

Registration number 03904195

# Vela Technologies PLC

## Annual Report and Accounts 2016

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# chairman's statement

for the year ended 31 March 2016

It gives me great pleasure to present the report and accounts for the year ended 31 March 2016.

Since the current investment strategy was adopted over 3 years ago, Vela has invested in 10 separate businesses. Almost all of these investments have been in early stage businesses and all with a disruptive aspect, in accordance with our stated investing policy.

Investing in such businesses requires patience and understanding of what is involved in creating a business from nothing. It is no easy task but that patience is now starting to pay off with a number of the investments raising additional finance at valuations higher than previous funding rounds. In certain cases, such as Portr, Vela has been able to investor further to maintain its shareholding position.

We have been clear to explain to investors our definition of 'disruptive' and the types of companies we want to invest in. A disruptive business should be one that changes the way in which a business, service or sector might operate over the long term. In addition, we want to invest in companies where management have both proved themselves and have a meaningful personal risk to the success of the business. In the future we would like to make investments that represent a higher percentage shareholding than has been the case in the past where historically we have taken minority shareholding positions.

## Summary of investment portfolio: -

The Company's investment portfolio currently consists of the following investments:

- **Portr Limited** – a private UK Company that is the owner of an on-demand airport luggage transfer service, AirPortr. Portr employs leading-edge technology across its web booking platform and logistics engine in the development of convenience-orientated services for customers.

AirPortr has been building a reputation as London's airports' trusted and secure luggage transportation service, delivering same-day and on-demand, to and from the city's homes, hotels and offices for residents, visiting business travellers and tourists.

Launched at City Airport in May 2014, AirPortr expanded into Gatwick and Heathrow during 2015. AirPortr now operates in all terminals at both Heathrow and Gatwick.

AirPortr can be pre-booked in advance or on the day of travel from any device. Bags are either dropped off in the airport with an AirPortr concierge, before being securely transported by an AirPortr driver to their London destination. Alternatively, bags are collected from any London location and delivered to the airport at a time suitable to the customer.

The AirPortr service is designed to give passengers "luggage freedom" to allow them to maximise their time in the city. Portr employs sophisticated technology across its web and mobile applications, which incorporate resource management, asset tracking and auditing and its logistics engine allocating collections and deliveries.

Based on filings at Companies House for the year ended 26 December 2015 Portr generated a loss of £2,022,427 and as at 26 December 2015 had net assets of £819,467.

In March 2016 the Company announced that it had committed to a further investment in Portr Limited, which completed in April 2016. The Company has further invested £151,343 and, following completion, the Company has an interest in 101,989 shares representing 3.9% of Portr's issued share capital.

- **StreamTV Networks Inc.** – a private US Company that has developed a technology called Ultra-D that enables the viewing of 3D media without glasses and from any angle.

StreamTV's products are now in production with StreamTV working in conjunction with Pegatron, the Asia-based designer and manufacturer to companies like Apple, Microsoft and various major TV brands.

For consumers the technology is planned to be affordable and natural, with the degree of 3D adjustable to suit individual needs just like a volume control. The technology will also enable consumers to convert 2D content to 3D. The ability to do this opens up the possibility of using the technology at live events for the immediate conversion of 2D to 3D.

# chairman's statement

for the year ended 31 March 2016

Following a proposal being made by the board of StreamTV to the holders of the StreamTV CPNs, Vela entered into a conversion notice on 23 June 2016 agreeing to an early conversion of its \$100,000 StreamTV CPNs, along with accrued interest of US\$43,693.16, into new Class A Common shares in StreamTV at a price of US\$3.00 per share.

- **Blockchain Tech Limited (TSX: BTL)** - is a technology company whose current business is focused on developing blockchain technologies to disrupt and transform existing industries. Technology is developed in-house and through BTL's incubator and accelerator programs, based in Vancouver, British Columbia. BTL's first technology platform is a remittance business called Xapcash which, combined with BTL's proprietary cross border settlement technology (Interbit), is focused on leveraging blockchain technology to create rapid and cost effective "cash-in cash-out" settlement solutions from Canada and the United Kingdom to target countries.

- **Revolve Performance** - a long-established and profitable specialist powertrain and performance engineering group that owns a leading performance parts brand, Mountune, whose products are used by consumers and racing teams to enhance engine performance. The company has exclusive rights to supply branded and warranted performance parts through the Ford Dealership networks in the UK and US.

In June 2015 Rockpool Investors provided a growth loan of £1.5 million to Revolve and equity funding of £1.5 million in EIS qualifying shares. Vela invested £50,000 in the equity funding round.

In the year to 31 December 2015 sales for Revolve increased by 6% to £8.5 million and EBITDA increased by 9% to £530,000.

In the three months to 31 March 2016 sales were £2.8 million which were 44% ahead of the comparative period in 2015, with a particularly strong contribution from Mountune in the US. In the three months to 31 March 2016 EBITDA was £229,000, 8% ahead of the comparative period in 2015.

- **Disruptive Tech Limited** – a private technology investment business focusing on companies that can "disrupt" and which owns and manages investments in six technology businesses.

Vela originally acquired 262,090 Ordinary Shares in eSeekers Limited for £250,000. Following an agreed corporate restructuring, the Company ended up with an equivalent interest in DTL, a Gibraltar-based technology focused investing Company.

DTL has a portfolio of 6 investments, including Nektan Plc (13%), VNU Holdings (65%) and Freeformers (5%). The normal timeframe for investments is 3 to 4 years following which DTL looks to exit an investment and disperse proceeds back to shareholders.

DTL is now closed to new investments and will continue with the process of divestment.

- **SalvaRx Group plc (AIM: SALV)** – (formerly known as 3Legs Resources plc), a biotech company focused on therapies that leverage the immune system to fight cancer.

Vela purchased a total of 23,500,000 shares in the company, whilst it was 3Legs, for a total consideration of approximately £50,090. During the period, 3Legs completed the reverse acquisition of SalvaRx Limited and was renamed SalvaRx Group Plc. As a result of this transaction, the Company's shareholding was consolidated to 235,000 shares in SalvaRx Group Plc.

Since the year end the company has sold a large proportion of its holding in SalvaRx. Further details are given in note 15 to the financial statements.

- **Advance Laser Imaging Limited** – a private Company which uses laser scanning hardware and software applications to produce 360 degree 3D images and models.

Such images can be created for anything from small components or pieces of forensic evidence at a micron level, up to buildings, industrial plants or areas of a town and can be utilised and manipulated to view scenes from multiple perspectives at varying levels of detail, without any further scanning or photography.

## chairman's statement

for the year ended 31 March 2016

The 3D scenes are used in crime scene investigations and specialist techniques are used to establish anything from bullet trajectory to suspect biometric information. The technology also has a number of applications for counter terror, resilience and safer cities. There are markets in both the private and public sectors including the Infrastructure Management, building change enhancement and facilities management.

• **The Social Superstore Limited** – a peer to peer platform allowing users to recommend products to their friends and gain rewards for doing so and is aiming to combine online retailing with social media in a unique way.

In May 2014 Vela made an investment of £100,000 in the £1 million seed funding of The Social Superstore, valuing Social Superstore at £4 million. Social Superstore has subsequently raised a further £1.75m on a £10m valuation.

There are a number of key user groups that have been identified and who the Company has access to. The Directors of The Social Superstore continue to believe that social commerce represents a significant opportunity which has not been fully exploited by a single Company.

The Social Superstore platform went live in March 2016.

• **Rosslyn Data Technologies plc (AIM: RDT)** – AIM quoted Company whose cloud-based service provides a fast and efficient way for Companies to use and understand their data.

The Company invested £100,000 in October 2013 in Rosslyn Analytics Ltd, RDT's main operating subsidiary in the UK. Rosslyn was the first of the Company's investment portfolio to achieve a flotation having floated on AIM in April 2014. Subsequent to the flotation of RDT, Vela invested a further £30,226 in Rosslyn and, as at 31 March 2016, Vela owned 403,368 shares in RDT.

RDT has recently announced that revenue for the year to 30 April 2016 is expected to increase by over 40% on the previous financial year. The loss for the year, before income tax, is expected to be no more than £2.4m (FY 15, £3.5m loss, excluding exceptional items and share based payments). As at 30 April 2016, Rosslyn had net cash balances of approximately £1.8m (FY 15, £4.7m).

RDT has recently announced that it has agreed terms with a number of new customers. Whilst these contracts were not signed during the 2016 financial year, as had been intended, they are expected to be signed imminently and the Board of RDT have stated that they continue to be encouraged by the performance of the Company, which they believe reflects the solid foundations that have been established since Rosslyn floated in April 2014.

The Company sold 30,000 shares in RDT for £2,700 in July 2016, as detailed in note 15 to the financial statements, and as at today's date holds 373,368 shares in RDT.

We have updated shareholders in detail on a number of our investments over the financial year. As with any portfolio, the rate of progress and performance varies across the portfolio. Some of our investments will be able to develop their route to market more quickly. Others involve a longer development timetable. Taking this into account, I am very pleased with the progress made over this last financial year.

Your Directors will continue to review projects where we believe value can be created for the benefit of shareholders

  
Nigel Brent Fitzpatrick MBE  
Non-Executive Chairman

# strategic report

for the year ended 31 March 2016

## Business review

Further details of the investments made and the investee companies are detailed in the Chairman's statement and note 7 to the financial statements.

At the period end the Company holds approximately £200k cash (2015: £156k), no debt and continues to keep administration costs to a minimum so that the Company has sufficient resources to cover the Company's ongoing running costs and has maximum funds that can be dedicated to further investments.

The Company's net loss for the year is £351k (2015: loss of £303k). However, the overall total comprehensive income, which also includes the unrealised gains on investments carried at fair value, was a positive £204k (2015: loss of £50k).

The valuation of the investment portfolio under accounting rules and recorded in these financial statements at 31 March 2016 was £1,918k (2015: £1,147k), an increase of £771,000 on the prior year. During the year Vela invested £386,000 in disruptive technology businesses. Further details of these investment additions are given in note 7. The Company also recorded an unrealised gain through Other Comprehensive Income on its estimate of the fair value of the investment portfolio at 31 March 2016. This gain, of £449,000, included a significant increase in the estimate of the fair value of the Company's investment in Portr. We update shareholders regularly on investee company performance through our website newsfeed, as information becomes available, and further detailed information can be found here.

The Company has no employees and has a board of 1 male executive Director and 1 male non-executive Director.

## Key performance indicators (KPIs)

Measuring performance is integral to the next phase of our strategic growth. Management has selected KPIs to benchmark to the Company's progress. Management considers investment income, profit before tax and investment growth as KPIs in measuring Company performance.

Investment income is detailed in the statement of comprehensive income.

Management is satisfied with the level of costs and that these have been maintained to a minimum level and the loss is as expected for the Company.

Investment growth is detailed in note 7.

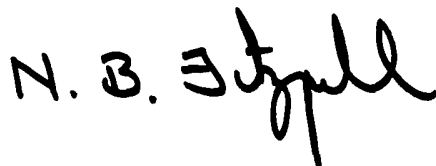
## Principal risks and uncertainties

The preservation of its cash balances and management of the capital remain key risks for the Company, ensuring that investments are commensurate with the level of risk.

The Company is committed to maintaining its minimal operational costs.

Further information about the Company's principal risks are detailed in note 12, specifically in the credit risk, liquidity risk and capital risk management sections.

Approved by the Board of directors and signed on behalf of the Board on 2 September 2016.



Nigel Brent Fitzpatrick MBE

Non-Executive Chairman

## directors and advisers

### **Nigel Brent Fitzpatrick MBE**

#### ***Non-Executive Chairman***

Mr Fitzpatrick has over 20 years' experience as a corporate finance consultant. In the last 15 years he has been instrumental in advising a number of companies on their acquisitions, funding and subsequent flotations. Mr Fitzpatrick was previously Chairman of Global Marine Energy PLC, a listed oil services Company. He is currently Chairman of Risk Alliance Group Ltd, Halcyon Oil & Gas Limited and Aboyne-Clyde Rubber Estates of Ceylon Limited. He is also non-executive Director of Powerhouse Energy Plc and Acorn Minerals Plc. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE.

### **Antony Jon Laiker**

#### ***Chief Executive Officer***

Mr Laiker has over 32 years of experience as a stockbroker, the last 22 years of which have been largely focused on managing assets and advising a wide range of clients on UK equities as well as assisting companies to raise funds. He is a member of the Chartered Institute for Securities and Investment.

### **Directors**

#### ***Nigel Brent Fitzpatrick MBE***

Non-Executive Chairman

#### ***Antony Jon Laiker***

Chief Executive Officer

### **Registered office**

10b Russell Court  
Cottingley Business Park  
Bingley  
West Yorkshire  
BD16 1PE

### **Nominated adviser and Broker**

***Allenby Capital Limited***  
3 St Helen's Place  
London  
EC3A 6AB

### **Auditors**

***Murray Harcourt Limited***  
Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW

### **Company secretary**

***E K Wilson***

### **Registrars**

***Neville Registrars***  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA

### **Solicitors**

***Hewitson Moorhead***  
Kildare House  
3 Dorset Rise  
London EC4Y 8EN

### **Accountants**

***Bailey Wilson***  
10b Russell Court  
Bingley BD16 1PE

### **Bankers**

***Barclays Bank plc***  
27 Soho Square  
London W1D 3QR

# corporate governance

for the year ended 31 March 2016

The Company is committed to applying the highest principles of corporate governance commensurate with its size.

## Compliance

As the Company is listed on AIM, it is not required to, and doesn't comply with the provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council, nor is it required to comment on its compliance with such provisions.

However, the following information is provided, which describes how the principles of corporate governance are applied by the Company.

## Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy and meets regularly. External advisers supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of two Directors, who bring a breadth of experience and knowledge.

The Chairman of the Board is Brent Fitzpatrick. The Board members are described on page 5 to the financial statements. All Directors are subject to re-election every three years and at the first Annual General Meeting (AGM) after their appointment. The Board has not appointed a Nomination Committee.

## Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with its institutional shareholders to discuss objectives.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairman is available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

## Accountability and audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price-sensitive reports and reports to regulators, as well as in the information required to be presented by statutory requirements.

The Company does not require a separate audit committee and as such the board as a whole reviews the independence and objectivity of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Company, seeking to balance objectivity and value for money.

## Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard both the shareholders' investment and the Company's assets.

The Board has reviewed its risk management framework to identify areas where procedures need to be changed or installed.

The Board has considered the need for an internal audit function but has decided that the size of the Company does not justify this at present. However, it will keep the decision under review. The Board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

The Directors are responsible for the Company's system of internal control and reviewing its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

# corporate governance

for the year ended 31 March 2016

The key features of the Company's system of internal control are as follows:

## ***Steps taken to ensure an appropriate control environment***

The Board has put into place a management structure with clearly defined responsibilities for internal financial control.

## ***Process used to identify major business risks and to evaluate their financial implications***

The identification of major business risks is carried out in conjunction with operational management and steps are taken to mitigate or manage these risks where possible.

## ***Major information systems that are in place***

There are comprehensive financial management reporting systems in place, which involve the preparation of detailed annual budgets by the Company and longer-term financial forecasting. The budgets are generated by the responsible member of the management team and passed to the Board for approval. The Board monitors performance against budget on a regular basis.

## ***Main control procedures which address the financial implications of the major business risks***

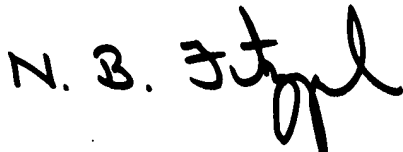
The Company maintains financial controls and procedures appropriate to the business environment conforming to overall standards and guidelines, which are set by the Board.

## ***Monitoring system the Board uses to check the system is operating effectively***

The external auditors review the control procedures to the extent necessary for expressing their audit opinion and report on any weakness arising during the course of their audit work. The Board has reviewed the operation and effectiveness of the Company's system of internal financial control for the financial period and for the period up to the date of the approval of these financial statements.

## **Going concern**

After making appropriate enquiries (described in page 10), the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future (in accordance with the Report of the Directors). For this reason, they continue to adopt the going concern basis in preparing the financial statements.



**Nigel Brent Fitzpatrick MBE**  
*Non-Executive Chairman*

# report on remuneration

for the year ended 31 March 2016

## Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the individual contributions of the Directors and employees. It believes in rewarding vision and innovation. The Board has decided to present this remuneration report for shareholder approval.

## Policy on Executive Directors' remuneration

The policy of the Board is to provide an executive remuneration package designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. The remuneration should also reflect the Directors' responsibilities and include incentives to deliver the Company's objectives. The notice period for termination of the Executive Director's service contract is 12 months.

As the Company is in the early stages of building an investment portfolio the Company has elected not to have a separate remuneration committee. The Board as a whole will instead review the scale and structure of Directors' fees, taking into account the interests of shareholders and the performance of the Company.

## Main elements of executive remuneration

There are three proposed elements of the Executive Director's remuneration package:

- i. fees;
- ii. annual bonus payments; and
- iii. share-based payments.

## Fees

The Executive Director's basic salary is reviewed by the Board. In deciding upon appropriate levels of remuneration, the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies, as well as internal factors such as performance.

## Annual bonus payments

The Board establishes the objectives which must be met for a bonus to be paid. A performance related award scheme incorporating audited earnings per share, share price performance and Company profitability has been established which recognises the success of the business for which the Executive Director is responsible. Bonus payments are non-pensionable.

## Share based payment

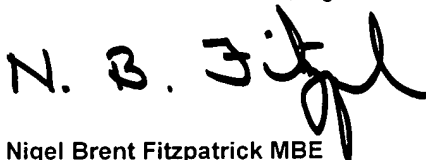
The Board establishes the objectives which must be met for a share based payment to be paid. A performance related award scheme incorporating audited earnings per share, share price performance and Company profitability has been established which recognises the success of the business for which the Executive Director is responsible. All share based entitlements for the Directors are disclosed in note 4 to the financial statements.

## Non-Executive Directors

The Board as a whole determines the remuneration of the Non-Executive Directors. Non-Executive Directors do not have contracts of service but letters of appointment.

## Details of Directors' remuneration

This report should be read in conjunction with note 4 to the financial statements, which also form part of this report. Full details of all elements of the remuneration package of each Director are given in note 4 to the financial statements, together with details of Directors' share interests.



Nigel Brent Fitzpatrick MBE  
Non-Executive Chairman

# report of the directors

for the year ended 31 March 2016

The Directors present their report together with the financial statements for the year ended 31 March 2016.

## General information

The Company is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

## Results and dividends

The results of the Company are set out in the Statement of Comprehensive Income. The Directors do not recommend payment of a dividend for the year ended 31 March 2016.

## Directors

The Directors of the Company and their interests in the shares of the Company at the start of the period, or when appointed, and at the end of the period, or on resignation, are set out in note 4 to the financial statements.

In accordance with the terms of the Company's Articles of Association, both Nigel Brent Fitzpatrick and Antony Jon Laiker will retire and will offer themselves for re-election at the forthcoming AGM.

The Directors who served during the period under review are:

N B Fitzpatrick  
A Laiker

## Financial risk management objectives and policies

The Directors constantly monitor the financial risks and uncertainties facing the Company with particular reference to the exposure to price, currency, credit, liquidity and cash flow risk. They are confident that suitable policies are in place and that all material financial risks have been considered. More detail is given in note 12 to the financial statements.

## Substantial shareholders

At 31 March 2016 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares, save for the Directors whose interests are disclosed in note 4 to the financial statements:

	Shareholding	%
JIM Nominees Ltd	280,087,548	38.82
Hargreaves Lansdown (Nominees) Limited	80,272,217	11.12
Beaufort Nominees Limited	36,124,680	5.01
HSBC Global Custody Nominees Limited Des: 676112	35,695,000	4.95
HSBC Global Custody Nominees Limited Des: 813934	25,614,700	3.55
Peel Hunt Holdings Limited	21,903,673	3.04

# report of the directors

for the year ended 31 March 2016

## Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on page 1. In addition, note 12 includes the Company's objectives, policies and processes for managing its capital, details of its financial risk management objectives, financial instruments and its exposures to credit risk and liquidity risks.

The Company has continued to progress as a long term investment Company seeking to invest in early stage pre-IPO businesses that want to develop. As a result of this the Company has reported a loss for the current year and continues to maintain minimal running costs ensuring that such losses are kept to a minimum. The current year loss has further increased the brought forward losses which are in line with the expectations of the Directors as the Company moves to becoming an established investment Company. Furthermore, the Company is reporting negative operating cash flows which the Directors are continuing to minimise by managing the cash balances effectively ensuring that funds are preserved to ensure the running costs are met, availability of cash is key in making decisions for the Company. In addition, liquidity can be maintained by selling some of the Company's quoted investments, for which there is an active market.

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and accounts.

## Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). 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 and profit or loss of the Company 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 IFRS 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 Company will continue in business.

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

Insofar as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

# report of the directors

for the year ended 31 March 2016

## Investing Policy

The Company's investing policy is set out below:

The Directors believe that companies have become increasingly reliant on emergent technologies, hi-tech engineering and scientific advances to drive growth. These technologies are applicable across a wide range of sectors including anything from Oil & Gas E&P, internet based business to Aviation. The Directors believe that an opportunity exists to acquire and consolidate holdings in Small and Medium sized Enterprises (SME's) operating in these sectors, with the intention of creating value for Shareholders. Initially, the Company's focus will be searching for companies which are based in the UK or Europe where there may be a number of opportunities to acquire interests in undervalued or pre-commercialisation technologies which, when applied, produce cost savings or revenue enhancement for customers. Early acquisition of these innovative technologies should provide maximum returns for Shareholders.

It is planned that the Company will have its head offices based in England with the UK being at the forefront of global technology, engineering and scientific advances. The Company intends the main focus of the investment policy to be on the implementation of solutions to enhance businesses' profitability, as well as to aid growth in new markets. This will include both pre-commercialisation and established commercial technologies. The Directors will however ensure that any investments meet strict due diligence criteria and the primary focus will be on companies post viability testing phase, to mitigate risk associated with early stage investment. This will not preclude the Company from considering investments in suitable projects in other regions and sectors where the Continuing Directors believe that there are high-growth opportunities.

The Directors see technology as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Continuing Directors will focus on early stage investments and believe that any investment target will have at least one of four key components: a strong management team; an innovative product proposal; revenue enhancing or cost saving capabilities; and high growth potential. It is anticipated that the main driver of success for the Company will be its focus, during the investment screening process, on the management involved in the potential investee companies and the potential value creation that the team of people is capable of realising. The Company intends to be an active investor. Accordingly, where the Directors feel that an investee company would benefit from their skills and expertise, they may look to seek representation on the board of the investee company.

In the first instance, the new capital available to the Company will be used to locate, evaluate and select the investment opportunities which would offer the greatest potential return for Shareholders in the long term. Once the Continuing Directors have identified the most attractive investments, the Company may require further funds in order to take up these opportunities. It is the intention of the Directors to undertake further fundraising, if such an opportunity should arise. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments may be made in all types of assets falling within the remit of the Investing Policy and there will be no investment restrictions.

The Directors may consider it appropriate to take an equity interest in any proposed investment which may range from a minority position to 100 per cent. ownership. Proposed investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

The Company will seek investment opportunities which can be developed through the investment of capital or where part of or all of the consideration could be satisfied by the issue of new Ordinary Shares or other securities in the Company. The opportunities would generally have some or all of the following characteristics, namely:

- a majority of their revenue or expected revenues derived from technology, hi-tech engineering or scientific advances and strongly positioned to benefit from the sector's growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issuance of new Ordinary Shares or other securities in the Company.

The Directors believe that their collective business experience in the areas of investment will assist them in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives.

## report of the directors

for the year ended 31 March 2016

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out. There will be no limit on the number of projects into which the Company may invest and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets.

The Directors believe that the status of the Company as an Investing Company enables it to fund investments or acquisitions using a mixture of cash, equity and/or debt and intend to actively monitor these investments.

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist. The Company will not have a separate investment manager.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends.

### **Post balance sheet events**

#### *Further investment in BTL Limited*

On 6 May 2016 the Company announced that it had subscribed for CAN\$25,000 of new BTL shares at the price of the BTL private placement. Following this new investment, the Company holds 741,666 ordinary shares equivalent to a 4.7% equity interest.

#### *Disposal of SalvaRx shares*

Between April 2016 and August 2016 the Company has disposed of a significant proportion of the shares held in SalvaRx for an aggregate consideration of £53,161.

#### *Conversion of Stream TV loan note*

On 23 June 2016 the Company has entered into a conversion notice agreeing to an early conversion of its \$100,000 Stream TV CPN's, along with accrued interest of \$43,693, into new Class A common shares in Stream TV at a price of \$3.00 per share. The accrued interest includes a bonus of \$7,500 as a consequence of early conversion. Following the conversion, the Company will have an interest of 0.14% in the Class A common share capital of Stream TV.

#### *Sale of Roslyn Data Technologies plc shares*

In July 2016 the company disposed of 30,000 shares for a consideration of £2,700.

### **Auditors**

Murray Harcourt Limited were re-appointed and their re-appointment will be proposed at the AGM in accordance with Section 489(1) of the Companies Act 2006.

### **Strategic Report**

In accordance with section 414C of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have been included in the Directors' Report.

On behalf of the Board



Nigel Brent Fitzpatrick  
Non-Executive Chairman

2 September 2016

# independent auditor's report

for the year ended 31 March 2016

We have audited the financial statements of Vela Technologies Plc for the year ended 31 March 2016 which comprise the accounting policies, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# independent auditor's report

for the year ended 31 March 2016


## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

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



Steven Williams FCA  
Senior Statutory Auditor  
for and on behalf of Murray Harcourt Limited  
Statutory Auditor, Chartered Accountants  
13-19 Queen Street  
Leeds  
LS1 2TW

2/9/2016

# accounting policies

for the year ended 31 March 2016

## 1a Presentation of financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006, and under the historical cost convention, as modified by the revaluation of certain available-for-sale financial assets. All values presented in the financial statements are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### Changes in accounting policy

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements:

- IFRS 9 Financial Instruments (effective 1 January 2018) (not yet EU adopted)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) (not yet EU adopted)
- IFRS 16 Leases (effective 1 January 2019) (not yet EU adopted)

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

## 1b Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and the Strategic report on pages 1 and 4. The financial position of the Company, its cash flows and liquidity position are described in the Chairman's statement and the Strategic report on pages 1 and 4. In addition, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of financial instruments and exposures to credit and liquidity risks are included in note 12 to the financial statements.

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and accounts. Further information is also provided on page 10.

## 1c Summary of significant accounting policies

### *Taxation*

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income in which case the related deferred tax is also charged or credited directly to equity.

### *Leased assets*

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease term. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant or equipment and the present value of the minimum lease payments.

# accounting policies

for the year ended 31 March 2016

## **Financial instruments**

A financial instrument refers to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognised on the Company's balance sheet when the Company becomes a party to the contractual terms of the instrument. Financial instruments include investments, cash and deposits, trade receivables and payables, and equity securities.

## **Investments**

Purchases of investments are initially recognised at cost at the date of the transaction, being the fair value of the consideration.

The basis on which investments are valued is detailed in note 12 to the accounts.

Investments held are classified as available for sale. Any gains or losses arising from the sale of such assets will be recognised through comprehensive income with the exception of impairment losses which are charged directly to profit or loss.

The investments are managed by the Board and their performance is reviewed internally.

## **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and changes to debtor payment patterns are considered indicators that the trade receivable may be impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

## **Trade and other payables**

Trade and other payables are not interest-bearing and are stated at their fair value on initial recognition. They are then measured at amortised cost.

## **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks that are readily convertible into known amounts of cash and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct costs.

## **Equity**

Equity comprises the following:

Share capital	–	represents the nominal value of equity shares
Share premium	–	represents the excess over the nominal value of the fair value of consideration for shares issued
Available for sale reserve	–	represents the cumulative fair value movement on available for sale investments held at the balance sheet date
Share option reserve	–	represents the cumulative charges for share based payments
Retained earnings	–	represents the accumulated retained profits

# accounting policies

for the year ended 31 March 2016

## **Foreign currencies**

The presentational currency is sterling. The Company's functional currency is sterling. Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation of monetary assets and liabilities are included in net profit or loss for the period.

## **Segmental reporting**

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company);
- whose operating results are reviewed regularly by the Company's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Company comprises a single operating segment being an investment Company operating solely within the United Kingdom. Further information on the segment is disclosed in note 1 to the financial statements.

## **Share-based payments**

Share-based payments that are within the scope of IFRS 2 Share-based Payment have been recognised in the financial statements in accordance with that standard. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and, in accordance with IFRS 2, excludes the impact of non-market vesting conditions.

Equity-settled share-based payments are recognised as an expense in the income statement in accordance with IFRS 2 with a corresponding credit to equity. If a service period or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods of share options ultimately exercised that are different from the number that actually vested. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium.

Fair values of share options or awards, measured at the date of the grant of the option or award, are determined using a Black Scholes model methodology.

## **1d Accounting estimates and judgements**

### **Significant judgements in applying the Company's accounting policies**

In the process of applying the Company's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

### **Recognition of deferred tax assets**

The Directors have also used their judgement in not recognising deferred tax assets as explained in note 5 to the financial statements.

### **Estimates**

Management have made no significant estimates, other than in relation to the carrying value of investments (detailed overleaf), in preparing these financial statements.

# accounting policies

for the year ended 31 March 2016

## 1d Accounting estimates and judgements (continued)

### Investments

Investments have been valued in accordance with the accounting policy set out in section 1c. The Directors have used their judgement in valuing certain unquoted investments at cost. The use of cost for measurement is acceptable under IAS 39 when fair value cannot reliably be measured. From consideration of the information available in respect of certain investments as at the year end, the Directors' judgement was that fair value could not reliably be measured for certain unquoted investments and hence using a cost less impairment approach was appropriate. Further details in respect of investment valuations is provided in notes 7 and 12 to the financial statements.

# statement of comprehensive income

for the year ended 31 March 2016

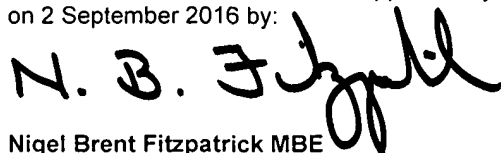
	Notes	31 March 2016 £'000	31 March 2015 £'000
Revenue	1	9	8
<b>Administrative expenses</b>			
– share-based payments		(23)	(107)
– other administrative expenses		(181)	(204)
– loss on disposal of available-for-sale assets		(13)	-
– impairment of available-for-sale assets		(143)	-
<b>Total administrative expenses</b>		<b>(360)</b>	<b>(311)</b>
<b>Operating loss</b>	2	<b>(351)</b>	<b>(303)</b>
<b>Loss before tax</b>		<b>(351)</b>	<b>(303)</b>
Income tax	5	-	-
<b>Loss</b>		<b>(351)</b>	<b>(303)</b>
<b>Other comprehensive income:</b>			
<i>Items that will or may be reclassified to profit or loss:</i>			
Fair value movement on available-for-sale investments		449	253
Reclassification of changes in fair value of available-for-sale investments to profit or loss		106	-
<b>Other comprehensive income for the year</b>		<b>555</b>	<b>253</b>
<b>Total comprehensive income</b>		<b>204</b>	<b>(50)</b>
<b>Attributable to:</b>			
Equity holders of the Company		204	(50)
<b>Earnings per share</b>			
<b>Basic and diluted loss per share (pence)</b>	6	<b>(0.07)</b>	<b>(0.12)</b>

# balance sheet

as at 31 March 2016

		31 March 2016 £'000	31 March 2015 £'000
	Notes		
<b>Non-current assets</b>			
Investments	7	1,918	1,147
<b>Current assets</b>			
Trade and other receivables	8	36	31
Cash and cash equivalents	11	200	156
<b>Total current assets</b>		<b>236</b>	<b>187</b>
<b>Total assets</b>		<b>2,154</b>	<b>1,334</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	10	722	459
Share premium account		1,117	936
Available-for-sale reserve		808	253
Share option reserve		130	107
Retained earnings		(801)	(450)
<b>Total equity</b>		<b>1,976</b>	<b>1,305</b>
<b>Current liabilities</b>			
Trade and other payables	9	178	29
<b>Total liabilities</b>		<b>178</b>	<b>29</b>
<b>Total equity and liabilities</b>		<b>2,154</b>	<b>1,334</b>

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 2 September 2016 by:



Nigel Brent Fitzpatrick MBE  
Non-Executive Chairman

Company registration number: 03904195

# cash flow statement

for the year ended 31 March 2016

		31 March 2016 £'000	31 March 2015 £'000
	Notes		
<b>Operating activities</b>			
Loss before tax		(351)	(303)
Loss on disposal of available-for-sale assets		13	-
Impairment of available-for-sale assets		143	-
Share-based charge		23	107
Issue of shares in lieu of services		-	65
Increase in receivables		(5)	(5)
Decrease in payables		(2)	(12)
Tax charge		-	-
<b>Total cash flow from operating activities</b>		<b>(179)</b>	<b>(148)</b>
<b>Investing activities</b>			
Consideration for disposal of investment		14	6
Consideration for purchase of investment		(235)	(276)
<b>Total cash flow from investing activities</b>		<b>(221)</b>	<b>(270)</b>
<b>Financing activities</b>			
Proceeds from the issue of ordinary share capital		444	565
<b>Total cash flow from financing activities</b>		<b>444</b>	<b>565</b>
Net increase in cash and cash equivalents		44	147
Cash and cash equivalents at start of year		156	9
<b>Cash and cash equivalents at the end of the year</b>	11	<b>200</b>	<b>156</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and cash in bank		200	156
<b>Cash and cash equivalents at end of year</b>	11	<b>200</b>	<b>156</b>

# statement of changes in equity

for the year ended 31 March 2016

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Available -for-sale reserve £'000	Share option Reserve £'000	Total Equity £'000
<b>Balance at 1 April 2015</b>	<b>459</b>	<b>936</b>	<b>-</b>	<b>(450)</b>	<b>253</b>	<b>107</b>	<b>1,305</b>
<b>Transactions with owners</b>							
Issue of share options	-	-	-	-	-	23	23
Issue of share capital	263	181	-	-	-	-	444
<b>Transactions with owners</b>	<b>263</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>467</b>
Loss for the year	-	-	-	(351)	-	-	(351)
Other comprehensive income	-	-	-	-	555	-	555
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(351)</b>	<b>555</b>	<b>-</b>	<b>204</b>
<b>Balance at 31 March 2016</b>	<b>722</b>	<b>1,117</b>	<b>-</b>	<b>(801)</b>	<b>808</b>	<b>130</b>	<b>1,976</b>
<b>Balance at 1 April 2014</b>	<b>222</b>	<b>723</b>	<b>-</b>	<b>(147)</b>	<b>-</b>	<b>-</b>	<b>798</b>
Issue of share options	-	-	-	-	-	107	107
Issue of share capital	237	213	-	-	-	-	450
<b>Transactions with owners</b>	<b>237</b>	<b>213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>557</b>
Loss for the year	-	-	-	(303)	-	-	(303)
Other comprehensive income	-	-	-	-	253	-	253
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(303)</b>	<b>253</b>	<b>-</b>	<b>(50)</b>
<b>Balance at 31 March 2015</b>	<b>459</b>	<b>936</b>	<b>-</b>	<b>(450)</b>	<b>253</b>	<b>107</b>	<b>1,305</b>

# notes to the financial statements

for the year ended 31 March 2016

## 1 Revenue and segmental information

The Company is an investment Company and as such there is only one identifiable operating segment, being the holding and support of investments. Furthermore, the Company operates in a single geographic segment being the United Kingdom. The results and balances and cash flows of the segment are as presented in the primary statements. Revenue received in the period under review represents the accrued value for interest receivable from loan notes held in Stream TV Networks.

## 2 Loss from operations

Loss from operations is stated after charging:

	31 March 2016 £'000	31 March 2015 £'000
Auditors' remuneration for auditing of accounts	9	9
Auditors' remuneration for non-audit services	1	1
Foreign exchange gains	(4)	(6)
Loss on disposal of available-for-sale assets	13	-
Impairment of available-for-sale assets	143	-

## 3 Staff costs

The average number of persons employed by the Company (including Directors) during the period was as follows:

	31 March 2016	31 March 2015
Directors and senior management	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

The aggregate payroll costs for these persons were as follows:

	31 March 2016 £'000	31 March 2015 £'000
Aggregate wages and salaries	78	44
Social security costs	-	-
Share-based payments	23	107
Pensions costs	-	-
	<b>101</b>	<b>151</b>

# notes to the financial statements

for the year ended 31 March 2016

## 4 Directors and senior management

### Directors' remuneration

	31 March 2016				
	Salary £'000	Fees £'000	Pension £'000	Equity £'000	Total £'000
N B Fitzpatrick	-	32	-	-	32
A Laiker	-	46	-	-	46
	-	78	-	-	78

	31 March 2015				
	Salary £'000	Fees £'000	Pension £'000	Equity £'000	Total £'000
N B Fitzpatrick	-	21	-	-	21
A Laiker	-	23	-	-	23
	-	44	-	-	44

### Directors' and senior management's interests in shares

The Directors who held office at 31 March 2016 held the following shares:

	31 March 2016	31 March 2015
N B Fitzpatrick	1,500,000	1,500,000
A Laiker	35,191,724	25,416,724

The total share-based payment costs in respect of options granted are:

	31 March 2016 £'000	31 March 2015 £'000
Directors	23	107
Non-management	-	-

On 18 September 2015 the Company granted options over a total of 10,489,560 ordinary shares of 0.1 pence each ("Ordinary Shares") representing approximately 1.7 per cent of the Company's issued ordinary share capital at the time of the grant, at an exercise price of 0.15 pence per share. The options were granted equally (5,244,780 each with a total exercise price of £7,867 per Director) to Directors, Brent Fitzpatrick and Antony Laiker, and vest as to one third on grant and one third on each of the first and second anniversaries of grant. They are not subject to any performance conditions and will lapse 7 years from the date of grant.

The exercise price of the options is lower than the mid-market price on 18 September 2015 of 0.19p per share and at a discount of 25 per cent. to the Company's most recent placing announced on 26 August 2015.

On 22 October 2015 the Company announced that it granted options over a total of 6,400,000 ordinary shares of 0.1 pence each ("Ordinary Shares") representing approximately 1.3 per cent of the Company's issued ordinary share capital at the time of the grant, at an exercise price of 0.205 pence per share. The options were granted equally (3,200,000 each with a total exercise price of £6,560 per Director) to Directors, Brent Fitzpatrick and Antony Laiker, and vest as to one third on grant and one third on each of the first and second anniversaries of grant. They are not subject to any performance conditions and will lapse 7 years from the date of grant.

The exercise price of the options is equal to the mid-market price on 22 October 2015 of 0.205p per share and at a premium of 2.5 per cent. to the Company's most recent placing announced on 26 August 2015.

## notes to the financial statements

for the year ended 31 March 2016

### 4 Directors and senior management (continued)

Following the grant, the total number of options outstanding over ordinary shares is 29,124,854, representing 4.99 per cent of the Company's issued share capital.

The options have been valued using the Black-Scholes method and the appropriate charge made to the financial statements during the year under review. Further details regarding the valuation methodology are provided in note 13 to the financial statements

### 5 Tax

	31 March 2016 £'000	31 March 2015 £'000
Current tax:		
UK tax	-	-
<b>Tax charge</b>	<b>-</b>	<b>-</b>

A deferred tax asset relating to losses carried forward has not been recognised due to uncertainty over the existence of future taxable profits against which the losses can be used. The Company has unused tax losses of approximately £4.4m (2015: £4.0m). In addition, a deferred tax liability on the cumulative fair value gain of £808k on available-for-sale assets has not been recognised on the basis that it would be offset by available taxable losses.

### Tax reconciliation

	31 March 2016 £'000	31 March 2015 £'000
Loss before tax	(351)	(303)
Tax at 21% (2015: 24%) on loss before tax	(74)	(63)
Effects of:		
Other expenses not deductible	7	17
Utilisation of losses	-	-
Unrelieved losses carried forward	67	46
<b>Total tax (credit)/expense</b>	<b>-</b>	<b>-</b>

### 6 Loss per share

Loss per share has been calculated on a loss after tax of £351,000 (2015: £303,000 loss) and the weighted number of average shares in issue for the year of 533,749,896 (2015: 263,087,300).

The loss and weighted average number of shares used in the calculations is set out below:

	31 March 2016	31 March 2015
Loss (£'000)	(351)	(303)
Loss per share (pence)	(0.07)	(0.12)

# notes to the financial statements

for the year ended 31 March 2016

## 7 Investments

	31 March 2016 £'000	31 March 2015 £'000
Opening balance	1,147	524
Additions during the year	386	369
Disposals during the year	(17)	(5)
Exchange rate differences	3	6
Gain included in Other Comprehensive Income	449	253
Current year impairment charged to profit or loss	(50)	-
Closing balance	1,918	1,147

### Additions during the year:

#### *Further investment in 3Legs Resources Plc / SalvaRx*

On 13 May 2015 the Company acquired a further 4,500,000 shares in 3Legs at a price of 0.215 pence per share. The Company's resultant holding in 3Legs was 23,500,000 shares, representing 5.42% of the total voting rights of 3Legs. Vela's shareholding in 3Legs has been acquired at an average price of 0.213 pence per share for a total consideration of approximately £50,090. During the period, 3Legs completed the reverse acquisition of SalvaRx Limited and was renamed SalvaRx Group Plc. As a result of this transaction, the Company's shareholding was consolidated to 235,000 shares in SalvaRx Group Plc.

#### *Investment in Revolve Performance*

On 19 June 2015, the Company announced it had invested £50,000 in Revolve Performance. Revolve Performance is a newly incorporated Company that has acquired 100% of the share capital of Nitec Limited, a non-operating holding Company that owns 100% of the UK operating Company, Revolve Technologies Limited ("Revolve Technologies"), and 91% of Mountune LLC, the US operating Company.

Revolve Performance has raised £1.5 million through an equity investment to support expansion in the US and £1.5 million through a loan investment which will be used mainly to refinance existing debt and capital expenditure in the UK. Vela has invested £50,000 in the equity investment round for a minority interest in the share capital of Revolve Performance.

Revolve Performance was incorporated on 17 April 2015 for the purposes of the transaction and has therefore not produced any accounts to date. For the year ended 31 December 2014, Nitec Limited generated revenue of £7.82 million and an operating profit of £0.20 million. Net assets of Nitec Limited as at 31 December 2014 were £2.22 million. Results for the first quarter of 2015 were ahead of internal forecasts with sales at Mountune LLC at record levels and growing.

#### *BTL Limited*

On 6 November 2015, the Company announced that it has successfully completed the investment in BTL Limited as previously announced on 26 August 2015 and 14 October 2015. The Company invested £175,000, representing circa 5% of the fully diluted share capital of BTL Limited. BTL Limited is a technology company incorporated in the Isle of Man, headquartered in Vancouver, Canada, is exploring applications of blockchain technology in a variety of existing industries including money transmission, insurance, voting and smart contracts, its current focus is on developing a remittance solution, Interbit, as well as providing consultancy services to firms looking to leverage blockchain technology.

#### *Further investment in Portr Limited*

In March 2016 the Company announced that it had committed to a further investment in Portr Limited, which completed in April 2016. The Company has further invested £151,343 and, following completion, the Company has an interest in 101,989 shares representing 3.9% of Portr's issued share capital.

# notes to the financial statements

for the year ended 31 March 2016

## 8 Trade and other receivables

	31 March 2016 £'000	31 March 2015 £'000
Other receivables	13	19
Prepayments and accrued income	23	12
	<b>36</b>	<b>31</b>

## 9 Trade and other payables

	31 March 2016 £'000	31 March 2015 £'000
Trade payables	13	5
Accruals and deferred income	165	24
	<b>178</b>	<b>29</b>

## 10 Share capital

	31 March 2016 £'000	31 March 2015 £'000
<b>Authorised capital</b>		
9,999,520,000 ordinary shares of 0.1 pence each	10,000	10,000
	<b>10,000</b>	<b>10,000</b>
<b>Allotted, called up and fully paid capital</b>		
721,588,020 ordinary shares of 0.1 pence each	722	459
	<b>722</b>	<b>459</b>

### Allotments during the period

The Company allotted the following ordinary shares during the year:

	31 March 2016
Shares in issue at 1 April 2015	459,088,020
Shares issued during the year	262,500,000
<b>Shares in issue at 31 March 2016</b>	<b>721,588,020</b>

	31 March 2015
Shares in issue at 1 April 2014	222,088,021
Shares issued during the period	236,999,999
<b>Shares in issue at 31 March 2015</b>	<b>459,088,020</b>

On 21 September 2015 the Company issued 125,000,000 new ordinary shares of 0.1p each at a price of 0.2p each, totalling £250,000.

On 8 March 2016 the Company issued 137,500,000 new ordinary shares of 0.1p each at a price of 0.16p each, totalling £220,000. Mr Antony Laiker, a Director of the Company, subscribed for 6,875,000 of these shares.



# notes to the financial statements

for the year ended 31 March 2016

## 11 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2016 £'000	31 March 2015 £'000
Cash and cash in bank:		
Pound sterling	200	156
<b>Cash and cash equivalents at end of year</b>	<b>200</b>	<b>156</b>

## 12 Financial instruments

The Company uses various financial instruments which include cash and cash equivalents and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations and manage its working capital requirements.

The fair values of all financial instruments, other than certain investments recorded at cost, are considered equal to their book values. The existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail overleaf.

The main risks arising from the Company's financial instruments are currency risk, credit risk and liquidity risk. The Directors review and agree the policies for managing each of these risks and they are summarised overleaf. The Company does not have any borrowings on which interest is charged at a variable rate. The Directors, therefore, do not consider the Company to be exposed to material interest rate risk.

### *Currency risk*

There was minimal exposure to foreign exchange fluctuations to 31 March 2016, and as such sensitivity analysis has not been presented.

### *Credit risk*

This section along with the liquidity risk and capital risk management sections below also form part of the strategic report.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	31 March 2016 £'000	31 March 2015 £'000
Classes of financial assets – carrying amounts		
Financial assets measured at fair value through other comprehensive income	1,918	1,147
Loans and receivables	13	19
	<b>1,931</b>	<b>1,166</b>

The Company's management considers that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

# notes to the financial statements

for the year ended 31 March 2016

## 12 Financial instruments (continued)

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of its inputs, using a three-level hierarchy. There have been no transfers between Levels in the fair value hierarchy.

### Quoted market prices in active markets – “Level 1”

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has three investments classified in this category, one of which was purchased in the year. The aggregate historic cost of the three investments is £355,950 and the fair value as at 31 March 2016 was £343,787 (2015: £127,683). In the current period £92,916 has been reclassified from the Available-For-Sale reserve to profit or loss in respect of the impairment of one of these three investments.

### Valued using models with significant observable market parameters – “Level 2”

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has one unquoted investment classified in this category. The historic cost of this investment is £351,343 (2015: £200,000) and the fair value as at 31 March 2016 was £1,079,050 (2015: £525,444), giving rise to a gain of £402,263 in 2016 credited to Other Comprehensive Income. The investment was valued using the transaction price ascribed to the shares following a placing by the investee Company in April 2016.

### Valued using models with significant unobservable market parameters – “Level 3”

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. None of the Company's investments fall into this category.

The Company has five investments that are held at cost less impairment as a reliable estimate of fair value cannot be determined. An impairment charge of £50,000 has been recognised directly in profit or loss in respect of one of these investments. As at 31 March 2016 the historical cost of these investments amounted to £545,413 and their aggregate carrying value was £495,413.

### Liquidity risk

The Company maintains sufficient cash to meet its liquidity requirements. Management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flow in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

### Maturity analysis for financial liabilities

	31 March 2016		31 March 2015	
	Within 1 year £'000	Later than 1 year £'000	Within 1 year £'000	Later than 1 year £'000
<b>At amortised cost:</b>				
Financial liabilities at amortised cost	178	–	5	–
	178	–	5	–

### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. This is achieved by making investments commensurate with the level of risk. The Company is performing in line with the expectations of the Directors.

# notes to the financial statements

for the year ended 31 March 2016

## 12 Financial instruments (continued)

The Company monitors capital on the basis of the carrying amount of equity. The Company policy is to set the amount of capital in proportion to its overall financing structure, i.e. equity and long-term loans. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or loan notes, or sell assets to reduce debt.

## 13 Share-based payments

The Company rewards its Directors using equity settled share-based payments.

On 18 September 2015 the Company granted options over a total of 10,489,560 ordinary shares of 0.1 pence each representing approximately 1.7 per cent of the Company's issued ordinary share capital at the time of the grant, at an exercise price of 0.15 pence per share. The options were granted equally (5,244,780 each with a total exercise price of £7,867 per Director) to Directors, Brent Fitzpatrick and Antony Laiker, and vest as to one third on grant and one third on each of the first and second anniversaries of grant. They are not subject to any performance conditions and will lapse 7 years from the date of grant. The fair value of the options granted during the year was determined using the Black Scholes valuation model.

The model takes into account a volatility rate of 70.98%, which has been derived from historical experience. A weighted average risk-free interest rate of 2.0% has been applied. The share price was 0.19 pence and the exercise prices of the options were 0.15 pence.

On 22 October 2015 the Company announced that it granted options over a total of 6,400,000 ordinary shares of 0.1 pence each representing approximately 1.3 per cent of the Company's issued ordinary share capital at the time of the grant, at an exercise price of 0.205 pence per share. The options were granted equally (3,200,000 each with a total exercise price of £6,560 per Director) to Directors, Brent Fitzpatrick and Antony Laiker, and vest as to one third on grant and one third on each of the first and second anniversaries of grant. They are not subject to any performance conditions and will lapse 7 years from the date of grant. The fair value of the options granted during the year was determined using the Black Scholes valuation model.

The model takes into account a volatility rate of 79.47%, which has been derived from historical experience. A weighted average risk-free interest rate of 2.0% has been applied. The share price was 0.205 pence and the exercise prices of the options were 0.205 pence.

The amount of remuneration expense in respect of the share options granted amounts to £23,000 (2015: £107,000).

The total number of options outstanding at 31 March 2016 was 29,124,854 (2015: 22,724,854). None of the options issued have either lapsed or been exercised in the period.

# notes to the financial statements

for the year ended 31 March 2016

## 13 Share-based payments (continued)

Details of the options outstanding at the year end and the inputs to the option pricing model are as follows:

	Options granted 22 October 2015	Options granted 18 September 2015	Options granted 2 October 2014	Options granted 8 April 2014
Share price at grant date (pence)	0.21	0.19	0.33	1.50
Exercise price (pence)	0.21	0.15	0.33	0.85
Expected life (years)	7	7	7	7
Annualised volatility (%)	79.47	70.98	95.16	74.23
Risk-free interest rate (%)	2.0	2.0	2.0	2.0
Fair value determined (pence)	0.15	0.13	0.26	1.17
Number of options granted	6,400,000	10,489,560	4,000,000	8,235,294
Options exercisable at 31 March 2016	2,133,333	6,993,040	2,666,667	5,490,196

None of the options outstanding as at 31 March 2016 are subject to any performance criteria

## 14 Related party transactions

During the period the Company entered into the following related party transactions. All transactions were made on an arm's length basis.

### Ocean Park Developments Limited

Nigel Brent Fitzpatrick, Non-Executive Director, is also a Director of Ocean Park Developments Limited. During the year the Company paid £32,000 (2015: £21,000) in respect of his Directors fees to the Company. The balance due to Ocean Park Developments Limited at the year end was £nil (2015: £nil).

### Risk Alliance Insurance Brokers Limited

Nigel Brent Fitzpatrick, Non-Executive Director, is also a Director of Risk Alliance Insurance Brokers Limited. During the year the Company paid £5,510 (2015: £5,830) in respect of insurance fees at arm's length, for the Company. The balance due to Risk Alliance Insurance Brokers Limited at the year end was £nil (2015: £nil).

### Widdington Limited

Antony Laiker, Director, is also a Director of Widdington Limited. During the year the Company paid £46,000 (2015: £23,000) in respect of his Directors fees to the Company. The balance due to Widdington Limited at the year end was £nil (2015: £nil).

# notes to the financial statements

for the year ended 31 March 2016

## 15 Events after the balance sheet date

### *Further investment in BTL Limited*

On 6 May 2016 the Company announced that it had subscribed for CAN\$25,000 of new BTL shares at the price of the BTL private placement. Following this new investment, the Company holds 741,666 ordinary shares, equivalent to a 4.7% equity interest.

### *Conversion of Stream TV loan note*

On 23 June 2016 the Company has entered into a conversion notice agreeing to an early conversion of its \$100,000 Stream TV CPN's, along with accrued interest of \$43,693, into new Class A common shares in Stream TV at a price of \$3.00 per share. The accrued interest includes a bonus of \$7,500 as a consequence of early conversion. Following the conversion, the Company will have an interest of 0.14% in the Class A common share capital of Stream TV.

### *Disposal of SalvaRx shares*

Between April 2016 and August 2016 the Company has disposed of a significant proportion of the shares held in SalvaRx for an aggregate consideration of £53,161.

### *Sale of Rosslyn Data Technologies plc shares*

In July 2016 the company disposed of 30,000 shares for a consideration of £2,700.