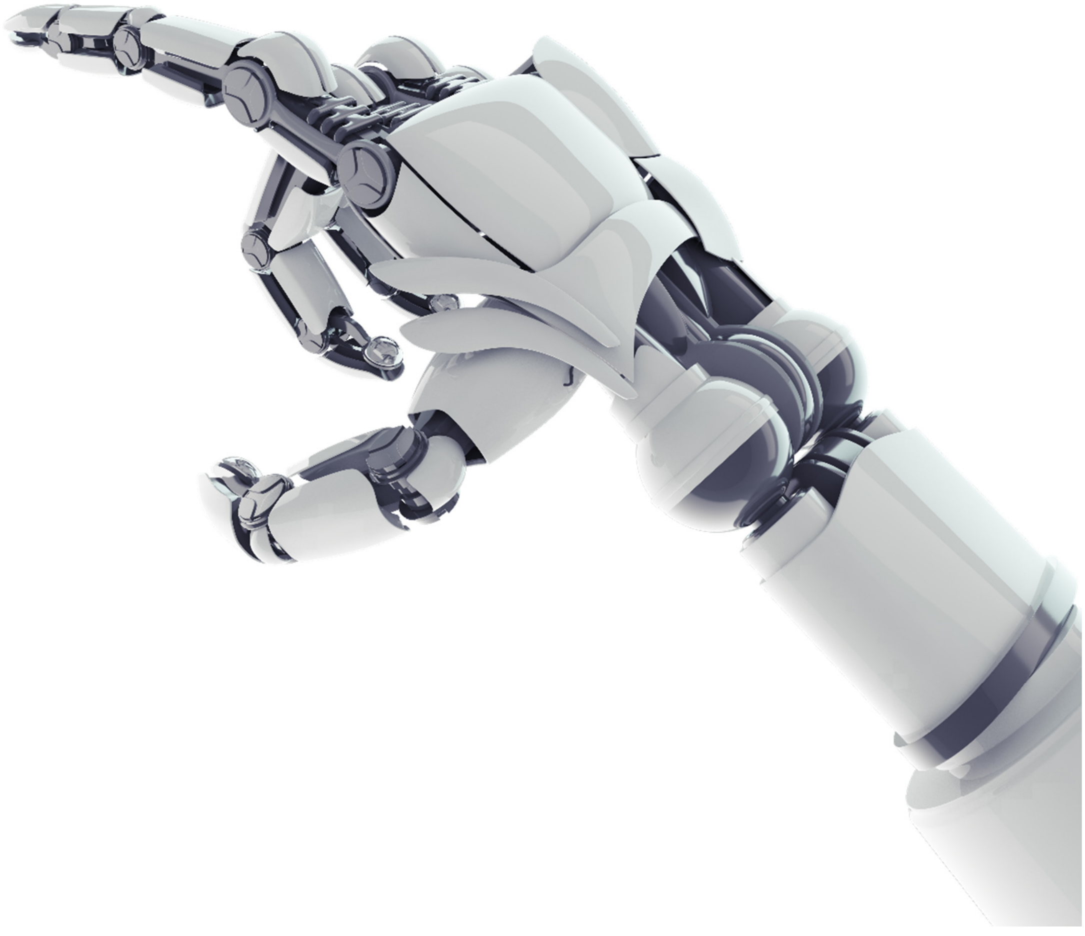

Tekcapital plc

Report and financial statements for the year ended 30 November 2017

Company Registration No. 08873361

Tekcapital PLC

Report and Financial Statements

for the year ended

30 November 2017

Tekcapital PLC

Report and financial statements 2017

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Officers and professional advisers

Officers and professional advisers

Clifford M Gross	- Chairman and CEO
M J Malcolm Groat	- Finance Director
R W “Bill” Payne	- Non Executive Director
Robert Miller	- Non Executive Director

Registered Office

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Auditor

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Banks

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E14 5AH

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Solicitors

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London EC4A 1JP

Nominated Adviser and Joint-Broker

Allenby Capital Limited
5 St Helens Place
London EC3A 6AB

Joint-Broker

Dowgate Capital Stockbrokers Limited
82 St John Street
London EC1M 4JN

Tekcapital PLC

Strategic report for the year ended 30 November 2017

The Directors present their strategic report on the Group for the year ended 30 November 2017.

Highlights

Financial

- Total revenue of US$7,263,048 reflecting an unrealised profit on the revaluation of portfolio companies of US$6,083,225
- Net increase in fair value of portfolio companies due to appreciation in shares of Lucyd Ltd (US$5,833,392) and Belluscura plc (US$249,832)
- Revenue from services and products increased by 25% to US$953,167 reflecting growth in the Latin American market and technology transfer services
- Gain on derecognition of subsidiaries of US$226,657 due to the new Accounting Policy recognizing portfolio companies at fair value
- Profit before tax of US$4,153,154 compared to loss of US$2,558,198 in 2016, reflecting primarily appreciation of portfolio companies
- Cash balance of US$1,797,729 (2016:US$1,839,603) with liabilities of US$238,149 (2016: US$484,825) and no debt
- Net assets at year end: US$10,675,961 (2016: US$3,137,074)
- Net asset per share at year end: US$0.25 (2016: US$0.09).

Corporate

- Expansion of Invention Evaluator (IE) sales into Latin America with the following universities and organisations:

  Universidad San Sebastians
  Universidad Mayor
  Fundacion COPEC
  Universidad Adolfo Ibañez
  Andes Pacific Technology Access Hub
  Corfo (Chilean economic development agency)

- Development and launch of a new, university IP search app for both IOS and Android
- Secured two Fortune 50 clients for Vortechs retained search business and IE reports

Portfolio

- Good progress with Belluscura's portable oxygen concentrator (POC) product development programme. Belluscura plans to file a 510(K) application with the US FDA in 2018 for the POC. According to Knowledge Sourcing Intelligence, the POC market is projected to reach US$1.7b by 2022
- Established Lucyd pte ltd which launched a successful Token Generation Event (TGE) to secure contributions for development of its augmented reality smartglasses and execution of its business plan. Lucyd is seeking to introduce a prototype product in March 2019. The market for AR products is expected to grow to US$36.4b by 2023 according to Greenlight Insights
- Salarius ltd, which holds the patent for micro-salt (µSalt™), manufactured its first patented micro-salt samples and had them independently tested for both flavour and sodium content with a leading brand of potato chips (crisps). Results indicated that Salarius salted crisps have all the flavour and roughly half of the sodium of traditional crisps. We view this as a significant breakthrough for producing healthier snacks. According to Grand View Research, the global healthy snack market is expected to reach US$32.8b by 2025. Salarius is both continuing to seek an out license for its patented product while exploring the potential launch of a healthier snack food brand
- Established Guident ltd, a new portfolio company that acquired and seeks to commercialise a patented technology that enables the development of software apps for controlling autonomous vehicles. According to Research and Markets, the global autonomous vehicles market revenue is expected to reach US$126.8b by 2027
- Established eSoma ltd, a new portfolio company that acquired and seeks to commercialise a patent pending software called Trace-it ™ for improving the accuracy of gesture recognition on any device. The global gesture recognition market is expected to exceed US$12.7b by 2020 according to Industry Analysts Inc.
- Smart Food Tek Limited is continuing to seek a licensee for its Crackle-baked® technology.

Strategic report for the year ended 30 November 2017 (continued)

The principal activity of the parent company is that of an investment entity and that of the Group is to provide universities and corporate clients with a wide range of technology transfer services. The Group also acquires exclusive licenses for disruptive technologies it has acquired for its own portfolio, for subsequent commercialisation.

The Directors expect further improvement in performance in future periods as the Group achieves success in its strategy to diversify and grow through continual investment in additional intellectual properties, and expansion of sales both organically and by acquisitions.

Financial review and Key Performance Indicators

The Board believes that the Key Performance Indicators (KPIs) listed below represent those that are typically applied to companies that seek to commercialize university technologies and should therefore be the KPIs under which the Group's performance should be evaluated:

KPI	Description	2017 Performance
Fair value of the portfolio	Movement in the value of equity in portfolio companies	US$6,083,225 (2016: US$0)
Revenue from services and products	Growth in technology services	US$953,167 (2016: US$764,777)
Net revenue	Growth in the aggregate of services and change in the fair value of the portfolio	US$7,263,048 (2016: US$764,777)
Gain	Gain before tax for the year	US$4,153,154 (2016: -US$2,558,198)
Net assets per share	Value of the Group's net assets per share outstanding	US$0.25 (2016: US0.09)

The Group was able to achieve this growth while simultaneously reducing its administrative expenses by $449,523 in 2017. This was achieved through cost controls combined with the use of consulting engagements and the deconsolidation of Belluscura, leading to reduced payroll expenses.

Our cash position at the end of the period is US$1,797,729 and the Group's liabilities of US$238,149 are modest as costs have been settled without delay using available funds. The Group had no debt as of 30 November 2017.

Principal Risks and Uncertainties

The Group actively considers and manages its risks. The Directors consider the following areas of business and operational risk and detail how this risk is managed or mitigated:

- Generating revenue. To maintain and expand the Group's range of technology transfer services base and geographical coverage, management perform regular reviews to monitor performance against expectations. These reviews include monitoring the diversity of the client base to avoid over-reliance on any one customer.
- Credit risk. The Group's principal financial assets are cash, investments and trade and other receivables. The Group monitors receivables and should any be the subject of an identified loss event, allowance is made for impairment if required. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Further, apart from intercompany consolidated transactions the Group currently has no debt outstanding.
- Liquidity risk. To support expansion plans for future development, the Group regularly reviews its financing arrangements and cash flows to ensure there is sufficient funding in place.
- Foreign exchange risk. As the Group holds Sterling cash deposits and reports its financial performance in US Dollars, this exposes the Group to a potential unrealised currency risk on its Sterling bank balances. This relates to the raising of capital in the United Kingdom and the Directors review this exposure on a regular basis.

Tekcapital PLC

By Order of the Board

A M H Inglis

Company Secretary

3 May 2018

Tekcapital PLC

Chairman's statement

Review of the Business

Tekcapital is passionate about creating value from university intellectual property (IP). In the past year we have made good progress.

The Group seeks to create value from its ability to identify and acquire promising new university IP, which management believes is ready to be commercialised, in addition to providing technology transfer investment services. In 2017, we significantly increased our revenues from services and the value of our portfolio companies.

Services

We delivered the following technology transfer investment services for our corporate and university clients which provided revenue from services of US$813,714 in the year, excluding our portfolio companies and product sales:

Invention Discovery	Identify university IP available for license. Our bespoke reports create a pipeline of compelling university IP for potential acquisition or licensing candidates
Invention Evaluator	Assess the market potential of new technology. An on-line service providing objective analysis for new IP
Vortechs Group	Technology transfer experts for hire. More than a decade of experience in finding the right technology transfer professionals for universities and others, worldwide
IP Search App	Global university IP search app. Instantly search worldwide university PCT (Patent Corporate Treaty) applications and patents on your smartphone.

These services provide the dual benefit of strengthening our IP supplier network, which we view as a competitive advantage, while generating service revenues to reduce our operating expenses. These services include our original Invention Discovery service, strengthened by two business and product acquisitions and the development of a new search App:

- ✓ In 2014, we announced the acquisition of Invention Evaluator, the turnkey service that assesses the commercial potential of new technologies. We continue to expand the client base for the service and have added a Latin America team in our US office. Additionally, we have recently up-graded the format of the reports to enhance both their information content and marketability as well as refreshed the website. Invention Evaluator continues to perform well. Customers for the Invention Evaluator service consist of universities, research centres and corporations worldwide. Invention Evaluator is a growing material component of our Group's service revenue.

- ✓ In 2016, we announced the acquisition of the business and certain assets of the Vortechs Group, a technology-transfer personnel placement firm located in North America. This expands our technology transfer offerings and enables us to provide technology transfer professionals as well as new technologies to both our clients and university suppliers. The Vortechs Group continues to perform well and represented the majority of our Group's service revenue.

- ✓ In 2017, we launched the global IP search app. The app instantly facilitates searches of university patents and applications filed under the Patent Cooperation Treaty (PCT), on both Android and IOS smartphones. The PCT is an international treaty with more than 150 member countries. The app as a low-cost tool that makes it easy for our clients to find relevant university IP. Whilst there are more than 100 users of the app its primary utility is enhancing the awareness and value of the Tekcapital brand.

Portfolio companies

In addition to the above, the Group seeks to create value from its ability to identify and acquire promising new university IP, which management believes is near ready or ready to be commercialised. This is achieved through the establishment of portfolio companies coupled with the acquisition of the proprietary IP rights. Our goal as a business is to use our global university network, combined with our science advisory board, to acquire the rights to additional high value intellectual properties. Utilising these properties, we then seek to produce meaningful returns on invested capital that exceed our cost of capital.

Chairman's statement (continued)

We believe that there is a significant value to be realised from many of the patent rights that we have acquired to-date, and we are strategically moving forward with our commercialisation efforts. This includes launching portfolio companies around this IP to create additional value to demonstrate that the technology works by building prototypes and enhancing customer engagement. We are continuing to seek out-licences to several of our licensed patents when appropriate, however early market feedback has encouraged us, when possible, to develop the technology and business case further, to make the advantages and value of the IP more readily apparent. Our experience of working with large companies is that their low cost of capital and desire to ameliorate risk, may combine to favour the acquisition of developed products or operating business over the licensing of technologies. Addressing this may require additional investment on our part but also provides the potential for significantly greater returns upon successful exits. In the university-technology commercialization business, not every acquired technology results in a successful product in spite of good due diligence and steadfast effort. To address this characteristic of technology transfer businesses, we have built a large university network to mitigate adverse selection of new IP and have developed and implemented a low-cost, forward revenue sharing model to reduce the acquisition cost of IP.

Two of our portfolio companies, Belluscura and Lucyd have developed significantly:

- ✓ Our investment in Belluscura plc continues to develop in spite of several financing setbacks which has lowered the per share valuation below that reported in our interim results, but still above that reported in last year's annual report. This serves as an indication of how we are able to create value by identifying market opportunities and acquiring the licences to intellectual properties to fulfil these needs.

  Belluscura has recently launched a number of products in both the US and UK and has acquired the rights to a portfolio of portable oxygen concentrator (POC) patents and know-how, which it is developing into a commercial product with several unique and competitive attributes. Its Curv™ POC prototype weighs less than 3.5 lbs, is modular and its capability can be expanded to provide more oxygen as a user's lung disease progresses and with replaceable filters. The prototype POC is quiet and once developed is expected to be lower cost than the competition. Belluscura plans to file a 510K with the U.S. FDA in 2018 covering this product. We believe this would be a major milestone for Belluscura. The market for POC's is expected to reach US$1.7b per year by 2022. In addition to its POC, Belluscura has also made progress on the development of a prototype SNAP III™ device for the anaesthesia monitoring market. Their current prototype unit for SNAP III™ is 1/10th the size and projected to be less than 1/10th of the cost of the originally licensed SNAP II™ product. Belluscura continues to sell its SlydeTM, Passport® and WireCaddyTM products.

  Post end-of-period, as previously announced on 1 December 2017, due to current market conditions and certain other Enterprise Investment Scheme/Venture Capital Trust requirements having not been met in the expected timeframe, Belluscura was unable to proceed with its anticipated IPO and acquisition of licenses to manufacture and sell the STIC product and was actively considering other alternatives. On 14 February 2018, Belluscura announced a private placement of approximately US$1.33 million. This financing round reduced Tekcapital's ownership interest in Belluscura to approximately 39%. This resulted in valuation of shares owned by Tekcapital to be US$0.98m, a fair value reduction of US$2.2m compared to the 1 May 2017 valuation. On an annual basis however, the Group recorded net US$0.25m fair value gain on its investment in Belluscura.

- ✓ Our investment in Lucyd ltd continues to develop as well. On 1 March 2018, Lucyd, the subsidiary of Lucyd ltd, announced it had completed a Token Generation Event (TGE) that begun on 23 October 2017 and received approximately $6.1m in contributions from this event. These contributions were non-dilutive to Tekcapital 100% ownership interest in Lucyd, ltd. The proceeds from the TGE will be used to advance Lucyd's business plan, as it seeks to develop smart glasses and provide it with additional working capital. Lucyd is seeking to introduce a prototype product in March 2019. In addition, Lucyd is seeking to develop an on-line optics shop to market high-end, prescription spectacles and future smart glasses, all of which are planned to be available for purchase with traditional and crypto currencies. The market for augmented reality products is expected to grow to US$36.4b by 2023 according to Greenlight Insights. Lucyd made the decision to develop prototype smartglasses to enhance its ability to commercialise the technology after demonstrating the potential functionality of the product.

Chairman’s statement (continued)

The status of our other portfolio companies is as follows:

- ✓ Whilst Smart Food Tek Limited has not yet secured a licensee for its patented Crackle-baked® process, and Salarius ltd is still seeking to out-license and/or explore the direct commercialization of its patented micro-salt, Tekcapital remains positive about the long-term prospects for both of these portfolio companies. This is because the underlying technologies have shown to be flavourful yet have less fat in the case of Crackle-baked® and less sodium in the case of micro-salt than traditional products in their respective categories. Based on positive test results of micro-salt, Salarius is exploring launching a healthier snack food brand with reduced sodium. We will appraise the market in due course if they progress this initiative.

- ✓ Frigidus Limited has not received any payments or royalties from its licensed technology for the improvement of air conditioning. Frigidus is reviewing the situation and may consider seeking a new licensee if certain payments are not received.

- ✓ Guident Limited was established and acquired the exclusive license to IP that seeks to improve the safety and utility of autonomous vehicles. The IP remains under review for potential out-licensing or commercialisation, should opportunities arise.

- ✓ eSoma Limited was established and acquired the exclusive license to IP that seeks to improve the accurate detection of gesture inputs for mobile devices, tablets and desktop computers. The IP remains under review for potential out-licensing or commercialisation, should opportunities arise.

- ✓ Our other technology patents held in Non-Invasive Glucose Tek Limited (glucose testing patents) and eGravitas Limited (energy harvesting patents) also remain under review for potential out-licensing or commercialisation, should opportunities arise.

Current Trading and Outlook

Having continued to develop and expand Tekcapital’s existing business, the Board is confident that continued investment in growth remains the right policy. Further, we believe that we are executing on our strategy and this is likely to result in further increases in returns on invested capital, profitability and growth in the future. Please note that we anticipate fluctuations in our net asset values from period to period due to individual portfolio company performance and changes in market conditions.

Because of the quickening pace of innovation, an increasing number of companies are making ever faster and more disruptive use of innovative ideas sourced exogenously. We believe this should result in increased service revenues in the future. With patented university and corporate technologies becoming an increasingly valued currency, we continue to believe that the market opportunity for the Group is both large and should continue to grow apace.

We are grateful for the patience and support of our shareholders during the formative stages of developing our unique business, which is now beginning to bear fruit. We are also sincerely appreciative of our dedicated, creative and hardworking team that is continuously striving to enhance the value of your Company.

Dr Clifford M Gross

Chairman and CEO

3 May 2018

Tekcapital PLC

Directors' report for the year ended 30 November 2017

The Directors present their annual report and the audited financial statements for the year ended 30 November 2017.

Directors

The following Directors held office during the period, and to the date of this report.

Clifford M Gross, PhD
M J Malcolm Groat
R W "Bill" Payne
Robert Miller, MD
Baroness Susan Greenfield Resigned 1 December 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual 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 prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. 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 IFRSs as adopted by the European Union have been followed, 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 the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the current Directors, whose names are listed in the Directors' report on this page of the financial statements confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit (or Loss) of the Group and Company; and
- the chairman's statement contained in the annual financial statements includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website www.tekcapital.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 2.1.1 on page 21 of the financial statements.

Dividends

No dividend was paid or was proposed during the year ended 30 November 2017.

Tekcapital PLC

Directors’ report for the year ended 30 November 2017 (continued)

Audit Committee

The Board operates an Audit Committee, chaired by Bill Payne. This Committee carries out duties as set out in the AIM Admission Document, supervising the financial and reporting arrangements of the Group. During the period, no issues arose that the Directors consider appropriate to disclose in their Report.

Remuneration Committee

The Board has delegated to its Remuneration Committee, chaired by Dr Robert Miller, certain responsibilities in respect of the remuneration of senior executives. During the period, no issues arose that the Directors consider appropriate to disclose in their Report.

Directors’ Emoluments

	Salary & fees US $	**Benefits in kind US $**	**Bonus US $**	**2017 Total US $**	2016 Total US $
Clifford M Gross	159,510	18,719	191,865	**370,094**	**194,276**
M J Malcolm Groat	15,370	-	-	**15,370**	**19,224**
Baroness Susan Greenfield	74	-	-	**74**	**21,839**
R W “Bill” Payne	19,212	-	-	**19,212**	**21,839**
Robert Miller	21,600	-	-	**21,600**	**922**
	215,766	18,719	191,865	**426,350**	**258,100**

The Group did not make any contributions to a pension scheme in the year ended 30 November 2017 (2016: Nil).

Directors’ beneficial interests in shares

	2017 No of Shares	2016 No of Shares	**2017 No of Options**	2016 No of Options
Clifford M Gross	**8,657,500**	8,657,500	**450,000**	450,000
M J Malcolm Groat	**-**	-	**300,000**	300,000
Baroness Susan Greenfield	**-**	-	**150,000**	150,000
R W “Bill” Payne	**400,000**	400,000	**295,000**	295,000
Robert Miller	**2,664**	2,664	**220,000**	220,000

Tekcapital PLC

Directors' report for the year ended 30 November 2017 (continued)

The details of the options held by each director at 30 November 2017 are as follows:

	Number of options	Exercise price	Grant Date	Date from which exercisable	Life
Clifford M Gross	450,000	£0.3625	8 June 2015	Special Conditions*	5 Years
M J Malcolm Groat	200,000	£0.25	31 March 2014	31 March 2017	5 Years
	100,000	£0.375	29 June 2016	Special Conditions*	5 Years
R W "Bill" Payne	75,000	£0.25	31 March 2014	31 March 2017	5 Years
	120,000	£0.3625	8 June 2015	Special Conditions*	5 Years
	100,000	£0.375	29 June 2016	Special Conditions*	5 Years
Robert Miller	120,000	£0.4550	10 November 2015	Special Conditions*	5 Years
	100,000	£0.375	29 June 2016	Special Conditions*	5 Years

* The options vest in three equal annual instalments from the date of grant and there is a special condition which means the options will vest when the closing price for a share has been traded at more than one pound sterling for ten consecutive trading days.

Post Balance Sheet Events

For further details, please refer to note 28 in the notes to the accounts.

Independent auditors

The Company has appointed H W Fisher & Company as auditors for the year. They have indicated their willingness to continue in office as auditor and they will be nominated at the Annual General Meeting to continue as auditors.

Statement of disclosure of information to auditors

Each of the persons who was a Director at the date of approval of this report confirms 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 he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board of Directors and signed on behalf of the Board

M J Malcolm Groat

Director

3 May 2018

Tekcapital PLC

Independent auditors’ report to the members of Tekcapital PLC

Opinion

We have audited the financial statements of Tekcapital Plc (the ‘parent company’) and its subsidiaries (the ‘Group’) for the year ended 30 November 2017 which comprise:

- the consolidated Statement of Comprehensive Income;
- the consolidated and parent company Statements of Financial Position,
- the consolidated and parent company Statement of Changes in Equity;
- the consolidated Statement of cash flows;
- the related notes to the consolidated and parent company 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 International Financial Reporting Standards (‘IFRSs’) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is United Kingdom Accounting Standards, comprising FRS101 “Reduced Disclosure Framework” and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion,:

- Tekcapital plc’s Group and parent company financial statements (the “financial statements”) give a true and fair view of the state of the Group’s and of the parent company’s affairs as at 30 November 2017 and of the Group’s profit for the period 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 parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

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.

We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to SME 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 is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Summary of our audit approach

Context

We took into consideration the change in the parent company’s accounting policy on the 1 May 2017 to recognise itself as an investment entity under IFRS 10, para 27. The parent company continued to recognise Tekcapital Europe Limited and Tekcapital LLC as subsidiaries and has continued to consolidate both entities in preparing the consolidated financial statements.

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) we identified, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified in the current year were:

- Revenue recognition and accuracy of cut off in the period;
- Management override of controls;
- Recoverability of intercompany loans;
- Foreign exchange risk;
- Going concern based on the Groups ability to raise funds;
- Assumptions made in determining the investments at fair value on change to an investment entity

Our application of materiality

The materiality that we used for the consolidated financial statements was $110,000. We determine materiality using 1% of gross assets of the Group.

The materiality that we used for the parent company's financial statements was $58,000. We determined the materiality using 1% of gross assets of the parent company.

An overview of the scope of our audit

Area of focus	How our audit addressed the area of focus
Assessment of revenue recognition There is a presumed risk of misstatement arising from a lack of completeness or inaccurate cut-off relating to revenues.	We evaluated the sales controls system in place to determine the controls surrounding the income. We checked a sample of the sales agreements and contracts through to the income recognised in the accounts and invoices.
Management override of controls Management is in a unique position to override controls that otherwise appear to be operating effectively.	In addition to the testing of the companies' controls we extended our audit testing to perform enhanced management override procedures, this included but was not limited to: Understanding the overall governance and oversight process surrounding management's review of the financial statement Examining the significant accounting estimates and judgements relevant to the financial statements for evidence of bias by the directors Reviewing the financial statements and considering whether the accounting policies are appropriate and have been applied consistently. Reviewing the nominal ledger for significant and unusual transactions and investigating them, reviewing and confirming the validity of journal entry postings.
Recoverability of the intercompany loans. The parent company has a material balance owing from its subsidiary companies, the risk is that the subsidiary companies are unable to repay the balance.	Having agreed the intercompany balances, we have evaluated the ability of the subsidiary companies to repay the balance both through their current assets such as cash held and their future ability to generate funds.

Area of focus	How our audit addressed the area of focus
Foreign exchange risk The recognition and measurement of foreign exchange gains or losses. The size of some of the balances and the differences in the functional currency and presentational currency gives rise to a risk that a small change in the exchange rate used in the translation could lead to material misstatements of the balances in the financial statements.	We have reviewed the foreign exchange rates used and compared to an independent source such as XE.com to ensure the rates are reasonable. In addition we have reviewed the translation of all material foreign currency balances to ensure that their treatment is in line with accounting policies and IFRS. We enquired into the currency in which intercompany debts are denominated to ensure any loss or profit to the parent company and Group is correctly reflected.
Going concern The parent company is not currently profit generating and is reliant upon their ability to raise funds.	We have reviewed available financial forecasts of the Group and business plans to assess their reasonableness In addition we have reviewed the post year end activity, future sales orders and fundraising
Investments held at fair value on change to an investment entity.	We have reviewed the evidence of the change in the circumstance which have led to the treatment of Tekcapital as an investment entity. We have undertaken a review of the fair value report produced for Lucyd which represents a significant proportion of the fair value gain and have supplemented this with additional evidence in order to confirm the basis of the valuation. We have reviewed the final closing fair value positions of the value of the investments and considered the requirement for any provisions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 the 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 company and its environment obtained in the course of the audit, we have not identified 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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's and the parent 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 parent 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Use of our audit report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)

For and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11/15 William Road

London

NW1 3ER

United Kingdom

3 May 2018

Tekcapital PLC

Consolidated Statement of comprehensive income
For the year ended 30 November 2017

Group	Note	Year ended 30 November 2017 US $	Year end 30 November 2016 US $
Continuing Operations			
Revenue from services and products	5	**953,167**	764,777
Net unrealised gain on revaluation of investments	12	**6,083,225**	-
Profit on derecognition of subsidiaries		**226,656**	-
Net Revenue		**7,263,048**	764,777
Cost of sales		**(692,610)**	(456,482)
Gross Profit		**6,570,438**	308,295
Administrative expenses		**(2,417,284)**	(2,866,807)
Operating Profit/(Loss)		**4,153,154**	(2,558,512)
Finance income		**-**	314
Gain/(Loss) on ordinary activities before income tax		**4,153,154**	(2,558,198)
Income tax expense	9	**(1,406)**	(766)
Gain/(Loss) after tax for the year		**4,151,748**	(2,558,964)
Other comprehensive income			
Foreign exchange gain/(loss)		**424,230**	(160,451)
Total other comprehensive income		**424,230**	160,451
Total comprehensive gain for the year		**4,575,978**	(2,719,415)
Gain attributable to:			
Equity holders of the parent		**4,487,533**	(2,215,032)
Non-controlling interest		**(335,785)**	(343,932)
		4,151,748	(2,558,964)
Total comprehensive gain attributable to:			
Equity holders of the parent		**4,808,059**	(2,302,423)
Non-controlling interest		**(232,081)**	(416,992)
		4,575,978	(2,719,415)
Gain/(Loss) per share			
Basic earnings and diluted earnings per share			
Basic earnings per share per share	10	**0.108**	(0.063)
Diluted earnings per share	10	**0.108**	(0.063)

Tekcapital PLC

The Group has used the exemption under S408 CA 2006 not to disclose the Company income statement.

Items in the statement above are disclosed net of tax.

The notes on pages 21 to 48 are an integral part of these consolidated financial statements.

Consolidated Statement of financial position At 30 November 2017

Group	Note	**As at 30 November 2017 US $**	As at 30 November 2016 US $
Assets			
Non-current assets			
Intangible assets	13	**838,769**	1,409,758
Financial assets at fair value through profit and loss	12	**7,307,696**	-
Property, plant and equipment	14	**6,005**	51,490
		8,152,470	1,461,248
Current assets			
Inventories	15	**-**	4,503
Trade and other receivables	16	**963,911**	316,545
Cash and cash equivalents	17	**1,797,729**	1,839,603
		2,761,640	2,160,651
Total assets		**10,914,110**	3,621,899
Current liabilities			
Trade and other payables	21	**237,649**	484,325
Current income tax liabilities		**500**	500
		238,149	484,825
Total liabilities		**238,149**	484,825
Net assets		**10,675,961**	3,137,074
Equity attributable to the owners of the parent			
Ordinary shares	19	**264,221**	228,052
Share premium	19	**9,271,098**	6,377,383
Retained earnings	20	**931,826**	(3,778,052)
Translation reserve	20	**280,985**	(39,540)
Merger reserves	20	**(72,169)**	(72,169)
Non-controlling interest		-	421,400
Total equity		**10,675,961**	3,137,074

The notes on pages 21 to 48 are an integral part of these financial statements.

The financial statements on pages 15 to 48 were authorised for issue by the Board of Directors on 3 May 2018 and were signed on its behalf.

M J Malcolm Groat
Director

Dr Clifford M Gross
Chairman and CEO

Tekcapital PLC
registered number 08873361

Tekcapital PLC

Company Statement of financial position
At 30 November 2017

Company	Note	As at 30 November 2017 US $	As at 30 November 2016 US $
Assets			
Non-current assets			
Intangible assets	13	**-**	5,853
Investment in subsidiaries	11	**2,049,700**	2,569,420
Financial assets at fair value through profit and loss	12	**981,762**	-
		3,031,462	2,575,273
Current assets			
Trade and other receivables	16	**1,550,737**	442,941
Cash and cash equivalents	17	**1,422,282**	4,027
		2,973,019	446,968
Total assets		**6,004,481**	3,022,241
Current liabilities			
Trade and other payables	21	**633,149**	814,974
		633,149	814,974
Total liabilities		**633,149**	814,974
Net assets		**5,371,332**	2,207,267
Equity attributable to the owners of the parent			
Ordinary shares	19	**264,221**	228,052
Share premium	19	**9,271,098**	6,377,383
Retained earnings	20	**(4,241,264)**	(3,885,405)
Translation reserve	20	**77,277**	(512,763)
Total equity		**5,371,332**	2,207,267

The notes on pages 21 to 48 are an integral part of these financial statements.

The financial statements on pages 15 to 48 were authorised for issue by the Board of Directors on 3 May 2018 and were signed on its behalf.

The Company's loss before tax for the year ended 30 November 2017 was $426,177.

M J Malcolm Groat
Director

Dr Clifford M Gross
Chairman and CEO

Tekcapital PLC
registered number 08873361

Tekcapital PLC

Consolidated Statement of changes in equity
For the year ended 30 November 2017

		Attributable to equity holders of the parent company							
Group	**Note**	**Ordinary Shares US $**	**Share Premium US $**	**Translation Reserve US $**	**Merger reserve US $**	**Retained earnings US $**	**Total US $**	**Non-controlling interest US $**	**Total Equity US $**
Balance at 30 November 2015		224,684	5,980,751	47,851	(72,169)	(2,461,900)	3,719,217	-	3,719,217
Share issue	19	3,368	396,632	-	-	-	400,000	-	400,000
Loss for the year		-	-	-	-	(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
New funds into non-controlling interest		-	-	-	-	-	-	1,652,654	1,652,654
Gain/(loss) arising from change in NCI		-	-	-	-	814,262	814,262	(814,262)	-
Balance at 30 November 2016		**228,052**	**6,377,383**	**(39,540)**	**(72,169)**	**(3,778,052)**	**2,715,674**	421,400	**3,137,074**
Share issue		34,879	3,017,010				3,051,889		3,051,889
Cost of share issue		-	(202,625)	-	-	-	(202,625)	-	(202,625)
Gain/(loss) for the year		-	-	-	-	4,487,533	4,487,533	(335,785)	4,151,748
Other comprehensive income		-	-	320,525	-	-	320,525	103,705	424,230
Share based payments		-	-	-	-	70,318	70,318	-	70,318
Warrants exercised		1,290	79,330	-	-	-	80,620	-	80,620
New funds into non-controlling interest		-	-	-	-	-	-	323,300	323,300
Gain/(loss) arising from change in NCI		-	-	-	-	152,026	152,026	(152,026)	-
Derecognition of NCI as a result of change in the accounting policy		-	-	-	-	-	-	(360,593)	(360,593)
Balance at 30 November 2017		264,221	9,271,098	280,985	(72,169)	931,826	**10,675,961**	**-**	**10,675,961**

The notes on pages 21 to 48 are an integral part of these financial statements.

Tekcapital PLC

Company Statement of changes in equity
For the year ended 30 November 2017

		Attributable to owners of the parent company				
Company	**Note**	**Ordinary Shares US $**	**Share Premium US $**	**Translation Reserve US $**	**Retained earnings US $**	**Total Equity US $**
Balance at 1 December 2015		224,684	5,980,751	(32,141)	(1,028,925)	5,144,369
Share issue		3,368	396,632	-	-	400,000
Loss for the year		-	-	-	(2,941,098)	(2,941,098)
Other comprehensive income		-	-	(480,622)	-	(480,622)
Share based payments		-	-	-	84,618	84,618
Balance at 30 November 2016		**228,052**	**6,377,383**	**(512,763)**	**(3,885,405)**	**2,207,267**
Share issue		34,879	3,017,010	-	-	3,051,889
Cost of share issue		-	(202,625)	-	-	(202,625)
Loss for the year		-	-	-	(426,177)	(426,177)
Other comprehensive income		-	-	590,040	-	590,040
Share based payments		-	-	-	70,318	70,318
Warrants exercised		1,290	79,330	-	-	80,620
Balance at 30 November 2017		**264,221**	**9,271,098**	**77,277**	**(4,241,264)**	**5,371,332**

The notes on pages 21 to 48 are an integral part of these financial statements.

Tekcapital PLC

Consolidated Statement of cash flows
For the year ended 30 November 2017

Group	Note	**For the year ended 30 November 2017 US $**	For the year ended 30 November 2016 US $
Cash flows from operating activities			
Cash used in operations	24	**(2,739,179)**	(2,376,124)
Taxation paid		**(2,206)**	(1,566)
Net cash used in operating activities		**(2,741,385)**[1]	(2,377,690)
Cash flows from investing activities			
Deemed disposal of subsidiary, net of cash acquired		**(596,176)**	-
Purchases of property, plant and equipment	14	**(15,755)**	(55,359)
Purchases of intangible assets	13	**(43,277)**	(380,938)
Interest received		**-**	314
Net cash used in investing activities		**(655,208)**	(435,983)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	19	**3,051,889**	-
Process from issue of warrants shares		**80,620**	-
Costs of raising finance		**(202,625)**	
Cash from non-controlling interest		**323,300**	1,652,654
Net cash from financing activities		**3,253,184**	1,652,654
Net (decrease) in cash and cash equivalents*		**(143,410)**	(1,161,019)
Cash and cash equivalents at beginning of year		**1,839,603**	3,139,246
Exchange gain/(loss) on cash and cash equivalents		**101,536**	(138,624)
Cash and cash equivalents at end of year		**1,797,729**	1,839,603

[1] Please note approximately $0.8m of cash used was attributed to Belluscura plc through deconsolidation date of May 1, 2017

Tekcapital PLC

Notes to the accounts
For the year ended 30 November 2017

1. General Information

Tekcapital PLC is a company incorporated in England and Wales and domiciled in the UK. The address of the registered office is detailed on page 1 of these financial statements. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange in 2014.

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

2. Accounting policies

2.1 Statement of compliance

The financial statements of Tekcapital PLC Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 "Reduced disclosure framework" ('FRS 101'). The company will continue to prepare its financial statements in accordance with FRS101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention except where other measurement basis are required to be applied and in accordance with IFRS under FRS 101. In accordance with FRS101, the company has taken advantage of the following exemptions:

- IAS 7, 'Statement of Cash Flows'
- Requirements of IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group.

2.1.1 Going concern

The Group meets its day to day working capital requirements through its service offerings, bank facilities and monies raised in follow-on offerings. The Group's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities, if the group forecasts are not achieved the Directors are confident that additional funds could be raised through equity issues if required. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing both its consolidated financial statements and for its own financial statements.

2.1.2 Changes in accounting policy and disclosures

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 par. 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.

2.1.2 Changes in accounting policy and disclosures (continued)

Tekcapital's IP search and technology transfer investment services represent investment advisory services, and therefore Tekcapital Europe Limited and Tekcapital LLC continue to be treated as subsidiaries and are consolidated in the Group financial statements. These services may be provided to investors, clients and third parties. The Board considers that the criteria are met in the group's current circumstances.

Tekcapital has refined its business purpose to that of providing intellectual property investment services and advice to create market value. This refined focus has become one of creating value primarily through out-licensing of intellectual properties and in some cases from the monetisation of portfolio company investments primarily through out-licensing and also 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 Europe Ltd and Tekcapital LLC are still recognised as subsidiaries of Tekcapital plc because they continue to provide advisory services in IP search and technology transfer.

The Group now measures its investments at fair value through profit or loss in accordance with IAS 39. 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, taking account of 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's shares in portfolio companies are now classified as Financial Assets at Fair Value through Profit & Loss. The group recognised a fair value increase of $6.1m in relation to the investee companies which was based on:

- the valuation of $6m of Lucyd pte ltd, subsidiary of Lucyd Ltd, subsidiary of Tekcapital, compared to the previously recognised fair value of $0.2m
- $0.25m fair value gain implied by the private placement into Belluscura at 13 pence per share as announced on the 14 February 2018.

Please see Note 12 for more details.

New standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods after 30 November 2017, and have not been applied in preparing these consolidated financial statements.

The following pronouncements which are potentially relevant to the Group have been issued by the IASB are effective for annual periods beginning on or after 1 January 2018:

Amendments to IFRS 2 "classification and Measurement of Share-based Payment Transactions"

2.1.2 Changes in accounting policy and disclosures (continued)

Amendments to IFRS 4 "Applying IAS 39 Financial Instruments with IFRS 4 insurance contracts"

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement" and has been endorsed by the EU. The standard is effective for accounting periods beginning on or after 1 January 2018.

IFRS 16 Leases

IFRS 16 is a significant new standard, the impacts of which on the Group's financial reporting are currently being assessed.

IFRS 15 Revenue from contracts with customers

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around the following steps in recognising revenue: 1. Identify the contract with the customer; 2. Identify the performance obligations in the contract; 3. Determine the transaction price; 4. Allocate the transaction price; and 5. Recognise revenue when a performance obligation is satisfied. On application of the standard the disclosures are

likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information. The standard is effective for periods beginning on or after 1 January 2018.

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

No other issued but not endorsed amendments to IFRS will have a material impact on the Group's financial statements once they become endorsed and effective.

2.2 Business combinations

Tekcapital PLC was incorporated on 3 February 2014 and on 18 February 2014 entered into an agreement to acquire the issued share capital of Tekcapital Europe Limited by way of share issue. On 19 February 2014 it acquired the issued share capital of Tekcapital LLC also by share issue. This has been accounted for as a common control transaction under IFRS 3 using the pooling of interest method by using the nominal value of shares exchanged in the business combination and no fair value adjustment.

The consolidated financial statements comprise the financial statements of Tekcapital PLC and all subsidiaries controlled by it. Other than those subsidiaries mentioned above, all other subsidiaries have been consolidated using the acquisition method of consolidation.

Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated when necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.3 Foreign currencies

(a) Functional and presentation currency

These consolidated financial statements are presented in US Dollars which is the presentation currency of the Group. This is because the majority of the Group's transactions are undertaken in US Dollars. Each subsidiary within the Group has its own functional currency which is dependent on the primary economic environment in which that subsidiary operates.

Effective 1 December 2014 Tekcapital PLC and Tekcapital Europe Limited changed their functional currency to UK Sterling. This is because, the primary economic activity of these entities is undertaken in the UK.

2.3 Foreign currencies (continued)

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains

and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing exchange rates at the date of that balance sheet.

(ii) income and expense for each income statement are translated at the average rates of exchange during the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.4 Investment in subsidiaries

Investments in subsidiaries are recognised initially at cost. The cost of the investment includes transactions costs. The carrying amounts are reviewed at each reporting dated to determine whether there is any indication of impairment.

Following the adoption of the change in the accounting for its investments described in Note 2.1.2, Tekcapital transferred its investments in these companies from investment in subsidiaries to investments held at fair value through the profit and loss for Belluscura and its other Intellectual Property portfolio investments effective 1 May 2017.

Tekcapital Europe Ltd and Tekcapital LLC are still recognised as subsidiaries of Tekcapital plc because they continue to provide advisory services in IP search and technology transfer.

2.5 Non-controlling interests

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary are derecognised. Any resulting gain or loss is recognised in the profit and loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets are calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

2.6 Property, plant and equipment (continued)

Furniture	-	3 years
Computer equipment	-	3 years
Leasehold improvements	-	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'Other gains / (losses) – net' in the income statement. When re-valued assets are sold, the amounts are included in other reserves are transferred to retained earnings.

2.7 Intangible assets

(a) Invention Evaluator

This is an intangible asset and a piece of computer software acquired for use by one of the subsidiaries of the Group and is shown at original cost of purchase less impairment losses.

Under IAS38, this asset is regarded by the Directors as being an intangible asset with an indefinite useful life. The Directors believe that the asset is unique in that no competitor offering currently exists, the service appeals globally to many types of clients including Fortune 100 companies, there is no expectation of obsolescence in the foreseeable future, and the service provided by the asset generates sufficient ongoing revenue streams.

Consequently, no write down in the value of this asset either by way of amortisation or impairment has occurred in this financial year. In the Directors' opinion this asset has an indefinite useful life.

(b) Computer software and website development

Costs associated with maintaining computer software programmes and the Company website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;

(ii) management intends to complete the software product and use or sell it;

(iii) there is an ability to use or sell the software product;

(iv) it can be demonstrated how the software product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) the expenditure attributable to the software product during its development can be reliable measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed four years.

(c) Licenses

Costs associated with the acquisition of Licenses for technologies with the express purpose of developing them further for a commercial market are recognised as an intangible asset when they meet the criteria for capitalisation. That is, they are separately identifiable and measurable and it is probable that economic benefit will flow to the entity.

Further development costs attributable to the Licensed technology and recognised as an intangible asset when the following criteria are met:

(i) it is technically feasible to complete the technology for commercialisation so that it will be available for use;

(ii) management intends to complete the technology and use or sell it;

2.7 Intangible assets (continued)

(iii) there is an ability to use or sell the technology;

(iv) it can be demonstrated how the technology will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the technology are available; and

(vi) the expenditure attributable to the technology during its development can be reliable measured.

Licenses and their associated development costs are amortised over the life of the license or the underlying patents, whichever is shorter.

(d) Vortechs Group

This is an intangible asset acquired for use by one of the subsidiaries of the Group and is valued at original cost of purchase.

Under IAS38, the Group's Vortechs Group asset is regarded by the Directors as being an intangible asset with an indefinite useful life. The Directors believe that this asset is unique as it operates in a niche market, it generates an ongoing revenue stream, and there is no expectation of obsolescence. This asset meets the requirements of IAS38 as it is separately identifiable, controlled by the Group, the cost can be measured reliably, and as a result of owning this asset future economic benefits in the form of service revenue are generated for the Group.

In the opinion of the Directors this asset as an indefinite useful life and there has been no amortisation or impairment provided in the current year.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Company classifies its financial assets depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

During the financial year the Group held investments into Lucyd Ltd, Belluscura plc and other portfolio companies classified as equity investments. They are included in current assets and are measured at fair value through profit and loss in accordance with IAS 39.

The Company also has loans and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities that are greater than 12 months after the end of the reporting year. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' in the balance sheet. The Group also has cash and cash equivalents.

2.9.2 Recognition and measurement

The Company's investments into the portfolio companies are recognised on the acquisition or formation date and measured at fair value through profit or loss in accordance with IAS 39.

Loans and receivables are recognised on the trade date in which the transaction took place and are recognised at their fair value (which equates to cost) with transaction costs expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the loans or receivables have been collected, expired or transferred and the Group has subsequently transferred substantially all risks and rewards of ownership.

2.9.3 Fair value

Financial instruments are measured at fair value including investments in portfolio companies, cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

The Group measures portfolio companies using 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, taking account of 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. The valuation technique used fall under Level 2 – Observable techniques other than quoted prices and Level 3 – other techniques as defined by IFRS 13.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair value. The fair value of borrowings equals their carrying amounts, as the impact of discounts is not significant.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications of that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the assets 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as the improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.12 Inventories

Inventories comprise goods held for resale and are stated at the lower of cost or net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing the inventory to its present location and condition.

2.13 Trade receivables

Trade receivables are amounts due from customers for the provision of services performed in the ordinary course of business. Collection is normally expected within three months or less (in the normal operating cycle of the business) and is classified as current assets. In the rare circumstances that they exceed a period of greater than one year they are presented as non-current assets.

In some instances, the Group accepts convertible loan notes for trade debts these are held separately on the statement of financial position until maturity or disposal on the open market. Any value received which is greater or less than the value of the original debt is taken to the consolidated statement of comprehensive income.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with other banks, other short term highly liquid investments with maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Ordinary Shares

Ordinary shares are classified as equity.

Share premium

The share premium account has been established to represent the excess of proceeds over the nominal value for all share issues, including the excess of the exercise share price over the nominal value of the shares on the exercise of share options as and when they occur. Incremental costs directly attributable to the issue of new ordinary shares and new shares options are shown in equity as a deduction, net of tax, from the proceeds.

Merger Reserve

The consolidated financial statements are accounted for using the 'pooling of interests' method', which treats the Group as if it had been combined throughout the current and comparative accounting periods. Pooling of interests principles for this combination gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of new shares issued by the Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital.

Non-controlling interest

Non-controlling interest is the portion of equity ownership in a subsidiary not attributable to the parent company.

2.16 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.17 Share based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example the requirement of the employees to save).

2.17 Share based payments (continued)

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the originally estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

2.18 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in full in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

2.19 Provisions

Provisions and any other anticipated foreseen liabilities are recognised: when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties, and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering a class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

2.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under the operating leases are charged to income on a straight-line basis over the term of the relevant lease.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the services supplied, stated net of discounts, and value added taxes. The Group recognises revenue when the amount of revenue can reliably be measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Provision of services

Income is derived from the provision of services either when a report is issued to the client; or when a specialist fee is incurred for the transfer of rights to intellectual property where a client has acquired IP from a report. Revenue is recognised when a service has been provided.

Sales of goods

Income is derived from the sale of goods when the goods have been shipped to the customer

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. Financial Risk Management

3.1 Financial risk factors

(a) Credit Risk

Credit risk is managed on a Group basis. In order to minimise this risk, the Group endeavours to only deal with companies that are demonstrable creditworthy, and the Directors continuously monitor the exposure.

(b) Liquidity Risk

Cash flow forecasting is performed on a Group basis. The Directors monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

At the reporting date the Group held bank balances of US $1,797,729.

(c) Financial risk management

The Company's Directors review the financial risk of the Group. Due to the early stage of its operations the Group has not entered into any form of financial instruments to assist in the management of risk during the period under review.

(d) Market risk

Due to low value and number of financial transactions that involve foreign currency and the fact that the Group has no borrowings to manage, the Directors have not entered into any arrangements, adopted or approved the use of derivative financial instruments to assist in the management of the exposure of these risks. It is their view that any exchange risks on such transactions are negligible.

3.1 Financial risk factors (continued)

(e) Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency, with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

A sensitivity analysis has been performed to assess the exposure of the Group to foreign exchange movements. If the exchange rate weakened by 10 percent then the effect on the loss before tax would increase by $63,011 and equity would decrease by $39,537.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to adjust or maintain the capital structure, the Group may adjust the level of dividends paid to its shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. The Group has no external borrowings. This policy is periodically reviewed by the Directors, and the Group's strategy remains unchanged for the foreseeable future.

The capital structure of the Group consists of cash and bank balances and equity consisting of issued share capital, reserves and retained losses of the Group. The Directors regularly review the capital structure of the Company and consider the cost of capital and the associated risks with each class of capital. The Company has no external borrowings and this has no impact on the gearing levels of the Group as at 30 November 2017.

The Company's historic cost of capital has been the cost of securing equity financings, which have averaged around 10%. The company's long-term financial goal is to optimise its returns on invested capital (ROIC) in excess of our weighted average cost of capital (WACC) and as such create value for our shareholders. The method the Company seeks to employ for achieving this is to utilise its structural intellectual capital developed through its Discovery Search Network, its Invention Evaluator service and its Vortechs Group Service to mitigate selection bias and improve returns on invested capital.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of the assets and liabilities within the next financial year are detailed below.

(a) Valuation of unquoted equity investments

In applying valuation techniques to determine the fair value of unquoted equity investments the Group makes estimates and assumptions regarding the future potential of the investments. As the Group's investments are in seed, start-up and early stage businesses it can be difficult to assess the outcome of their activities and to make reliable forecasts. Given the difficulty of producing reliable cash flow projections for use in discounted cash flow valuations, the Group adopted the policy to value new portfolio companies at cost of the acquired IP or equity plus associated expenses to facilitate the acquisition. Existing portfolio companies are valued using either a market transaction such as third-party funding or, in the absence of a recent market transaction, by alternative methods and where appropriate by an external, qualified valuation expert.

A discount of 30% has been applied when arriving at a value for the proportion of Lucyd value derived from the funds raised through the initial token offering to February 2018 to reflect uncertainty associated with the TGE process at the year end. Whilst the directors adopt the 30% applied by the valuation expert as their best estimate, a change in the discount applied could lead to a material change in the $3.6m of the fair value which was derived from this estimate.

4. Critical accounting estimates and judgements (continued)

A discount of 66% has been applied when arriving at the value of the proportion of Lucyd value derived from the 40m tokens retained by Lucyd in treasury due to the fact that (i) Lucyd tokens are locked in treasury for 9 months following 30 November 2017 and (ii) there is no active market for Lucyd's tokens. Whilst the directors adopt the 66% applied by the valuation expert as their best estimate, a change in the discount applied could lead to a material change in the $2.9m of the fair value which was derived from this estimate.

(b) Deferred taxes

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The Group did not recognize deferred tax liability on fair value gains associated with the revaluation of shares in its portfolio companies due to the availability of the substantial shareholdings exemption.

(c) Useful life of Invention Evaluator website

The Directors have considered the useful life of the Invention Evaluator website to be indefinite because of the uniqueness of the service it provides and that there is no competitor in the market in which the Group operates who is able to provide a similar service. The Directors will undertake an annual review that considers any impairment and if required make a provision in the financial statements.

(d) Useful life of Vortechs Group

The Directors have considered the useful life of Vortechs Group to be indefinite because of the ongoing service revenue that is being generated. The business operates in a specialised market, with few competitors. The Directors will undertake an annual review that considers any impairment and if required make a provision in the financial statements.

(e) Share based payment

The estimate of share based payments costs requires the Directors to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options and the risk free interest rate.

5. Segmental reporting

The Directors consider the business to have three segments for reporting purposes under IFRS 8 which are;

- professional services, including the provision of recruitment services via Vortechs Group, provision of reports and services provided to locate and transfer technologies to customers
- licensing and investment activities, including acquiring licenses for technologies, portfolio company investment, development and commercialisation
- product sales (relevant only for first 5 months of the year ended 30 November 2017, due to deconsolidation of Belluscura plc as of May 1, 2017).

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5. Segmental reporting (continued)

Segmental revenues and results

2017 Consolidated income statement	Professional Services US $	Licensing & Investment US $	Product Sales US $	Other US $	Total US $
Net revenue	813,714	6,309,882	139,452	-	7,263,048
Cost of sales	(462,039)	-	(230,571)	-	(692,610)
Administrative expenses	(208,721)	-	(761,369)	(1,410,287)	(2,380,377)
Depreciation and amortisation	0	(15,900)	(10,414)	(10,593)	(36,907)
Group operating income/(loss)	142,954	6,293,982	(862,902)	(1,420,880)	4,153,154
Finance income	-	-	-	-	-
Income/(Loss) on ordinary activities before income tax	142,954	6,293,982	(862,902)	(1,420,880)	4,153,154
Income tax expense	-	-	(300)	(1,106)	(1,406)
Income/(Loss) after tax	142,954	6,293,982	(863,202)	(1,421,984)	4,151,748

2016 Consolidated income statement	Professional Services US $	Licensing Activities US $	Product Sales US $	Other US $	Total US $
Revenue	721,756	-	43,021	-	764,777
Cost of sales	(423,191)	-	(33,291)	-	(456,482)
Administrative expenses	(157,087)	(74,549)	(972,508)	(1,602,159)	(2,806,303)
Depreciation and amortisation	-	(32,741)	(14,025)	(13,738)	(60,504)
Group operating income/(loss)	141,478	(107,290)	(976,803)	(1,615,897)	(2,558,512)
Finance income	-	-	1	313	314
Income/(Loss) on ordinary activities before income tax	141,478	(107,290)	(976,802)	(1,615,584)	(2,558,198)
Income tax expense	-	-	-	(766)	(766)
Income/(Loss) after tax	141,478	(107,290)	(976,802)	(1,616,350)	(2,558,964)

Segment assets and liabilities

2017 Consolidated statement of financial position	Professional Services US $	Licensing Activities US $	Product Sales US $	Other US $	Total US $
Assets	1,523,035	9,277,838	-	113,237	10,914,110
Liabilities	(8,140)	-	-	(230,009))	(238,149)
Net assets	1,514,895	9,277,838	-	(116,771)	10,675,961

2016 Consolidated statement of financial position	Profession al Services US $	Licensing Activities US $	Product Sales US $	Other US $	Total US $
Assets	839,668	391,043	1,612,906	778,282	3,621,899
Liabilities	(87,600)	-	(232,541)	(164,684)	(484,825)
Net assets	752,068	391,043	1,380,365	613,598	3,137,074

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5. Segmental reporting (continued)

Geographical information

Disclosure of Group revenues by geographic location.

	2017 US $	2016 US $
United Kingdom	**6,390,581**	27,875
United States	**872,467**	736,902
Total revenue	**7,263,048**	764,777

6. Expenses

6.1 Expenses by nature

Group	**2017 US $**	2016 US $
Depreciation of property plant and equipment	**9,958**	11,130
Amortisation of other intangible assets	**26,949**	49,375
Other administration expenses	**2,396,036**	2,846,496
Foreign exchange movements	**(15,659)**	(40,194)
Total expenses	**2,417,284**	2,866,807

6.2 Auditor remuneration

During the year, the Group (including its subsidiaries) obtained the following services provided by the auditor and its associates:

Group	**2017 US $**	2016 US $
Fees payable to the Group's auditor and its associated for the audit of the Group and Company financial statements	**46,413**	38,905
Fees payable to the Company's auditor and its associates for other services		
• Tax advisory services	**-**	10,580
• Audit of subsidiaries	**10,238**	24,913
• Audit related assurance services	**-**	-
• Other non audit services	**-**	6,826
	56,651	81,224

7. Employees

7.1 Directors' emoluments

Group	**2017 US $**	2016 US $
Directors emoluments	**426,350**	310,637
Total	**426,350**	310,637

The highest paid Director received a salary of $159,410 (2016: $204,714) and benefits of $18,719 (2016: $17,499). The highest paid Director received a bonus of $191,865 (2016: $0).

The highest paid Director did not exercise any share options or receive any shares from the Company during the current year.

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7.2 Employee benefit expense

Group	2017 US $	2016 US $
Wages and salaries including restructuring costs and other termination benefits	**545,160**	1,007,276
Social security costs	**50,350**	81,135
Share options granted to directors and employees	**68,505**	84,618
Total	**664,015**	1,173,029

7.3 Average number of people employed

Group	2017	2016
Average number of people (including executive directors) employed		
Operations	**4**	5
Management	**2**	4
Administration	**-**	2
Total average headcount	**6**	11

Please note the headcount was reduced in 2017 due to the deconsolidation of Belluscura plc in accordance with the Accounting Policy change discussed in Note 2.1.2 and the use of consultants in place of certain full time administrative positions.

8. Finance income and costs

Group	2017 US $	2016 US $
Finance Income:		
• Interest income on short term bank deposits	**-**	314
Finance income	**-**	314

9. Income tax expense

Group	2017 US $	2016 US $
Current tax		
Current tax on profits for the year	**1,406**	766
Adjustments in respect of prior year	**-**	-
Total current tax	**1,406**	766
Income tax expense	**1,406**	766

Group	2017 US $	2016 US $
Profit/(Loss) before tax	**4,153,154**	(2,558,198)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**830,631**	(511,640)
Tax effects of:		
• Expenses not deductible for tax purposes	**14,744**	18,329
• Income not taxable	**(1,261,976)**	-
• Capital allowances in excess of depreciation	**2,830**	(6,954)
• Unrelieved tax losses and other deductions	**415,177**	501,031
Total income tax charge	**1,406**	766

9. Income tax expense (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses.

The weighted average applicable tax rate was 20%. The increase is caused by a standard amount of tax payable in those States in the USA which a subsidiary company operates from and is not attributable to the level of profits or losses incurred.

Unused tax losses for which no deferred tax assets have been recognised is attributable to the uncertainty over the recoverability of those losses through future profits.

10. Earning/(Loss) 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 30 November 2017.

	2017	**2016**
Profits/(Losses) attributable to equity holders of the Company (US$)	4,487,533	(2,215,032)
Weighted average number of Ordinary Shares in issue:		
Basic	41,512,012	35,185,310
Diluted	41,718,262	35,185,310
Basic profit (loss) per share (US$)	0.108	(0.063)
Diluted profit/(loss) per share (US$)	0.108	(0.063)

11. Investments in subsidiaries

Company	**Shares in subsidiaries US$**	**Loans to subsidiaries US$**	**Total US $**
Cost and net book value			
As at 1 December 2016	607,681	1,961,739	2,569,420
Additions during the year	-	-	-
Disposal as a result of change in the accounting policy*	(566,930)	(165,000)	(731,930)
Foreign currency translation differences	42,353	169,857	212,210
Balance at 30 November 2017	**83,104**	**1,966,596**	**2,049,700**

* In accordance with the Accounting Policy change documented in Note 2.1.2, the Company now classifies its investments into its intellectual property portfolio companies as Financial Assets at Fair Value through Profit and Loss. The amount of US$731,930 representing the Company's investment in Belluscura plc was consequently recognised as an addition to Financial Assets at Fair Value as presented in Note 12.

11. Investments in subsidiaries (continued)

Tekcapital Europe Ltd and Tekcapital LLC are still recognised as subsidiaries of Tekcapital plc because they continue to provide advisory services in IP search and technology transfer.

Subsidiaries name	Country of Incorporation and place of business	Proportion of ordinary shares held	Nature of business
Direct			
Tekcapital Europe Limited	England and Wales	100%	Provision of Intellectual property research services
Tekcapital LLC	USA	100%	Provision of Intellectual property research services
Indirect			
The following are directly owed by Tekcapital Europe Limited			
Lucyd Limited		100.00%	Developer of augmented reality smartglasses
Non Invasive Glucose Tek Limited		100.00%	Developer of breathalyzer for diabetes
Smart Food Tek Limited		100.00%	Developer for baked food coating to reduce fat
eGravitas Limited		100.00%	Developer of power generating footwear
Frigidus Limited		100.00%	Developer of high efficiency central AC units
eSoma Limited		100.00%	Developer of gesture recognition software
Salarius Limited		100.00%	Developer of low sodium salt and snack foods

As at the year end, the Company has no interest in the ownership of any other entities or exerts any significant influence over or provides funding which constitutes an “unconsolidated structured entity”.

All UK subsidiaries are exempt from the requirement to file audited accounts by virtue of section 479A of the Companies Act 2006.

12. Financial Assets at Fair Value through Profit and Loss

Group's investments in portfolio companies are listed below and classified as equity instruments. The principal place of business for portfolio companies listed below is England and Wales.

Group	Proportion of ordinary shares held	1 Dec 2016	Additions *	Fair value adjustment at recognition**	Subsequent fair value change***	30 Nov 2017
		US $	US $	US $	US $	US $
Lucyd Limited	100.00%	-	190,562		5,833,393	6,023,955
Belluscura Limited	47.35%	-	731,930	2,450,570	(2,200,738)	981,762
Non Invasive Glucose Tek Limited	100.00%	-	24,199		-	24,199
Smart Food Tek Limited	100.00%	-	44,167		-	44,167
eGravitas Limited	100.00%	-	154,535		-	154,535
Frigidus Limited	100.00%	-	52,968		-	52,968
eSoma Limited	100.00%	-	10,983		-	10,983
Salarius Limited	100.00%	-	15,128		-	15,128
Total Balance			**1,224,472**	**2,450,570**	**3,632,655**	**7,307,696**

Company	Proportion of ordinary shares held	1 Dec 2016	Additions *	Fair value adjustment at recognition**	Subsequent fair value change***	30 Nov 2017
		US $	US $	US $	US $	US $
Belluscura Limited	47.35%	-	731,930	2,450,570	(2,200,738)	981,762
Total Balance		**-**	**731,930**	**2,450,570**	**(2,200,738)**	**981,762**

Recognition of portfolio companies as Financial Assets at Fair Value through Profit and Loss as of May 1, 2017 (see Accounting Policy described in Note 2.1.2 and Note 2.9) resulted in:

*Additions of the cost of intellectual property contributed by the Group to portfolio companies (previously recognised at cost) to Financial Assets at Fair Value through Profit and Loss

**Fair value adjustment of Belluscura plc of $US2.4m to value shares owned by the Group based on the most recent funding preceding recognition of the shares at fair value ($3.1m compared to previously recognised cost of $0.7m). Considering early stage of commercialization and absence of market transactions for other portfolio companies as of May 1, 2017, no other fair value adjustments had been recorded at recognition as their carrying amounts represented a reasonable approximation of fair value.

***Subsequent fair value measurement of portfolio companies as of reporting date resulting in fair value gain of $3.6m, combining for total of $6.1m fair value gain for the Group in the year.

Total fair value gain of $6.1m for the year reflects uplift in value of shares of Belluscura Limited and Lucyd Limited. Considering early stage of commercialisation, fair value of remaining portfolio companies was recorded based on the cost of acquired IP, as their carrying amounts represent a reasonable approximation of fair value.

The valuation techniques used fall under, Level 2 – Observable techniques, other than quoted prices, and Level 3- Other techniques as defined by IFRS 13. There is no comparative amount and there has been no transfer between levels during the period. Fair value measurement hierarchy for financial assets as at 30 November 2017:

12. Financial Assets at Fair Value through Profit and Loss (continued)

	Date of Valuation	Total	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		US $	US $	US $
Lucyd and others	30 November 2017	6,325,934		6,325,934
Belluscura Limited	30 November 2017	981,762	981,762	
Total Balance		**-**	**981,762**	**6,325,934**

Belluscura ($0.25m gain)

As a result of conditions existing as of 30 November 2017, private placement into Belluscura was completed in February 2018. The value of $0.18 per share was implied and resulted in valuation of shares owned by Tekcapital at US$1m, leading to fair value reduction of $2.2m compared to May 1, 2017 valuation. On an annual basis, the Group recorded $0.25m fair value gain on its investment in Belluscura.

Lucyd Ltd ($5.8m gain)

In accordance with the Group's policy, fair value of Lucyd Limited was determined by an external, qualified valuation expert. The fair value of Lucyd Limited of $6.0m was determined based on following valuation inputs:

- Lucyd Limited's wholly owned subsidiary company, Lucyd conducted a Token Generation Event ("TGE"). Lucyd's TGE commenced on October 23, 2017 and generated 100 million tokens with the purpose of funding the development of prototype augmented reality smartglasses and a platform to commercialise them. Tokens available to Lucyd as 30 November 2017 were valued at as follows:
  - An estimated 0.5m tokens were sold through 30 November 2017 at $0.25 each, realising $0.12m accounted for at book value
  - 49.5m tokens available for public sale as at 30 November 2017 valued at $3.6m. Management assumed the best available input for the value of tokens held as of 30 November 2017 is the value for which tokens were being sold during the TGE. The market subsequently valued the tokens available as at 30 November 2017 at $5.2m after fluctuations in the underlying crypto currency (through total sale of 24.4m tokens plus bonus tokens ended February 2018). This amount was used as the valuation of this group of token, discounted by 30% to reflect the uncertainty associated with the TGE process as of November 30, 2017.
  - 40m tokens retained by Lucyd as treasury tokens denominated at $0.21 each (based on the sale price observed during the TGE which has not been adjusted by amount of free tokens used to incentivize sale of tokens but adjusted to take account of the fluctuations in crypto currency during the TGE Period), discounted by 66% due to the fact that (i) Lucyd's tokens are in treasury for 9 months following 30 November 2017 and (ii) there is no active market for Lucyd's tokens. As such, the valuation of Lucyd's tokens held in treasury was determined to be $2.9m.
  - 10m tokens due to management of Lucyd at net book value of US$0 due to Lucyd's obligation to disburse them after 12 months following the completion of the TGE.
- $0.2m worth of intellectual property (exclusive licenses to 13 patents) valued at cost, given Lucyd has not commenced an R&D program to develop them. This program has started on March 1, 2018. This valuation methodology is consistent with Group's policy to value IP rights it holds at cost, in its other portfolio companies.
- ($0.75m) due to creditors at book value.

Lucyd will be re-valuated in subsequent reporting periods. The future value of Lucyd could fluctuate significantly, either up or down, based on the performance of the business, the achievement of product development milestones, the change in the value of the Lucyd token (LCD) and the volatile nature of the value of crypto-currencies (Ethereum and Bitcoin) in which the Lucyd Pte is holding the majority of funds raised, among other factors.

12. Financial Assets at Fair Value through Profit and Loss (continued)

Other investments (Nil Gain / Nil loss)

Under level 3 unobservable inputs. In the absence of observable inputs the directors have considered the entities own data to determine the fair value, which equates to the original funds invested. They do not consider that any other available information would materially change or give a more reliable representation of the value.

This is the only category of financial instruments measured and re-measured at fair value and is new in the current period.

Description of significant unobservable inputs to valuation:

The significant unobservable input used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2017 are shown as below:

	Valuation Technique	Significant unobservable input	Estimate applied	Sensitivity of the input to fair value
Lucyd	Net Asset	Discount to Treasury tokens	66%	10% increase in the discount factor would decrease the Lucyd valuation by $850,000, a 10% reduction in the discount factor would increase the Lucyd valuation by $850,000
		Discount to tokens on initial token offering	30%	10% increase in the discount factor would decrease the Lucyd valuation by $507,956, a 10% decrease in the discount factor would increase the value by $507,956
		Bonus Share	15%	An increase to the bonus shares would decrease the Lucyd value by $340,000, a 10% decrease would increase the Lucyd value by $340,000.

No sensitivities have been included on the other investments as their fair value equate to cost.

13. Intangible assets

Group	Purchased intangible assets Vortechs Group US $	Licenses US $	Website development US $	Invention Evaluator US $	Total US $
At 1 December 2016	500,000	621,871	26,002	333,815	1,481,688
Additions during the year	-	36,118	-	7,159	43,277
Disposals	-	(657,989)	-	(2,205)	(660,194)
Exchange difference	-	-	2,119	-	2,119
At 30 November 2017	**500,000**	**-**	**28,121**	**338,769**	**866,890**
	-	-	-	-	-
Accumulated amortisation and impairment					
At 30 November 2016	-	(51,781)	(20,149)	-	(71,930)
Amortisation charge for the period	-	(20,955)	(5,994)	-	(26,949)
Disposals	-	72,736	-	-	72,736
Exchange difference	-	-	(1,978)	-	(1,978)
At 30 November 2017	**-**	**-**	**(28,121)**	**-**	**(28,121)**
Net book value					
At 30 November 2016	500,000	570,090	5,853	333,815	1,409,758
At 30 November 2017	**500,000**	**-**	**-**	**338,769**	**838,769**

13. Intangible assets (continued)

Under IAS38, the Group's Invention Evaluator is regarded by the Directors as being an intangible asset with an indefinite useful life. The Directors believe that the asset is unique in that no competitor offering currently exists, the service is already proven to have appealed globally to many types of clients including Fortune 100 companies, there is no expectation of obsolescence in the foreseeable future, and the service from the use of the asset generates sufficient ongoing revenue streams. The Directors have carried out an impairment review and believe that the value in use is significantly greater than book value.

Under IAS38, the Group's Vortechs Group asset is regarded by the Directors as being an intangible asset with an indefinite useful life. The Directors believe that this asset is unique as it operates in a niche market, it generates an ongoing revenue stream, and there is no expectation of obsolescence. This asset meets the requirements of IAS38 as it is:

- Separately identifiable
- The Group controls this asset
- Future economic benefits flow to the Group in the form of service revenues from this asset
- The cost of this asset can be measured reliably

The Directors have carried out an impairment review and consider the value in use to be greater than the book value.

The Directors have considered the recoverable amount by assessing the value in use by considering the future cash flow projections of the revenue generated by the Vortechs intangible, cash flows were based on the past revenue generation plus expected growth. The projections were assessed for a four year period in order to determine no impairment.

	Purchased intangible assets	
Company	**Website development US $**	**Total US $**
At 1 December 2016	26,002	26,002
Additions during the year	-	-
Disposals		
Exchange difference	2,119	2,119
At 30 November 2017	28,121	28,121
Accumulated amortisation and impairment		
At 30 November 2016	(20,149)	(20,149)
Exchange difference	-	-
Amortisation charge for the period	(5,994)	(5,994)
Disposals	-	-
Exchange difference	(1,978)	(1,978)
At 30 November 2017	**(28,121)**	**(28,121)**
Net book value		
At 30 November 2016	5,853	5,853
At 30 November 2017	**-**	**-**

Tekcapital PLC

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14. Property, plant and equipment

Group	Leasehold Improvements US$	Furniture and Equipment US $	Computer Equipment US $	Production Equipment US $	Total US $
At 30 November 2015	-	1,659	11,321	-	12,980
Additions during the year	13,775	22,676	18,908	-	55,359
Foreign currency translation differences	-	(61)	(1,281)	-	(1,342)
At 30 November 2016	13,775	24,274	28,948	-	66,997
Additions during the year	-	-	8,322	7,433	15,755
Disposals	(13,775)	(22,241)	(20,074)	(7,433)	(63,523)
Foreign exchange differences		9	111		120
At 30 November 2017	**-**	**2,042**	**17,307**	**-**	**19,349**

Accumulated amortisation and impairment					
At 30 November 2015	-	(500)	(4,560)	-	(5,060)
Amortisation charge for the year	(1,607)	(2,921)	(6,602)	-	(11,130)
Foreign currency translation differences	-	4	679	-	683
At 30 November 2016	(1,607)	(3,417)	(10,483)		(15,507)
Amortisation charge for the year	(1,148)	(2,261)	(6,177)	(372)	(9,958)
Disposals	2,755	4,394	4,258	372	11,779
Foreign exchange differences	-	-	343	-	343
At 30 November 2017	**-**	**(1,284)**	**(12,059)**	**-**	**(13,344)**

Net book value					
At 30 November 2016	12,168	20,857	18,465	-	51,490
At 30 November 2017	**-**	**758**	**5,248**	**-**	**6,005**

15. Inventories

Group	2017 US $	2016 US $
Finished goods	**-**	4,503
Inventories	**-**	4,503

16. Trade and other receivables

Group	2017 US $	2016 US $
Trade receivables	**64,532**	164,266
Less provision for impairment of trade receivables	**-**	-
Trade receivables – net	**64,532**	164,266
VAT	**17,530**	36,648
Prepayments	**91,438**	115,631
Receivables from related parties	**790,411**	-
Loans to related parties	**-**	-
Less non-current portion: loans to related parties	**963,911**	316,545
Total trade and other receivables	**963,911**	316,545

16. Trade and other receivables (continued)

The fair value of trade and other receivables are not materially different to those disclosed above. The Group's exposure to credit risk related to trade receivables is detailed in note 3 to the accounts.

Company	**2017 US $**	2016 US $
Receivables from Group companies	**1,494,729**	413,067
VAT	**11,249**	13,954
Prepayments	**44,759**	15,920
Total trade and other receivables	**1,550,737**	442,941

17. Cash and cash equivalents

Group	**2017 US $**	2016 US $
Cash at bank and in hand	**1,797,729**	1,839,603
Total cash and cash equivalents	**1,797,729**	1,839,603

Company	**2017 US $**	2016 US $
Cash at bank and in hand	**1,422,282**	4,027
Total cash and cash equivalents	**1,422,282**	4,027

Please note approximately $0.8m of cash used was attributed to Belluscura plc through deconsolidation date of May 1, 2017.

18. Categories of financial assets and financial liabilities

Group	**2017 US $**	2016 US $
Financial assets		
Financial assets at fair value through profit and loss	**7,307,696**	-
Loans and receivables at amortised cost	**881,547**	164,266
Cash and equivalents	**1,797,729**	1,839,603
	9,986,972	2,003,869
Financial Liabilities		
Trade and other payables at amortised cost	**228,602**	463,884

Company	**2017 US $**	2016 US $
Financial assets		
Financial assets at fair value through profit and loss	**981,762**	-
Loans and receivables at amortised cost	**1,494,729**	413,067
Cash and equivalents	**1,422,282**	4,027
	3,898,773	417,094
Financial liabilities		
Trade and other payables at amortised cost	**633,149**	814,743

19. Share capital and premium

Share capital

Group and Company	**Number of shares**	**Ordinary Shares US $**	**Total US $**
Issued and fully paid up			
At 30 November 2015	34,843,339	224,684	224,684
Shares issued for the acquisition of Vortechs Group	577,868	3,368	3,368
At 30 November 2016	**35,421,207**	**228,052**	**228,052**
Shares issued in further public offering	6,968,500	34,879	34,879
Warrants exercised	265,000	1,290	1,290
At 30 November 2017	**42,654,707**	**264,221**	**264,221**

The shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The following shares were issued during the year:

26 January 2017 6,968,500 shares were issued in the placing of new ordinary shares at £0.35p

8 March 2017 265,000 shares were issued in the exercise of warrants at £0.25p

Share premium

Group and Company	**Share premium US $**	Total US $
At 30 November 2015	5,980,751	5,980,751
Premium on shares issued on the acquisition of Vortechs Group	396,632	396,632
At 30 November 2016	**6,377,383**	6,377,383
Shares issued in further public offering	3,017,010	3,017,010
Warrants exercised	79,330	79,330
Cost of shares issued	(202,625)	(202,625)
As at 30 November 2017	**9,271,098**	9,271,098

20. Reserves

Retained earnings

	Group Retained earnings US $	**Company Retained earnings US $**
At 30 November 2015	(2,461,900)	(1,028,925)
Gain/(loss) for the year	(2,215,032)	(2,941,098)
Share based payments	84,618	84,618
Gain arising from changes in non-controlling interest	814,262	-
At 30 November 2016	**(3,778,052)**	**(3,885,405)**
Gain/(loss) for the year	4,487,534	(426,177)
Share based payments	70,318	70,318
Gain arising from changes in non-controlling interest	152,026	-
At 30 November 2017	**931,826**	**(4,241,264)**

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20. Reserves (continued)

Merger reserve

Group	**Merger reserve US $**
At 30 November 2016	(72,169)
At 30 November 2017	**(72,169)**

Translation reserve

	Group Translation reserve US $	**Company Translation reserve US $**
As at 1 December 2015	47,851	(32,141)
Foreign exchange gain/(loss)	(87,391)	(480,622)
At 30 November 2016	**(39,540)**	(512,763)
Foreign exchange gain/(loss)	320,525	377,830
At 30 November 2017	**280,985**	(134,933)

21. Trade and other payables

Group	**2017 US $**	2016 US $
Trade creditors	**96,088**	225,501
Social security and other taxes	**4,304**	20,441
Accruals, deferred income and other creditors	**137,257**	238,383
	237,649	484,325

Company	**2017 US $**	2016 US $
Amounts due to related parties	**532,740**	721,567
Accruals, deferred income and other creditors	**100,409**	93,407
	633,149	814,974

The fair values of trade and other payables are not materially different to those disclosed above.

The Group's exposure to currency and liquidity risk related to trade and other payables is detailed in note 3 to the accounts.

22. Deferred income tax

Unused tax losses for which no deferred tax assets have been recognised is attributable to the uncertainty over the recoverability of those losses through future profits. A tax rate of 20% has been used to calculate the potential deferred tax.

Notes to the accounts
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22. Deferred income tax (continued)

Deferred tax	**Group 2017 US $**	Group 2016 US $	**Company 2017 US $**	Company 2016 US $
Accelerated capital allowances	**(3,915)**	(1,029)	**(1,198)**	(1,892)
Short term timing difference	**-**	-	**-**	-
Tax losses	**(1,415,881)**	(1,002,263)	**(268,718)**	(199,620)
Unprovided deferred tax asset	**1,419,796**	1,003,292	**269,916**	201,512
	-	-	-	-

23. Dividends

No dividend has been recommended for the year ended 30 November 2017 (2016: Nil) and no dividend was paid during the year (2016: Nil).

24. Cash used in operations

Group	**2017 US $**	2016 US $
Loss before income tax	**4,153,154**	(2,558,198)
Adjustments for		
- Depreciation	**9,958**	11,130
- Amortisation	**26,949**	49,375
- Finance costs – net	**-**	(314)
- Share based payments expense	**70,318**	84,618
- Movement in foreign exchange	**207,411**	(160)
- Movement in trade and other receivables	**(654,915)**	(221,043)
- Financial assets at fair value through the profit or loss	**(6,083,225)**	
- Derecognition due to deconsolidation	**(226,657)**	
- Inventory movement	**4,503**	(4,503)
- Trade and other payables	**(246,675)**	262,973
Cash used	**(2,739,179)***	(2,376,124)

*Please note approximately $0.8m of cash used during FY 2017 was attributed to Belluscura plc through deconsolidation date of May 1, 2017.

25. Commitments

Operating lease commitments

The Group's subsidiaries have various office rental agreements.

The total un-provided lease commitment is:

Group	**2017 US $**	2016 US $
Arising:		
No later than 1 year	**58,431**	36,446
Later than 1 year and no later than 5 years	**124,351**	1,915
Total	**182,782**	38,361

26. Share based payments

The Group operates an approved Enterprise management scheme and an unapproved share option scheme.

The fair value of the options granted is expensed over the vesting period and is arrived at using the Black-Scholes model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the vesting period
- No variables change during the lift of the option (e.g. dividend yield must be zero)
- Expected volatility 43.32% (2016: 41.53%)
- Risk free interest rate 0.5% (2016: 0.5%)

The share based payment expense for the year was $70,318 (2016: $84,618).

Details of the number of share options and the weighted average exercise price outstanding during the year as follows:

		2017		2016
Group and Company	**Av. Exercise price per share £**	**Options (Number)**	Av. Exercise price per share £	Options (Number)
As at 1 December	0.3402	3,060,000	0.3403	2,510,000
Granted	0.3066	225,000	0.3750	550,000
Exercised	-	-	-	-
Forfeited	-	-	-	-
As at 30 November	**0.3379**	**3,285,000**	**0.3402**	**3,060,000**
Exercisable as at 30 November		**950,000***		**450,000***

*The weighted average exercise price for the options exercisable as at 30 November 2017 and 30 November 2016 was £0.23p and £0.23p respectively

The weighted average remaining contractual life is 2.56 years (2016: 3.48 years).

The weighted average fair value of options granted during the year was £0.04p (2016: £0.06p)

The range of exercise prices for options outstanding at the end of the year was £0.19p - £0.46p (2016: £0.19p - £0.46p)

27. Related party transactions

During the year Nigel Wray and his family participated in a Belluscura Private Placement on the same terms as other investors. In May 2017 Nigel Wray and his family's participation was $500,000. As a holder of more than 10% of both the Company's issued share capital and Belluscura's issued share capital at the time of the relevant transactions, Nigel Wray and his family were deemed a related party under the AIM Rules for Companies and therefore this transaction was a related party transaction pursuant to those rules.

On 26 January 2017, Nigel Wray participated in a placing of new ordinary shares in the capital of the Company. Nigel's participation was £358,575. Mr Wray's participation in this placing was a related party transaction pursuant to the AIM Rules for Companies, due to him being a substantial shareholder pursuant to the AIM Rules for Companies.

During the year Robert Miller received a total of $55,000, for directors fees from Belluscura LLC of which $25,000 has been consolidated into the consolidated profit and loss.

Details of Directors' remuneration and grant of options are given in the Directors' report.

The Group has taken advantage of the exemption in IAS 24 "related parties" not to disclose transactions with other Group companies.

Tekcapital PLC

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28. Events after the reporting period

(a) Lucyd pte ltd Token Generation Event

Subsequent to year end, on February 28, 2018, Lucyd Limited's wholly owned subsidiary company, Lucyd completed a Token Generation Event and raised approximately US$6.1m in contributions.

Lucyd pte ltd was established by Tekcapital in September 2017 to develop ergonomic, augmented reality (AR) smartglasses and a blockchain app store to power them. The proceeds from the TGE will be used to advance Lucyd's business plan and provide it with additional working capital. To help achieve its goal, Lucyd has formed strategic alliances with more than 10 companies to develop AR and security software for the smartglasses they are seeking to develop.

(b) Belluscura plc Placing

Belluscura plc completed a private funding round raising gross proceeds of US$1.33 million, by way of a placing (the Belluscura Placing) of a total of 7,388,179 new ordinary shares of £0.13p each (the Belluscura Placing Shares). Belluscura also converted loans equal to approximately US$268k to equity under the same terms as the private placement.

- Gross proceeds of the Belluscura Placing amount to a total of £1.33 million
- Tekcapital has invested US$250,000 in the private placement and converted loans to Belluscura of US$210,090 to equity
- The proceeds of the Belluscura Placing will be used for further investment in Belluscura's products in development, specifically the CURV™ oxygen concentrator and SNAP III™ level of consciousness monitor and for general working capital purposes
- The Belluscura Placing Shares were issued to a range of investors, including existing and new shareholders in Belluscura plc.
- Tekcapital received a three year warrant to purchase 1,273,078 new shares in Belluscura at £0.13p per share.