



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

**14 August 2018**

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

**Half Yearly Report  
for the period ending 31 May 2018**

Tekcapital plc (AIM: TEK) a UK intellectual property (IP) investment group focused on creating marketplace value from university technology announces its results for the six month period ended 31 May 2018.

**Financial highlights**

- Total revenue of US\$1,278,413
  - Revenue from services increased by c. 29% to US\$639,561 (H1 2017: \$495,8761) reflecting continued growth of technology transfer services
  - Net increase of US\$638,852 in fair value of portfolio companies
- Profit before tax of US\$105,996 compared to profit of US\$1,554,796 in H1 2017, with the change primarily due to first-time recognition of fair value of portfolio companies in H1 2017.
- Cash balance of US\$1,418,889 (30 November 2017: US\$1,797,729) and no debt
- Net assets up 35% at 31 May 2018: US\$10,746,031 (H1 2017: 7,974,906)
- Net asset per share at 31 May 2018: US\$0.25 (H1 2017: US\$0.19).

**Operational highlights: Corporate**

- Investment in the Latin America market has resulted in the expansion of Invention Evaluator (IE) sales and business relationships with the following universities and organisations:
  - Universidad San Sebastian
  - Universidad Mayor
  - Fundacion COPEC
  - Universidad Adolfo Ibañez
  - Andes Pacific Technology Access Hub
  - Corfo (Chilean economic development agency)
  - Universidad Federico Santa María
  - INACAP
  - Universidad Santiago de Chile
- Global expansion of our technology transfer services was aided by the addition of new lines of sales:
  - Invention Evaluator has developed a new report at the request of StartUp Chile, the leading startup accelerator in Latin America. Start-Up Chile supports several hundred companies a year, and these reports would assist their start-up companies on an on-going basis.

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<sup>1</sup> Excluding Belluscura's sales from products deconsolidated as of May 1, 2017 as a result of the recognition of Group's portfolio companies at fair value.

Management believes this new IE report will further strengthen growth in services revenue in future periods.

- Successfully developed and delivered an advanced technology commercialization programme in Santiago, Chile with HUB APTA and the Chilean Biotechnology Association. This programme will provide training services, Invention Evaluator reports and our software apps to our Chilean customers. The programme included participants from 13 Chilean research universities and two other research institutions. The sponsor of this unique programme was the Chilean government Agency CORFO, the main Chilean agency focused on entrepreneurship, innovation and competitiveness. University training programmes represent a new line of service business for Tekcapital, and we are optimistic about delivering more of them in future periods.
- Tekcapital has recently appointed Michael S Rosen as Managing Director of Academic & Entrepreneurship Training to accelerate the growth of our Latin America business. Mr. Rosen has worked with leading research universities where he has trained university faculty on the creation of start-ups. Previously, he held senior management positions with Fortune 500 companies such as Pfizer, Bristol-Myers Squibb and Searle/Monsanto. Mr. Rosen also spent 12 years as President/CEO of European and U.S. biotech and medical device companies. He is fluent in both Spanish and Portuguese.

#### **Operational highlights: Portfolio Companies**

- Belluscura has reported continued progress with its portable oxygen concentrator (POC) programme. The POC market is currently projected to reach US\$1.7b by 2022. Belluscura plans to file a 510(K) application with the US FDA in 2018. Tekcapital's ownership interest in Belluscura is now 8,129,488 shares, representing approximately 33% of the issued share capital.
- During the reporting period, 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). Tekcapital has invested US\$250,000 in the private placement and converted loans to Belluscura of US\$210,090 to equity. Tekcapital also received a three-year warrant to purchase 1,273,078 new shares in Belluscura at £0.13p per share.
- As announced on 5 February 2018, Belluscura also added a Vice President of Operations, Dr. Paul Bray, PhD. Amongst other duties Dr. Bray is working on the FDA clearance process. To learn more, please visit [www.belluscura.com](http://www.belluscura.com).
- Lucyd pte ltd ("Lucyd") completed a Token Generation event (TGE) to secure contributions of approximately \$6m for the development of augmented reality (AR) smartglasses and execution of its business plan. Lucyd is seeking to introduce a prototype AR product in March 2019. The market for AR is expected to grow to US\$36.4b by 2023 according to Greenlight Insights. Lucyd recently announced it has appointed Gina Avila as Global Marketing Manager.
- Lucyd pte ltd announced on 4 July 2018 that Lucyd Pte Ltd has appointed Dr Ira A. Clement, a licensed optometrist, as a science advisor.
- Lucyd has filed a new Patent Application No. 16/022,097 to improve the utility of Augmented Reality glasses. The application is directed to smartglasses, with prescription lenses, and methods to control the presentation and display of information related to mobile device tasks that can be performed with these smartglasses.

- On August 3, 2018 Lucyd launched an eShop to make it easy for anyone to acquire advanced prescription eyewear or smart glasses and to create, share and experience AR content. The eShop is the first online optics store to provide prescription filled, bone conducting, Bluetooth enabled eyeglasses that enable the wearer to answer their phone, listen to music and communicate with Siri® or other similar AI apps. To learn more, please visit [www.lucyd.co](http://www.lucyd.co).
- Salarius has developed a patented process for producing nano-particle edible salt crystals. Independent tests have shown that the use of its edible salt crystals for topical food applications can deliver the same taste but half of the sodium versus traditional salt. The mission of Salarius is to commercialize low-sodium Microsalt to improve the nutritional content of food and the health of individuals worldwide. To achieve this mission, the company is exploring the launch of both a low-sodium table salt and the establishment of a reduced sodium snack brand. The low sodium ingredient market is estimated to reach US\$1.76bn by 2025 according to Future Market Insights.<sup>2</sup>
- Salarius announced on 22 May 2018 that it has also added Eduardo Souchon and Steve McCready to its board of directors, both with relevant Fortune 500 company experience.
- Victor H. Manzanilla has been appointed as CEO of Salarius as announced on 1 August 2018. Mr Manzanilla has previously served as founder of VHM Global Research, Marketing Director of Office Depot (office products chain with approximately 1,400 stores) and Brand Manager at Procter & Gamble (NYSE: PG) amongst other executive positions. Additionally, Mr Manzanilla has purchased 2.5% of the shares of Salarius through his consulting firm VHM Global Research for \$50,000.

**Dr. Clifford Gross, Chairman said:** ‘We are pleased to report successful half-year performance for the Group, which has noted increases in service revenue while achieving important development milestones for the successful commercialization of technologies for three of its portfolio companies. We believe our unique approach of acquiring and commercialising university IP innovations, coupled with providing a range of IP value creation services to universities and corporates, has uniquely positioned us to create market value from university discoveries more efficiently than traditional IP investment companies.’

**For further information, please contact:**

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

Tekcapital’s objective is to create value from investing in new, university-developed intellectual properties. Additionally, using its proprietary discovery search engine, linked to 4,500+ universities in 160 countries, coupled with expert scientific review, Tekcapital provides a range of IP investment services to make it easy

<sup>2</sup> <https://www.fooddive.com/press-release/20151102-sodium-reduction-ingredient-market-revenue-is-expected-to-reach-us-17584/>

for organisations to find, evaluate and acquire university-developed technology. Tekcapital plc is quoted on the AIM market of the London Stock Exchange (AIM: symbol TEK) and is headquartered in Oxford, in the UK. For more information, please visit [www.tekcapital.com](http://www.tekcapital.com).

**LEI: 213800GOJTOV19FIFZ85**

## CHAIRMAN STATEMENT

### Summary

Tekcapital is passionate about creating value from university intellectual property (“IP”). During the past half-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 the first half of 2018, we continued to increase our revenues from services while undertaking significant efforts to improve the value of our portfolio companies.

We delivered the following technology transfer investment services for our corporate and university clients which provided revenue from services of US\$639,561 in the period, 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.
TEK Training Services	Foundational training to individuals, professional teams, new tech transfer offices and government agencies to enhance their ability to commercialize university innovations.

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 2018, the Group has continued systematic offering and geographical expansion, resulting in the increase in service revenue. The Group’s investment in new markets, such as Latin American, as well as new offerings including university trainings and IE startup reports provides further growth opportunities. Tekcapital also recently added Michael S Rosen, an executive with relevant experience gathered in Fortune 500 companies, as Managing Director of Academic & Entrepreneurship Training to accelerate growth of our Latin America business. The Group’s goal is to continue to expand its current services in Latin America and Europe.

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 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.

Consistent with these objectives, our portfolio companies have developed materially during the reporting period.

We are sincerely appreciative of our dedicated, creative and hardworking team that is continuously striving to enhance the value of Tekcapital and thankful to our shareholders for their interest, patience and support.

**Current Trading and Outlook**

Having continued to develop and expand Tekcapital's existing business, the Board is confident that continued investment in growth and our portfolio companies remains the right strategy. Further, we believe that we are executing on our strategy and this is likely to result in further increases in returns on invested capital, and profitability in the future. Whilst it is clear that the Company is progressing well we anticipate fluctuations in our net asset values from period to period due to individual portfolio company performance, valuations and changes in market conditions and macro-economic financial 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 and enhancement of the combined value of our portfolio companies.

Dr Clifford M Gross

**Chairman and CEO**

13 August 2018

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 May 2018

	Notes	Six months ended 31 May 2018	Six months ended 31 May 2017	Year ended 30 November 2017
		Unaudited US\$	Unaudited US\$	Audited US\$
<b>Continuing Operations</b>				
Revenue from services		639,561	495,876	813,714
Revenue from products		-	139,453	139,453
Net unrealised profit on the revaluation of investments	8	638,852	2,944,193	6,083,225
Profit on derecognition of subsidiaries		-	226,656	226,656
<b>Total Revenue</b>		1,278,413	3,806,178	7,263,048
Cost of sales		(371,774)	(502,618)	(692,610)
<b>Gross Profit</b>		906,639	3,303,560	6,570,438
Administrative expenses		(800,643)	(1,748,764)	(2,417,284)
<b>Operating Profit/(Loss)</b>		105,996	1,554,796	4,153,154
Finance income		-	-	-
<b>Gain/(Loss) before taxation</b>		105,996	1,554,796	4,153,154
Income tax expense	5	(1,194)	(1,406)	(1,406)
<b>Gain/(Loss) after taxation</b>		104,802	1,553,390	4,151,748
<b>Other comprehensive income/(loss)</b>				
Foreign exchange gain/(loss)		(51,796)	359,983	424,230
<b>Total comprehensive income/(loss)</b>		53,006	1,913,373	4,575,978
<b>Gain/(Loss) attributable to:</b>				
Equity holders of the parent		104,802	1,785,585	4,487,533
Non-controlling interests		-	(232,195)	(335,785)
		104,802	1,553,390	4,151,748
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the parent		53,006	2,041,863	4,808,059
Non-controlling interests		-	(128,490)	(232,081)
		53,006	1,913,373	4,575,978
<b>Gain/(Loss) per share</b>				
Basic earnings per share	6	0.002	0.044	0.108
Diluted earnings per share		0.002	0.043	0.108

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2018

	Notes	As at 31 May 2018 Unaudited US\$	As at 31 May 2017 Unaudited US\$	As at 30 November 2017 Audited US\$
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	7	838,769	841,727	838,769
Financial assets at fair value through profit and loss	8	8,411,856	4,148,349	7,307,696
Property, plant and equipment		41,435	4,624	6,005
		<u>9,292,060</u>	<u>4,994,700</u>	<u>8,152,470</u>
<b>Current Assets</b>				
Trade and other receivables		345,157	440,711	963,911
Inventory		-	-	-
Cash and cash equivalents		1,418,889	3,135,803	1,797,729
		<u>1,764,046</u>	<u>3,576,514</u>	<u>2,761,640</u>
<b>Total Assets</b>		<u><u>11,056,106</u></u>	<u><u>8,571,214</u></u>	<u><u>10,914,110</u></u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		309,575	595,808	237,649
Current income tax liabilities		500	500	500
Loans and borrowings		-	-	-
Total liabilities		<u>310,075</u>	<u>596,308</u>	<u>238,149</u>
<b>Net Assets</b>		<u>10,746,031</u>	<u>7,974,906</u>	<u>10,675,961</u>
<b>Equity</b>				
Share capital	9	264,221	264,221	264,221
Share premium	9	9,271,098	9,271,098	9,271,098
Retained earnings		1,053,692	(1,704,982)	931,826
Translation reserve		229,189	216,738	280,985
Merger reserve		(72,169)	(72,169)	(72,169)
Total equity attributable to equity holders of the parent		<u>10,746,031</u>	<u>7,974,906</u>	<u>10,675,961</u>
Non-controlling interests		-	-	-
<b>Total Equity and Liabilities</b>		<u><u>11,056,106</u></u>	<u><u>8,571,214</u></u>	<u><u>10,914,110</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2018

	Attributable to equity holders of the parent							
	Share capital	Share Premium	Translation Reserve	Merger Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Unaudited</b>								
<b>Balance at 1 December 2017</b>	264,221	9,271,098	280,985	(72,169)	931,826	10,675,961	-	10,675,961
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	104,802	104,802	-	104,802
Other comprehensive income	-	-	(51,796)	-	-	(51,796)	-	(51,796)
Share based payments	-	-	-	-	17,064	17,064	-	17,064
Issue of ordinary shares	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-
<b>Balance at 31 May 2018</b>	<b>264,221</b>	<b>9,271,098</b>	<b>229,189</b>	<b>(72,169)</b>	<b>1,053,692</b>	<b>10,746,031</b>	<b>-</b>	<b>10,746,031</b>
<b>Unaudited</b>								
<b>Balance at 1 December 2016</b>	228,052	6,377,383	(39,540)	(72,169)	(3,778,052)	2,715,674	421,400	3,137,074
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	1,785,585	1,785,585	(232,195)	1,553,390
Other comprehensive income	-	-	256,278	-	-	256,278	103,705	359,983
Share based payments	-	-	-	-	31,868	31,868	-	31,868
Issue of ordinary shares	34,879	2,814,385	-	-	-	2,849,264	-	2,849,264
Warrants exercised	1,290	79,330	-	-	-	80,620	-	80,620
New funds into non-controlling interest	-	-	-	-	-	-	323,300	323,300
(Loss)/Gain arising from change in non-controlling interest	-	-	-	-	255,617	255,617	(255,617)	-
Elimination of NCI as a result of change in the accounting policy	-	-	-	-	-	-	(360,593)	(360,593)
<b>Balance at 31 May 2017</b>	<b>264,221</b>	<b>9,271,098</b>	<b>216,738</b>	<b>(72,169)</b>	<b>(1,704,982)</b>	<b>7,974,906</b>	<b>-</b>	<b>7,974,906</b>

	Share capital	Share Premium	Translation Reserve	Merger Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Audited</b>								
<b>Balance at 30 November 2016</b>	<b>228,052</b>	<b>6,377,383</b>	<b>(39,540)</b>	<b>(72,169)</b>	<b>(3,778,052)</b>	<b>2,715,674</b>	<b>421,400</b>	<b>3,137,074</b>
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)
<b>Balance at 30 November 2017</b>	<b>264,221</b>	<b>9,271,098</b>	<b>280,985</b>	<b>(72,169)</b>	<b>931,826</b>	<b>10,675,961</b>	<b>-</b>	<b>10,675,961</b>

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

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

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2018

Group	Note	Six months ended 31 May 2018 US \$	Six months ended 31 May 2017 US \$	For the year ended 30 Nov 2017 US \$
<b>Cash flows from operating activities</b>				
Cash used in operations		(345,397)	(1,363,134)	(2,739,179)
Taxation paid		(1,994)	(1,406)	(2,206)
<b>Net cash used in operating activities</b>		<b>(347,391)</b>	<b>(1,364,540)</b>	<b>(2,741,385)</b>
<b>Cash flows from investing activities</b>				
Deemed disposal of subsidiary, net of cash acquired		-	(596,176)	(596,176)
Purchases of property, plant and equipment		(44,558)	(3,733)	(15,755)
Purchases of intangible assets		-	(43,132)	(43,277)
Interest received		-	-	-
<b>Net cash used in investing activities</b>		<b>(44,558)</b>	<b>(643,041)</b>	<b>(655,208)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares		-	3,051,889	3,051,889
Costs of raising finance		-	(202,625)	(202,625)
Proceeds from the exercise of warrants		-	80,620	80,620
Cash from non-controlling interest		-	323,300	323,300
<b>Net cash from financing activities</b>		<b>-</b>	<b>3,253,184</b>	<b>3,253,184</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(391,950)</b>	<b>1,245,603</b>	<b>(143,410)</b>
Cash and cash equivalents at beginning of year		1,797,729	1,839,603	1,839,603
Exchange gain/(loss) on cash and cash equivalents		13,110	50,597	(101,536)
<b>Cash and cash equivalents at end of year</b>		<b>1,418,889</b>	<b>3,135,803</b>	<b>1,797,729</b>

## Notes to the financial information

### 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 12 New Fetter Lane, London, United Kingdom, EC4A 1JP. 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. Basis of preparation

The financial information for the six months ended 31 May 2018 set out in this interim financial information is unaudited and does not constitute statutory financial statements.

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

### 3. Accounting policies

#### 3.1 Statement of compliance

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 30 November 2017.

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 of the FY 2017 accounts. The estimates have not changed since then other than addition of the new estimates related to valuation of Salarius Ltd as disclosed in Note 8, including relevant sensitivity analysis.

### 4. 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.

### 5. Taxation

Immaterial charge of \$1,194 has arisen in the six-month period ended 31 May 2018 (31 May 2017: \$1,406).

## 6. Earnings per share

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

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the sum of weighted average number of (1) Ordinary Shares outstanding during the period and (2) Ordinary Shares to be issued assuming exercise of outstanding stock options with intrinsic value above \$0 at 31 May 2018.

	Six months ended 31 May 2018 US\$	Six months ended 31 May 2017 US\$	Year ended 30 November 2017 US\$
Profits/(Losses) attributable to equity holders of the Company	104,802	1,785,585	4,487,533
Weighted average number of Ordinary Shares in issue:			
Basic	42,654,707	41,001,118	41,512,012
Diluted	42,654,707	41,264,580	41,718,262
Basic profit (loss) per share (\$)	0.002	0.044	0.108
Diluted profit (loss) per share (\$)	0.002	0.043	0.108

## 7. Intangible Assets

	Purchased intangible assets				Total US \$
	Licenses US \$	Website development US \$	Vortechs US \$	Invention Evaluator US \$	
<b>Costs</b>					
At 1 December 2016	621,871	26,002	500,000	333,815	1,481,688
Additions	35,973	-	-	7,159	43,132
Disposals	(657,989)				(657,989)
At 31 May 2017	-	<b>26,002</b>	<b>500,000</b>	<b>340,974</b>	<b>866,976</b>
At 1 December 2016	621,871	26,002	500,000	333,815	1,481,688
Additions	36,118	-	-	7,159	43,277
Disposals	(657,989)			(2,205)	(660,194)
Exchange difference	-	2,119	-	-	2,119
At 30 November 2017	-	28,121	500,000	338,769	866,890
Additions	-	-	-	-	-
<b>At 31 May 2018</b>	-	<b>28,121</b>	<b>500,000</b>	<b>338,769</b>	<b>866,890</b>

<b>Accumulated amortisation and impairment</b>					
At 1 December 2016	(51,781)	(20,149)	-	-	(71,930)
Amortisation for the period	(20,955)	(4,370)	-	-	(25,325)
De-recognition due to the change in the accounting policy	72,736	-	-	-	72,736
Exchange difference	-	(730)	-	-	(730)
<b>At 31 May 2017</b>	<b>-</b>	<b>(25,249)</b>	<b>-</b>	<b>-</b>	<b>(25,249)</b>
As 1 December 2016	(51,781)	(20,149)	-	-	(71,930)
Amortisation for the period	(20,955)	(5,994)	-	-	(26,949)
Disposals	72,736	-	-	-	72,736
Foreign currency translation	-	(1,978)	-	-	(1,978)
<b>At 30 November 2017</b>	<b>-</b>	<b>(28,121)</b>	<b>-</b>	<b>-</b>	<b>(28,121)</b>
Amortisation for the period	-	-	-	-	-
De-recognition due to the change in the accounting policy	-	-	-	-	-
Foreign currency translation	-	-	-	-	-
<b>At 31 May 2018</b>	<b>-</b>	<b>(28,121)</b>	<b>-</b>	<b>-</b>	<b>(28,121)</b>
<b>Net book value</b>					
At 31 May 2017	-	753	500,000	340,974	841,727
At 30 November 2017	-	-	500,000	338,769	838,769
<b>At 31 May 2018</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>338,769</b>	<b>838,769</b>

## 8. Financial Assets at Fair Value through Profit or 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.

	<b>31 May 2017</b>	<b>1 December 2017</b>	<b>Additions</b>	<b>Exchange difference</b>	<b>Fair value gain/(loss)</b>	<b>31 May 2018</b>
	<b>US \$</b>	<b>US \$</b>	<b>US \$</b>	<b>US \$</b>	<b>US \$</b>	<b>US \$</b>
Lucyd Ltd	183,030	6,023,955	3,766	(11,617)	(1,339,359)	4,676,745
Belluscura Limited	3,676,123	981,762	460,090	(29,351)	(6,913)	1,405,588
Salarius Ltd	14,650	15,128	-	(253)	1,985,125	2,000,000
Non Invasive Glucose Tek Limited	24,657	24,199	-	(402)	-	23,797
Smart Food Tek Limited	47,365	44,167	320	(738)	-	43,749
eGravitas Limited	150,024	154,535	12,873	(2,390)	-	165,018
Frigidus Ltd	52,500	52,968	-	(766)	-	52,202
eSoma Limited	-	10,983	11,914	-	-	22,897
Guidant Limited	-	-	21,860	-	-	21,860
<b>Total Balance</b>	<b>4,148,349</b>	<b>7,307,696</b>	<b>510,823</b>	<b>(45,517)</b>	<b>638,853</b>	<b>8,411,856</b>

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 has been no transfer between levels during the period. Fair value measurement hierarchy for financial assets as at 31 May 2018:

	Date of Valuation	Significant	
		observable inputs (Level 2)	unobservable inputs (Level 3)
		Total US \$	US \$
Salarius Ltd	31 May 2018	2,000,000	-
Belluscura Limited	31 May 2018	1,405,588	1,405,588
Lucyd and others	31 May 2018	5,006,268	-
<b>Total Balance</b>		<b>8,411,856</b>	<b>1,405,588</b>

### Lucyd Ltd

In accordance with the Group's policy, fair value of Lucyd Limited as of 31 May 2018 was determined by an external, qualified valuation expert. The fair value of Lucyd Limited of \$4.7m was determined based on valuation methodology used in the 30 November 2017 valuation and resulted in fair value loss of (US\$1,339,359). This movement is attributed primarily due to volatility of crypto-currencies (Ethereum and Bitcoin) in which the Lucyd Pte is holding the majority of funds held.

### Belluscura Ltd

During the reporting period, 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). Tekcapital has invested US\$250,000 in the private placement and converted loans to Belluscura of US\$210,090 to equity. Tekcapital also received a three-year warrant to purchase 1,273,078 new shares in Belluscura at £0.13p per share.

Considering Belluscura's valuation as of 30 November 2017 was based on the most recent funding round share price of £0.13p, no material adjustments to the fair value as of 31 May 2018 were made. Similarly, given the warrant was granted at £0.13p, the most recent placement price, the management considered the fair value of the warrant to be immaterial.

### Salarius Ltd

Based on commercialisation advancements as of 31 May 2018, an external valuation of Salarius Ltd was prepared valuing Group's stake at US\$2,000,000. The valuation was based on the IP and supported with following assumptions:

- The projected size of the sodium-reduction ingredient market in 2025. Future Market Insights, a substantial and respected market research firm, projects the global market for such ingredients to have revenue of US\$1.8bn at that time. The US market is projected to be 32% of the global market, being US\$562m. The snack food sector is projected to be 26.9% of the US market, being \$151m.
- The Salarius board's forecast assuming penetration of between 1% and 5% of that market by 2025, based on a number of factors:
  - Microsalt is a unique product substantially in advance of alternative, developed, and tested in terms of market acceptability and ready to market;
  - The protection given to the product by its US patent, which effectively gives Salarius a barrier to entry in the US for 11 more years;

- The strength and experience of the management team, whose proven expertise is in the exact areas required to bring the product to market and build the brand;
- There are no foreseeable manufacturing barriers in the commercialisation process. Manufacturing will be outsourced, and it can be clearly foreseen that this is deliverable;
- Other foreseeable challenges for management to deliver successful commercialisation appear to be well within the abilities of management to handle.
- Salarius's forecast of its turnover in 2025 is US\$1.51m. This is equivalent to the lowest end of the market penetration range quoted above, i.e. 1%.
- A multiple of 2.8 has been applied to forecast 2025 turnover to give a valuation at that point of US\$4.2m
- The 2025 valuation of Salarius has then been discounted back to a present value using a conservative cost of capital of 10%. That discounted value is US\$2.1m, which has been rounded down to US\$2.0m.
- The valuation of US\$2.0m has been further validated by the share acquisition in July 2018, where as a result of conditions existing as of 31 May 2018, price of US\$50,000 was agreed upon for the sale of 2.5% stake in Salarius, albeit a related party.

Given 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.

#### **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.

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 May 2018 are shown as below:

	<b>Valuation Technique</b>	<b>Significant unobservable input</b>	<b>Estimate applied</b>	<b>Sensitivity of the input to fair value</b>
Lucyd	Net Asset	Discount to Treasury tokens	66%	10% increase to 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
		Bonus Share	15%	A 10% increase to the bonus shares would decrease the Lucyd value by \$340,000, a 10% decrease would increase the Lucyd value by \$340,000.
Salarius	Market approach, revenue multiple	Revenue multiple	2.8	A 10% increase in the multiple would increase the Salarius value by \$217,000, a decrease in the multiple by 10% would decreased the Salarius value by \$217,000
		Discount factor	10%	A 5% increase in the discount factor would decrease the Salarius value by \$580,000, a 5% decrease in the discount factor would

Market penetration %	1%	increase the value by \$850,000 A 1% increase in the market penetration estimate would increase the Salarius valuation by \$2,000,000, a 1% decrease in the market penetration estimate would decrease the value by \$2,000,000.
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No sensitivities have been included on the other investments as their fair value equate to cost.

## 9. Share Capital

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

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

Issued and fully paid	Shares Number	Share capital US\$	Share premium US\$
Ordinary shares of £0.004 each			
At 1 December 2016	35,421,207	228,052	6,377,383
Shares issued in further public offering	6,968,500	34,879	2,814,385
Shares issued on exercise of warrants	265,000	1,290	79,330
As at 31 May 2017	<u>42,654,707</u>	<u>264,221</u>	<u>9,271,098</u>
At 1 December 2016	35,421,207	228,052	6,377,383
Shares issued in further public offering	6,968,500	34,879	2,814,385
Shares issued on exercise of warrants	265,000	1,290	79,330
As at 30 November 2017	<u>42,654,707</u>	<u>264,221</u>	<u>9,271,098</u>
Shares issued in further public offering	-	-	-
Shares issued on exercise of warrants	-	-	-
<b>As at 31 May 2018</b>	<b><u>42,654,707</u></b>	<b><u>264,221</u></b>	<b><u>9,271,098</u></b>

## 10. Related party transactions

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

**11. Interim results**

The interim results for the six months ended 31 May 2018 will not be sent to shareholders but will be available from the Company's website at <http://tekcapital.com/investors/>.

**- Ends -**