

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 30 June 2016  
for  
Eurovestech Plc

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for the Year Ended 30 June 2016

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Eurovestech Plc

Company Information  
for the Year Ended 30 June 2016

<b>DIRECTORS:</b>	R P Bernstein R H Grogan Q C M Solt
<b>SECRETARY:</b>	EPS Secretaries Limited
<b>REGISTERED OFFICE:</b>	29 Curzon Street London W1J 7TL
<b>REGISTERED NUMBER:</b>	03913197
<b>AUDITORS:</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
<b>BANKERS:</b>	HSBC Plc 69 Pall Mall London SW1Y 6RH
<b>REGISTRARS:</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0GA

## Eurovestech Plc

### Chairman's Report for the Year Ended 30 June 2016

It was a year of continuing progress: both in terms of specific advances at several portfolio companies and towards our goal of positioning more investee companies for sale and the subsequent return of further cash to shareholders.

Let me update you on the portfolio.

#### **Kalibrate Technologies Plc ("Kalibrate")**

Kalibrate is the market leader in the design and supply of software and systems that help service station (petrol stations) and their related convenience stores establish prices for their products. At one time, Eurovestech owned all of the share capital of Kalibrate.

As many of our shareholders know, we are long term investors. Investors may recall that Eurovestech acquired KSS, a company with a quoted market capitalisation at one time of some £300 million, for £1 million pounds in 2003. Half of the acquired assets were sold within several years for some £11 million. The petrol pricing business was kept and received our attention. Its management team was bolstered. Its development efforts were supported.

In December 2013, Kalibrate listed on AIM. The share price, which rose from its 69p IPO price in December 2013 to 130p, declined significantly during the year, from 102p to 67.5p. Bafflingly, on 24 June 2016, the day of the Brexit result, the share price fell by 15% on negligible volume, despite Kalibrate reporting in US dollars.

The share price performance has not matched the performance of the business: growth from \$24.4 million revenue and \$3.0 million EBITDA in fiscal 2013 to \$34.9 million revenue and EBITDA of \$4.3 million in fiscal 2016. This growth has been achieved despite heavy investment in building new solutions in merchandise and B2B, whilst expanding operations in Rest of World markets. Given how much has happened within the Company, and how much the Company's performance has improved, this is a matter of intense frustration.

Let me shed light on what KSS has been doing. Investors know of KSS' base business - providing the software services to help petroleum companies price their downstream products, at the pump. It is a quite natural thing for the consumer to believe that the price of a petroleum product, on display as you drive into a petrol station, will have been there for some time. But that is not at all the case. In fact, the price may have changed several times that day already, and may be changed several more. The applicable equation for setting price for the thousands of products for sale at convenience stores, is different. Here, identified complex patterns of purchasing and bundling of products help determine, and are then affected by, adjusted prices. It is in this area that KSS has been working, and investing, to build a strategically adjacent business.

Kalibrate is the noted supplier to approximately 50% of the North American petroleum market. It serves virtually all of the market's largest customers, doing so from offices in Cleveland, Ohio and Tulsa, Oklahoma. Notably, Kalibrate has never lost a single one of its major North American customers. Some of our investors were able see and hear the talk that one of these customers gave to an investor group in London last year. Mr. Carl Ricker, owner of some fifty-five petrol and convenience stores in the state of Indiana, came to London to address the gathering. His was a powerful message of Kalibrate's critical role in their enhanced management of his business.

Off this powerful US presence and from its U.K. office in Manchester, Kalibrate has been at work as well and for some time developing an international business of equivalent strength. Europe was, quite naturally, first: a strong market presence and market share has been successfully developed in Europe. But Asia, too, has been an objective. This past year has seen initial success in Asia with the establishment of a joint venture in India and the Company's first sale in China!

An evolving and continually enhanced management team under the strong leadership of Bob Stein has produced these results. That team has maintained Kalibrate's long-standing customer relationships and has developed Kalibrate's strong market presence.

The very strength of the Company's market position strength has become an ironic burden during its pursuit of another year of record performance. The 'big fish' in this market can become harder to find in a sea where we have fished so successfully. The fact that some are swimming in international waters make them harder to catch! That is to say that the bureaucratic complexities of some international markets and customers can act to slow progress, even as those same complexities can serve to make the customer relationships ultimately stronger and more sustainable.

## Eurovestech Plc

### Chairman's Report for the Year Ended 30 June 2016

When we combine this with a shift to SAAS (software as a service)-based business -- increasingly though not wholly our focus -- given the way SAAS accounting can impact short-term profit reporting even while leading to an increase in longer-term growth in value, the business has some challenges. Of these we are well aware. However, we are encouraged by the fact that the markets in which Kalibrate competes are large and accessible.

Since our £1 million investment in 2003, we have banked £28 million and still retain £2 million of shares. Despite this, our focus is on the future and not the past. We regard Kalibrate's very lowly share price as making it highly vulnerable to a takeover.

At 30 June 2016, Eurovestech owned 8.1 per cent of Kalibrate's issued share capital.

#### **ITWP/Toluna ("Toluna")**

Eurovestech's total portfolio value is dominated by our holding in Toluna, or ITWP. This is not the outcome of an imbalanced pattern of investment. Rather, it is the consequence of extraordinary success of the Toluna investment. The very existence, much less the performance, of Toluna represents another great Eurovestech story.

Our £2 million investment in this on-line market research company, a disruptive pioneer in its field, was the business' founding investment. We supported the entrepreneurial vision and what we expected would be the dynamic leadership of Frederic-Charles Petit. We made our initial investment in 2000. Since that time, Eurovestech has sold shares worth £40 million. Eurovestech continues to hold a 14.8% interest in the Company and the value of that position stands at £27.7 million.

I'm delighted to report that Toluna achieved its best year since it was taken private in 2011. As well as achieving record revenues, the business delivered double digit sales growth. The trajectory remains favourable with further good growth forecast for 2017. During the year under review, the company secured a long term joint venture with a major customer that will lead to a material increase in revenues and profits. We salute Toluna's Chief Executive for his endurance.

We are working with management and the company's other shareholders to maximize the impact of this development both for the company and for all of you.

#### **VizEat**

VizEat, simply but evocatively described, is 'airbnb for dinner'. The business came to us in the person of Eurovestech's former Director of Investments and brother of the Chief Executive of Toluna, Jean-Michel Petit. We thought that our intimate understanding of him, as well as our belief in the VizEat concept, put paid to any notion that ours was too close a relationship.

Eurovestech initially invested €0.5 million and invested a further €1.59 million prior to VizEat receiving substantial third party investment in August 2016. I'm delighted to report that this independent financial endorsement was at more than twice our average cost of investment.

The €3.8 million investment round provides VizEat with the capital to continue to grow and develop the business.

Whilst still a fledgling business, VizEat now has more than 100,000 users and 22,000 registered hosts.

Eurovestech owns 27.6 per cent of VizEat's issued share capital and the carrying value is £3.9 million.

#### **Other portfolio companies**

Whilst Toluna represents by far the largest weighting on our net asset value and on our plans to return substantial capital, let me briefly share developments at other portfolio companies.

During the year, Magenta, in which Eurovestech owns 49.6 per cent of Magenta's issued share capital, continued its development from a bespoke software developer to a product driven business selling Software as a Service Solution (SAAS) based solutions. Maxoptra, its cloud based route planning software solution which helps service providers and distribution companies improve the efficiency of their transport operations, continued to add customers. Greenshields JCB, one of the world's largest JCB dealers, Carrot Cars and Serviceline are now customers. The growth in SAAS revenues has resulted in a near 50 per cent uplift in the carrying value of our holding to £3.8 million.

## Eurovestech Plc

### Chairman's Report for the Year Ended 30 June 2016

Eurovestech owns 45.5% of the issued share capital of sound separation company Audionamix. At our interims, I remarked on a substantial increase in revenues but that operating issues were resulting in slower progress than we would like. The run rate of revenues is more than double those of the prior year: for the three months to November 2016, revenue was in excess of \$100,000. During the year, Barbra Streisand recorded a duet using Audionamix technology referring to 'the ingeniously isolated vocals.' Recently, Audionamix won the 2017 Electronic Music Editors' Choice Award; a great endorsement of its technology, as well as acting as a strong recommendation for buyers. The business is continuing to forecast further sales growth as new products come on stream. Whilst the carrying value of our shares in Audionamix has been maintained at £875,000, in view of the slower than anticipated progress, the board has prudently provided for £6.85 million of loans that are owed to Eurovestech.

Board pack software provider Board Intelligence traded in excess of expectations. We have maintained the £350,000 carrying value of our three per cent holding, having increased it by 40% in 2015. Similarly, we have retained the carrying value of our 21.6 per cent holding in Lognet Information Systems. After the year end, Tute Genomics was acquired by PierianDx. As a result, its carrying value has been reduced by £590,000. At the start of the year, the value of our remaining holdings in Ecodata, Cxense and Supponor comprised less than one per cent of our net asset value. During the year, we have written off the value of Ecodata and Cxense and reduced the carrying value of our holding in Supponor to £52,000.

#### **Summary**

Our balance sheet has £41.8 million of net assets: a minor £2.3 million reduction over the period, principally reflecting our operating expenses and updated valuations of our investee companies. This equates to 12.3p a share.

The loss for the financial year of £2.33 million is after taking onto account gains and losses on the investment portfolio, including providing £6.85 million against loans due from Audionamix. This provision is included within administration expenses. Underlying administration expenses were £0.95 million compared to £1.24 million in the prior year.

The company continues to offer a facility to purchase shares from investors and during the year purchased £53,000 of shares.

If there were a theme to our involvement with at our portfolio companies in 2016, it would be our support of their operations. 2016 was not a year when asset sales could have, or should have, been made. We believe that this may change in the coming year. The operations and expected financial performance of several companies have made excellent progress.

In the coming year, our focus is to capitalize on this progress and capture increases in values for you, our shareholders.

**Date: 24 February 2017**

Eurovestech Plc

Board of Directors and Advisors  
for the Year Ended 30 June 2016

**R H Grogan**  
**Non-Executive Chairman**

Richard has more than 20 years of venturing experience both in Europe and the US. Having graduated from Harvard College and Harvard Business School, he became director of the US Senate Judiciary Committee. He joined Bain and Company in 1991 and served as a senior partner in the London office. He was a founder of Talisman Management, an investment and management company, and of Talisman Advisors. Richard is Chairman of the Remuneration Committee and also a member of the Nomination and Audit Committees.

**R P Bernstein**  
**Chief Executive**

Richard is a founder shareholder of the Company and has served as Chief Executive since its incorporation. Richard qualified as a chartered accountant in 1989 and between 1994 and 1996, he ran his own specialist research house, Amber Analysis, which provided a risk management service for UK institutions managing over £100 billion. From 1996 until 1999 he was an equity analyst at Schroders Securities Limited. Richard is a non-executive director of ITWP Acquisitions Limited, the parent company of ToLuna Group Limited, an investee company of Eurovestech Plc.

**Q C M Solt**  
**Non-Executive Director**

Quentin is a founder shareholder of Eurovestech Plc. He is a corporate finance solicitor who trained with Pinsent & Co in Birmingham before joining City law firm Berwin Leighton Paisner, where he became a partner and head of the technology corporate finance team until he left in 2002 to establish his own boutique corporate finance law firm. In 2002 he sold his firm to Burlingtons Legal LLP and continues as a consultant to Burlingtons and to a number of technology and growth businesses, including companies which have obtained stock exchange listing in the UK and the US. Quentin is Chairman of the Nomination and Audit Committees and also a member of the Remuneration Committee.

## Eurovestech Plc

### Strategic Report for the Year Ended 30 June 2016

The directors present their strategic report for the year ended 30 June 2016.

This strategic report has been prepared in compliance with Section 414C of the Companies Act 2006 for the purpose of informing the members and helping them assess how the directors have performed their duty under Section 172 of the Companies Act 2006 to promote the success of the company.

#### **REVIEW OF BUSINESS**

The company recorded a loss for the financial year after taxation amounting to £2,325,500 (30 June 2015: £1,243,539). Further details of the company's performance are given in the Chairman's Report on pages 2 to 4 of these financial statements.

No dividend was paid in the year (30 June 2015: £nil).

#### **Future developments**

Details of future developments are detailed in the Chairman's statement on page 4 of these financial statements.

#### **Key performance indicators**

The Company considers its key performance indicators to include:

- growth in the value of its investment portfolio; and
- total funds returned to shareholders.

Our aim is to create value and creating value often requires investment. Our management teams will actively find ways to invest in the technology, facilities and people in their companies to make the businesses profitable and sustainable. The performance of the portfolio of investments is reflected in the performance of the Company's investment portfolio which shows a carrying value of £39.9 million at 30 June 2016 compared to £36.5 million for 30 June 2015. This is attributable to £0.9 million additions to investments, £3.2 million part disposal of Kalibrate Technologies Plc and Cxense and a £5.6 million impairment/revaluation of investments.

In the last year no surplus funds were returned to shareholders.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk regarding the future financial performance of Eurovestech Plc is the future performance of its portfolio.

A key risk for Eurovestech Plc is the identification and evaluation of investments. Executive management seeks to moderate the risk by undertaking comprehensive studies in co-operation with outside resources provided by appropriate industry and professional specialists of potential investments, and hence having greater assurance over the future success of investments it enters into. A further key risk is the successful performance of the existing investment portfolio. This is mitigated through monitoring of regular reporting by investee companies and working closely with their management, often through holding board positions at each investee company.

#### **Financial Risk management**

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The company's activities expose it to a variety of risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the board and their policies are outlined below.

#### **Foreign exchange risk**

The Company is exposed to translation and transaction foreign exchange risk as it operates primarily within Europe and the US with transaction denominated in Sterling, Euros and US dollars. The Company policy is to try to match the timing of the settlement of sales and purchase invoices so as to aim to eliminate currency exposure.

The Company does not hedge any transactions and foreign exchange differences on re-translation of foreign assets and liabilities are taken to the Profit and Loss Account. The Company does not consider there to be a significant risk from its investments.



## Eurovestech Plc

### Strategic Report for the Year Ended 30 June 2016

Sensitivity to reasonably possible movements in exchange rates can be measured on the basis that all other variables remain constant. Strengthening or weakening of the Euro or US dollar against Sterling would impact equity and the results for the year.

The majority of the Company's financial assets are held in Sterling but movements in the exchange rate of the Euro and the US dollar against Sterling have an impact on both the result for the year and equity.

#### **Interest rate risk**

The Company finances its operations through equity fundraising and therefore does not carry significant borrowings. As the Company carries no long-term borrowings, the Directors consider that there is no significant interest rate risk.

#### **Price risk**

The Company is exposed to equity securities price risk because investments are held by the Company classified in the Balance Sheet "at fair value through profit or loss". During the last year share prices have remained volatile and had the quoted prices of these investments increased or decreased the net result for the year would have been affected. As changes in valuation are taken to the Profit and Loss Account, the equity of the Company would have impacted by the same amount.

#### **Credit risk**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. In order to minimise the risk, the Company endeavours only to deal with companies (including investee companies) which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

Provision of services by the Company results in trade debtors which the management considers to be of low risk. Other debtors include subscription monies from shareholders and are likewise considered to be low risk. Management do not consider that there is any concentration of risk within either trade or other debtors. No trade or other debtors have been impaired.

Credit risk on cash and cash equivalents is considered to be small as the counter-parties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

#### **Liquidity risk**

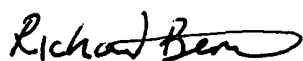
The Company currently holds substantial cash balances in Sterling to provide funding for normal trading activity. The Company also has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Company's bankers. Trade and other creditors are monitored as part of normal management routine.

#### **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 members. The Company will also seek to minimise the cost of capital and attempt to optimise the capital structure. Capital for further development of the Company's activities is achieved by disposals and share issues. Dividends were paid to shareholders during the previous year, but not during the current year, following investment disposals and further capital returns may continue. The Company does not carry significant debt.

There is no material difference between the fair values and the carrying values of these financial instruments.

**ON BEHALF OF THE BOARD:**



R P Bernstein - Director

23 February 2017

## Eurovestech Plc

### Report of the Directors for the Year Ended 30 June 2016

The directors present their report with the audited financial statements of the company for the year ended 30 June 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of investment in technology businesses.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2016.

#### **RESEARCH AND DEVELOPMENT**

The Company does not perform any research and development activities.

#### **DIRECTORS**

The directors shown below have held office during the whole of the year from 1 July 2015 to the date of signing this report.

R P Bernstein  
R H Grogan  
Q C M Solt

The following director held office from 1 July 2015 and resigned during the year.

D G Ristow (Resigned 31 August 2015)

The biographical details of the board members are set out on page 5. The Directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. All of the Directors will submit themselves for re-election at the forthcoming Annual General Meeting in accordance with the Code.

#### **Financial instruments**

The company's principle financial instruments comprise cash, trade debtors and loans, investments and creditors. The main risks associated with these financial assets and liabilities are set out in the strategic report. There is a detailed analysis of financial instruments in note 14 to the financial statements.

#### **Corporate governance**

The Company is committed to a high standard of corporate governance and supports the principles laid down in the Combined Code 2010 (the "Code").

#### **The board**

The board of Directors (the "board") currently has three members, comprising the Non-Executive Chairman, Chief Executive, Director of investments and one further independent Non-Executive Director. All of the Directors bring strong judgement to the board's deliberations. The board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business. For the Non-Executive Directors who have served a term greater than nine years, a thorough review of their continued independence and suitability to continue as Directors is performed each year. The Non-Executive Directors may continue to serve more than nine years, subject to a thorough review of their continued independence and suitability.

#### **The Chairman and Chief Executive**

The Directors confirm that the Company has complied with the requirement to be headed by an effective board and to lead and control the Company. The division of responsibilities between the Chairman of the board and the Chief Executive is clearly defined. The Chairman leads the board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business but has no involvement in the day-to-day business of the Company. The Chief Executive has direct charge of the Company on a day-to-day basis and is accountable to the board for the financial and operational performance of the Company.

## Eurovestech Plc

### Report of the Directors for the Year Ended 30 June 2016

#### **Role of the board**

The board is collectively responsible for the proper management of the Company. The board has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management, performance and strategy of the Company, approval of annual and interim results, material acquisitions and disposals, material agreements and assessment of its going concern position.

Board members are given appropriate documentation in advance of each board or committee meeting. This normally includes information on current trading of its investee companies and additional information on other matters where the board is required to reach a decision.

#### **Board committees**

There are a number of committees of the board to which various matters are delegated. Details are set out below:

##### **Remuneration Committee**

The Remuneration Committee consists of the two Non-Executive Directors of the Company. Richard Grogan acts as the Chairman. The committee is responsible for: (i) making recommendations to the board on the Company's policy on the remuneration of the Executive Directors; (ii) the determination of the remuneration packages for each of the Executive Directors including any compensation payments and benefits; and (iii) the determination of awards under the Company's employee share plans to the Executive Directors and other employees of the Company. The Chairman of the committee reports the outcome of its meetings to the board.

##### **Nomination Committee**

The Nomination Committee comprises Richard Grogan and Quentin Solt, who acts as its Chairman. The committee meets as necessary and is responsible for considering and recommending to the board persons who are appropriate for appointment as Executive and Non-Executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the board under which the Nomination Committee considers suitable candidates who are proposed either by existing board members or by an external search firm. Careful consideration is given to ensure proposed appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the board is maintained. When the committee has found a suitable candidate, the Chairman of the committee will make a proposal to the whole board, which has retained responsibility for all such appointments. The Chairman of the committee reports the outcome of its meetings to the board.

##### **Audit Committee**

The Audit Committee comprises Quentin Solt as Chairman and Richard Grogan. No Non-Executive Director currently has recent and relevant financial experience as required by the Code and this matter is under consideration by the Nomination Committee as part of their review of the existing board composition. Senior financial employees of the Company are also invited to attend by the committee as appropriate.

The role of the Audit Committee is to monitor the financial reporting process, the integrity of the Company's annual financial statements and the statutory audit of the financial statements. It is also responsible for reviewing the Company's internal financial control and risk management systems and the Company's relationship with the external auditors.

##### **Shareholder relations**

The Committee is committed to maintaining good communications with shareholders. The Chairman and Chief Executive have dialogue with individual shareholders in order to develop an understanding of their views which are fed back to the board. Presentations are made to analysts, investors and prospective investors covering the annual and interim results. The Company Secretary generally deals with questions from individual shareholders. All shareholders have the opportunity to ask questions to any of the Directors at the Company's Annual General Meeting each year. The Chairman will advise shareholders on proxy voting details.

## Eurovestech Plc

### Report of the Directors for the Year Ended 30 June 2016

#### **Directors and Directors' interests**

The present membership of the board is set out below. All Directors served during the year and up to the date of signing the financial statements.

	Salary and fees £	Benefits in kind £	Bonus £	2016 Total £	2015 Total £
<b>Executive Directors</b>					
Richard Philip Bernstein	255	-	-	255	255
David Gallagher Ristow	154	2	-	156	189
<b>Non-Executive Directors</b>					
Richard Henry Grogan	20	-	-	20	16
Quentin Colin Maxwell Solt	4	-	-	4	4
	<u>433</u>	<u>2</u>	<u>-</u>	<u>435</u>	<u>464</u>

Save for the employee incentive arrangements noted above, no Director had either during or at the end of the year a material interest in any contract which was significant in relation to the Company's business.

#### **Directors' interests in shares**

The interests of the Directors and their families in the shares of the Company at 30 June 2016 and 30 June 2015 were as follows:

	30 June 2016 Number of shares	30 June 2015 Number of shares	30 June 2016 Number of options	30 June 2015 Number of options
Richard Philip Bernstein	4,900,000	4,900,000	-	-
Quentin Colin Maxwell Solt	3,275,019	3,275,019	-	-

At the date of this report, Richard Bernstein owns 5,100,000 shares. During the year ended 30 June 2016, Richard Bernstein acquired a beneficial interest in 5,000,000 shares.

#### **Directors' Indemnities**

The Company has entered into indemnities with each of the Directors. The indemnities are in the form of Qualifying Third Party Indemnity Provisions consistent with Section 234 of the UK Companies Act 2006 and have been in force throughout the year and to the date of signing the financial statements. These are available for inspection at the Company's registered office.

#### **Internal control**

The board is responsible for the Company's system of internal controls and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the company concerned and the risks to which it is exposed and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

The Executive Directors monitor the Company's investments regularly, through receipt of financial reporting and frequent communication with investee management, including attendance at board meetings. Where possible, and prior to investing, the Company will seek to ensure that portfolio company Shareholder Agreements provide the Company with the right to receive timely monthly financial information.

The Executive Directors also monitor the system of internal controls at subsidiary companies and review their effectiveness. Whenever the Company deals in quoted investments, controls are placed on the execution of trades and all transactions are confirmed in writing on the same day as the trade is executed. The Chief Executive monitors all current asset investments on a daily basis.

The Company remains mindful to the requirements of the Bribery Act and no changes were deemed necessary to its existing policy during the year.

Eurovestech Plc

Report of the Directors  
for the Year Ended 30 June 2016

The Directors have considered whether it is appropriate to have an internal audit function. Given the scale of the Company, it is not considered appropriate at this time.

**Charitable donations**

During the year to 30 June 2016 charitable donations were made of £2,400 (2015: £12,220). There were no political donations.

**Payment policy and practice**

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction and to abide by them. Company trade creditors represented 31 days (30 June 2015: 19 days) of related expenditure in the year. All investment transactions are settled as they become due.

**DISCLOSURE IN THE STRATEGIC REPORT**

The review of business is now disclosed in the Strategic Report on pages 6 - 7 of these financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Eurovestech Plc

Report of the Directors  
for the Year Ended 30 June 2016

**AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'R P Bernstein', with a stylized flourish at the end.

R P Bernstein - Director

24 February 2017

Report of the Independent Auditors to the Members of Eurovestech Plc

**Report on the financial statements**

**Our opinion**

In our opinion, Eurovestech Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

The financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2016;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Report of the Independent Auditors to the Members of  
Eurovestech Plc

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**What an audit of financial statements involves**

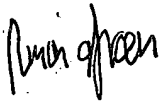
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Simon O'Brien (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
London

24 February 2017



Eurovestech Plc

Income Statement  
for the Year Ended 30 June 2016

	Notes	30.6.16 £	30.6.15 £
<b>TURNOVER</b>		29,856	62,966
Administrative expenses		<u>7,771,426</u>	<u>(2,834,457)</u>
		(7,741,570)	2,897,423
Other operating income		<u>5,417,709</u>	<u>(4,138,004)</u>
<b>OPERATING LOSS</b>	4	(2,323,861)	(1,240,581)
Interest receivable and similar income		<u>5,242</u>	<u>10</u>
		(2,318,619)	(1,240,571)
Interest payable and similar expenses	5	<u>6,881</u>	<u>2,968</u>
<b>LOSS BEFORE TAXATION</b>		(2,325,500)	(1,243,539)
Tax on loss	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(2,325,500)</u>	<u>(1,243,539)</u>

The notes form part of these financial statements

Eurovestech Plc

Other Comprehensive Income  
for the Year Ended 30 June 2016

	Notes	30.6.16 £	30.6.15 £
<b>LOSS FOR THE YEAR</b>		(2,325,500)	(1,243,539)
<b>OTHER COMPREHENSIVE INCOME</b>			
Capital redemption on share buy back		7,218	-
Retained earnings on share buy back		(7,218)	-
Income tax relating to components of other comprehensive income		-	-
		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(2,325,500)</u>	<u>(1,243,539)</u>

The notes form part of these financial statements

Eurovestech Plc (Registered number: 03913197)

Balance Sheet

30 June 2016

	Notes	30.6.16		30.6.15	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		21,540		1,273
Investments	8		<u>39,901,955</u>		<u>36,519,800</u>
			39,923,495		36,521,073
<b>CURRENT ASSETS</b>					
Debtors	9	486,244		5,686,463	
Investments	10	1,351,744		1,859,928	
Cash at bank and in hand	11	<u>490,289</u>		<u>766,010</u>	
		2,328,277		8,312,401	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>465,942</u>		<u>669,134</u>	
<b>NET CURRENT ASSETS</b>			<u>1,862,335</u>		<u>7,643,267</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>41,785,830</u>		<u>44,164,340</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		3,380,304		3,387,522
Share premium account	16		327,802		373,594
Capital redemption reserve	16		4,461,126		4,453,908
Other reserves	16		100,000		100,000
Retained earnings	16		<u>33,516,598</u>		<u>35,849,316</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>41,785,830</u>		<u>44,164,340</u>

The financial statements on pages 18 to 33 were approved by the Board of Directors on 23 February 2017 and were signed on its behalf by:



R P Bernstein - Director

The notes form part of these financial statements

Eurovestech Plc

Statement of Changes in Equity  
for the Year Ended 30 June 2016

	Called up share capital £	Retained earnings £	Share premium account £
<b>Balance at 1 July 2014</b>	3,403,661	37,108,994	471,044
<b>Changes in equity</b>			
Issue of share capital	(16,139)	-	(97,450)
Total comprehensive income	-	(1,259,678)	-
<b>Balance at 30 June 2015</b>	<u>3,387,522</u>	<u>35,849,316</u>	<u>373,594</u>
<b>Changes in equity</b>			
Issue of share capital	(7,218)	-	(45,792)
Total comprehensive income	-	(2,332,718)	-
<b>Balance at 30 June 2016</b>	<u>3,380,304</u>	<u>33,516,598</u>	<u>327,802</u>
	Capital redemption reserve £	Other reserves £	Total equity £
<b>Balance at 1 July 2014</b>	4,437,769	100,000	45,521,468
<b>Changes in equity</b>			
Issue of share capital	-	-	(113,589)
Total comprehensive income	16,139	-	(1,243,539)
<b>Balance at 30 June 2015</b>	<u>4,453,908</u>	<u>100,000</u>	<u>44,164,340</u>
<b>Changes in equity</b>			
Issue of share capital	-	-	(53,010)
Total comprehensive income	7,218	-	(2,325,500)
<b>Balance at 30 June 2016</b>	<u>4,461,126</u>	<u>100,000</u>	<u>41,785,830</u>

The notes form part of these financial statements

Eurovestech Plc

Cash Flow Statement  
for the Year Ended 30 June 2016

	Notes	30.6.16 £	30.6.15 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(2,456,422)	(1,597,962)
Interest paid		<u>(6,881)</u>	<u>(2,968)</u>
Net cash from operating activities		<u>(2,463,303)</u>	<u>(1,600,930)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(26,261)	(588)
Purchase of fixed asset investments		(909,069)	(3,468,909)
Sale of tangible fixed assets		100	-
Sale of fixed asset investments		3,170,270	2,854,226
Interest received		<u>5,242</u>	<u>10</u>
Net cash from investing activities		<u>2,240,282</u>	<u>(615,261)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		310	75,200
Share issue		(7,218)	(16,139)
Share premium		<u>(45,792)</u>	<u>(97,450)</u>
Net cash from financing activities		<u>(52,700)</u>	<u>(38,389)</u>
<b>Decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	766,010	3,020,590
Cash and cash equivalents at end of year	2	<u>490,289</u>	<u>766,010</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 30 June 2016

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.6.16	30.6.15
	£	£
Loss before taxation	(2,325,500)	(1,243,539)
Depreciation charges	5,994	888
Profit on disposal of fixed assets	(100)	-
Movement on investee company balances	4,986,065	(5,242,029)
Movement on current asset investments	(299,281)	4,371,530
Revaluations and impairments	(5,643,356)	2,793,223
Finance costs	6,881	2,968
Finance income	<u>(5,242)</u>	<u>(10)</u>
	(3,274,539)	683,031
Decrease/(increase) in trade and other debtors	214,154	(196,298)
Increase/(decrease) in trade and other creditors	<u>603,963</u>	<u>(2,084,695)</u>
<b>Cash generated from operations</b>	<u><u>(2,456,422)</u></u>	<u><u>(1,597,962)</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2016**

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u>490,289</u>	<u>766,010</u>

**Year ended 30 June 2015**

	30.6.15	1.7.14
	£	£
Cash and cash equivalents	<u>766,010</u>	<u>3,020,590</u>

Eurovestech Plc

Notes to the Financial Statements  
for the Year Ended 30 June 2016

1. **COMPANY INFORMATION**

Eurovestech Plc is a limited company domiciled and incorporated in England and Wales. The registered office is 29 Curzon Street, London, W1J 7TL.

2. **ACCOUNTING POLICIES**

**Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

This is the first set of financial statements prepared under FRS 102. The date of transition to FRS 102 is 1 July 2015. The transition from UK GAAP to FRS102 had no effect on the reported figures of the company in 2015 or 2016. Therefore the notes showing the reconciliation of equity and profit are not shown in these financial statements.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

**Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on cost
Computer equipment	- 25% on cost

**Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**2. ACCOUNTING POLICIES - continued**

**Financial assets**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets consist of loans and receivables and investments at fair value through profit or loss.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the point of recognition. Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Investments - non-current**

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, non-current investments are designated at fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy and investment information provided to the board of Directors.

De-recognition of investments occurs when the rights to receive cashflows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the Directors use a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

Methodologies are applied consistently from one year to another except where a change results in a better estimate of fair value. Only where fair value cannot be reliably measured is cost used as the basis of valuation.

The principal methodologies applied in valuing unlisted investments include the following:

- earnings multiple;
- price of recent investment; and
- net assets.

In applying the earnings multiple methodology, the Directors apply a market-based multiple that is appropriate and reasonable to the sustainable earnings of the Company. In the majority of cases the enterprise value of the underlying business is derived by the use of a multiple of earnings before interest and tax applied to current year's earnings where these can be forecast with a reasonable degree of certainty and are deemed to represent the best estimate of maintainable earnings. Where this is not the case, historic earnings will generally be used in their place. For companies which are early stage or not profitable, a multiple of revenue is used as the key measurement.

Listed investments held for long-term gain are valued on the basis of the bid price at the year-end date.

**Investments - current**

Current asset investments are classified as held for trading and are measured at fair value with gains and losses arising on their fair value recorded in the Profit and Loss Account. Listed current investments are stated at bid price at the year-end date. Convertible loan notes are classified as loans and receivables and recorded at fair value.



**2. ACCOUNTING POLICIES - continued**

**Investments - derivatives**

Where the company invests in Contract for difference investments, the investments are not held as assets as they are never actually owned. Any gains and losses arising are recorded in the Profit and Loss Account less any commission, interest charges, dividend adjustments and fees.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Trade debtors**

Trade debtors are recognised and carried at the original invoice amount less an allowance for uncollectable amounts. An estimate of uncollectable amounts is made when collection of the full amount is no longer probable. Uncollectable amounts are written off to the Profit and Loss Account when identified.

**Fair value estimation**

The Company classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy within which a financial asset is classified is determined on the basis of the lowest level input that is significant to that asset's fair value measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets;
- Level 2 - Inputs other than quoted prices that are observable. such as prices from market transactions; and
- Level 3 - One or more inputs that are not based on observable market data.

**Financial liabilities**

The Company's financial liabilities consist of trade and other creditors and other loans.

Financial liabilities are recognised when the Company becomes a party to the contractual arrangements of the instrument. Liabilities are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost less settlement payments, using the effective interest method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, unless it is not material.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Where the contractual obligations of financial instruments, including share capital, are equivalent to a similar debt instrument, those instruments are classed as financial liabilities. Financial liabilities are classified as creditors in the Balance Sheet.

Where the contractual terms of issued shares do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**Foreign currency translation**

Foreign currency transactions are translated at the exchange rate prevailing at the dates of the transaction. Foreign-currency monetary assets and liabilities are translated at year-end exchange rates and any exchange gains and losses are recorded in the Profit and Loss Account.

**Borrowing costs**

All borrowing costs are expensed to the Profit and Loss Account as incurred.

2. **ACCOUNTING POLICIES - continued**

**Exceptional items**

Exceptional items are those that the Directors consider are of unusual size or nature that they are required to be separately disclosed to allow the user of the financial statements to understand the underlying performance of the Company.

**Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and that amount can be reasonably estimated. Where the Company expects all or some of the obligation to be reimbursed, the reimbursement is recognised as a separate asset to the extent that it is virtually certain to be reimbursed. The expense relating to any provision is presented in the Profit and Loss Account net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the year-end date. If material, provisions are determined by discounting the expected future cashflows using rates that reflect current market assessments of the time value of money.

**Leases**

For finance leases, where the Company bears substantially all the risks and rewards related to ownership of the leased asset, the related asset is capitalised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Finance costs are charged to the Profit and Loss Account over the period of the lease in accordance with the capital balance outstanding.

Operating leases, where the lessor retains substantially all the risks and rewards of ownership, are charged to the Profit and Loss Account on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

**Long term incentive employee compensation**

The Company operates a profit sharing scheme for the remuneration of its Directors and employees. Due to the long-term nature of this incentive scheme, the Company's future liabilities are contingent liabilities that are uncertain in their timing and amount and as such are excluded from the balance sheet of these financial statements.

**Equity instruments**

Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Issued share capital**

Ordinary shares are classified as equity.

**Share premium**

The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of the expenses of the share issue.

**Capital redemption reserve**

The capital redemption reserve represents share premium that has been redeemed by the Company.

2. **ACCOUNTING POLICIES - continued**

**Other reserve**

The other reserve represents equity-settled share-based employee expense until such share options are exercised.

**Retained earnings**

Retained earnings include all current and prior period results for the Company.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

Current corporate tax assets and liabilities comprise those obligations to fiscal authorities in the UK where the Company carries out its operations, based on the taxable profit for the year. They are calculated according to the tax rates and tax laws enacted or substantively enacted in the fiscal period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. All changes to current tax liabilities are recognised as a component of tax expense in the Profit and Loss Account.

**Deferred tax**

Deferred corporate taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the financial statements with their respective tax bases. Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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 year-end date.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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

**Dividends**

Final equity dividends to the shareholders of Eurovestech Plc are recognised in the year that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

**Use of key accounting estimates and judgements**

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Critical accounting assumptions and estimates

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

2. **ACCOUNTING POLICIES - continued**

(a) The valuation of non-current investments. Valuation of non-current investments requires a number of judgements including assessing the appropriate valuation multiples based on the stage of development of the portfolio companies and relevant industry comparators. Should the valuation show a diminution of value, a decision as to whether an impairment occurred is carried out. A number of factors are involved and include the likelihood of prolonged reduction in value, the overall economic outlook and industry or sector specific factors.

(b) Accounting for the value of the Executive Directors' long-term incentive requires judgement over the period of ownership of the related investments, expected overall profit on disposal and the effective rate of interest.

3. **EMPLOYEES AND DIRECTORS**

	30.6.16	30.6.15
	£	£
Wages and salaries	<u>522,338</u>	<u>596,890</u>

The average monthly number of employees during the year was as follows:

	30.6.16	30.6.15
Directors	3	4
Investment staff	-	1
Administration	<u>2</u>	<u>2</u>
	<u>5</u>	<u>7</u>

	30.6.16	30.6.15
	£	£
Directors' remuneration	<u>409,007</u>	<u>432,450</u>

Information regarding the highest paid director is as follows:

	30.6.16	30.6.15
	£	£
Emoluments etc	<u>254,931</u>	<u>254,947</u>

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	30.6.16	30.6.15
	£	£
Depreciation - owned assets	5,994	888
Profit on disposal of fixed assets	(100)	-
Auditors' remuneration	42,000	42,000
Operating leases	<u>84,000</u>	<u>84,000</u>

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.6.16	30.6.15
	£	£
Interest payable	<u>6,881</u>	<u>2,968</u>

6. **TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 30 June 2016 nor for the year ended 30 June 2015.

**Notes to the Financial Statements - continued**  
**for the Year Ended 30 June 2016**

**6. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.16 £	30.6.15 £
Loss before tax	<u>(2,325,500)</u>	<u>(1,243,539)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(465,100)	(248,708)
Effects of:		
Tax losses carried forward	<u>465,100</u>	<u>248,708</u>
Total tax charge	<u>-</u>	<u>-</u>

**Tax effects relating to effects of other comprehensive income**

	30.6.16 Gross £	Tax £	Net £
Capital redemption on share buy back	7,218	-	7,218
Retained earnings on share buy back	<u>(7,218)</u>	<u>-</u>	<u>(7,218)</u>

**7. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2015	19,611	21,870	41,481
Additions	<u>384</u>	<u>25,877</u>	<u>26,261</u>
At 30 June 2016	<u>19,995</u>	<u>47,747</u>	<u>67,742</u>
<b>DEPRECIATION</b>			
At 1 July 2015	19,611	20,597	40,208
Charge for year	<u>21</u>	<u>5,973</u>	<u>5,994</u>
At 30 June 2016	<u>19,632</u>	<u>26,570</u>	<u>46,202</u>
<b>NET BOOK VALUE</b>			
At 30 June 2016	<u>363</u>	<u>21,177</u>	<u>21,540</u>
At 30 June 2015	<u>-</u>	<u>1,273</u>	<u>1,273</u>

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

8. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST OR VALUATION</b>	
At 1 July 2015	36,519,800
Additions	909,069
Disposals	(3,170,270)
Revaluations	7,354,212
Impairments	<u>(1,710,856)</u>
At 30 June 2016	<u>39,901,955</u>
<b>NET BOOK VALUE</b>	
At 30 June 2016	<u>39,901,955</u>
At 30 June 2015	<u>36,519,800</u>

Cost or valuation at 30 June 2016 is represented by:

	Shares in group undertakings £
Valuation in 2015	(3,870,229)
Valuation in 2016	9,630,794
Cost	<u>34,141,390</u>
	<u>39,901,955</u>

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

8. **FIXED ASSET INVESTMENTS - continued**

The additions relate to investment in VizEat Limited.

The disposal is in relation to the company's investments in Kalibrate Technology plc. and Cxsense. The considerations received amounted to £1,129,556 and £776,573 respectively and resulted in a losses on disposal of £138,723 and £192,903 respectively which is included in other operating income.

The Company's investments in associated companies at 30 June 2016 were as follows;

Name of Investment	Percentage interest in ordinary shares at 30 June 2016 (%)	Fair value at 30 June 2016 £
Magenta Corporation Limited	49.60	3,758,800
Audionamix SA	45.50	875,000
VizEat Limited	27.60	3,911,479
LogNet Information Systems Limited	21.60	1,400,000
ITWP Limited (Formerly Toluna Plc)	14.82	27,676,359
PierianDx	2.00	50,863
Kalibrate Technologies Plc	8.08	1,827,676
Board Intelligence Limited	3.00	350,000
Ecodata Limited	0.20	-
Cxense	0.02	-
Supponor Limited	-	51,778
<b>Investments carrying value</b>		<b>39,901,955</b>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.16	30.6.15
	£	£
Trade debtors	55,667	82,284
Amounts owed by participating interests	255,964	5,242,029
Other debtors	125,731	306,545
Prepayments and accrued income	48,882	55,605
	<u>486,244</u>	<u>5,686,463</u>

The fair value of trade and other debtors approximates to their carrying value. The amounts owed by the investee companies comprises loans made by the company to VizEat Limited.

10. **CURRENT ASSET INVESTMENTS**

	30.6.16	30.6.15
	£	£
Listed investments	<u>1,351,744</u>	<u>1,859,928</u>

Market value of listed investments at 30 June 2016 - £1,351,744 (2015 - £1,859,928).

Listed investments are carried at market value.

11. **CASH AT BANK AND IN HAND**

Cash at bank and on call at the year end was £490,289 (2015: £766,010).

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.16	30.6.15
	£	£
Trade creditors	76,578	63,032
Taxation and social security	25,543	24,941
Other creditors	5,188	218,938
Directors' current accounts	510	200
Accruals and deferred income	358,123	362,023
	<u>465,942</u>	<u>669,134</u>

## 13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	30.6.16	30.6.15
	£	£
Within one year	84,000	84,000
Between one and five years	420,000	420,000
	<u>504,000</u>	<u>504,000</u>

## 14. FINANCIAL INSTRUMENTS

## Categories of financial instrument

	30 June 2016	30 June 2015
	£	£
<b>Financial Assets</b>		
Cash and cash equivalents	490,289	766,010
Loans and debtors	486,244	5,686,463
Financial assets at fair value through profit and loss - non-current	39,901,955	36,519,800
Financial assets at fair value through profit and loss - current	1,351,744	1,859,928
<b>Financial liabilities</b>		
Borrowings	-	-
Creditors	465,942	669,134
<b>Fair Value of financial assets</b>		
Listed equity securities	1,351,744	1,859,928
Unlisted equity securities	39,901,955	36,519,800

## 15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.16	30.6.15
			£	£
339,550,000	Ordinary	£0.01	3,372,143	3,379,361
152,518,623	Ordinary B	£0.00 001	1,525	1,525
331,550,000	Ordinary D	£0.00 001	3,316	3,316
332,050,000	Ordinary E	£0.00 001	3,320	3,320
			<u>3,380,304</u>	<u>3,387,522</u>



Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

## 15. CALLED UP SHARE CAPITAL - continued

During the year the company bought back from shareholders 721,827 (2015: 1,613,916) shares for a consideration of £53,011 (2015: £113,589). The nominal value was £7,218 (2015: £16,139) with the balance reducing the share premium account accordingly.

## 16. RESERVES

	Retained earnings £	Share premium account £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2015	35,849,316	373,594	4,453,908	100,000	40,776,818
Deficit for the year	(2,325,500)				(2,325,500)
Purchase of own shares	<u>(7,218)</u>	<u>(45,792)</u>	<u>7,218</u>	<u>-</u>	<u>(45,792)</u>
At 30 June 2016	<u>33,516,598</u>	<u>327,802</u>	<u>4,461,126</u>	<u>100,000</u>	<u>38,405,526</u>

At 30 June 2016, the company's distributable reserves were £7,499,947 (2015: £12,414,727). All gains which remain unrealised at the balance sheet date are not distributable.

## 17. CONTINGENT LIABILITIES

In 2008, the Company entered into shareholder approved employee incentive arrangements with the Company's two Executive Directors. These incentive arrangements provide for each of the Executive Directors to receive 7.5 per cent of the net profits (after disposal costs) made by the Company in relation to its investments above a 5 per cent internal rate of return. Given the significant degree of estimation in respect of the calculation of the amount to be paid and the timing of its payment, the amount of obligation cannot be measured with sufficient reliability and no provision is therefore recognised.

## 18. CAPITAL COMMITMENTS

The Company had no capital commitments at 30 June 2016 (2015: £nil).

Eurovestech Plc

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2016

**19. RELATED PARTY DISCLOSURES**

During the year, Citysleet Services Limited provided the Company with legal services amounting to £39,000 (2015: £36,000) net of vat. Quentin Solt is a director of Citysleet Services Limited. The balance outstanding at 30 June 2016 was £nil (2015: £7,200) inclusive of vat.

During the year the Company charged ITWP Acquisitions Limited £24,000 (2015: £29,586) in fees for Non-Executive Directors' services, plus rechargeable expenses, net of vat. At 30 June 2016, £6,000 (2014: £16,107) was due from ITWP Acquisitions Limited, inclusive of vat. ITWP Acquisitions Limited is one of Eurovestech Plc's investee companies.

During the year the Company charged Lognet Information Systems Plc \$9,000 (USD) (2015: \$12,000 (USD)) in fees for Non-Executive Directors' services, plus rechargeable expenses. At 30 June 2016 £19,936 (2015: £13,833) was due from Lognet Information Systems Plc. Lognet Information Systems Plc is one of Eurovestech Plc's investee companies.

During the year the Company provided additional loan funding of €955,000 (£728,128) (2015: €815,000 (£617,367)) to Audionamix SA and \$810,000 (£555,319 (2015: \$835,000 (£644,329)) to Audionamix Inc. The total of the loans to Audionamix SA (£1,870,645) and Audionamix Inc. (£4,980,756) were provided in full at the year end. At 30 June 2016 £nil (2015: £1,025,658) and £nil (2015: £4,216,371) was due from Audionamix SA and Audionamix Inc. respectively. Audionamix SA and Audionamix Inc. are both Eurovestech Plc investee companies.

During the year a non-executive director was loaned £nil (2015: £63,842). At the Balance Sheet date, included within other debtors, is an amount owed by a non-executive director of £63,842 (2015: £63,842).

The Company has a profit sharing agreement with its Executive Directors. Refer to note 16 for further details.

There were no other related party transactions.

**20. FINANCIAL STATEMENTS**

Copies of these financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ ([www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)) and from the Eurovestech PLC website ([www.eurovestech.co.uk](http://www.eurovestech.co.uk)).

**21. FIRST YEAR ADOPTION**

This is the first year that the Group and Company has presented its results under FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2015.

**Statement of cash flows**

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1.

**Company**

There were no adjustments to the Company's balance sheet at 1 July 2015 or 30 June 2016 on transition to FRS 102.