the Group's products this would materially and adversely affect the business of the Group.

Business strategy
The value of the Group and shareholder returns is dependent, inter alia, upon the Group achieving its aims. Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the directors expect. Furthermore, management may decide to change aspects of its strategy. The Group's ability to implement its business strategy successfully may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted.

Exclusivity requirements
The Group's strategy is to focus on a number of key enterprise clients. In order to secure two previous enterprise clients, the Group was required to provide exclusivity by agreeing not to provide similar services and products to competing enterprises for a period of three years from contract commencement. There is a risk that, in order to secure other large enterprise clients in the future, the Group may be required to provide exclusivity to these clients in certain regions for certain periods of time. There is also an added risk that other potential global enterprise clients will not engage with the Group if they operate in regions in which the Group is restricted from servicing for a period which could materially and adversely affect the Group's business.

Termination provisions of contracts
A few of the Group's current material enterprise client contracts include the ability, as is common for such contracts, for the client to terminate its contract with the Group at any time with short notice and without penalty. As a result, this places a limitation on the Group's ability to predict its future revenue and if such enterprise clients were to cease their use of the Group's products at short notice this would materially and adversely affect the business of the Group.

Technological changes
Generally, the markets in which the Group operates are exposed to rapid technological change, changes in use, changes to customer requirements and preferences, services employing new technologies and the emergence of new industry standards and practices. As such, the Group operates in a market where such changes have the potential to render the Group's existing technology and products uncompetitive.

To remain competitive, the Group must ensure continued product improvement, and the development of new markets and capabilities to maintain a pace congruent with changing technology. The cost of so doing may stretch the Group's capital resources which could adversely impact the revenues and profitability of the Group. The Group's success is dependent on the ability to effectively respond and adapt to technological changes and changes to customer preferences. There can be no assurance that the Group will be able to effectively anticipate future technological changes or changes in customer preferences. Furthermore, there is also no assurance that the Group will have sufficient financial resources to effectively respond in a timely manner if such a change is anticipated.

Continued development and maintenance of cloud applications by third parties
The delivery of the Group's products and services will depend on third party cloud application providers to continue to develop and maintain existing and complementary products catering to SMBs. The continuing availability of such products is out of the Group's control and the withdrawal of them could have a material adverse effect on the Group's prospects, business, financial condition or results of operations.

Competition from new entrants or current competitors
There is no guarantee against new entrants or current competitors providing superior technologies, products or services to the market nor any certainty that they will not provide equivalent products for a lower price. The Group may be forced to make changes to one or more of its products or to its pricing strategy to effectively respond to changes in customer preferences in response to competition in order to remain competitive. This may impact negatively on the Group's financial performance.

Maintaining competitive customer service levels
The Group's performance is dependent on maintaining competitive customer service levels. Failure to provide and maintain competitive customer service levels and operational and backoffice processes could result in customers moving to other providers, and this could have an adverse effect on the financial performance of the Group.

Non-favourable contract terms
The Group contracts with a wide variety of companies and partners, many of which are in strong negotiating positions and have greater financial resources than the Group. The Group therefore has had and may in the future have limited scope for negotiating the price or other contract terms with its some of its enterprise clients.

Software performance and risk of defects which could adversely affect customers
There is no guarantee that the Group's platform will perform as intended. Costs spent on developing the platform may therefore not be recouped and this may result in reduced profitability for the Group. As the Group's platform is complex, it may contain defects or vulnerabilities which may not be detected until after its deployment to end customers. These could result in the Group's customers being vulnerable to, among other things, security attacks or adverse performance. The Group moreover may not always be able to identify the cause of performance problems in its platform. The Group's business would be harmed if any of the events described above caused its customers or potential customers to believe the Group's platform is not reliable or secure.

Cloud applications restricting access to the Group's products
Some cloud applications ('apps') could see the Group's product offering as a threat to their own growth strategy and may, as a result, make it difficult to connect to their app through the Maestrano platform. The directors consider this risk to be low because it would be difficult to restrict access to Maestrano specifically and not restrict access to other parties, such as popular reporting applications, seeking to connect to their app.

Key system failure, disruption or interruption
The Group's reliance on technology exposes the Group to a significant risk in the event that such technology, or the Group's systems, experience damage, interruption or failure in some form. A malfunctioning of the Group's technology and systems, or those of key parties, could result in a diminished confidence in the Group's services, resulting in a consequential material adverse effect on the Group's operations and results.

Protection of intellectual property
The technology used by the Group includes both software and other code and content. This technology has been internally developed and is owned by the Group. Trademarks of the Group are registered.

The Group is dependent on proprietary rights in software and other technology, which relies on laws governing copyrights, trademarks and confidentiality. The Group is also dependent on contractual provisions regarding intellectual property ownership and licensing. These laws enable the Group to protect and/or enforce intellectual property rights in software, including the ability to restrict use of software to those who have obtained relevant authorisation. If the Group cannot successfully enforce its intellectual property rights, this could have a material adverse effect on the Group's business, financial condition and prospects.

Regulatory compliance
Changes in the legislative environment may occur in relation to document retention and privacy and confidentiality requirements including, but not limited to, changes under the General Data Protection Regulation ('GDPR'). Legislative changes may adversely affect the Group in the future regarding the regulation of document retention and privacy and confidentiality requirements. Legislative changes may set new standards in technology that may influence the current digital signature technology and other methods used by the Group.

Other risks relating to the Group

Exposure to credit, exchange rate, taxation, legal and insurance risk
Counterparty credit risk: there is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that party. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

Exchange rate risk: while its reporting currency is Pounds Sterling, the Group currently records the majority of its transactions in United States dollars or Australian dollars. Exchange rate fluctuations could have a material adverse effect on the Group’s profitability or the price competitiveness of its products and services. There can be no guarantee that the Group would be able to compensate for, or hedge against, such adverse exchange rate movements and therefore negative exchange rate movements could have a material adverse effect on the Group’s business and prospects, and its financial performance.

Taxation risk: the Group is subject to taxation in multiple jurisdictions (including the USA, UK, UAE and Australia) and the application of such taxes may change over time due to changes in laws, regulations or interpretations by the relevant tax authorities. Whilst no material changes are anticipated in taxes, laws and regulations, any such changes may have a material adverse effect on the Group’s financial condition and results of operations.

Legal risk: include litigation, the inability to enforce security arrangements, an absence of adequate protection for intellectual property rights, an inability to enforce foreign judgements relating to contracts entered into by the Group that are governed by law outside England and Wales, absence of a choice of law, and an inability to refer disputes to arbitration or to have a choice with regard to arbitration rules, venue and language. Mitigation measures for these risks may be limited.

Insurance risk; there can be no certainty that the Group’s insurance cover is adequate to protect against every eventuality. The occurrence of an event for which the Group did not have adequate insurance cover could have a materially adverse effect on the Group’s business, revenue, financial condition, profitability, results, prospects and/or future operations.

Dependence on key executives and personnel
The Group is dependent on a small number of key executives. In addition, the future performance of the Group will, to some extent, be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers. The failure to appoint or retain such people could adversely affect the Group.

Ability to recruit and retain skilled personnel
The Group believes that has the appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentive structures ineffective, may have a detrimental effect upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Financial controls and internal reporting procedures
The Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Economic uncertainty
Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on demand for the Group's products. A more prolonged downturn may lead to an overall decline in sales. Economic uncertainty might have an adverse impact on the Group's operations and business results

5. People

Equal opportunity
The Group is committed to an active equal opportunities policy. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Group.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Ian Buddery
Chairman

30 October 2018

The directors acknowledge the importance of high standards of corporate governance and intend, given the Group's size and the constitution of the Board, to comply with the principles set out in the QCA Corporate Governance Code published by the Quoted Companies Alliance in April 2018 (the 'QCA Code') and, where it does not comply with any of its recommendations, to explain the reasons therefor.

In the Board's opinion, the Group currently complies with the ten principles of the QCA Code which, together, are designed to deliver growth, maintain a dynamic management framework and build trust. As the Group expands, the Board will review its corporate governance framework and will consider adoption of additional principles and practices including from the UK Corporate Governance Code 2016 published by the Financial Reporting Council (the 'UK Corporate Governance Code').

Read more in our Corporate Governance Statement of Compliance with the QCA Corporate Governance Code at the following website link: https://maestrano.com/wp-content/uploads/2018/09/Maestrano-Statement-of-QCA-compliance.pdf

On behalf of the directors

Ian Buddery
Chairman

30 October 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Maestrano Group plc (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Maestrano Group plc since incorporation on 6 December 2017 and up to the date of this report, unless otherwise stated:

Ian Buddery (appointed 6 December 2017)
John Davis (appointed 4 May 2018)
Jonathan Macleod (appointed 4 May 2018)
Stephane Ibos (appointed 1 May 2018)
Craig Holden (appointed 4 May 2018)

Ian Buddery, aged 61 - Non-Executive Chairman
Ian has extensive public company experience and a long background in the telecommunications and financial services industries in both international and local markets. Ian has founded multiple companies; obtained venture capital and angel funding, performed two IPOs, six acquisitions and two significant trade sales. Ian was the founder, CEO and Executive Chair of eServGlobal, founded in 1991 and listed on the Australian Securities Exchange ('ASX') in 2000 and the AIM in 2004. (LSE: ESG).

Ian was appointed a Director of Maestrano Pty Ltd in October 2013.

John Davis, aged 48 - Independent Non-Executive Director
John has been working with banks and SMBs for nearly 20 years. Based in London, John was the Marketing and Product Director for Barclays Business from 2005-2010 before setting out on an entrepreneurial career as the co-owner and Managing Director of Business Centric Services Group Limited, an award winning, high growth business, helping banks and telecommunication companies to enhance their digital engagement with and propositions for small and medium sized businesses. He also acted as Chair and coowner of two other London based FinTech start-ups. John completed the sales of all three of these companies during 2016 and 2017.

Jonathan Macleod, aged 60 - Independent Non-Executive Director
Jonathan is a practising Chartered Accountant and Financial Adviser with over 30 years of experience in the Financial Services and Software industries in both NZ and Australia. He has held senior executive positions within the National Bank of NZ and Rabobank Australia/NZ. Jonathan was the Chief Financial Officer of ASX listed company eServGlobal from 2008 to 2010.

Stephane Ibos, aged 33 - Executive Director and Chief Executive Officer
Stephane is qualified in Engineering, Programs and Business Management. Previously a Business Unit manager for Thales Australia, Stephane has had full responsibility for a business division and large program teams, with large scale projects and budgets in the government and defence sectors. Stephane has a Master's degree in Engineering from the Grande Ecole Telecom ParisTech.

Stephane is the co-founder of Maestrano and has been a Director of Maestrano Pty Ltd since August 2011.

Craig Holden, aged 54 - Executive Director, Chief Financial Officer and Company Secretary
Craig is an experienced Chief Financial Officer, with over 20 years' experience in rapidly growing, technology businesses that address global markets. These businesses cover a number of industry sectors including mining, communications, enterprise software, wholesale distribution and industrial systems and services.

Craig joined Maestrano as Chief Financial Officer in July 2016.

Principal activities

Information on the Group's principal activities are disclosed in the strategic report.

Results and dividends
The loss for the Group after providing for income tax and non-controlling interest amounted to £1,948,703 (30 June 2017: £2,028,013).

No dividend has been paid during the financial year and the directors do not recommend a final dividend in respect of the year ended 30 June 2018 (30 June 2017: £nil).

Further commentary on the financial results are disclosed in the financial review by the chief financial officer within the strategic report.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic review and this directors' report. In addition, the notes to the financial statements include details on the Group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with a member base split across different geographic areas. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group should be able to operate with the current working capital. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely future developments
Information on likely future developments of the Group are disclosed in the strategic report.

Financial instruments
Information on the Group's financial instruments are disclosed in the strategic report and note 23 to the financial statements.

Charitable and political donations
No charitable or political donations were made during the financial year.

Disabled employees
Due to the size of the Group, no formal policy for the employment of disabled persons has been established. However the Group gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Indemnity of directors
The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Substantial shareholdings
There were no substantial shareholders in the Company as at 30 June 2018.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that they are obliged to take as a director in order to made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Ernst & Young LLP was appointed auditor during the financial year and pursuant to section 487 of the Companies Act 2006 will be deemed to be re-appointed and therefore continue in office.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Ian Buddery
Chairman

30 October 2018

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulation.

UK Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and financial statements of the Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. 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 Company and the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union and applicable United Kingdom Accounting Standards have been followed for the Group and the Company respectively, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

In our opinion:

- Maestrano Group plc's group financial statements (the 'Group') and parent company (the 'Company') financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the 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.

We have audited the financial statements of Maestrano Group plc which comprise:

Group	Company
Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018	Company balance sheet as at 30 June 2018
Consolidated balance sheet as at 30 June 2018	Company statement of changes in equity for the period then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 17 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements are not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	• Revenue recognition arising as a result of inappropriate cut off via manipulation of deferred revenue.
Audit scope	• We performed an audit of the complete financial information of all four components. • The components where we performed full or specific audit procedures accounted for 100% of loss before tax, 100% of revenue and 100% of total assets.
Materiality	• Overall Group materiality of £48,000, which represents 22% of operating expenses.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk identified: Revenue recognition arising as a result of inappropriate cut off via manipulation of deferred revenue - £927,106 (£1,090,584 in 2017)
Accounting policies (page 29)

There is a presumption within auditing standards, that revenue recognition is a significant risk and a fraud risk. For consulting and other professional services revenue, revenue is recognised with reference to the stage of completion. As such, there is the potential for error and for management override through manipulation of the timing of revenue recognition. Management may manipulate the recognition of revenue on long-term contracts to meet expectations of shareholders by manipulating the expected cost to complete a milestone.

Our response to the risk

The level of substantive procedures performed has been tailored in a response to the significant risk. In summary:

We have performed testing to validate that cut-off has been applied appropriately. This included selecting every transaction recognised as revenue in June and July 2018 to test that revenue had been recognised in the appropriate period;

We took a substantive approach to revenue and have tested a sample of key items based upon the lowest level threshold, for each revenue stream from general ledger to source data including to contract (to assess valuation) and to bank statement as evidence of receipt to ensure appropriate recognition has been applied. We also ensured sufficient coverage by selecting an additional random sample in line with our audit methodology;

We have performed analytical review of major revenue contracts, including analysis of forecasts, management reporting, as well as enquiries with individuals outside of the finance function;

We extended our procedures, using the advantage of hindsight to review stage of completion at the year end with reference to actual results for the period July to September 2018;

We have tested every journal entry posting to implementation revenue, testing to establish whether a service had been provided in the financial year to support the revenue recognised;

We have performed testing over the amounts included in accrued revenue and deferred revenue balance at 30 June 2018, agreeing back to contracts and assessing value base on stage of completion with reference to costs incurred and the total costs estimated for each contract selected; and

We performed full audit procedures over this risk area in four locations, which covered 100% of the risk amount.

Key observations communicated to the Audit Committee

No significant issues were noted as a result of completing our audit procedures. Revenue was recognised in line with the Group’s accounting policies and in accordance with applicable accounting standards.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the four reporting components of the Group, we selected all components covering entities within Australia, United States of America, United Arab Emirates and the United Kingdom, which represent the principal business units within the Group.

Of the four components selected, we performed an audit of the complete financial information of all four components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% of the Group's loss before tax, 100% of the Group's revenue and 100% of the Group's total assets.

Involvement with component teams
All audit work performed for the purposes of the audit was undertaken by the Group audit team, which was integrated team consisting of individuals based in the United Kingdom and Australia. The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits primary site of operations and finance based in Australia. This visit involved discussing the audit approach with the team and any issues arising from their work, meeting with local management, attending planning meetings, reviewing key audit working papers on risk areas. The primary team interacted regularly with the team where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £48,000, which is 2% of operating expenses. We believe that operating expenses provides us with the most appropriate basis for materiality as the Group is primarily focused on managing its operating expenditure. This best reflects how successful the Group is in investing the amounts received and in its future growth and strategy.

During the course of our audit, we reassessed initial materiality and no changes were made to materiality from original assessment at planning.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level that the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £36,000. We have set performance materiality at this percentage due to low expectation of misstatements.

Audit work for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on total performance materiality. The performance materiality was assessed on the consolidated balances and not disaggregated for individual components.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £2,400, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report set out on pages 3 to 16, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 October 2018

Notes:

1. The maintenance and integrity of the Maestrano Group plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Maestrano Group plc
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 £	2017 £
Revenue	5	977,455	1,169,815
Other income	6	378,874	378,179
Expenses			
Hosting fees and other direct costs		(183,608)	(139,550)
Employee benefits expense	9	(1,633,549)	(2,098,690)
Occupancy expense	8	(184,920)	(143,818)
Depreciation and amortisation expense	8	(14,402)	(17,569)
Initial public offering ('IPO') and other non-operating costs	8	(395,820)	-
Other expenses	8	(422,521)	(654,541)
Finance costs	8	(450,682)	(523,843)
Loss before income tax expense		(1,929,173)	(2,030,017)
Income tax expense	12	(30,612)	-
Loss after income tax expense for the year		(1,959,785)	(2,030,017)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		234,688	38,654
Other comprehensive income for the year, net of tax		234,688	38,654
Total comprehensive income for the year		(1,725,097)	(1,991,363)
Loss for the year is attributable to:			
Non-controlling interest		(11,082)	(2,004)
Owners of Maestrano Group plc		(1,948,703)	(2,028,013)
		(1,959,785)	(2,030,017)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(11,082)	(2,004)
Owners of Maestrano Group plc		(1,714,015)	(1,989,359)
		(1,725,097)	(1,991,363)
		Pence	**Pence**
Basic earnings per share	31	(8.11)	(11.00)
Diluted earnings per share	31	(8.11)	(11.00)

Refer to note 2 for explanation on comparatives.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated balance sheet
As at 30 June 2018

	Note	2018 £	2017 £
Non-current assets			
Intangibles	13	11,477	24,168
Plant and equipment	14	5,547	5,857
Total non-current assets		17,024	30,025
Current assets			
Trade and other receivables	15	150,406	272,676
Other	16	178,025	100,428
Cash and cash equivalents		5,236,040	1,050,421
Total current assets		5,564,471	1,423,525
Current liabilities			
Trade and other payables	17	249,379	138,693
Borrowings	18	-	2,766,261
Employee benefits		92,069	85,997
Income tax	12	30,612	-
Deferred revenue		27,804	38,553
Total current liabilities		399,864	3,029,504
Net current assets/(liabilities)		5,164,607	(1,605,979)
Total assets less current liabilities		5,181,631	(1,575,954)
Net assets/(liabilities)		5,181,631	(1,575,954)
Equity			
Share capital	19	800,403	1,803,920
Share premium account	20	7,583,057	-
Other reserves	21	2,176,191	90,478
Accumulated losses		(5,378,020)	(3,437,509)
Equity/(deficiency) attributable to the owners of Maestrano Group plc		5,181,631	(1,543,111)
Non-controlling interest		-	(32,843)
Total equity/(deficiency)		5,181,631	(1,575,954)

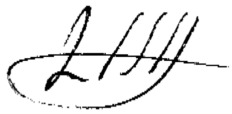
Refer to note 2 for explanation on comparatives.

The financial statements of Maestrano Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 30 October 2018. They were signed on its behalf by:

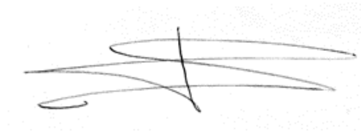
The above consolidated balance sheet should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated balance sheet
As at 30 June 2018

	Note	2018	2017
		£	£



Ian Buddery
Chairman



Stephane Ibos
Director

30 October 2018

The above consolidated balance sheet should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated statement of changes in equity
For the year ended 30 June 2018

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Non-controlling interest * £	Total deficiency in equity £
Balance at 1 July 2016	1,803,920	-	29,113	(1,409,496)	(30,839)	392,698
Loss after income tax expense for the year	-	-	-	(2,028,013)	(2,004)	(2,030,017)
Other comprehensive income for the year, net of tax	-	-	38,654	-	-	38,654
Total comprehensive income for the year	-	-	38,654	(2,028,013)	(2,004)	(1,991,363)
Transactions with owners in their capacity as owners:						
Share-based payments (note 32)	-	-	22,711	-	-	22,711
Balance at 30 June 2017	1,803,920	-	90,478	(3,437,509)	(32,843)	(1,575,954)

Refer to note 2 for explanation on comparatives.

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Non-controlling interest * £	Total equity £
Balance at 1 July 2017	1,803,920	-	90,478	(3,437,509)	(32,843)	(1,575,954)
Loss after income tax expense for the year	-	-	-	(1,948,703)	(11,082)	(1,959,785)
Other comprehensive income for the year, net of tax	-	-	234,688	-	-	234,688
Total comprehensive income for the year	-	-	234,688	(1,948,703)	(11,082)	(1,725,097)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	886,323	7,583,057	-	-	-	8,469,380
Share-based payments (note 32)	-	-	13,302	-	-	13,302
Exercise of options (note 21)	-	-	(52,117)	52,117	-	-
Capital reorganisation (notes 19 and 21)	(1,889,840)	-	1,889,840	-	-	-
Change in non-controlling interest	-	-	-	(43,925)	43,925	-
Balance at 30 June 2018	800,403	7,583,057	2,176,191	(5,378,020)	-	5,181,631

* Non-controlling interest represented a 40% interest in subsidiary entity Maestrano EMEA DMCC. In February 2018, the Group acquired the remaining non-controlling interest and Maestrano EMEA DMCC became a wholly-owned subsidiary. Refer note 30.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Maestrano Group plc
Consolidated statement of cash flows
For the year ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss before income tax expense for the year		(1,929,173)	(2,030,017)
Adjustments for:			
Depreciation and amortisation		14,402	17,569
Share-based payments		13,302	22,711
Foreign exchange differences		17,652	12,988
Interest unwind on convertible note		299,963	357,189
Interest received		(6,570)	(23,081)
Interest and other finance costs		150,719	166,654
		(1,439,705)	(1,475,987)
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		122,271	(122,889)
Decrease in accrued revenue		4,130	16,367
Decrease/(increase) in other operating assets		(81,728)	25,276
Increase/(decrease) in trade and other payables		126,956	(84,573)
Increase in employee benefits		6,073	29,086
Increase/(decrease) in deferred revenue		(10,750)	38,205
		(1,272,753)	(1,574,515)
Interest received		6,570	23,081
Interest and other finance costs paid		(150,719)	(166,654)
Net cash used in operating activities		(1,416,902)	(1,718,088)
Cash flows from investing activities			
Payments for plant and equipment	14	(2,185)	(7,541)
Payments for intangibles	13	-	(40,030)
Net cash used in investing activities		(2,185)	(47,571)
Cash flows from financing activities			
Proceeds from issue of shares in Maestrano Pty Ltd	19	285,920	-
Proceeds from issue of shares on AIM admission representing share capital	19	400,000	-
Proceeds from issue of shares on AIM admission representing share premium	20	5,600,000	-
Transaction costs on issue of shares	20	(635,122)	-
Net cash from financing activities		5,650,798	-
Net (decrease)/increase in cash and cash equivalents		4,231,711	(1,765,659)
Cash and cash equivalents at the beginning of the financial year		1,050,421	2,647,776
Effects of exchange rate changes on cash and cash equivalents		(46,092)	168,304
Cash and cash equivalents at the end of the financial year		5,236,040	1,050,421

Refer to note 2 for explanation on comparatives.

Note 1. General information

The financial statements covers Maestrano Group plc ('Company') and the entities it controlled at the end of, or during, the financial year (referred to as the 'Group'). The financial statements are presented in Pound Sterling, which is Maestrano Group plc's functional and presentation currency.

The Company was incorporated on 6 December 2017 as a private company, Maestrano Group Limited. On 11 May 2018, the Company converted to a public company, Maestrano Group plc and on 30 May 2018 was admitted onto the Alternative Investment Market ('AIM'). On 19 April 2018, as part of a group reorganisation, the Company acquired 100% of the ordinary shares of Maestrano Pty Ltd from the existing shareholders and became the immediate and ultimate parent of the Group.

Maestrano Group plc is a listed public company limited by shares, incorporated and domiciled in England and Wales. Its registered office and principal place of business are:

Registered office	**Principal place of business**
10 John Street London WC1N 2EB United Kingdom	Suite 504, 46-48 Market Street Sydney NSW 2000 Australia

A description of the nature of the Group's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

Adoption of IFRS 1 'First-time adoption of EU IFRS Accounting Standards'
The Group historically prepared 'Special Purpose Financial Statements', acceptable under Australian Accounting Standards, for the purposes of satisfying the directors' reporting requirements under the Australian Corporations Act 2001. These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union for the first-time. In accordance with IFRS 1, the Group has adopted all relevant IFRS standards with effect from the beginning of the earliest comparative period, 1 July 2016.

The adoption of IFRS 1 has not resulted in any changes in recognition or measurement of amounts in these financial statements, that is, there are no reconciling differences. As there are no reconciling differences, the Group has elected not to include the IFRS transition balance sheet as at 1 July 2016.

Going concern
The financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. In assessing whether the going concern assumption is appropriate, the directors have considered the Group's existing working capital and are of the opinion that the Group has adequate resources to undertake its planned programme of activities for the 12 months from the date of approval of these financial statements. Further details of the directors' considerations in relation to going concern are included in the directors' report.

Basis of preparation
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS' or 'IFRSs') as adopted for use in the European Union (the 'EU') and IFRS Interpretations Committee interpretations (together 'EU IFRS') and the UK Companies Act 2006.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Historical cost convention
The consolidated financial statements are prepared under the historical cost convention.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Group reorganisation and comparative information
Maestrano Group plc (previously known as Maestrano Group Limited) was incorporated on 6 December 2017. Shareholders of the former parent company Maestrano Pty Ltd (the 'legal subsidiary'), approved a formal business entity reorganisation, whereby Maestrano Group plc ('the legal parent') became the parent of the Group, effective 19 April 2018, by acquiring all the outstanding shares of the Group's previous ultimate holding company Maestrano Pty Ltd in exchange for the issue of its own shares. This share for share transaction is not a business combination and does not result in any economic substance from the perspective of the Group. The substance of the group reorganisation is a continuation of the existing group, as a result the financial statements reflect that fact. This share for share transaction is hereafter referred to as the group reorganisation and accounted for as follows:

- the consolidated financial statements of Maestrano Group plc are a continuation of the existing group;
- the difference in share capital is reflected as an adjustment directly to the capital reorganisation reserve in equity;
- retained earnings and other equity balances in the financial statements at acquisition date are those of Maestrano Pty Ltd;
- no 'new' goodwill was recognised as a result of the combination;
- the results for the financial year ended 30 June 2018 comprise the consolidated results for the financial year of the Maestrano Pty Ltd group together with the results of Maestrano Group plc from 19 April 2018 to 30 June 2018; and
- the results for the financial year ended 30 June 2017 comprise the consolidated results for the financial year of Maestrano Pty Ltd group only.

Therefore, the consolidated financial statements are presented as if Maestrano Group plc had been the parent company of the existing group throughout the periods presented. No reclassifications or adjustments to previously reported figures and no changes in the operations of the group resulted from this change.

Principles of consolidation
The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Maestrano Group plc as at the balance sheet dates presented and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

The non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The consolidated financial statements are presented in Pound Sterling, which is Maestrano Group plc's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Pound Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Pound Sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound Sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Enterprise implementation consists of (i) licensing and support and (ii) consulting and other professional services.

Licensing and support
Licensing and support revenue is recognised on a straight-line basis over the period of the contract.

Consulting and other professional services
Consulting and other professional services revenue is recognised on a time and material basis. In the case of fixed agreements and where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion of the contract at the reporting date.

Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Enterprise subscriber
Enterprise subscriber revenue is recognised on a monthly basis as the service is provided.

Grants from government
Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants which represent compensation for expenses or losses already incurred are included in other income in profit or loss when they become receivable.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 2. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Plant and equipment
Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of each item of equipment over their expected useful lives as follows:

Office equipment	2 years
Furniture and fixtures	2 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets
Intangible assets acquired as part of a business combination, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with purchased software are deferred and amortised on a reducing balance basis over the period of their expected benefit, being their finite useful life of two years.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in profit or loss.

Deferred revenue
Deferred revenue consists of funds which have been received but revenue recognition has been deferred to future periods. The liability is released to profit or loss when the revenue is earned.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Maestrano Group plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT')/Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 2. Significant accounting policies (continued)

IFRS 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and introduces new classification and measurement models for financial assets with no significant change for financial liabilities. There are new simpler hedge accounting requirements and an 'expected credit loss' model to recognise impairment allowance. The Group will adopt this standard from 1 July 2018 and the impact on adoption is expected to be minimal.

IFRS 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. It provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determination of the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

When this standard is first adopted, from 1 July 2018, it is expected that there will be no material impact on the transactions and balances recognised in the financial statements. However deferred revenue will be reclassified as contract liabilities and there are potentially additional disclosures.

IFRS 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the balance sheet, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. Had the standard been adopted from 1 July 2018, and using the transitional rules available, the Group would have recognised a lease liability of the remaining lease payments as disclosed in note 28, discounted using the lessee’s incremental borrowing rate, with a corresponding increase in plant and equipment. However, the Group will adopt this standard from 1 July 2019 and the actual impact will depend on the operating lease assets held by the Group as at 1 July 2019 and the transitional elections made at that time.

IASB revised Conceptual Framework for Financial Reporting
The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under IFRS may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 2. Significant accounting policies (continued)

Other standards and interpretations
The directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to the Group's accounting policies. These accounting policies are consistent with IFRS.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition where contracts are in progress
In accordance with the revenue recognition policy detailed in note 2, in measuring revenue relating to fixed agreements the Group measures the stage of completion with reference to costs incurred and the total costs estimated for each contract. The total estimated costs for each contract is reviewed monthly to ascertain the current stage of completion and requires reasonable judgments to be made. Refer to note 16 for the accrued revenue asset and the balance sheet for the deferred revenue liability.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 32 for valuation model inputs.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in one segment being provision of data integration and analytic services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operating segment information is the same information as provided throughout the consolidated financial statements and are therefore not duplicated.

Major customers
There are 3 (2017: 3) customers contributing external revenue of more than 10% amounting to £402,383, £281,970 and £124,121 respectively (2017: 3 customers amounting to £257,174, £147,847 and £133,694 respectively).

Revenue by geographical area
Revenue from the principal activities of the Group is attributable to the following geographical areas:

Note 4. Operating segments (continued)

	2018 £	2017 £
United Kingdom	712	221,086
Australia	272,441	541,226
United States of America	684,353	277,149
Middle East and Africa	19,949	130,354
Total revenue	977,455	1,169,815

Note 5. Revenue

	2018 £	2017 £
Enterprise implementation	927,106	1,090,584
Enterprise subscriber	50,349	79,231
Revenue	977,455	1,169,815

Note 6. Other income

	2018 £	2017 £
Government grants and rebates	372,154	334,657
Interest income	6,570	23,081
Other income	150	20,441
Other income	378,874	378,179

Government grants and rebates predominately relates to research and development rebates.

Note 7. EBITDA reconciliation (earnings before interest expense, taxation, depreciation and amortisation)

	2018 £	2017 £
EBITDA reconciliation		
Loss before income tax	(1,929,173)	(2,030,017)
Add: Interest expense	450,682	523,843
Add: Depreciation and amortisation	14,402	17,569
EBITDA	(1,464,089)	(1,488,605)

Underlying EBITDA represents EBITDA adjusted for significant, unusual and other one-off items.

Note 7. EBITDA reconciliation (earnings before interest expense, taxation, depreciation and amortisation) (continued)

	2018 £	2017 £
Underlying EBITDA reconciliation		
EBITDA	(1,464,089)	(1,489,605)
IPO	325,023	-
Restructuring costs and Enterprise Investment Scheme set-up costs	70,797	-
Underlying EBITDA	(1,068,269)	(1,489,605)

The financial statements include both the statutory financial statements and additional performance measures of EBITDA and Underlying EBITDA. The directors believe these additional measures provide useful information on the underlying trend in operational performance going forward without these unusual and other one-off items.

Note 8. Expenses

	2018 £	2017 £
Loss before income tax includes the following specific expenses:		
Depreciation		
Office equipment	1,877	1,370
Fixtures and fixtures	534	337
Total depreciation	2,411	1,707
Amortisation		
Software	11,991	15,862
Total depreciation and amortisation	14,402	17,569
IPO and other non-operating costs		
IPO costs	325,023	-
Restructuring costs and Enterprise Investment Scheme set-up costs	70,797	-
Total IPO and other non-operating costs	395,820	-
Occupancy expense		
Minimum lease payments	172,889	136,495
Other occupancy expense	12,031	7,323
Total occupancy expense	184,920	143,818
Finance costs		
Interest and finance charges paid/payable	150,719	166,654
Interest unwind on convertible note	299,963	357,189
Total finance costs expensed	450,682	523,843
Other expenses		
Travel and entertainment	85,933	134,910
Marketing services	11,615	137,621
IT infrastructure	90,313	84,236
Professional fees	205,462	210,800
Net foreign exchange (gain)/loss	(9,821)	28,184
Other	39,019	58,790
Total other expenses	422,521	654,541

Note 9. Staff costs

The average number of employees during the year was as follows:

	2018	2017
Sales and marketing	3	3
Technical	17	17
Finance and administration	5	5
Average number of employees	25	25

Note 9. Staff costs (continued)

The employee benefits expense during the year was as follows:

	2018 £	2017 £
Wages and salaries	1,474,527	1,905,150
Social security costs	68,580	80,250
Other pension costs	77,140	90,579
Share-based payments	13,302	22,711
Total employee benefits expense	1,633,549	2,098,690

Note 10. Directors' remuneration

The directors of the Company were appointed during the current financial year and the following information relates to their remuneration since appointment. Therefore there are no comparative information. Information on the directors of the Group form part of the key management personnel information as detailed in note 11.

The single figure of total remuneration in respect of the year ended 30 June 2018 and paid to each director who held office during the year was as follows:

2018	Salary and fees £	Benefit in kind £	Bonus £	Post-employment benefits £	Total £
Non-Executive Directors:					
Ian Buddery (appointed 6 December 2017) *	14,053	-	-	-	14,053
John Davis (appointed 4 May 2018) *	11,176	-	-	224	11,400
Jonathan Macleod (appointed 4 May 2018) *	10,345	-	-	982	11,327
Executive Directors:					
Stephane Ibos (appointed 1 May 2018) *	13,149	-	-	1,249	14,398
Craig Holden (appointed 4 May 2018) *	9,689	-	-	-	9,689
Total directors' remuneration	58,412	-	-	2,455	60,867

* Remuneration from date of appointment as director of the Company.

Number of directors accruing benefits under money purchase schemes in respect of qualifying services was three.

The number of directors who received shares in respect of qualifying services was none.

The number of directors who exercised share options was none.

Note 11. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2018 £	2017 £
Short-term employee benefits	361,001	417,787
Post-employment benefits	26,580	45,150
Share-based payment	5,888	5,012
	393,469	467,949

Note 12. Income tax

	2018 £	2017 £
Income tax expense		
Adjustment recognised for prior periods	30,612	-
Aggregate income tax expense	30,612	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,929,173)	(2,030,017)
Tax at the statutory tax rate of 23% (2017: 27.7%)	(443,710)	(562,315)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unwind of interest on convertible notes	83,025	107,825
Research and development expenditure, net of tax credits	100,973	162,985
Amortisation of cost of raising convertible note	(18,800)	(22,688)
Other non-deductible items	11,291	8,519
Prior year tax adjustment	30,612	-
Current year tax losses not recognised	282,468	297,530
Temporary differences not recognised	(15,247)	8,144
Income tax expense	30,612	-

Tax at the statutory tax rate represents the effective rate of income tax across the jurisdictions in which each of the Group entities are domiciled.

The tax rates of the main jurisdictions are Australia 27.5% (2017: 30.0%), United Kingdom 19.0% (2017: 19.75%), United States of America 21.0% (2017: 21.0%) and the United Arab Emirates 0% (2017: 0%).

	2018 £	2017 £
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	2,859,286	1,802,944
Potential deferred tax asset at domestic tax rates applicable in the countries concerned	638,822	424,898

The above potential tax benefit for tax losses has not been recognised in the balance sheet due to a lack of certainty as to when the losses will reverse.

Note 12. Income tax (continued)

	2018 £	2017 £
Deferred tax assets/(liabilities) not recognised		
Deferred tax assets/(liabilities) not recognised comprises temporary differences attributable to:		
Employee benefits	69,898	73,579
Accrued expenses	-	57,880
Prepayments and work in progress	(76,477)	(12,481)
	(6,579)	118,978
Potential deferred tax assets/(liabilities) not recognised (excluding tax losses disclosed separately above)	(1,809)	35,697

The above potential tax benefit for deductible temporary differences have not been recognised in the balance sheet as the recovery of the benefit is uncertain.

	2018 £	2017 £
Provision for income tax		
Provision for income tax	30,612	-

Note 13. Non-current assets - intangibles

	2018 £	2017 £
Software - at cost	38,019	40,030
Less: Accumulated amortisation	(26,542)	(15,862)
	11,477	24,168

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Software £
Balance at 1 July 2016	-
Additions	40,030
Amortisation expense	(15,862)
Balance at 30 June 2017	24,168
Exchange differences	(700)
Amortisation expense	(11,991)
Balance at 30 June 2018	11,477

Note 14. Non-current assets - plant and equipment

	2018 £	2017 £
Office equipment - at cost	7,417	5,424
Less: Accumulated depreciation	(3,116)	(1,347)
	4,301	4,077
Furniture and fixtures - at cost	2,117	2,117
Less: Accumulated depreciation	(871)	(337)
	1,246	1,780
	5,547	5,857

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Office equipment £	Furniture and fixtures £	Total £
Balance at 1 July 2016	-	-	-
Additions	5,424	2,117	7,541
Exchange differences	23	-	23
Depreciation expense	(1,370)	(337)	(1,707)
Balance at 30 June 2017	4,077	1,780	5,857
Additions	2,185	-	2,185
Exchange differences	(84)	-	(84)
Depreciation expense	(1,877)	(534)	(2,411)
Balance at 30 June 2018	4,301	1,246	5,547

Note 15. Current assets - trade and other receivables

	2018 £	2017 £
Trade receivables	78,160	272,676
Other receivables	72,246	-
	150,406	272,676

Past due but not impaired and impaired receivables
There were no past due but not impaired receivables and no impaired receivables as at 30 June 2018 (2017: £Nil).

Note 16. Current assets - other

	2018 £	2017 £
Accrued revenue	68,955	73,085
Prepayments	35,315	27,343
Staff loans *	73,755	-
	178,025	100,428

* In April 2018 the Board agreed to provide certain staff loans for the exercise value of the employee share options. The loans are for three years with interest payable at 5.3% per annum. No interest is payable if the loan is repaid within the first 12 months.

Note 17. Current liabilities - trade and other payables

	2018 £	2017 £
Trade payables	83,554	39,320
Accrued expenses	138,248	39,427
Other payables	27,577	59,946
	249,379	138,693

Refer to note 23 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	2018 £	2017 £
Convertible notes payable - at amortised cost	-	2,766,261

Refer to note 23 for further information on financial instruments.

Convertible notes payable

Interest:	The notes accrued interest at 7% per annum payable quarterly in arrears. The finance cost in profit or loss also includes the accretion of the uplift to 130%, refer below.
Conversion rights:	Either the noteholders or the Group may have converted the notes into ordinary shares in accordance with the conversion rights. At an IPO, the notes are to be converted into ordinary shares by reference to their principal amount, plus accrued and unpaid interest at a price which is 75% of the lower of, the value of the equity of the Company as part of the IPO, or the lowest price paid by a subscriber as part of a financing by the Company after the issue of the notes. If the notes are not converted into ordinary shares by the maturity date at or above the agreed upon conversion rate, the Group shall repay 130% of the face value plus accrued interest of the notes to the noteholders.
Maturity date:	30 May 2018
Actual conversion:	On 30 May 2018, at the IPO the notes were converted into 20,040,331 ordinary shares. Refer to notes 19 and 20.

Note 19. Equity - share capital

Capital reconstruction - group reorganisation
Maestrano Group plc was incorporated on 6 December 2017 and was admitted to the Alternative Investment Market ('AIM') on 30 May 2018. Prior to AIM admission, the Group undertook a reorganisation such that Maestrano Group plc was established as Maestrano Pty Ltd's parent/holding entity. Maestrano Group plc determined that the acquisition of Maestrano Pty Ltd did not represent a business combination as defined by IFRS 3 'Business Combinations'. The appropriate accounting treatment for recognising the new group structure has been determined to be a continuation of the financial statements of Maestrano Pty Ltd group. Refer to basis of preparation in note 2 for further details. The number of shares in issue shown below therefore reflects those of Maestrano Group plc.

	2018 Shares	2017 Shares	2018 £	2017 £
Ordinary shares of £0.01 each - issued and fully paid	80,040,331	-	800,403	1,803,920

Movements in ordinary share capital

Details	**Date**	**Shares**	**£**
Balance	1 July 2016	-	1,803,920
Balance	30 June 2017	-	1,803,920
Subscriber share of £1 each in Maestrano Group plc	6 December 2017	1	1
Share split in Maestrano Group plc from £1 to	6 March 2018	(1)	-
£0.001 per ordinary share		1,000	-
Capital received in Maestrano Pty Ltd	20 March 2018	-	192,030
Exercise of options in Maestrano Pty Ltd	28 March 2018	-	17,581
Exercise of options in Maestrano Pty Ltd	18 April 2018	-	76,309
Conversion of capital into Maestrano Group plc share of £0.001 each on capital reorganisation	18 April 2018	200,000,000	(1,889,840)
Capital consolidation in Maestrano Group plc from	26 April 2018	(200,001,000)	-
£0.001 to £0.01 per ordinary share		20,000,100	-
Capital reduction in Maestrano Group plc	10 May 2018	(100)	(1)
Issue of shares of £0.01 each in Maestrano Group plc on conversion of convertible notes	30 May 2018	20,040,331	200,403
Issue of shares of £0.01 each in Maestrano Group plc on AIM admission	30 May 2018	40,000,000	400,000
Balance	30 June 2018	80,040,331	800,403

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 19. Equity - share capital (continued)

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is not subject to any financing arrangement covenants and there have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged throughout the periods presented.

Note 20. Equity - share premium account

	2018 £	2017 £
Share premium account	7,583,057	-

Movements in share premium account

Detail	Date	£
Balance	30 June 2017	-
Share capital reduction credit to reserve	10 May 2018	1
Capital received on conversion of convertible notes	30 May 2018	2,618,178
Capital received on AIM admission	30 May 2018	5,600,000
Transaction costs arising on AIM admission	30 May 2018	(635,122)
		7,583,057

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

Note 21. Equity - other reserves

	2018 £	2017 £
Foreign currency reserve	286,351	51,663
Share-based payments reserve	-	38,815
Capital reorganisation reserve	1,889,840	-
	2,176,191	90,478

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Capital reorganisation reserve
As explained in note 2, the Group is a continuation of the existing Maestrano Pty Limited group. Maestrano Group plc has therefore recorded the net assets of Maestrano Pty Limited group at their historic carrying value at the date of acquisition as a capital reorganisation. The reserve is used to recognise the difference between the shares issued to effect the transaction (£200,000) and the share capital acquired (£2,089,840).

Note 21. Equity - other reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial years are set out below:

	Foreign currency £	Share based payments £	Capital reorganisation £	Total £
Balance at 1 July 2016	13,009	16,104	-	29,113
Foreign currency translation	38,654	-	-	38,654
Share-based payments	-	22,711	-	22,711
Balance at 30 June 2017	51,663	38,815	-	90,478
Foreign currency translation	234,688	-	-	234,688
Share-based payments	-	13,302	-	13,302
Capital reorganisation (note 19)	-	-	1,889,840	1,889,840
Transfer to accumulated losses on exercise of options	-	(52,117)	-	(52,117)
Balance at 30 June 2018	286,351	-	1,889,840	2,176,191

Note 22. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous two financial years

Note 23. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group had net assets denominated in foreign currencies of £115,384 as at 30 June 2018 (2017: £67,844). Based on this exposure, had the Pound sterling weakened by10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been £11,538 lower / £11,538 higher (2017: £6,784 lower / £6,784 higher). The actual foreign exchange gain for the year ended 30 June 2018 was £9,821 (2017: loss of £28,184).

Price risk
The Group is not exposed to any significant price risk.

Note 23. Financial instruments (continued)

Interest rate risk
The Group is not exposed to any significant interest rate risk. Most of the cash and cash equivalents are held in banks in the UK where the current interest rate is negotiable and unlikely to fluctuate in the foreseeable future. The convertible note carried a fixed rate of interest of 7% and was therefore subject to fair value risk. However, fair value risk sensitivities are not provided as the convertible note was not measured at fair value.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

Except for cash and cash equivalents, the Group has no other concentration of credit risk exposure as at 30 June 2018 and 2017.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

2018	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
Non-derivatives					
Non-interest bearing					
Trade payables	83,554	-	-	-	83,554
Other payables	27,577	-	-	-	27,577
Total non-derivatives	111,131	-	-	-	111,131

2017	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
Non-derivatives					
Non-interest bearing					
Trade payables	39,320	-	-	-	39,320
Other payables	59,946	-	-	-	59,946
Interest-bearing - fixed rate					
Convertible notes payable	3,066,224	-	-	-	3,066,224
Total non-derivatives	3,165,490	-	-	-	3,165,490

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 25. Changes in liabilities arising from financing activities and non-cash movements

	Convertible notes £
Balance at 1 July 2016	2,267,206
Exchange differences	141,866
Interest unwind on convertible note	357,189
Balance at 30 June 2017	2,766,261
Non-cash movement equity	(2,818,581)
Exchange differences	(247,643)
Interest unwind on convertible note	299,963
Balance at 30 June 2018	-

The notes were converted into equity during the financial year as share capital of £200,403 and share premium of £2,618,178 totalling £2,818,581. Refer to notes 19 and 20.

Note 26. Auditor remuneration

During the financial year the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	2018 £	**2017 £**
Audit services		
Audit or review of the financial statements	71,831	16,667
Other services		
Preparation of accounts	2,301	-
Other	1,403	-
	3,704	-
	75,535	16,667

Note 27. Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2018 and 2017.

Note 28. Commitments

	2018 £	2017 £
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	109,367	107,067
One to five years	54,131	148,853
	163,498	255,920

Operating lease commitments relate to office accommodation under non-cancellable operating leases expiring within one to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 29. Related party transactions

Parent entity and ultimate controlling party
The parent entity and ultimate parent entity is Maestrano Group plc. There is no ultimate controlling party.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties
There were no transactions with related parties during the current and previous financial years.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting dates.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the Company in accordance with the accounting policy described in note 2:

Name	Address and country of incorporation	Holding %
Maestrano Pty Ltd	Suite 504, 46-48 Market Street, Sydney NSW 2000, Australia	100%
Maestrano Ltd	7 Glenthorne Mews, London W6 OLG, United Kingdom	100%
Maestrano Inc.	Suite 6.018, 404 5th Avenue, New York NY 10018, United States of America	100%
Maestrano EMEA DMCC *	Almas Tower, Jumeriah Lakes Tower, Sheikh Zayed Road, United Arab Emirates	100%

* In the prior year the Group had a 60% holding in Maestrano EMEA DMCC. The remaining 40% was acquired in February 2018.

Summarised financial information
Summarised financial information of the subsidiary with non-controlling interests is not material to the Group and summarised financial information has therefore not been disclosed.

Note 31. Earnings per share

	2018 £	2017 £
Loss after income tax	(1,959,785)	(2,030,017)
Non-controlling interest	11,082	2,004
Loss after income tax attributable to the owners of Maestrano Group plc	(1,948,703)	(2,028,013)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	24,041,786	18,434,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	24,041,786	18,434,000
	Pence	**Pence**
Basic earnings per share	(8.11)	(11.00)
Diluted earnings per share	(8.11)	(11.00)

Options and convertible notes have not been included in the diluted earnings per share in the prior year as they were anti-dilutive.

Note 32. Share-based payments

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board of Directors, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

All options vest and are exercisable at an exit event, such as an IPO. Options expire when an employee ceases to be employed or contracted by a Group unless the Board in its discretion allows the employee to retain all or some of their options. Options do not have a fixed expiry date.

The share-based payment expense during the financial year was £13,302 (2017: £22,711).

Set out below are summaries of options granted under the plan:

2018

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	A$0.012	6,221,250	-	(6,041,250)	(180,000)	-
01/10/2015	A$0.012	50,268	-	(50,258)	(10)	-
26/11/2015	A$0.012	300,000	-	(300,000)	-	-
31/12/2015	A$0.012	1,000,000	-	(1,000,000)	-	-
01/01/2016	A$0.012	100,000	-	(60,000)	(40,000)	-
03/02/2016	A$0.012	350,000	-	(250,000)	(100,000)	-
02/06/2016	A$0.012	10,000	-	-	(10,000)	-
01/07/2016	A$0.012	430,000	-	(360,000)	(70,000)	-
19/09/2016	A$0.012	30,000	-	(30,000)	-	-
31/10/2016	A$0.012	30,000	-	(30,000)	-	-
14/11/2016	A$0.012	3,050,000	-	(2,000,000)	(1,050,000)	-
07/12/2016	A$0.012	20,000	-	(20,000)	-	-
01/01/2017	A$0.012	100,000	-	-	(100,000)	-
06/02/2017	A$0.012	1,500,000	-	(500,000)	(1,000,000)	-
21/04/2017	A$0.012	150,000	-	-	(150,000)	-
15/05/2017	A$0.012	370,000	-	(220,000)	(150,000)	-
19/06/2017	A$0.012	20,000	-	(20,000)	-	-
08/12/2017	A$0.012	-	1,100,000	(900,000)	(200,000)	-
27/02/2018	A$0.012	-	278,492	(278,492)	-	-
		13,731,518	1,378,492	(12,060,000)	(3,050,010)	-
Weighted average exercise price		A$0.012	A$0.012	A$0.012	A$0.012	A$0.000

Note 32. Share-based payments (continued)

2017

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	A$0.012	10,740,000	-	-	(4,518,750)	6,221,250
01/10/2015	A$0.012	2,000,000	-	-	(1,949,732)	50,268
26/11/2015	A$0.012	300,000	-	-	-	300,000
31/12/2015	A$0.012	1,000,000	-	-	-	1,000,000
01/01/2016	A$0.012	200,000	-	-	(100,000)	100,000
03/02/2016	A$0.012	1,500,000	-	-	(1,150,000)	350,000
02/06/2016	A$0.012	10,000	-	-	-	10,000
01/07/2016	A$0.012	-	430,000	-	-	430,000
19/09/2016	A$0.012	-	30,000	-	-	30,000
31/10/2016	A$0.012	-	30,000	-	-	30,000
14/11/2016	A$0.012	-	3,050,000	-	-	3,050,000
07/12/2016	A$0.000	-	20,000	-	-	20,000
01/01/2017	A$0.012	-	100,000	-	-	100,000
06/02/2017	A$0.012	-	1,500,000	-	-	1,500,000
21/04/2017	A$0.012	-	150,000	-	-	150,000
15/05/2017	A$0.012	-	370,000	-	-	370,000
29/06/2017	A$0.012	-	20,000	-	-	20,000
		15,750,000	5,700,000	-	(7,718,482)	13,731,518
Weighted average exercise price		A$0.012	A$0.012	A$0.000	A$0.012	A$0.012

The weighted average share price during the financial year was A$0.012 (2017: A$0.012).

The weighted average remaining contractual life of options outstanding at the end of the financial year was Nil years (2017: 1.48 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:
- Share price: A$0.012
- Exercise price: A$0.012
- Expected volatility: 100%
- Risk-free interest rate: 2%
- Fair value at grant date: 2018: A$0.002 to A$0.003
- Expected vesting date: 18 April 2018

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Maestrano Group plc
Company balance sheet
30 June 2018

Non-current assets		
Investment in subsidiary	5	2,818,581
Receivables - amounts due after more than one year	6	283,182
Total non-current assets		3,101,763
Current assets		
Receivables - amounts due within one year	7	64,109
Prepayments		15,073
Cash and cash equivalents		4,594,672
Total current assets		4,673,854
Current liabilities		
Trade and other payables - amounts due within one year	8	88,585
Total current liabilities		88,585
Net current assets		4,585,269
Total assets less current liabilities		7,687,032
Net assets		7,687,032
Equity		
Share capital	9	800,403
Share premium account	10	7,583,057
Other reserves	11	(200,000)
Accumulated losses		(496,428)
Total equity		7,687,032

The financial statements of Maestrano Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 30 October 2018. They were signed on its behalf by:

Ian Buddery
Chairman

Stephane Ibos
Director

30 October 2018

Maestrano Group plc
Company statement of changes in equity
30 June 2018

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 6 December 2017	-	-	-	-	-
Loss after income tax expense for the period	-	-	-	(496,428)	(496,428)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(496,428)	(496,428)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	800,403	-	-	-	800,403
Share premium account (note 10)	-	7,583,057	-	-	7,583,057
Capital reorganisation (note 11)	-	-	(200,000)	-	(200,000)
Balance at 30 June 2018	800,403	7,583,057	(200,000)	(496,428)	7,687,032

Note 1. General information

The Company was incorporated on 6 December 2017 as a private company, Maestrano Group Limited. On 11 May 2018, the Company converted to a public company, Maestrano Group plc and on 30 May 2018 was admitted onto the Alternative Investment Market ('AIM'). On 19 April 2018, as part of a group reorganisation, the Company acquired 100% of the ordinary shares of Maestrano Pty Ltd (the 'original parent') from the existing shareholders and became the immediate and ultimate parent of the Group.

The financial statements are presented in Pound Sterling, which is Maestrano Group plc's functional and presentation currency.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new and amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Basis of preparation
These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including (where applicable): statement of cash flows, new Accounting Standards not yet mandatory, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

Historical cost convention
The financial statements have been prepared under the historical cost convention and under the going concern assumption.

Further details of the directors' considerations in relation to going concern are included in the directors' report.

Income tax
Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. The taxation liabilities are reduced wholly or in part by the surrender of tax losses by fellow group undertakings for which payment is made

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Other receivables
Receivables from controlled entities and other receivables are recognised at amortised cost, less any provision for impairment.

Investment in subsidiary
Investment in subsidiary is shown at initial cost plus any subsequent contributions, less accumulated impairment.

In a group reorganisation, initial cost is measured at the carrying amount of the Company's share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. If the original parent has net liabilities, the initial cost is recognised as nil.

The difference between the capital contributed to effect the transaction and the initial cost recognised as the investment in subsidiary is reflected as an adjustment directly to the capital reorganisation reserve in equity.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Profit and loss account
The Company has elected not to present its own profit and loss account for the period. The Company reported a loss for the financial period, from incorporation on 6 December 2017 to 30 June 2018 of £496,428.

Note 3. Employees and directors' information

The only employees of the Company are the directors whose emoluments are disclosed in note 10 to the consolidated financial statements.

Note 4. Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the Group is set out in note 11 to the consolidated financial statements.

Note 5. Non-current assets - investment in subsidiary

	2018 **£**
Investment in Maestrano Pty Ltd - 100% of issued capital held	2,818,581

A full list of the subsidiaries controlled by the Company is disclosed in note 30 to the consolidated financial statements.

Note 6. Non-current assets - receivables - amounts due after more than one year

	2018 **£**
Receivable from controlled entities	283,182

Note 7. Current assets - receivables - amounts due within one year

	2018 £
Other receivables - representing VAT/GST	64,109

Note 8. Current liabilities - trade and other payables - amounts due within one year

	2018 £
Trade payables	15,378
Accrued expenses	73,207
	88,585

Note 9. Equity - share capital

	2018 Shares	2018 £
Ordinary shares of £0.01 each - issued and fully paid	80,040,331	800,403

Movements in ordinary share capital

Details	Date	Shares	£
Balance	6 December 2017	-	-
Subscriber share of £1 each	6 December 2017	1	1
Share split from £1 to	6 March 2018	(1)	-
£0.001 per ordinary share		1,000	-
Issue of shares of £0.001 each for acquisition of Maestrano Pty Ltd	18 April 2018	200,000,000	200,000
Capital consolidation from £0.001 to	26 April 2018	(200,001,000)	-
£0.01 per ordinary share		20,000,100	-
Capital reduction	10 May 2018	(100)	(1)
Issue of shares of £0.01 each on conversion of convertible notes	30 May 2018	20,040,331	200,403
Issue of shares of £0.01 each on AIM admission	30 May 2018	40,000,000	400,000
Balance	30 June 2018	80,040,331	800,403

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - share premium account

	2018 £
Share premium account	7,583,057

Movements in share premium account

Detail	Date	£
Balance	6 December 2017	-
Share capital reduction credit to reserve	10 May 2018	1
Capital received on conversion of convertible notes	30 May 2018	2,618,178
Capital received on AIM admission	30 May 2018	5,600,000
Transaction costs arising on AIM admission	30 May 2018	(635,122)
		7,583,057

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

Note 11. Equity - other reserves

	2018 £
Capital reorganisation reserve	(200,000)

Capital reorganisation reserve
As explained in notes 1 and 2, the Company acquired 100% of the share capital of Maestrano Pty Limited (the 'original parent') as part of a group reorganisation. The reserve is used to recognise the difference between the capital contributed to effect the transaction (£200,000) and the initial cost recognised as the investment in subsidiary (£nil).

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period.

Note 13. Auditor remuneration

The auditor's remuneration for audit and other services is disclosed within note 26 to the consolidated financial statements.

Note 14. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2018.

Note 15. Related party transactions

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2018 £
Non-current receivables:	
Loans to commonly controlled entity	283,182

The above loans are interest-free and repayable on demand.

Details of related party transactions are provided in note 29 to the consolidated financial statements.

Note 16. Parent entity and ultimate controlling party

The parent entity and ultimate parent entity is Maestrano Group plc. There is no ultimate controlling party.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.