



**The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.**

**31 July 2017**

**Tekcapital plc**  
("Tekcapital", "the Company" or "the Group")

**Half Yearly Report**  
**for the period ended 31 May 2017**

Tekcapital plc (AIM: TEK), a UK intellectual property (IP) investment group focused on creating marketplace value from university technology, announces its results for the six month period ended 31 May 2017.

## **HIGHLIGHTS**

### **Financial**

- Total revenue of \$3,806,178 (H1 2016: \$247,262), the increase reflecting primarily an unrealised gain on revaluation of our investment in Belluscura and an increase in sales
- Revenue from services increased 157% to \$635,329 (H1 2016: \$247,262)
- Profit before tax of \$1,554,796 (H1 2016: loss of \$997,174), reflecting substantially increased revenues
- Basic earnings per share after tax of \$0.04 (30 November 2016: loss per share of \$0.06)
- Net assets per share increased to \$0.19 as at 31 May 2017 (30 November 2016: \$0.06)
- Fair value of the portfolio at 31 May 2017 of \$4,148,349 (November 2016: \$0)
- Adoption of a new IFRS accounting policy to fair value our investments, consistent with our refined business purpose to that of investing in and commercialising university intellectual properties as well as providing intellectual property investment services and advice to create market value
- During the period, Tekcapital successfully concluded a fundraising of approximately \$3 million, before expenses, which was oversubscribed

### **Portfolio company activity/progress/highlights**

- Notice of Allowance received for Piezoelectric Vibrational Energy Harvester Patent Application
- Successful production and independent testing of  $\mu$ Salt<sup>®</sup>
- Our portfolio company, Belluscura Ltd, successfully concluded a private placement of approximately US\$1.7m
- Development and launch of new software App on both iOS and Google Play to search global university IP
- Out licensed air-conditioning technology to Wecast Technology Group
- Acquisition of new Gesture Recognition Technology (Trace-it<sup>™</sup>) from the University of Central Florida

**Dr. Clifford Gross, Chairman commented:**

“We are pleased to report successful half-year performance for the Group. We have seen a significant increase in total revenue to \$3,806,178, largely due to an unrealised profit on the revaluation of investments in portfolio companies, which has resulted in net income after tax of \$1,553,390. We have also seen a 153% increase in net assets to \$7,974,906 on a year on year basis. We believe our unique approach of acquiring and commercialising university IP innovations, coupled with providing a range of IP value creation services to universities and corporates, has uniquely positioned us to create market value from university discoveries more efficiently than traditional IP investment companies.”

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**Tekcapital plc - The World's Largest University Network for Open Innovation**

Tekcapital's objective is to create value from investing in new, university-developed intellectual properties (IP). Additionally, using its proprietary discovery search engine, linked to 4,500+ universities in 160 countries, coupled with expert scientific review, Tekcapital provides a range of IP investment services to make it easy for organisations to find and acquire the IP, analytics and technology transfer professionals they need to create a competitive advantage. Tekcapital plc is quoted on the AIM market of the London Stock Exchange (AIM: symbol TEK) and is headquartered in Oxford, in the UK. For more information, please visit [www.tekcapital.com](http://www.tekcapital.com)

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## CHAIRMAN'S STATEMENT

### Summary

Tekcapital creates marketplace and shareholder value by:

- Having one of the world's largest networks of university suppliers, spanning more than 4,500 institutions across 160 countries, mitigates adverse selection and dramatically enhances finding valuable IP opportunities to invest in
- Using this network, to acquire a portfolio of proprietary university IP, for subsequent out-licensing to firms that can directly commercialise these innovations
- Providing IP investment services to our university network to assist them in bringing their innovations directly to leading companies worldwide. This provides the dual benefit of building durable relationships with our IP suppliers while simultaneously generating revenue
- Additionally, providing IP investment services to our corporate partners to help them cost-effectively address the 'quicken pace of innovation' with new university-developed IP.

### Review of the Business

Tekcapital is passionate about creating value from university intellectual property ("IP"). During the past half-year we believe that we have made good progress.

Tekcapital has refined its business purpose to that of investing in and commercialising university intellectual properties as well as continuing to provide intellectual property investment services and advice to create market value. This refined focus includes creating value through out-licensing of intellectual properties and, in some cases, from the monetisation of portfolio company investments through trade sales or Initial Public Offerings ("IPOs"), when appropriate. The Board envisages that Tekcapital's shareholder returns will be derived primarily from mid to long-term capital appreciation of a portion of its intellectual property investments, as well as from providing IP investment services to clients. In addition, the Group has, and when appropriate intends to, receive shares in its clients and portfolio companies as payment for the services provided.

The Group's technology out-licensing service leverages its competencies to identify, review and acquire particularly promising IP which management believes can be readily out-licensed to commercial corporations. This service extends the Group's impact by directly commercialising innovative university and corporate developed technologies and also has the potential to capture for the Group's own benefit more of the value realised when innovative ideas are successfully commercialised. Since inception two years ago, this new effort has grown rapidly. As of the date of this report we have secured exclusive licenses to 59 patents, applications and industrial designs, including those held by Belluscura.

We believe that there is a significant value to be realised from the patent rights that we have acquired to-date, and we are strategically moving forward with our commercialisation efforts, including seeking to out-license our IP. As such, Tekcapital's IP search and technology transfer investment services represent intellectual property advisory services, and the Group continues to provide ongoing assistance to its portfolio

companies. During the period, the Group reported the following portfolio company operational highlights:

- Notice of Allowance received for Piezoelectric Vibrational Energy Harvester Patent Application which enhances our IP position for the in-shoe energy harvesting technology
- Successful production and independent testing of  $\mu$ Salt<sup>®</sup> which enables the independent comparison of uSalt's competitive advantage vs. traditionally salted snack foods
- Our portfolio company, Belluscura Ltd, successfully concluded a private placement of approximately US\$1.7m, demonstrating good progress on executing their business plan
- Development and launch of new software App on both iOS and Google Play to search global university IP (<http://tekcapital.com/app/>)
- Out licensed air-conditioning technology to Wecast Technology Group
- Acquisition of new Gesture Recognition Technology (Trace-it<sup>TM</sup>) from the University of Central Florida which the directors of Tekcapital believe makes it possible to improve the accuracy and the speed of gesture recognizers and is compatible with existing recognition systems on any device.

Our investment in Belluscura continues to develop and is a good indication of how we are able to utilize intellectual property acquisition. Belluscura has recently launched a number of products in both the US and UK and has acquired the rights to a portfolio of oxygen concentrator patents and know-how, which Belluscura is seeking to develop into a commercial product during 2017 and 2018.

In January 2017, Tekcapital completed a placing of 6,968,500 new ordinary shares at a price of 35 pence per share to raise a total of approximately US\$3.0 million before expenses.

On 3 May 2017, we were pleased to have also announced a private placement into Belluscura, of approximately US\$1.7 million. This has reduced Tekcapital's ownership interest in Belluscura to 48%. Further, as previously announced, Belluscura is exploring an IPO in 2017.

## **Financial Review**

While the Group is still in its early stages of development, we are encouraged with the growth in revenues from both services and the unrealised appreciation of portfolio investments. Total revenue increased to \$3,806,178 (H1 2016: \$247,262) and profit after tax increased to \$1,553,390 (H1 2016: loss of \$997,174) both reflecting the unrealised gain in our investment in Belluscura of \$2,944,193 and the increase in technology transfer service sales.

The Group's net assets stood at US\$7,974,906 as at the end of the period. The Group's total liabilities of US\$596,308 as at the end of the period are relatively low as its costs have been settled without delay using available funds. Further, the Group has no debt.

The fair value of the portfolio at 31 May 2017 of \$4,148,349 (November 2016: \$0), primarily made up of Belluscura plus several early-stage portfolio companies.

During the period we adopted a new accounting policy to hold our investment in portfolio companies at fair value, consistent with our refined business focus of investing in and commercialising university intellectual properties as well as providing intellectual property investment services and advice to create market value. This refined focus includes creating value through out-licensing of intellectual properties and in some cases

from the monetisation of portfolio company investments through trade sales or Initial Public Offerings, when appropriate. The change in the accounting policy was implemented to better align with this refined business focus and to adhere to the requirements of IFRS 10, as documented in the Note 3 “Accounting Policies”.

### **Current Trading and Outlook**

Having continued to develop and refine the Group’s existing business, the Directors remain confident that continued investment in university IP and providing services to create market value from this IP remains the right policy.

Tekcapital has observed that, over time, and in any market, competition tends to reduce a company’s competitive advantage and erode its returns on invested capital. Tekcapital’s IP investments available for license and the IP services the Group provides are designed to help address this problem.

The Directors are confident that increases in net assets will arise from gains in the Group’s portfolio and service revenue in future periods. The Group continues its sharp focus on the near-term consummation of out-licenses for its portfolio of IP. With an increasing number of companies making ever faster and more disruptive use of innovative ideas sourced exogenously, and with patented university and corporate technologies an increasingly valued currency, the market opportunity for the Group is large and should continue to grow apace.

Clifford M. Gross, Ph.D.  
Executive Chairman

31 July 2017

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 May 2017

	Notes	Six months ended 31 May 2017	Six months ended 31 May 2016	Year ended 30 November 2016
		Unaudited US\$	Unaudited US\$	Audited US\$
<b>Revenue</b>				
Revenue from services		635,329	247,262	764,777
<b>Other operating income</b>				
Unrealised profit on the revaluation of investments	7	2,944,193	-	-
Profit/(Loss) on derecognition of subsidiary		226,656	-	-
<b>Total revenue</b>		3,806,178	247,262	764,777
Cost of sales		(502,618)	-	(456,482)
<b>Gross profit</b>		3,303,560	247,262	308,295
Other administrative expenses		(1,748,764)	(1,244,749)	(2,866,807)
<b>Operating profit/(loss)</b>		1,554,796	(997,487)	(2,558,512)
Finance income		-	313	314
<b>Profit/(Loss) before taxation</b>		1,554,796	(997,174)	(2,558,198)
Income tax expense	4	(1,406)	-	(766)
<b>Profit/(Loss) after taxation</b>		1,553,390	(997,174)	(2,558,964)
<b>Other comprehensive income</b>				
Currency translation difference		359,983	(4,966)	(160,451)
<b>Total comprehensive profit/(loss)</b>		1,913,373	(1,002,140)	(2,719,415)
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent		1,785,585	(990,204)	(2,215,032)
Non-controlling interests		(232,195)	(6,970)	(343,932)
		1,553,390	(997,174)	(2,558,964)
<b>Total comprehensive profit/(loss) attributable to:</b>				
Equity holders of the parent		2,041,863	(995,170)	(2,302,423)
Non-controlling interests		(128,490)	(6,970)	(416,992)
		1,913,373	(1,002,140)	(2,719,415)
<b>Profit/(Loss) per share</b>				
Basic earnings per share	5	0.044	(0.028)	(0.063)
Diluted earnings per share		0.043	(0.028)	(0.063)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2017

	Notes	As at 31 May 2017	As at 31 May 2016	As at 30 November 2016
		Unaudited US\$	Unaudited US\$	Audited US\$
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	6	841,727	1,387,470	1,409,758
Financial assets at fair value through profit and loss	7	4,148,349	-	-
Property, plant and equipment		4,624	60,475	51,490
		<u>4,994,700</u>	<u>1,447,945</u>	<u>1,461,248</u>
<b>Current Assets</b>				
Trade and other receivables		440,711	134,138	316,545
Inventory		-	-	4,503
Cash and cash equivalents		3,135,803	1,937,595	1,839,603
		<u>3,576,514</u>	<u>2,071,733</u>	<u>2,160,651</u>
<b>Total Assets</b>		<u><u>8,571,214</u></u>	<u><u>3,519,678</u></u>	<u><u>3,621,899</u></u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		595,808	361,924	484,325
Current income tax liabilities		500	500	500
Loans and borrowings		-	-	-
Total liabilities		<u>596,308</u>	<u>362,424</u>	<u>484,825</u>
<b>Net Assets</b>		<u>7,974,906</u>	<u>3,154,591</u>	<u>2,715,674</u>
<b>Equity</b>				
Share capital	8	264,221	228,052	228,052
Share premium	8	9,271,098	6,377,383	6,377,383
Retained earnings		(1,704,982)	(3,421,560)	(3,778,052)
Translation reserve		216,738	42,885	(39,540)
Merger reserve		(72,169)	(72,169)	(72,169)
Total equity attributable to equity holders of the parent		<u>7,974,906</u>	<u>3,154,591</u>	<u>2,715,674</u>
Non-controlling interests		-	2,663	421,400
<b>Total Equity and Liabilities</b>		<u><u>8,571,214</u></u>	<u><u>3,519,678</u></u>	<u><u>3,621,899</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2017

	Attributable to equity holders of the parent							
	Share capital	Share Premium	Translation Reserve	Merger Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Unaudited</b>								
<b>Balance at 1 December 2016</b>	228,052	6,377,383	(39,540)	(72,169)	(3,778,052)	2,715,674	421,400	3,137,074
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	1,785,585	1,785,585	(232,195)	1,553,390
Other comprehensive income	-	-	256,278	-	-	256,278	103,705	359,983
Share based payments	-	-	-	-	31,868	31,868	-	31,868
Issue of ordinary shares	34,879	2,814,385	-	-	-	2,849,264	-	2,849,264
Warrants exercised	1,290	79,330	-	-	-	80,620	-	80,620
New funds into non-controlling interest	-	-	-	-	-	-	323,300	323,300
(Loss)/Gain arising from change in non-controlling interest	-	-	-	-	255,617	255,617	(255,617)	-
Elimination of NCI as a result of change in the accounting policy	-	-	-	-	-	-	(360,593)	(360,593)
<b>Balance at 31 May 2017</b>	<b>264,221</b>	<b>9,271,098</b>	<b>216,738</b>	<b>(72,169)</b>	<b>(1,704,982)</b>	<b>7,974,906</b>	<b>-</b>	<b>7,974,906</b>
<b>Unaudited</b>								
<b>Balance at 1 December 2015</b>	224,684	5,980,751	47,851	(72,169)	(2,461,900)	3,719,217	-	3,719,217
Loss for the period	-	-	-	-	(990,204)	(990,204)	(6,970)	(997,174)
Other comprehensive income	-	-	(4,966)	-	-	(4,966)	-	(4,966)
Issue of Ordinary Shares	3,368	396,632	-	-	-	400,000	-	400,000
Share based payments	-	-	-	-	36,577	36,577	-	36,577
New funds into non-controlling interest	-	-	-	-	-	-	3,600	3,600
Gain/Loss arising from change in non-controlling interests	-	-	-	-	(6,033)	(6,033)	6,033	-
<b>Balance at 31 May 2016</b>	<b>228,052</b>	<b>6,377,383</b>	<b>42,885</b>	<b>(72,169)</b>	<b>(3,421,560)</b>	<b>3,154,591</b>	<b>2,663</b>	<b>3,157,254</b>

	Share capital	Share Premium	Translation Reserve	Merger Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Audited</b>								
<b>Balance at 1 December 2015</b>	224,684	5,980,751	47,851	(72,169)	(2,461,900)	3,719,217	-	3,719,217
Loss for the period	-	-	-	-	(2,215,032)	(2,215,032)	(343,932)	(2,558,964)
Other comprehensive income	-	-	(87,391)	-	-	(87,391)	(73,060)	(160,451)
Share based payments	-	-	-	-	84,618	84,618	-	84,618
Issue of ordinary shares	3,368	396,632	-	-	-	400,000	-	400,000
New funds into non-controlling interest	-	-	-	-	-	-	1,652,654	1,652,654
Gain/Loss arising from change in non-controlling interests	-	-	-	-	814,262	814,262	(814,262)	-
<b>Balance at 30 November 2016</b>	<u>228,052</u>	<u>6,377,383</u>	<u>(39,540)</u>	<u>(72,169)</u>	<u>(3,778,052)</u>	<u>2,715,674</u>	<u>421,400</u>	<u>3,137,074</u>

Share capital represents the amount subscribed for share capital at nominal value.

Share premium represents the amount subscribed for share capital in excess of nominal value and net of any directly attributable issue costs.

The merger reserve arose on the share for share exchange undertaken by the Company with Tekcapital Europe Limited on 18 February 2014.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2017

Group	Note	Six months ended 31 May 2017 US \$	For the year ended 31 May 2016 US \$	For the year ended 30 Nov 2016 US \$
<b>Cash flows from operating activities</b>				
Cash used in operations		(1,363,134)	(851,457)	(2,376,124)
Taxation paid		(1,406)	(800)	(1,566)
<b>Net cash used in operating activities</b>		<b>(1,364,540)</b>	<b>(852,257)</b>	<b>(2,377,690)</b>
<b>Cash flows from investing activities</b>				
Cash eliminated on derecognition of subsidiary		(596,176)	-	-
Purchases of property, plant and equipment		(3,733)	(54,632)	(55,359)
Purchases of intangible assets		(43,132)	(295,075)	(380,938)
Interest received		-	313	314
<b>Net cash used in investing activities</b>		<b>(643,041)</b>	<b>(349,394)</b>	<b>(435,983)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares		3,051,889	-	-
Costs of raising finance		(202,625)	-	-
Proceeds from the exercise of warrants		80,620	-	-
Cash from non-controlling interest		323,300	-	1,652,654
<b>Net cash from financing activities</b>		<b>3,253,184</b>	<b>-</b>	<b>1,652,654</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,245,603</b>	<b>(1,201,651)</b>	<b>(1,161,019)</b>
Cash and cash equivalents at beginning of year		1,839,603	3,139,246	3,139,246
Exchange gain/(loss) on cash and cash equivalents		50,597	-	(138,624)
<b>Cash and cash equivalents at end of year</b>		<b>3,135,803</b>	<b>1,937,595</b>	<b>1,839,603</b>

## Notes to the financial information

### 1. General information

Tekcapital PLC is a company incorporated in England and Wales in 2014 and domiciled in the UK. The Company's registered office is at 5 Fleet Place, London, EC4M 7RD. The nature of the Company's operations and its principal activities are to act as the holding company of a group of companies engaged in international technology and intellectual property investment services.

### 2. Basis of preparation

The financial information for the six months ended 31 May 2017 set out in this interim financial information is unaudited and does not constitute statutory financial statements.

The interim condensed financial information has been presented in US Dollars ("\$").

### 3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 30 November 2016 with the exception of the recognition of the Group as an investment entity effective 1 May 2017.

Effective 1 May 2017, the Group adopted a change in the accounting policy triggered by classification of Tekcapital PLC as an investment entity under IFRS 10 paragraph 27. This determination resulted from analysis of the following key criteria provided under IFRS 10. An investment entity:

- Obtains funds from one or more investors for the purpose of providing clients with investment management services
- Commits to its investors that its business purpose is to invest funds solely for return from capital appreciation, investment income or both
- Measures and evaluate the performance of substantially all of its investments on a fair value basis.

The Board considers that the criteria are met in the Group's current circumstances.

Tekcapital has refined its business purpose to that of investing in and commercialising university intellectual properties as well as providing intellectual property investment services and advice to create market value. This refined focus includes creating value through out-licensing of intellectual properties and in some cases from the monetisation of portfolio company investments through trade sales or Initial Public Offerings, when appropriate. The Board envisages that Tekcapital's shareholder returns will derive primarily from mid to long-term capital appreciation of a portion of its intellectual property investments, as well as from providing IP investment services to clients. In addition, the Group has and when appropriate intends to receive shares in its clients and portfolio companies as payment for the services provided.

Following the adoption of the change in the accounting for its investments, Tekcapital discontinued consolidation of Belluscura and its other Intellectual Property portfolio investments effective 1 May 2017. Consequently, assets and liabilities of the investments were eliminated from the Group's balance sheet as of 1 May 2017.

Tekcapital's IP search and technology transfer investment services represent intellectual property advisory services, and therefore Tekcapital Europe Limited and Tekcapital LLC continue to be treated as subsidiaries and consolidated in the Group financial statements. These services may be provided to investors, clients and third parties.

The Group now measures its investments at fair value through profit or loss in accordance with IFRS 9. The Group uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Our newly adopted fair value valuation policy is as follows:

- The fair value of new portfolio companies is estimated at the cost of the acquired IP or equity plus associated expenses to facilitate the acquisition.
- Existing portfolio companies are valued as follows:
  - If a market transaction such as third-party funding has occurred during the past 18 months we will value our ownership in the portfolio company at this observed valuation, absent any observed material changes during the period.
  - In the absence of a recent market transaction, fair value will be estimated by alternative methods and where appropriate by an external, qualified valuation expert.

In accordance with this change, previously consolidated subsidiaries were deconsolidated at a gain to the group of \$226,656. The group then recognised a fair value increase of \$2,944,193 in relation to the investee companies which was based on the value implied by the private placement into Belluscura at 51 pence per share as announced on the 3 May 2017.

The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 30 November 2017.

#### 4. Taxation

Immaterial charge of \$1,406 has arisen in the six-month period ended 31 May 2017 (31 May 2016: \$nil).

#### 5. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the sum of weighted average number of (1) Ordinary Shares outstanding during the period and (2) Ordinary Shares to be issued assuming exercise of outstanding stock options with intrinsic value above \$0 at 31 May 2017.

	<b>Six months ended 31 May 2017 US\$</b>	<b>Six months ended 31 May 2016 US\$</b>	<b>Year ended 30 November 2016 US\$</b>
Profits/(Losses) attributable to equity holders of the Company	1,785,585	(997,174)	(2,215,032)

Weighted average number of  
Ordinary Shares in issue:

Basic	41,001,118	34,948,117	35,185,310
Diluted	41,264,580	34,948,117	35,185,310
Basic profit (loss) per share (\$)	0.044	(0.028)	(0.063)
Diluted profit (loss) per share (\$)	0.043	(0.028)	(0.063)

## 6. Intangible Assets

	Purchased intangible assets				
	Licenses US \$	Website development US \$	Vortechs US \$	Invention Evaluator US \$	Total US \$
<b>Costs</b>					
At 1 December 2015	378,228	33,306	-	323,735	735,269
Additions during the period	190,800	-	500,000	7,875	698,675
<b>At 31 May 2016</b>	<b>569,028</b>	<b>33,306</b>	<b>500,000</b>	<b>331,610</b>	<b>1,433,944</b>
At 1 December 2015	378,228	33,306	-	323,735	735,269
Additions during the period	270,858	-	500,000	10,080	780,938
Foreign currency translation	(27,215)	(7,304)	-	-	(34,519)
<b>At 30 November 2016</b>	<b>621,871</b>	<b>26,002</b>	<b>500,000</b>	<b>333,815</b>	<b>1,481,688</b>
Additions during the period	35,973	-	-	7,159	43,132
De-recognition due to the change in the accounting policy	(657,843)	-	-	-	(657,843)
<b>At 31 May 2017</b>	<b>-</b>	<b>26,002</b>	<b>500,000</b>	<b>340,974</b>	<b>866,976</b>
<b>Accumulated amortisation and impairment</b>					
At 1 December 2015	(12,467)	(14,225)	-	-	(26,692)
Amortisation for the period	(14,790)	(4,992)	-	-	(4,992)
<b>At 31 May 2016</b>	<b>(27,257)</b>	<b>(19,217)</b>	<b>-</b>	<b>-</b>	<b>(31,684)</b>
As 1 December 2015	(12,467)	(14,225)	-	-	(26,692)
Amortisation for the period	(39,915)	(9,460)	-	-	(49,375)

Foreign currency translation	601	3,536	-	-	4,137
<b>At 30 November 2016</b>	<b>(51,781)</b>	<b>(20,149)</b>	<b>-</b>	<b>-</b>	<b>(71,930)</b>
At 1 December 2016	(51,781)	(20,149)	-	-	(71,930)
Amortisation for the period	(20,955)	(4,370)	-	-	(25,325)
De-recognition due to the change in the accounting policy	72,736	-	-	-	72,736
Foreign currency translation	-	(730)	-	-	(730)
<b>At 31 May 2017</b>	<b>-</b>	<b>(25,249)</b>	<b>-</b>	<b>-</b>	<b>(25,249)</b>
<b>Net book value</b>					
At 31 May 2016	541,771	14,089	500,000	331,610	1,387,470
At 30 November 2016	570,088	5,853	500,000	333,815	1,409,756
<b>At 31 May 2017</b>	<b>-</b>	<b>753</b>	<b>500,000</b>	<b>340,974</b>	<b>841,727</b>

## 7. Financial Assets at Fair Value through Profit or Loss

Group's investments into portfolio companies are listed below:

	<b>1 December 2016 US \$</b>	<b>Additions US \$</b>	<b>Fair value increase US \$</b>	<b>31 May 2017 US \$</b>
Belluscura Limited	-	731,930	2,944,193	3,676,123
Non Invasive Glucose Tek Limited	-	24,657	-	24,657
Ocutek Limited	-	183,030	-	183,030
Smart Food Tek Limited	-	47,365	-	47,365
eGravitas Limited	-	150,024	-	150,024
Frigidus Limited	-	52,500	-	52,500
eSoma Limited	-	-	-	-
Salarius Limited	-	14,650	-	14,650
<b>Total Balance</b>	<b>-</b>	<b>1,204,156</b>	<b>2,944,193</b>	<b>4,148,349</b>

A fair value increase of \$2,944,193 was recorded based on the value implied by the private placement into Belluscura at 51 pence per share as announced on the 3 May 2017.

Given their early, pre-commercialisation stage of development, the other companies in the Group's portfolio are currently valued at cost of the acquired intellectual property plus associated expenses.

Management anticipates employing an external, qualified valuation expert or apply an implied valuation based on a recent observable event or market transaction, following future commercialisation of the intellectual properties held by the Group's portfolio companies.

This is the only category of financial instruments measured and re-measured at fair value through profit and loss and arises as a result of a change in accounting policy in the current period. The valuation technique used falls under Level 3- Other techniques as defined by IFRS 7. There is no comparative amount and there has been no transfer between levels during the period.

## 8. Share Capital

The Company's ordinary shares are of £0.004 par value.

All the Company's issued ordinary shares have full voting, dividend and capital distribution (including winding up) rights; they do not confer any rights of redemption. The Company does not hold any ordinary shares in treasury.

Issued and fully paid	Shares Number	Share capital US\$	Share premium US\$
Ordinary shares of £0.004 each			
At 1 December 2015	34,843,339	224,684	5,980,751
Shares issued for the acquisition of Vortechs Group	577,868	3,368	396,632
As at 31 May 2016	<u>35,421,207</u>	<u>228,052</u>	<u>6,377,383</u>
At 1 December 2015	34,843,339	224,684	5,980,751
Shares issued for the acquisition of Vortechs Group	577,868	3,368	396,632
As at 30 November 2016	<u>35,421,207</u>	<u>228,052</u>	<u>6,377,383</u>
Shares issued in further public offering	6,968,500	34,879	2,814,385
Shares issued on exercise of warrants	265,000	1,290	79,330
<b>As at 31 May 2017</b>	<b><u>42,654,707</u></b>	<b><u>264,221</u></b>	<b><u>9,271,098</u></b>

## 9. Related party transactions

The Group has taken advantage of the exemption in IAS 24 "related parties" not to disclose transactions with other Group companies. During the period the Group did not employ any services of non-Group companies meeting the definition of related parties.

**10. Events after the reporting period**

There were no material events subsequent to the reporting period.

**11. Interim results**

The interim results for the six months ended 31 May 2017 will not be sent to shareholders but will be available from the Company's website at <http://tekcapital.com/investors/>.

**- Ends -**