

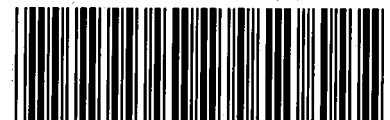
Registered number: 02838971

Financial Statements of
(In pounds sterling)

STINGRAY DIGITAL INTERNATIONAL LIMITED

Year ended March 31, 2018

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STINGRAY DIGITAL INTERNATIONAL LIMITED

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(In pounds sterling)

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Principal activity and business review

The principal activity of the company during the year was the delivery of digitally transmitted programs to subscribers throughout Europe and Latin America.

The company is a wholly owned subsidiary of Music Choice Europe Limited, and the ultimate parent undertaking is Stingray Group Inc., a company incorporated within Canada

Stingray Digital is a premium provider of curated direct-to-consumer and B2B services, including audio television channels, over 100 radio stations, SVOD content, 4K UHD television channels, karaoke products, digital signage, in-store music, and music apps.

The directors do not use key performance indicators (KPIs) to assess the performance of the business.

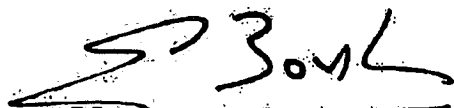
Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the financial statements of Stingray Group Inc.

Future Outlook

The directors will continue to review management policies as market conditions change, including the potential impacts arising from uncertainty around the UK's exiting of the European Union.

This report was approved by the board on the 22 March 2019 and signed on its behalf.


E Boyko
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the company during the year was the delivery of digitally transmitted programs to subscribers throughout Europe.

Directors

The directors who served during the year were:

E Boyko

C B Johnstone


Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 March 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'E Boyko', written over a horizontal line.

E Boyko
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STINGRAY DIGITAL INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Stingray Digital International Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

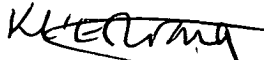
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

25 March 2019

STINGRAY DIGITAL INTERNATIONAL LIMITED

Profit and loss account
(In pounds sterling)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Turnover (note 3)	£ 10,225,930	£ 8,752,024
Cost of sales	(1,166,458)	(1,765,718)
Gross profit	9,059,472	6,986,306
Selling and marketing	(144,112)	(155,981)
Administrative expenses	(432,953)	(2,728,732)
Depreciation and amortisation	(2,330,361)	(2,578,520)
Operating profit	6,152,046	1,523,073
Interest receivable and similar income	559,666	396,911
Interest payable and expenses	-	(24)
Profit before tax	6,711,712	1,919,960
Tax on profit (note 7)	359,861	(18,214)
Profit for the year	£ 7,071,573	£ 1,901,746

There was no other comprehensive income for 2018 (2017 - nil).

See accompanying notes to financial statements.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Balance Sheet
(In pounds sterling)

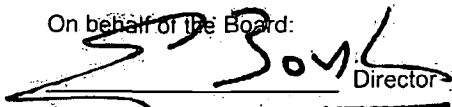
March 31, 2018, with comparative information for 2017

	2018		2017	
Fixed assets				
Intangible assets (note 8)	£	£ 3,256,309	£	£ 1,143,650
Goodwill (note 8)		1,831,002		3,953,317
Tangible assets (note 9)		7,385		19,618
Investments (note 10)		36,018,056		19,108,368
		41,112,752		24,224,953
Current assets				
Debtors - amounts falling due within one year (note 11)	14,507,379		14,908,189	
Cash at bank and in hand (note 12)	203,466		662,988	
	14,710,845		15,571,177	
Creditors - amounts falling due within one year (note 13)	(29,224,830)		(20,268,936)	
Net current liabilities		(14,513,985)		(4,697,759)
Total assets less current liabilities		26,598,767		19,527,194
Net assets	£	£ 26,598,767	£	£ 19,527,194
Capital and reserves				
Called up share capital (note 15)	£	£ 53,664,874	£	£ 53,664,874
Share premium account		17,836,798		17,836,798
Other reserves		1,908,750		1,908,750
Profit and loss		(46,811,655)		(53,883,228)
	£	£ 26,598,767	£	£ 19,527,194

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2019.

See accompanying notes to financial statements.

On behalf of the Board:

 Director

Registered number: 02838971

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium Account	Capital Contribution Reserve	Profit & loss account	Shareholders funds
At April 1 2017	£ 53 664 874	£ 17 836 798	£ 1 908 750	£ (53 883 228)	£ 19 527 194
Comprehensive income for the year					
Profit for the year	-	-	-	6 508 003	6 508 003
Total comprehensive income for the year	-	-	-	6 508 003	6 508 003
At March 30, 2018	£ 53 664 874	£ 17 836 798	£ 1 908 750	£ (47 375 225)	£ 26 035 197

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements
(In pounds sterling)

Year ended March 31, 2018

Stingray Digital International Limited (the "Company") is a private company (limited by shares) incorporated in England and Wales (registration number 02838971). The address of the registered office is 25-27 Horsell Road, England N5 1XL.

1. Significant accounting policies:

Basis of preparation of financial statements:

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

(a) Going concern:

Notwithstanding net current liabilities of £15,077,558 as at 31 March 2018, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider the going concern basis to be appropriate having paid due regard to the Company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of financing facilities and mitigating actions that can be taken during that period.

(b) Revenue:

The Company derives revenue primarily from rendering of services, sales of on-demand products projects and other revenues. Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenues when the services are rendered and collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(b) Revenue (continued):

(i) Rendering of services:

Rendering of services primarily relates to continuous music and video distribution in a form of subscription fees on a monthly, quarterly or annual basis. The Company recognises revenues from rendering of services when the services are rendered. The Company records deferred revenues when customers pay their subscription fees in advance.

(ii) On-demand products:

On-demand products relate primarily to music and concert services online or through TV subscriptions. Revenues are recognised in the year in which the services are rendered.

(c) Intangible assets:

(i) Goodwill:

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life (5 years).

(ii) Other intangible assets:

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(d) Tangible fixed assets:

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and the following periods:

Assets	Period
Computer hardware	3 years
Ubiquicast	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

(e) Valuation of investments:

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(f) Debtors:

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(g) Cash and cash equivalents:

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(i) Creditors:

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(j) Foreign currency translation:

(i) Functional and presentation currency:

The Company's functional and presentational currency is GBP.

(ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(j) Foreign currency translation (continued):

(ii) Transactions and balances (continued):

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "Administrative expenses".

(k) Operating leases - the Company as lessee:

Short-term Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard April 1, 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

(l) Pensions:

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

(m) Interest income:

Interest income is recognised in the statement of comprehensive income using the effective interest method.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(n) Current and deferred taxation:

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in Note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued):

The key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Useful lives of property, plant and equipment:

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve directors' estimation. The Company assesses annually the residual value and the useful life of these property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charge in the year the estimate is changed and in future years.

(b) Impairment on doubtful receivables and amounts due from related parties:

In determining whether there is objective evidence of impairment on doubtful receivables and amount due from related parties, the Company takes into consideration the aged analysis of trade receivables and the estimation of future cash flows recoverable from these receivables and amount due from related parties. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables and amount due from related parties, including the current creditworthiness and the past collection history of each customer. The amount of the impairment on doubtful receivables and amount due from related parties are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

Where the actual future cash flows are less than expected, an allowance for doubtful debts may arise.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

3. Turnover:

The whole of the turnover is attributable to the delivery of digitally transmitted programmes to subscribers throughout Europe.

Analysis of turnover by country of destination:

	2018	2017
United Kingdom	£ 80,722	£ 83,533
Rest of Europe	4,539,584	3,032,683
Rest of the world	5,605,624	5,635,808
	£ 10,225,930	£ 8,752,024

4. Auditor's remuneration:

	2018	2017
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	£ 30,000	£ 25,000
Tax compliance	10,400	6,000

5. Employee:

The average monthly number of employees, including directors, during the year was 8 (2017 - 5).

Directors remuneration was borne by another group entity.

Payroll costs:

Salaries and wages	£ 207,712
Bonus	26,210
Payroll benefits	37,030

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

6. Interest receivable:

	2018	2017
Other interest receivable	£ 559,666	£ 396,911

7. Taxation:

	2018	2017
Corporation tax		
Current tax on profits for the year	£ -	£ 18,214
Deferred tax		
Origination and reversal of timing differences	359,861	-

(a) Factors affecting tax charge for the year:

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018	2017
Profit on ordinary activities before tax	£ 6,711,712	£ 1,919,960
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	£ 1,275,225	£ 383,992
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortization and impairment	50,000	39,672
Adjust opening deferred tax to average rate of 19%	-	738,614
Recognition of previously unrecognized tax losses	(359,861)	-
Utilisation of losses not previously recognised	(1,325,225)	(1,128,861)
Group relief	-	(15,203)
Total tax charge for the year	£ (359,861)	£ 18,214

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

7. Taxation (continued):

(b) Factors that may affect future tax charges:

The Company has trading and non- trading losses of approximately £28,936,394 (2017 - £35,648, 106) and a potential further tax asset of £5,078,054 (2017 - £6,060,178) in relation to tax losses, fixed assets timing differences and other short-term timing differences: of this potential asset £1,106,454 (2017 - £746,593) has been recognised as an asset in the balance sheet being the amount expected to be recoverable in the foreseeable future.

In considering the recoverability of the deferred tax asset the directors have prepared forecasts and based on these forecasts they consider that the Company will have sufficient future profit to utilise a proportion of this deferred tax assets.

8. Intangible assets:

	Computer software	Catalogue	Licenses	Goodwill	Total
	£	£	£	£	£
Cost					
As at March 31, 2017	2,814,988	1,368,197	92	13,144,356	17,327,633
Additions	—	2,307,800	—	—	2,307,800
Disposals	(2,501)	(197,827)	—	—	(200,328)
As at March 31, 2018	2,812,487	3,478,170	92	13,144,356	19,435,105
Amortisation					
As at March 31, 2017	2,806,036	233,588	3	9,191,039	12,230,666
Additions	2,743	189,867	30	2,122,315	2,314,955
Disposals	—	(197,827)	—	—	(197,827)
As at March 31, 2018	2,808,779	225,628	33	11,313,354	14,347,794
Net book value					
As at March 31, 2018	3,708	3,252,542	59	1,831,002	5,087,311
As at March 31, 2017	8,952	1,134,609	89	3,953,317	5,096,967

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

9. Tangible fixed assets:

	Computer hardware	Plant and equipment	Total
Cost or valuation			
As at March 31, 2017	£ 2,975,215	£ 6,560	£ 2,981,775
Additions	670	-	670
As at March 31, 2018	£ 2,975,885	£ 6,560	£ 2,982,445
Depreciation			
As at March 31, 2017	£ 2,962,152	£ 4	£ 2,962,156
Charge for the year on owned assets	10,718	2,186	12,904
As at March 31, 2018	£ 2,972,870	£ 2,190	£ 2,975,060
Net book value			
As at March 31, 2018	£ 3,015	£ 4,370	£ 7,385
As at March 31, 2017	13,063	6,556	19,619

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

10. Investment:

	2018
Cost or valuation	
As at March 31, 2017	£ 19,691,578
Additions	29,360,796
Foreign exchange movement	(10,843,201)
Disposal	(1,607,905)
As at March 31, 2018	£ 36,601,268
As at March 31, 2017	583,212
Charge for the period	-
As at March 31, 2018	£ 583,212
Net book value	
As at March 31, 2018	£ 36,018,056
As at March 31, 2017	19,108,368

Subsidiaries	Country	Address
Music Choice India Private Ltd	India	C-1/1520, VASANT KUNJ DELHI DL 110070 IN
Digital Music Distribution Pty Ltd	Australia	Level 8 ,807/46-56 Kippax St Surry Hills NSW 2010 Australia c/o VOISINS SA - 4 Place de Grenus
Transmedia Communications SA	Switzerland	Geneva CH-1201 Switzerland
Stingray Europe B.V.	Netherlands	Amsterdamsestraatweg 9E 1411 AW Naarden Nederland
Classica GMBH	Germany	Grünwalder Weg 28d 82041 Oberhaching Germany
Cmusic Entertainment Ltd*	UK	Riverside Studios 65 Aspenlea Rd, Hammersmith, London, W6 8LH
Xtra Music Ltd*	UK	Riverside Studios 65 Aspenlea Rd, Hammersmith, London, England, W6 8LH
Yokee Music Ltd*	Israel	9 Haatsmaut, Yehud, Israel
Satellite Music Australia Pty Ltd	Australia	Ground Floor, Building C, 33-35 Saunders Street, Pymont, NSW 2009
SBA Pty Ltd*	Australia	Ground Floor, Building C, 33-35 Saunders Street, Pymont, NSW 2009

All subsidiaries are 100% owned. * New subsidiary company acquired in the year.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

11. Debtors:

	2018	2017
Trade debtors	£ 3,652,493	£ 3,974,900
Amounts owed by group undertakings	8,375,597	9,499,399
Other debtors	474,773	116,001
Prepayments and accrued income	898,062	571,296
Deferred taxation	1,106,454	746,593
	£ 14,507,379	£ 14,908,189

Amounts owed by group undertakings are repayable on demand.

12. Cash and cash equivalents:

	2018	2017
Cash at bank and in hand	£ 203,466	£ 662,988

13. Creditors - amounts falling due within one year:

	2018	2017
Trade creditors	£ 381,538	£ 655,525
Amounts owed to group undertakings	18,204,850	11,780,727
Corporation tax payable	-	18,214
Other creditors	9,218,452	6,622,037
Accruals and deferred income	1,419,990	1,192,433
	£ 29,224,830	£ 20,268,936

Amounts owed to group undertakings are repayable on demand.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

14. Share capital:

Shares classified as equity

	2018	2017
Allotted, called up and fully paid		
32,677,092 ordinary Class A shares of £1 each (2017 - 32,677,092)	£ 32,677,092	£ 32,677,092
20,987,782 ordinary Class B shares of £1 each (2017 - 20,987,782)	20,987,782	20,987,782
	£ 53,664,874	£ 53,664,874

During the year, the company issued nil (2017 - 11,801,555) £1 ordinary Class A shares a shares for non-cash consideration at par.

15. Pension commitments:

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totaling nil (2017 - nil) were payable to the fund at the balance sheet date.

16. Operating lease:

At March 31, 2018, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
Not later than 1 year	£ 298,304	£ 412,886
Later than 1 year and not later than 5 years	-	£ 298,304
	£ 298,304	£ 711,190

17. Related party transactions:

The Company has taken advantage of the exemption in Financial Reporting Standard 102 not to disclose transactions with other members of the group on the grounds that 100% of the voting rights are controlled within the group. Stingray Group Inc. prepares consolidated financial statements that are available from www.stingray.com.

STINGRAY DIGITAL INTERNATIONAL LIMITED

Notes to Financial Statements (continued)
(In pounds sterling)

Year ended March 31, 2018

18. Controlling party:

The ultimate parent undertaking is Stingray Group Inc., a company incorporated within Canada.

The Company's registered office is 730 Wellington, Montréal, Québec, Canada, H3C 1T4.